



Meeting	The Overview and Scrutiny Committee
Date and Time	Monday, 28th January, 2019 at 6.30 pm.
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** (Pages 5 - 20)
Minutes of the meeting held on 26 November 2018 and the additional meeting held on 13 December 2018 (less exempt minute).
- 6. To note the Scrutiny Work Programme for 2018/19 and the Forward Plan for February 2019** (Pages 21 - 28)



BUSINESS ITEMS

7. 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
8. Medium Term Financial Strategy (Pages 29 - 44)
(OS217)
9. General Fund Budget 2019/20 (Pages 45 - 68)
(OS218)
10. Housing Revenue Account Budget 2019/20 and Business Plan 2019/2049
(Pages 69 - 86)
(OS219)
11. Q3 Financial and Performance Monitoring (Pages 87 - 136)
(OS216)
12. 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.
13. **Exempt Minute of the additional meeting held on 13 December 2018**
(Pages 137 - 138)

L Hall
Head of Legal Services (Interim)

Members of the public are able to easily access all of the papers for this meeting by opening the QR Code reader on your phone or tablet. Hold your device over the QR Code below so that it's clearly visible within your screen and you will be redirected to the agenda pack.



18 January 2019

Agenda Contact: Claire Buchanan, Senior Democratic Services Officer
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**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
Weston
Lumby

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.

Public Document Pack Agenda Item 5

THE OVERVIEW AND SCRUTINY COMMITTEE

Monday, 26 November 2018

Attendance:

Councillors
Learney (Chairman)

Stallard
Clear
Cunningham
Evans
Gemmell

McLean
Thompson
Tod
Weston
Lumby

Others in attendance who addressed the meeting:

Councillors Ashton (Portfolio Holder for Finance), Godfrey (Portfolio Holder for Professional Services) and Warwick (Portfolio Holder for Environment)

Others in attendance who did not address the meeting:

Councillor Weir

1. DISCLOSURES OF INTERESTS

Councillors Clear and Evans declared a personal (but not prejudicial) interest in respect of item 5 (Housing Revenue Account Budget Options 2019/20) as Chairman of Wickham Parish Council and former City Council member representative on the Wickham Community Land Trust (CLT) respectively, due to reference to the Wickham CLT funding requirements being set out in the report.

Councillors Stallard and Tod also declared a personal (but not prejudicial interest) in item 5 in their capacity as Hampshire County Councillors, whereby the County Council had worked closely with the Council on this matter. In addition, Councillor Tod stated that he was HCC deputy member of the Committee that reviewed this particular proposal.

Councillor Learney declared a personal (but not prejudicial) interest in respect of item 8 (Medium Term Financial Planning) due to her husband's employment with IBM, who were referred to during discussion.

2. **MINUTES**

RESOLVED:

That the minutes of the meeting held on 3 September 2018 (less exempt minute) and the previous meeting held on 15 October 2018, be approved and adopted.

3. **TO NOTE THE SCRUTINY WORK PROGRAMME FOR 2018/19 AND THE FORWARD PLAN FOR DECEMBER 2018**

The Chairman drew members attention to the additional meeting of The Overview and Scrutiny Committee scheduled to take place on Thursday, 13 December 2018, where the Committee would now receive a presentation providing an update on the Station Approach project, rather than the outline business case report. This presentation would be made available to the Committee prior to the meeting and access would also be provided to the report due to be considered by Cabinet (Station Approach) at its meeting on 18 December 2018. Furthermore, reports regarding the traffic and on street parking agency agreements and the Environmental Services kerbside glass collection and contract strategy were also due to be considered at the meeting on 13 December 2018 and these items had been added onto the work programme accordingly.

In addition, it was reported that a further additional meeting of the Committee had been arranged for Thursday, 31 January 2019 for members to consider Leisure Centre: Full Business Case within the necessary timeframe.

It was noted that, wherever possible, measures be taken to avoid conflicts with scheduled meeting dates when arranging additional meetings in the future.

RESOLVED:

That the Scrutiny Work Programme for 2018/19 and Forward Plan for December 2018, be noted.

4. **PUBLIC PARTICIPATION**

No comments or questions were made during public participation.

5. **HOUSING REVENUE ACCOUNT BUDGET OPTIONS 2019/20**
(Report OS214 refers)

The Strategic Director: Services (Interim) introduced and outlined the context of the Report which had been prepared ahead of the recent announcement regarding the abolition of the HRA debt cap and the Council's submission bid to Government for further borrowing power. The changes to the report following this would be reflected and detailed in full within the next report due to be considered by the Committee at its meeting on 28 January 2019.

The report set out a 1% rent reduction for Council dwellings for 2019/20 and referred to a switch to Consumer Price Index (CPI) plus 1% from 2020/21 onwards, in line with the Ministry of Housing, Communities and Local Government (MHCLG) rent setting policy. It was noted that the report had previously been considered and supported by Cabinet (Housing) Committee at its meeting on 21 November 2018.

The Committee asked a number of questions on the following which were responded to by the relevant Officers and/or Portfolio Holders present:

- (i) The lifting of the debt cap;
- (ii) The rollout of Universal Credit and the need to recruit money and debt advisors for this purpose;
- (iii) Homelessness and the implications of the HCC £1.8m budget cut in service;
- (iv) Variations to depreciation calculations;
- (v) The delivery of the new homes programme - largely being carried forward into 2019/20;
- (vi) Mitigation measures for wildlife, particularly the population of swifts when carrying out roof repairs;
- (vii) The reporting of indoor appliance upgrades to improve air quality and damp conditions in properties;
- (viii) The carbon footprint of housing stock;
- (ix) Sheltered housing upgrades;
- (x) The estate improvement plan and stock condition survey (officers to provide details of forthcoming improvements to members in due course);
- (xi) The Council's support for the Wickham CLT, as set out in the appendices of the report.

In addition, in response to questions regarding the use of Retail Price Index (RPI) rather than CPI for the purposes of shared ownership rents, the Strategic Director: Services (Interim) reported that this had been set as an industry standard for shared ownership properties. However, it was reported that the background of this would be investigated further.

At the conclusion of questions and debate, the Committee thanked officers for their continued work on improving and increasing the levels of the Council's housing stock and considered there was merit in continuing to promote the unique Wickham CLT model.

RESOLVED:

1. That the Leader and other relevant Portfolio Holders notes the comments of the Committee;
2. That the Cabinet be asked to consider shared ownership rents at RPI, rather than CPI, as set out in the report; and

3. That, subject to the Corporate Head of Housing being satisfied that suitable delivery arrangements were in place and completion of the funding agreement between Wickham Community Land Trust (WCLT) and the Council, a supplementary capital estimate of £410k be supported and a grant of this sum be made to WCLT for the provision of affordable housing.

6. **Q2 FINANCIAL AND PERFORMANCE MONITORING**

(Report OS212 refers)

The Strategic Director (Resources) and Councillor Ashton introduced the Report and together with the other members of Cabinet present, they responded to detailed questions. Councillor Ashton drew Members attention to the forecast underspend for the year ahead of just under £0.5m and the Council's financial position, corporate performance indicators and project milestones, as set out in Appendix 1 to the report

The Committee asked a number of questions on the following which were responded to by the relevant Officers and/or Portfolio Holders present:

- (i) Development Management Income – The Strategic Director: Resources clarified that as there was not always a linear trajectory between the two, it would prove difficult to forecast increases in the establishment for the current year and the level of planning applications that came through for consideration. This matter would continue to be monitored and reviewed going forward;
- (ii) Future funding for the LEADER programme;
- (iii) Strategic Asset Purchase – The Strategic Director: Resources reported that this was the current position as although the Council had submitted bids, these had not been successful at this stage so no further transactions had been progressed. However, officers were confident that further opportunities would arise which would result in a good return for the taxpayer, but that financial caution would continue to be exercised in this respect;
- (iv) The rollout of superfast broadband in rural locations;
- (v) Establishing a Housing Company – It was reported that a report would be taken to Cabinet (Housing) Committee early in the new year to consider proposals, members aspirations, capacity to operate outside of the HRA and financial viability;
- (vi) Article 4 Directions in further areas of Winchester (i.e. Fulflood and Badger Farm) to deal an increasing levels of Houses of Multiple Occupation (HMO's). The Strategic Director: Resources confirmed that a report back on timescales in this respect would come forward to the Committee shortly;
- (vii) Flytipping – Councillor Warwick clarified that HCC appoint the lead officer for flytipping and are partnering with the District in covert surveillance work;
- (viii) Air Pollution – In relation to achieving a Lower Carbon Council, it was reported that the Low Carbon Board would be tasked with a review and refresh of the actions previously set in 2015/16. The Membership of

this Board was also due to be reviewed to look at potential partners going forward;

- (ix) The future installation of Solar PV at Council properties;
- (x) Major project statuses and milestones to be continually updated to reflect many changes to scheduled timescales;
- (xi) Continued engagement with local cycling groups on the Council's major projects – Councillor Warwick clarified that cycling formed an important part of the Movement Strategy and that issues related to cycling needed to be taken forward as a response to the Strategy to feed into this process;
- (xii) Staff sickness levels; and
- (xiii) The number of days taken to process new housing and Council Tax benefit support claims.

RESOLVED:

1. That the Committee welcomes the continued improvements in the presentation of the information contained in the report; and

2. That the Leader and other relevant Portfolio Holders notes the comments of the Committee which has no major issues or areas of concern to raise with Cabinet but provides the following minor area to be noted:

- (a) That an update be made to reflect changes to the project milestones set out in Appendix 1 to the report.

7. **COUNCIL STRATEGY UPDATE**
(Report OS213 refers)

The Strategic Director (Resources) introduced the Report and its appendices and together with the other members of Cabinet and officers present, they responded to detailed questions:

- (i) It was noted that there were no proposed changes to the four strategic outcomes but there were some changes to update and streamline indicators, as set out in the report;
- (ii) Taxi's operating from outside the area taking trade from the licensed drivers in the Town area;
- (iii) The need to continually work in partnership to lower emissions, improve air quality and ensure safeguarding practices which would be controlled by the taxi programme and recruitment of a fixed term post into the licensing team to focus on these aspects; and
- (iv) City Centre WIFI and SmartApps and the terminology used in the Strategy which required further clarity for residents to understand.

At the conclusion of questions and debate, the Committee welcomed the report and thanked officers and Cabinet members for their significant input into the Strategy.

RESOLVED:

That the Leader and other relevant Portfolio Holders notes the comments of the Committee but that no items of significance to be drawn to the attention of Cabinet.

8. **MEDIUM TERM FINANCIAL PLANNING**
(Report OS211 refers)

The Strategic Director (Resources) and Councillor Ashton introduced the report which set out the latest medium term financial projections and the outcome based budgeting planning proposals which outlined a variety of proposals to inform the final budget and Medium Term Financial Strategy prior to its approval by Council in February 2019. It was noted that the Council had presently benefited from funds from the New Homes Bonus and the retention of growth in Business Rates since 2013. However, a Government paper was expected in the new year that was scheduled to set out significant changes in Local Government financing from 2020/21 onwards, particularly surrounding the retention of business rates and new homes bonus. As a result, officers had endeavoured to forecast from these anticipated changes, as set out in the report and addressed how the Council could best respond in these circumstances.

The Committee gave consideration to the report and officers present responded to detailed questions. These included questions related to the following matters;

- (i) Risk Management – the Council’s ability to ‘mop up’ any potential drop in Business Rates due to Brexit related impacts;
- (ii) Council Tax – any future percentage increases in the Council’s precept;
- (iii) The Guildhall – 1871 café and catering costs;
- (iv) Asset Management;
- (v) It was considered that there was a need to generate a larger savings programme and focus on additional income at this stage to bridge the possible reduction in costs faced over the longer term; and
- (vi) The changes in projections from February 2018 to the current forecast. The Strategic Director: Resources agreed to provide a comparison on these figures to the Chairman in due course.

Councillor Ashton outlined that the report provided robust assurances on the Council’s plan, options and provisions and confirmed that to generate any over-reactions on longer-term service provision would be futile at this stage due to ongoing fluctuations and until all other avenues had been explored.

Some Members reiterated their concerns that longer-term forward planning Strategy needed to be developed, so as to address the transformation more robustly.

RESOLVED:

That the Portfolio Holder notes the comments of the Committee but that no items of significance to be drawn to the attention of Cabinet.

9. **EXEMPT BUSINESS**

RESOLVED:

1. That in all the circumstances, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

2. 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 100I and Schedule 12A to the Local Government Act 1972.

<u>Minute Number</u>	<u>Item</u>	<u>Description of Exempt Information</u>
##	Minutes of the meeting held 3 September 2018 (exempt minute)) Information relating to the financial or business affairs of any particular person (including the authority holding that information). (Para 3 Schedule 12A refers)) Information in respect of which a claim to legal professional privilege could be maintained in legal proceedings. (Para 5 Schedule 12A refers)

10. **EXEMPT MINUTE**

RESOLVED:

That the exempt minute of the meeting held 3 September 2018 be approved and adopted.

The meeting commenced at 6.30 pm and concluded at 9.30 pm

Chairman

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THE OVERVIEW AND SCRUTINY COMMITTEE – ADDITIONAL MEETING

Thursday, 13 December 2018

Attendance:

Councillors
Learney (Chairman)

Stallard
Cunningham
Gemmell
McLean

Thompson
Tod
Lumby

Deputy Members:

Councillor Berry (as deputy for Weston) and Hiscock (as deputy for Evans)

Others in attendance who addressed the meeting:

Councillors Miller (Portfolio Holder for Estates) and Warwick (Portfolio Holder for Environment).

Others in attendance who did not address the meeting:

Councillors Bell, Godfrey (Portfolio Holder for Professional Services) and Humby (Portfolio Holder for Business Partnerships).

Apologies for Absence:

Councillors Clear, Evans and Weston

1. **DISCLOSURES OF INTERESTS**

Councillors Hiscock, Stallard and Tod all declared a personal (but not prejudicial interest) in item 5 (Station Approach Update – Presentation) due to their role as County Councillors having been involved in discussions regarding the Station Approach scheme.

2. **CHAIRMAN'S ANNOUNCEMENTS**

The Chairman announced that she had agreed for a supplementary agenda to be issued in respect of Item 6 below (Environmental Services Kerbside Glass Collection and Contract Strategy) due to its urgent consideration by the Committee prior to the additional meeting of Cabinet on 18 December 2018.

3. **TO NOTE THE SCRUTINY WORK PROGRAMME FOR 2018/19 AND THE FORWARD PLAN FOR JANUARY 2019**

The Chief Executive advised that, in respect of a query raised by a Member requesting a review of the Council's communications processes and navigation of the new website, officers would consider how to bring this forward to the Committee as part of an update on the transformation and online transaction work currently being carried out by the Strategic Director: Resources. The Chairman would discuss with officers how best to proceed in due course.

RESOLVED:

That the Scrutiny Work Programme for 2018/19 and Forward Plan for January 2019, be noted.

4. PUBLIC PARTICIPATION

At the invitation of the Chairman, John Hearn (on behalf of the City of Winchester Trust) and Mark Baulch (Hampshire Chamber of Commerce and Director of the Business Improvement District) addressed the Committee with regard to Item 5 (Station Approach Presentation), as set out below:

In summary, Mr Hearn raised the following points:

- Architectural response by LDS architects had been well considered in many ways, but the opinion of the Trust was that the Council's decision to insist on car parking within the scheme was incorrect;
- The recently published Movement Strategy states that commuter traffic must be addressed with priorities to reduce City Centre traffic. Adding car parking within the scheme would not address this but encourage employees and visitors of the Carfax site to drive into the centre,
- Currently there were 16,000 daily commuter car trips into Winchester town centre from outside, resulting in 61% of all traffic;
- The Trust urged the Council to take a decision to remove car parking to tackle congestion and pollution rather than proposing 124 underground car parking spaces for employees and the public . It was suggested that if the proposed car parking was removed, the scheme would be cheaper to build as there would be no need to implement a ramp down to underground vehicular access from Gladstone Street; and
- Station Approach was the most sustainable location in Winchester with accessibility by train, park and ride buses, normal bus services and its proximity to residential areas for pedestrians and cyclists.

In summary, Mr Baulch raised the following points:

- Supports Station Approach and the vibrancy the scheme brings to the City Centre;
- Businesses are contributors to bringing wealth to the City;
- Mr Baulch considered the project would bring in extra workers and as such he supported the parking strategy the Council had put into effect and noted long term parking plans for park and ride sites, which he wished to see increased as a viable alternative for businesses; and

- Mr Baulch advised he had no opinion in relation to the parking on site. However, he stated that other city locations had provided Grade A offices with car parking on site and this reaped the most advantageous rents.

5. **STATION APPROACH DEVELOPMENT UPDATE - PRESENTATION**
(Presentation)

Councillor Miller introduced the presentation provided by the Head of Programme which set out an update on the economic proposals and approach taken for the Station Approach project to date.

The Head of Programme highlighted the following key points within the presentation and answered Members' questions thereon:

- 140k sqft of Grade A office space would support retail and gateway public realm improvements contributing to the delivery of the Council Strategy and its vision for Winchester to become a premier business location by creating significant high value employment opportunities;
- Grant Thornton commissioned to carry out the economic case appraisal to quantify the benefits of the proposal (gross and net) in comparison to the assumed costs;
- Analysis of the Local Economy, with the Winchester District ranking in the top 40 nationally for with Gross Value Added (GVA) per job value and also scoring positively in respect of key industries, business demography, office floor space, catchment areas and skills.
- A summary of GVA and Jobs: Estimated direct and indirect jobs created expected to total 1,357 as part of the scheme resulting in a significant total of £81m GVA;
- Social Impacts including: salary uplifts, construction employment and GVA benefits, new employment opportunities for the local community and wider regeneration analysis;
- Comparisons to the 2016 scheme;
- Conclusions and next steps of the project over the coming months leading towards the progression of the scheme in Spring/Summer 2019, in accordance with the decisions taken at the RIBA Stage gateways.

In response to several questions regarding the need and demand for the provision of car parking on site and associated costs, utilisation of the surrounding public transport links given the scheme's locality nearby to the train station, and the impact of Brexit on construction costs etc, the Head of Programme clarified that car parking within the scheme was considered influential on rental levels.. It was noted that risks associated with Brexit remained uncertain but that a contingency had been incorporated within the cost plan for the scheme and possible conditions that could arise from Brexit were identified in the risk register which would continue to be monitored at each gateway stage going forward, whilst having due regard to the consultants advice.

It was confirmed that there was evidence that competing Grade A office developments had included car parking for employees and visitors within their schemes. However, during progression of the project, options on this element would be considered further and brought forward within the business case.

In conclusion, the Committee welcomed the project, the work carried out by officers to date and thanked the Portfolio Holder for Estates and the Head of Programme for his informative presentation.

RESOLVED:

That the presentation be received and noted.

6. **ENVIRONMENTAL SERVICES KERBSIDE GLASS COLLECTION AND CONTRACT STRATEGY (CAB3108) (LESS EXEMPT APPENDICES)**
(Report CAB3108 refers)

The Committee noted that Report CAB3108 had not been notified for inclusion on the agenda within the statutory deadline. The Chairman agreed to accept the item onto the agenda as a matter requiring urgent consideration to ensure the Committee could consider the report in advance of the additional meeting of Cabinet on 18 December 2018.

The Chairman welcomed to the meeting, Vicky Beechey, Project Integra, who provided a detailed presentation setting out the Government's national updates regarding resources and waste in relation to the following matters and answered Members' questions thereon:

- EU Circular Economy Package;
- DEFRA Resources and Waste Strategy;
- Extended Producer Responsibility (EPR); and
- Deposit Return Scheme (DRS)

It was noted that Project Integra worked in partnership with local councils across Hampshire. Reference was made to the recent waste analysis work and to a number of key points in respect of what would be coming forward as National Policy including:

- Recycling targets for municipal waste up to 2035;
- Kerbside sort/source recycling of bio-waste;
- The five pillars of the waste strategy by modifying the life cycle of products from the materials used at manufacturing stage; to processes taken during consumer use and disposal; to the end of life at waste management stage with the treatment/reprocessing of the product;
- Increasing the use of DRS to assist with reducing litter and increasing recycling;
- Consultations – this included three national consultations regarding EPR, DRS and Consistency and Metrics due to be undertaken by DEFRA and also a consultation on single use plastics; and
- The outcome of Waste Composition Analysis.

In respect of the consultations carried out by DEFRA, it was reported that Project Integra would respond accordingly on behalf of all local authorities within Hampshire. This process would take place in January 2019 and would run for a period of 12 weeks. It was noted that the Strategy Review, Consultation

Responses and Hampshire Waste Partnership (HWP)/PI programme progression were all expected during Summer 2019

In response to the presentation, Members raised a number of questions in relation to the following points which were answered accordingly: the disposal of food waste going forward; life cycle cost of packaging and collection incentives, glass collections and materials to be used; manufacturing of plastics and packaging, clearer uniformed labelling for recyclables, the recycling of batteries and collection arrangements. In response, Ms Beechey clarified that all comments received would be addressed and would feed into the consultation process going forward.

In conclusion, the Committee welcomed and supported the work taking place, recognised that this would drive significant environmental change for Hampshire and that the Hampshire Waste Partnership would have a fundamental role going forward.

The Chairman thanked Ms Beechey for attending the meeting and providing a very informative presentation.

Councillor Warwick introduced the report which set out a number of proposals to Cabinet for consideration at its meeting on 18 December 2018 in respect of the procurement of waste collection services across the District, in particular a one year extension of the current contract with a number of priced options for consideration. In addition, the report also set out details of how a new service for the collection of glass at the kerbside could be introduced to residents from October 2019.

The Chairman welcomed representatives from White Young Green (WYG), the Council's external advisors for the contract, to the meeting to assist with any matters that could arise during consideration of the report.

Councillor Warwick highlighted that the one year contract extension put the Council in the mid-point in terms of cost, and allowed the Council to lease newer vehicles with lower 'Euro 6' emission engines to improve collection reliability and reduce carbon emissions. A dedicated contract management team would be established in Winchester to improve the efficiency of the service to residents locally. Councillor Warwick clarified that East Hampshire District Council had delegated provision of the service to Havant Borough Council.

In addition, the one year extension would provide an opportunity for the Council to address any forthcoming changes expected from DEFRA which could impact on the service design.

During questions and debate, the Committee raised a number of questions on the following which were responded to by the relevant Officers, the Council's external advisors from WYG and/or Portfolio Holders present:

- (i) Review of the number of 'bring' sites - The Strategic Director confirmed that the number of bring sites would reduce by 20 but that all residents would have access to kerbside glass collection. A review of the sites

- would be carried out to evaluate usage. WYG representatives reported that service had been carefully modelled, looking at the patterns of usage and kerbside glass collection services used elsewhere;
- (ii) The need to introduce food waste recycling as soon as possible, following the Government’s announcement of the new waste strategy as set out in paragraph 2.8 of the report – it was confirmed that this matter was open for Members to review as part of the scope;
 - (iii) The efficiency and reliability of the existing fleet of vehicles;
 - (iv) One year extension costs within the Medium Tern Financial Strategy (MTFS). The Strategic Director: Resources clarified that a mid-cost for the one year extension of the contract had been incorporated in the MTFS, but the full cost of this would be dependant on which option was agreed. The Strategic Director reminded the Committee that the pricing provided was based on a one year contract and that with competition in the market for the longer term, this price would be reviewed in order to continue to achieve the best value and position for the Council; and
 - (v) Customer service enquiries and complaints – The Strategic Director clarified that with the introduction for a new contract, new methods would be implemented for customer contact, including new reporting applications, IT systems and improved performance data monitoring.

The Committee agreed to the following recommendations in principle before moving to exempt session to discuss the matters contained within the exempt appendices to the report.

RESOLVED:

1. That the Portfolio Holder notes the comments of the Committee; and
2. That the Cabinet be asked to give further consideration to the proposed choice of pricing proposal (detail in exempt minute)

7. **EXEMPT BUSINESS:**

RESOLVED:

1. That in all the circumstances, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.
2. 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 100I and Schedule 12A to the Local Government Act 1972.

<u>Minute Number</u>	<u>Item</u>	<u>Description of Exempt Information</u>
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9	Environmental Services Kerbside Glass Collection and Contract Strategy (exempt appendices))))))))	Information relating to the financial or business affairs of any particular person (including the authority holding that information). (Para 3 Schedule 12A refers)
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8. **ENVIRONMENTAL SERVICES KERBSIDE GLASS COLLECTION AND CONTRACT STRATEGY (EXEMPT APPENDICES)**
(Report CAB3108 refers)

The Committee considered the contents of the exempt appendices to the report which included commercially sensitive information regarding the proposed contract extension, in addition to legal advice (detail in exempt minute).

The meeting commenced at 6.30 pm and concluded at 9.30 pm

Chairman

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THE OVERVIEW AND SCRUTINY COMMITTEE WORK PROGRAMME FOR 2018/19

28 JANUARY 2019

	BUSINESS	LEAD OFFICER	COMMITTEE DATE		STATUS/COMMENTS
			Original	Revised	
	Medium Term Financial Strategy	Joseph Holmes	28 January 2019		CAB3131/OS217
	General Fund Budget 2019/20	Joseph Holmes	28 January 2019		CAB3132/OS218
	Housing Revenue Account Budget 2019/20 and Business Plan 2019/2049	Richard Botham	28 January 2019		CAB3111(HSG)/OS219
	Q3 Financial and Performance Monitoring	Joseph Holmes	28 January 2019		CAB3127/OS216

31 JANUARY 2019 (Additional Meeting)

	BUSINESS	LEAD OFFICER	COMMITTEE DATE		STATUS/COMMENTS
			Original	Revised	
	Leisure Centre – Full Business Case	Andrew Hickman	28 January 2019	31 January 2019	CAB3082(LC)
	Treasury Management Strategy	Joseph Holmes	28 January 2019	31 January 2019	CAB3133
	Capital Strategy	Joseph Holmes	28 January 2019	31 January 2019	CAB3134

25 FEBRUARY 2019

	BUSINESS	LEAD OFFICER	COMMITTEE DATE		STATUS/COMMENTS
			Original	Revised	
	Annual Emergency Planning Report	David Shaw	25 February 2019		
	Asset Management Plan	Kevin Warren	25 February 2019		TBC
	Station Approach – RIBA Stage 2 Design and Outline Business Case	Ian Charie/Zoe James	13 December 2018	25 February 2019	

20 MARCH 2019 (Additional Meeting)

Page 22	BUSINESS	LEAD OFFICER	COMMITTEE DATE		STATUS/COMMENTS
			Original	Revised	
	Community Safety Partnership Performance Review	Sandra Tuddenham	25 February 2019	20 March 2019	OS215
	Winchester Movement Strategy	Simon Finch	20 March 2019		
	Car Parking Strategy	Simon Finch	20 March 2019		Date TBC
	The future of the Traffic/Transport and On Street Parking Agency Agreements	Richard Botham	13 December 2018	20 March 2019	CAB3107 – Date TBC
	Establishing a Housing Company	Richard Botham	20 March 2019		

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Forward Plan of Key Decisions

February 2019

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 - 28 February 2019** 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

3 January 2019

Leader of the Council

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

	Item	Portfolio Holder	Key Decision	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
1	Leisure Centre - Full Business Case	Portfolio Holder for Health and Wellbeing	Expenditure > £200,000	All Wards	Andy Hickman	Committee Report	Cabinet (Leisure Centre) Committee	Feb-19	11-Feb-19	Part exempt
2	Medium Term Financial Strategy	Portfolio Holder for Finance	Expenditure > £200,000	All Wards	Joseph Holmes	Committee Report	Cabinet	Feb-19	13-Feb-19	Open
	Capital Strategy	Portfolio Holder for Finance	Expenditure > £200,000	All Wards	Joseph Holmes	Committee Report	Cabinet	Feb-19	13-Feb-19	Open
4	Treasury Management	Portfolio Holder for Finance	Expenditure > £200,000	All Wards	Joseph Holmes	Committee Report	Cabinet	Feb-19	13-Feb-19	Open
5	General Fund Budget 2019/20	Portfolio Holder for Finance	Expenditure > £200,000	All Wards	Joseph Holmes	Committee Report	Cabinet	Feb-19	13-Feb-19	Open
6	Revisions to Community Infrastructure Levy (CIL) Reg. 123	Portfolio Holder for Built Environment	Significantly affects 2 or more wards	All Wards	Richard Botham	Committee Report	Cabinet	Feb-19	13-Feb-19	Open

	Item	Portfolio Holder	Key Decision	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
7	Land Transaction	Portfolio Holder for Estates	Expenditure > £200,000	All Wards	Kevin Warren	Committee Report	Cabinet	Feb-19	13-Feb-19	Part exempt 3
8	Business Rates Retail Relief Scheme 2019/20	Portfolio Holder for Finance	Expenditure > £200,000	All Wards	Terri Horner	Portfolio Holder Decision Notice	Portfolio Holder for Finance	Feb-19	n/a	Open

REPORT TITLE: MEDIUM TERM FINANCIAL STRATEGY

28 JANUARY 2019

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

Contact Officer: Joseph Holmes Tel No: 01962 848220 Email jholmes@winchester.gov.uk

WARD(S): ALL

PURPOSE

The Medium Term Financial Strategy sets out the forecast financial position and the proposed strategic direction in order to provide a balanced budget over the medium term.

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 any items of significance to be drawn to the attention of Cabinet.

IMPLICATIONS:

1 COUNCIL STRATEGY OUTCOME

- 1.1 The Council Strategy is the core strategic document, the MTFS (Medium Term Financial Strategy) is guided by this and informs the budget framework for the 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 arising from budget options within this strategy 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 sets out the strategic budget planning direction.

5 PROPERTY AND ASSET IMPLICATIONS

- 5.1 A key strand of the Council's financial and treasury strategies is to maximise income from its assets and seek to manage risk by achieving a balanced portfolio of assets. Options considered during the budget planning process may therefore involve either the acquisition or disposal of assets, requiring a full business justification case.

6 CONSULTATION AND COMMUNICATION

- 6.1 The medium term financial strategy has been part of the budget consultation process and follows the Medium Term Financial Planning (CAB3103) which went to December Cabinet.

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

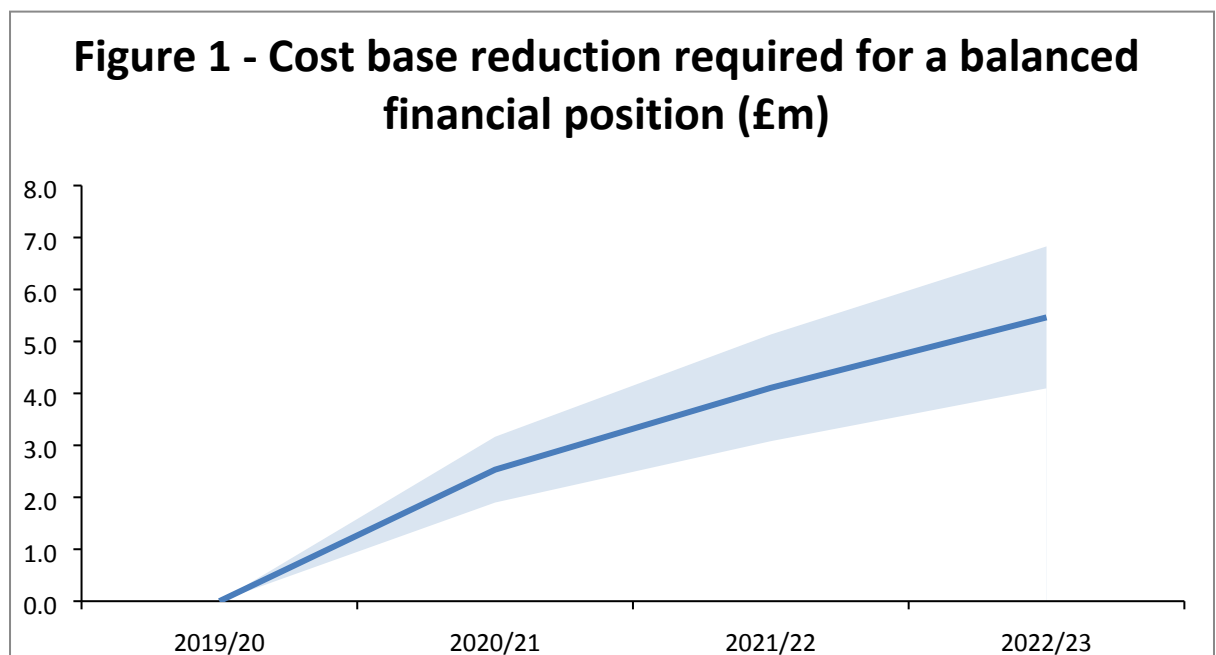
10 RISK MANAGEMENT

Risk	Mitigation	Opportunities
<i>Significant reductions in government funding over the medium term</i>	<i>Financial projections are shown up until 2028/29 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 2019/20 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 2028/29, 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>

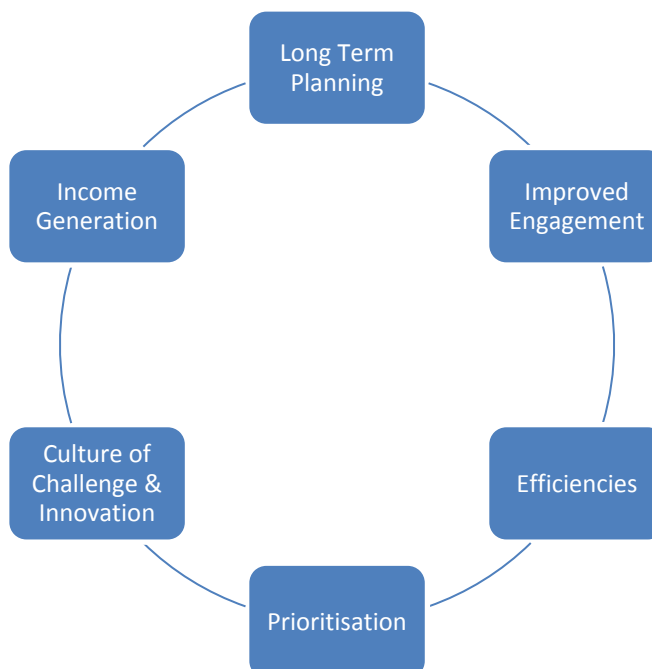
11 SUPPORTING INFORMATION:

Executive Summary

- 11.1 The Medium Term Financial Strategy (MTFS) is intended to set out the Council's strategic approach to the use and management of its financial resources and provide a framework within which decisions can be made.
- 11.2 The outcome based budgeting proposals are initially focused on a rolling four year period from 2019/20 to 2022/23 in order to provide focus on the medium term financial challenges and ensure that proposals can be drawn up and introduced in time to meet the forecast stepped increase in the annual deficit in 2020/21 caused by the expected reset of business rates retention. Financial projections are shown over a ten year period to 2027/28 in order to provide insight into the longer term financial sensitivities and the earmarked reserves strategy.
- 11.3 The Cabinet report (CAB3103) on Medium Term Financial Planning provided an update on the Council's financial position. This included the projections in receipts from the main funding sources of Council Tax, Retained Business Rates and New Homes Bonus as well as the Revenue Support Grant.
- 11.4 Alongside the changes to funding highlighted previously, the Council has other cost pressures such as contractual inflation, rising costs for infrastructure schemes and other unavoidable financial pressures, such as any contractual inflation and the national pay award. The scenario planning highlighted below in Figure 1 highlights the potential impacts over the longer term.



- 11.5 The Council Strategy articulates the service and outcome priorities of the Council for the coming years. In order to deliver these, different options need to be considered and their financial impacts assessed. This is the principle behind Outcomes Based Budgeting (OBB), that the financial position should deliver the overall outcomes of the Council, rather than a pure cost-cutting exercise that limits the ability of Council to remain resilient to future funding challenges.
- 11.6 To consider which options are available to the Council, consideration has been given to the different practice that exists across peers / other councils as well as assessing the current areas of strength that the Council can build upon. The current focus of the OBB has been to identify high-level options to meet the financial challenge over the coming four years including short-term options and those requiring a longer lead-in time to develop the business case. Delivery of these options may require capital, revenue funding or the use of reserves.
- 11.7 Overall, the OBB approach is focused on the following key benefits:



Proposals for the medium term financial position

The Council has grouped its medium term financial challenge options around four different areas; efficiency, asset management, transformation and income generation.

EFFICIENCY

- 11.8 Efficiency review and planning plays a critical role in the continuing provision of high quality services by the most efficient and value for money method of delivery. This strand of the OBB process is aimed at looking in detail at internal processes and ensuring these support the Council in delivering excellent services in the most effective way.
- 11.9 Contract review and management is a key element in this strand, with total third party payments budgeted at almost £7m. The Council operates a number of significant ongoing contracts such as: leisure centre management, environmental services contract, and the park and ride bus contract. Ensuring that both current and future contracts offer the best possible value to the Council is of high importance.
- 11.10 The Council will also need to consider how much funding it provides to a range of discretionary services. The Council has a very buoyant grants and commissioned service budget that has been protected from funding reductions. This funding programme will need to be kept under review to ensure that it contributes to the Council Strategy and that it remains affordable within the overall financial context.

ASSET MANAGEMENT

- 11.11 The Council operates an extensive portfolio of property assets which are either used in the delivery of services or generate an income to the Council which in turn provides the resources to deliver services. With the significant reductions in government funding it is important to ensure that existing assets are used in the most effective way.
- 11.12 The Council operates a significant property portfolio which generates rental income in excess of £3m per annum. Properties are let at commercial rates with rent review periods built in as standard. A number of existing leases are due for review within the next few years and overall rental income is expected to increase significantly as a number of rent reviews are due in the life of the MTFs. There are substantial known rent reviews due that are expected to raise at least an additional £300k of income to the Council.
- 11.13 The Council has commenced an asset challenge programme. This process is reviewing all of the Council's assets on a rolling basis to establish why the Council holds assets, what options the Council has e.g. to increase income, dispose, hold or develop, and when these can be realised. Initial progress has been positive and has highlighted three assets that the Council is considering disposing of. It is expected that these assets will generate capital receipts of over £1m.
- 11.14 It is recognised that making the best use of existing assets can provide significant savings as well as increasing collaboration with other organisations and complementing existing skills within the Council with relatively little risk

exposure. The Council has let office space in the Guildhall to South East Employers (SEE) which will provide an assured income and increase occupancy in the Guildhall. The Council is reviewing the operation of the Guildhall overall and is seeking to make a substantial reduction to the cost of the Guildhall that is currently paid for by taxpayers. This longer term review will consider all options available and will also look at the wider Colebrook Street asset holdings including the existing council offices.

- 11.15 An extensive programme of refurbishment works have been completed at the Council's City Offices recently in order to extend the life of the building in the short term, provide environmental enhancements in the form of lower energy consumption, and to ensure the offices remain fit for purpose. A further minor programme of works is planned for the West Wing offices to ensure the offices remain fit for purpose and any opportunities for efficiency and environmental improvements can be taken.
- 11.16 The capital strategy provides the opportunity for investment in new or existing assets should they meet the aims of the council strategy and generate a financial return to the Council. A review of existing assets is underway to determine what opportunities are available and any new opportunities will be considered and developed as they come forward.
- 11.17 In order to ensure that expenditure is accurately allocated to the creation of assets it is proposed that employee costs are capitalised when an employee's activities have 'contributed directly to bringing an asset to a location and into a condition so that it is capable of operating as intended'. This will enable those costs to be spread over the useful life of the asset rather than taken as an up-front cost. A strict regime of timesheet recording and review of activity will be implemented in order to ensure that eligible expenditure is identified and evidenced.

TRANSFORMATION

- 11.18 The Council continues to explore ways of transforming both operations and service delivery in order to generate efficiencies wherever possible. The core principle is delivering services in the most efficient way in order to achieve value for money. The Council has a good track record of exploring opportunities for transforming services, with the shared IT services with Test Valley Borough Council a good example of this. Pooling resources has helped to make revenue savings to both councils, has helped to mitigate against increases in infrastructure costs, and helps to ensure there is sufficient resilience built into the service to meet the needs of both authorities. The potential to expand this service further in order to generate additional savings is currently being explored.
- 11.19 As highlighted above, the Council is undertaking a transformation programme. This is expected to yield financial savings to the Council through greater efficiencies. Though it is premature to set out the exact savings amount, similar council programmes have delivered substantial savings of in excess of

£250k. Aligned closely with work to improve digitalisation of services, this programme will be a key part of the medium term financial strategy.

- 11.20 Digitalisation is one particular area for review. As technologic advances continue to be made and the use of technology (particularly portable technology) increases, it is important that the Council takes advantage of these digital channels. The potential benefits are a reduction in costs through the automation of internal processes, and increased customer satisfaction through simple interaction which is available whenever the customer needs it. This approach also has the opportunity to deliver new revenue and services, for example through exploring a new mobile app for Winchester.
- 11.21 It is also important that the Council is reviewing other options to transform services and offer different solutions. One area under consideration is setting up a housing company to provide a different housing offer to residents and that also provides a financial benefit to the Council (see **Housing Company Options CAB2990** (HSG)).

INCOME GENERATION

- 11.22 Opportunities to invest which also generate a financial return, either through reductions in cost or income generation, are assessed on a case by case basis. The roll out of LED lighting across car parks, the Guildhall, and offices, is a good example of capital investment which has generated a recurring cost saving.
- 11.23 The Council Strategy guides the budget requirements and prioritisation of resources across the Council. The introduction of outcome based budgeting, and not focusing purely on cost reductions, will play a key role in helping to ensure that priority investment continues to take place.
- 11.24 Treasury management plays a key role in the delivery of projects and services. The Council currently has cash resources in excess of £50m which are invested on the basis of minimising exposure to risk whilst also generating a return. The current average return in 2018/19 of >1% has exceeded targets and is expected to generate a revenue income of around £0.55m. As the council continues to invest in its capital programme, cash balances are expected to reduce; however, some of those new assets are expected to generate a revenue return instead.
- 11.25 The projections in 11.33 below are based on the existing capital programme estimates. Any changes to timescales and/or investments will have revenue implications which will feed into the final budget recommendation in February. In particular, large capital projects are likely to have material revenue implications and a financial lead in period where significant borrowing and other implementation costs are incurred before any income generation commences.
- 11.26 General Fund income is an important source of funding, helping the Council to continue delivering high quality services despite reductions in government

funding. In 2018/19 general fund income is budgeted at £13m, which is planned to fund 38% of gross general fund expenditure. This compares to the next highest source of funding, Council Tax, which is planned to fund 22% of gross general fund expenditure.

- 11.27 In order to continue delivering services consideration of full cost recovery is an important principle to be considered. This ensures the user of these services is paying a fair price, that the services remain available, and that there is no unnecessary burden on the council tax payer. The provision of discounts for certain groups or a universal subsidy could be considered when in direct support to principles within the Council Strategy.
- 11.28 Fees and charges are reviewed and benchmarked individually rather than adopting a 'one size fits all' approach. Consideration is given to cost recovery, current and forecast inflation rates, and how our charges compare both within the Winchester district and against neighbouring authorities.
- 11.29 It is important to note that a number of chargeable areas are governed by statute and charges are therefore set by central government.
- 11.30 **Fees & charges are subject to ongoing review to align with key strategies and seek new trading opportunities** – over the life of the Medium Term Financial Strategy through seeking new opportunities to trade, understanding subsidies and increasing activity.

INVESTMENT

- 11.31 The Council is investing in a kerbside glass collection service which will commence in 2019. Investing in green measures and increasing recycling rates is a priority outcome.
- 11.32 The Council Strategy guides the budget requirements and prioritisation of resources across the Council. The introduction of outcome based budgeting, and not focusing purely on cost reductions, will play a key role in helping to ensure that priority investment continues to take place.
- 11.33 Treasury Management plays a key role in the delivery of projects and services. The Council currently has cash and investment balances of around £50m which are invested on the basis of minimising exposure to risk whilst also generating a return. The current average return in 2018/19 of 1.09% is slightly above the target of 1%. The Council has a forecast increasing capital financing requirement (borrowing need) due to the planned capital programme over the coming years, and the Council's reserves will gradually reduce over the same period. If the capital programme is delivered as planned, this will require the Council to take out new external borrowing from 2019/20. To provide liquidity, the Council will maintain a minimum balance of £10m; this will reduce typical returns on investment from over £0.5m per annum now to around £0.1m. Further details can be found in the Treasury Management Strategy (CAB3133) and the Capital Investment Strategy (CAB3134).

Summary of Financial Position

11.34 In light of the above financial analysis, the 'central case' is shown below. The most significant impact and risk relates to government funding changes planned from 2020/21. It is currently assumed there will be a maximum total annual resource reduction of 5%, with potential funding reductions from the withdrawal of the new homes bonus and business rates retention temporarily and in part replaced by a government damping grant. At present it is difficult to forecast this reduction, but recent government announcements suggest a transition period which is reflected in the revised forecast.

Table 1: Cost base reduction required for a balanced financial position

Cumulative cost base reduction / £m	2019-20	2020-21	2021-22	2022-23
December 2018 – CAB3103	1.1	5.2	5.7	7.2
Current Forecast	Balanced per CAB3132	2.5	4.1	5.5

Table 2: Outcome Based Budgeting 2018/19 – 2019/20

Cost base reduction / £m	2018-19	2019-20	Total
Savings	1.1	1.0	2.1
Investments	(0.4)	-	(0.4)
NET	0.7	1.0	1.7

Scenario Planning

Government funding and other updates

11.35 A **Fair Funding Review** is currently underway by the MHCLG in order to redefine the basis of distributing the settlement funding assessment (SFA). The results of this review are expected to be implemented in 2020/21. The settlement funding assessment includes the Revenue Support Grant (RSG) and Baseline Business Rates (i.e. the non-growth related element).

11.36 The **Retained Business Rates** forecasts are based on the assumption there will be a full reset of retained growth in 2020/21 which is expected to cause a significant reduction in funding. The current retained growth of c£2.5m would be allocated using the SFA, which is expected to bring a much lower allocation of funding. How the reset process will work after 2020/21 (i.e. frequency and whether the resets will be full or partial) is currently under consultation.

11.37 Following the Local Government Finance Settlement in December 2017, the Government has announced plans for the sector to move to retain 75% of

Business Rates from 2020/21. The exact details of the system from 2020/21 will be subject to consultation during 2019 with no decisions yet made around important matters such as whether the tier splits (e.g. District/County) will be changed. Therefore projections have been made based on the current retention system.

- 11.38 The **New Homes Bonus** has been a significant source of funding over recent years, with the current figure at £2.3m and having peaked at £3.3m in 2016/17. Government have announced that the current reward system will end in 2019/20 but no details have yet been announced over whether (and if so in what form) there will be a replacement reward system or even whether the current four year rewards will continue until 2022/23 (i.e. under the current system the reward for 2019/20 would be received each year until 2022/23). The current forecast is based on the current four year rewards continuing until 2022/23.
- 11.39 Historically, funding changes have been phased in over a period of years where individually authorities would otherwise face significant 'cliff edge' changes in funding. Forecasts have therefore assumed that any funding changes would be subject to a maximum reduction of 5% of 'total funding' in 2020/21 and then phased in so the full effect is not reached until 2025/26.

Council Tax

- 11.40 Government projections assume that councils will increase council tax by the maximum allowable within the current referendum limits. The forecasts in Appendix B assume that district council tax will be frozen in 2019/20 and then increase in line with CPI inflation over the forecast period.
- 11.41 Council tax will only be increased when there is a clear requirement in order to protect core services and deliver the council strategy. The significant forecast reductions in government funding means that council tax is expected to increase as a proportion of overall funding, putting pressure on the council tax requirement. The OBB strategy aims to deliver cost base reductions in order to provide a balanced budget over the medium term, restricting council tax increases to a maximum of CPI inflation.
- 11.42 The council tax base is forecast to increase by 1.2% per annum over the forecast period, based on recent average increases. Whilst this generates additional income there are also associated costs (such as waste and recycling collections).

Reserves

Strategic Reserves

- 11.43 The Council holds strategic reserves for specific purposes which are consistent with corporate priorities. These reserves are a key source of funding, helping to support specific service strategies and plans. They are also critical to our ability to fund the transformation of services and ability to

invest in order to generate the necessary savings to balance the budget over future years.

11.44 In summary, reserves are used to support:

- I. Funding of the Capital Programme
- II. Investment in transformation
- III. Providing one-off support for service budgets (such as the local plan)
- IV. Community Infrastructure plans
- V. Council Strategy Support
- VI. Asset Management Plans, IT Strategy, Car Parking Strategy
- VII. Winchester Town Account (notably major play area refurbishment and replacements)

11.45 It is important to note that reserves are finite and can therefore only be used to fund one-off expenditure. One-off expenditure can include projects which span a number of financial years but cannot include recurring expenditure such as utilities.

11.46 In order to support the Council Strategy, ensure resources are available and the requirements are consistent on a year-on-year basis, a number of revenue contributions are made to earmarked reserves:

- i. Property Reserve - £300k
- ii. IMT Reserve - £280k
- iii. Car Parks Property - £200k

Balances / Risk Reserves

11.47 The Council also holds a general balance which is held to mitigate against any potential financial risks, these could be known risks or completely unforeseen risks. As a general guide the minimum balance will be 15% of net revenue expenditure and so the current balance of £2.789m can give some additional cushion particularly against the uncertainty of government funding over the medium term projections.

11.48 A minimum balance of £1m is held within the business rates retention reserve in order to provide mitigation against the short term risks of a reduction in income, for example an unexpected increase in successful appeals.

Scenario Planning Summary

11.49 As part of the medium financial planning process, there are a number of unknown elements. The table below highlights some of the upside and downside risks that the Council faces to provide an overview of the key financial risks compared to the 'likely' financial forecasts:

Table 2: Scenario Planning – financial impact

Risk item	Favourable / Adverse £000 per annum
75% Business Rates retention – 10% increase or reduction in growth retention	200
Fees and Charges – 5% increase or decrease	550
Property Rental Income – 10% increase or decrease	350
Inflationary impact on contracts – 5% increase or decrease	500
Fair funding review (starting 2020/21) – 25% change in Settlement Funding Assessment (SFA)	500
Brexit – many potential implications including treasury management	Cannot be quantified specifically in relation to Brexit but included within the risks above

12 OTHER OPTIONS CONSIDERED AND REJECTED

12.1 None

BACKGROUND DOCUMENTS:-

Previous Committee Reports:-

General Fund Budget 2019/20 – CAB3132 – February 2019

Medium Term Financial Planning – CAB3103 – December 2018

Council Strategy Refresh – CAB2980 – December 2017

Efficiency Plan 2016 – 2020 - CAB2827 – September 2016

Other Background Documents:-

None

APPENDICES:

Appendix A: Medium Term Financial Projections

General Fund Revenue (£m)	Budget 2018/19	Forecast 2019/20	Budget 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25	Forecast 2025/26	Forecast 2026/27	Forecast 2027/28	Forecast 2028/29
Funding												
Council Tax (excluding Parish Precepts)	7.650	7.650	7.789	8.021	8.260	8.507	8.761	9.024	9.295	9.574	9.862	10.159
Retained Business Rates	4.601	4.601	4.903	2.859	2.905	2.942	2.969	3.038	2.760	3.013	3.271	3.535
New Homes Bonus	2.116	2.116	2.353									
Damping - 5% cap on total resource reduction				2.959	1.881	0.878						
Revenue Support Grant & Other Grants	0.144	0.323	0.234	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
	14.511	14.690	15.279	13.839	13.046	12.327	11.730	12.062	12.055	12.587	13.134	13.694
Investment Activity												
Interest (Payable) / Receivable	0.225	0.550	-0.139	-0.633	-1.504	-1.422	-1.539	-1.506	-1.472	-1.437	-1.402	-1.365
Minimum Revenue Provision	-0.225	-0.225	-0.536	-0.688	-1.436	-1.473	-1.505	-1.539	-1.540	-1.574	-1.609	-1.646
Net Investment Property Income	2.060	2.430	2.730	2.982	3.130	3.153	3.172	3.191	3.211	3.231	3.252	3.273
Resources available	16.570	17.445	17.334	15.499	13.236	12.585	11.859	12.209	12.254	12.807	13.374	13.956
Baseline Net Expenditure												
Gross Income	13.089	13.191	13.424	13.406	13.936	14.755	15.129	15.249	15.284	15.251	15.273	15.351
Gross Expenditure	-28.325	-28.440	-29.755	-31.216	-31.929	-32.611	-33.377	-34.132	-34.896	-35.669	-36.450	-37.229
Baseline resource requirements	-15.236	-15.249	-16.331	-17.810	-17.993	-17.855	-18.248	-18.883	-19.612	-20.418	-21.178	-21.877
One-off budgets & Reserve Related Movements	-1.335	-2.198	-1.003	-0.221	0.650	-0.192	-0.834	-0.839	-0.839	-0.839	-0.839	-0.664
Total net resource requirements	-16.570	-17.445	-17.334	-18.031	-17.342	-18.048	-19.083	-19.722	-20.451	-21.258	-22.017	-22.542
Budget Surplus / (Shortfall)	0.000	0.000	0.000	-2.532	-4.107	-5.463	-7.224	-7.513	-8.197	-8.451	-8.643	-8.586
<i>% of Gross Expenditure</i>	0.0%	0.0%	0.0%	8.1%	12.9%	16.8%	21.6%	22.0%	23.5%	23.7%	23.7%	23.1%

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REPORT TITLE: GENERAL FUND BUDGET 2019/20

28 JANUARY 2019

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

Contact Officer: Joseph Holmes Tel No: 01962 848220 Email jholmes@winchester.gov.uk

WARD(S): ALL

PURPOSE

The budget sets the revenue financial resources for the 2019/20 financial year with which the Council can utilise to provide public services, including any changes to Council Tax levels. The general fund budget is consolidated to take into account the latest known funding allocations through central government as well as from locally raised Council Tax, Business Rates (after government levies and tariffs) and fees and charges. Members are requested to consider the financial assumptions and the implication of financial changes to the overall Council Strategy.

Members are asked to consider these proposals and also the level of Council Tax to be set for next year. The current tax is £138.92 at Band D for City Council services, and £67.17 for Winchester Town. It is proposed to freeze the District tax for 2019/20 at £138.92 and the town forum have proposed a 3% increase to £69.19 (Band D equivalent).

The General Fund Budget has been consulted on with The Overview and Scrutiny Committee, the business community and parish and town councils, and in finalising these proposals consideration has been given to all comments received.

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 any items of significance to be drawn to the attention of Cabinet.

IMPLICATIONS:

1 COUNCIL STRATEGY OUTCOME

- 1.1 The budget proposals contained in this report have been drafted using outcome based budgeting principles in order to align to 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 arising from budget options arising from this strategy will be dealt with in the individual business cases and committee papers relating to those specific decisions.

4 WORKFORCE IMPLICATIONS

- 4.1 No direct implications, any indirect implications will be addressed in the business cases relating to individual projects.

5 PROPERTY AND ASSET IMPLICATIONS

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

6 CONSULTATION AND COMMUNICATION

- 6.1 Budget considerations were consulted on with The Overview & Scrutiny Committee, the business community, and parish council representatives during the final quarter of 2018. The feedback received from this consultation has been fully reflected in finalising these proposals.
- 6.2 Feedback received from the business consultation process a strong interest in the council's major projects and further detail around the impact of car parking changes to the 2018-19 budget.
- 6.3 At the annual parish conference held in early December 2018 the parishes were briefed on the overall context of the budget as well as discussion around Council Tax referendum principles for parish councils.

7 ENVIRONMENTAL CONSIDERATIONS

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

8 EQUALITY IMPACT ASSESSEMENT

- 9 Any equality impact assessments are carried out as part of the business case for any individual proposals.

10 DATA PROTECTION IMPACT ASSESSMENT

10.1 None

11 RISK MANAGEMENT

Risk	Mitigation	Opportunities
<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 2019/20 onwards.</i>	<i>Ensure the prioritisation of resources to best meet the Outcomes of the authority</i>
<i>Failure to achieve the budget proposals presented in Appendix B</i>	<i>Budget proposals for 2019/20 have been put forward on the basis that they have a high expectation of achievement, and some of the proposals have already been achieved.</i>	
<i>Income budgets (such as car parking) are not achieved, possibly due to market or economic conditions</i>	<i>Income budgets have been set using 'central case' expectations. Robust in-year monitoring and reporting is in place which would identify any forecast shortfalls in income in time to take any necessary action to address this.</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 the review of contract options prior to contract renewal.</i>	<i>Ensure contracts are aligned to the councils requirements and council strategy Transformational efficiency savings</i>

12 SUPPORTING INFORMATION:

Background

- 12.1 The budget is strongly aligned to the Council Strategy and the outcomes that the council wish to achieve. There are areas of significant investment contained within the budget to deliver new services to residents. For example, the Council is improving environmental services to residents by introducing a monthly kerbside glass collection.
- 12.2 This investment is supported through a variety of savings programmes. These items have been carefully considered and seek to enable the Council to continue to deliver its core services and protect our valued frontline delivery whilst matching the financial demands of disappearing government funding. We are ensuring that we drive out further efficiencies through a strategic focus on budgets and reviewing historic patterns of spend. We are seeking new opportunities, for example through providing additional funding for new homes in our 'HRA' and moving assets into the general fund to provide a long term rental stream to the taxpayer.
- 12.3 The Council is also proposing freezing the district tax at 2018/19 levels. The Council has the option of increasing this by 3% or +£5 compared to the previous year (equivalent to a rise of just over 3%) but is recommending a freeze to reflect the work we are progressing to re-focus our finances whilst facing the reality of a major reduction in funds from central government and a need to be financially self-reliant. The Council's approach to encourage business growth as well as having a robust local plan has yielded additional financial resources to the Council through significant growth in retained business rates and additional new homes bonus. This year is also the final year of the four local government finance settlement, and the previously announced £410,000 'negative RSG' has been removed by Central Government in the December 2018 local government finance settlement.
- 12.4 The Council Strategy 2017 - 2020 sets out four strategic themes which are helping the Council shape its activities and resources up until 2020. Outcome based budgeting principles have been used in the preparation of the 2019/20 budget, with proposals identified in CAB3103 Outcome Based Budgeting which went to December Cabinet.
- 12.5 Capital and Revenue budget considerations were consulted by The Overview & Scrutiny Committee, the business community, and parish council representatives during the final quarter of 2018. The feedback received from this consultation has been fully reflected in finalising these proposals.
- 12.6 A summary of the General Fund revenue budget is now presented for final consideration and Members are asked to consider the total level of General Fund Budget and the Council Tax for 2019/20.

Identifying Resources

- 12.7 Over the current four year settlement period there has been a clear shift from central government grant, such as the revenue support grant, to locally generated funding. Winchester has benefited significantly from strong growth in housing (new homes bonus) and business (business rates retention), which has balanced out other funding reductions.
- 12.8 Locally generated income is a key focus of the medium term financial strategy, which identifies how the Council is looking to replace the reductions in government funding with new and innovative income sources. These income sources are identified under the themes of; Asset Management, Income Generation, Transformation, and Investment.

Funding

12.9 Business Rates Retention

- (i) The provisional finance settlement confirmed that there would not be any negative revenue support grant for 2019/20. The baseline funding level (BFL) has therefore increased marginally to £2.19m (£2.15m 2018/19).
- (ii) In addition to the BFL, growth in retained rates is forecast to increase to £2.71m, giving a total business rates retention of £4.90m.
- (iii) The provisional finance settlement confirmed the Government's intention for a full reset of business rates growth from 2020/21, in line with the fair funding review. A consultation has been issued to determine how the resets will applied after 2020/21, as well as many other elements of the scheme such as the split of growth among tiers and how the administration of appeals could be changed.
- (iv) Business Rates Pilot application – the Council led a cross Hampshire application to be a business rates pilot for 75% retention in 2018. Unfortunately, this bid was not successful for 2019-20 as Government received a significantly higher number of applications compared to the places available.

12.10 New Homes Bonus

- (i) Government have announced that the current scheme will end in 2019/20 with no indications of whether it will be replaced with a new reward scheme. There is the possibility that legacy payments will continue until 2022/23.
- (ii) The total 2019/20 reward of £2,353,118 (£969,791 relates specifically to 2019/20) is £237,527 higher than the 2018/19 reward of £2,115,591. This increase reflects the above average housing growth in the Winchester district compared to councils across the country.

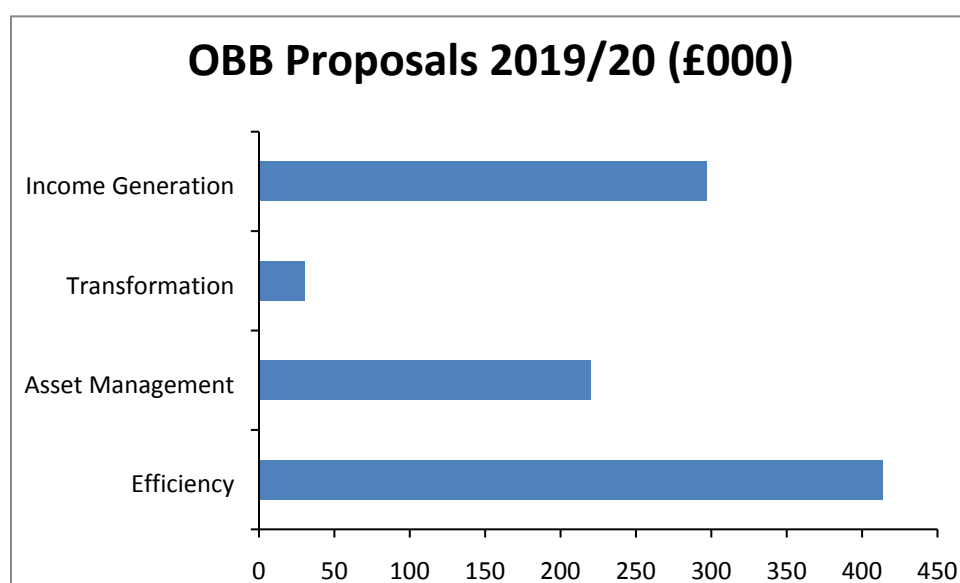
- (iii) The reward for 2019/20 includes an additional reward of £350 per affordable homes unit, totalling £51,240.

12.11 Other Government Grants (2019/20, £280k):

- (iv) The Rural Services Delivery Grant which will be £46k.
- (v) Flexible homelessness support grant is due to increase to £154k.
- (vi) A national business rates levy surplus is due to be distributed in 2019/20, with Winchester receiving £34k.
- (vii) New burdens payments relating to Universal Credit and other changes will total £46k. It is likely that further payments will be announced during the year.

Outcome Based Budgeting

- 12.12 Appendix B shows the budget proposals for 2019/20, with the savings from the key headings shown in the graph below. The total full year savings are £1.08m, with £0.96m realisable in 2019/20. These savings enable a balanced budget for 2019/20 and also help towards the savings targets for future years.



- 12.13 **Investment - Movement Strategy (+£250k)** - The Council is intending to adopt the City of Winchester Movement Strategy in March this year. The Strategy is high level framework document which identifies actions to improve movement in and around the city over the next 20-30 years. In order to support the next phase of the Strategy post adoption the Council proposes to allocate £125k in 19/20 and 20/21 which will be used to carryout further development work in conjunction with the County Council to help bring forward the implementation of the measures set out in the Strategy.

12.14 Environmental Services Contract:

- I. The current eight year contract expires in September 2019 and the costs of waste and recycling collection are expected to increase. Employee and vehicle costs have been running at levels above CPI inflation, so it is necessary to forecast an increase in contract costs from October 2019.
- II. The budget proposals include an investment option to introduce a kerbside glass collection service commencing October 2019.

12.15 Key Assumptions used in the 2019/20 budget are shown below:

Key Assumptions	%	£000	Sensitivity +/- 1%
Income / Funding			
District Council Tax Increase	0.0%	0.0	68.5
Interest Receivable	1.0%	250.0	250.0
Fees & Charges	2.4%	137.0	110.0
Expenditure			
Contractual Inflation	2.5%	258.0	103.2
Employee Pay Inflation	2.0%	330.0	165.0

12.16 Summary Financial Position

The below summary financial position shows how the budget has been balanced for 2019/20:

General Fund Revenue Budget (£m)	2019/20	
<i>Baseline requirements c/f from 2018/19</i>	<i>-15.20</i>	
Employee Inflation & Pay Review	-0.80	
Contractual and Capital Programme Implications	-1.32	
OBB Budget Proposals	0.96	
One-off budgets & reserve related movements	-0.97	
Net Resource Requirements		-17.33
Funded by:		
Funding	15.28	
Investment Activity	2.06	
		17.33

Collection Fund

- 12.17 *Council Tax* - Regulations require the Council to approve the Collection Fund balance at 31 March, calculated at 15 January preceding. For Council Tax a deficit of £12,932 is estimated, shared between the County Council (£9,330), the Police & Crime Commission (£1,379), the Fire & Rescue Authority (£511) and this Council (£1,712). This must be debited to the Council Tax for the District for 2019/20. The City Council's budget for 2019/20 will therefore be set including the £1,712.12.
- 12.18 *Business Rates* – The Business Rates Collection Fund balance will be updated for Cabinet in February. The NNDR1 return deadline is the end of January 2019.

Council Tax

- 12.19 The Council Tax Referendum limits have been confirmed at 3% for lower tier authorities. However, shire districts (such as Winchester) will be able to increase their precept by not more than £5 (equivalent to just over 3% for this council). Central Government spending power projections assume that all authorities will increase their precepts by the maximum amount.
- 12.20 At present the projections reflect a freeze in Council Tax for the District and an estimated increase of 3% for the Winchester Town Area, in 2019/20.
- 12.21 The current level of Tax for the District is £138.92 (Band D equiv.).
- 12.22 In considering the level of District tax, regard has to be had to the Tax for the Town area in order to ensure that the overall increase does not exceed the referendum limits.
- 12.23 The current level of Tax for the Town is £67.17 (Band D equiv.). An increase of 3% would increase this to £69.19.

Changes to Council Tax

Empty Homes Premium

- 12.24 With effect from 2013/14 the Government gave local authorities the discretion to introduce a premium on Council Tax, of up to 50% of the liability. This applied to properties that had been vacant (a property where no one lives and is substantially unfurnished) which can be awarded for up to six months for two years or more as an incentive for owners to bring them back in to use. From April this year the Government has increased the premium threshold from 50% to 100% of the Council Tax and has introduced legislation to allow further increases, effective from April 2020 (200%) and 2021 (300%), for properties that have been vacant for five and ten years or more, respectively.

12.25 The following, details the number and length of time properties have been vacant as at the end of December 2018, plus an example of the premium that may be charged at the levels detailed above:

Vacant Properties	Number	Premium charged			Total
		1st April 2019 *£	1st April 2020 *£	1st April 2021 *£	
Less than 2 years	728	Nil	Nil	Nil	0
More than 2 years	89	146,872.25	146,872.25	146,872.25	440,616.75
More than 5 years	31	51,157.75	102,315.50	102,315.50	255,788.75
More than 10 years	13	21,453.25	21,453.25	64,359.75	107,266.25
					<u>803,671.75</u>

* These figures use the average band D charge of £1,650.25 for Winchester Town in 2018/19 for illustration purposes only and are subject to increases each year.

Vacant Properties	Number	Additional Council Tax - Winchester City Council element			Total
		1st April 2019 *£	1st April 2020 *£	1st April 2021 *£	
Less than 2 years	728	Nil	Nil	Nil	0
More than 2 years	89	12,219.77	12,219.77	12,219.77	36,659.31
More than 5 years	31	4,256.32	8,512.65	8,512.65	21,281.62
More than 10 years	13	1,784.91	1,784.91	5,354.73	8,924.55
					<u>66,865.49</u>

* These figures use the average band D charge of £1,650.25 for Winchester Town in 2018/19 for illustration purposes only and are subject to increases each year.

12.26 In line with the Council's empty homes strategy, which places the importance of bringing long term empty properties back in to use, it is recommended that, with effect from 1st April 2019, the Council introduces a premium of 100% on Council Tax on properties that have been vacant for two years or more. It is also recommended that, with effect from 1st April 2020 and 2021, the Council approves the future introduction of the higher premiums of 200% and 300% on Council Tax properties that have been vacant for five and ten years or more, respectively.

Abolition of one month empty discount

- 12.27 The Council also awards a discretionary discount to those properties which have just become vacant. The discount is a 100% reduction of Council Tax up to a one month period, where the property remains vacant. In support of the Council's empty homes strategy to encourage properties back in to use as soon as possible, it is recommended that this discount is abolished with effect from 1st April 2019. This would only apply to properties which become vacant after this date and would not curtail any discounts which are being applied prior to the 1st April 2019.
- 12.28 Removal of the discount will increase the Council Tax Base by between 100 to 150 band D equivalent properties. The largest proportion of these properties is usually within the Town but others are spread throughout the district. The removal of the discount and increasing of the Council Tax Base has the effect of lowering the Council Tax charge for all residents.

An Exemption for Care Leavers

- 12.29 The final change to Council Tax has been raised by Hampshire County Council who highlighted a campaign by the Children's Society to support young care leavers, and has been supported by the Children's Commissioner for England. A care leaver is a young person aged 16 to 25 years old who has been cared for by the local authority for at least 13 weeks in total since the age of 14 years old. Under the new corporate parenting responsibilities it is requested that the Council introduce a reduction in Council Tax which sees all care leavers pay no Council Tax until the age of 25.
- 12.30 The figures currently provided by the County suggest that only 7 care leavers responsible for paying Council Tax reside in the Winchester district. The cost to this Council would be in the region of £12,000 per year. It is recommended that the Council use its discretionary powers under the Local Government Finance Act 1992, Section 13A, to apply a reduction to the Council Tax bills of all care leavers who either live alone or live in a household solely occupied by care leavers, in the Winchester district, up to the day before their 25th birthday, or earlier if they move out of the Winchester district or occupy the property with a non-care leaver. Care leavers can only be identified by the County Council and the award of any discount will be reliant on notification from the County of a care leaver's status, their date of birth and current address.
- 12.31 In order to authorise the recommendations listed above, they must be approved by Council, which can be made following a recommendation from Cabinet. It is also recommended that Council allow the implementation of all changes and any minor details to be clarified in schemes set up by the Head of Revenues and Benefits, in agreement with the Strategic Director (Resources).

Fees and Charges

- 12.32 Fees and charges are reviewed on an individual basis with the aim of achieving fair charges which limit any burden to the council tax payer. An inflationary uplift is a primary consideration (CPI was 2.4% at October 2018) along with the following considerations:
- i) **External competition** – services offered by the Council are subject to differing levels of market competition. It is important that market prices are taken into consideration when reviewing pricing levels especially as increasing council prices too high could actually have the effect of reducing overall income through reduced volume.
 - ii) **Neighbouring authorities** – benchmarking with other authorities is a useful exercise to determine how the Council is positioned, what the reasons are for this, and this aligns to the Council's pricing strategy.
 - iii) **Inflation (+2.4%)** – inflationary indexes, such as CPI, are a useful starting point as they give a broad indication of the increase in the costs of living and also the increase in the costs of providing the service.
 - iv) **Council Strategy** – not all charges meet the target of full cost recovery because the benefits derived from providing those services are part of the Council Strategy.
 - v) **New charges** – are there any opportunities to offer any additional services which would both be valued by the customer and deliver an income to the Council. This is possible even where a services charges are mainly set by statute, as there is sometimes scope for additional discretionary services e.g. planning pre-app fees.
- 12.33 Fees and charges are budgeted to generate income of just under £11m in 2018/19.
- 12.34 The General Fund seeks to review fees and charges over the life of the medium term financial strategy, through seeking new opportunities to trade, understanding subsidies and increasing activity. It is expected that fees and charges will make a positive contribution towards this target.
- 12.35 It is important to ensure that fees and charges are kept under regular review to ensure that charges remain reflective of the costs of providing those services. A target uplift of 2.4% has been set in line with October 2018 CPI.
- 12.36 The opportunity to introduce new charges is kept under review and opportunities will come forward with a business case as appropriate.

Fees & Charges - 2019/20 Review - Locally set charges

	Volume	Price	Total
1 Car Parking & Enforcement	(150)		(150)
2 Concessions at car parks		(50)	(50)
3 Local Land Charges		(9)	(9)
4 Building Control		(12)	(12)
5 Marketing		(1)	(1)
6 Tourist Information Centre		(2)	(2)
7 Pest Control *	(10)	(25)	(35)
8 Licensing		(4)	(4)
9 Taxi & Private Hire		(2)	(2)
10 Sports Pitches		(1)	(1)
11 Cemeteries		(4)	(4)
12 Legal Business Unit		()	()
13 Street Naming & Numbering		(12)	(12)
14 Special Maintenance **		(15)	(15)
	(160)	(137)	(297)

Winchester Town Charge – Section 35

- 12.37 In accordance with Section 35 of the Local Government Finance Act 1992 the Council has taken the decision in previous years to treat all expenses of the Council as general expenses other than those identified as special expenses. The Council endorsed this policy in February 2018.
- 12.38 Special expenses are costs incurred for the provision of an amenity or service that is primarily for the benefit of one locality. In the Winchester District these expenses are levied by the Council to cover the costs of local services in the Winchester Town area which elsewhere would be dealt with by parish councils.
- 12.39 The services currently covered by special expenses are listed in Appendix D.
- 12.40 It is recommended that the policy as previously agreed by the Council on 14 July 1999 (minute 186), and confirmed in the budget and council tax report for 2018/19 (CAB3011, February 2018) is endorsed again. That is to treat all expenses of the Council as General Expenses other than those specifically identified and itemised in the Winchester Town Account. In consequence of which the sum of £967,333 will be treated as Special Expenses under Section 35 of the Local Government Finance Act, 1992 in respect of the Winchester Town area, summarised in Appendix D.

- 12.41 The Winchester Town Forum met on 17 January 2019 and recommended the budget which is currently set out in Appendix D, including a proposed Council Tax increase of 3% for 2019/20.

Reserves

- 12.42 A summary of earmarked reserves is included at Appendix C. These have all been reviewed as part of the budget process and the levels are considered to be appropriate.
- 12.43 The proposed baseline budget for 2019/20 also includes fixed annual contributions to various earmarked reserves including: Property – Asset Management £300k; Car Parks Property £200k and IMT Strategy £280k.
- 12.44 In order to support the transformation programme an additional £350k will be transferred into the transformation reserve in 2019/20.
- 12.45 Budget provision of £350k has been allowed for in the updated 2018/19 budget forecast in order to allow for potential one-off costs of the current transformation programme. This is a one-off budget and therefore depending on the timing of decisions there could be some re-profiling to 2019/20.
- 12.46 Total General Fund Earmarked Reserves are forecast to reduce from £21.1m at 01 April 2019 to £15.4m at 31 March 2020. The forecast closing balances (31 March 2020) of key earmarked reserves are summarised below;
- a. Operational Reserves (£5.1m), significantly the Major Investment Reserve, are revenue reserves which can be used to support revenue or capital expenditure, for example major projects.
 - b. Risk Reserves (£1.5m), such as business rates retention, are available to mitigate risks faced by the council. The overall levels are reviewed each year in line with the medium term financial strategy.
 - c. Asset Reserves (£3.4m), such as the Asset Management Reserve, are used to maintain existing council assets and are supported by spending plans such as the asset management plan.
 - d. Restricted Reserves (£5.3m), such as the Community Infrastructure Levy, can only be used for restricted purposes and therefore must be considered separately to other reserves which can be used for wider purposes.
- 12.47 The general fund has a forecast £0.58m underspend in 2018/19. Any balance at year end after adjustments will transfer to the Major Investment Reserve (operational reserves) in order to support key projects. CAB3124(CWR) recommends allocating £60k of this underspend for initial design work for lower High Street and Broadway.

General Fund Working Balance

- 12.48 The Council also holds a general balance which is held to mitigate against any potential financial risks, these could be known risks or completely unforeseen risks. The current balance was increased in the previous year to represent two months of net expenditure. This balance is £2.789m and can give some additional cushion particularly against the uncertainty of government funding over the medium term projections.
- 12.49 In addition, a minimum balance of £1m is held within the business rates retention reserve in order to provide mitigation against the short term risks of a reduction in income, for example an unexpected increase in successful appeals.

Adequacy of Reserves and Robustness of Estimates

- 12.50 There are specific requirements under Section 25 of the Local Government Act, 2003, for the Chief Finance Officer to provide a positive assurance statement about the adequacy of proposed financial reserves and the robustness of estimates made for the purposes of the Budget calculation.
- 12.51 Reserves are detailed in this report and specific comment is made on the most significant balances. The General Fund working balance is discussed above and is considered to be adequate.
- 12.52 When considering the robustness of estimates for the budget calculation for the current year savings and increased income proposals included in the budget must be considered to be achievable. Considerable savings have been achieved to date, and the recent experience has been that compensating savings have been found to cover unforeseen growth pressures. Given the complex nature of the organisation, the significant turnover, the cautious approach to budgeting and the sensitivity to income, these variations are to be expected. The purpose of reserves, in particular the General Fund working balance, is to provide a cushion for these variations.
- 12.53 Within the context of the overall budget and reserve levels, the S151 officer is able to provide positive assurance on the robustness of the estimates made for the purposes of the budget calculation for next year.

13 OTHER OPTIONS CONSIDERED AND REJECTED

- 13.1 The Council must prepare a balanced budget for 2018/19. Traditional “Salami Slicing” of budgets has been rejected in favour of an Outcome Based Budgeting approach.

BACKGROUND DOCUMENTS:-

Previous Committee Reports:-

Medium Term Financial Strategy – CAB3131 – February 2019

Medium Term Financial Planning – CAB3103 – December 2018

Council Strategy Refresh – CAB2980 – December 2017

Efficiency Plan 2016 – 2020 - CAB2827 – September 2016

Other Background Documents:-

None

APPENDICES:

Appendix A: General Fund Budget Summary 2019/20

Appendix B: Outcome Based Budgeting Financial Summary

Appendix C: Reserves

Appendix D: Winchester Town Account

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General Fund Revenue (£m)	Budget 2018/19	Forecast	Budget 2019/20
Funding			
Council Tax (excluding Parish Precepts)	7.650	7.650	7.789
Retained Business Rates	4.601	4.601	4.903
New Homes Bonus	2.116	2.116	2.353
Revenue Support Grant & Other Grants	0.144	0.323	0.234
	14.511	14.690	15.279
Investment Activity			
Interest (Payable) / Receivable	0.225	0.550	-0.139
Minimum Revenue Provision	-0.225	-0.225	-0.536
Net Investment Property Income	2.060	2.430	2.730
Resources available	16.570	17.445	17.334
Baseline Net Expenditure			
Gross Income	13.089	13.191	13.424
Gross Expenditure	-28.325	-28.440	-29.788
Baseline resource requirements	-15.236	-15.249	-16.364
One-off budgets & Reserve Related Movements	-1.335	-2.198	-0.970
Total net resource requirements	-16.570	-17.445	-17.334
Budget Surplus / (Shortfall)	0.000	0.000	0.000

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Efficiency		2019/20 £000	Full Year £000
1	Guildhall	150	150
2	Internal Catering	20	20
3	Employee Benefits	21.5	21.5
4	Business Travel	50	172
5	Public Conveniences	25	25
6	Occupational Health	10	10
7	Training Hub	17	17
8	Other minor efficiencies	20	20
9	Restructure	100	100

Asset Management

10	Property Acquisition		TBC
11	Rent Reviews	200	200
12	Energy Efficiency	20	20
13	Transfer of HRA Garages		within existing forecasts

Transformation

14	Transformation programme		TBC
15	Digitalisation of services	30	30

Income Generation

16	Pest Control	35	35
17	Concessions at car parks	50	50
18	Street naming and numbering	12	12
19	Fees & Charges - other	50	50
20	Car Parking Income	150	150

TOTAL **960.5** **1,082.5**

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GENERAL FUND EARMARKED RESERVES (£000)	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	FORECAST Closing Balances									
OPERATIONAL RESERVES										
Major Investment Reserve *	(5,745)	(4,497)	(3,368)	(1,690)	(1,048)	(1,048)	(1,048)	(1,048)	(1,048)	(1,048)
Transformation	(316)	(250)	(50)	(50)	(50)	(0)	(0)	(0)	(0)	(0)
Council Strategy Support	(473)									
Community Grants & Commissions	(111)	(71)	(71)	(71)	(71)	(71)	(71)	(71)	(71)	(71)
Local Development Framework (LDF)	(229)	(214)	(199)							
New Burdens	(179)	(89)								
	(7,054)	(5,122)	(3,689)	(1,812)	(1,170)	(1,119)	(1,119)	(1,119)	(1,119)	(1,119)
ASSET RESERVES										
Property - Asset Management Reserve	(3,123)	(2,729)	(2,729)	(2,729)	(2,729)	(2,729)	(2,729)	(2,729)	(2,729)	(2,729)
Car Parks Property	(1,930)	(359)	(434)	(434)	(434)	(434)	(434)	(434)	(434)	(434)
Information Management and Technology	(409)	(334)	(395)	(109)	(175)	(92)	(79)	(99)	(107)	(156)
	(5,463)	(3,422)	(3,559)	(3,272)	(3,338)	(3,256)	(3,242)	(3,262)	(3,271)	(3,320)
RESTRICTED RESERVES										
S106 (Interest)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)
Community Infrastructure Levy - General Fund	(5,955)	(4,533)	(4,283)	(4,033)	(4,033)	(4,033)	(4,033)	(4,033)	(4,033)	(4,033)
Community Infrastructure Levy - Winchester Town	(653)	(603)	(603)	(603)	(603)	(603)	(603)	(603)	(603)	(603)
Winchester Town Reserve	(159)	(98)	(87)	(67)	(7)	(38)	(92)	(147)	(203)	(259)
	(6,868)	(5,335)	(5,074)	(4,803)	(4,743)	(4,774)	(4,829)	(4,884)	(4,940)	(4,995)
RISK RESERVES										
Municipal Mutual Insurance	(139)	(139)	(139)	(139)	(139)	(139)	(139)	(139)	(139)	(139)
Business Rates Retention	(1,617)	(1,334)	(1,334)	(1,334)	(1,334)	(1,334)	(1,334)	(1,334)	(1,334)	(1,334)
	(1,755)	(1,472)	(1,472)	(1,472)	(1,472)	(1,472)	(1,472)	(1,472)	(1,472)	(1,472)
Total General Fund Earmarked Reserves	(21,139)	(15,351)	(13,793)	(11,359)	(10,724)	(10,622)	(10,663)	(10,738)	(10,802)	(10,907)
General Fund Balance	(2,789)	(2,789)	(2,789)	(2,789)	(2,789)	(2,789)	(2,789)	(2,789)	(2,789)	(2,789)
Usable Capital Receipts Reserve - General Fund	(3,701)	(2,253)	(1,455)	(1,280)	(1,608)	(1,940)	(2,275)	(2,613)	(2,955)	(3,300)

* Nb. The forecast Major Investment Reserve balance does not include any call on this reserve to cover future forecast deficits.

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WINCHESTER TOWN ACCOUNT - Financial Projections

	2018/2019 Forecast	2019/2020 Forecast	2020/2021 Forecast	2021/2022 Forecast	2022/2023 Forecast	2023/2024 Forecast	2024/2025 Forecast	2025/2026 Forecast	2026/2027 Forecast
Assumptions:									
Contract inflation		2.5%	2%	2%	2%	2%	2%	2%	2%
Utilities		5%	5%	5%	5%	5%	5%	5%	5%
Percentage increase in tax		3%	2%	2%	2%	2%	2%	0%	0%
Tax Base	13,812	13,981	14,149	14,318	14,490	14,664	14,840	15,018	15,198
	£	£	£	£	£	£	£	£	£
Cost of Services									
Recurring Budgets:									
Allotments	(1,864)	(1,864)	(1,864)	(1,864)	(1,864)	(1,864)	(1,864)	(1,864)	(1,864)
Bus Shelter Cleaning / Maintenance / New Provision	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Cemeteries	34,565	33,406	35,447	37,537	39,679	41,874	44,122	46,426	48,786
Christmas Lights	8,740	8,946	9,115	9,287	9,463	9,642	9,825	10,012	10,202
Community Speed Watch	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Community Wardens (Contribution)	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000
Footway Lighting	20,370	20,642	20,927	21,226	21,540	21,870	22,216	22,580	22,962
Grants	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000
- Theatre Royal (Contribution)	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Support Costs for Grant Scheme	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Grit Bins	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Maintenance Work to Council Owned Bridges	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500
Night Bus Contribution	12,714	13,545	13,816	14,092	14,374	14,661	14,954	15,254	15,559
Public Conveniences (Contribution)	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Recreation Grounds & Open Spaces	603,459	634,453	643,364	652,474	661,789	671,312	681,051	691,009	701,194
Town Forum Support	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Total Recurring Budgets	877,485	908,628	920,304	932,253	944,481	956,995	969,805	982,916	996,338
One-off Budgets:									
St Maurice's Covert	22,095	22,095							
Community Infrastructure	100,000	50,000							
Historic Environment Projects Officer	1,799								
Green Infrastructure									
Total One-off Budgets	123,894	72,095							
Total Cost of Services	1,001,379	980,723	920,304	932,253	944,481	956,995	969,805	982,916	996,338

	2018/2019 Forecast	2019/2020 Forecast	2020/2021 Forecast	2021/2022 Forecast	2022/2023 Forecast	2023/2024 Forecast	2024/2025 Forecast	2025/2026 Forecast	2026/2027 Forecast
Taxation and Non-specific grant income									
Council Tax Income	(927,735)	(967,333)	(998,466)	(1,030,636)	(1,063,870)	(1,098,193)	(1,133,631)	(1,147,235)	(1,161,001)
Interest on Balances	(5,264)	(1,590)	(982)	(873)	(666)	(66)	(379)	(921)	(1,073)
Total Taxation and Non-specific grant income	(932,999)	(968,923)	(999,448)	(1,031,510)	(1,064,536)	(1,098,259)	(1,134,010)	(1,148,156)	(1,162,075)
Transfers to/(from) Earmarked reserves									
(Surplus added to Reserves) / Deficit taken from Reserves	68,380	11,800	(79,144)	(99,257)	(120,055)	(141,264)	(164,205)	(165,239)	(165,737)
Capital Expenditure funded by Town Reserve	399,000	99,000	90,000	120,000	180,000	110,000	110,000	150,000	150,000
Release from Town Community Infrastructure Levy Reserve	(100,000)	(50,000)							
Opening Reserve Balance (at 1st April)	(526,361)	(158,980)	(98,180)	(87,324)	(66,581)	(6,636)	(37,900)	(92,105)	(107,345)
Closing Reserve Balance (carried forward)	(158,980)	(98,180)	(87,324)	(66,581)	(6,636)	(37,900)	(92,105)	(107,345)	(123,081)
Closing Reserves forecast as % of net expenditure (Target = 10%)	16%	10%	9%	7%	1%	4%	9%	11%	12%
TAX									
Tax at Band D	£67.17	£69.19	£70.57	£71.98	£73.42	£74.89	£76.39	£76.39	£76.39
Increase over previous year (£)	£0.00	£2.02	£1.38	£1.41	£1.44	£1.47	£1.50	£0.00	£0.00
Recurring Expenditure	877,485	908,628	920,304	932,253	944,481	956,995	969,805	982,916	996,338
Less: Income	(932,999)	(968,923)	(999,448)	(1,031,510)	(1,064,536)	(1,098,259)	(1,134,010)	(1,148,156)	(1,162,075)
(Surplus) / Deficit	(55,514)	(60,295)	(79,144)	(99,257)	(120,055)	(141,264)	(164,205)	(165,239)	(165,737)
Capital Expenditure									
Handlebar Café	25,000								
Chesil Theatre Grant		30,000							
Changing Pavilions - North Walls		44,000							
Changing Pavilions - King George V	0								
Play Area Refurbishment	374,000	25,000	90,000	120,000	180,000	110,000	110,000	150,000	150,000
	399,000	99,000	90,000	120,000	180,000	110,000	110,000	150,000	150,000

REPORT TITLE: HOUSING REVENUE ACCOUNT (HRA) BUDGET 2019/20 AND BUSINESS PLAN

28 JANUARY 2019

REPORT OF PORTFOLIO HOLDER: LEADER WITH PORTFOLIO FOR HOUSING – CLLR CAROLINE HERRILL

Contact Officer: Richard Burden Tel No: 01962 848136 Email rburden@winchester.gov.uk

WARD(S): ALL

PURPOSE

This report requests approval for the proposed HRA revenue budget for 2019/20, as detailed in Appendices 1 and 2.

The report also requests approval for the capital programme forecast for 2018/19, budget proposal for 2019/20 and 10 year plan to 2028/29. These figures are detailed in Appendices 3 and 4, taking account of the funding shown in Appendix 5.

The 2019/20 budget proposal and 10 year plan maintains a long term sustainable HRA Business Plan accommodating the future maintenance requirements from the latest stock condition survey. The survey maintains our policy of keeping existing stock at above decent homes standards and provides for substantial investment in new housing.

RECOMMENDATIONS:

1. 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 is any items of significance to be drawn to the attention of Cabinet (Housing) Committee.

IMPLICATIONS:

1 COUNCIL STRATEGY OUTCOME

- 1.1 Delivering quality housing options is a key part of the Council's strategy. In order to meet this objective, the Council needs to continually maintain current housing stock and provide a range of options for those residents who require assistance with their housing needs. Strong management of housing capital and revenue budgets is a primary factor in supporting this objective.

2 FINANCIAL IMPLICATIONS

- 2.1 These are detailed in section 10 of this report, but in summary:

- The proposed HRA budget for 2019/20 shows a deficit of £4.6m after taking into consideration a contribution to the capital programme of £8.6m.
- Employee costs take into consideration the proposed pay award of 2% from April 2019.
- Revenue repairs budgets take into consideration inflationary increases for 2019/20, as shown in Appendix 1.
- Dwelling rents take account of the final year of the Ministry of Housing Communities and Local Government (MHCLG) rent reduction policy of 1% for 2019/20. This rent reduction is offset by 2019/20 being a 53 week year, resulting in an extra week of rent being recognised. A 53 week year occurs on average every 5 years dependent on how the calendar falls from April to March each year.
- The major repairs programme has been reset to match requirements from the HRA stock condition survey.
- The new build programme includes scheme completions that are currently on site and due for completion in 2019/20.
- With the removal of the HRA debt cap in October 2018 the new build programme includes all of the schemes that were identified in the recent MHCLG additional borrowing bid apart from strategic land.
- The revised budget and capital programmes and funding requirements have been tested through the Council's HRA Business Plan software and this has confirmed the continuing affordability of the programme for the next 30 years.

3 LEGAL AND PROCUREMENT IMPLICATIONS

- 3.1 The Council is required to maintain a separate Housing Revenue Account with a positive working balance, set at a minimum of £1.1m, increased by RPI

each year. On 30 October 2018 the HRA debt cap was lifted, allowing the Council to set the level of borrowing in line with affordability, risk and prudential borrowing rules. The outcome of the MHCLG consultation on the use of right to buy receipts is expected before the end of March 2019. This might provide more flexibility on the use of 1 for 1 receipts including allocating receipts against shared ownership properties. The current business plan is based on the existing rules for the use of right to buy receipts. Effective management of the HRA is necessary to ensure that statutory requirements are met.

- 3.2 As referred to in Recommendation 7, any HRA 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 progress to planning application and to tender will be reported to the Committee for approval.

4 WORKFORCE IMPLICATIONS

- 4.1 The budget options report presented to this Committee in November 2018 (CAB3098(HSG) refers) included additional resources for supporting the roll out of Universal Credit during 2018/19 and continuing into 2019/20.

- 4.2 The 2019/20 budget and future years in the business plan include the impact of the closure of the car leasing scheme in September 2019.

- 4.3 Employee costs for 2019/20 include known additional costs arising from the proposed salary assimilation process.

5 PROPERTY AND ASSET IMPLICATIONS

- 5.1 The capital programme for the next 10 years ensures that major works identified in the stock condition survey continue to be dealt with to ensure that existing Council stock remains above decent homes standards.

- 5.2 The new build programme is based on existing on site schemes and new schemes that were included within the MHCLG additional borrowing bid. With the lifting of the HRA debt cap in October 2018 the 30 year business plan assumes additional borrowing of £39m to support the expanded new build programme.

6 CONSULTATION AND COMMUNICATION

- 6.1 A briefing paper on the key points of this report will be presented to TACT on 16 January. Representatives from the Panel will be in attendance at the Committee meeting to make oral representation on the report.

7 ENVIRONMENTAL CONSIDERATIONS

- 7.1 The investment in property and estates set out in this report has a direct impact on improving the environment, including upgrading heating systems, estate improvement works, etc.

8 EQUALITY IMPACT ASSESSMENT

8.1 None.

9 DATA PROTECTION IMPACT ASSESSMENT

9.1 None required.

10 RISK MANAGEMENT

10.1 The key risks impacting on the HRA budget are shown below.

Risk	Mitigation	Opportunities
<p><i>Property</i> <i>That the Council fails to adequately maintain housing stock and their condition falls below decent home standards.</i></p>	<p>An effective and well funded programme of capital works linked to a comprehensive stock condition survey and sound future planning ensures decent home standards are met and maintained.</p>	<p>The Government are currently looking at a potential revision to decent home standards following the Grenfell Tower disaster in 2017.</p>
<p><i>Community Support</i> <i>Consultation is required with tenants regarding HRA budgets and with the wider community over new build developments.</i></p>	<p>Regular communication 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.</p>	<p>Pro-active consultation can bring forward options that otherwise may not have been considered.</p>
<p><i>Timescales</i> <i>Delays to new build contracts results in lost revenue and potentially increased costs.</i> <i>An achievable new build programme is necessary to avoid the Council having to repay Right to Buy 1-4-1 receipts with interest or penalties.</i></p>	<p>New build contracts contain clauses to allow the Council to recover damages if the project is delayed due to contractor actions. Close control is maintained on Right to Buy receipts and these are monitored against future spending plans to ensure action can be taken if necessary.</p>	<p>The MHCLG have recently consulted on the use of Right to Buy receipts, including extending the retention of existing receipts from 3 to 5 years. There is also the potential for the use of receipts on shared ownership properties. An announcement following the consultation is expected later in 2018/19.</p>

<p><i>Project capacity</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 schemes at the required pace.</p> <p><i>Staffing resources (sometimes outside of Housing) reduce the time available to push forward new build schemes at the required pace.</i></p>	<p>Regular monitoring of budgets and business plans, together with the use of suitable financial assessment tools enables the Council to manage resources effectively.</p> <p>Staff resources within Housing are regularly reviewed and regular project meetings are held with colleagues in other Departments to enable an ambitious new build programme to be delivered.</p>	<p>The MHCLG have announced the lifting of the HRA debt cap from 30 October 2018. This will allow the Council to control the level of debt taking into consideration prudential funding rules and the ability to service debt within the HRA balance. This will allow the Council to fund more housing development activity in the future.</p>
<p><i>Financial / VfM</i> The current rent reduction rules are directly impacting on the Council's ability to maintain services at existing levels but new announcements should allow an element in business planning until 2025.</p> <p><i>The roll out of Universal Credit (UC) in Winchester is due to complete by December 2018. This will have an impact on the level of arrears and the potential for rent write offs in future years.</i></p>	<p>Regular budget monitoring and opportunities to save costs assist with maintaining services at required levels.</p> <p>Winchester is working closely with the DWP and tenants who are affected by UC. Additional resource has been included in the 2018/19 budget to support tenants and minimise the impact on rent arrears.</p>	
<p><i>Legal</i> Changing Government priorities and a greater emphasis on "social housing" (as compared to affordable housing) may impact on the Council's new build programme.</p>	<p>Government policy changes are being followed closely to identify any new risks or opportunities that they bring.</p>	

<p><i>Innovation</i> The introduction of a Housing Company to support the new build programme is brought in without reference to existing rules and consents.</p>	<p>Legal and business planning advice is being sought on an appropriate solution.</p>	
<p><i>Reputation</i> Failure to complete major housing projects due to resources would be likely to affect both customer satisfaction levels and the Council's reputation.</p>	<p>Business planning tools with regular updates are utilised to make sure resources are available to complete projects.</p>	
<p><i>Other</i> None.</p>		

11 SUPPORTING INFORMATION:

11.1 Housing Revenue Account Budget 2019/20

11.2 Details of the proposed budgets are shown in Appendices 1 and 2 and the larger item adjustments highlighted in the subjective summary in Appendix 2 are as below:

- Employees – The 2019/20 budget position is broadly similar the revised 2018/19 forecast with an increase of £50k. The 2019/20 budget includes a proposed cost of living award of 2% and some savings arising from the salary assimilation process.
- Premises – the reduction of £160k compared to the 2018/19 forecast takes into consideration the rebasing of response repairs to the business plan level and some reductions in estate maintenance costs.
- Transport – the reduction of £54k compared to the 2018/19 forecast takes into consideration the closure of the car leasing scheme from September 2019.
- Supplies & Services – the increase of £106k in 2019/20 includes a provision of £100k for potential expenditure on universal credit tenant support and administration following the role out in the council area in 2018/19. There is also a £250k New Build feasibility provision to support the expansion of the New Build programme following the removal of the HRA debt cap.

- Depreciation – this takes account of charges based on the component accounting method adopted in 2017/18 and changes in property numbers arising from new build and disposals.
- External Income – the increase of £324k compared to the 2018/19 forecast is due in part to the full annual effect of new build properties that were completed during 2018/19. The 2019/20 budget also includes the last year of the 1% rent reduction MHCLG rent policy but this is offset by 2019/20 being a 53 week year resulting in an extra week of rent being recognised.
- The first 25% tranche of garage transfers from the HRA to the General Fund will take place in March 2019. As previously agreed, the majority of garages, except those held for potential future development, will be transferred over a 4 year period from 2018/19. The proposed 2019/20 budget includes a reduction in garage rental income and associated costs, including maintenance & management. By the end of 2021/22, being the final year of garage transfers, no further garage rental income and associated costs will be recognised in the HRA.

11.3 Housing Services Capital Programme 2019/20 to 2028/29

11.4 The programme shown in Appendix 3 is broadly in line with the figures disclosed in the budget options report CAB3098(HSG) in November 2018. However, there have been some amendments to the 2018/19 forecasts and 2019/20 budgets in the new build programme to reflect more up to date information on expected completion times for current sites.

11.5 Since the Grenfell Tower tragedy in 2017 fire safety, in particular sprinkler systems, has become the key focus of housing providers and local authorities. In addition to the stock condition survey requirements, the Council is proposing to allocate a £1m fire safety provision in 2019/20. This will ensure any fire safety improvements identified as a priority by the property maintenance team have sufficient funding.

11.6 New Build Capital Programme 2019/20 to 2028/29

11.7 The programme shown in Appendix 4 is broadly in line with the figures disclosed in the budget options report CAB3098(HSG) in November 2018. However, there have been some tweaks to the 2018/19 forecasts and 2019/20 budgets in the new build programme to reflect more up to date information on expected completion times for current sites.

11.8 The proposed budget for 2019/20 and 10 year plan to 2028/29 includes all schemes identified in the MHCLG additional funding bid from September 2018 with the exception of strategic land.

11.9 By 2020 there will be 600 housing units either complete or actively in progress. The current business plan demonstrates that for the period covering 2018/19 - 2028/29 1,000 units could be delivered with additional borrowing of

£39m. The plan assumes that some schemes will be funded from HRA revenue, grants and other sale income, including Right to Buy and Shared Ownership properties. The Business plan as detailed in the appendices has sufficient resource to support a programme to develop 1,000 units over the next 10 years.

- 11.10 The additional borrowing requirement of £39m is £13m lower than the MHCLG additional funding bid of £52m. The bid included £5m for strategic land, but as there is no associated rental stream, this does not feature in the latest business plan. The bid also included an internal funding projection from RTB proceeds and HRA revenue funding of £13m however this has increased to £22m for the 3 years up to 2021/22. The business plan assumes maximum use of the HRA working balance over the first 3 years of the plan but then increases for the remainder of the plan (see Appendix 6).
- 11.11 A review is required to prioritise the future new build programme beyond the schemes identified in Appendix 4. The review will take into consideration the New Build strategy, including mix of unit types and tenure. Other issues including availability of land and grant subsidy from Homes England will also need to be considered. A working group will be created to include members and officers with the intention of producing a longer term programme centred around housing need.
- 11.12 The 2018/19 forecast is £9.35m, some £550k higher than the figure identified in the budget options paper CAB3098(HSG) November 2018. The increase is mainly due to the contract costs at Chesil Lodge being slightly higher than previously forecast. A final settlement was agreed with the main contractor Galliford Try in December 2018 following negotiation since the scheme completed in May 2018. The forecast for the scheme has been increased by £850k in 2018/19, although the extra cost has been covered by additional funding from Hampshire County Council for the day centre element and by increased sale receipts on the shared ownership and outright sale properties than was originally forecast. The Dolphin House scheme is not now due to start on site until early 2019/20 resulting in a reduced forecast of £200k in 2018/19. Upfront costs at Hookpit, Kings Worthy are now forecast to be £100k lower in 2018/19 than previously identified due to the start on site now scheduled for early 2019/20.
- 11.13 Capital Programme Funding 2018/19 to 2028/29
- 11.14 The funding for the capital programme shown in Appendix 5 takes into consideration additional loan funding following the removal of the HRA debt cap on 30 October 2018. Right to Buy 1-4-1 receipts are utilised to their fullest extent and capital contributions from the HRA are controlled to leave an annual minimum balance in the HRA (£1.1m in 2019/20 rising by CPI each year).

11.15 HRA Business Plan and Emerging Issues

- 11.16 Extracts from the HRA Business Plan in the form of the operating account and capital financing account are shown in Appendices 6 and 7. These confirm that the Council will maintain a sufficient surplus in the HRA and will not face a shortfall on the capital programme over the 30 year plan.
- 11.17 MHCLG recently announced the rent policy from April 2020 recommending rent increases at CPI plus 1% for 5 years. The business plan includes this policy change with the assumption that rent increases by CPI only for the remainder of the plan from year 7.
- 11.18 The full impact of Universal Credit is not yet known, given that it only went live during 2018. The bad debt allowance increases to 4% in 2022/23 and then reduces to 3% annually for the remainder of the 30 year plan. This reflects the potential increase in arrears although individual cases will be monitored closely to limit the impact.
- 11.19 Equally, there has been no indication of whether local housing allowance (LHA) rates will be adjusted after April 2020 (at present they are held at 2015/16 levels) and this has an impact on affordable rents in new build schemes where the Council currently restricts rents to the higher of 70% of market rents or LHA.
- 11.20 The key business plan priorities for 2019 and beyond will be set out in the Housing Portfolio Plan which will be considered by this Committee in March 2019.

12 OTHER OPTIONS CONSIDERED AND REJECTED

- 12.1 The Plan has taken account of the national rent reduction requirements and the Council had no option in relation to this matter. All proposals relate to and take full account of the existing Portfolio plan, newly updated Housing Strategy and the refreshed Council Strategy.

BACKGROUND DOCUMENTS:-

Previous Committee Reports:-

CAB3016(HSG) – HRA Budget 2018/19 & Business Plan 2018/48 – 31 Jan 2018.
CAB3098(CAB) – HRA Budget Options 2019/20 & Rent Setting – 21 Nov 2018.

Other Background Documents:-

HRA Business Plan 2019/20 to 2048/49, held within the Housing Department.

APPENDICES:

Appendix 1: HRA 2019/20 Budget – Service Summary

Appendix 2: HRA 2019/20 Budget – Subjective Summary

Appendix 3: Housing Services Capital Programme 2018/19 to 2028/29

Appendix 4: New Build Housing Capital Programme 2018/19 to 2028/29

Appendix 5: HRA Capital Programme Funding 2018/19 to 2028/29

Appendix 6: HRA Business Plan 2019/20 to 2048/49 Extract – Operating Account

Housing Revenue Account 2019/20 - Service Summary							CAB3111 (HSG)
							Appendix 1
	18/19	18/19	18/19	18/19	18/19	19/20	19/20
	Original Budget	Forecast Budget per CAB3098 (HSG)	Further Adjustments	Revised Forecast Budget	One-off Budgets	Adjustments	Original Budget
	£	£	£	£	£	£	£
Housing Management General							
Estate Management	1,260,431	1,260,431	(30,162)	1,230,269	0	133,078	1,363,347
HRA General	2,147,271	2,247,271	122,563	2,369,834	(100,000)	(141,887)	2,127,947
Removal Incentive Scheme	50,000	60,000	0	60,000	(10,000)	10,000	60,000
Rent Accounting	260,211	260,211	(8,689)	251,522	0	12,116	263,638
Tenants Information	116,249	136,249	(12,825)	123,424	(20,000)	9,502	112,926
Vacant Dwellings	9,200	9,200	100,350	109,550	0	(85,000)	24,550
New Build Programme Support	668,468	718,468	(66,370)	652,098	(50,000)	292,802	894,900
	4,511,830	4,691,830	104,867	4,796,697	(180,000)	230,611	4,847,308
Housing Management Special							
Communal Services	(90,500)	(90,500)	12,484	(78,016)	0	(4,840)	(82,856)
Disabled Adaptations	115,245	135,245	451	135,696	0	(18,358)	117,338
Estate Maintenance	511,717	531,717	4,200	535,917	(20,000)	(34,200)	481,717
Homelessness	(66,600)	(66,600)	4,860	(61,740)	0	9,390	(52,350)
Sewage Works	185,179	185,179	0	185,179	0	0	185,179
Sheltered Housing	760,988	830,988	4,130	835,118	(70,000)	(17,240)	747,878
	1,416,029	1,526,029	26,125	1,552,154	(90,000)	(65,248)	1,396,906
Repairs							
Responsive Maintenance	2,351,407	2,400,000	0	2,400,000	0	(135,103)	2,264,897
Voids	585,000	850,000	0	850,000	0	131,910	981,910
Cyclic	850,000	800,000	0	800,000	0	(24,808)	775,192
Sub - total Repairs Works	3,786,407	4,050,000	0	4,050,000	0	(28,001)	4,021,999
Repairs Administration	1,244,978	1,253,978	(65,198)	1,188,780	(9,000)	53,663	1,233,443
	5,031,385	5,303,978	(65,198)	5,238,780	(9,000)	25,662	5,255,442
Debt Management Expenses	18,297	18,297	0	18,297	0	0	18,297
Interest Payable	5,182,000	5,168,000	0	5,168,000	0	20,000	5,188,000
Depreciation of Fixed Assets	6,044,100	6,660,100	0	6,660,100	0	243,900	6,904,000
	11,244,397	11,846,397	0	11,846,397	0	263,900	12,110,297
Rents and Other Income							
Dwelling Rents	(26,097,400)	(25,897,400)	0	(25,897,400)	0	(547,404)	(26,444,804)
Garage Rents	(650,240)	(650,240)	0	(650,240)	0	263,129	(387,111)
Other Income	(264,800)	(264,800)	(21,421)	(286,221)	0	0	(286,221)
Sheltered Charges	(517,400)	(517,400)	0	(517,400)	0	(31,247)	(548,647)
Interest Receivable	(21,000)	(21,000)	0	(21,000)	0	0	(21,000)
	(27,550,840)	(27,350,840)	(21,421)	(27,372,261)	0	(315,522)	(27,687,783)
Surplus for year on HRA Services	(5,347,199)	(3,982,606)	44,373	(3,938,233)	(279,000)	139,403	(4,077,830)

Housing Revenue Account 2019/20 - Service Summary							CAB3111 (HSG)
							Appendix 1 (cont)
	18/19	18/19	18/19	18/19	18/19	19/20	19/20
	Original Budget	Forecast Budget per CAB3098 (HSG)	Further Adjustments	Revised Forecast Budget	One-off Budgets	Adjustments	Original Budget
	£	£	£	£	£	£	£
Capital Expenditure funded by HRA	5,550,000	2,343,000	0	2,343,000	0	6,279,000	8,622,000
Right to Buy Admin Fees	(20,800)	(20,800)	0	(20,800)	0	0	(20,800)
Net (increase)/decrease in HRA Balance before transfers to or from reserves	182,001	(1,660,406)	44,373	(1,616,033)	(279,000)	6,418,403	4,523,370
Transfer re Insurance Reserve	66,300	66,300	0	66,300	0	0	66,300
(Increase)/ decrease in HRA Balance	248,301	(1,594,106)	44,373	(1,549,733)	(279,000)	6,418,403	4,589,670
HRA Working Balance							
Opening Balance	(9,116,004)	(9,116,004)	0	(9,116,004)	0	0	(10,665,737)
Add Projected Deficit/(Surplus)	248,301	(1,594,106)	44,373	(1,549,733)	(279,000)	6,418,403	4,589,670
Projected Balance at Year End	(8,867,703)	(10,710,110)	44,373	(10,665,737)	(279,000)	6,418,403	(6,076,067)

Housing Revenue Account 2019/20 - Subjective Summary							CAB3111 (HSG)
							Appendix 2
	18/19	18/19	18/19	18/19	18/19	19/20	19/20
	Original Budget	Forecast Budget per CAB3098 (HSG)	Further Adjustments	Revised Forecast Budget	One-off Budgets	Adjustments	Original Budget
	£	£	£	£	£	£	£
Employees	3,967,922	3,967,922	(3,695)	3,964,227	0	50,368	4,014,595
Premises	5,074,653	5,378,246	124,534	5,502,780	(20,000)	(159,591)	5,323,189
Transport	305,526	305,526	7,979	313,505	0	(54,237)	259,268
Supplies & services	868,054	1,117,054	(43,214)	1,073,840	(249,000)	356,310	1,181,150
Third party payments	106,500	116,500	(10,500)	106,000	(10,000)	10,000	106,000
Support Services	2,027,212	2,027,212	4,450	2,031,662	0	(3,026)	2,028,636
Net Interest	5,185,090	5,171,090	0	5,171,090	0	20,000	5,191,090
Depreciation on Fixed Assets	6,044,100	6,660,100	0	6,660,100	0	243,900	6,904,000
External income	(28,926,256)	(28,726,256)	(35,181)	(28,761,437)	0	(324,321)	(29,085,758)
Surplus for year on HRA Services	(5,347,199)	(3,982,606)	44,373	(3,938,233)	(279,000)	139,403	(4,077,830)
Capital Expenditure funded by HRA	5,550,000	2,343,000	0	2,343,000	0	6,279,000	8,622,000
Right to Buy Admin Fees	(20,800)	(20,800)	0	(20,800)	0	0	(20,800)
Net (increase)/decrease in HRA Balance before transfers to or from reserves	182,001	(1,660,406)	44,373	(1,616,033)	(279,000)	6,418,403	4,523,370
Transfer re Insurance Reserve	66,300	66,300	0	66,300	0	0	66,300
(Increase)/ decrease in HRA Balance	248,301	(1,594,106)	44,373	(1,549,733)	(279,000)	6,418,403	4,589,670
HRA Working Balance							
Opening Balance	(9,116,004)	(9,116,004)	0	(9,116,004)	0	0	(10,665,737)
Add Projected Deficit/(Surplus)	248,301	(1,594,106)	44,373	(1,549,733)	(279,000)	6,418,403	4,589,670
Projected Balance at Year End	(8,867,703)	(10,710,110)	44,373	(10,665,737)	(279,000)	6,418,403	(6,076,067)

Housing Services Capital Programme 2018/19 to 2028/29												CAB3111 (HSG) Appendix 3
	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	Total
	Forecast	Budget.	Budget.	Budget.	Budget.	Budget.	Budget.	Budget.	Budget.	Budget.	Budget.	Budget.
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Major Repairs												
External Envelope Works	2,300	3,460	2,885	2,945	3,011	3,076	3,405	3,554	3,670	3,894	4,045	36,245
External Ground Works	550	508	523	539	555	572	503	519	534	550	567	5,919
External Window/Door/Screens	150	614	358	368	379	391	229	236	243	250	258	3,475
Internal Structure & Finishes	400	49	51	52	54	56	67	69	71	73	76	1,019
Kitchen & Bathroom Renewals	1,100	993	1,023	1,053	1,085	1,118	1,224	1,261	1,298	1,337	1,377	12,869
Mechanical & Electrical Services	1,762	1,229	1,266	1,304	1,343	1,383	4,011	4,131	4,255	4,383	4,514	29,580
	6,262	6,853	6,104	6,261	6,427	6,594	9,439	9,769	10,072	10,487	10,837	89,107
Improvements & Conversions												
Estate Improvements	285	250	250	250	250	250	250	250	250	250	0	2,535
Loft Conversions/Extensions	60	0	0	0	0	0	0	0	0	0	0	60
Sheltered Housing Conversions	0	0	0	0	0	0	0	0	0	0	0	0
Sheltered Housing Upgrades	100	70	100	100	50	50	50	50	50	50	0	670
	445	320	350	350	300	300	300	300	300	300	0	3,265
Disabled Adaptations	775	770	770	770	770	770	770	770	770	770	770	8,475
Sheltered Wi-Fi Scheme	143											143
Fire Safety Provision		1,000										1,000
Other Capital Spending												
Sewage Treatment Works	100	103	106	109	111	114	117	121	124	127	130	1,262
Total HS Capital Programme	7,725	9,046	7,330	7,490	7,608	7,778	10,626	10,960	11,266	11,684	11,737	103,252

New Build Capital Programme 2018/19 to 2028/29												CAB3111 (HSG)
												Appendix 4
	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	Total
	Forecast	Budget.	Budget.	Budget.	Budget.	Budget.	Budget.	Budget.	Budget.	Budget.	Budget.	Budget.
Scheme Name/Description	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Victoria House	440											440
Hillier Way	10											10
Chesil Street - Extra Care	2,830											2,830
Mitford Road	425											425
The Valley, Stanmore	850	7,687	7,433									15,970
Mayles Lane, Knowle	1,540	674										2,214
Bailey Close	525											525
Rowlings Road, Weeke	250	1,151	30									1,431
Wykeham Place, Stanmore	50	27	1,340	483								1,900
Abbotts Barton (Charles/Dyson)	100	518	2,882									3,500
Dolphin Hill, Twyford	60	372										432
Woodman Close, Sparsholt	50	436	564									1,050
Hookpit, Kings Worthy	1,950	6,282	181									8,413
Winnall Flats	70	2,850	16,199	380								19,499
Wickham CLT		410										410
Barton Farm - Extra Care				8,540	8,540							17,080
Moyes Land					3,395	3,395						6,790
Sheltered Conversions	200											200
Unallocated Programme		2,000	5,000	5,000	10,000	5,150	5,305	5,465	5,627	5,796	5,970	55,313
Sites funded by RTB 1-4-1 receipts						2,400	2,472	2,546	2,623	2,701	2,782	15,524
Other Capital Total		410										410
Total New Build Programme	9,350	21,997	33,629	14,403	21,935	10,945	7,777	8,011	8,250	8,497	8,752	153,546

Capital Programme Funding 2018/19 to 2028/29												CAB3111 (HSG)
												Appendix 5
HRA Capital Programme Funding	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	Total
	Forecast	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Right to Buy 1-4-1 Receipts	1,584	3,387	4,057	1,227	1,320	1,416	1,515	1,617	1,722	1,831	1,942	21,618
Right to Buy Other Retained receipts	610	386	404	421	440	459	478	498	519	541	563	5,319
New Build Sales	3,800	155	6,695	1,781	3,576	881	901	922	939	961	982	21,593
Other capital receipts	967	440										1,407
S.106 Contributions	360	200	200	250	250	1,600	3,500	2,600	1,400	4,400	3,000	17,760
Garage Transfers to General Fund	1,858	1,858	1,858	1,510								7,084
HCA Grants		1,502	1,502									3,004
HCC Extra Care Grant	866											866
HRA Revenue Contributions to Capital	2,839	8,621	3,625	172	9,043	6,074	3,402	4,438	5,741	2,947	4,181	51,083
Additional/Refinanced Borrowing		8,000	15,490	9,000	7,000							39,490
Major Repairs Reserve	4,191	6,904	7,128	7,532	7,914	8,293	8,607	8,896	9,195	9,502	9,821	87,983
Total Funding	17,075	31,453	40,959	21,893	29,543	18,723	18,403	18,971	19,516	20,182	20,489	257,207
Housing Services	7,725	9,046	7,330	7,490	7,608	7,778	10,626	10,960	11,266	11,684	11,737	103,252
Other												0
New Build	9,350	22,407	33,629	14,403	21,935	10,945	7,777	8,011	8,250	8,497	8,752	153,956
Capital Programme Total	17,075	31,453	40,959	21,893	29,543	18,723	18,403	18,971	19,516	20,182	20,489	257,208

Winchester City Council - HRA Business Plan Operating Account														CAB3111 (HSG)					
														Appendix 6					
Year	Income				Expenditure							Net Operating Surplus	Repaymt of loans	Transfer to reserves	RCCO	Surplus (Deficit) for the Year	Surplus (Deficit) b/fwd	Interest	Surplus (Deficit) c/fwd
	Net rent Income	Other income	Misc Income	Total Income	Managemnt	Depreciat'n	Responsive & Cyclical	Other Revenue spend	Misc expenses	Total expenses	Capital Charges								
2019.20	26,762	1,272	1,072	29,106	(8,643)	(6,904)	(4,022)	0	(248)	(19,817)	(5,188)	4,101	0	(66)	(8,622)	(4,587)	10,627	36	6,076
2020.21	27,553	1,308	894	29,755	(8,787)	(7,128)	(4,147)	(12)	(256)	(20,331)	(6,112)	3,313	0		(3,625)	(312)	6,076	23	5,787
2021.22	29,191	1,344	703	31,238	(8,990)	(7,532)	(4,317)	(13)	(264)	(21,115)	(6,753)	3,370	0		(172)	3,198	5,787	23	9,009
2022.23	30,175	1,370	713	32,257	(9,197)	(7,914)	(4,474)	(13)	(271)	(21,869)	(7,024)	3,364	0		(9,043)	(5,679)	9,009	20	3,350
2023.24	31,975	1,397	722	34,094	(9,409)	(8,294)	(4,656)	(42)	(280)	(22,680)	(7,246)	4,168	0		(6,074)	(1,905)	3,350	11	1,456
2024.25	33,867	1,424	732	36,024	(9,627)	(8,607)	(4,796)	(43)	(288)	(23,360)	(7,251)	5,413	0		(3,402)	2,011	1,456	11	3,478
2025.26	34,149	1,452	742	36,344	(9,849)	(8,896)	(4,939)	(44)	(297)	(24,025)	(7,250)	5,069	0		(4,438)	630	3,478	15	4,123
2026.27	35,073	1,481	753	37,307	(10,077)	(9,194)	(5,087)	(46)	(306)	(24,710)	(7,249)	5,348	0		(5,741)	(393)	4,123	15	3,745
2027.28	36,027	1,510	764	38,301	(10,310)	(9,503)	(5,239)	(47)	(315)	(25,414)	(7,248)	5,639	0		(2,947)	2,692	3,745	18	6,455
2028.29	37,013	1,540	775	39,328	(10,549)	(9,821)	(5,396)	(114)	(324)	(26,205)	(7,239)	5,884	0		(4,181)	1,702	6,455	23	8,180
2029.30	38,030	1,570	787	40,387	(10,794)	(10,150)	(5,558)	(117)	(334)	(26,953)	(7,239)	6,194	0		(5,568)	627	8,180	26	8,833
2030.31	39,832	1,601	799	42,232	(11,045)	(10,490)	(5,724)	(121)	(344)	(27,724)	(7,240)	7,268	0		(5,618)	1,650	8,833	29	10,513
2031.32	40,165	1,633	811	42,609	(11,302)	(10,841)	(5,896)	(124)	(354)	(28,517)	(7,214)	6,878	0		(5,668)	1,210	10,513	33	11,755
2032.33	41,286	1,665	823	43,774	(11,565)	(11,204)	(6,072)	(128)	(365)	(29,334)	(7,168)	7,272	0		(5,741)	1,531	11,755	36	13,322
2033.34	42,443	1,698	836	44,977	(11,834)	(11,579)	(6,254)	(132)	(376)	(30,174)	(7,168)	7,634	0		(5,816)	1,819	13,322	41	15,182
2034.35	43,638	1,731	850	46,219	(12,110)	(11,966)	(6,441)	(136)	(387)	(31,040)	(7,169)	8,010	0		(4,073)	3,937	15,182	48	19,166
2035.36	45,736	1,765	864	48,365	(12,392)	(12,366)	(6,634)	(140)	(399)	(31,931)	(7,108)	9,326	0		(4,103)	5,222	19,166	59	24,448
2036.37	46,149	1,800	878	48,827	(12,682)	(12,779)	(6,833)	(144)	(411)	(32,849)	(7,109)	8,869	0		(4,133)	4,736	24,448	72	29,256
2037.38	47,467	1,836	892	50,195	(12,978)	(13,206)	(7,038)	(148)	(423)	(33,794)	(7,065)	9,336	(6,252)		(4,164)	(1,080)	29,256	77	28,254
2038.39	48,829	1,872	908	51,609	(13,282)	(13,647)	(7,249)	(153)	(436)	(34,766)	(6,862)	9,981	0		(4,195)	5,785	28,254	83	34,122
2039.40	50,236	1,910	923	53,069	(13,593)	(14,103)	(7,466)	(157)	(449)	(35,768)	(6,863)	10,438	0		(552)	9,886	34,122	103	44,111
2040.41	51,690	1,947	939	54,577	(13,912)	(14,574)	(7,690)	(162)	(462)	(36,799)	(6,879)	10,899	(4,490)		(487)	5,922	44,111	123	50,155
2041.42	54,216	1,986	956	57,158	(14,238)	(15,060)	(7,920)	(167)	(476)	(37,861)	(6,749)	12,548	(10,000)		(420)	2,128	50,155	133	52,416
2042.43	54,747	2,026	973	57,745	(14,573)	(15,562)	(8,158)	(172)	(490)	(38,954)	(6,401)	12,389	0		(351)	12,038	52,416	151	64,605
2043.44	56,352	2,066	990	59,408	(14,915)	(16,081)	(8,402)	(177)	(505)	(40,080)	(6,401)	12,927	0		(300)	12,627	64,605	182	77,415
2044.45	58,012	2,107	1,008	61,127	(15,266)	(16,617)	(8,654)	(182)	(520)	(41,240)	(6,401)	13,487	0		(992)	12,495	77,415	214	90,124
2045.46	59,728	2,149	1,027	62,903	(15,626)	(17,171)	(8,914)	(188)	(536)	(42,433)	(6,401)	14,069	0		(998)	13,071	90,124	247	103,442
2046.47	61,501	2,192	1,046	64,739	(15,994)	(17,743)	(9,181)	(193)	(552)	(43,663)	(6,397)	14,680	(10,000)		(1,004)	3,676	103,442	269	107,387
2047.48	64,553	2,235	1,065	67,854	(16,371)	(18,333)	(9,456)	(199)	(568)	(44,929)	(6,046)	16,880	(5,000)		(1,010)	10,870	107,387	289	118,546
2048.49	65,231	2,280	1,086	68,597	(16,758)	(18,944)	(9,740)	(205)	(585)	(46,232)	(5,905)	16,459	(5,000)		(1,016)	10,443	118,546	317	129,306

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REPORT TITLE: Q3 FINANCE AND PERFORMANCE MONITORING

28 JANUARY 2019

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 third quarter of 2018/19.

This third report of 2018/19 includes progress updates for the Council's 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 any items of significance to be drawn to the attention of Cabinet.

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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 Council Strategy and Team Service Plans have financial implications, some significant and these are agreed and reported separately before the commencement of the project.

3 LEGAL AND PROCUREMENT IMPLICATIONS

- 3.1 None directly in this report, although there is significant legal input into individual projects.

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 directly in this report.

6 CONSULTATION AND COMMUNICATION

- 6.1 Cabinet members, Executive Leadership Board (ELB) 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 key staff to deliver projects at the required time.</i>	Resources to deliver projects are discussed at the project planning stage and agreed by the relevant 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 directly from this report. The risk register for major projects addresses legal risk.</i>	See project risk registers	
<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 third quarter of 2018/19 and financial position as at 31 December 2018.

11.2 The quarterly Finance and Performance Management Report, attached as Appendix 1, is arranged into four sections with each covering the significant areas of performance that the Council is monitoring. An introduction and summary is also included at the beginning of the report.

12 OTHER OPTIONS CONSIDERED AND REJECTED

12.1 None.

BACKGROUND DOCUMENTS:-

Previous Committee Reports:-

[OS212](#) – Q2 Finance and Performance Report, 26 November 2018

Other Background Documents:-

None

APPENDICES:

Appendix 1 Q3 Finance and Performance Management Report 2018/19



FINANCE & PERFORMANCE MANAGEMENT REPORT THIRD QUARTER 2018/19



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Introduction and Summary

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- Winchester Sport and Leisure Park

Section 4: Managing the business – Corporate Health Indicators

Introduction and Summary

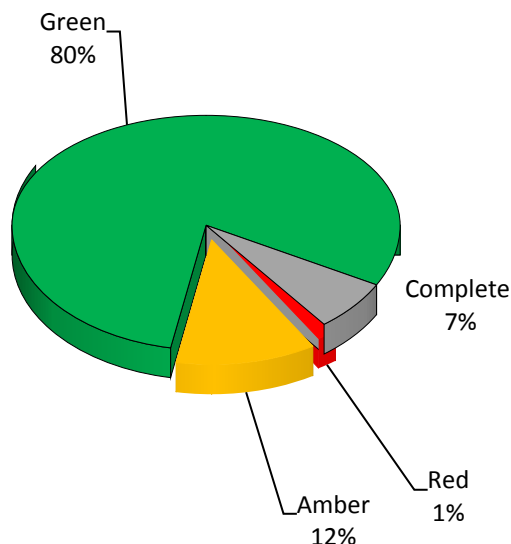
The purpose of this report is to demonstrate the performance of the Council at the end of each quarter throughout the financial year in relation to the aims and objectives in the Council Strategy, progress of the Council's major projects, the financial position and corporate health performance indicators.

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

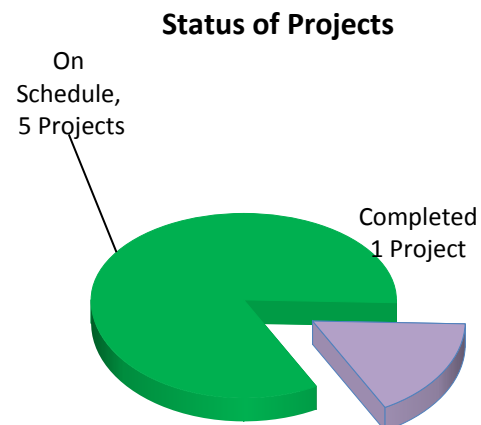
Similarly there are performance measures that are not reported here but support the business of that team and managed by each Corporate Head of Service.

The following diagrams provide a summary of the position of the Council as at the 31 December 2018 (Quarter 3) across the key areas of performance. Further information is provided in the following appendices.

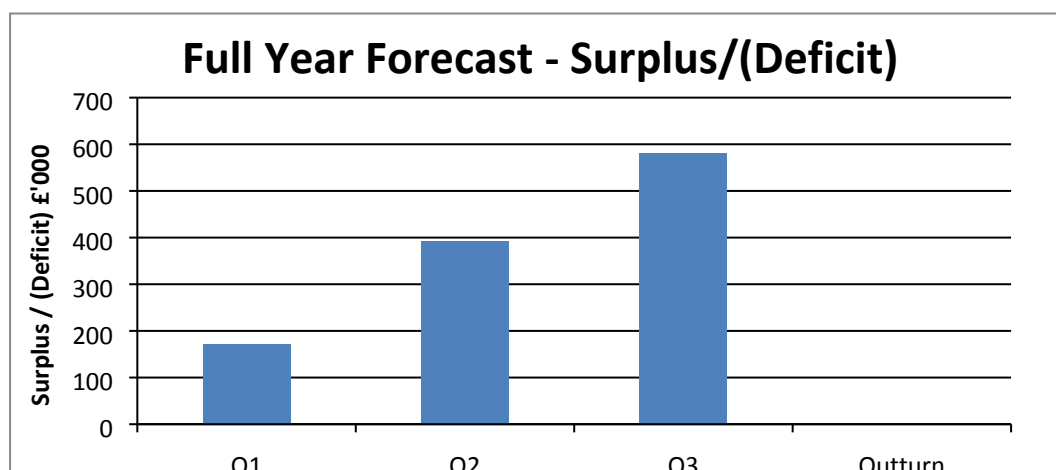
Council Strategy Q3 2018/19



Project Monitoring Q3 2018/19



Summary General Fund Revenue Financial Service Forecast



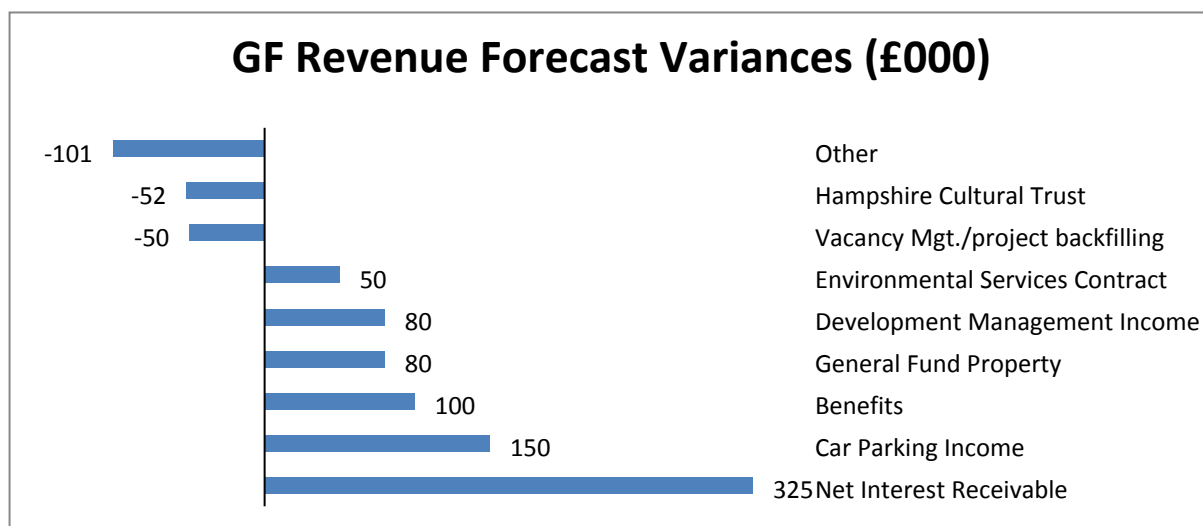
Section 1 – Financial Update as at 31 December 2018

This section presents a summary of the Council's financial position as at 31 December 2018 with regard to the General Fund and Housing Revenue Account budgets.

General Fund Revenue

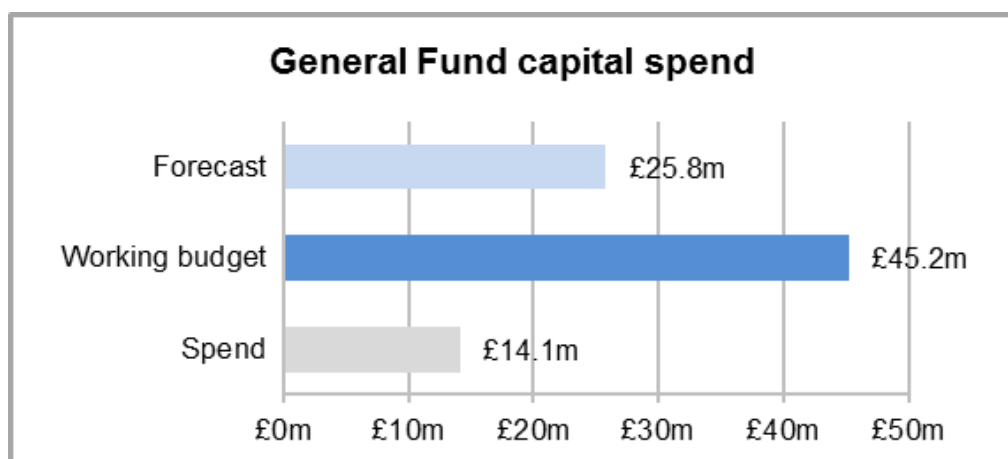
1. The in-year reporting process for Q3 2018/19 has highlighted additional full year forecast income / underspends totaling £0.86m which is expected to fund additional in-year pressures of £0.28m, with a net underspend of £0.58m.
2. Also included in this appendix is a report that shows the progress and status of the 2018/19 Outcome Based Budgeting proposals. The overall target status is green, meaning we are on target to achieve the net savings target of £0.67m.
3. Quarter 3 full year forecast variances (>£50k):
 - i) **Net Interest receivable** – (+£325k) higher than budgeted cash balances during Q1 have resulted in a revised forecast net receivable interest of £325k.
 - ii) **Development Management Income** – (+£80k) higher planning fees and a number of larger applications have led to an increased total planning fee forecast of £960k.
 - iii) **Non-investment Property Income** – (+£80k) higher than planned income of £80k relates mainly to the Vaultex site (Coventry House).
 - iv) **Environmental Services Contract** – (+£50k) a revised (lower) inflation estimate for 2018/19 will reduce the total contract expenditure.
 - v) **Museums** – (-£52k) a grant towards re-organisation costs was approved in Q1.
 - vi) **Car Parking Income** – (+£150k) additional full year income relating to off street car parking.
 - vii) **Vacancy Management** - (-£50k) additional employee spend reflecting lower than expected vacancies, and backfilling for major procurement projects such as environment services.

Table 1 – General Fund Forecast Variances 2018/19



General Fund Capital

1. General Fund capital expenditure to the end of December was £14.1m of which £11.2m relates to the acquisition, associated stamp duty, and other related costs in respect of three Strategic Asset Purchase Scheme (SAPS) purchases: Friarsgate Medical Centre; 158-165 High St; and Coventry House.
2. The full year forecast has been revised down by almost £20m to £25.8m with the largest single item (£6.0m) being the new Sports & Leisure Centre as main construction works will not begin until the new financial year.
3. The second largest item (£3.8m) is the new doctors' surgery; this is currently delayed due to ongoing negotiations with the prospective tenants but progress is being made and it is now expected to commence in 2019/20.
4. The objectives of some other projects are currently under review. The car park at the Dean, Alresford is also subject to delay (£1m) as negotiations continue with the developers.



5. Key items of capital expenditure as at end December 2018 include:

- **SAPS purchases** *Total Budget: £12,763k*

Expenditure: Prior years £57k Q1-2 £11,194k Total £11,251k

The purchase of Coventry House was completed in May 2018. The Council is leasing the property for 12 months generating an income of £95,000. During this period, the Council will be able to undertake preliminary work (e.g. surveys) in preparation for future development of the site.

The purchases of Friarsgate Medical Centre and 158-165 High Street in the central Winchester area were completed in December. These purchases give the Council more scope to deliver its vision of the regeneration of central Winchester. Meanwhile uses for the Friarsgate Medical Centre area are being considered and there are plans to refurbish the High Street properties.

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

Expenditure: Prior years £888k Q1-3 £699k Total £1,587k

To date £2,215k of capital expenditure has been approved to take the project to RIBA stage 4 (technical design) and to transition to RIBA stage 5 design stage. The contractor has been procured subject to contract and the operator procurement is underway. The build is subject to approval of the Full Business Case which is to be considered by February Cabinet.

- **Disabled Facilities Grants** *Total Budget: £1,207k*

Expenditure: recurring Q1-3 £489k

The amount of funding from central government has increased significantly in recent years. Spend to date is on target and two significant grants totalling in excess of £300,000 are expected to be made in 2018/19 to enable individuals with long term immobility to return to their own homes.

General Fund 2018/19

	General Fund Revenue					General Fund Capital	
	Budget		Forecast			Budget	Forecast
	Income	Expenditure	Net contribution / (spend)	Full Year Forecast	Variance		
£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Total Housing	210	(1,791)	(1,581)	(1,581)		1,532	1,075
Total Environment	10,081	(13,585)	(3,503)	(3,733)	(230)	2,352	312
Total Health & Happiness	372	(2,384)	(2,012)	(2,064)	(52)	14,924	4,584
Total Business	215	(1,613)	(1,399)	(1,399)		21,113	15,780
Total Operational Delivery	3,206	(7,201)	(3,995)	(3,873)	122	1,926	694
Total Investment Activity	3,014	(409)	2,605	3,010	405	3,009	3,009
Total Organisational Management	427	(7,182)	(6,755)	(6,973)	(218)	236	333
Corporate	25	(1,846)	(1,821)	(2,089)	(268)		
Council Tax Support Grant to Parishes		(77)	(77)	(77)			
Cost recharge to HRA		1,852	1,852	1,852			
	<u>17,550</u>	<u>(34,236)</u>	<u>(16,687)</u>	<u>(16,928)</u>	<u>(241)</u>	<u>45,092</u>	<u>25,787</u>
Total Tax and Grant Income			14,192	14,371	179		
Total Financing & Treasury Activity			(225)	(225)			
Total Reserve Related Movements			2,721	3,365	644		
Total Funding			<u>16,687</u>	<u>17,510</u>	<u>823</u>		
Transfer to General Fund Balance					582		

Housing Revenue Account 2018/19

	Housing Revenue Account				
	Budget		Forecast		
	Income	Expenditure	Net contribution / (spend)	Full Year Forecast	Full Year Forecast Variance
	£'000	£'000	£'000	£'000	£'000
Rent Service Charges & Other Income	27,551	0	27,551	27,351	(200)
Housing Management General	131	(4,866)	(4,735)	(4,749)	(14)
Housing Management Special	1,165	(2,668)	(1,503)	(1,523)	(20)
Repairs (including Administration)	100	(5,214)	(5,114)	(5,250)	(136)
Interest	0	(5,168)	(5,168)	(5,168)	0
Depreciation	0	(6,044)	(6,044)	(6,660)	(616)
Capital Expenditure Funded by HRA	0	(5,550)	(5,550)	(2,343)	3,207
Other Income & Expenditure	21	(85)	(64)	(64)	0
	<u>28,968</u>	<u>(29,595)</u>	<u>(627)</u>	1,594	2,221
Working Balance at 1 April 2018			9,116	9,116	0
Add Surplus / (Deficit)			(627)	1,594	2,221
Projected Working Balance at 31 March 2019			<u>8,489</u>	<u>10,710</u>	<u>2,221</u>

**Housing Revenue Account
Capital 2018/19**

	HRA Capital Programme		
	Budget	Forecast	Variance
	£'000	£'000	£'000
Housing Major Works	6,952	6,682	270
Improvements and Conversions	1,251	1,251	0
Other Capital Spend	243	243	0
New Build Programme	9,300	9,600	(300)
	17,746	17,776	(30)

Notes:

1. The rental income forecast for the year has been reduced by £200k to reflect delays in the handover over of new build properties.
2. The depreciation charge for the year has been increased by £616k to reflect a change in the calculation method approved by external audit following the 2017/18 audit.
3. The forecast for the capital programme includes the revised forecasts approved by Cabinet (Housing) in report CAB3036 (HSG) July 2018. This has reduced the projected capital expenditure funded by the HRA by £3.2m.
4. External envelope repairs are forecast to reduce by £270k, due to delays in the roof repair programme as a result of nesting birds in the summer months.
5. The New Build programme forecast has increased by £300k as a result of the final contractor cost at Chesil Lodge being greater than previously forecast. This has however been outweighed by increases in shared ownership sales and additional grant from Hampshire County Council.

Outcome Based Budgeting – 2018/19 Progress Monitoring

The General Fund Budget 2018/19 report ([CAB3011](#), 14 February 2018 refers) included a number of budget proposals for 2018/19 that would achieve savings of £1.1m which would enable a balanced budget for 2018/19 and contribute towards savings for future years.

The table below provides an update on the progress achieved against the proposals for savings.

Item	Budget £'000	Achieved £'000	On-target £'000	Total £'000	Status	Comments
Savings Proposals						
Removal of ISDN line	45			0	Amber	Project delayed until a target November implementation, full year forecast unchanged
External Audit fee reduction	25	25		25	Green	
Internal Audit fee reduction	20	20		20	Green	
Changes to MRP to the annuity basis	43	43		43	Green	
Benefits restructure	25	25		25	Green	
Un-utilised transport budget removed	217	217		217	Green	
Internal Managed Vacancy Factor moved to 2% (£350k 18/19)	105	79	26	105	Green	
Print Room Structure changes	20			0	Amber	Project currently being reviewed
IT – GIS Support Technician	18	18		18	Green	
HRA/ GF Asset transfer	100		88	88	Green	

Item	Budget £'000	Achieved £'000	On-target £'000	Total £'000	Status	Comments
Customer Services/ Digitalisation Review	50			0	Amber	Project under review
Re-investment of car parking charges	100	50	50	100	Green	
Review of grants and commissioning	140	140		140	Green	
New trading opportunities	25			0	Amber	Project currently under review
Increased planning fees	160	80	80	160	Green	
TOTAL	1,093	697	476	941		

Section 2: Council Strategy 2018-20 Progress Update

The following chart and tables provide a summary of the progress against the actions included in the refreshed Council Strategy 2018-20, that was adopted by Council on 22 February 2018 (Report [CL139](#) refers) as at the end of the third quarter of 2018/19 (31 December 2018).

The Council Strategy 2018-20 includes sixty performance measures supporting the delivery of the Council's four strategic outcomes.

Each action, which includes a 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. 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.
- **Green** – On schedule to be delivered on time.

Measures where actions have been completed are shown as complete.

As of 31 December 2018 there were four measures that had been completed and forty eight measures on schedule and to be delivered on time (Green).

A further seven actions are showing as Amber, with some slippage.

There is one measure showing as Red where the agreed timescale or target has not been met or is unlikely to be met.

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

Council Strategy – Progress Report (Quarter 3 – 2018/19)Winchester will be a premier business location

	Aim	How we will deliver our outcomes	Delivery Date	Current Status	Key Issues / comments
1.	Promote a sustainable economy by enabling major regeneration schemes	Support the regeneration of the Central Winchester area. Measure: <i>Adoption of Central Winchester SPD by summer 2018.</i>	Sept 2018	SPD Complete	Central Winchester Regeneration SPD adopted at Cabinet on 20 June 2018 Report CAB3034 refers). Progress report to Cabinet (Central Winchester Regeneration) Committee on 22 January 2019 which proposes experts be appointed to undertake the Meanwhile Uses business case feasibility study.
		Manage the project and support the regeneration of the Station Approach area of Winchester, both Carfax scheme and adjacent Public Realm works. Measure: <i>Increased office floor space on the Carfax/ Station Approach site of 140,000ft²</i>	Public Realm Mar 2021 Carfax 2023	Green	A report presenting the Concept scheme and its estimated economic and regenerative benefits was reported to Station Approach Cabinet in December 2018, noting the positive impact a scheme would have and that work was continuing on finalising Stage 2 Design and the Outline Business Case. A Business Case was submitted to the LEP in November 2018 for a £5m grant being sought for public realm and other works to support the Carfax development scheme.
2.	Prioritise support for the knowledge-based, creative and tourism sectors	Development of an Economic Strategy Measure: <i>adoption of updated Economic Strategy, including Action Plan and performance measures included in the Strategy</i>	Mar 2019	Green	Work has commenced on the drafting of a new strategy. Meeting with key people are being arranged to gather insight as to the direction and focus of the new strategy. The programme is on track.

	Aim	How we will deliver our outcomes	Delivery Date	Current Status	Key Issues / comments
		Sustain our rural economy by supporting existing businesses to grow and new enterprises to start including Fieldfare LEADER Programme Measure: <i>LEADER support for 70 businesses (WCC only)</i>	Mar 2020	Amber	Officers continue to work to deliver a compliant and successful programme. The recent deadline for applications has seen an increase in those submitted and the team are working to ensure as many of these progress to approval.
3.	Utilise our environment to drive business growth	Facilitate and support the development and delivery of strategically important sites across the District and working with partners to deliver employment opportunities. Measure: <i>additional floor space identified/ provided</i>	Mar 2020	Green	An update on the progress of the Station Approach and Central Winchester Regeneration projects is given in the Major Projects update on pages 37 to 44 of this report.
		Seek to secure partners for a public service hub to be based around the City Offices/West Wing/Guildhall buildings Measure: <i>Number of partners secured/ amount of floor space utilised</i>	Mar 2020	Green	Winchester CAB to relocate to the Council offices early in 2019 following refurbishment of the main reception area in Colebrook Street.
		Use a Strategic Asset Purchase Scheme to generate financial and community returns Measure: <i>Additional £500k generated from Strategic Asset Purchase Scheme.</i>	Mar 2019	Red	Budgeted returns for 2018/19 are £259k based on existing purchases.
		Develop an up to date car parking strategy which manages demand with sufficient spaces in appropriate locations including Park and Ride expansion where there is a demonstrable need	Dec 2018 Revised April 19	Amber	Work on a new parking strategy has already begun with a parking survey carried out in May 2018. Officers are now scoping options for a new strategy. It is sensible to wait for the City of Winchester Movement Strategy to be finalised as this

	Aim	How we will deliver our outcomes	Delivery Date	Current Status	Key Issues / comments
		Measure: <i>Adoption of new Winchester Car Parking Strategy by Dec 2018</i>			will inform the City Council's future approach to its parking strategy for the city and wider district.
		Undertake a strategic review of traffic and transport issues affecting Winchester and produce high level options to improve movement Measure: <i>Adoption of the Movement Strategy by December 2018</i>	Dec 2018	Green	City Of Winchester Movement Strategy is progressing well with first round of public consultation, member briefings and stakeholder workshops completed in late 2017- 2018 along with the development of a database. A number of options designed to improve movement in and around the city have been modelled and this work is continuing. A public consultation on the emerging Strategy took place between November 2018 and January this year and feedback received will inform the final version of the Strategy which is due to be considered for adoption by both the City Council and County Council in March 2019.
		Support new businesses set up in the District with advice to thrive and prosper Measure: <i>Number of new businesses supported, including with grants and advice</i>	Mar 2020	Green	456 business hours training have been spent at cultural network events; 160 officer and volunteer hours assisting LEADER applicants; Enterprise First contract proving successful with both monthly workshops and informal networking sessions very well attended.
4.	Develop new employment opportunities across the District	Directly develop space to support Small, Medium Enterprises to grow Measure: <i>New net floor space provided for SME's</i>	Mar 2020	Green	The Council continues to review opportunities as they become available.
5.	Work with strategic partners to deliver critical digital	Support the roll-out of Super Fast Broadband in line with the aims of the	Mar 2019	Green	Hampshire led project has achieved 95% access to SuperFast Broadband across

	Aim	How we will deliver our outcomes	Delivery Date	Current Status	Key Issues / comments
	infrastructure projects across the District	Council Digital Strategy Measure: <i>to achieve 95% access across Hampshire to SuperFast Broadband</i>			Hampshire.
6.	Be innovative by exploring opportunities to generate additional revenue and maximise key revenue streams	Work with partners to implement and promote the provision of online services as set out in the Digital Strategy Measure: <i>Achieve 100% of all services available online</i>	Mar 2020	Green	A pilot project is in development to install additional digital access points for visitor information and to generate advertising income linked to the new Tourist Information Centre and Guildhall.
		Explore the opportunities to establish joint-ventures to enable more efficient services Measure: <i>Number of joint venture opportunities explored and potential efficiency savings</i>	Mar 2019	Green	Ongoing. Opportunities reviewed as they present themselves. Recent successes of efficiency savings through joint procurement of occupational health services with Test Valley Borough Council.
		Carry out improvements to the current City Offices while reviewing the long term options for staff office accommodation Measure: <i>Refurbishment completed March 2018, Works and longer term study complete March 2019</i>	Mar 2019	Green	Refurbishment to City Offices reception completed that will improve the customers' experience. Further refurbishment of staff office accommodation being discussed.

Delivering quality housing options

	Aim	How we will deliver our outcomes	Delivery Date	Current Status	Key Issues / comments
1	Deliver good housing stock condition and energy performance for Council owned dwellings that meet the Decent homes standard	Carry out repairs and maintenance improvements as per the capital repairs programme Measure: <i>100% of housing stock meets the Decent Homes Standard with and energy performance ratings</i>	Mar 2020	Green	Programme on track. Roofing programme on city estates under review to determine best approach to deliver value for money whilst minimising impact on residents
2.	Respond to the need to provide more affordable housing in the District	Significantly increase the number of council houses built in the period 2017 – 2020 Measure: <i>An additional 600 new homes delivered by 2020</i>	Mar 2020	Green	Over 200 units now delivered or with planning approved. Chesil Lodge now open. Victoria Court due for completion in December 18.
		Bid for grant to support additional development Measure: <i>50% of New Homes Programme supported by grant</i>	Mar 2020	Green	£3.2m grant secured for the Valley development in Stanmore
		Establish a housing company or other specialist vehicle to support the delivery of sub-market rented housing Measure: <i>Housing company established</i>	May 2018	Amber	Work ongoing to identify appropriate vehicle to support Council programme.
3.	Drive down homelessness across the District and support partner agencies in the drive for an improved life for those in need	Avoiding reliance on B&B as a housing option by focussing on preventing homelessness and effective use of temporary accommodation Measure: <i>No use of B&B accommodation (other than in exceptional circumstances)</i>	Mar 2020	Green	Minimal use of B&B in quarter 3 due to emergency situations.
		Support an increase in the provision of supported housing units/move on	Mar 2019	Green	Social Inclusion Forum now well established with all relevant agencies

	Aim	How we will deliver our outcomes	Delivery Date	Current Status	Key Issues / comments
		accommodation by establishing and leading multi agency Homelessness/ Social Inclusion forum Measure: <i>Provision of 10 supported/ move-on units</i>			represented. The partnership has now been recognised as a MEAM Approach area supporting the work being undertaken to help those experiencing multiple disadvantage. This will bring extra resources to the District as well as learning from other areas. Potential of 11 new supported housing units in partnership with a Registered Provider by April 2019.
4.	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.	Work with private landlords through “City Lets” initiative offering effective management and lettings service Measure: <i>Increase of 30 to 50 homes by March 2019</i>	Mar 2019	Complete	43 private rent units now managed through City Lets scheme.
		Support and enable development partners/ Registered Social Landlords (RSLs) to develop more affordable housing Measure: <i>Number of affordable homes developed by other organisations in the District</i>	Mar 2020	Green	Positive discussions with providers re 106 sites, rural exception sites. £400k Grant made available to Wickham CLT for new homes.
		Develop an effective “shared ownership” programme Measure: <i>At least 30 affordable shared ownership homes developed by March 2020</i>	Mar 2020	Green	Shared Ownership units at Chesil Lodge and Mitford Rd, Alresford, all sold and Victoria Court progressing well.
5.	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 Measure: <i>Increase the number of</i>	Mar 2019	Green	Survey of Tenants and Residents (STAR) planned for 4 th quarter 2018/19.

	Aim	How we will deliver our outcomes	Delivery Date	Current Status	Key Issues / comments
		<i>'involved' tenants to 200</i>			
6.	Restrict permitted development rights in Winchester so that new Houses of Multiple Occupation (HMOs) require planning permission	Make an Article 4 Direction(s) where evidence shows the proliferation of HMOs is unbalancing housing stock in Winchester, or parts of the city. Measure: <i>Number of Article 4 Directions approved.</i>	Mar 2020	Green	Article 4 Direction (A4) now active in Stanmore and Winnall. Survey of HMOs in Winnall to be undertaken shortly to provide more accurate baseline data. Data regarding other areas (Fulford and Badger Farm) analysed and an Interim Position Statement of Student Accommodation in Winchester to inform Local Plan 2036 produced in December 2018 (PHDN847) and agreed January 2019. No new A4s proposed at the present time but further work required as part of Local Plan 2036. New HMO Licensing scheme implemented in October 2018 which will provide improved data for all areas as well as additional controls re conditions.
7.	Support residents to buy their own home.	Develop an effective "shared ownership" programme (shared target with aim to "Provide good access to affordable housing options") Measure: <i>At least 30 affordable shared ownership homes developed by 2020.</i>	Mar 2020	Green	As 4 above
		Provide access to custom build initiatives Measure: <i>Two custom build plots identified</i>	Mar 2020	Green	The Council is currently considering potential sites to be used for self-build properties

	Aim	How we will deliver our outcomes	Delivery Date	Current Status	Key Issues / comments
		Create a Partner Home Purchase Scheme to enable residents to buy their own home in a shared equity scheme with the Council Measure: <i>Ten households (by March 2018) and a total of 50 by March 2019</i>	Mar 2019	Green	Since the last update, a further two home purchases have been completed with another due by the end of January. A total of 20 applications have been received with a number of these well advanced.

Improve the health and happiness of our community

	Aim	How we will deliver our outcomes	Delivery Date	Current Status	Key Issues / comments
1.	Work with partners to reduce health inequalities in the District and to promote good mental and physical health	<p>Council grants programme to prioritise sport and physical activity programmes Measure: <i>Number of grants and the total financial amount approved for sports groups</i></p> <p>Develop the Exercise Referral programme to include classes for adults with long term health conditions Measure: <i>Achieve 265 referrals and class attendance during 2018/19.</i></p> <p><i>Achieve 2,300 throughput of attendees at community classes</i></p>	Mar 2019	Green	<p>Sport and physical activity grants being considered as part of the wider review of the Council's grants programme.</p> <p><u>Exercise Referrals</u> Q1 - 71 Referrals Q2 – 56 Referrals Q3 – 54 Referrals Most commons referrals are for obesity, mental health and diabetes</p> <p><u>Class Attendance</u> Q1 690 throughput Q2 655 throughput Q3 704 throughput</p> <p>Most popular classes are for falls prevention and for patients with neurological conditions.</p> <p>Escape pain and an additional neuro fit class will commence in 2019 Partnership with Solent Mind to launch a healthy active programme in 2019</p>

Aim	How we will deliver our outcomes	Delivery Date	Current Status	Key Issues / comments
	<p>Promote and encourage health walks across the District, helping everyone live longer, healthier and happier lives Measure: <i>Achieve 5,900 participants taking part in health walks during 2018/19</i></p>	<p>Mar 2019</p>	<p>Green</p>	<p>Q1 – 1,259 throughput Q2 – 1,593 throughput Q3 – 1,446 throughput</p> <p>Most popular walks are Bishops Waltham, Weeke and Winchester</p> <p>Winchester ‘Elf Walk’ event took place in December with 71 participants attending.</p>
	<p>Target discretionary business rates relief towards sports clubs Measure: <i>Number of sports clubs receiving rate relief</i></p>	<p>Mar 2019</p>	<p>Complete</p>	<p>Sports clubs/ associations, and organisations associated with sport and physical activity are well supported by the Council’s policy with all eligible sports clubs currently claiming discretionary business rates relief. In 2017/18, of the £272k discretionary relief awarded, less than £51k was for organisations <i>not</i> associated with sport</p>
	<p>Increase the number of adults participating in sport or physical activity Measure: <i>Number of adults participating in sport and physical activity per week.</i> <i>Inactive – target 21.2%</i> <i>Fairly active – target 14.5%</i> <i>Active – target 66.5%</i></p>	<p>Mar 2019</p>	<p>Green</p>	<p>Sport England – Active Lives Data 17/18 – figures published Oct 2018. Inactive – 19.8% Fairly Active 11% Active 69.2%</p> <p>The above figures are for March 2018 2018/19 figures will be available in Oct 2019.</p>

Aim	How we will deliver our outcomes	Delivery Date	Current Status	Key Issues / comments
	Support and promote the successful delivery of the Winchester junior parkrun open to children aged 4 to 14 Measure: <i>5,000 junior participants in 2018/19</i>	Mar 2020	Amber	Q1 – 1,017 junior participants (Winchester) Q2 – 779 junior participants (Winchester) Q3 – 704 junior participants (Winchester) Q3 – 743 junior participants (Whiteley) *Whiteley junior parkrun launched 14/10/18 This is the first year of this event therefore the throughput figure was difficult to estimate accurately. Marketing campaign for winter months to include Facebook advertising and primary school promotion work. There has ben a gradual increase in numbers for these sessions.
	Support and promote the Winchester adult parkrun Measure: <i>13,500 adult participants in 2018</i>	Mar 2019	Green	Q1 - 3,860 adult participants Q2 - 4,853 adult participants Q3 - 3,802 adult participants
	Support and promote the Whiteley adult parkrun Measure: <i>10,000 participants in 2018/19</i>	Mar 2019	Green	Q1 – 2,925 adult participants Q2 – 2,480 adult participants Q3 – 2,726 adult participants
	Support the delivery of the Golden Mile event involving primary schools across the Winchester District Measure: <i>Participation of 20 schools</i>	Mar 2020	Green	2,545 pupils at 19 schools in the District – May 2018 data The Golden Mile is launching a new

Aim	How we will deliver our outcomes	Delivery Date	Current Status	Key Issues / comments
	<i>and 4,000 pupils who have collectively walked 50,000 miles.</i>			<p>software platform which has resulted in no data being recorded in recent months.</p> <p>This whole school programme aims to tackle childhood obesity in Primary Schools across the District.</p> <p>Newsletters will be published and sent to schools every term to highlight school successes</p> <p>Challenges and fun competitions will be set for schools to keep them engaged.</p>
	<p>Invest annually in disabled facilities grants in line with Government funding to help people in their own home</p> <p>Measure: <i>100 residents given assistance to remain in their own home</i></p>	Mar 2020	Green	<p>QTR 1 – 19 grants issued. Completion of DFG’s delayed this quarter due to necessary policy and financial approval amendments. Approved in July via the Housing (Cabinet) Committee.</p> <p>Now on schedule to be delivered on time</p>
	<p>Support the delivery of the Winchester Health and Wellbeing Action Plan which includes the following high priorities; improving workplace health, reducing the number of 'increasing risk' alcohol drinkers and supporting people with dementia and their carers to lead active and fulfilling lives in their communities for as long as possible.</p> <p>Measure: <i>To achieve the targets as set out in the current action plan</i></p>	Mar 2020	Amber	<p>The current action plan expired on 31 March 2018 and was due to be reviewed and updated for the current financial year. As reported previously, this did not happen due to the absence of a key officer for several months.</p> <p>The overarching Hampshire Joint Health & Wellbeing Strategy also ended in 2018 and is currently being revised for publication in April 2019. The District Health & Wellbeing Forum held a workshop at the Eastleigh Borough</p>

	Aim	How we will deliver our outcomes	Delivery Date	Current Status	Key Issues / comments
					<p>Council offices on 13 November for district council Portfolio Holders and Health Leads.</p> <p>The aim of the workshop was to feed into the strategy development process and identify potential district council contributions which could be addressed locally. The outputs from the workshop, which are expected shortly, will inform the development of our district priorities.</p>
2.	Provide new leisure facilities in Winchester that meet the needs of a broad cross section of our communities for now and the future	Build a new Sport and Leisure Centre at Bar End Measure: <i>Start of construction in Spring 2019</i>	Spring 2019 start on site	Green	<p>Planning permission for the new Sport and Leisure Centre granted on 1 November 2018.</p> <p>Operator procurement to be considered by Cabinet (Leisure Centre) Committee in January and build contractor contractual issues being considered.</p>
3.	Encourage volunteering to support and extend local services	Promote and encourage adults to volunteer in community events and sporting activities Measure: <i>Increase to 22% the number of adults volunteering in sport</i>	Mar 2020	Green	<p>Sport England – Active Lives Data 17/18 – latest figures published Oct 2018. Adult volunteers – 21.7%</p> <p>The above figure is for March 2018 (2018/19 figures will be available in Oct 2019)</p> <p>Local data :</p> <ul style="list-style-type: none"> - Parkrun – 83 volunteers. - Health Walks – 32 volunteers - Para Personal Bests – 41 volunteers - Tri Golf Festival – 57 volunteers

	Aim	How we will deliver our outcomes	Delivery Date	Current Status	Key Issues / comments
4.	Support the delivery of a programme of festivals and events across the District	Support the Winchester Festivals Group to deliver a range of high quality sustainable events and festivals that are safe, well organised and well attended Measure: <i>Number of events supported, held and number of attendees</i>	Mar 2020	Green	Ongoing support given to Winchester Festivals Group who continue to review opportunities for sponsorship.
		Develop the Winchester Criterium and Cyclefest to increase participation and spectators Measure: <i>8,500 spectators at the 2018 event</i>	Jun 2019	Complete	13,000 spectators attended the Criterium and Cyclefest held in June 2018. Winchester BID has installed new footfall software to enable an accurate measure of the number of spectators at this event
5.	Provide support to residents who are affected by the Welfare Reform and Universal Credit changes	Support residents affected by the impact of Welfare Reform, the benefit cap and Universal Credit into work Measure: <i>Ten people supported per quarter</i>	Mar 2019	Green	There have been no specific cases recorded where residents were affected by the welfare reforms or Universal Credit (UC) changes and required support in the second quarter of this year. The DWP announced recently that they would be withdrawing funding from local government for this support and the service would be provided by the CAB from 2019. Despite this change in government policy the Benefits & Welfare team will continue to consider communications from claimants and will assist anyone who contacts them in respect of UC or welfare reform related matters, where possible.

	Aim	How we will deliver our outcomes	Delivery Date	Current Status	Key Issues / comments
6.	Work with partners to achieve significant and sustained change for vulnerable families with multiple, complex and persistent problems	Lead the implementation of the Government's Supporting (Troubled) Families Programme in the Winchester District Measure: <i>To support 61 families during 2018/19</i>	Mar 2020	Amber	Since the end of Qtr 2 there has been some slippage. This is primarily due to the unplanned absence of the Supporting Families Coordinator. The situation has been exacerbated by the loss of the team Apprentice and the Health & Wellbeing Officer to external appointments during Q3. At this stage it is unclear when the Coordinator is likely to return. Planning for a local stakeholder event in February 2019 may have to be put on hold.

Improving the quality of the District's environment

	Aim	How we will deliver our outcomes	Delivery Date	Current Status	Key Issues / comments															
1.	Protect , enhance and respect the District's rich heritage and landscape whilst allowing appropriate development to take place enabling our historic 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 heritage associated with the built and natural environment Measure: Commence local plan review in 2018	Dec 2021	Green	Preparation of Local Plan 2036 to be carried out in accordance with approved timescales in the Local Development Scheme (agreed December 2018 - CAB3087(LP)).															
2.	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	Be proactive in tackling incidents reported of fly-tipping within the District Measure: To reduce the overall incidents of fly-tipping across the District	Mar 2020	Green	<p>The hot spot locations we are currently working against are (they are changed by the team if there is significant reduction in reports): Port Lane (Hursley) Beeches Hill (Bishops Waltham) Basingstoke Road (A33) Whiteley Lane</p> <p>The figures below show a comparison between the figures from Quarter 4 of 2017/18 against Quarter 2 2018 as it relates to the period of location change:</p> <table border="1"> <thead> <tr> <th></th> <th>Q4</th> <th>Q2</th> </tr> </thead> <tbody> <tr> <td>Port Lane</td> <td>5</td> <td>2</td> </tr> <tr> <td>Beeches Hill,</td> <td>4</td> <td>1</td> </tr> <tr> <td>Basingstoke Rd</td> <td>17</td> <td>5</td> </tr> <tr> <td>Whiteley Lane</td> <td>7</td> <td>1</td> </tr> </tbody> </table> <p><u>Action taken:</u> 31 investigations were undertaken within the current reporting period, of those 27</p>		Q4	Q2	Port Lane	5	2	Beeches Hill,	4	1	Basingstoke Rd	17	5	Whiteley Lane	7	1
	Q4	Q2																		
Port Lane	5	2																		
Beeches Hill,	4	1																		
Basingstoke Rd	17	5																		
Whiteley Lane	7	1																		

	Aim	How we will deliver our outcomes	Delivery Date	Current Status	Key Issues / comments
					<p>were closed and 4 are still ongoing e.g. pending panel/prosecution. 1 FPN given for low level fly tip (£400) 1 successful prosecution resulted in £174 clearance costs, £200 fine, £90 prosecution costs and £30 victim surcharge. 2 still under investigation from Q2.</p>
		<p>Always evaluate prosecution as a deterrent to those who fly-tip within the District Measure: <i>100% success rate for all fly-tips that have been moved forward as application to the court for prosecution</i></p>	<p>Mar 2020</p>	<p>Green</p>	<p>The Enforcement Officer maintains her 100% success rate for prosecution. This is largely due to the robust early stage investigation and decision making process.</p>
		<p>Investigate introducing litter fines and other incentives/ penalties (new legislation and not rolled out within the Council yet). Measure: <i>Fixed Penalty notices issued for low-level fly-tips</i></p>	<p>Mar 2020</p>	<p>Green</p>	<p>Awaiting further guidance on the use of extended/new powers to tackle littering. The Council already has the power to issue FPNs for littering. There were no FPN's issued for litter within this reporting period and this is largely due to the fact that when asked to, the perpetrator will pick the litter back up and dispose of it correctly, in view of the officer.</p>
		<p>Conduct the area specific satisfaction survey to take action to reduce incidents or concerns of Anti Social Behaviour in priority locations, the first being in 2017 Measure: <i>Satisfaction levels recorded via the survey</i></p>	<p>Mar 2020</p>	<p>Green</p>	<p>ASB Survey: The survey aims to provide the public with an opportunity to say how 'we' dealt with their ASB related concerns. It went live 18th December. Those outcomes will be reported via an O&S Committee report when it meets in March 2019.</p>

	Aim	How we will deliver our outcomes	Delivery Date	Current Status	Key Issues / comments
					<p>Housing Survey: The ASB lead within Neighbourhood Services has the opportunity to contribute to the questions within a housing survey. This is likely to be undertaken during the next quarter and will hopefully provide us with a wider understanding of the experiences and perceptions of ASB across the district.</p>
		<p>Utilise the tools and powers provided within the ASB, Police and Crime Act 2014 to tackle and reduce crime in the District Measure: <i>Number of interventions to reduce incidents of ASB</i></p>	<p>Mar 2020</p>	<p>Green</p>	<p>Begging: CCTV stat's continue to show reductions e.g. November stat's showed a reduction of 47% (28 as opposed to 53).</p> <p>ASB Intervention: This reporting period shows a considerable reduction in ASB type incidents in public places. This is reflected nationally whereby it is recognised that the changing behaviour of young people in relation to their use of social media as entertainment/interaction has influenced the drop in recorded ASB e.g. alcohol related ASB, nuisance gatherings.</p> <p>A breakdown of interventions used during this period is as follows: Acceptable Behaviour Contract = 0 Community Protection Warning = 3 Community Protection Notice = 2</p>

	Aim	How we will deliver our outcomes	Delivery Date	Current Status	Key Issues / comments
					<p>Section 35 dispersal notices have not been issued within this period because there wasn't a need to run the partnership Op Helicon.</p> <p>The number of Winchester App Reports that we received within this period were 8, of those we were able to progress 3 as cases for further investigation.</p> <p>Welcome to the Neighbourhood Booklet for students living in HMO's: the delivery of this work took place within Quarter 2. As a result of the above activity we have personally visited 18 individual properties in relation to complaints of noise.</p>
3.	Protect, enhance and increase the use of open spaces in both the towns and more rural areas of the District	Deliver a rolling programme for estate improvements, including environmental and parking schemes Measure: <i>Deliver £250k annually with a range of benefits for the local communities</i>	Mar 2020	Green	<p>Schemes completed in 2018/19 include: Drummond Cl, Stanmore (parking) Nicholson Place, Alresford (parking) Trussell Crescent, Weeke (environmental)</p> <p>Schemes currently underway include: St Peters Close, Curdridge (parking) Penton Place, Highcliffe (parking) Fromond Rd, Weeke (environmental)</p> <p>Schemes currently out to consultation/awaiting survey: Moors Close, Colden Common (parking) Winnall Flats, Winnall (environmental) Chiltern Court, Alresford (both) Trussell Crescent, Weeke (parking).</p>

	Aim	How we will deliver our outcomes	Delivery Date	Current Status	Key Issues / comments
		To undertake and act upon a visitors user survey on key open spaces to ascertain current use and future demand for such space Measure: <i>Visitor usage and satisfaction rates</i>	Mar 2020	Green	Twelve months Survey that sought the views of visitors to the parks and open space across the District closed on 30 November 2018. The next phase is to analyse the data and to identify key actions and future direction in relation to key open spaces.
4.	Work to change attitudes to waste, fly-tipping and littering and significantly improve recycling levels	Support and encourage residents living in the District to recycle through public awareness campaigns including a focus on reducing the rates of contaminations of materials collected for recycling Measure: <i>Increase recycling from the 2016/17 baseline position</i>	Mar 2020	Green	Ongoing promotion and increasing of awareness among residents to recycle including advice published on the website leading up to Christmas regarding recycling over the festive period. Kerbside glass collection to be introduced from 1 October 2019.
		We will investigate options for additional income through increased recycling Measure: <i>Income collected through additional channels</i>	Mar 2020	Green	Cabinet approval given to introduce kerbside glass collection from 1 October 2019 (Report CAB3108 , 18 December 2018 refers)
5.	Work with strategic partners to continue to develop flood resilience measures to protect our communities	Support schemes that will protect residents' homes and property from the threat of flooding Measure: <i>Flood scheme assessments on all completed schemes</i>	Mar 2020	Green	Cabinet approval given to complete Phase II of the flood relief scheme at Durngate (report CAB3072 , 12 December 2018 refers) with funding approved by Council on 16 January 2019

	Aim	How we will deliver our outcomes	Delivery Date	Current Status	Key Issues / comments
6.	Improve the environment and reduce harmful emissions through holistic transport planning	Delivery and implementation of the actions included in the Winchester Air Quality Action Plan 2017 – 2023 Measure: <i>Improved air quality in accordance with the Air Quality Action Plan</i>	Mar 2020	Green	Work is continuing regarding the implementation of the nine core and nine complimentary measures in the Action Plan with an update report considered by Cabinet on 19 September 2018 (Report CAB3074 refers). Electric Vehicle Charging Strategy considered by Cabinet 23 January 2019 (CAB3120).
		Delivery of the 12 Actions for a Lower Carbon Council Measure: <i>Reduce by 40% or 25,000 tonnes of CO2 per annum by 2020</i>	Mar 2020	Amber	To be reviewed by the Low Carbon Board and City Council to consider progress made and whether these actions need to be refreshed or the issue of emissions/climate change addressed in a different way. It is acknowledged that meeting this local reduction in emissions as a contribution to the national target will continue to be a challenge, as was the case from the outset, bearing in mind the Council has only limited control over carbon emissions generated across the District. The Council continues to make good progress in reducing its own carbon footprint and figures for 2016/17 show a reduction of 9.1% on the previous year and 22.5% on the baseline year (2009/10).
		We will increase the use of P&R to support and encourage parking outside of the city centre Measure: <i>An additional 200 Park & Ride spaces created</i>	Mar 2019	Green	Additional P&R bus added to service (peak bus number increased from 8-9) to cope with increasing passenger demand March 2018. Further detailed work will follow on from the City of Winchester Movement Strategy due to be adopted March 2019. The emerging Strategy

	Aim	How we will deliver our outcomes	Delivery Date	Current Status	Key Issues / comments
					consulted on between November 2018 and January 2019 is recommending an increase in park and ride capacity.

Section 3: Programme Management – Projects Update

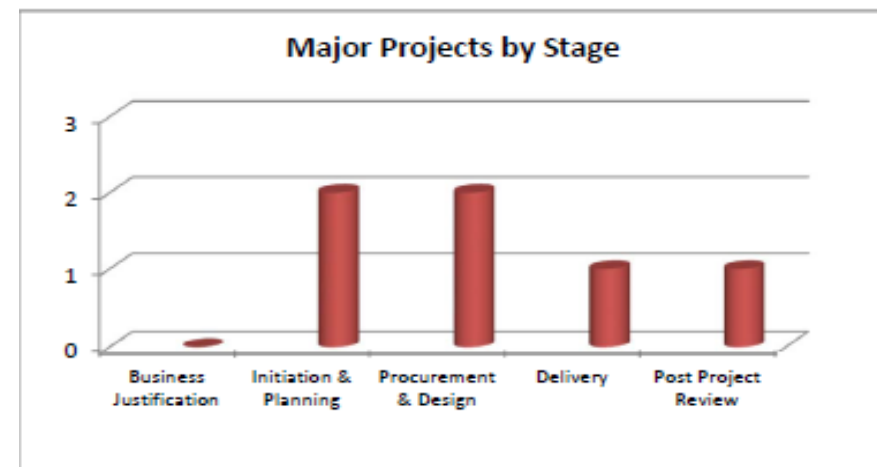
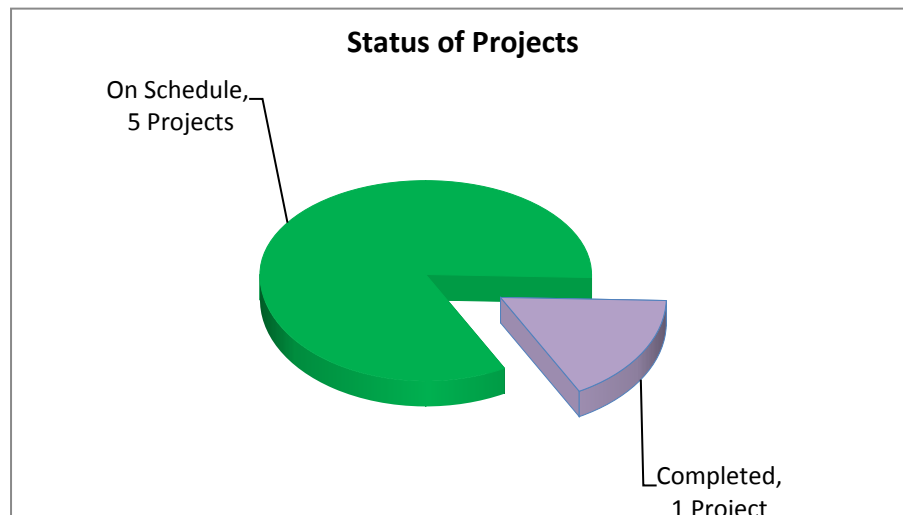
This report provides an update on the progress made against the Council’s significant programmes and projects which are being or will be undertaken during the next five years. These programmes and projects have been selected for inclusion in this report following an exercise to evaluate against a number of criteria the significance, complexity and cost of each of the projects and the need for regular monitoring.

The Council’s Major Projects include:

- Central Winchester Regeneration
- Chesil Lodge – Extra Care Scheme
- Environmental Services contract
- New Homes Programme
- Station Approach
- Winchester Sport and Leisure Park

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"> • <i>Options appraisal – 2013 to 2015 - Completed</i> • <i>Feasibility assessment of preferred option – 2016 - Completed</i> • <i>Prepare Outline Business Case for preferred option - 2016/17 - Completed</i> • <i>Outline Business Case – 16 January 2018 - Completed</i> • <i>Prepare and seek planning permission – 2018 - Completed</i> • Operator procurement process completed – January 2019 (current stage) • Full Business Case – February 2019 • Sign contract with construction contractor – March 2019 • Sign contract with operator – April 2019 • Start on site – Spring 2019 • Completion – Early 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: <u>Capital:</u> £38,000,000 <u>Revenue:</u> £759,402	Total Actual Spend: Total: £2,124,818.70			
Project Update & Next Steps				
Project Update				
<ul style="list-style-type: none"> • RIBA Stage 4 completed • Announcement of construction contractor • Planning Permission granted • Bids from operators received • Completed further engagement with users of the centre • Preparation of the full business case • Offsite works for temporary and permanent access around the park 				
Next Steps				
<ul style="list-style-type: none"> • Progress RIBA stage 5 pre construction, including ongoing engagement with utilities and HCC • Finalisation of assessment of bids from operators and contract arrangements • Continued planning and delivery for offsite access • Ongoing engagement with users of the centre • Discharge of planning conditions • Finalisation of construction costs and agreement of contract 				

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 – Completed • Oct 2018 – Cabinet (SA) to agree to start work required for the preparation of a planning application for submission in March 2019 and draw down capital expenditure for this work.- completed • March 2019 - Cabinet (SA) to approve RIBA Stage 2 (Concept Design) for the Carfax site, consider the outline business case, to agree Gateway approval to RIBA Stage 3 (developed design), and consider options for delivery • August 2019 – Decision on outline planning application • October 2019 – Cabinet (SA) to review RIBA Stage 3 design works (and confirm delivery if not during summer '19). • June 2020 - Cabinet (SA) to consider RIBA 4
Project Phase: Procurement and Design				
Project Start: February 2015	Project End Date: Q3 2024 (longest option - JV route)			
Project Sponsor: Chas Bradfield	Project Executive: Ian Charie			
Carfax Project Budget: Capital: £1,800,000 of which £400,000 drawn down Revenue: £1,500,000	Carfax Expenditure: Revenue: £987,555 (current project) Planned and Committed: Revenue:£250,500 Capital: £330,481			
Public Realm Budget: Capital (Projected): £5m (LEP) Revenue: £225,000.00	Public Realm Expenditure: Revenue: £29,609 Committed: Revenue: £30,735			
Project Update & Next Steps				
<ul style="list-style-type: none"> • Bid for £5m submitted to the LEP 9 November 2018 for consideration. • Project timetable extended to reflect further testing of Carfax options and strengthen viability and outline business case to inform decisions on delivery options and design approach, and to include the submission of an outline planning application in March 2019. • Consultants working with WCC officers to produce documentation required for outline planning application. • Communications and project teams preparing for pre-application public information events in Feb 2019 				

- Outline business case being drafted.
- Further delivery workshops held with officers and members.

Next Steps

- Public engagement in Feb 2019; report of Stage 2 and outline business case to Cab Committee in March 2019, and submission of outline planning application in March 2019.

Key Risks

The risk highlighted in previous reports regarding accelerated timetable and lack of contingency in programme is now being managed as an issue with a revised programme being agreed. There is a consequential risk that delays in programme result in additional consultancy fees and impact on the Medium Term Financial Strategy. Alternatively accelerating the programme again has the risk of incurring greater costs and delays in the long-term, and risk of the Council's reputation in delivering the project.

Other key risks remain that:

The bid for Local Enterprise Partnership (LEP) funding is unsuccessful.



Changes in the financial market result in significantly increased cost of borrowing.

Targeted rental levels may not be realised

Construction costs change significantly as a result of BREXIT or other wider circumstances

If the Council sell with planning permission, there is a risk of a loss on the initial investment.

If the Council accept a profit lower than a commercial rate, there is a risk that the Council could not sell the site if an issue arises during the construction phase.

Summary		Status & Progress		Project Milestones
<u>Central Winchester Regeneration</u>		Current Month	Previous Month	<ul style="list-style-type: none"> • 20/06/18 – Cabinet resolution to adopt SPD • 10/07/18 – Cabinet (CWR) Committee approval to proceed with next steps in relation to meanwhile uses and improvements to the existing estate, including setting up advisory panels for three work streams - Coitbury House, Lower High Street and Broadway and Meanwhile uses • 25/09/18 – Present longer term delivery strategy and advisory panel ToRs and memberships for each work stream to Cabinet (CWR) Committee • 27/11/18 – Present estimated costs and timescales for next steps of each work stream to Cabinet (CWR) Committee for approval to proceed • 11/12/18 – Archaeology event • 12/12/18 – Present strategic advisor brief to Cabinet for approval to proceed • 22/01/19 – Present draft design brief and est. costs for lower High Street and Broadway to Cabinet (CWR) Committee for approval to proceed • 19/03/19 – Present concept designs for Coitbury House to Cabinet (CWR) Committee for approval to proceed with next stage • 19/03/19 – Cabinet (CWR) Committee approve winning architect for lower High Street and Broadway* <p>*Providing the brief is approved on 22/01/19</p>
Project Phase: Meanwhile Uses and Improvements to the Existing Estate				
Project Start: March 2016	Project End: Ongoing			
Project Sponsor: Chas Bradfield	Project Executive: Veryan Lyons			
Project Budget: Revenue: £335,000	Spend to date: £305,097 (includes committed spend)			
Project Update & Next Steps				
<ul style="list-style-type: none"> • Cabinet (CWR) Committee approval to proceed with next steps in relation to meanwhile uses and improvements to the existing estate – 10 July 2018 • Advisory Panels for Coitbury House, Lower High Street and Broadway, and Meanwhile Uses set up • Outline delivery strategy developed and approved • Archaeology events complete • Stakeholder mapping exercise completed • Meeting with M&S around Woolstaplers Hall • Cabinet (CWR) Committee approval for Strategic Advisor • Findings and feedback from first Advisory Panel meetings presented to Cabinet (CWR) Committee and approval given to implement next 				



steps

- Architect for Coitbury House appointed
- Process for finding a name for the CWR area agreed

Next Steps

- Implement next steps for work streams following approval from Cabinet (CWR) Committee – commence feasibility study for meanwhile uses on the bus station, produce brief for design works to lower High Street and Broadway and complete feasibility stage for Coitbury House
- Develop stakeholder management plan
- Agree actions following archaeology event.
- Procure Strategic Advisor
- Movement Strategy – continue to liaise with HCC on how best to incorporate emerging themes into the development proposals for the CWR area
- Progress the conversation with M&S following HCT's commitment to explore next steps re museum on site.
- Implement process for finding a name for the CWR area

















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	Completed	
Project Start: January 2013	Project End: 2018			
Project Sponsor: Richard Botham	Project Executive: Andrew Palmer			
Project Budget: £16,800,000	Total Spend £17,600,000			
Post Project Review				
<u>Lessons Learned</u>				
<p>The post project review was split into three themes, Governance, Design and Operational. Main findings were,</p> <ul style="list-style-type: none"> • Project delivered the objectives set out in PID • Project Board governance approach was successful but requires consistency of Officer attendance • If adopting a Design & Build contractual route the client needs to control contractor build quality regularly throughout build. • Project Board should robustly challenge budget spend • Early involvement of operational staff would lead to fewer design changes later • Time delays have significant cost implications to client (and contractor) • Changes to specification after award of contract have significant cost implications to client • Decisions at the early stage of the project were quick and clear, this slowed as the project progressed and more stakeholders became involved • Project Team underestimated the amount of staff resource required, especially in the final phases, as the project progressed towards completion. 				

Summary		Status & Progress		Project Milestones
Environmental Services Contract		Current Quarter	Previous Quarter	<ul style="list-style-type: none"> • 13/12/18 – Kerbside glass collection and contract strategy report considered by Overview and Scrutiny Committee • 18/12/18 - Cabinet approval for Environmental Services, Kerbside glass collection and contract strategy • Jan/Feb 2019 - Member /Stakeholder workshops • 13/03/19 - Cabinet to consider and approve contract options • Jun 2019 - Cabinet to consider and approve procurement of waste services • July 2019 – Invitation to Tender issued • Sept 2019 – Deadline for return of completed Tenders • 01/10/19 - 1 year Waste Collection Services (including introduction of Kerbside glass collection) contract renewal start • 1/10/19 - Environmental Services contract start • Dec 2019 - Cabinet approval of Preferred bidder • Jan-Sept 2020 - Contract mobilisation • 01/10/20 - New Waste Collection Services contract start
Project Phase: Design				
Project Start: January 2018	Project End: December 2019			
Project Sponsor: Laura Taylor	Project Executive: Steve Tilbury			
Project Budget: £225,000	Spend to date: £ nil but WYG appointed as advisors			
Project Update & Next Steps				
<ul style="list-style-type: none"> • Cabinet approved recommendation to issue 1 year renewal to Biffa for Waste Collection Services including the introduction of kerbside glass collection • Client team disaggregation process continues • Legal discussions with EHDC reference the contract extensions have commenced • Interim Environmental Services Manager appointed <p>Next Steps</p> <ul style="list-style-type: none"> • Members workshop on Waste Services scheduled for 12th February • Workshops to be held with Environmental services stakeholders and idVerde • Communication/survey on Environmental Services to be sent to Parish councils • Obtain quotes for Glass recycling boxes (framework agreement in place with HCC) • Joint Project / Legal meeting to be held with EHDC 				













Summary		Status & Progress		Project Milestones
<u>New Homes Programme</u>		Current Quarter	Previous Quarter	<ul style="list-style-type: none"> • The Valley – tender process completed • Mitford Rd – flat completion August 2018 • Bailey Close – completed November 2018 • Hillier Way – completed in November 2017 • Victoria House – completed Dec 18 • Knowle - Started on site • Rowlings Rd – Planning consent secured Tender documents issued
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: £12,328,000 to 31 Dec 2018			
Project Update & Next Steps				
<ul style="list-style-type: none"> • Mitford Rd – Flats handed over on 28th August 2018. • Bailey Close – completed November 2018 • Hillier Way – completed (November 2017) • Victoria House – Completed December 2018 • Knowle -Commenced, progressing well. • The Valley – Homes England grant awarded of £3.2m, 2nd stage of tender process completed. Tender returned, significantly over budget, options being considered including Value Engineering (VE) and reducing scale of development. Report to March Cabinet (Housing) with options. 				

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	2017/18			2018/19			Current Status	Annual Target	Expected Outturn
	Q2	Q3	Q4	Q1	Q2	Q3			
Average Sickness per member of staff (<i>days</i>) – rolling year	6.5	6.9	6.4	6.8	7.7	8.5		7.5	
Staff Turnover - quarterly	5.69%	4.22%	3.25%	4.44%	5.26%	4.76%	No target set	No target set	No target set
Speed of processing new Housing Benefit/ Council Tax Support Claims (<i>days</i>)	9.75	10.41	11.13	14.36	14.76	16.79		14.00	
Speed of processing changes in circumstances Housing Benefit/ Council Tax Support Claims (<i>days</i>)	3.22	3.37	3.21	4.22	4.87	5.05		7.00	
Number of overdue/ outstanding internal audit actions (<i>end of quarter</i>)	23	25	15	14	15	15		10	
Number of High Priority Overdue Internal Audit Management Actions	0	3	0	0	0	0		0	
Number Internal Audit Reports issued with ‘No Assurance’ opinion	0	0	0	0	0	0		0	
Accounts Payable – invoices paid within 30 days	93%	94%	94%	96%	96%	94%		100%	
Invoices processed with a Purchase Order	100%	99%	100%	100%	100%	100%		100%	
Number of complaints recorded on corporate complaints system	67	76	129	136	167	125	Not Applicable	No Target Set	Not Applicable

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APPENDIX 1

Performance Indicator	2017/18			2018/19			Current Status	Annual Target	Expected Outturn
	Q2	Q3	Q4	Q1	Q2	Q3			
Percentage of FOI requests responded to within 20 working days	78.70%	79.88%	78.53%	72.19%	76.00%	90.00%		90.00%	
Number of Fly-Tipping Incidents reported	200	193	249	183	194	199	No Target Set	No Target Set	Not Applicable
Percentage of household waste sent for reuse, recycling and composting - quarterly	38.31%	35.30%	32.31%	38.84%	37.13%	36.99%		35.87%	
Percentage of Major applications determined within 13 weeks or Agreed Extension of Time	71.43%	83.33%	100.00 %	87.50%	100.00%	100.00%		60.00%	
Percentage of Non Major applications determined with 8 weeks or Agreed Extension of Time	81.03%	88.74%	90.96%	96.91%	93.94%	100.00%		65.00%	
Number of Enforcement Cases Opened	91	83	90	76	81	58	No Target Set	No Target Set	Not Applicable
Number of Enforcement Cases Closed	108	103	108	73	80	59	No Target Set	No Target Set	Not Applicable
Voids – Average re-let time (general needs and sheltered)	12.27	12.32	12.63	13.80	14.99	16.43		13	
Arrears - Number of tenants owing more than 4 weeks rent	327	206	205	206	222	231	Not Applicable	No Target Set	Not Applicable
Repairs – Average number of days to complete responsive repairs	5.3	5.0	5.16	5.96	6.88	6.34		8	
Homelessness – Numbers presenting to Council as being at risk of homelessness	404	334	460	360	385	378	No Target Set	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 Variances:

Staff Sickness Absence

Staff sickness continues to be monitored closely with detailed reports made available to managers after the end of each month. Detailed data shows that the main reason for sickness in the reporting period is stress related and the Council provides a number of services including occupational health and counselling to support staff who are absent from work. Increased annual leave allowances and a review of salary scales have recently been approved which support an improvement in the overall employment offer to all staff who work at the Council.

Speed of processing new Housing Benefit/ Council Tax Support Claims (days)

Processing of claims for Council Tax Reduction (CTR) is currently showing as having a red status and is due to the introduction of Universal Credit (UC). When a claim for UC is made we use the notification from the DWP as a claim for CTR which ensures this is not lost. We are unable to process CTR until the claimant receives notification of their UC award but, due to the assessment rules, this notification is not received until a month has passed.

However, the processing of Housing Benefit, which is not reliant on UC processing, is happening much quicker. In October the processing time was down to 12.38 days.

Voids – Average re-let time (general needs and sheltered)

The increase in void re-let times has been due to a staffing vacancy within the Voids team and also a high number of refusals for properties. We are hopeful that the re-let times will improve between January and year end.

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

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