



Meeting	Cabinet
Date and Time	Wednesday, 13th February, 2019 at 4.30 pm.
Venue	Walton Suite, Winchester Guildhall

AGENDA

PROCEDURAL ITEMS

- 1. Apologies**
To record the names of apologies given.
- 2. Membership of Cabinet Committees etc.**
To give consideration to the approval of alternative arrangements for appointments to bodies set up by Cabinet or external bodies, or the making or terminating of such appointments.:
 - a) River Park Area Informal Policy Group (IPG) –

Councillors Hiscock, Rutter, Lumby and McLean (in addition to Councillor Burns, Chairman)
- 3. Disclosure 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.
- 4. To note any request from Councillors to make representations on an agenda item under Council Procedure Rule 35**
Note: Councillors wishing to speak about a particular agenda item are requested to advise the Democratic Services Officer before the meeting. Councillors will normally be invited by the Chairman to speak during the appropriate item (after the Portfolio Holder's introduction, questions from Cabinet Members and public participation).



BUSINESS ITEMS

5. **Minutes of the previous meeting held on 23 January 2019** (Pages 5 - 10)
6. **Public Participation**
– to note the names of members of the public wishing to speak on general matters affecting the District or on agenda items (in the case of the latter, representations will normally be received at the time of the agenda item, after the Portfolio Holder’s introduction and any questions from Cabinet Members).
7. **Leader and Portfolio Holders' Announcements**
8. General Fund Budget 2019/20 (Pages 11 - 38)
Key Decision (CAB3132)
9. Housing Revenue Account (HRA) Budget 19-20 and Business Plan (Pages 39 - 68)
Key Decision (CAB3111(HSG))
10. Minutes of Cabinet (Housing) Committee held 30 January 2019 (Pages 69 - 74)
(CAB3137)
11. Medium Term Financial Strategy (Pages 75 - 90)
Key Decision (CAB3131)
12. Capital Investment Strategy (Pages 91 - 130)
Key Decision (CAB3134)
13. Treasury Management Strategy Statement 2019/20 (Pages 131 - 154)
Key Decision (CAB3133)
14. Q3 Financial and Performance Monitoring (Pages 155 - 204)
Key Decision (CAB3127)
15. Gypsy and Traveller Development Plan Document - Proposed Adoption (Pages 205 - 272)
Key Decision (CAB3138)
16. Proposed Revisions to Community Infrastructure Levy (CIL) Regulation 123 List and Proposed Allocation of CIL Funds (Pages 273 - 284)
Key Decision (CAB3123)

17. Minutes of Cabinet (Leisure Centre) Committee held 14 January 2019 (less exempt minute) (Pages 285 - 290)
(CAB3135)
18. Minutes of Cabinet (Central Winchester Regeneration) Committee held 22 January 2019 (Pages 291 - 296)
(CAB3136)
19. To note the future items for consideration by Cabinet as shown on the March 2019 Forward Plan. (Pages 297 - 300)
20. 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 (I) and Schedule 12A to the Local Government Act 1972.
21. Land Transaction (to follow)
Key Decision
22. Exempt Minute of Cabinet (Leisure Centre) Committee held 14 January 2019 (Pages 301 - 302)
(CAB3135 - EXEMPT)

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.



5 February 2019

Agenda Contact: Nancy Graham, 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*

CABINET – Membership 2018/19

Chairman: Horrill (The Leader with Portfolio for Housing)

Vice Chairman: Humby (Portfolio Holder for Business Partnerships)

Ashton	-	Portfolio Holder for Finance
Brook	-	Portfolio Holder for Built Environment
Godfrey	-	Portfolio Holder for Professional Services
Griffiths	-	Portfolio Holder for Health & Wellbeing
Miller	-	Portfolio Holder for Estates
Warwick	-	Portfolio Holder for Environment

Quorum = 3 Members

Corporate Priorities:

As Cabinet is responsible for most operational decisions of the Council, its work embraces virtually all elements of the Council Strategy and [Portfolio Plans](#).

Public Participation

Public Participation is at the Chairman's discretion. If your question relates to an item on the agenda, you will normally be asked to speak at the time of the relevant item. Representations will be limited to a maximum of 3 minutes, subject to a maximum 15 minutes set aside for all questions and answers. If several people wish to speak on the same subject, the Chairman may ask for one person to speak on everyone's behalf. As time is limited, a "first come first served" basis will be operated.

To reserve your place to speak, you are asked to arrive no later than 10 minutes before the start of the meeting to register your intention to speak. Please contact the Democratic Services Officer in advance for further details.

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.

Terms Of Reference

Included within the Council's Constitution (Part 3, Section 2) which is available [here](#)

CABINET

Wednesday 23 January 2019

Attendance:

Councillor Horrill (Chairman)	– The Leader with Portfolio for Housing
Councillor Humby (Vice-Chairman)	– Portfolio Holder for Business Partnerships
Councillor Ashton	– Portfolio Holder for Finance
Councillor Brook	– Portfolio Holder for Built Environment
Councillor Griffiths	– Portfolio Holder for Health & Wellbeing
Councillor Miller	– Portfolio Holder for Estates
Councillor Warwick	– Portfolio Holder for Environment

Others in attendance who addressed the meeting:

Councillors Bell, Clear, Evans, McLean and Thompson

Others in attendance who did not address the meeting:

Councillors Cutler, Huxstep and Weston

1. **MINUTES OF THE PREVIOUS MEETINGS HELD ON 12 DECEMBER 2018 AND 18 DECEMBER 2018 (LESS EXEMPT MINUTE).**

RESOLVED:

That the minutes of the previous meetings held 12 December 2018 and 18 December 2018, less exempt minute, be approved and adopted

2. **PUBLIC PARTICIPATION**

David Roger-Jones (Secretary of the Wickham Community Centre) welcomed Members to the meeting which was being held at the Community Centre.

At the invitation of the Chairman, Councillors Clear and McLean addressed Cabinet as summarised below.

As Chairman of Wickham and Knowle Parish Council in addition to being Chairman of Wickham Community Centre, Councillor Clear also welcomed Members to the meeting.

Councillor McLean requested that Cabinet Members provide an update on recent activities that had made positive improvements for residents of Wickham and the surrounding areas.

In response, the Leader and Portfolio Holders provided a summary of recent activities which included improvements to car parking in Wickham, the Taste of Wickham event, provision of new housing in conjunction with the Wickham Community Land Trust and examining opportunities for a four court sports hall to be located in the Southern parishes.

Four members of the public spoke during public participation as summarised below.

Keith Butler, Steve Montegue and Mr Verrecchia spoke as residents of Boarhunt and raised a number of concerns regarding an ongoing planning enforcement case on Firgrove Lane, as summarised below. The case related to the siting of mobile homes and also construction of a dwelling (which had been ordered to be demolished).

- Why had planning enforcement action not been taken earlier as the issue was first raised in 2013?
- Concern that if action was taken, the unlawful development would reappear at a later date.
- Concern that the site might be left in a contaminated condition.

Councillor Brook stated that the Council was aiming to adopt the Gypsy and Travellers Supplementary Planning Document (SPD) at its meeting in February and once adopted, this would provide a policy framework to strengthen the Council's position and enable it to take appropriate enforcement action. In the meantime, the Council were investigating the situation with regard to ownership of the land and mobile homes so it could take appropriate enforcement action. Councillor Brook emphasised that enforcement action had been taken by the Council before but various legal difficulties had arisen which had delayed action.

The Chairman stated that further updates could be provided directly if those speaking wished to provide their contact details.

Craig Manuel (Knowle Residents' Association) queried the situation regarding open space provision in relation to a planned development of 200 homes at Knowle. His queries related to whether contracts had been agreed between Wickham Parish Council and the landowner and proposals for the Meon Valley Trail extension. This followed recent statements from a City Councillor on social media.

The Chairman agreed to clarify the situation and provide an update to Mr Manuel directly and/or arrange for officers to attend a meeting of the Knowle Residents' Association.

3. LEADER AND PORTFOLIO HOLDERS' ANNOUNCEMENTS

Councillor Miller announced that there had been a high level of interest in the new industrial units at Bishops Waltham.

4. **ELECTRIC VEHICLE CHARGING STRATEGY**
(CAB3120)

Councillor Warwick introduced the report, together with the Head of Environmental Health and Licensing. The Head of Environmental Health and Licensing highlighted that the Government had published a new Air Quality Strategy since the report was produced. The new Strategy focussed on emissions from non-vehicular sources (e.g. wood burning stoves) but still retained the ambition to reduce emissions from vehicles. The Government had adopted a policy aim of 70% of all vehicles sold being electric vehicles (EVs) by 2030 and 100% by 2040.

Cabinet welcomed to the meeting Ernie Shelton from Horizon Power and Energy who had prepared the Electric Vehicle Charging Strategy for the Council, contained as the appendix to the report. Mr Shelton gave a presentation outlining the contents of the Strategy. In summary, his advice would be that the Council start on a small scale basis with careful consideration of the most appropriate place to site EV charging points. Decisions as to how to expand could then be based on data captured and taking account of expected advances in technology.

Mr Shelton responded to detailed questions from Members and others present on his presentation.

At the invitation of the Chairman, Councillors Bell and Thompson addressed Cabinet as summarised below.

As a member of the Air Quality Steering Group, Councillor Bell welcomed the report and the proposal to run pilots with specific interested residents with on-street parking in the Air Quality Management Area (AQMA). With regard to the possible future use of electric park and ride buses, she suggested “shuttle” electric buses could be used to ferry passengers over shorter distances, supplementing the main bus routes.

Councillor Thompson also welcomed the report and the presentation given by Mr Shelton (which had also been received at a previous Winchester Town Forum meeting). She remained slightly concerned that the proposals were not sufficiently ambitious. She suggested that the option of providing EV charging spaces in car parks specifically for residents without off-street parking be investigated. She believed there might be capacity issues with the National Grid and suggested solar panels could be installed on car parks to provide additional electricity. In addition, the Council should seek to market Winchester as an attractive place for EV users to stop and charge their vehicle.

Councillor Warwick thanked Mr Shelton for his presentation.

Cabinet agreed to the following for the reasons outlined above and set out in the Report.

RESOLVED:

1. That the draft Strategy be adopted.
2. That a detailed options appraisal for the delivery and operation of an electric vehicle charging network be completed for consideration at a future Cabinet meeting.

5. **CAR PARKS MAJOR WORKS PROGRAMME 2019/20**
(CAB3117)

Councillor Warwick introduced the report.

At the invitation of the Chairman, Councillors Bell and Evans addressed Cabinet as summarised below.

Councillor Bell welcomed the report and asked a number of detailed questions:

- Assurance that new parking payment machines include additional payment options to payment via Pay Mobile or Ringo;
- Request for an additional payment machine at Worthy Lane car park;
- Assurance that the SMART card facility would not be removed until consultation had been undertaken with the University and Hospital;
- Request that when next refurbished, it be considered that the different floors on Chesil MSCP be painted different colours;
- Consideration should be given to providing information to increase understanding for the wider public if virtual residents' permits were introduced.

As a ward councillor for Wickham, Councillor Evans welcomed the additional car parking spaces provided at the old station in Wickham but emphasised there remained a shortage of car parking spaces in the town. This was causing capacity and safety concerns with inconsiderate parking in Wickham Square. In addition, she requested that additional lighting be provided in the area.

The Chairman requested that the Portfolio Holder and Corporate Head of Regulatory respond directly to the detailed questions raised by Councillors Bell and Evans. Councillor Warwick emphasised that recommendation 3 of the report confirmed that consultation would be undertaken before the smart card payment option was removed.

In response to questions, the Corporate Head of Regulatory advised that proposed expenditure was higher than in previous years due to the number of schemes being ready for implementation, together with the remit of the report being widened. Cabinet noted that expenditure would be funded from a mixture of capital and revenue expenditure, as detailed in the report. Members also highlighted the links with the Winchester Movement Strategy.

Cabinet agreed to the following for the reasons outlined above and set out in the Report.

RESOLVED:

1. That, subject to Council approval of the Budget and Capital Strategy in February 2019, expenditure of £658,000 for 2019/20 as outlined in appendix A, be approved and that the indicative programme for 2020/21 totalling £185,000 be noted as a basis for planning and preparing future works.

2. That the Corporate Head of Regulatory Services be given delegated authority to make minor adjustments to the programme in order to meet maintenance and operational needs of the District's car parks throughout the year, as required, in consultation with the Corporate Head of Asset Management and Portfolio Holder for the Environment.

3. That in principle the smart card option of payment for customers using park and ride car parks be ceased subject to prior consultation with those parties most affected by this change to this means of making parking payments.

6. **MINUTES OF THE CABINET (LOCAL PLAN) COMMITTEE HELD 3 DECEMBER 2018**
(CAB3128)

Cabinet agreed to the following for the reasons outlined above and set out in the Report.

RESOLVED:

That the minutes of the Cabinet (Local Plan) Committee held 3 December 2018 be received.

7. **MINUTES OF THE CABINET (TRAFFIC AND PARKING) COMMITTEE HELD 17 DECEMBER 2018**
(CAB3129)

Cabinet agreed to the following for the reasons outlined above and set out in the Report.

RESOLVED:

That the minutes of the Cabinet (Traffic and Parking) Committee held 17 December 2018 be received.

8. **MINUTES OF THE CABINET (STATION APPROACH) COMMITTEE HELD 18 DECEMBER 2018**
(CAB3130)

Cabinet agreed to the following for the reasons outlined above and set out in the Report.

RESOLVED:

That the minutes of the Cabinet (Station Approach) Committee held 18 December 2018 be received.

9. **FUTURE ITEMS FOR CONSIDERATION**

RESOLVED:

That the list of future items, as set out in the Forward Plan for February 2019, be noted.

10. **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>
	Exempt minute of the previous meeting) Information relating to the) financial or business affairs of) any particular person (including) the authority holding that) information). (Para 3 Schedule) 12A refers)

9. **EXEMPT MINUTE OF THE PREVIOUS MEETING HELD ON 18 DECEMBER 2018**

RESOLVED:

That the exempt minute of the previous meeting held 18 December 2018 be approved and adopted

The meeting commenced at 4.30pm and concluded at 6.30pm

REPORT TITLE: GENERAL FUND BUDGET 2019/20

13 FEBRUARY 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 to Cabinet and Council:

That Cabinet and Council:-

1. Agree the level of General Fund Budget for 2019/20, updated forecast for 2018/19, and recommend the summary as shown in Appendix A.
2. That the policy as previously agreed by the Council on 14 July 1999 (min 186 refers) is confirmed 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 be treated as Special Expenses under Section 35 of the Local Government Finance Act 1992 in respect of the Winchester Town area, Appendix D.
3. That the Council Tax for the Special Expenses in the Winchester Town area at Band D for 2019/20 be increased to £69.19.
4. That the deficit balance on the Council Tax Collection Fund for distribution to this Council, calculated in January 2019 of £1,712, be approved.
5. Recommend the level of Council Tax at Band D for City Council services for 2019/20 be held at £138.92.
6. Note the Council Tax requirements per parish area, listed in Appendix E.
7. Approve the implementation of a 100% premium on Council Tax for all properties that have been vacant for 2 years or more with effect from 1st April 2019.
8. Approve the future implementation of a 200% and 300% premium on Council Tax for all properties that have been vacant for 5 years and 10 years, or more, with effect from 1st April 2020 and 2021, respectively.
9. Abolish the 1 month discount for all Council Tax properties that become vacant (a property where no one lives which is substantially unfurnished) on or after 1st April 2019.
10. Approve the introduction of a full reduction from Council Tax with effect from 1st April 2019 for care leavers living on their own until the day before their 25th birthday, as detailed by this report.

11. Allow the remaining minor details of the implementation of changes to Council Tax listed in points 7. to 10. above to be determined by the Head of Revenues and Benefits, in agreement with the Strategic Director (Resources).
12. Note that fees and charges will be increased with a target inflationary increase of 2.4%. Some individual charges may increase at different rates or not at all (for example some charges such as planning fees are set by central government).

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.
- 6.4 The Overview and Scrutiny Committee discussed the report at its meeting held on 28 January 2019 where officers and members of Cabinet responded to detailed questions. Appendix B has been updated in order to link the budget plans to the Council Strategy. At the conclusion of questions and debate, the Committee agreed that there were no particular matters that it wished to raise for Cabinet to further consider.

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.</i>	<i>Ensure contracts are aligned to the councils requirements and council strategy</i>

	<i>Ensure sufficient time for the review of contract options prior to contract renewal.</i>	<i>Transformational efficiency savings</i>
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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 £4.9m.
- (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 be 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.

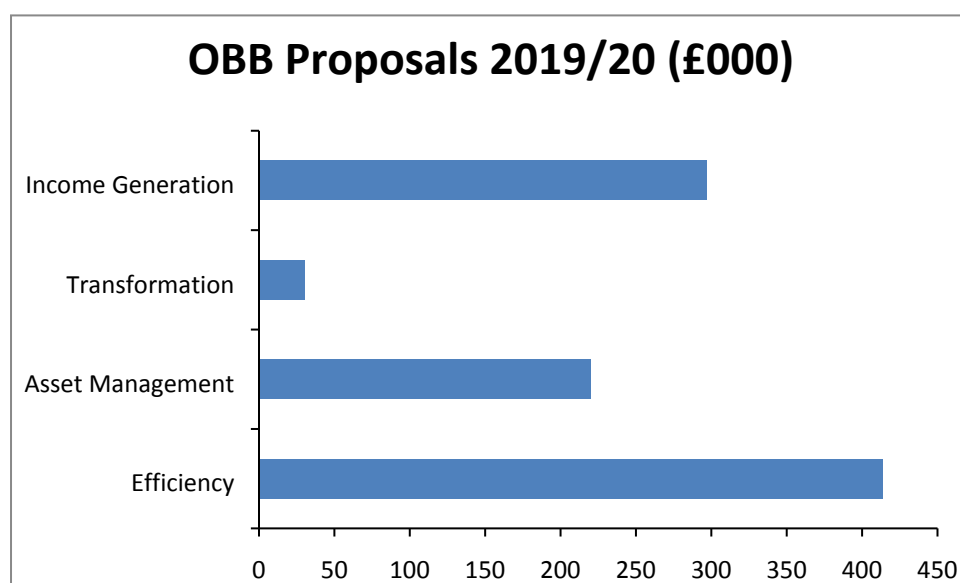
- (ii) The total 2019/20 reward of £2,353,118 (£969,791 relates specifically to 2019/20) is £237,527 higher than the 2018/19 reward of £2,115,591. This increase reflects the above average housing growth in the Winchester district compared to councils across the country.
- (iii) The reward for 2019/20 includes an additional reward of £350 per affordable homes unit, totalling £51,240.

12.11 Other Government Grants (2019/20, £298k):

- (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.
- (viii) Brexit funding of £17.5k in 2018/19 and £17.5k in 2019/20.

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 proposal 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	-1.33	
OBB Budget Proposals	0.96	
One-off budgets & reserve related movements	-0.99	
Net Resource Requirements		-17.35
Funded by:		
Funding	15.30	
Investment Activity	2.05	
		17.35

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.
- 12.18 *Business Rates* – The Business Rates Collection Fund forecast surplus balance at the end of 2018/19 is £970,048. The majority of this surplus balance is due to lower than expected bad debts and a reduced appeals provision requirement. The Winchester City Council share of this surplus, £194k net of the 50% Levy, is recognised in the budget projections.

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
					803,671.75

* 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	<u>8,924.55</u>
					<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

Increase in Income (£000)

	Volume	Price	New Charges	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	87	50	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 £20.7m at 01 April 2019 to £14.2m at 31 March 2020. The forecast closing balances (31 March 2020) of key earmarked reserves are summarised below;
- a. Operational Reserves (£5.0m), 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 (£1.1m), 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 (£3.2m), 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 (£4.8m), 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

Appendix E: Parish Council Precepts and Council Taxes 2019/20

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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	4.539	4.856
New Homes Bonus	2.116	2.116	2.353
Damping - 5% cap on total resource reduction			
Revenue Support Grant & Other Grants	0.144	0.341	0.298
	14.511	14.645	15.296
Investment Activity			
Interest (Payable) / Receivable	0.225	0.550	-0.141
Minimum Revenue Provision	-0.225	-0.225	-0.536
Net Investment Property Income	2.060	2.430	2.730
Resources available	16.570	17.401	17.348
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 net expenditure	-3.659	-5.254	-3.233
Community Infrastructure Levy	1.000	2.900	1.050
Collection Fund Adj's & Council Tax Support Grant	-0.396	-0.784	0.386
Other Transfers (to) / from earmarked reserves	-0.054	-0.593	-0.275
Transfers (to) / from Major Investment Reserve	1.775	1.578	1.087
One-off budgets & Reserve Related Movements	-1.335	-2.154	-0.985
Total net resource requirements	-16.570	-17.401	-17.349
Budget Surplus / (Shortfall)	0.000	-0.000	-0.000
<i>% of Gross Expenditure</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>

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Efficiency			2019/20 £000	Full Year £000	Council Strategy
1	Guildhall	The Guildhall operations are currently under review in order to determine options for reducing the overall net cost of the building. Internal Catering (Café and Internal Event Catering) has been identified as the most significant loss making business unit, generating a total loss of around £150k per annum. Other potential options for delivering catering within the Guildhall will be explored over the coming months, with a target of ensuring that this is moved to a cost neutral	150	150	Business
2	Internal Catering	Review of all internal catering facilities for example committee meetings.	20	20	Internal Efficiency
3	Employee Benefits	The council is planning to offer salary sacrifice additional voluntary pension contributions from 2019-20. This will provide a financial saving to the council through reduced national insurance payments as staff sacrifice salary for this benefit. It is expected with a modest uptake that this will generate around £16.5k per annum of saving. The council is also proposing to allow staff to buy up to five days of additional annual leave. A modest uptake in this benefit could save the council around £5k per annum.	21.5	21.5	Internal Efficiency
4	Business Travel	This is expected to save the general fund up to £269k per annum. This review has seen the removal of lease cars from within the business, moves the council to HMRC approved rates for business mileage, along with some other changes in order to modernise the overall benefits scheme. <i>(To note total full year savings including the HRA are forecast at £379k)</i>	50	172	Internal Efficiency
5	Public Conveniences	The Autumn Budget 2018 announced plans to remove the NNDR charge on the provision of Public Conveniences which will result in savings of £25k based on the existing provision of Public Conveniences.	25	25	Environment
6	Occupational Health	Expected savings from a joint procurement exercise	10	10	Internal Efficiency
7	Training Hub	Introduction of a staff training hub which is expected to reduce the overall training costs	17	17	Internal Efficiency
8	Other minor efficiencies	Review of printing, staff travel, debt write off's etc	20	20	Internal Efficiency
9	Restructure	Efficiency review of existing staff structures	100	100	Internal Efficiency

Asset Management

10	Property Acquisition	The Council will seek to identify suitable property acquisitions which meet its objectives whilst, where possible, also provide a positive net return.	TBC		
11	Rent Reviews	A number of rent reviews are due in 2019 and are expected to yield additional income.	200	200	Business
12	Energy Efficiency	Projects are underway to improve the energy efficiency of council property, e.g. the Brooks car park, which should reduce costs by at least £20k per annum.	20	20	Environment
13	Transfer of HRA Garages	Transfer of HRA garages to the general fund – this will be second year of this transfer and it is estimated that this will yield up to £156k	within existing forecasts		

Transformation

14	Transformation programme	The council is commencing a corporate transformation programme focussed on improving the customer service we provide, whilst streamlining processes to drive efficiency. This will have a financial impact, though quantifying this is more relevant for the second year and beyond of the medium term financial plan.	TBC		
15	Digitalisation of services	The council is exploring the possibilities of enhanced digital services through its digital strategy. Savings of c£30k are expected through the Citizens Advice Bureau moving into the city offices site where the cash office previous was sited with an enhanced kiosk service in the new reception area. This delivers accommodation and staff savings and means that customers can access council services from one hub, as well as located the CAB close to the council.	30	30	Internal Efficiency

Income Generation

16	Pest Control	Significant progress has been made by the in-house team to move this service to a better financial position. It is expected that additional income of £25k will be generated from 2018/19, as well as expenditure reductions of £20k. Further work will be progressed to continue to move towards an overall cost neutral position, including overheads.	35	35	Environment
17	Concessions at car parks	Investigate introducing concessions across council car parks e.g. car washing, catering etc. It is expected this could raise a further £50k of revenue for the	50	50	Business
18	Street naming and numbering	Reviewing the charge to developers for new homes through benchmarking and cost recovery has highlighted a further £12k of income.	12	12	Environment
19	Fees & Charges - other	A review of fees and charges is expected to yield additional income for 2019/20 through inflationary uplifts and ensuring that costs of providing services are covered wherever possible.	50	50	Environment
20	Car Parking Income	To reflect additional car parking usage seen in 2018/19 to the end of December.	150	150	Environment

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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)	(4,381)	(3,252)	(1,574)	(932)	(932)	(932)	(932)	(932)	(932)
Transformation	(316)	(266)	(66)	(66)	(66)	(16)	(16)	(16)	(16)	(16)
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	(196)	(89)								
	(7,071)	(5,022)	(3,588)	(1,711)	(1,069)	(1,019)	(1,019)	(1,019)	(1,019)	(1,019)
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)	(181)	(196)	(196)	(196)	(196)	(196)	(196)	(196)	(196)
Information Management and Technology	(409)	(334)	(395)	(109)	(175)	(92)	(79)	(99)	(107)	(156)
	(5,463)	(3,244)	(3,321)	(3,034)	(3,100)	(3,018)	(3,004)	(3,024)	(3,033)	(3,082)
RESTRICTED RESERVES										
S106 (Interest)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)
Community Infrastructure Levy - General Fund	(5,955)	(4,033)	(3,783)	(3,533)	(3,533)	(3,533)	(3,533)	(3,533)	(3,533)	(3,533)
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)	(4,835)	(4,574)	(4,303)	(4,243)	(4,274)	(4,329)	(4,384)	(4,440)	(4,495)
RISK RESERVES										
Municipal Mutual Insurance	(139)	(139)	(139)	(139)	(139)	(139)	(139)	(139)	(139)	(139)
Business Rates Retention	(1,167)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)
	(1,305)	(1,138)	(1,138)	(1,138)	(1,138)	(1,138)	(1,138)	(1,138)	(1,138)	(1,138)
Total General Fund Earmarked Reserves	(20,707)	(14,239)	(12,621)	(10,187)	(9,551)	(9,450)	(9,491)	(9,566)	(9,630)	(9,735)
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

DISTRICT, TOWN & PARISH COUNCIL PRECEPTS

	2018/19				2019/20				Council Tax Increase
	Tax Base	CTS Grant	Precepts	Council Tax	Tax Base	Precepts	Council Tax		
			£	£		Band D (£)	£	Band D (£)	
BILLING AUTHORITY									
WINCHESTER	48,389.88	0	6,722,322	138.92	49,307.47	6,849,794	138.92	0.0%	
SPECIAL AREAS									
(BILLING AUTHORITY)									
WINCHESTER TOWN	13,811.72	0	927,735	67.17	13,980.82	967,335	69.19	3.0%	
PARISHES/TOWN									
BADGER FARM	960.37	764	58,644	61.06	963.01	60,405	62.73	2.7%	
BEAUWORTH	56.59	0	0	0.00	57.14	0	0.00	0.0%	
BIGHTON	177.67	60	3,790	21.33	176.71	3,850	21.79	2.2%	
BISHOPS SUTTON	202.74	107	5,693	28.08	205.68	6,500	31.60	12.5%	
BISHOPS WALTHAM	2,646.77	13,604	418,688	158.19	2,666.79	446,475	167.42	5.8%	
BOARHUNT	304.51	420	22,580	74.15	316.46	24,150	76.31	2.9%	
BRAMDEAN & HINTON AMPNER	213.63	155	7,345	34.38	214.86	7,500	34.91	1.5%	
CHERITON	324.53	197	24,603	75.81	325.01	25,260	77.72	2.5%	
CHILCOMB	61.75	0	0	0.00	61.65	0	0.00	0.0%	
GOLDEN COMMON	1,547.52	4,763	173,250	111.95	1,579.57	185,675	117.55	5.0%	
COMPTON & SHAWFORD	854.90	256	27,457	32.12	867.74	27,823	32.06	(0.2%)	
CORHAMPTON & MEONSTOKE	399.34	507	16,793	42.05	416.29	17,779	42.71	1.6%	
CRAWLEY	214.63	210	14,790	68.91	224.41	15,000	66.84	(3.0%)	
CURDRIDGE	642.80	636	45,641	71.00	646.09	49,118	76.02	7.1%	
DENMEAD	2,961.43	13,275	402,724	135.99	2,659.27	413,374	155.45	14.3%	
DROXFORD	333.93	462	29,990	89.81	342.14	32,392	94.67	5.4%	
DURLEY	461.59	539	23,961	51.91	467.17	26,000	55.65	7.2%	
EXTON	135.99	0	675	4.96	136.89	675	4.93	(0.6%)	
HAMBLEDON	514.04	314	20,000	38.91	518.47	22,000	42.43	9.0%	
HEADBOURNE WORTHY	331.86	62	8,765	26.41	489.88	8,805	17.97	(32.0%)	
HURSLEY	433.77	343	18,657	43.01	435.72	20,000	45.90	6.7%	
ITCHEN STOKE & OVINGTON	129.84	29	5,696	43.87	131.13	5,725	43.66	(0.5%)	
ITCHEN VALLEY	730.11	461	31,541	43.20	734.95	32,566	44.31	2.6%	
KILMESTON	139.87	82	4,482	32.04	141.36	4,564	32.29	0.8%	
KINGS WORTHY	1,890.16	3,588	132,579	70.14	1,904.18	154,315	81.04	15.5%	
LITTLETON & HARESTOCK	1,502.95	1,701	106,550	70.89	1,513.65	109,214	72.15	1.8%	
MICHELDEVER	666.77	921	48,079	72.11	674.29	49,000	72.67	0.8%	
NEW ALRESFORD	2,242.97	8,868	291,454	129.94	2,287.02	309,701	135.42	4.2%	
NEWLANDS	n/a	n/a	n/a	n/a	641.39	33,052	51.53	n/a	
NORTHINGTON	127.62	40	3,860	30.25	125.77	3,900	31.01	2.5%	
OLD ALRESFORD	255.10	362	15,094	59.17	255.63	15,544	60.81	2.8%	
OLIVERS BATTERY	765.04	156	25,144	32.87	761.58	27,000	35.45	7.8%	
OTTERBOURNE	706.80	459	37,607	53.21	702.79	38,255	54.43	2.3%	
OWSLEBURY	388.17	516	22,316	57.49	389.71	22,316	57.26	(0.4%)	
SHEDFIELD	1,696.61	1,750	94,142	55.49	1,790.32	101,788	56.85	2.5%	
SOBERTON	831.31	414	31,109	37.42	843.48	32,626	38.68	3.4%	
SOUTH WONSTON	1,240.43	709	101,423	81.76	1,266.48	104,175	82.26	0.6%	
SOUTHWICK & WIDLEY	467.11	958	24,112	51.62	252.76	15,000	59.34	15.0%	
SPARSHOLT	307.04	434	17,679	57.58	305.98	18,294	59.79	3.8%	
SWANMORE	1,384.03	4,908	200,261	144.69	1,438.50	207,640	144.34	(0.2%)	
TICHBORNE	115.85	183	4,375	37.76	114.58	4,195	36.61	(3.0%)	
TWYFORD	753.73	1,881	90,509	120.08	743.89	98,250	132.08	10.0%	
UPHAM	351.13	233	20,767	59.14	362.62	25,000	68.94	16.6%	
WARNFORD	111.26	26	1,074	9.65	115.12	1,300	11.29	17.0%	
WEST MEON	382.73	955	29,946	78.24	386.35	33,237	86.03	10.0%	
WHITELEY	1,303.39	2,131	127,411	97.75	1,302.91	131,695	101.08	3.4%	
WICKHAM	1,713.91	7,778	185,918	108.48	1,728.84	215,183	124.47	14.7%	
WONSTON	593.87	1,314	36,686	61.77	640.42	38,000	59.34	(3.9%)	
TOTAL/AVERAGE	48,389.88	77,531.00	3,941,595	81.45	49,307.47	4,191,651	85.01	4.4%	
PARISH/TOWN TOTAL	34,578.16	77,531	3,013,860	87.16	35,326.65	3,224,316	91.27		
WINCHESTER TOWN	13,811.72	-	927,735	67.17	13,980.82	967,335	69.19		
TOTAL	48,389.88	77,531	3,941,595	81.45	49,307.47	4,191,651	85.01		

* Chilcomb precept is provisional, to be confirmed by Council (28/02/2019)

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REPORT TITLE: HOUSING REVENUE ACCOUNT (HRA) BUDGET OPTIONS
2019/20

21 NOVEMBER 2018

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

Contact Officer: Richard Burden Tel No: 01962 848136

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WARD(S): ALL

PURPOSE

This report provides an update on the Housing Revenue Account (HRA) budget for 2018/19 and sets out options for Members to consider in relation to the budget for 2019/20. It updates Members on the latest forecasts for the Housing Capital Programme for 2018/19, (together with a proposed programme for the next 9 years) and also sets out the impact on the long term HRA business plan, which remains sustainable throughout the 30 year planning period.

RECOMMENDATIONS:

1. The revised forecasts for the HRA for 2018/19, as detailed in Appendices 1 and 2 be approved.
2. The amended capital programmes for Housing Services and New Build Projects together with the funding schedule for 2018/19 to 2027/28 as detailed in Appendices 3, 4 and 5 are approved.
3. The rent reduction for Council dwellings of 1% in 2019/20, as highlighted in paragraph 11.7, in line with MHCLG rent setting policy is approved.
4. The latest forecast for the rectification works, as outlined in paragraph 11.11, for Victoria House are noted.

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

IMPLICATIONS:1 COUNCIL STRATEGY OUTCOME

- 1.1 Providing good quality housing and new affordable homes is a strategic priority for the Council. Effective management of the resources available to the Council enable it to take advantage of new opportunities and ensure that satisfaction levels remain high amongst tenants in relation to their home and community.

2 FINANCIAL IMPLICATIONS

- 2.1 These are fully detailed in Section 11 of the report and accompanying appendices.

3 LEGAL AND PROCUREMENT IMPLICATIONS

- 3.1 The Council is required under statute to maintain a separate Housing Revenue Account with a positive working balance. MHCLG recently announced that the HRA borrowing cap would be removed on 29 October 2018. Further announcements are expected from MHCLG before the end of March 2019 on the use of right to buy receipts and from CIPFA on potential changes to the prudential borrowing code. This paper updates the latest HRA financial position based on the existing HRA debt cap remaining in place. The HRA business plan will be revised in January 2019 forming part of the 2019-20 HRA Budget paper. The January 2019 paper will also take into consideration any further funding announcements and a review of the New Build programme. . Effective management of the HRA is necessary to ensure that both of these requirements are met.
- 3.2 Any Housing Services contracts and new build schemes will be procured in accordance with the Council's Contract Procedure Rules and where applicable, The Public Contract Regulations 2015. Any projects with costs in excess of £100,000 will be subject to a financial appraisal in line with Financial Procedure Rules.
- 3.3 The proposals and the business plan projections included in this report have been prepared based on the restrictions imposed by the HRA debt cap rules. However, the debt cap has now been lifted as detailed in this report..
- 3.4 Provided that the grant terms, in relation to the proposed WCLT grant award, adequately describe the purposes for which the grant can be used, and make certain provisions about the receipts of shared ownership staircasing (ie the sale of a greater proportion of the shared ownership house to the occupant), then the grant will be treated as compensation for delivery of a public service obligation, which is excluded from the State aid regime.

4 WORKFORCE IMPLICATIONS

- 4.1 The 2019/20 forecast and future years in the business plan include the impact of the closure of the car leasing scheme in September 2019.
- 4.2 The employee cost forecast for 2019/20 includes known additional costs arising from the proposed salary assimilation process.

5 PROPERTY AND ASSET IMPLICATIONS

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

6 CONSULTATION AND COMMUNICATION

- 6.1 This report will be reviewed by the Overview & Scrutiny Committee on 26 November.
- 6.2 The report was reviewed and approved by the TACT support group on 5 November.

7 ENVIRONMENTAL CONSIDERATIONS

- 7.1 The Housing Service considers environmental factors when preparing and developing major projects e.g. working closely with Planning and Landscape Officers when considering new build developments to meet the required codes for sustainable housing.

8 EQUALITY IMPACT ASSESSMENT

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

9 DATA PROTECTION IMPACT ASSESSMENT

- 9.1 None required.

10 RISK MANAGEMENT

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

Risk	Mitigation	Opportunities
<i>Property That the Council fails to adequately maintain housing stock and their condition falls below decent home standards.</i>	An effective and well funded programme of capital works linked to a comprehensive stock condition survey and sound future planning ensures decent home	The government are currently looking at a potential revision to decent home standards following the Grenfell Tower disaster in 2017.

	standards are met and maintained.	
<i>Community Support Consultation is required with tenants regarding HRA budgets and with the wider community over new build developments.</i>	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.	Pro-active consultation can bring forward options that otherwise may not have been considered.
<i>Timescales Delays to new build contracts results in lost revenue and potentially increased costs. 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>	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.	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.
<i>Project capacity 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. Staffing resources (sometimes outside of Housing) reduce the time available to push forward new build schemes at the required pace.</i>	Regular monitoring of budgets and business plans, together with the use of suitable financial assessment tools enables the Council to manage resources effectively. 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.	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.
<i>Financial / VfM The current rent reduction rules are directly impacting on the Council's ability to</i>	Regular budget monitoring and opportunities to save costs assist with	

<p><i>maintain services at existing levels but new announcements should allow an element in business planning until 2025.</i></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>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> <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.</i></p>	<p>Government policy changes are being followed closely to identify any new risks or opportunities that they bring.</p>	
<p><i>Innovation</i> <i>The introduction of a Housing Company to support the new build programme is brought in without reference to existing rules and consents.</i></p>	<p>Legal and business planning advice is being sought on an appropriate solution.</p>	
<p><i>Reputation</i> <i>Failure to complete major housing projects due to resources would be likely to affect both customer satisfaction levels and the Council’s reputation.</i></p>	<p>Business planning tools with regular updates are utilised to make sure resources are available to complete projects.</p>	
<p><i>Other</i> <i>None.</i></p>		

11 SUPPORTING INFORMATION:

11.1 Local Authority Housing Update

11.2 In the last couple of months there have been some significant funding changes & proposals announced by MHCLG. At the end of September the Council submitted a £52m bid for additional borrowing under the £2bn

MHCLG HRA additional borrowing programme 2019-2022. The bid demonstrated Council intention to deliver a significant number of new social housing units over the next 3 financial years. The size of the bid, together with a number of high bids nationally, contributed to the decision to remove the HRA debt cap from 30 October 2018. The removal of the HRA debt cap and potential changes on the use of right to buy receipts will give local authorities more freedom to plan and deliver additional social housing properties in the future. The 2019/20 HRA budget paper, to be presented to Cabinet (Housing) Committee on 30 January 2019, will include a revised 10 year business plan assuming no HRA debt cap. The business plan will focus on the delivery of new social housing properties, taking into consideration any changes to prudential borrowing rules and existing revenue commitments.

- 11.3 Proposals identified in the MHCLG use of right to buy receipts consultation include more tenure flexibility, allowing receipts to be used for shared ownership developments in addition to social & affordable rent. Other proposals include allowing receipts to be used in addition to Homes England grant on the same scheme and the potential for local authorities to retain more than the current 30% of right to buy sales. An announcement on the conclusions of the consultation is expected before April 2019.
- 11.4 In August MHCLG issued a green paper consultation on “A New Deal for Social Housing” asking for comment from housing providers on a wide range of questions & proposals. MHCLG are keen to understand how social housing providers view the future management and regulation of the sector, including funding and tenant involvement.
- 11.5 Housing Revenue Account Updated Forecast 2018/19
- 11.6 The 2018/19 working budget is showing an improved position for the current financial year. The latest forecast is showing a surplus of £1.59m for the year against the original budget of £627k deficit. Appendices 1 & 2 detail the service and subjective HRA summaries as they are now forecast.
- 11.7 Repair costs, including response, voids and cyclical repairs, are forecast to increase by £170k compared to budget.
- 11.8 Depreciation has increased by £616k compared to the budget. This is as a result of change of calculation identified during the 2017/18 year end audit review. The new calculation basis will be followed in future years.
- 11.9 Rental income is forecast to reduce by £200k compared to budget. This is as a result of delays in the handover of new build properties during the year.
- 11.10 Housing Rents 2019/20 and beyond
- 11.11 For 2019/20, it is proposed that rents for all Council dwellings be reduced by 1% in line with the current MHCLG policy. 2019/20 will be the final year of the

national “rent reduction” proposals, after which all registered providers are able to set rents based on an annual increase of CPI+1%.

11.12 The 1% rent reduction effectively results in £266k reduced income and has an immediate and direct impact on the HRA business plan. However, the projections in Appendix 8 demonstrate that this reduction can be afforded whilst still retaining revenue reserves at a reasonable level.

11.13 Housing Capital Programme Updated Forecast 2018/19

11.14 The Housing Services Programme shows a net decrease of £270k compared to the original budget of £8.44m. The decrease is as a result of the timing of external envelope repairs, including roof work, which will be carried forward into 2019/20.

11.15 The new build programme shows a net decrease of £70k compared to the original budget. The changes compared to budget are as follows;

- Victoria House – The cost is forecast to increase by £30k compared to the original £410k budget. This includes taking into consideration the additional costs of the completion works less a claim against the original contractor performance bond. The scheme is being managed to completion by Rekan following HH Drew going into administration. Overall contract costs are still within the 10% overspend limit but it is possible further costs may arise before the scheme is completed at the end of December.
- Winnall Flats – The scheme will not start on site until 2019/20 resulting in reduced expenditure of £430k during the year.
- Meryon Road – The budget included initial feasibility costs of £100k but the scheme has now been put on hold.

11.16 Appendices 3 & 4 show the revised forecasts for 2018/19 together with the proposed budgets for the next 9 years.

11.17 Housing Capital Programme Budgets 2019/20 to 2027/28

11.18 Within Housing Services, the major repairs budgets from 2019/20 are based on the latest stock condition information. Forecast cost predictions over the 30 year business plan have been broken down into 5 year bandings to smooth the effect of the major repairs programme over the life of the plan.

11.19 The projected stock condition information gives a reduction in repair spend until 2024/25 when a £2.8m increase in mechanical & electrical services is required for a period of 5 years. For the remainder of the 30 year plan from 2028/29 repair costs reduce back down to the current level.

- 11.20 The Estate Improvements programme is set to continue at £250k per annum until 2027/28. Sheltered housing upgrades will remain at £100k per annum until 2021/22 and reduce to £50k per annum until 2028/29.
- 11.21 For the new build programme, no further known schemes have been added to programme. From 2021/22 funding of £8m per annum has been allocated within the 30 year business plan to cover the future new build programme, including small sites and schemes funded by RTB sales.
- 11.22 HRA Capital Programme Funding
- 11.23 Appendix 5 gives full details of how it is proposed to fund the Housing Services & New Build budgets from 2018/19 to 2027/28.
- 11.24 The 30 year business plan takes into consideration the current HRA debt cap of £168m. It has been announced that the HRA debt cap will be lifted from 30 October 2018 which will allow further borrowing to deliver more new build properties. Precise details on the prudential borrowing rules that will be required have not yet been published but this is expected shortly.
- 11.25 There has also been a recent MHCLG consultation on the use of RTB receipts, the results of which are expected by the end of 2018/19. There is the potential for use of RTB receipts on other tenures including shared ownership and a short term increase in the 3 year time limit for utilising existing receipts to 5 years.
- 11.26 Prudent assumptions have been made on the future funding programme the HRA business plan on shared ownership and S106 receipts.
- 11.27 Housing Management Budgets 2019/20 to 2047/48
- 11.28 The car leasing scheme will close in September 2019, following which all cars will be handed back. Staff affected may be given the alternative of an essential car user allowance depending on the level of annual mileage. Savings will be limited in 2019/20, allowing for the early termination of leases. From 2020/21 annual savings are expected to be £117k and will continue for the remainder of the 30 year business plan.
- 11.29 The forecast for 2019/20 includes known costs arising from the Local government pay award and the 1% increase in employer pension contributions.
- 11.30 HRA Business Plan 2019/20 to 2047/48 – Key assumptions
- 11.31 The latest iteration of the 30 year HRA business plan uses the 2018/19 latest forecast position as the base.
- 11.32 The business plan includes the current 1% rent reduction for 2019/20 and the MHCLG policy of increasing rents by CPI +1% for 5 years from 2020/21 until

- 2024/25. Rents will revert to base CPI only from 2025/26 for the remainder of the plan.
- 11.33 Appendices 6 & 7 show extracts from the business plan operating account and loan financing schedule. Internal loan funding of £4.5m is required in 2020/21 to fund the current capital programme. Appendix 7 demonstrates a gradual repayment of the outstanding loan finance over the life of the plan.
- 11.34 As outlined in previous housing cabinet papers, the garage stock is being transferred to the general fund over 4 years commencing in March 2019. The business plan assumes a 25% reduction in rental income for each of the 4 years with a capital payment from the general fund. Garage rent is predicted to increase by RPI annually until all garages have been transferred to the general fund.
- 11.35 There are no specific budget options identified other than to maximise the level of new build development within the current HRA debt cap.
- 11.36 General assumptions used in the plan have been reviewed and amended, details of which are shown at Appendix 8.
- 11.37 Wickham CLT funding requirement
- 11.38 The Council have been approached by Wickham Community Land Trust (WCLT) to financially support the development of 10 affordable homes (5 affordable rent, 5 shared ownership) in Wickham. WCLT is a registered provider (RP) and has previously developed (with Council financial support) 8 affordable homes in Wickham. The WCLT proposals relate to land in Wickham that already has a planning permission for a mixture of market and affordable homes (with a S106 Agreement requiring the provision of affordable homes). This means without the funding requested it is likely that all the affordable homes would still be provided but by a larger RP, however WCLT ownership would offer local stewardship of the homes and help build their asset base which, in turn, would enable further local development in the future. Any funding agreement would include conditions excluding the grant from the State aid regime.
- 11.39 The Council promotes a mixed economy of affordable housing provision in order to accelerate and maximise the supply of affordable housing. It is a founding partner of the Hampshire Community Housing Partnership and its own Housing Strategy seeks to adopt an innovative approach to new provision, including community led housing. Community led housing (housing where ownership and stewardship is vested in community based groups) is being promoted by Government, including through its “New Deal for Social Housing” Green Paper and the Community Housing Fund.
- 11.40 The total scheme costs are estimated to be £1.7m with WCLT funding from a mixture of its reserves, commercial loans and the requested grant from the Council. The financial details presented by WCLT, and analysed by the Council, indicate a funding gap of £410k, being the amount requested by

WCLT. The offer of grant would assist WCLT in finalising negotiations on delivery. Should Members be minded to approve the award of grant no payment would be made until there was certainty over the delivery.

11.41 The Council's agreement with MHCLG allows retained RTB 1-4-1 receipts to be paid to a partner for the development of replacement social housing but with the same restrictions that apply to the Council using 1-4-1 receipts. This includes only using funds for rented (not shared ownership) housing, being unable to use the receipts where Homes England grant is being received for the development and with a maximum of 30% of relevant development and/or acquisition costs.

11.42 Due to these limitations, the value of RTB 1-4-1 receipts that can be allocated to this scheme is restricted to £244k, leaving a gap of £166k to be found. This can be met from the following sources:

- £40k from the Community Housing Fund grant (already awarded by Government to the Council); and
- £126k from S106 developer contributions.

11.43 The Council currently has £360k of available S106 developer contributions that have not been allocated to other development schemes. The HRA business plan has taken into consideration the use of the proposed £126k from available S106 developer contributions.

BACKGROUND DOCUMENTS:-

Previous Committee Reports:-

CAB 3016(HSG) HRA Budget 2018/19 and Business Plan 2018 – 2048; 31 January 2018

CAB 3036(HSG) HRA 2017/18 Outturn and Key Performance Indicators; 4 July 2018

Other Background Documents:-

HRA Business Plan 2018 to 2048, from which Appendices 6 and 7 are extracted.

APPENDICES:

Appendix 1 – Housing Revenue Account Revised Budget Forecast 2018/19 – Service Summary

Appendix 2 – Housing Revenue Account Revised Budget Forecast 2018/19 – Subjective Summary

Appendix 3 – Housing Services Re-Forecast Capital Programme 2018/19 and Proposals for 2019/20 to 2027/28

Appendix 4 – New Build Re-Forecast Capital Programme 2018/19 and Proposals for 2019/20 to 2027/28

Appendix 5 – Housing Capital Programme Funding Re-Forecast and Proposals for 2019/20 to 2027/28

Appendix 6 – HRA Business Plan Extract – Operating Account 2018/19 to 2047/48

Appendix 7 – HRA Business Plan Extract – Financing Schedule 2018/19 to 2047/48

Appendix 8 – HRA Business Plan – Updated Assumptions

Housing Revenue Account - Re-Forecast Service Summary 2018/19			CAB3098(HSG) Appendix 1	
	18/19 Original Budget £	18/19 Working Budget £	18/19 Further Adjustments £	18/19 Forecast Budget £
Housing Management General				
Estate Management	1,260,431	1,260,431	0	1,260,431
HRA General	2,147,271	2,247,271	0	2,247,271
Removal Incentive Scheme	50,000	60,000	0	60,000
Rent Accounting	260,211	260,211	0	260,211
Tenants Information	116,249	136,249	0	136,249
Vacant Dwellings	9,200	9,200	0	9,200
New Build Programme Support	668,468	718,468	0	718,468
	4,511,830	4,691,830	0	4,691,830
Housing Management Special				
Communal Services	(90,500)	(90,500)	0	(90,500)
Disabled Adaptations	115,245	115,245	20,000	135,245
Estate Maintenance	511,717	531,717	0	531,717
Homelessness	(66,600)	(66,600)	0	(66,600)
Sewage Works	185,179	185,179	0	185,179
Sheltered Housing	760,988	830,988	0	830,988
	1,416,029	1,506,029	20,000	1,526,029
Repairs				
Responsive Maintenance	2,351,407	2,200,000	200,000	2,400,000
Voids	585,000	950,000	(100,000)	850,000
Cyclic	850,000	750,000	50,000	800,000
Sub - total Repairs Works	3,786,407	3,900,000	150,000	4,050,000
Repairs Administration	1,244,978	1,253,978	0	1,253,978
	5,031,385	5,153,978	150,000	5,303,978
Debt Management Expenses	18,297	18,297	0	18,297
Interest Payable	5,182,000	5,168,000	0	5,168,000
Depreciation of Fixed Assets	6,044,100	6,044,100	616,000	6,660,100
	11,244,397	11,230,397	616,000	11,846,397

			CAB3098(HSG)	
			Appendix 1 (continued)	
Rents and Other Income				
Dwelling Rents	(26,097,400)	(26,097,400)	200,000	(25,897,400)
Garage Rents	(650,240)	(650,240)	0	(650,240)
Other Income	(264,800)	(264,800)	0	(264,800)
Sheltered Charges	(517,400)	(517,400)	0	(517,400)
Interest Receivable	(21,000)	(21,000)	0	(21,000)
	(27,550,840)	(27,550,840)	200,000	(27,350,840)
Surplus for year on HRA Services	(5,347,199)	(4,968,606)	986,000	(3,982,606)
Capital Expenditure funded by HRA	5,550,000	5,550,000	(3,207,000)	2,343,000
Right to Buy Admin Fees	(20,800)	(20,800)	0	(20,800)
Net (increase)/decrease in HRA Balance before transfers to or from reserves	182,001	560,594	(2,221,000)	(1,660,406)
Transfer re Insurance Reserve	66,300	66,300	0	66,300
(Increase)/ decrease in HRA Balance	248,301	626,894	(2,221,000)	(1,594,106)
HRA Working Balance				
Opening Balance	(9,116,004)	(9,116,004)	0	(9,116,004)
Add Projected Deficit/(Surplus)	248,301	626,894	(2,221,000)	(1,594,106)
Projected Balance at Year End	(8,867,703)	(8,489,110)	(2,221,000)	(10,710,110)

	Housing Revenue Account - Re-Forecast Subjective Summary 2018/19		CAB3098(HSG) Appendix 2	
	18/19	18/19	18/19	18/19
	Original Budget	Working Budget	Further Adjustments	Forecast Budget
	£	£	£	£
Employees	3,967,922	3,967,922	0	3,967,922
Premises	5,074,653	5,208,246	170,000	5,378,246
Transport	305,526	305,526	0	305,526
Supplies & services	868,054	1,117,054	0	1,117,054
Third party payments	106,500	116,500	0	116,500
Support Services	2,027,212	2,027,212	0	2,027,212
Net Interest	5,185,090	5,171,090	0	5,171,090
Depreciation on Fixed Assets	6,044,100	6,044,100	616,000	6,660,100
External income	(28,926,256)	(28,926,256)	200,000	(28,726,256)
Surplus for year on HRA Services	(5,347,199)	(4,968,606)	986,000	(3,982,606)
Capital Expenditure funded by HRA	5,550,000	5,550,000	(3,207,000)	2,343,000
Right to Buy Admin Fees	(20,800)	(20,800)	0	(20,800)
Net (increase)/decrease in HRA Balance before transfers to or from reserves	182,001	560,594	(2,221,000)	(1,660,406)
Transfer re Insurance Reserve	66,300	66,300	0	66,300
(Increase)/ decrease in HRA Balance	248,301	626,894	(2,221,000)	(1,594,106)
HRA Working Balance				
Opening Balance	(9,116,004)	(9,116,004)	0	(9,116,004)
Add Projected Deficit/(Surplus)	248,301	626,894	(2,221,000)	(1,594,106)
Projected Balance at Year End	(8,867,703)	(8,489,110)	(2,221,000)	(10,710,110)

Housing Services Re-forecast Capital Programme 2018/19 and Proposals 2019/20 to 2027/28												CAB3098(HSG) Appendix 3	
Housing Services Programme	2018/19	2018/19	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	Total
	Budget.	July Update	Forecast	Budget.	Budget.	Budget.	Budget.	Budget.	Budget.	Budget.	Budget.	Budget.	Budget.
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Major Repairs													
External Envelope Works	2,942	2,942	2,642	2,743	2,864	2,927	2,991	3,055	3,389	3,453	3,521	3,348	30,933
External Ground Works	933	500	600	509	525	541	557	574	503	519	534	550	5,412
External Window/Door/Screens	417	417	275	348	359	370	381	392	229	236	243	250	3,083
Internal Structure & Finishes	231	231	303	49	50	52	53	55	67	69	71	73	842
Kitchen & Bathroom Renewals	763	1,100	1,100	996	1,027	1,057	1,089	1,122	1,224	1,261	1,298	1,337	11,511
Mechanical & Electrical Services	797	1,762	1,762	1,232	1,271	1,309	1,348	1,388	4,011	4,131	4,255	4,383	25,090
	6,083	6,952	6,682	5,877	6,096	6,255	6,419	6,586	9,423	9,669	9,923	9,941	76,871
Improvements & Conversions													
Estate Improvements	250	285	285	250	250	250	250	250	250	250	250	250	2,535
Loft Conversions/Extensions	60	60	60	60	0	0	0	0	0	0	0	0	120
Sheltered Housing Conversions	0	0	0	0	0	0	0	0	0	0	0	0	0
Sheltered Housing Upgrades	100	100	100	100	100	100	50	50	50	50	50	50	700
	410	445	445	410	350	350	300	300	300	300	300	300	3,355
Disabled Adaptations													
	770	806	806	770	770	770	770	770	770	770	770	770	7,736
Other Capital Spending													
Sewage Treatment Works	100	100	100	103	106	109	111	114	117	121	124	127	1,132
Total HS Capital Programme	7,363	8,303	8,033	7,160	7,322	7,484	7,600	7,770	10,610	10,860	11,117	11,138	89,094

Housing New Build & Other Capital Re-forecast Capital Programme 2018/19 and Proposals 2019/20 to 2027/28												CAB3098(HSG) Appendix 4	
New Build Programme & Other Capital	2018/19 Budget	2018/19 July Update	2018/19 Forecast	2019/20 Budget	2020/21 Budget	2021/22 Budget	2022/23 Budget	2023/24 Budget	2024/25 Budget	2025/26 Budget	2026/27 Budget	2027/28 Budget	Total Budget
Scheme Name/Description	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Victoria House		410	440										440
Hillier Way		10	10										10
Chesil Street - Extra Care	560	1,980	1,980										1,980
Mitford Road	267	425	425										425
The Valley, Stanmore	3,975	850	850	9,000	6,120								15,970
Mayles Lane, Knowle	1,530	1,540	1,540	386									1,926
Bailey Close	300	525	525										525
Rowlings Road, Weeke	680	250	250	1,170									1,420
Wykeham Place, Stanmore	50	50	50	800	1,000								1,850
Meryon Road, Alresford	250	100											0
Abbotts Barton (Charles/Dyson)	700	100	100	662	2,638								3,400
Dolphin Hill, Twyford	500	260	260	240									500
Woodman Close, Sparsholt	50	50	50	950									1,000
Hookpit, Kings Worthy	3,750	750	2,050		6,364								8,414
Winnall Flats		500	70	1,650	6,606								8,326
Wickham CLT				410									410
Sheltered Conversions	200	200	200										200
Sheltered Wi-Fi Scheme	38	143	143										143
Small sites / unallocated programme						5,614	5,550	6,006	6,366	5,360	4,000	7,070	39,966
Sites funded by RTB 1-4-1 receipts	1,820	1,300		250	250	2,000	2,000	1,500	3,000	1,800	2,000	1,055	13,855
Other Capital Total				410									410
Total New Build Programme	14,670	9,443	8,943	15,108	22,978	7,614	7,550	7,506	9,366	7,160	6,000	8,125	100,350

HRA Re-Forecast Capital Programme Funding 2018/19 and Proposals for 2019/20 to 2027/28										CAB3098(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	Total
	Forecast	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Right to Buy 1-4-1 Receipts	1,584	1,825	4,116	1,629	1,039	1,060	1,082	1,104	1,126	1,149	15,714
Right to Buy Other Retained receipts	610	505	527	548	570	593	617	641	666	692	5,969
New Build Sales	3,127		3,991		250	250	250	250	250	250	8,618
Other capital receipts	967	40									1,007
S.106 Contributions	360	200	200	250	250	1,600	3,500	2,600	1,400	4,400	14,760
Garage Transfers to General Fund	3,078	2,361	1,977	1,510							8,926
HCA Grants		1,501	1,501								3,002
HCC Extra Care Grant	716										716
HRA Revenue Contributions to Capital	2,343	6,858	6,355	3,627	5,226	3,694	6,175	4,773	4,727	3,519	47,297
Additional/Refinanced Borrowing			4,490								4,490
Major Repairs Reserve	4,191	9,388	7,143	7,534	7,815	8,079	8,352	8,652	8,948	9,253	79,355
Total Funding	16,976	22,678	30,300	15,098	15,150	15,276	19,976	18,020	17,117	19,263	189,854
Housing Services	8,033	7,160	7,322	7,484	7,600	7,770	10,610	10,860	11,117	11,138	89,094
Other		410									410
New Build	8,943	15,108	22,978	7,614	7,550	7,506	9,366	7,160	6,000	8,125	100,350
Capital Programme Total	16,976	22,678	30,300	15,098	15,150	15,276	19,976	18,020	17,117	19,263	189,854

HRA Business Plan Extract - Operating Account													CAB298(HSG) Appendix 6						
Year	Year	Income			Total Income £,000	Expenditure							Net Operating (Expenditure) £,000	Repayment of loans £,000	RCCO £,000	Surplus (Deficit) for the Year £,000	Surplus (Deficit) b/fwd £,000	Interest £,000	Surplus (Deficit) £,000
		Net rent Income £,000	Other income £,000	Misc Income £,000		Management £,000	Depreciation £,000	Responsive & Cyclical £,000	Other Revenue spend £,000	Misc expenses £,000	Total expenses £,000	Capital Charges £,000							
1	2018.19	26,174	1,209	1,304	28,687	(8,607)	(6,660)	(4,070)	(32)	(235)	(19,605)	(5,188)	3,895	0	(2,343)	1,552	9,116	43	10,711
2	2019.20	26,752	1,246	1,109	29,106	(8,807)	(6,904)	(4,031)	(12)	(243)	(19,997)	(5,888)	3,222	0	(6,858)	(3,636)	10,711	38	7,113
3	2020.21	27,540	1,282	878	29,700	(8,826)	(7,145)	(4,154)	(13)	(250)	(20,387)	(6,074)	3,239	0	(6,353)	(3,115)	7,113	22	4,021
4	2021.22	28,920	1,318	680	30,918	(8,953)	(7,533)	(4,338)	(13)	(258)	(21,095)	(6,199)	3,624	0	(3,627)	(3)	4,021	14	4,032
5	2022.23	29,310	1,343	689	31,342	(9,128)	(7,815)	(4,472)	(14)	(265)	(21,694)	(6,200)	3,449	0	(5,226)	(1,778)	4,032	11	2,265
6	2023.24	30,640	1,370	699	32,708	(9,326)	(8,079)	(4,608)	(43)	(273)	(22,330)	(6,212)	4,167	0	(3,694)	472	2,265	9	2,747
7	2024.25	32,368	1,397	708	34,473	(9,537)	(8,352)	(4,747)	(44)	(282)	(22,963)	(6,216)	5,294	0	(6,175)	(881)	2,747	9	1,874
8	2025.26	32,601	1,424	718	34,744	(9,756)	(8,653)	(4,891)	(46)	(290)	(23,636)	(6,215)	4,892	0	(4,773)	119	1,874	8	2,001
9	2026.27	33,438	1,452	728	35,618	(9,962)	(8,948)	(5,040)	(47)	(299)	(24,316)	(6,215)	5,087	0	(4,727)	360	2,001	8	2,370
10	2027.28	34,283	1,481	739	36,502	(10,214)	(9,254)	(5,191)	(48)	(308)	(25,014)	(6,214)	5,274	0	(3,519)	1,755	2,370	11	4,136
11	2028.29	35,124	1,510	750	37,384	(10,451)	(9,562)	(5,344)	(49)	(317)	(25,792)	(6,205)	5,386	0	(4,156)	1,230	4,136	15	5,381
12	2029.30	35,974	1,539	761	38,274	(10,694)	(9,875)	(5,500)	(50)	(327)	(26,517)	(6,205)	5,552	0	(5,516)	35	5,381	16	5,433
13	2030.31	37,551	1,570	772	39,893	(10,943)	(10,197)	(5,657)	(51)	(336)	(27,258)	(6,206)	6,429	0	(5,656)	773	5,433	17	6,224
14	2031.32	37,732	1,601	784	40,117	(11,199)	(10,530)	(5,817)	(52)	(346)	(28,021)	(6,180)	5,917	0	(5,679)	238	6,224	19	6,480
15	2032.33	38,643	1,632	797	41,072	(11,460)	(10,874)	(5,981)	(53)	(357)	(28,804)	(6,134)	6,133	0	(5,928)	205	6,480	19	6,704
16	2033.34	39,575	1,664	809	42,048	(11,728)	(11,229)	(6,149)	(54)	(367)	(29,610)	(6,134)	6,304	0	(5,914)	391	6,704	20	7,115
17	2034.35	40,528	1,697	822	43,048	(12,002)	(11,596)	(6,322)	(55)	(379)	(30,438)	(6,135)	6,475	0	(4,045)	2,430	7,115	24	9,569
18	2035.36	42,302	1,731	835	44,869	(12,283)	(11,974)	(6,498)	(56)	(390)	(31,290)	(6,074)	7,505	0	(4,045)	3,460	9,569	31	13,060
19	2036.37	42,503	1,765	849	45,117	(12,571)	(12,364)	(6,679)	(57)	(402)	(32,165)	(6,074)	6,878	0	(4,072)	2,805	13,060	39	15,905
20	2037.38	43,525	1,800	863	46,188	(12,865)	(12,768)	(6,864)	(58)	(414)	(33,065)	(6,031)	7,093	(6,610)	(4,216)	(3,733)	15,905	38	12,210
21	2038.39	44,571	1,836	878	47,285	(13,168)	(13,184)	(7,054)	(59)	(426)	(33,990)	(5,827)	7,468	0	(4,189)	3,279	12,210	38	15,527
22	2039.40	45,641	1,872	893	48,407	(13,477)	(13,614)	(7,248)	(60)	(439)	(34,941)	(5,827)	7,639	0	(853)	6,786	15,527	50	22,363
23	2040.41	46,737	1,909	908	49,555	(13,794)	(14,058)	(7,448)	(61)	(452)	(35,919)	(5,826)	7,809	(4,490)	(794)	2,525	22,363	62	24,950
24	2041.42	48,778	1,947	924	51,650	(14,119)	(14,516)	(7,652)	(62)	(466)	(36,924)	(5,697)	9,029	(10,000)	(353)	(1,324)	24,950	64	23,689
25	2042.43	49,005	1,986	941	51,932	(14,452)	(14,989)	(7,861)	(63)	(479)	(37,959)	(5,350)	8,624	0	(267)	8,357	23,689	73	32,119
26	2043.44	50,179	2,025	958	53,162	(14,793)	(15,477)	(8,075)	(64)	(494)	(39,021)	(5,350)	8,791	0	(97)	8,694	32,119	84	40,907
27	2044.45	51,380	2,066	975	54,421	(15,142)	(15,981)	(8,294)	(65)	(509)	(40,114)	(5,350)	8,957	0	(949)	8,008	40,907	115	49,030
28	2045.46	52,609	2,107	993	55,709	(15,500)	(16,501)	(8,519)	(66)	(524)	(41,238)	(5,350)	9,121	0	(823)	8,299	49,030	136	57,465
29	2046.47	53,867	2,149	1,011	57,027	(15,867)	(17,039)	(8,749)	(67)	(540)	(42,394)	(5,345)	9,288	(10,000)	(405)	(1,117)	57,465	145	56,493
30	2047.48	55,215	2,192	1,030	58,437	(16,242)	(17,593)	(8,985)	(68)	(556)	(43,582)	(4,995)	10,860	(5,000)	(313)	5,547	56,493	151	62,192

HRA Business Plan Extract - Self Financing Schedule										Appendix 7
Year	Year	Borrowing Opening Balance	New Borrowing (from borrowing schedules)	Principal Repayments	Debt Repayments	Additional Required Borrowing	Borrowing Bal/Cfwd	Closing HRA Working Balance		
		£ pa	£ pa	£ pa	£ pa	£ pa	£ pa	£ pa	£ pa	£ pa
1	2018.19	164,022,000	-	-	0	0	164,022,000	10,711,111		
2	2019.20	164,022,000	7,300,000	7,300,000	0	0	164,022,000	7,113,191		
3	2020.21	164,022,000	4,490,000	-	0	0	168,512,000	4,020,845		
4	2021.22	168,512,000	-	-	0	0	168,512,000	4,031,748		
5	2022.23	168,512,000	5,000,000	5,000,000	0	0	168,512,000	2,264,946		
6	2023.24	168,512,000	5,000,000	5,000,000	0	0	168,512,000	2,746,512		
7	2024.25	168,512,000	5,000,000	5,000,000	0	0	168,512,000	1,874,247		
8	2025.26	168,512,000	5,000,000	5,000,000	0	0	168,512,000	2,001,489		
9	2026.27	168,512,000	10,000,000	10,000,000	0	0	168,512,000	2,370,193		
10	2027.28	168,512,000	10,000,000	10,000,000	0	0	168,512,000	4,135,852		
11	2028.29	168,512,000	-	-	0	0	168,512,000	5,380,799		
12	2029.30	168,512,000	-	-	0	0	168,512,000	5,432,683		
13	2030.31	168,512,000	10,000,000	10,000,000	0	0	168,512,000	6,223,560		
14	2031.32	168,512,000	15,000,000	15,000,000	0	0	168,512,000	6,480,260		
15	2032.33	168,512,000	-	-	0	0	168,512,000	6,704,486		
16	2033.34	168,512,000	-	-	0	0	168,512,000	7,115,200		
17	2034.35	168,512,000	15,000,000	15,000,000	0	0	168,512,000	9,569,109		
18	2035.36	168,512,000	-	-	0	0	168,512,000	13,060,294		
19	2036.37	168,512,000	10,000,000	10,000,000	0	0	168,512,000	15,904,844		
20	2037.38	168,512,000	-	7,300,000	0	0	161,212,000	12,210,299		
21	2038.39	161,212,000	-	-	0	0	161,212,000	15,526,961		
22	2039.40	161,212,000	-	-	0	0	161,212,000	22,362,748		
23	2040.41	161,212,000	-	4,490,000	0	0	156,722,000	24,949,709		
24	2041.42	156,722,000	-	10,000,000	0	0	146,722,000	23,689,351		
25	2042.43	146,722,000	-	-	0	0	146,722,000	32,118,723		
26	2043.44	146,722,000	-	-	0	0	146,722,000	40,907,091		
27	2044.45	146,722,000	-	-	0	0	146,722,000	49,030,421		
28	2045.46	146,722,000	-	-	0	0	146,722,000	57,465,149		
29	2046.47	146,722,000	-	10,000,000	0	0	136,722,000	56,493,273		
30	2047.48	136,722,000	-	5,000,000	0	0	131,722,000	62,191,729		

Appendix 8

HRA Business Planning Assumptions

There are a number of assumptions required for the 30 year HRA business plan. The key assumptions are detailed below.

Inflation

Year	RPI	CPI	Repairs	Staffing
2019/20	3.3%	2.4%	3.3%	2.0%
2020/21	3.1%	2.1%	3.1%	2.0%
2021/22	3.0%	2.0%	3.0%	2.0%
Thereafter	3.0%	2.0%	3.0%	2.0%

NB RPI and CPI percentages for 2019/20 are based on September 2018 actual figures as published by the ONS. Repairs contracts are often linked to BMIS factors, produced by RICS. Staffing indices reflect those being used for the General Fund.

Average Rents

The average weekly rent levels used for the HRA business plan are based on the properties in management as at 31 March 2018 and new properties developed over the life of the 30 year plan.

No of Bedrooms	Social Rent	Affordable Rent	Temporary Accommodation
Bedsit	£62.47	-	£92.78
1	£86.68	£114.73	£88.51
2	£100.18	£148.04	£103.89
3	£114.10	£172.24	£120.45
4	£122.97	£216.21	-
5	£144.41	-	-
6	£146.44	-	-
Overall Average	£100.35	£151.53	£94.52

Rent Increases

Year	Social & Affordable Rents	Shared Ownership Rents
2019/20	-1.0%	RPI + 1%
2020/21 to 2024/25	CPI + 1%	RPI + 1%
Thereafter	CPI + 0%	RPI + 1%

NB Affordable rents have a requirement to reset the rent level in relation to current market rents when a property is re-let. However, in business planning terms, it is assumed that market rent income will rise in line with CPI.

Appendix 8 (continued)

Voids and Bad Debts

Year	Voids		Bad Debts	
	Social & Affordable	Temporary Accommodation	Social & Affordable	Temporary Accommodation
2018/19	0.40%	15.0%	0.5%	2.0%
2019/20	0.40%	10.0%	0.8%	2.2%
2020/21	0.40%	10.0%	1.2%	2.6%
2021/22	0.40%	10.0%	1.6%	3.0%
2022/23	0.40%	10.0%	4.0%	4.0%
Thereafter	0.40%	10.0%	3.0%	3.0%

NB The potential effect of Universal Credit has been factored in to the bad debt allowances.

Right to Buy Sales

16 sales have been assumed for 2018/19 and all subsequent years.

HRA Working Balance

The minimum HRA working balance for 2018/19 has been set at £1,118,000 with the minimum requirement increasing by CPI thereafter.

Interest Rates*Internal*

All internal transactions with the General Fund are determined by the Treasury Management Strategy approved by the Council. All interest rates are variable and the current rates are set at 0.25% on both internal borrowings and credits in the HRA and reserves.

External

All current external borrowing was undertaken in March 2012 to fund the self-financing payment to DCLG. Loans outstanding were all for fixed terms and currently total £156,722,000 with interest rates ranging from 2.56% to 3.52% depending on the length of the loan. The first repayment is due in March 2023 and no assumptions have been made on early repayment due to the likely cost of penalties imposed by PWLB for this facility.

The latest business plan assumes that further external borrowing of £4.5m is required in March 2021 at an interest rate of 2.8%. Later in the plan it will be necessary to re-finance some of the existing loans from 2023. It is assumed that these loans will bear an interest rate of between 2.8% and 3.0%. The loan balance at the end of the 30 year business plan is currently forecast at £136,722,000.

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							
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 Forecast	2019/20 Budget.	2020/21 Budget.	2021/22 Budget.	2022/23 Budget.	2023/24 Budget.	2024/25 Budget.	2025/26 Budget.	2026/27 Budget.	2027/28 Budget.	2028/29 Budget.	Total 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	Management	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		(5,818)	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)	3,876	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	2,260	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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CABINET (HOUSING) COMMITTEE

Wednesday, 30 January 2019

Attendance:

Councillors:

Ashton (Chairman for the meeting)

Brook

Godfrey

Other Invited Councillors:

Berry
Power

Scott

TACT:

Mr M Fawcitt
Mrs M Gill

Deputies in attendance:

Councillors Ashton (deputy for Councillor Horrill) and Godfrey (deputy for Councillor Miller)

Apologies:

Councillors Horrill and Miller
Councillor Izard

1. **ELECTION OF CHAIRMAN FOR THE MEETING**

RESOLVED:

That, in the absence of Councillor Horrill, Councillor Ashton be elected Chairman for the meeting.

2. **MINUTES OF THE PREVIOUS MEETING HELD ON 21 NOVEMBER 2018**

RESOLVED:

That the minutes of the Cabinet (Housing) Committee held 21 November 2018 be approved and adopted.

2. **PUBLIC PARTICIPATION**

Ian Tait spoke regarding Report CAB3111(HSG) as summarised under the relevant minute below.

3. **HOUSING REVENUE ACCOUNT (HRA) BUDGET 2019/20 AND BUSINESS PLAN**

(Report CAB3111(HSG) refers)

Ian Tait addressed the Committee during public participation. In summary, he requested clarification of the strategic land purchases referred to in the report as he believed that the Council should be seeking to purchase land for the purpose of building more affordable housing. In addition, he requested further details about the reference to care provision in relation to Barton Farm in the Business Plan.

The Strategic Director - Services (Interim) and Head of Housing Finance introduced the report and responded to Members' questions as summarised below.

In response to comments made by Mr Tait, the Strategic Director explained that the Government's removal of the debt cap removed the requirement for the bid for additional headline borrowing referred to in the report. At the current time, the Council did not have any specific proposals to purchase land but this was the intention in the future, subject to being able to demonstrate affordability and prudential borrowing.

The Strategic Director advised that the report had been considered by The Overview and Scrutiny Committee at its meeting on 28 January 2019 where Members had generally supported its contents, but had raised a number of matters they believed required further attention:

- Increase in cost of voids;
- Future use of garages and implications on availability of storage;
- Requirement for rural housing.

In response to a query raised by Members of The Overview and Scrutiny Committee, the Strategic Director confirmed that the Council had built more new homes than had been sold under "right to buy" since 2012 and full details could be made available to Members.

The Head of Housing Finance highlighted that the report demonstrated that the Council could deliver 1000 new housing units over the next 10 years. It also set aside additional funding for fire safety and to mitigate the impact of the roll out of universal credit. He advised Members of a minor amendment required to the Capital Programme Funding table contained as Appendix 5 of the report as follows:

2018/19 Forecast column:

- HRA Revenue Contributions to Capital - £2.343m (not £2.839m)
- Major Repairs Reserve - £4.687m (not £4.191m)

On behalf of TACT, Monica Gill supported the report and thanked the Head of Housing Finance for attending a recent meeting of TACT to present its contents.

In response to questions, the Strategic Director acknowledged that building new homes on Council owned land was likely to offer best value. However, it was possible to achieve good value on private land purchased by the Council and the Council would be examining different options to achieve this, for example including a mix of tenures. The Strategic Director clarified that the target to provide 1000 new affordable homes by 2029 replaced the previous target to provide 600 new homes by 2020.

The Strategic Director confirmed that the proposed housing numbers had been discussed with Officers in the Local Plan team who were content with its fitting with other housing targets within the Plan. The exact mix of housing was likely to be a mixture of affordable housing (ie 70-80% rent levels) and shared ownership. Housing for social rent was not currently provided for within the Business Plan but could be a matter for future discussion should Members wish.

During discussion, there was some debate amongst Members about encouraging parish councils to support additional affordable homes in rural areas. However, it was recognised that parish councils were broadly supportive but it was sometimes difficult to persuade local residents of the requirements.

In general, Members welcomed the report and commended Officers for the work involved in producing.

The Committee agreed to the following for the reasons outlined above and set out in the report.

RECOMMENDED to Cabinet:

That it be recommended to Council:

- 1. That the 2019/20 Housing Revenue Account budget and final forecast for 2018/19 as detailed in Appendices 1 and 2 to the report be approved.**
- 2. That the HRA Capital Programme for 2018/19 to 2028/29, as set out in Appendix 3 & 4 to the report, be approved.**
- 3. That the proposed fire safety provision of £1m in 2019/20 identified in 11.5 be approved.**
- 4. That in 2019/20, the HRA continues to include a provision of £100k to mitigate against the impact of the universal credit rollout throughout the district.**
- 5. That authority be given to incur capital expenditure in 2019/20 of £9.046m for the Maintenance, Improvement and Renewal programme as detailed in Appendix 3 of the report, in accordance**

with Financial Procedure Rule 6.4 (noting that within this, for any schemes in excess of £100,000, a financial appraisal will be approved in accordance with the scheme of delegations), be approved.

6. That authority be given to incur capital expenditure in 2019/20 of £22.407m for the New Build programme as detailed in Appendix 4 of the report, in accordance with Financial Procedure Rule 6.4 (noting that within this, for any schemes in excess of £100,000, a financial appraisal will be approved in accordance with the scheme of delegations), be approved.

7. That the proposed funding for the HRA Capital Programme as detailed in Appendix 5, including the additional borrowing requirement, be approved.

8. That the HRA Business Plan operating account extract, including annual working balances as detailed in Appendix 6, be approved.

RESOLVED:

9. That delegated authority be given to the Corporate Head of Housing, in consultation with the Strategic Director (Resources), Leader and Portfolio Holder for Housing Services, to make adjustments to the overall Maintenance, Improvement and Renewal programme as set out in Appendix 3 to the report, including the flexibility to substitute projects and re-balance expenditure within and between the different elements/schemes in order to meet operational needs, changing priorities and commitment targets, with any changes being reported to Committee at the earliest opportunity.

3. **TENANCY STRATEGY UPDATE**
(Report CAB3113(HSG) refers)

The Strategic Director: Services (Interim) and Head of Housing Options & Allocations (Interim) introduced the Report and emphasised it was a refresh of the previously agreed Strategy. It was also noted that Registered Providers also refer to the Strategy.

On behalf of TACT, Monica Gill supported the report and thanked the Head of Housing Options & Allocations (Interim) for attending a recent meeting of TACT to present its contents.

The Committee agreed to the following for the reasons outlined above and set out in the report.

RESOLVED:

That the Tenancy Strategy be approved, as attached as Appendix 1 to the report.

3. **TENANCY POLICY**
(Report CAB3114(HSG) refers)

The Strategic Director: Services (Interim) and Head of Housing Management introduced the report and responded to questions as summarised below.

On behalf of TACT, Monica Gill supported the report and thanked the Head of Housing Management for attending a recent meeting of TACT to present its contents. She welcomed the decision not to introduce either flexible fixed term tenancies or “pay to stay” provisions.

The Head of Housing Management confirmed that the Council had an incentive scheme to encourage tenants to downsize and approximately 50 households took this option each year. The Council would continue to work with TACT to promote the downsizing option in order to free up larger homes. The Strategic Director: Services advised that the provision of new alternative smaller dwellings was an important consideration for the Council in deciding on its new affordable home provision.

The Committee agreed to the following for the reasons outlined above and set out in the report.

RESOLVED:

That the Tenancy Policy 2018-2023 be approved as set out in Appendix 1 of the report.

4. **RENTAL EXCHANGE INITIATIVE**
(Report CAB3115(HSG) refers)

The Strategic Director: Services (Interim) and Income Services Manager introduced the report and responded to questions as summarised below.

On behalf of TACT, Michael Fawcitt supported the report and thanked the Income Services Manager for attending a recent meeting of TACT to present its contents.

The Income Services Manager confirmed that Experian do have the highest level of data security. A tenant would have to be at least two months in arrears before it was flagged up on the Rental Exchange system but tenants in arrears would not be automatically excluded. The Strategic Director emphasised that the Council had a robust approach to arrears with tenants being contacted at an early stage.

The Income Services Manager confirmed that tenants would automatically be enrolled into the scheme unless they decided to opt out. Officers would work

with the Council's Communications Team to maximise awareness amongst tenants.

The Committee agreed to the following for the reasons outlined above and set out in the report.

RESOLVED:

1. That the Council's Housing Services participate in the Rental Exchange.
2. That the Council set up a regular data feed with Experian as managers of the Rental Exchange thereby improving the housing circumstances of vulnerable and excluded households and supporting our residents with the impact of welfare reform.

5. **TENANT INVOLVEMENT – APPRECIATION AND INCENTIVE SCHEME**
(Report CAB3110(HSG) refers)

The Strategic Director: Services (Interim) and Head of Housing Policy and Projects introduced the report and responded to questions as summarised below.

The Head of Housing Policy and Projects emphasised that the Council continued to appreciate the input from TACT, but the scheme was intended to encourage other tenants, including those from younger households to participate in consultation. In response to concerns that tenants who were not able to access the internet would be excluded, she confirmed that in most cases, digital surveys would be used in addition to other methods of consultation. Similarly, the Digital Readers' Panel would operate alongside the existing Readers' Panel.

On behalf of TACT, Michael Fawcitt supported the report and thanked the Head of Housing Policy and Projects for attending a recent meeting of TACT to present its contents.

The Committee agreed to the following for the reasons outlined above and set out in the report.

RESOLVED:

That the incentive scheme be approved as set out in the report.

The meeting commenced at 4.30pm and concluded at 5.50pm

Chairman

CAB3131
CABINET

REPORT TITLE: MEDIUM TERM FINANCIAL STRATEGY

13 FEBRUARY 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 Cabinet:

1. approve the medium term financial strategy as set out in this report

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.
- 6.2 The Overview and Scrutiny Committee discussed the report at its meeting held on 28 January 2019 where officers and members of Cabinet responded to detailed questions. At the conclusion of questions and debate, the Committee raised some general points for Cabinet to consider in due course.

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

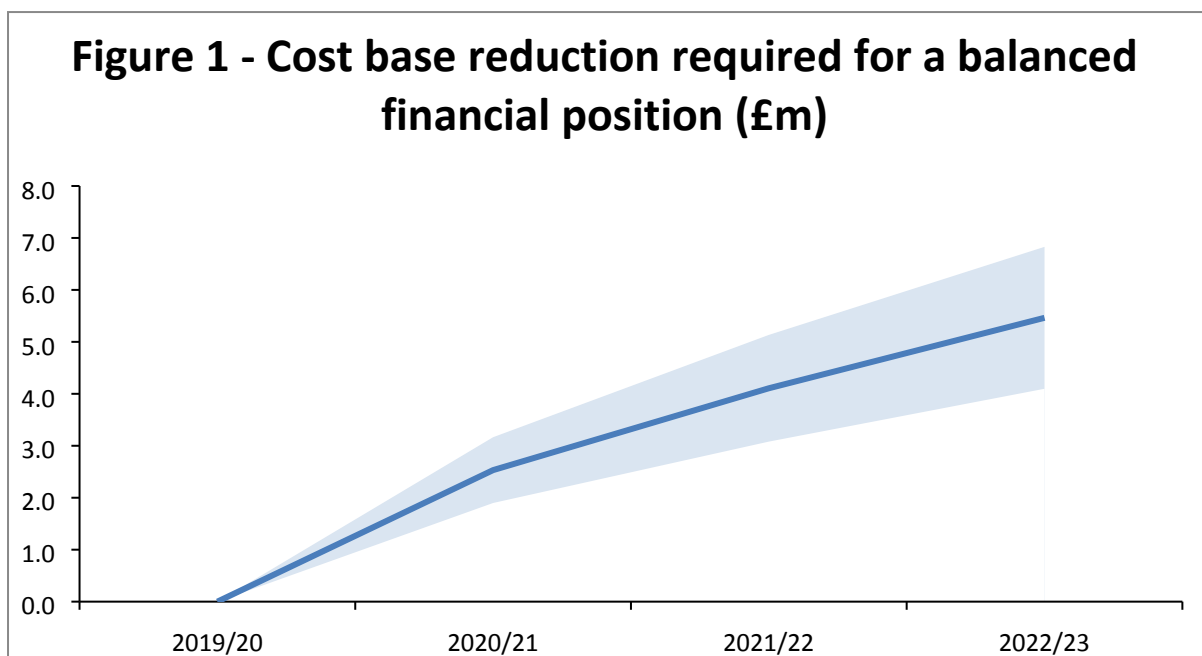
Risk	Mitigation	Opportunities
<i>Significant reductions in government funding over the medium term</i>	<i>Financial projections are shown up until 2028/29 and the scenario planning highlights the potential sensitivities.</i>	<i>Development of locally generated income streams with less reliance on government 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</i>	<i>Ensure adequate contract management and</i>	<i>Ensure contracts are aligned to the council's</i>

<i>including planning for contract renewal</i>	<i>monitoring arrangements are in place.</i> <i>Ensure sufficient time for review of contract options prior to contract renewal.</i>	<i>requirements and council strategy.</i> <i>Transformational efficiency savings.</i>
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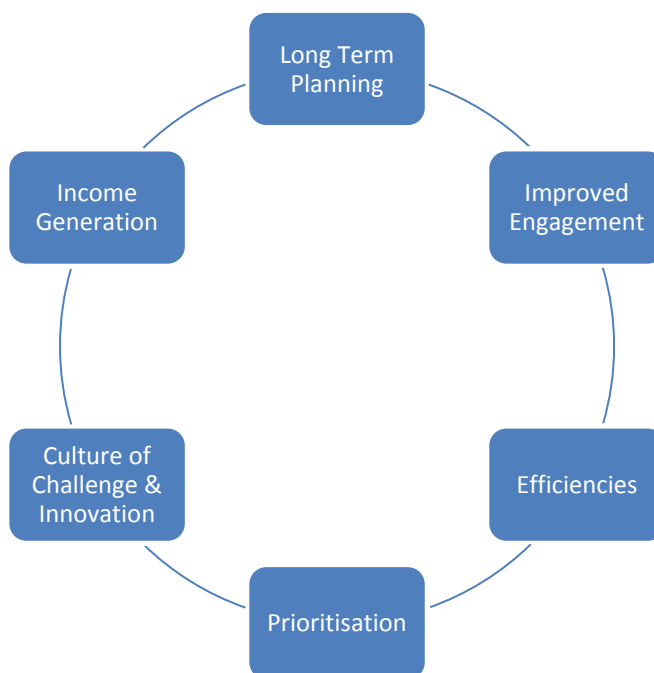
11 SUPPORTING INFORMATION:

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 2028/29 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	5.4

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).

- 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 (equating to £128k for 2019/20), 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	4.539	4.856	2.752	2.793	2.836	2.880	2.925	2.968	3.011	3.054	3.097
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	0.341	0.298	0.150	0.150	0.150	0.150	0.150	0.150	0.150	0.150	0.150
	14.511	14.645	15.296	13.882	13.084	12.371	11.791	12.099	12.413	12.735	13.066	13.406
Investment Activity												
Interest (Payable) / Receivable	0.225	0.550	-0.141	-0.639	-1.526	-1.444	-1.561	-1.527	-1.493	-1.458	-1.423	-1.386
Minimum Revenue Provision	-0.225	-0.225	-0.536	-0.688	-1.449	-1.485	-1.518	-1.552	-1.554	-1.589	-1.624	-1.660
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	17.401	17.348	15.536	13.239	12.594	11.884	12.212	12.577	12.920	13.271	13.633
Baseline Net Expenditure												
Gross Income	13.089	13.191	13.424	13.435	13.968	14.777	15.151	15.273	15.420	15.280	15.413	15.376
Gross Expenditure	-28.325	-28.440	-29.788	-31.249	-31.962	-32.644	-33.410	-34.165	-34.929	-35.702	-36.483	-37.262
Baseline resource requirements	-15.236	-15.249	-16.364	-17.813	-17.994	-17.866	-18.259	-18.892	-19.509	-20.422	-21.070	-21.886
One-off net expenditure	-3.659	-5.254	-3.233	-1.028	-0.556	-0.146	-0.150	-0.158	-0.162	-0.166	-0.170	0.000
Community Infrastructure Levy	1.000	2.900	1.050									
Collection Fund Adj's & Council Tax Support Grant	-0.396	-0.784	0.386	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Other Transfers (to) / from earmarked reserves	-0.054	-0.593	-0.275	-0.456	-0.438	-0.654	-0.672	-0.691	-0.688	-0.684	-0.680	-0.675
Transfers (to) / from Major Investment Reserve	1.775	1.578	1.087	1.272	1.681	0.655	0.000	0.000	0.000	0.000	0.000	0.000
One-off budgets & Reserve Related Movements	-1.335	-2.154	-0.985	-0.212	0.687	-0.145	-0.822	-0.849	-0.850	-0.850	-0.850	-0.675
Total net resource requirements	-16.570	-17.401	-17.349	-18.025	-17.307	-18.011	-19.081	-19.740	-20.358	-21.272	-21.920	-22.561
Budget Surplus / (Shortfall)	0.000	-0.000	-0.000	-2.489	-4.068	-5.417	-7.197	-7.529	-7.781	-8.352	-8.649	-8.928
<i>% of Gross Expenditure</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>8.0%</i>	<i>12.7%</i>	<i>16.6%</i>	<i>21.5%</i>	<i>22.0%</i>	<i>22.3%</i>	<i>23.4%</i>	<i>23.7%</i>	<i>24.0%</i>

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CAB3134
CABINET

REPORT TITLE: CAPITAL INVESTMENT STRATEGY

13 FEBRUARY 2019

REPORT OF PORTFOLIO HOLDER: Cllr. Guy Ashton

Contact Officer: Joseph Holmes Tel No: 01962 848220

Email: jholmes@winchester.gov.uk

WARD(S): ALL

PURPOSE

The report presents the Capital Strategy and Capital Programme for consideration and approval.

RECOMMENDATIONS to Cabinet and Council:

1. That the Capital Programme and Capital Programme Financing (Appendices A and B to the report) be approved
2. That the Minimum Revenue Provision (MRP) Policy Statement (Appendix E) be approved
3. That it is noted that the Council is likely to need to increase its external borrowing in 2019/20 subject to delivery of the proposed capital programme.
4. That the Prudential indicators detailed in the report and its appendices be approved.

RECOMMENDATIONS to Cabinet:

5. That under Financial Procedure Rule 6.4 expenditure for the following budget items be approved:
 - a) the IMT equipment and software expenditure (£240,000 in 2019/20) as detailed in paragraph 11.8.6;
 - b) expenditure of £500,000 for the refurbishment of the West Wing as detailed in 11.2.3; and
 - c) expenditure of £50,000 for preliminary works in respect of the

development of small business units at the Goods Shed, Barfield Close as detailed in 11.2.4.

6. That the requirement to ensure Members have the right knowledge and skills to undertake their governance role as detailed in 11.12 is noted.

IMPLICATIONS:

1. COUNCIL STRATEGY OUTCOME

- 1.1. The investment of capital resources will contribute to the achievement of the Council's main objectives and priorities in the Council Strategy and Portfolio Plans. The Capital Strategy is an integral part of the Medium Term Financial Strategy and impacts directly on the Treasury Management Strategy.

2. FINANCIAL IMPLICATIONS

- 2.1. As detailed in the report.
- 2.2. The Government has updated the capital financing regime and CIPFA have published updates to the prudential code. Included in these updates to the Prudential Code is the requirement that "the chief finance officer should report explicitly on the affordability and risk associated with the capital strategy and where appropriate have access to specialised advice to enable them to reach their conclusions". The statement below is the Winchester City Council Chief Finance Officer's response
- 2.3. Affordability and risk are key considerations within this capital strategy. The key principles articulated within this strategy include that the strategy must support the financial viability of the organisation, and that payback should be a key consideration of the strategy. Further analysis in the strategy sets out that the capital investment detailed within the strategy provides an overall positive return to the General Fund as well as providing a number of key services enhancements. The risk section is articulated below and importantly, business cases for new schemes are required to ensure that risks are adequately covered; one of the most significant risks being capacity to deliver the individual projects contained within the strategy and adequately identifying resources required at the commencement of projects. The HRA capital programme is a key element of the Housing Revenue Account (HRA) Business Plan which is refreshed annually; individual schemes are assessed for affordability within the overall context of this plan, and it is expected that these schemes will grow in size with the removal of the housing debt cap.
- 2.4. The strategy proposes to set aside further funding for the Strategic Asset Purchase scheme of £15m. There is a strong governance programme around the process for these purchases, and this is being reviewed at present after a year of inception to consider any further improvements. The total funding set aside of £45m is reasonable within the overall context of the Council's capital strategy and the scale of the Council's balance sheet. Assets purchased during the current financial year meet the council's 'double-win' basis and have all been within the local economic area. Over the next ten years, the strategy is expected to see over £356m of capital spend. Within this financial context and the Council's balance sheet and historic investment properties (£47.7m as at 31 March 2018) the Council has a long history of managing and acquiring assets to support its objectives. The level of this scheme remains proportionate within the Council's overall activities. This scheme is

highlighted in this strategy and includes access to independent valuations to support commercial acquisitions or when considering the financial implications of major schemes included within the capital strategy. The Council also utilises our treasury management advisors, Arlingclose, to consider the implications of the prudential code and the impact on the treasury management strategy.

- 2.5. The strategy articulates a wide range of new and existing activities. This blends some major regeneration ambitions, new infrastructure, and significant investment in housing as well as smaller schemes that are more local. The strategy also has ambitions to consider new income streams to the Council that fit with our ambitions in the Council Strategy and support areas which we already have skills and knowledge.

3. LEGAL AND PROCUREMENT IMPLICATIONS

- 3.1. The Council's Capital Investment Strategy Statement follows the latest codes of practice, and the MHCLG and CIPFA guidance.
- 3.2. Individual projects included within the programme will be carefully considered in relation to legal and procurement issues and separate approvals sought as appropriate.

4. WORKFORCE IMPLICATIONS

- 4.1. Project resources for individual projects are identified as part of the business case production.

5. PROPERTY AND ASSET IMPLICATIONS

- 5.1. Many of the projects and schemes within the Capital Programme are related to the Council's properties and assets and therefore aligning the programme with the Asset Management Plan is an important consideration. The Capital Strategy Board plays a key role in ensuring that this process takes place and that funds are identified to improve the Council's assets in line with its Strategies and Plans.

6. CONSULTATION AND COMMUNICATION

- 6.1. The Capital Programme is a mechanism to deliver the Council's Strategy and associated schemes and projects. The formulation of the Council Strategy and other supporting strategies and plans and associated consultation is therefore a key determinant in the formulation of the Capital Strategy and Programme.
- 6.2. Appropriate engagement and consultation is undertaken for all individual projects and schemes.
- 6.3. The Overview and Scrutiny Committee discussed the report at its meeting held on 4 February 2019. At the conclusion of questions and debate, the

Committee agreed that there were no particular matters that it wished to raise for Cabinet to further consider and welcomed the focus on community projects.

7. ENVIRONMENTAL CONSIDERATIONS

- 7.1. Environmental considerations will be part of the business case supporting specific capital projects where relevant. Many of the schemes have environmental benefits included within them.

8. EQUALITY IMPACT ASSESSMENT

- 8.1. Equality Impact assessments will be considered as part of the business case for specific capital projects.

9. DATA PROTECTION IMPACT ASSESSMENT

- 9.1. Data Protection Impact assessments will be considered as part of the business case/approvals for specific capital projects

10. RISK MANAGEMENT

- 10.1. In setting out this strategy, and when considering the programme and the projects within in it, reference is made to the Council's risk appetite as set in section 11.11.

Risk	Mitigation	Opportunities
<i>Property</i> Council Assets not fully utilised	An effective capital strategy and its delivery helps to ensure Council assets are used to achieve the Council's objectives	Investment in the Council's assets can increase income generation Identification of assets suitable for sale can generate capital receipts which can be reinvested in assets or used to reduce the overall borrowing need.
<i>Community Support</i> Projects are unsupported by the community or the community's needs are not met	Engagement is undertaken with for key projects to ascertain community views	Engagement with the Community ensures the Council's capital programme meets the needs of the district's citizens
<i>Timescales</i>	The 10 year strategy and	

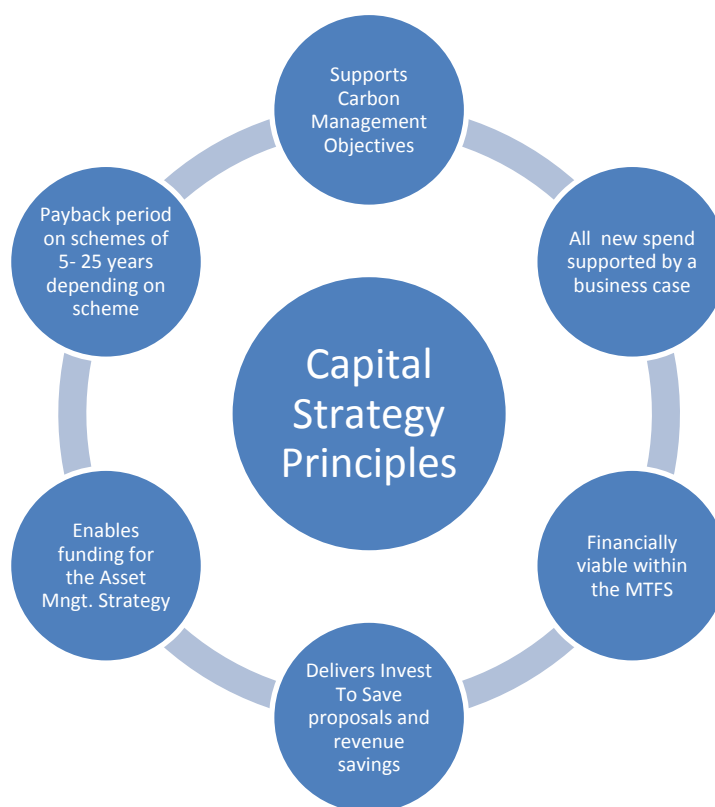
Projects not delivered on time resulting in a delay in benefits to the Council	its associated governance structures including monthly review by the Capital Strategy Board and quarterly at by O&S/Cabinet	
<i>Project capacity</i> Failure to deliver major capital schemes due to insufficient staff resources	Ensure robust business cases are taken forward and sufficient resources are available to deliver the Projects.	Consideration of a wide base of potential capital / investment schemes to enable a balanced risk portfolio and other schemes to be chosen should any schemes not progress
<i>Financial / VfM</i>	Detailed elsewhere within the report	None
<i>Legal</i>	Considered as part of the approval process for individual capital schemes	None
<i>Innovation</i>	Considered as part of the approval process for individual capital schemes	Strategy includes new schemes to innovate
<i>Reputation</i>	Considered as part of the approval process for individual capital schemes	None
<i>Other</i>		

11. SUPPORTING INFORMATION:

11.1. Purpose

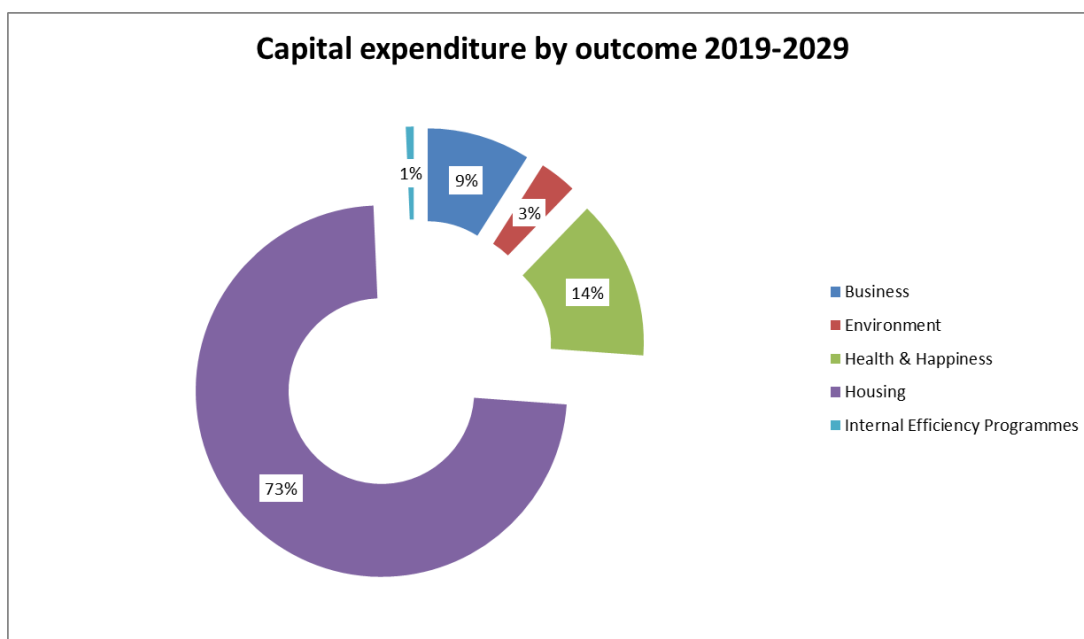
11.1.1. The primary purpose of this strategy is to identify and progress schemes to help deliver the Council Strategy and to help make the Council self sufficient in order to be able to deliver the level of required services. It outlines how the Council ensures that individual schemes and the programme as a whole are both deliverable and financially viable.

11.1.2. The Strategy sets out the Council's capital spending programme and the principles which underpin this to deliver the Council Strategy:



- 11.1.3. The City Council's capital programme incorporates both the General Fund (GF) and the Housing Revenue Account (HRA) capital requirements to support service provision and links with the Council Strategy, Housing Business Plan, Asset Management Plan, IMT strategy and Medium Term Financial Strategy. This strategy provides a framework for the development and implementation of the capital programme.
- 11.1.4. As detailed in the Council's Medium Term Financial Strategy (MTFS), the Council is facing a significant reduction in its anticipated financial resources (further detail is provided in the paper elsewhere on the agenda – CAB3131). It is vital therefore that the Council maximises the use of its capital investment in the district over the next decade. As government grant to the Council reduces, the Council needs to utilise its capital programme to drive the most effective and efficient use of financial resources for the District's residents.
- 11.1.5. The Council Strategy details how the Council will deliver its four strategic outcomes: Business, Health & Happiness, Environment, and Housing. Several of these aims will be delivered through capital spend and associated projects including for example: the provision of new housing and maintenance of existing housing stock; major regeneration schemes; provision of new leisure facilities; and flood prevention schemes.

11.1.6. The following chart illustrates the percentage of total capital expenditure forecast for each of the Council’s outcomes:



11.2. The Capital Programme

11.2.1. Over the period 2019 to 2029, the Council’s total estimated capital expenditure is £329m of which £111m is General Fund and £218m is Housing Revenue Account. The following table summarises the capital programme by year for the period. Further detail by project is included in Appendix A.

Capital Expenditure	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	TOTAL
2019 - 2029	Est. £m	Est. £m	Est. £m	Est. £m	Est. £m	Est. £m	Est. £m	Est. £m	Est. £m	Est. £m	Est. £m
General Fund	61.2	34.3	7.3	3.6	1.7	1.7	1.5	1.5	1.5	1.6	116.0
HRA	31.4	41.0	21.9	29.6	18.7	18.4	19.0	19.5	20.2	20.5	240.1
Total Expenditure	92.6	75.3	29.2	33.2	20.4	20.1	20.5	21.0	21.7	22.1	356.1

11.2.2. The existing programme contains a number of **significant projects**:

- The **Strategic Asset Purchase Scheme (SAPS)** seeks to identify assets for the Council to acquire which will assist it in meeting its strategic objectives whilst also generating ongoing revenue streams. Following a number of successful acquisitions in 2018/19, an additional budget of £15m has been allocated to 2019/20 in order to continue the acquisition of property to support the Council’s ambitions, and in line with the principles of the ‘double win’ that have been established to date. This brings the total allocated since the introduction of the scheme to £45m.
- The **Partnered Home Purchase (PHP)** scheme allows the Council to invest its capital resources into shared ownership properties providing

revenue via rental income on the share the Council owns and the potential to generate increased capital receipts in the future. It works by providing an ongoing revenue stream to the council through rental payments from residents who are moving onto the property ladder through the council investing in an open market shared ownership property.

- The delivery of **one thousand new Council homes**, including 77 properties at the Valley, Stanmore.
- Provision of a **Replacement Surgery** in the city centre to replace the existing St Clement's Surgery.
- Investment in public realm and master planning with respect to the **Station Approach** area at **Carfax** and **Cattlemarket** subject to economic viability, business case and full review of delivery options/
- The provision of a state of the art **Sports & Leisure Centre** in the Bar End area. CAB3082 (LC) provides further detail on the full business case.
- The former **Depot at Bishops Waltham** is suitable for redevelopment. Interest has been expressed by a number of local businesses in the possibility of leasing new business accommodation. Initial feasibility studies have been completed and a planning application has been submitted for the demolition of the existing buildings and the construction of three new terraced industrial units, including hard and soft landscaping
- The **transfer of HRA Garages to the General Fund** which will provide the HRA with capital resources to enable it to expand its new build schemes and will provide the GF with ongoing revenue;
- Provision of a **new car park at The Dean in Alresford**.
- The establishment of a **Housing Company** to support the delivery of sub-market rented housing.
- The demolition and provision of a car park at **Coventry House (Vaultex)** following its acquisition. There is an existing budget to provide a surface car park in the programme; however, in line with the emerging Movement Strategy, the potential for a multi storey facility will be included in a feasibility study. Further details on this project will be reported later in 2019.
- There is an existing budget to undertake capital refurbishment works to **Abbey House**; however, consideration is being given to more significant works to the property including its potential for alternative uses. Further detail and a business case will be reported when appropriate.
- The provision of a new **Coach Park** at St Catherine's Park and Ride to replace the existing facility at Worthy Lane.

11.2.3. There are several **new projects** in the capital programme with the principles agreed:

- **Coitbury House** – refurbishment of currently unused building in the central Winchester area to provide much-needed office accommodation, provide a source of income to the Council, and revitalise the area. Architects have recently been appointed and works are expected to begin in 2019 subject to full business case approval.
- A budget has been allocated to replace the **King George V Pavilion** providing facilities for football, cricket and the boxing club. The project is at the feasibility stage and the potential for external funding sources such as grants is being explored.
- Following the refurbishment works to City Offices and the main reception a budget has been allocated to **refurbish the West Wing** and for which this paper seeks approval for expenditure of £500,000. The refurbishment will enhance the working conditions for staff and includes the installation of more energy efficient lighting and heating to ensure an improved working environment aligned to the city offices works recently completed. The installation of energy efficient lighting is estimated to provide up to £8,000 per annum in savings.
- **Community Infrastructure Levy (CIL) – Community projects.** A £1m allocation was approved in September 2018 allowing community groups to apply for a share of between £10,000 and £200,000 for their essential infrastructure projects.
- A budget of £250,000 per annum over the next 3 years has been allocated to **energy management projects**. Expenditure will be subject to a business case as individual projects are identified. As well as reducing the Council's carbon emissions it is anticipated that projects will provide additional income and/or savings to the Council.
- The Council will purchase new **recycling bins for the kerbside glass collection** recently announced waste collection contract extension.
- Following the properties becoming vacant, **refurbishment works** will be carried out to **68 St George St** and **59 Colebrook St** in preparation for re-letting.
- Further budget allocation has been made to undertake significant essential repairs to the **riverbank at the Weirs** following initial works in 2018/19. Funding from the Council's partners is currently being explored.

11.2.4. The following are **key considerations for future years**:

Outcome: Business

- **Central Winchester Regeneration (CWR)** – the Council continues with its Corporate priority to regenerate the city centre to create a new heart and additional life and vitality in the area, support business and the city centre economy, and make it a more attractive place for residents and visitors alike. In addition to the proposed works on Coitbury House, the Council will receive tenders on meanwhile uses feasibility works in early February and a brief has been drafted for design work in relation to public realm in the Lower High Street through to King Alfred's statue. Work is also underway to plan for the main development of the site.
- **Station Approach** – there are several potential options to deliver the regeneration of this area one of which is that the Council itself undertakes the development. Should this decision eventually be taken there would be a capital requirement of around £140m
- **Goods Shed, Bar End**– options are being explored to provide small business units.

Outcome: Health & Happiness

- **River Park Leisure Centre area** – the Council is keen to explore alternative uses for the land where the existing leisure centre is located once the new Winchester Sports and Leisure Park is open
- **District-wide Sports hall capacity** – CAB3015(LC) gave approval to a £50,000 revenue budget to consider the feasibility of building a separate sports hall elsewhere in the district. A feasibility study has been commissioned and is underway; a report is expected in Spring 2019.
- **King George V play area and skate park** – following confirmation of the location of the new leisure centre it is necessary to refurbish the play area and skate park. Winchester Town Forum will consider the funding for this project (WTF265 refers)

Outcome: Environment

- **Movement Strategy** – explore the options available, and financing of these, to support the emerging Movement Strategy for Winchester.
- **Solar Farm** – opportunities to invest in a solar farm either independently or in partnership are being explored. The potential benefits include supplying the Council with its own energy, supplying energy to Council owned assets including housing tenants, providing tenants with the option of a cheaper and greener energy supply

- **Bridge at City Mill** – the existing bridge over the Itchen at this location is narrow and the addition of a footbridge for pedestrians is being carefully considered.

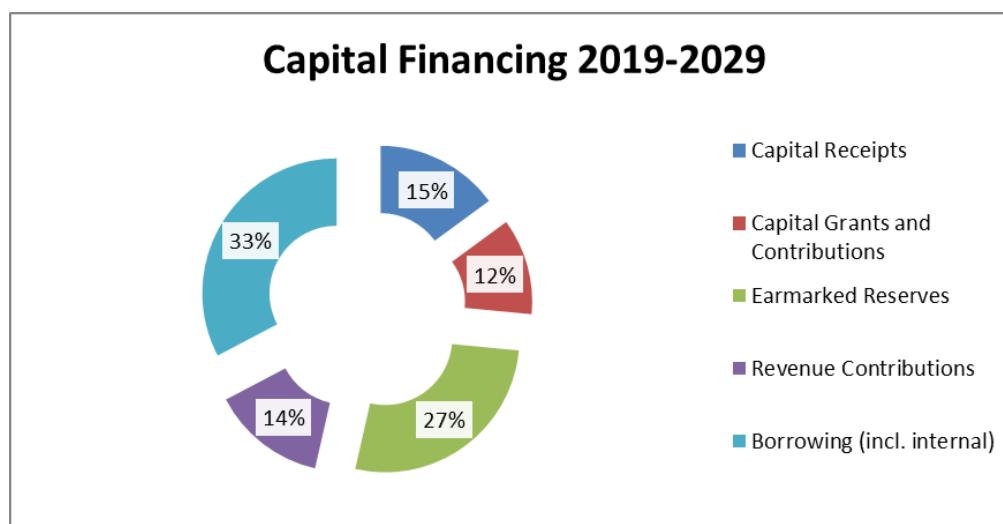
11.3. Financing the Capital Programme

11.3.1. The Council can invest in a capital programme so long as its capital spending plans are “affordable, prudent and sustainable”. For the HRA, a maximum level of borrowing (Housing debt cap) was imposed as part of the self-financing settlement but this cap was removed by the Government on 29 October 2018.

11.3.2. The main sources of finance for capital projects are as follows:

- Capital receipts (from asset sales);
- Capital grants (e.g. Disabled Facilities Grant);
- External contributions (e.g. Section 106 developers’ contributions and Community Infrastructure Levy (CIL));
- Earmarked Reserves (e.g. the Major Investment Reserve, the Property Reserve, the Car Parks Property Reserve, and the IMT Reserve);
- Revenue contributions; and
- Borrowing including internal (also known as the “Capital Financing Requirement”).

11.3.3. Full details of the proposed financing for the 2019-2029 capital programme are provided in Appendix B and is summarised in the following graph:



11.3.4. Borrowing (or Capital Financing Requirement) makes up a significant element of the Council's proposed financing over the next 10 years. While the Council has sufficient cash and investment balances in the near term it is able to internally borrow but, if the proposed capital programme is delivered on time, it will need to borrow externally in 2019/20 in addition to the £156.7m the Council has already borrowed as a result of the HRA self-financing settlement. The impact of this borrowing is estimated as part of the revenue consequences of the capital programme (see Appendix C) and is incorporated into the Medium Term Financial Strategy (CAB 3131), the General Fund budget (CAB 3132) and the Housing Revenue Account budget (CAB 3111 (HSG)).

11.3.5. Before committing the Council to borrowing, consideration is given to the forecast savings and/or income a new project may generate and how this will contribute to the financing costs as part of its respective business case. The Capital Financing Requirement is reduced over the life of individual assets in the General Fund by a statutory annual contribution from revenue referred to as the Minimum Revenue Provision (MRP). In addition, the Council can elect to reduce its borrowing need by making contributions from revenue or from the sale of asset (capital receipts). Planned MRP is as follows:

Replacement of debt finance in £ millions

	2017/18 actual	2018/19 forecast	2019/20 budget	2020/21 budget	2021/22 budget
Minimum Revenue Provision (GF)	0.4	0.5	0.6	0.6	1.4
Reserves (HRA)	1.0	0.0	0.0	0.0	0.0
Total	1.4	0.5	0.6	0.6	1.4

The Council's full MRP statement is available at Appendix E.

11.3.6. The Council's cumulative outstanding amount of debt finance (borrowing need) is measured by the Capital Financing Requirement (CFR). This increases with new debt-financed capital expenditure and reduces with MRP and voluntary contributions from revenue or capital receipts. CFR is estimated to increase by £53.5m during 2019/20 subject to full delivery of the Capital Programme.

Estimates of Capital Financing Requirement (CFR) in £ millions

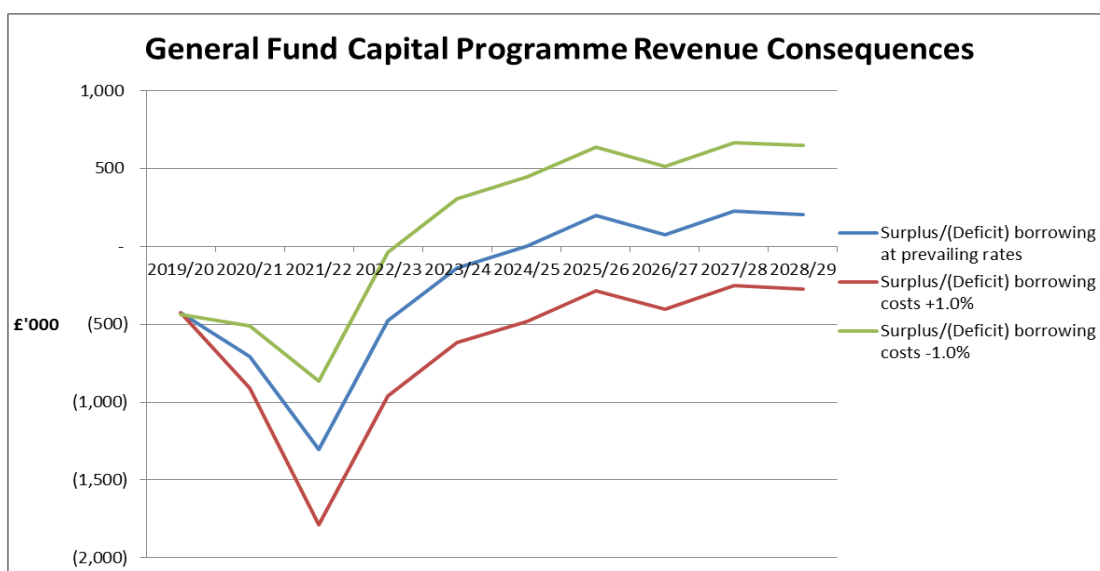
	31.3.2018 actual	31.3.2019 forecast	31.3.2020 budget	31.3.2021 budget	31.3.2022 budget
General Fund	13.2	32.1	77.6	105.3	108.5
Housing Revenue Account	164.0	164.0	172.0	187.5	196.5
TOTAL CFR	177.2	196.1	249.6	292.8	305.0

11.3.7. Further information including borrowing forecasts and borrowing limits are set out in the Treasury Management Strategy (CAB 3133).

11.4. Revenue Consequences of the Capital Programme on the General Fund

11.4.1. Appendix C details the impact of the Capital Programme on the Council's General Fund. Not all projects provide savings or generate income but, in aggregate, the capital programme is forecast to have a positive net benefit to the General Fund from 2023/24. There is an overall negative impact on the General Fund prior to this year which reflects significant spend on preliminaries and costs associated with major projects early in their lifecycle.

11.4.2. A significant proportion of the Council's programme is likely to be financed by borrowing and this exposes the Council to the risk of changing interest rates. The Council can mitigate against this by borrowing ahead of need where it is advantageous to do so and by taking longer-term fixed rate loans. The graph below illustrates the impact on the General Fund at prevailing long-term rates available to the Council as well as the impact of a change in those rates by 1.0%:



11.4.3. For short term borrowing, prevailing rates available to the Council are as low as just under base rate (0.75%) and we would make use of these rates for short periods of time for cashflow purposes or where financially advantageous.

11.4.4. Although capital expenditure is not charged directly to the revenue budget, interest payable on loans, MRP, and any revenue funded reductions in the borrowing need are charged to the General Fund (GF) or Housing Revenue Account (HRA) income and expenditure statements as appropriate, offset by investment income receivable. The net annual charge is known as financing costs - this is compared to the net revenue stream: Council Tax, Business

rates, and general government grants in the case of the GF; and rents and other charges in the case of the HRA.

Prudential Indicator: Proportion of financing costs to net revenue stream

	2017/18 actual	2018/19 forecast	2019/20 budget	2020/21 budget	2021/22 budget
GF financing costs (£m)	-0.1	0.02	0.9	0.8	2.3
GF proportion of net revenue stream	-0.8%*	0.1%	5.8%	5.6%	17.8%
HRA financing costs (£m)	6.1	5.1	5.2	6.1	6.7
HRA proportion of net revenue stream	21.2%**	17.9%	17.8%	20.5%	21.6%

* in 2017/18 investment income exceeded interest payable and MRP

** in 2017/18 the HRA elected to reduce its borrowing need by £1m from revenue

11.4.5. **Sustainability** – due to the long-term nature of capital expenditure and financing, the revenue implications of the expenditure in the next few years will extend up to 50 years in the future. It is imperative therefore that the Council ensures that the proposed programme is prudent, affordable, and sustainable. This is achieved by ensuring that the governance and procedures outlined in this strategy are followed, by incorporating and considering the revenue impact in the context of the 10 year medium term financial strategy (MTFS), by undertaking financial appraisals of individual projects as part of their business cases on a whole life basis, and for HRA expenditure incorporating the impact in the 30 year business plan.

11.5. Capital Receipts

11.5.1. When a capital asset is sold the proceeds, known as capital receipts, can be spent on new assets or to reduce debt from prior year capital expenditure. Repayments of capital grants, loans, and investments also generate capital receipts. Forecast capital receipts and their use in funding capital expenditure is detailed in Appendix D.

11.5.2. In order to effectively manage its estate the council commenced an asset challenge programme in 2018/19. 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 to, for example, 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 have the potential to generate capital receipts in excess of £1m.

11.6. The approval process and Project and Programme management

- 11.6.1. For effective delivery of the Capital Programme it is important that the programme is realistic in terms of projects which can be delivered on time, within budget, and whilst achieving the desired outcomes. The Council has a number of programme and project management procedures in place to help to ensure successful delivery of the capital programme, from the initiation and approval of projects to effective performance monitoring and post-implementation review.
- 11.6.2. The Council has an ambitious capital programme with several major projects. To expedite their delivery the Council the Council created 3 new Heads of Programme posts in 2017/18 who lead on the delivery of three specific major project areas: Station Approach; the new Winchester Sports and Leisure Centre; and Central Winchester Regeneration.
- 11.6.3. The resource requirements for each corporate project are assessed as part of the development of the outline business case and associated project plan and initially identified in the Business Justification Case which is considered by the Capital Strategy Board. This is then looked at in relation to the whole programme of projects to determine the cumulative impact of delivery on staff resources. This can have impacts on key service areas such as the Council's Project Office in terms of providing project managers, and other key areas such as Legal, Finance and Estates teams depending upon the nature of the projects. Where required, external support is commissioned to provide resources which cannot be met from within the Council's own resources.
- 11.6.4. The Council's Programme Management Group, the role of which is to monitor the programme and projects delivery together with identifying and addressing resource issues, meets on a monthly basis to consider such issues and to report concerns and to refer key decisions to the Senior Leadership Team.
- 11.6.5. Cabinet receives quarterly updates on financial performance as well as key projects (many of which are in the capital programme).

11.7. Asset Management Plan (AMP)

- 11.7.1. The AMP seeks to address both the spending priorities for the maintenance of operational property and the development of the non operational estate to assist economic development and provide both capital receipts and revenue income streams. The most recent AMP covering the period to 2021 was approved in December 2016 (CAB2870 refers).
- 11.7.2. The Council owns a well located portfolio of property which can provide an increasing level of income for the Council, whilst other sources of income may be restricted in growth. The value of the Council's portfolio can be unlocked by undertaking prudent development or refurbishment schemes on existing property to be let to well secured tenants as well as identifying potential assets sales as detailed in 11.5 above.

11.7.3. The Capital Programme (Appendix A) includes specific projects in line with the AMP. In addition, a £200,000 annual budget, funded by the Property Reserve, has been allocated to support reactive maintenance and smaller scale refurbishments as they arise.

11.8. IMT Asset Management Plan

11.8.1. The purpose of the IMT Service is to deliver cost effective robust data processing and voice services to support the productivity and ambitions of the Council. The IMT Service uses good practice methodologies (ITIL3) to ensure the quality control of supportable, sustainable and secure services.

11.8.2. The Council has formulated a digital transformation strategy which has been a key focus since 2018 and aims to enhance how the Council engages and transacts with its customers whilst seeking efficiencies, savings and improvements. The Council is also keen to build on Smart City initiatives particularly in relation to Transport/ Parking and Tourism applications which will help to meet wider objectives.

11.8.3. The Council formed an IT delivery partnership with Test Valley Borough Council (TVBC) over eight years ago that shares an infrastructure platform that continues to produce both capital avoidance and revenue financial savings. The assets which constitute the shared platform are jointly procured and owned. Other capital assets which are required solely for the use of either party will continue to be funded independently. This will be reflected in setting out investment requirements.

11.8.4. It is paramount that a funding provision be made available to ensure that the IT infrastructure remains fit for purpose and capable of delivering sustainable and supportable services. Equipment must be maintained in a condition which supports the needs of the business.

11.8.5. The Capital Asset Management Plan (AMP) for IT infrastructure recognises this requirement for fit-for-purpose equipment through a programme of continuous investment. Generally, equipment will require refreshment after 4-5 years, at intermittent intervals due to the practical constraint of delivery and implementation. The Capital Asset Management Plan (AMP) for IT assumes the need to refresh infrastructure items on a like-for-like basis, and proposed costs reflect this. In reality, after five years the technology will have “moved on” and new developments which offer further advances will be considered which may give greater benefits for the same investment.

11.8.6. The following table sets out the proposed IMT capital expenditure for 2019/20 to be financed from the IMT reserve:

IMT Capital 2019/20	£'000
Equipment	80
Infrastructure (SAN)	90
Remote working investments	40
Telephony replacement	30
Total	240

11.9. Housing Revenue Account (HRA)

11.9.1. The Housing Portfolio Plan takes full account of priorities detailed in the Council's Housing Strategy, its 30 year HRA Business Plan and the Housing Asset Management Strategy.

11.9.2. Appendix A provides summary detail on the HRA capital programme for 2019/20 and forecasts to 2028/29. Further detailed information can be found in the Housing budget paper; CAB 3111 (HSG) refers.

11.10. Commercial and non-Treasury Investment Activities

11.10.1. The Council invests for three broad purposes:

- because it has surplus cash as a result of the reserves it holds and its day to day activities such as when income is received in advance of expenditure (known as **treasury management investments**);
- to support local public services by undertaking regeneration projects, by lending to, and by buying shares in other organisations (**service investments**); and
- to earn investment income (**commercial investments**)

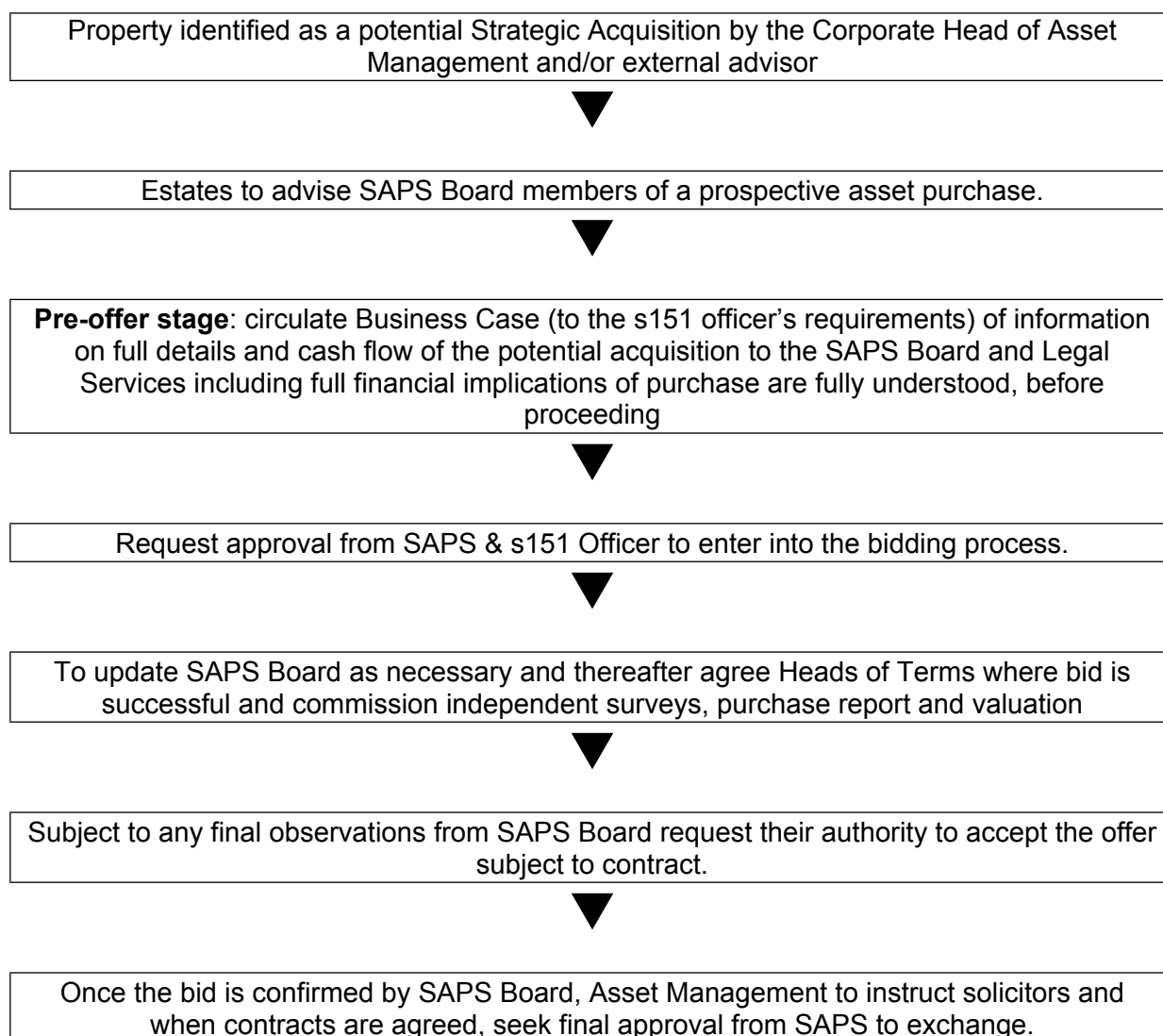
11.10.2. The Council's Treasury Management Strategy, and associated limits and indicators, is reported in CAB3133. Further detail on service and commercial investments including total investment indicators is provided in Appendix F.

11.10.3. As noted elsewhere in this report, the Council's Asset Management Plan seeks to develop the estate to assist economic development and provide both capital receipts and revenue income streams.

11.10.4. Individual projects are supported by appropriate business cases and the programme as a whole is monitored to ensure that sufficient resources are available both financial and in respect of staff. Where appropriate, the Council will procure additional external resource when either there is insufficient officer availability or when specialist advice and support is required.

11.10.5. In addition to this, Council approved a Strategic Asset Purchase Scheme (SAPS) in January 2017 (CAB 2872 refers). As part of this a SAPS Board was created which includes Members and officers; the Board receives recommendations of potential purchases and the S151 has delegated authority to make acquisitions up to £4m following discussions with the Board subject to due diligence, or recommend to Cabinet and Council to approve for acquisitions above £4m.

11.10.6. The following flowchart details the process:



11.11. Risk Appetite

11.11.1. The Council's Risk Appetite Statement is an integral part of the Council's Risk Management Policy and ensures that the opportunities the Council is willing to take to achieve its strategic outcomes and objectives are measured, consistent and compatible with the Council's capacity to accept

and manage risk and do not expose the Council to unknown, unmanaged or unacceptable risks.

11.11.2. The Council during the course of the year will take fair, measured and targeted levels of risk to achieve the priority objectives included in the Council Strategy. There will be opportunities for the Council to be innovative or work differently and any identified risks will need to be considered against the anticipated cost or efficiency benefits.

11.11.3. The Council's Risk Appetite has four key elements and against each is the level of risk that the Cabinet is prepared to accept. These are set out below and will be used to assess projects as they are initially assessed and thereafter progressed.

Risk levels and description Key elements	Minimal As little risk as reasonably possible	Cautious Prefer limited delivery options	Open Consider all potential options	Seek Eager to be innovative
Financial/VFM	Very limited financial loss if essential (up to £100,000) VFM (focusing on economy) is primary concern	Some limited financial loss (from £100,000 to £500,000) Consider benefits and constraints beyond price	Will invest and risk losing (from £500,000 up to £2m or 10% of value – which ever is the lower of the two) for larger potential financial return Value and benefits considered, not just cheapest price	Invest and risk losing (from £2m up to £5m) for best possible return Resources allocated without firm guarantee of return
Exposure to Challenge	Be very sure we would win challenges	Limited tolerance for sticking neck out Reasonably sure we would win challenges	Challenge is problematic, but takes the necessary steps to manage and win this. Gain outweighs adverse consequences	Chances of losing challenge are real with significant consequences
Innovation, Quality, Outcomes	Innovations avoided unless essential or commonplace Essential systems or technology development only	Prefer status quo and avoid innovation Limited systems or technology development	Innovation supported New ways of working or using technology explored.	Innovation pursued Actively seek new ways of working or using new technology
Reputation	No chance for significant repercussions Avoid exposure to attention	Little chance of significant repercussions Mitigation in place for undue interest	Will expose to scrutiny and interest Management of reputation through actively listening and talking	New ideas experimented at the risk of damage to reputation
Appetite	Low	Moderate	High	Significant

11.12. Knowledge, capacity, and skills

11.12.1. In order to deliver the Capital Programme it is essential that the Council has access to the right knowledge and skills.

11.12.2. Internally the Council employs fully qualified and experienced staff such as accountants, solicitors and surveyors. It is fully supportive in providing access to courses both internal and external to enable those staff to complete their Continuing Professional Development (CPD) requirements.

11.12.3. Where the Council does not have the knowledge, capacity, or skills required, use is made of external advisors and specialists in their field. The

Council currently employs Arlingclose Ltd as their Treasury advisers, Wilks Head & Eve to undertake its year end valuations, and other specialists as required to support, for example, its major projects.

11.12.4. In addition, the Council ensures that its Members are suitably qualified to undertake their governance role by providing training opportunities (internally and externally provided) and access to workshops either within the Council or with its Local Government partners.

11.12.5. The Council also procures, when required, expert advice and assistance externally such as financial and legal advice.

12. OTHER OPTIONS CONSIDERED AND REJECTED

12.1. None

BACKGROUND DOCUMENTS:-

Previous Committee Reports:-

The Capital Strategy and Programme are approved annually.

Other Background Documents:-

None

APPENDICES:

Appendix A – Capital Programme 2019-2029

Appendix B – Capital Programme Financing 2019-2029

Appendix C – Revenue Consequences of General Fund Capital Programme 2019 to 2029

Appendix D – Capital Receipts Reserve Forecast

Appendix E – Minimum Revenue Provision Statement 2019/20

Appendix F – Investment activities

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Capital Programme 2019 to 2029

2018/19			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	TOTAL	
Revised Estimate		Comments	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	2019-2029 Forecast	
£000			£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	
	General Fund													
	Approved*													
100	Replacement surgery	Replacement surgery in City Centre	Health & Happiness	3,835	290	-	-	-	-	-	-	-	4,125	
1,000	Disabled Facility Grants	Help towards cost of home modifications	Housing	1,400	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	10,400	
50	Bishop's Waltham Depot	Industrial Units	Business	1,325	-	-	-	-	-	-	-	-	1,325	
250	Flood Prevention Works	Durngate flood prevention scheme	Environment	1,024	-	-	-	-	-	-	-	-	1,024	
-	SAPS - Car Park at the Dean, Alresford	Acquisition of land and car park development	Business	1,005	-	-	-	-	-	-	-	-	1,005	
2,000	Partnered Home Purchase scheme	Investment in open market shared ownership properties	Health & Happiness	1,000	1,000	500	-	-	-	-	-	-	2,500	
9,972	SAPS - Central Winchester	Friarsgate and 158-165 High St - acquisition and refurbishment	Business	700	-	-	-	-	-	-	-	-	700	
-	Matley's Yard	Small business unit and Council storage	Business	573	-	-	-	-	-	-	-	-	573	
1,670	Coventry House (Vaultex)	Acquisition and car park development	Business	364	-	-	-	-	-	-	-	-	364	
161	Car Parks	Various	Business	310	105	180	180	180	180	180	180	180	1,855	
375	IMT Assets	Various	Internal Efficiency	240	100	444	88	233	160	122	130	85	250	
62	Hampshire Community Bank	Direct share purchase	Business	125	-	-	-	-	-	-	-	-	125	
-	Chesil Theatre Capital Grant	Improvement works (capital grant)	Health & Happiness	90	-	-	-	-	-	-	-	-	90	
-	Depot	Replace electricity supply to depot	Environment	61	-	-	-	-	-	-	-	-	61	
,327	Winchester Sports & Leisure Centre	Figures to be confirmed following Full Business Case approval	Health & Happiness	-	-	-	-	-	-	-	-	-	0	
400	Station Approach - Project Development	Commercial and residential development	Business	-	-	-	-	-	-	-	-	-	0	
386	Main Reception & office reconfiguration	Refurbishment	Internal Efficiency	-	-	-	-	-	-	-	-	-	0	
200	Garrison Ground Pitch & Boxing Club	Works to temporarily re-house boxing club	Health & Happiness	-	-	-	-	-	-	-	-	-	0	
185	River Park Leisure Centre	Essential capital repairs	Health & Happiness	-	-	-	-	-	-	-	-	-	0	
465	Open Spaces & Recreational Facilities	Approved play area refurbishments and replacements	Health & Happiness	-	-	-	-	-	-	-	-	-	0	
175	Asset Management Plan	Reactive capital works to Estate	Environment	-	-	-	-	-	-	-	-	-	0	
165	Security Bollards	High Street anti-terrorism barriers	Environment	-	-	-	-	-	-	-	-	-	0	
103	IMT Smart District - WiFi	Wi-Fi Infrastructure	Business	-	-	-	-	-	-	-	-	-	0	
100	City Office Reception & CAB works	Citizens Advice Bureau	Business	-	-	-	-	-	-	-	-	-	0	
75	Hyde HA Waltham Chase Grant	Grant to Housing Association	Housing	-	-	-	-	-	-	-	-	-	0	
75	Handlebar Café	Capital Grant	Health & Happiness	-	-	-	-	-	-	-	-	-	0	
67	Newlands Walk West of Waterlooville	Play area	Health & Happiness	-	-	-	-	-	-	-	-	-	0	
40	City Offices - Solar PV	Installation of solar PV on City Offices roof	Environment	-	-	-	-	-	-	-	-	-	0	
38	The Weirs - Essential Repairs	Preliminary essential repairs to the river bank	Environment	-	-	-	-	-	-	-	-	-	0	
28	Kayac Building	Acquisition and repairs	Business	-	-	-	-	-	-	-	-	-	0	
27	Tourist Information Centre	Refurbishment	Business	-	-	-	-	-	-	-	-	-	0	
25	City Offices 2nd floor suite of offices	Refurbishment	Internal Efficiency	-	-	-	-	-	-	-	-	-	0	
15	Old Chesil Rectory	Improvements	Business	-	-	-	-	-	-	-	-	-	0	
19,536	Total Approved*			12,052	2,495	2,124	1,268	1,413	1,340	1,302	1,310	1,265	1,430	25,999

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

Capital Programme 2019 to 2029

2018/19				2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	TOTAL
Revised Estimate		Comments	Outcome	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	2019-2029 Forecast
£000				£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
		Subject to Appraisal												
	- Winchester Sports & Leisure Centre	Provision of new leisure centre	Health & Happiness	20,323	20,323	-	-	-	-	-	-	-	-	40,646
3,009	Strategic Asset Purchase Scheme (SAPS)		Business	15,000	-	-	-	-	-	-	-	-	-	15,000
	- Station Approach - Public Realm	Improvements to the Public Realm	Environment	2,500	2,500	-	-	-	-	-	-	-	-	5,000
	- Coitbury House	Major refurbishment	Business	2,100	900	-	-	-	-	-	-	-	-	3,000
3,078	SAPS - Transfer of HRA Garages to GF	Transfer of Garages from HRA to GF	Business	1,961	1,977	1,510	-	-	-	-	-	-	-	5,448
	- Station Approach - Project Development	Commercial and residential development	Business	1,400	-	-	-	-	-	-	-	-	-	1,400
	- King George V Pavilion	Replacement pavilion	Health & Happiness	1,000	-	-	-	-	-	-	-	-	-	1,000
20	Chesil Multi Storey car park	Essential capital works	Business	841	-	-	-	-	-	-	-	-	-	841
	- Housing Company	Provision of housing at sub-market level rents	Housing	500	5,000	2,500	2,000	-	-	-	-	-	-	10,000
	- West Wing Refurbishment	Refurbishment	Internal Efficiency	500	-	-	-	-	-	-	-	-	-	500
	- CIL funded community projects	Community infrastructure projects	Environment	500	250	250	-	-	-	-	-	-	-	1,000
	- South Winchester Coach Park	Replacement coach park	Environment	400	-	-	-	-	-	-	-	-	-	400
	- Abbey House	External and internal remedial works	Environment	394	-	-	-	-	-	-	-	-	-	394
	- Changing Pavilions (Town A/C)	Replacement at North Walls	Health & Happiness	300	-	-	-	-	-	-	-	-	-	300
	- Energy Management Projects	Energy efficiency and generation projects	Environment	250	250	250	-	-	-	-	-	-	-	750
	- Asset Management Plan	Reactive capital works to Estate	Environment	200	200	200	200	200	200	200	200	200	200	2,000
	- Open Spaces & Recreational Facilities	Play area refurbishments and replacements	Health & Happiness	175	210	120	180	110	110	-	-	-	-	905
	- The Weirs - Essential Repairs	Essential infrastructure repairs to the river bank	Environment	175	215	335	-	-	-	-	-	-	-	725
	- Recycling Bins	Glass collection	Environment	150	-	-	-	-	-	-	-	-	-	150
	- 68 St Georges Street	Refurbishment	Business	125	-	-	-	-	-	-	-	-	-	125
	- 59 Colebrook Street	Refurbishment	Business	100	-	-	-	-	-	-	-	-	-	100
	- 2-3 Bridge St	Remedial works to listed building	Business	100	-	-	-	-	-	-	-	-	-	100
	- Goods Shed, Barfield Close	Small business units - options being explored	Business	50	-	-	-	-	-	-	-	-	-	50
	- Large Format Printer	Equipment	Internal Efficiency	50	-	-	-	-	-	-	-	-	-	50
	- Enveloping Machine	Replacement - current machine at end of life	Internal Efficiency	36	-	-	-	-	-	-	-	-	-	36
107	IMT Smart District	Infrastructure and App	Business	-	-	-	-	-	-	-	-	-	-	0
	- Central Winchester Regeneration	Regeneration and public realm	Business	-	-	-	-	-	-	-	-	-	-	0
	- Redevelopment of Old Bar End Depot	Commercial development	Business	-	-	-	-	-	-	-	-	-	-	0
6,214	Subject to Appraisal*			49,130	31,825	5,165	2,380	310	310	200	200	200	200	89,920
25,750	Total General Fund			61,182	34,320	7,289	3,648	1,723	1,650	1,502	1,510	1,465	1,630	115,919

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

Capital Programme 2019 to 2029

2018/19			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	TOTAL
Revised Estimate		Comments	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	2019-2029 Forecast
£000			£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
	Housing Revenue Account												
9,350	New Build	Housing	21,997	33,629	14,403	21,935	10,945	7,777	8,011	8,250	8,497	8,752	144,195
6,262	Major repairs	Housing	6,853	6,104	6,261	6,427	6,594	9,439	9,769	10,072	10,487	10,837	82,845
445	Improvements & Loft Conversions	Housing	320	350	350	300	300	300	300	300	300	-	2,820
775	Disabled Adaptations	Housing	770	770	770	770	770	770	770	770	770	770	7,700
-	Fire Safety provision	Housing	1,000	-	-	-	-	-	-	-	-	-	1,000
243	Other Capital Spend	Housing	513	106	109	111	114	117	121	124	127	130	1,572
17,075	Total Housing Revenue Account		31,453	40,959	21,893	29,543	18,723	18,403	18,971	19,516	20,182	20,489	240,132
42,825	Grand Total		92,635	75,279	29,182	33,191	20,446	20,053	20,473	21,026	21,647	22,119	356,051

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Capital Programme Financing 2019 to 2029

	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
General Fund												
<i>Externally Funded</i>												
Government Grants	1,000	3,900	3,500	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	15,400
External Contributions												0
Non governmental grants	50	1,900	600	0	0	0	0	0	0	0	0	2,500
Open Space Fund	56	256	0	0	0	0	0	0	0	0	0	256
Developer's Contributions	142	349	0	0	0	0	0	0	0	0	0	349
Total Externally Funded	1,248	6,405	4,100	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	18,505
<i>Earmarked Reserves</i>												
Car Parks Property	181	1,601	105	180	180	180	180	180	180	180	180	3,146
Community Infrastructure Levy	363	3,222	250	250	0	0	0	0	0	0	0	3,722
Information, Management, and Technology	375	240	100	444	88	233	160	122	130	85	250	1,852
Landscape Mitigation	0	0	0	0	0	0	0	0	0	0	0	0
Major Investment Reserve	67	110	0	0	0	0	0	0	0	0	0	110
Property - Asset Management Reserve	291	594	200	200	200	200	200	200	200	200	200	2,394
Winchester Town	249	249	90	120	180	110	110	0	0	0	0	859
Total Earmarked Reserves	1,526	6,016	745	1,194	648	723	650	502	510	465	630	12,083
<i>Capital Receipts</i>	3,482	2,647	1,120	500	0	0	0	0	0	0	0	4,267
<i>Revenue Contribution to Capital</i>	40	0	0	0	0	0	0	0	0	0	0	0
<i>Capital Financing Requirement</i>	19,454	46,114	28,355	4,595	2,000	0	0	0	0	0	0	81,064
Total General Fund	25,750	61,182	34,320	7,289	3,648	1,723	1,650	1,502	1,510	1,465	1,630	115,919
Housing												
Capital Grants and Contributions	1,226	1,702	1,702	250	250	1,600	3,500	2,600	1,400	4,400	3,000	20,404
Major Repairs Reserve	4,687	6,904	7,128	7,532	7,914	8,293	8,607	8,896	9,195	9,502	9,821	83,792
Capital Receipts	8,819	6,226	13,014	4,939	5,336	2,756	2,894	3,037	3,180	3,333	3,487	48,202
Revenue Contribution to Capital	2,343	8,621	3,625	172	9,043	6,074	3,402	4,438	5,741	2,947	4,181	48,244
<i>Capital Financing Requirement</i>	0	8,000	15,490	9,000	7,000	0	0	0	0	0	0	39,490
Total Housing Revenue Account	17,075	31,453	40,959	21,893	29,543	18,723	18,403	18,971	19,516	20,182	20,489	240,132
Total Financing of Capital Programme	42,825	92,635	75,279	29,182	33,191	20,446	20,053	20,473	21,026	21,647	22,119	356,051

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Revenue Consequences of General Fund Capital Programme 2019 to 2029

Notes:

Revenue consequences are estimates and are subject to change. More detailed analysis is carried out prior to actual expenditure being approved.

To be consistent with the presentation in the published financial statements, negative figures (in brackets) represent income or savings.

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

GENERAL FUND	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Surplus/(Deficit) - approved*	(652)	(349)	46	77	98	65	79	96	111	127	144
Surplus/(Deficit) - subject to appraisal*	(16)	(79)	(751)	(1,383)	(576)	(202)	(78)	102	(36)	99	63
TOTAL SURPLUS/(DEFICIT)	(668)	(428)	(705)	(1,306)	(478)	(136)	2	198	75	226	207

Forecast interest payable and Minimum Revenue Provision are affected by borrowing rates available to the Council.

The figures above are based on prevailing rates. An increase or decrease of 1.0% (100 basis points) to long-term borrowing rates would have the following impact:

Difference to TOTAL SURPLUS/(DEFICIT) (+1.0%)	(20)	(1)	(206)	(482)	(481)	(481)	(481)	(480)	(480)	(480)	(480)
Difference to TOTAL SURPLUS/(DEFICIT) (-1.0%)	19	(8)	194	443	442	442	442	441	441	441	441

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Capital Receipts Reserve Forecast

<u>CAPITAL RECEIPTS RESERVE</u>	2018/19 Forecast £000	2019/20 Forecast £000	2020/21 Forecast £000	2021/22 Forecast £000	2022/23 Forecast £000	2023/24 Forecast £000	2024/25 Forecast £000	2025/26 Forecast £000	2026/27 Forecast £000	2027/28 Forecast £000
Consolidated Opening Balance	(14,367)	(10,386)	(6,562)	(2,825)	(2,633)	(2,940)	(3,251)	(3,564)	(3,879)	(4,200)
GENERAL FUND										
Opening Balance	(6,867)	(3,701)	(2,253)	(1,455)	(1,280)	(1,608)	(1,940)	(2,275)	(2,613)	(2,955)
Forecast receipts	(316)	(1,199)	(322)	(325)	(328)	(332)	(335)	(338)	(342)	(345)
Forecast utilisation	3,482	2,647	1,120	500	0	0	0	0	0	0
Closing Balance	(3,701)	(2,253)	(1,455)	(1,280)	(1,608)	(1,940)	(2,275)	(2,613)	(2,955)	(3,300)
HOUSING REVENUE ACCOUNT										
Opening Balance	(7,500)	(6,685)	(4,309)	(1,370)	(1,353)	(1,332)	(1,311)	(1,289)	(1,266)	(1,245)
Forecast receipts	(8,004)	(3,850)	(10,075)	(4,922)	(5,315)	(2,735)	(2,872)	(3,014)	(3,159)	(3,311)
Forecast utilisation	8,819	6,226	13,014	4,939	5,336	2,756	2,894	3,037	3,180	3,333
Closing Balance	(6,685)	(4,309)	(1,370)	(1,353)	(1,332)	(1,311)	(1,289)	(1,266)	(1,245)	(1,223)
Consolidated Closing Balance	(10,386)	(6,562)	(2,825)	(2,633)	(2,940)	(3,251)	(3,564)	(3,879)	(4,200)	(4,523)

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Annual Minimum Revenue Provision Statement 2019/20

Where the Council finances capital expenditure by debt, it must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as Minimum Revenue Provision (MRP), although there has been no statutory minimum since 2008. The Local Government Act 2003 requires the Council to have regard to the Ministry for Housing, Communities and Local Government's Guidance on Minimum Revenue Provision (the CLG Guidance) most recently issued in 2018.

The broad aim of the CLG Guidance is to ensure that debt is repaid over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits, or, in the case of borrowing supported by Government Revenue Support Grant, reasonably commensurate with the period implicit in the determination of that grant.

The CLG Guidance requires the Council to approve an Annual MRP Statement each year, and recommends a number of options for calculating a prudent amount of MRP. The following statement incorporates options recommended in the Guidance as well as locally determined prudent methods.

For unsupported capital expenditure incurred after 31st March 2008, MRP will be determined by charging the expenditure over the expected useful life of the relevant asset as the equivalent principal repayment on an annuity with an annual interest rate equal to the relevant PWLB rate as at 31 March for the year of expenditure, starting in the year after the asset becomes operational. MRP on purchases of freehold land will be charged over 50 years. MRP on expenditure not related to fixed assets but which has been capitalised by regulation or direction will be charged over 20 years.

For assets acquired by finance leases or the Private Finance Initiative, MRP will be determined as being equal to the element of the rent or charge that goes to write down the balance sheet liability.

For capital expenditure loans to subsidiaries that are repaid in instalments of principal, the Council will make nil MRP and will instead apply the capital receipts arising from principal repayments to reduce the associated capital financing requirement.

No MRP will be charged in respect of assets held within the Housing Revenue Account. (England only)

Capital expenditure incurred during 2019/20 will not be subject to an MRP charge until at least 2020/21 or the year following which an asset becomes operational.

Based on the Council's latest estimate of its Capital Financing Requirement on 31st March 2019, the budget for MRP has been set as follows:

	31.03.2019 Estimated CFR £m	2019/20 Estimated MRP £
Unsupported capital expenditure after 31.03.2008	31.9	462,000
Finance leases and Private Finance Initiative	0.2	161,000
Total General Fund	32.1	623,000
Assets in the Housing Revenue Account	164.0	Nil
Total Housing Revenue Account	164.0	Nil
Total	196.1	623,000

Investment Activities

The Council invests for three broad purposes:

- because it has surplus cash as a result of the reserves it holds and its day to day activities such is when income is received in advance of expenditure (known as **treasury management investments** – further detail including associated limits and indicators is reported in CAB3133);
- to support local public services by undertaking regeneration projects, by lending to, and by buying shares in other organisations (**service investments**); and
- to earn investment income (**commercial investments**)

Service Investments: Loans

Contribution: The Council considers lending money to its subsidiaries, housing associations, and other entities to support local public services and stimulate local economic growth. The Council currently has outstanding loans with Housing Associations which help to meet its objective of providing affordable housing and preventing homelessness. It has no subsidiaries currently but is exploring the potential to set up a wholly owned Housing Company.

Security: The main risk when making service loans is that the borrower will be unable to repay the principal lent and/or the interest due. In order to limit this risk, and ensure that total exposure to service loans remains proportionate to the size of the Authority, upper limits on the outstanding loans to each category of borrower have been set as follows:

Table 1: Loans for service purposes in £ millions

Category of borrower	31.3.2018 actual			2019/20
	Balance owing	Loss allowance	Net figure in accounts	Approved Limit
Subsidiaries	0m	0m	0m	10m
Housing associations	0.14m	0.1m	0.04m	1m
Other entities*	-	-	-	1m
TOTAL	0.14m	0.1m	0.04m	12m

**loans to other entities will be considered on a case by case basis by the Treasury Investment Group (TIG). Further information on TIG is provided in CA3133*

Accounting standards require the Authority to set aside a loss allowance for loans, reflecting the likelihood of non-payment. The figures for loans in the Authority's statement of accounts from 2018/19 onwards will be shown net of this loss allowance. However, the Authority makes every reasonable effort to collect the full sum lent and has appropriate credit control arrangements in place to recover overdue repayments. Included in loans to housing associations are 0.87m of loans which have an allowance of the full amount; these loans are in respect of asset purchases for the provision of temporary accommodation to prevent homelessness and are only repayable in the event the asset is sold or its use changes.

Risk assessment: The Authority assesses the risk of loss before entering into and whilst holding service loans by considering any loans on a case by case basis. This includes, where appropriate, completion of a business case, assessing the purpose of the loan, the entity to which the loan is made, the use of credit ratings, and the procurement of external advice.

Service Investments: Shares

The Council does not actively consider the purchase of direct shares. It has, however, purchased one hundred and twenty five ordinary shares at a cost of £125,000 in Hampshire Community Bank for the purpose of assisting the local economy.

Commercial Investments: Property

Contribution: The Council owns an investment property portfolio (assets held solely for rental income or capital appreciation) which was valued at £47.7m as at 31 March 2018 and generated gross income of £2.6m and net income after costs of £1.8m in 2017/18. This income helps contribute to the Council Strategy outcomes.

No investment property enhancements are planned in 2018/19 but £2m is budgeted for acquisitions in respect of the Partnered Home Purchase scheme (open-market shared ownership) and £3.1m for the phased transfer of garages from the HRA.

Table 3: Property held for investment purposes in £ millions

1 April 2017	46.4
Acquisitions	0.0
Enhancements	0.1
Gains/(losses) in fair value	1.3
Transfers to PPE (operational assets)*	-0.1
31 March 2018	47.7
Budgeted	
Acquisitions	2.0
Garage transfer from HRA	3.1
Enhancements	0.0
Gains/(losses) in fair value**	-
31 March 2019	52.8

*an investment property is held for rental income and/or capital appreciation; when the continued purpose of holding the asset changes to meeting a service objective it is transferred to Property Plant & Equipment or vice versa

**valuations are carried out at the balance sheet date and so it is not possible to forecast future changes in fair value

The Council has a mixed investment property portfolio with the largest single element being in the retail sector. This is primarily due to historic holdings on Winchester's High Street with some assets being held by the Council and its predecessor organisations for over a hundred years.

Table 4: Investment properties by type

As at 31 March 2018	Retail	Offices	Industrial	Residential / Garages	Other	Total
Value £000s	31,941	8,790	4,133	1,881	969	47,714

Security: Investment property values are subject to fluctuation and so, in some years, the Council may make a loss in fair value. However, the Council is not reliant on capital receipts from the sale of its investment property assets and so any short or medium term loss is unrealised.

Risk assessment: The Council generates significant income from its portfolio and, in order to ensure continued revenue streams, the portfolio is kept under rolling review as part of the Asset Challenge programme and, where appropriate, assets are identified for sale. The Council does not plan to undertake borrowing to purchase

new investment properties. It has, however, used prudential borrowing (also known as Capital Financing Requirement (CFR)) to undertake the refurbishment of property in its existing portfolio to enable it to continue to generate rental income. When any such refurbishment is planned, it is subject to a business case and approval in accordance with the governance arrangements outlined in the Capital Strategy. As at 31 March 2018, the Council had £2.3m of CFR in relation to investment properties.

Liquidity: Compared with other investment types, property is relatively difficult to sell and convert to cash at short notice, and can take a considerable period to sell in certain market conditions. The Council is not reliant on the sale of investment property for short-term liquidity purposes.

Proportionality

The income the Council generates from its investment activities helps it deliver its objectives. The table below details the proportion of investment income as a proportion of gross service expenditure. In order to set the budget and include realistic forecasts in the Medium Term Financial Plan, prudent estimates of Treasury Management income are included which reflect forecast capital expenditure and reserve balances, and the Council's investment property portfolio is actively managed as detailed elsewhere in the Capital Strategy.

Table 5: Proportionality of Investments

	2017/18 Actual £000	2018/19 Forecast £000	2019/20 Budget £000	2020/21 Budget £000	2021/22 Budget £000
Gross service expenditure	30,922	33,694	32,975	32,277	32,518
Investment income*	2,617	3,272	2,980	3,332	3,380
Proportion	8.5%	9.7%	9.0%	10.3%	10.4%

**Investment income includes income from treasury investments and investment properties*

Investment Indicators

The Authority has set the following quantitative indicators to allow elected members and the public to assess the Authority's total risk exposure as a result of its investment decisions.

Total risk exposure: The first indicator shows the Authority's total investments and therefore its exposure to potential investment losses. The Council seeks to minimise its risk of loss and how it achieves this is detailed in the Capital Investment Strategy and the Treasury Management Strategy (CAB3133).

Table 6: Total investment exposure in £millions

Total investment exposure	31.03.2018 Actual	31.03.2019 Forecast	31.03.2020 Forecast
Treasury management investments	39.0m	15.0m	15.0m
Service investments: Loans	0.1m	0.1m	0.6m
Service investments: Shares	0.1m	0.1m	0.1m
Commercial investments: Property	47.7m	52.8m	56.0m
TOTAL EXPOSURE	86.9m	68.0m	71.7m

How investments are funded: The following table details which investments are funded by external borrowing. The Council's borrowing need (known as its Capital Financing Requirement or CFR) reflects capital expenditure that hasn't been financed from other sources – CFR increases with additional unfinanced capital expenditure and reduces with annual provisions from revenue (known as Minimum Revenue Provision or MRP) over the life of each asset. The Council is able to internally borrow a proportion of its borrowing need due, for example, to the usable reserves it holds and income received in advance, but will borrow externally when its need exceeds cash balances available.

Table 7: Investments funded by external borrowing in £millions

Investments funded by external borrowing	31.03.2018 Actual	31.03.2019 Forecast	31.03.2020 Forecast
Treasury management investments	0.0m	0.0m	0.0m
Service investments: Loans	0.0m	0.0m	0.5m
Service investments: Shares	0.0m	0.0m	0.0m
Commercial investments: Property	0.0m	0.0m	6.5m
TOTAL FUNDED BY EXTERNAL BORROWING	0.0m	0.0m	7.0m

Rate of return received (%): This indicator shows the investment income received less the associated costs, including the cost of borrowing where appropriate, as a proportion of the sum invested. Note that due to the complex local government accounting framework, not all recorded gains and losses affect the revenue account in the year they are incurred.

Table 8: Investment rate of return (net of costs) %

Investments net rate of return	2017/18 Actual	2018/19 Forecast	2019/20 Forecast
Treasury management investments	1.1%	1.0%	1.0%
Service investments: Loans	0.0%	0.0%	0.0%
Service investments: Shares	0.0%	0.0%	0.0%
Commercial investments: Property	3.9%	4.5%	4.4%
ALL INVESTMENTS*	2.6%	3.3%	3.6%

*weighted average return

Capital financing requirement (CFR) to total fixed assets value: Capital Financing requirement represents the total borrowing need of the Council. This indicator shows the CFR as a percentage of total fixed assets and forecasts assume the full delivery of the capital programme. The Council is able to internally borrow an element of its need and actual external borrowing stood at £156.7m at 31 March 2018. Further detail on borrowing is included in the Treasury Management Strategy (CAB3133)

Table 9: Capital Financing Requirement to total fixed assets value

Capital Financing Requirement to total fixed assets value	2017/18 Actual	2018/19 Forecast*	2019/20 Forecast*
General Fund - total fixed assets (£m)	114.3	140.1	198.0
Outstanding CFR (%)	11.5%	22.9%	39.2%
Housing Revenue Account - total fixed assets (£m)	456.5	465.6	493.2
Outstanding CFR (%)	35.9%	35.2%	34.9%

*excludes future changes in valuation

CAB3133
CABINET

REPORT TITLE: TREASURY MANAGEMENT STRATEGY STATEMENT 2019/20

13 FEBRUARY 2019

REPORT OF PORTFOLIO HOLDER: Finance – Cllr. Guy Ashton

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

PURPOSE

This report sets out the proposed Treasury Management Strategy Statement, including the Annual Investment Strategy for the Council for 2019/20.

RECOMMENDATIONS: to Cabinet and Council

1. That the Treasury Management Strategy Statement which includes the Annual Treasury Investment Strategy for 2019/20, (and the remainder of 2018/19) is approved; and
2. That authority is delegated to the Section 151 Officer, who in turn delegates to Hampshire County Council's Director of Corporate Resources, as agreed in the Service Level Agreement, to manage all Council investments (other than the high yield portfolio) and short term borrowing according to the Treasury Management Strategy Statement as appropriate.

IMPLICATIONS:1 COUNCIL STRATEGY OUTCOME

- 1.1 Treasury management is an integral part of helping the deliver the Council Strategy and all of its outcomes.

2 FINANCIAL IMPLICATIONS

- 2.1 Effective treasury management ensures both the financial security and liquidity of the Council. The overall target return is a 1% yield which, with an average balance of £40m, would yield £400k p.a.

3 LEGAL AND PROCUREMENT IMPLICATIONS

- 3.1 The Council's Treasury Management Strategy Statement follows the latest codes of practice and the MHCLG and CIPFA guidance.
- 3.2 With effect from September 2014 Hampshire County Council (HCC) and Winchester City Council (WCC) established arrangements for the joint discharge of functions under Section (101)(1) and (5) of the Local Government Act 1972 and Section 9EA and 9EB Local Government Act 2000. Under this arrangement, HCC's Investments and Borrowing Team provide a Treasury Service which includes the management of WCC's cash balances and investment of surplus cash or sourcing of short-term borrowing in accordance with the agreed Treasury Management Strategy Statement.

4 WORKFORCE IMPLICATIONS

- 4.1 None

5 PROPERTY AND ASSET IMPLICATIONS

- 5.1 None

6 CONSULTATION AND COMMUNICATION

- 6.1 The Overview and Scrutiny Committee discussed the report at its meeting held on 4 February 2019. At the conclusion of questions and debate, the Committee agreed that there were no particular matters that it wished to raise for Cabinet to further consider.

7 ENVIRONMENTAL CONSIDERATIONS

- 7.1 None

8 EQUALITY IMPACT ASSESSEMENT

- 8.1 None

9 DATA PROTECTION IMPACT ASSESSMENT

9.1 None required

10 RISK MANAGEMENT

Risk	Mitigation	Opportunities
<i>Returns from investments are too low</i>	A diversified strategy that attempts to manage the balance between liquidity risk, credit risk and yield within the Council's risk appetite.	Returns 0.13% above budgeted levels
<i>A counterparty fails</i>	A diversified strategy that has relatively low levels of counter-party risk	
<i>Cash is not available</i>	A balanced portfolio of liquid and long term funds are held to ensure cash is available to utilise. The Council also mitigates this risk through cashflow forecasting	More accurate and immediate cashflow forecasting can help improve the return on investments through more active treasury management activity
<i>Access to Money Market Funds (MMFs) may be restricted when the UK exits the EU</i>	Invest in suitable alternatives	

11 SUPPORTING INFORMATION:12 Summary

12.1 The Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice 2017 Edition (the CIPFA Code) require authorities to determine the Treasury Management Strategy Statement (TMSS) before the start of each financial year.

12.2 As per the requirements of the Prudential Code, the Council adopts the CIPFA Treasury Management Code. This report fulfils the Council's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code.

13 Introduction

13.1 Treasury management is the management of the Council's cash flows, borrowing and investments, and the associated risks. The Council has borrowed and invested sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of

financial risk are therefore central to the Council's prudent financial management.

- 13.2 Treasury risk management at the Council is conducted within the framework of the CIPFA Code which requires the Council to approve a TMSS before the start of each financial year. This report fulfils the Council's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code.
- 13.3 Investments held for service purposes or for commercial profit are considered in a different report, the Capital Investment Strategy.
- 13.4 Hampshire County Council's Investments & Borrowing Team has been contracted to manage the Council's treasury management balances since September 2014 but overall responsibility for treasury management remains with the Council. No treasury management activity is without risk; the effective identification and management of risk are integral to the Council's treasury management objectives.

14 External Context

Economic background

- 14.1 The UK's progress negotiating its exit from the European Union, together with its future trading arrangements, will continue to be a major influence on the Council's TMSS for 2019/20.
- 14.2 UK Consumer Price Inflation for October was up 2.4% year-on-year, slightly below the consensus forecast and broadly in line with the Bank of England's (BoE) November Inflation Report. The most recent labour market data for October 2018 showed the unemployment rate edged up slightly to 4.1% while the employment rate of 75.7% was the joint highest on record. The 3-month average annual growth rate for pay excluding bonuses was 3.3% as wages continue to rise steadily and provide some pull on general inflation. Adjusted for inflation, means real wages grew by 1.0%, a level still likely to have little effect on consumer spending.
- 14.3 The rise in quarterly GDP growth to 0.6% in Quarter 3 from 0.4% in the previous quarter was due to weather-related factors boosting overall household consumption and construction activity over the summer following the weather-related weakness in Quarter 1. At 1.5%, annual Gross Domestic Product growth continues to remain below trend. Looking ahead, the BoE, in its November Inflation Report, expects GDP growth to average around 1.75% over the forecast horizon, providing the UK's exit from the EU is relatively smooth.
- 14.4 Following the BoE's decision to increase Bank Rate to 0.75% in August, no changes to monetary policy has been made since. However, the Bank expects that should the economy continue to evolve in line with its November forecast, further increases in Bank Rate will be required to return inflation to

the 2% target. The Monetary Policy Committee (MPC) continues to reiterate that any further increases will be at a gradual pace and limited in extent.

Credit outlook

- 14.5 The big four UK banking groups have now divided their retail and investment banking divisions into separate legal entities under ringfencing legislation. Bank of Scotland, Barclays Bank UK, HSBC UK Bank, Lloyds Bank, National Westminster Bank, Royal Bank of Scotland and Ulster Bank are the ringfenced banks that now only conduct lower risk retail banking activities. Barclays Bank, HSBC Bank, Lloyds Bank Corporate Markets and NatWest Markets are the investment banks. Credit rating agencies have adjusted the ratings of some of these banks with the ringfenced banks generally being better rated than their non-ringfenced counterparts.
- 14.6 European banks are considering their approach to Brexit, with some looking to create new UK subsidiaries to ensure they can continue trading here. The credit strength of these new banks remains unknown, although the chance of parental support is assumed to be very high if ever needed. The uncertainty caused by protracted negotiations between the UK and EU is weighing on the creditworthiness of both UK and European banks with substantial operations in both jurisdictions.

Interest rate forecast

- 14.7 Following the increase in Bank Rate to 0.75% in August 2018, the Council's treasury management adviser Arlingclose is forecasting two more 0.25% hikes during 2019 to take official UK interest rates to 1.25%. The BoE's MPC has maintained expectations for slow and steady rate rises over the forecast horizon. The MPC continues to have a bias towards tighter monetary policy but is reluctant to push interest rate expectations too strongly. Arlingclose believes that MPC members consider both that ultra-low interest rates result in other economic problems, and that higher Bank Rate will be a more effective policy weapon should downside Brexit risks crystallise when rate cuts will be required.
- 14.8 The UK economic environment remains relatively soft, despite seemingly strong labour market data. Arlingclose's view is that the economy still faces a challenging outlook as it exits the European Union and Eurozone growth softens. While assumptions are that a Brexit deal is struck and some agreement reached on transition and future trading arrangements before the UK leaves the EU, the possibility of a "no deal" Brexit still hangs over economic activity (at the time of writing this commentary in mid-December). As such, the risks to the interest rate forecast are considered firmly to the downside.
- 14.9 A more detailed economic and interest rate forecast provided by Arlingclose is attached at Appendix 1.

15 Balance Sheet Summary and Forecast

- 15.1 On 30 November 2018, the Council held £156.7m of borrowing and £61.7m of investments. This is set out in further detail at Appendix B. Forecast changes in these sums are shown in the balance sheet analysis in Table 1 below. One important policy change that will impact on the treasury strategy is the removal of the debt cap for the Housing Revenue Account (HRA). This will likely lead to an increased borrowing requirement for the HRA as the council explores opportunities to build more new homes over the period of the TMS.

Table 1: Balance sheet summary and forecast

	31/03/18 Actual £m	31/03/19 Estimate £m	31/03/20 Forecast £m	31/03/21 Forecast £m	31/03/22 Forecast £m
General Fund CFR	13.2	32.1	77.6	105.3	108.5
HRA CFR	164.0	164.0	172.0	187.5	196.5
Total CFR	177.2	196.1	249.6	292.8	305.0
Less: Other debt liabilities *	(0.5)	(0.2)			
Borrowing CFR	176.7	195.9	249.6	292.8	305.0
Less: External borrowing **	(156.7)	(156.7)	(156.7)	(156.7)	(156.7)
Internal (over) borrowing	20.0	39.2	92.9	136.1	148.3
Less: GF Usable reserves	(33.7)	(27.8)	(19.9)	(17.4)	(14.8)
Less: HRA Usable reserves	(16.7)	(17.4)	(10.5)	(7.2)	(10.4)
Less: Working capital	(8.6)	(8.6)	(8.6)	(8.6)	(8.6)
Resources for investments	(59.0)	(53.8)	(39.0)	(33.2)	(33.8)
New borrowing or (investments)	(39.0)	(14.6)	53.9	102.9	114.5

* finance leases, PFI liabilities and transferred debt that form part of the Council's total debt

** shows only loans to which the Council is committed and excludes optional refinancing

- 15.2 The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. The Council's current strategy is to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing.
- 15.3 The Council has a forecast increasing CFR 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.

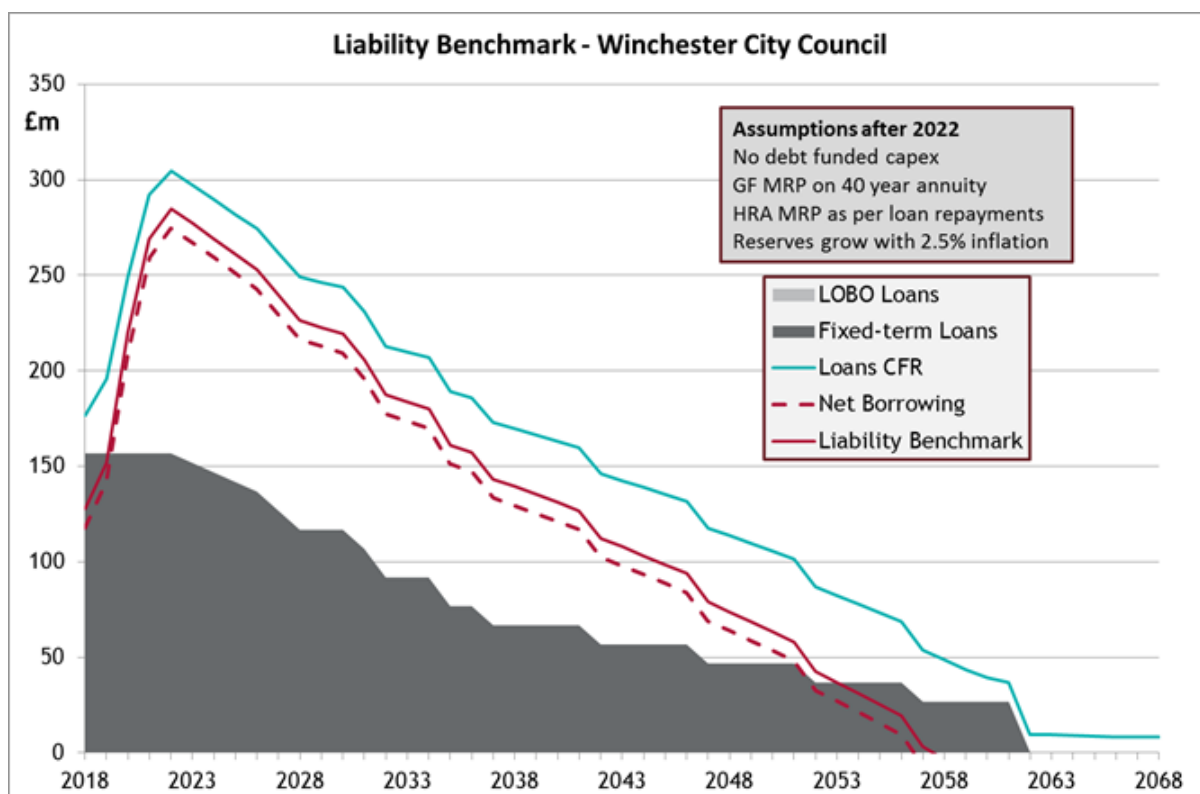
- 15.4 CIPFA's Prudential Code for Capital Finance in Local Authorities recommends that the Council's total debt should be lower than its highest forecast CFR over the next three years. Table 1 shows that the Council expects to comply with this recommendation during 2019/20.

Liability benchmark

- 15.5 To compare the Council's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This assumes the same forecasts as Table 1 above but that cash and investment balances are kept to a minimum level of £10m at each year-end to maintain sufficient liquidity but minimise credit risk.

Table 2: Liability benchmark

	31/03/18 Actual £m	31/03/19 Estimate £m	31/03/20 Forecast £m	31/03/21 Forecast £m	31/03/22 Forecast £m
Total CFR	177.2	196.1	249.6	292.8	305.0
Less: Total usable reserves	-50.4	-45.2	-30.4	-24.6	-25.2
Less: Working capital	-8.6	-8.6	-8.6	-8.6	-8.6
Plus: Minimum investments	10	10	10	10	10
Liability benchmark	128.2	152.3	220.6	269.6	281.2



- 15.6 At the start of the period, 31st March 2017, the Council had a Loans CFR of £177m, fixed term loans of £157m and a liability benchmark of £139m. The difference of £20m between the CFR and fixed term loans is internal borrowing and is where the Council has used its own resources to fund capital expenditure.
- 15.7 The liability benchmark is the lowest level of debt the Council could hold if it used all of its balances, reserves and cash flow surpluses.
- 15.8 The forward projection using the Council capital programme forecasts suggest that capital expenditure funded by borrowing of around £109m will occur over the next three financial years as evidenced by the rising CFR and where the liability benchmark increases above the debt portfolio is where the Council will need to take on additional external borrowing to fund this expenditure. It is anticipated that to keep debt at a minimum level, a maximum of £125m of additional debt would need to be taken out. Any debt should be taken on an amortising basis to match the shape of the liability benchmark.
- 16 Borrowing Strategy
- 16.1 The Council currently holds £156.7m of loans as part of its strategy for funding previous years' capital programmes. The balance sheet forecast in Table 1 shows that the Council expects to borrow up to £53.9m in 2019/20. The Council may also borrow additional sums to pre-fund future years' requirements, providing this does not exceed the authorised limit for borrowing of £284.3m.

Objectives

- 16.2 The Council's chief objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving certainty of those costs over the period for which funds are required. The flexibility to renegotiate loans should the Council's long-term plans change is a secondary objective.

Strategy

- 16.3 Given the significant cuts to public expenditure and in particular to local government funding, the Council's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. With short-term interest rates currently much lower than long-term rates, when the Council does borrow, it is likely to be more cost effective in the short-term to either use internal resources, or to borrow short-term loans instead.
- 16.4 By internally borrowing, the Council is able to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk. The benefits of internal and short-term borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise modestly. Arlingclose will assist the Council with this 'cost of carry' and breakeven analysis. Its output may determine whether the Council borrows additional sums at long-term fixed rates in 2019/20 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.
- 16.5 Alternatively the Council may arrange forward-starting loans during 2019/20, where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period.
- 16.6 In addition, the Council may borrow (normally for up to one month) short-term loans to cover unplanned cash flow shortages.

Sources of borrowing

- 16.7 The approved sources of long-term and short-term borrowing are:
- Public Works Loan Board (PWLB) and any successor body
 - Any other UK public sector body
 - Any institution approved for investments (see below)
 - Any other bank or building society authorised to operate in the UK
 - UK public and private sector pension funds (except Hampshire Pension Fund)

- Capital market bond investors
- UK Municipal Bonds Agency plc and other special purpose companies created to enable local Council bond issues

Other sources of debt finance

16.8 In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:

- Leasing
- Hire purchase
- Private Finance Initiative
- Sale and leaseback

16.9 The Council has previously raised all of its long-term borrowing from the PWLB but it continues to investigate other sources of finance, such as local authority loans and bank loans, that may be available at more favourable rates.

Short-term and variable rate loans

16.10 These loans leave the Council exposed to the risk of short-term interest rate rises and are therefore subject to the limit on the net exposure to the interest rate exposure limits in the treasury management indicators at Section 17 of this TMSS.

Debt rescheduling

16.11 The PWLB allows authorities to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. The Council may take advantage of this and replace some loans with new loans, or repay loans without replacement, where this is expected to lead to an overall cost saving or a reduction in risk.

17 Investment Strategy

17.1 The Council holds invested funds, representing income received in advance of expenditure plus balances and reserves held. In the past 12 months, the Council's investment balance has ranged between £38.7m and £72.5m.

Objectives

17.2 The CIPFA Code requires the Council to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk

of incurring losses from defaults and the risk of receiving unsuitably low investment income.

Negative interest rates

- 17.3 If the UK enters into a recession in 2019/20, there is a small chance that the Bank of England could set its Bank Rate at or below zero, which is likely to feed through to negative interest rates on all low risk, short-term investment options. This situation already exists in many other European countries. In this event, security will be measured as receiving the contractually agreed amount at maturity, even though this may be less than the amount originally invested.

Strategy

- 17.4 Given the increasing risk and very low returns from short-term unsecured bank investments, the Council aims to further diversify into more secure and/or higher yielding asset classes during 2019/20. This is especially the case for the estimated £15m that is available for longer-term investment. At 30 November 2018 approximately 50% of the Council's surplus cash was invested so that it is not subject to bail-in risk (decreased from 63% last year due to the requirement of extra liquidity to fund the forthcoming land purchase), as it was invested in local authorities, pooled property funds, corporate bonds and secured bank bonds. Whilst the remaining cash is subject to bail-in risk, 66% is held in cash plus funds and overnight money market funds which are subject to a reduced risk of bail in, 16% is held in certificates of deposit which can be sold on the secondary market, 10% is held in maturing notice accounts (which once available, these funds will be placed in more secure/higher yielding investments) and the remaining 8% of cash subject to bail-in risk is held in overnight bank call accounts for liquidity purposes. Further detail is provided at Appendix 2. This diversification represents a continuation of the new strategy adopted in 2015/16.
- 17.5 The Council's investment in a pooled property fund allows the Council to diversify into asset classes other than cash without the need to own and manage the underlying investments. The fund, which is operated on a variable net asset value (VNAV) basis, offers diversification of investment risk, coupled with the services of a professional fund manager; also offers enhanced returns over the longer term but is more volatile in the short-term. The Council's pooled fund investment is in the fund's distributing share class which pays out the income generated.
- 17.6 Although money can be redeemed from the pooled fund at short notice, the Council's intention is to hold it for at least the medium term. Its performance and suitability in meeting the Council's investment objectives are monitored regularly and discussed with Arlingclose.
- 17.7 As shown in Appendix 2, without this allocation the weighted average return of the Council's cash investments would have been 0.81%; the allocation to high yielding investments has added 0.28% (£0.17m based on the cash balance at

30 November 2018) to the average interest rate earned by the remainder of the portfolio.

Investment limits

- 17.8 The maximum that will be lent to any one organisation (other than the UK Government) will be £7 million. A group of banks under the same ownership will be treated as a single organisation for limit purposes. Limits will also be placed on fund managers, and investments in pooled funds, as they would not count against a limit for any single foreign country, since the risk is diversified over many countries.

Table 3: Investment limits

	Cash limit
Any single organisation, except the UK Central Government	£7m each
UK Central Government	unlimited
Any group of organisations under the same ownership	£7m per group
Any group of pooled funds under the same management	£7m per manager
Money Market Funds	50% in total

Approved counterparties

- 17.9 The Council may invest its surplus funds with any of the counterparty types in Table 4 below, subject to the cash limits (per counterparty) and the time limits shown.

Table 4: Approved investment counterparties and limits

Credit rating	Banks unsecured	Banks secured	Government	Corporates
UK Govt	n/a	n/a	£ Unlimited 30 years	n/a
AAA	£3.5m 5 years	£7m 20 years	£7m 50 years	£3.5m 20 years
AA+	£3.5m 5 years	£7m 10 years	£7m 25 years	£3.5m 10 years
AA	£3.5m 4 years	£7m 5 years	£7m 15 years	£3.5m 5 years
AA-	£3.5m 3 years	£7m 4 years	£7m 10 years	£3.5m 4 years
A+	£3.5m 2 years	£7m 3 years	£3.5m 5 years	£3.5m 3 years
A	£3.5m 13 months	£7m 2 years	£3.5m 5 years	£3.5m 2 years
A-	£3.5m 6 months	£7m 13 months	£3.5m 5 years	£3.5m 13 months

None	£1m 6 months	n/a	£7m 25 years	£3.5m 10 years
Pooled funds	£7m per fund			

This table must be read in conjunction with the notes below

Credit rating

- 17.10 Investment limits are set by reference to the lowest published long-term credit rating from a selection of external rating agencies. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken into account.

Banks unsecured

- 17.11 Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. See below for arrangements relating to operational bank accounts.

Banks secured

- 17.12 Covered bonds, reverse repurchase agreements and other collateralised arrangements with banks and building societies. These investments are secured on the bank's assets, which limits the potential losses in the unlikely event of insolvency, and means that they are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used to determine cash and time limits. The combined secured and unsecured investments in any one bank will not exceed the cash limit for secured investments.

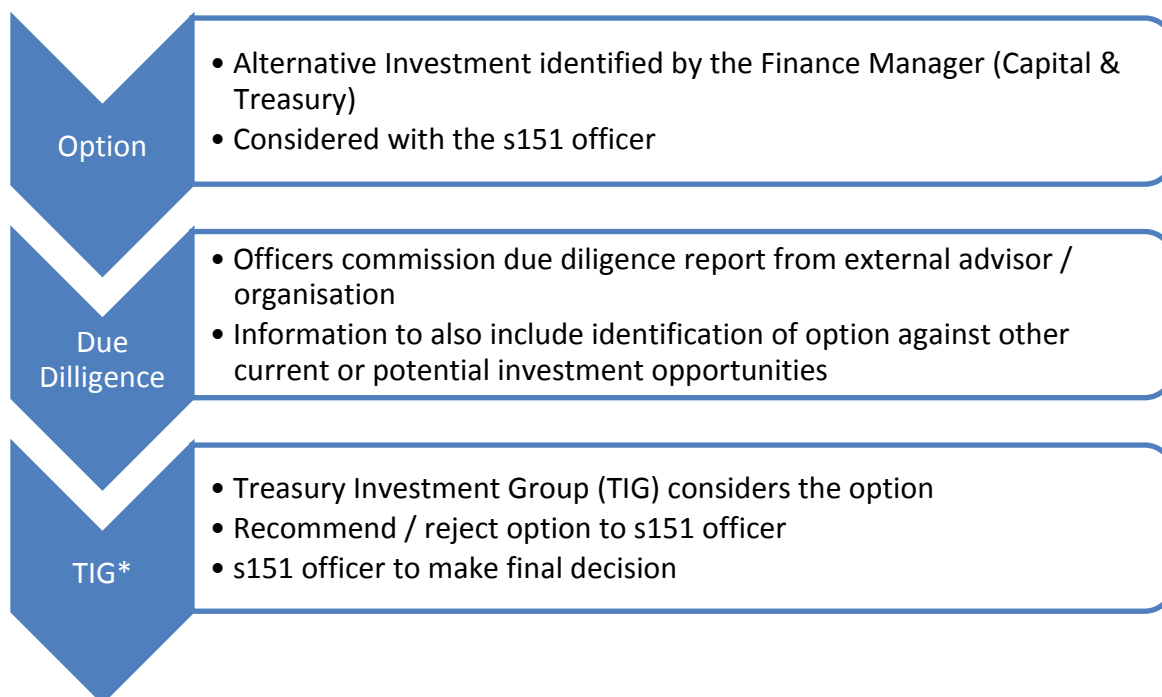
Government

- 17.13 Loans, bonds and bills issued or guaranteed by national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is an insignificant risk of insolvency. Investments with the UK Central Government may be made in unlimited amounts for up to 30 years.

Corporates

- 17.14 Loans, bonds and commercial paper issued by companies other than banks and registered providers. These investments are not subject to bail-in, but are exposed to the risk of the company going insolvent.
- 17.15 Where a counterparty does not have a credit rating and to ensure there is a clear process for external scrutiny specifically around these alternative

investments, the governance structure detailed below was approved in the Treasury Management Mid-Year Review 2017/18 in order for the Council to consider such investment opportunities in a timely manner and ensure that there has been effective scrutiny over the proposed decisions. The S151 officer will consult with this group on these types of investment prior to making the final decision.



* The TIG (Treasury Investment Group) includes the following officer and member roles:

- Finance Manager (Capital & Treasury)
- Portfolio Holder (Finance)
- One other Cabinet member
- Chair of the Audit Committee
- Shadow Portfolio Holder (Finance)
- S151 officer

Pooled funds

17.16 Shares or units in diversified investment vehicles consisting of any of the above investment types, plus equity shares and property. These funds have the advantage of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a fee. Short-term Money Market Funds that offer same-day liquidity and very low or no volatility will be used as an alternative to instant access bank accounts, while

pooled funds whose value changes with market prices and/or have a notice period will be used for longer investment periods.

- 17.17 Bond, equity and property funds offer enhanced returns over the longer term, but are more volatile in the short term. These allow the Council to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Council's investment objectives will be monitored regularly.

Real estate investment trusts

- 17.18 Shares in companies that invest mainly in real estate and pay the majority of their rental income to investors in a similar manner to pooled property funds. As with property funds, REITs offer enhanced returns over the longer terms, but are more volatile especially as the share price reflects changing demands for the shares as well as changes in the value of the underlying properties. Given the increased volatility as a result of supply and demand the Council will not invest in REITs.

Operational bank accounts

- 17.19 The Council may incur operational exposures, for example through current accounts, to any UK bank with credit ratings no lower than BBB- and with assets greater than £25 billion. These are not classed as investments, but are still subject to the risk of a bank bail-in, and balances will therefore be kept low. The Bank of England has stated that in the event of failure, banks with assets greater than £25 billion are more likely to be bailed-in than made insolvent, increasing the chance of the Council maintaining operational continuity.

Risk assessment and credit ratings

- 17.20 Credit ratings are obtained and monitored by the Council's treasury advisers, who will notify changes in ratings as they occur. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:
- no new investments will be made;
 - any existing investments that can be recalled or sold at no cost will be; and
 - full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.
- 17.21 Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as "rating watch negative" or "credit watch negative") so that it may fall below the approved rating criteria, then only investments that can be withdrawn on the next working day will be made with

that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.

Other information on the security of investments

- 17.22 The Council understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential government support and reports in the quality financial press and analysis and advice from the Council's treasury management adviser. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may meet the above criteria.
- 17.23 When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008 and 2011, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Council will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Council's cash balances, then the surplus will be deposited with the UK Government, via the Debt Management Office or invested in government treasury bills for example, or with other local authorities. This will cause a reduction in the level of investment income earned, but will protect the principal sum invested.

18 Treasury Management Indicators

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

Interest rate exposures

- 18.2 The following indicator shows the sensitivity of the Council's current investments and borrowing to a change in interest rates.

Table 5: Interest rate risk indicator

	30 November 2018	Impact of +/-1% interest rate change
Sums subject to variable interest rates		
Investment	£48.2m	+/-£0.48m
Borrowing	(£0.0m)	+/-£0.0m

Maturity structure of borrowing

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

Table 6: Refinancing rate risk indicator

	Upper	Lower
Under 12 months	25%	0%
12 months and within 24 months	25%	0%
24 months and within 5 years	25%	0%
5 years and within 10 years	30%	0%
10 years and within 20 years	50%	0%
20 years and within 30 years	50%	0%
30 years and within 40 years	75%	0%
40 years and within 50 years	100%	0%

- 18.4 Time periods start of the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.

Principal sums invested for periods longer than a year

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

Table 7: Price risk indicator

	2019/20	2020/21	2021/22
Limit on principal invested beyond year end	£15m	£15m	£10m

19 Prudential Indicators – BorrowingGross Debt and the Capital Financing Requirement

- 19.1 In order to ensure that over the medium term debt will only be for a capital purpose, the Council should ensure that debt does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years. This is a key indicator of prudence.

Table 8: Debt

	31.03.18 Revised £m	31.03.19 Estimate £m	31.03.20 Estimate £m	31.03.21 Estimate £m
Borrowing	(156.7)	(156.7)	(156.7)	(156.7)
New borrowing	-	-	(53.9)	(102.9)
Finance leases	(0.5)	(0.2)	-	-
Total Debt	(157.2)	(156.9)	(210.6)	(259.6)

19.2 Total debt is expected to remain below the CFR during the forecast period.

Operational Boundary for External Debt

19.3 The operational boundary is based on the Council's estimate of most likely (i.e. prudent but not worst case) scenario for external debt. It links directly to the Council's estimates of capital expenditure, the capital financing requirement and cash flow requirements, and is a key management tool for in-year monitoring. Other long-term liabilities comprise finance lease, Private Finance Initiative and other liabilities that are not borrowing but form part of the Council's debt.

Table 9: Operational Boundary

	2017/18 Revised £m	2018/19 Estimate £m	2019/20 Estimate £m	2020/21 Estimate £m
Borrowing	195.3	213.7	266.9	310.1
Other long-term liabilities	0.5	0.2	-	-
Total Debt	195.8	213.9	266.9	310.1

Authorised Limit for External Debt

19.4 The authorised limit is the affordable borrowing limit determined in compliance with the Local Government Act 2003. It is the maximum amount of debt that the Council can legally owe. The authorised limit provides headroom over and above the operational boundary for unusual cash movements.

Table 10: Authorised Limit

	2017/18 Limit £m	2018/19 Limit £m	2019/20 Limit £m	2020/21 Limit £m
Borrowing	212.4	231.0	284.3	327.5
Other long-term liabilities	0.6	0.3	-	-
Total Debt	213.0	231.0	284.3	327.5

20 Related Matters

- 20.1 The CIPFA Code requires the Council to include the following in its treasury management strategy.

Financial derivatives

- 20.2 Local authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (e.g. interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (e.g. LOBO loans and callable deposits). The general power of competence in Section 1 of the Localism Act 2011 removes much of the uncertainty over local authorities' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment).
- 20.3 The Council will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Council is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. Embedded derivatives, including those present in pooled funds and forward starting transactions, will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.
- 20.4 Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria. The current value of any amount due from a derivative counterparty will count against the counterparty credit limit and the relevant foreign country limit.

Housing Revenue Account

- 20.5 The Council has adopted the "two pool approach" whereby each of its long-term loans are split into General Fund and HRA pools. In the future, new long-term loans borrowed will be assigned in their entirety to one pool or the other. Interest payable and other costs/income arising from long-term loans (e.g. premiums and discounts on early redemption) will be charged/credited to the respective revenue account. Differences between the value of the HRA loans pool and the HRA's underlying need to borrow (adjusted for HRA

balance sheet resources available for investment) will result in a notional cash balance which may be positive or negative. This balance will be measured each month and interest transferred between the General Fund and HRA applying the following rates:

- The PWLB 3 month variable loan rate is applied to a deficit balance
- The risk free Debt Management Office rate is applied to a surplus balance.

Investment training

- 20.6 The needs of the Council's treasury management staff for training in investment management are assessed annually as part of the staff appraisal process, and additionally when the responsibilities of individual members of staff change.
- 20.7 Staff regularly attend training courses, seminars and conferences provided by Arlingclose and CIPFA. Relevant staff are also encouraged to study professional qualifications from CIPFA, and other appropriate organisations.
- 20.8 CIPFA's Code of Practice requires that the Council ensures that all members tasked with treasury management responsibilities, including scrutiny of the treasury management function, receive appropriate training relevant to their needs and understand fully their roles and responsibilities. All members were invited to a workshop presented by Arlingclose on 27 November 2018, which gave an update of treasury matters. A further Arlingclose workshop has been planned for November 2019.

Investment advisers

- 20.9 Hampshire County Council has appointed Arlingclose Limited as treasury management advisers for all Councils under the arrangement, and receives specific advice on investment, debt and capital finance issues. The quality of this service is controlled through quarterly review meetings with Arlingclose.

Investment of money borrowed in advance of need

- 20.10 The Council may, from time to time, borrow in advance of need, where this is expected to provide the best long-term value for money. Since amounts borrowed will be invested until spent, the Council is aware that it will be exposed to the risk of loss of the borrowed sums, and the risk that investment and borrowing interest rates may change in the intervening period. These risks will be managed as part of the Council's overall management of its treasury risks. The total amount borrowed will not exceed the authorised borrowing limit of £284.3m.

Markets in Financial Instruments Directive

- 20.11 The Council has opted up to professional client status with its providers of financial services, including advisers, brokers and fund managers, allowing it

access to a greater range of services but with out the greater regulatory protections afforded to individuals and small companies. Given the size and range of the Council's treasury management activities, the s151 Officer believes this to be the most appropriate status.

BACKGROUND DOCUMENTS:-

Previous Committee Reports:-

AUD119: Treasury Management Practices, 22 June 2015

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

CAB3064: Treasury Management Outturn 2017/18, 18 July 2018

AUD223: Treasury Management Mid-Year Monitoring Report 2018/19, 29 November 2018

Other Background Documents:-

None

APPENDICES:

Appendix A – Arlingclose Economic & Interest Rate Forecasts October 2018

Appendix B - Existing Investment & Debt Portfolio Position at 30 November 2018

Appendix A – Arlingclose Economic & Interest Rate Forecast October 2018

Underlying assumptions:

- The MPC left Bank Rate unchanged at the September meeting, after voting unanimously to increase Bank Rate to 0.75% in August.
- Our projected outlook for the UK economy means we maintain the significant downside risks to our interest rate forecast. The UK economic environment is relatively soft, despite seemingly strong labour market data. GDP growth recovered somewhat in Q2 2018, but the annual growth rate of 1.2% remains well below the long term average. Our view is that the UK economy still faces a challenging outlook as the country exits the European Union and Eurozone economic growth softens.
- Cost pressures were projected to ease but have risen more recently and are forecast to remain above the Bank's 2% target through most of the forecast period. The rising price of oil and tight labour market means inflation may remain above target for longer than expected. This means that strong real income growth is unlikely in the near future.
- The MPC has a bias towards tighter monetary policy but is reluctant to push interest rate expectations too strongly. We believe that MPC members consider both that: 1) ultra-low interest rates result in other economic problems, and 2) higher Bank Rate will be a more effective policy weapon should downside Brexit risks crystallise and cuts are required.
- The global economy appears to be slowing, particularly the Eurozone and China, where the effects of the trade war has been keenly felt. Despite slower growth, the European Central Bank is adopting a more strident tone in conditioning markets for the end of QE, the timing of the first rate hike (2019) and their path thereafter. Meanwhile, European political issues, mostly lately with Italy, continue.
- The US economy is expanding more rapidly. The Federal Reserve has tightened monetary policy by raising interest rates to the current 2%-2.25% range; further rate hikes are likely, which will start to slow economic growth. Central bank actions and geopolitical risks have and will continue to produce significant volatility in financial markets, including bond markets.

Forecast:

- The MPC has maintained expectations of a slow rise in interest rates over the forecast horizon. Our central case is for Bank Rate is to rise twice in 2019. The risks are weighted to the downside.
- Gilt yields have remained at low levels. We expect some upward movement from current levels based on our interest rate projections, the strength of the US economy and the ECB's forward guidance on higher rates. However,

volatility arising from both economic and political events will continue to offer borrowing opportunities.

	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Average
Official Bank Rate														
Upside risk	0.00	0.00	0.00	0.00	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.17
Arlingclose Central Case	0.75	1.00	1.00	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.17
Downside risk	0.00	0.50	0.50	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.65
3-mth money market rate														
Upside risk	0.10	0.10	0.10	0.10	0.15	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.17
Arlingclose Central Case	0.80	1.00	1.10	1.20	1.30	1.30	1.25	1.20	1.20	1.20	1.20	1.20	1.20	1.17
Downside risk	0.20	0.50	0.60	0.70	0.80	0.80	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.68
1-yr money market rate														
Upside risk	0.20	0.30	0.30	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.33
Arlingclose Central Case	1.05	1.25	1.35	1.40	1.50	1.45	1.40	1.40	1.40	1.40	1.40	1.40	1.40	1.37
Downside risk	0.35	0.50	0.60	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.69
5-yr gilt yield														
Upside risk	0.15	0.20	0.25	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.32
Arlingclose Central Case	1.15	1.20	1.25	1.35	1.40	1.40	1.35	1.35	1.30	1.30	1.30	1.30	1.30	1.30
Downside risk	0.30	0.35	0.45	0.50	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.54
10-yr gilt yield														
Upside risk	0.20	0.25	0.25	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.32
Arlingclose Central Case	1.60	1.65	1.65	1.70	1.75	1.75	1.75	1.70	1.70	1.70	1.70	1.70	1.70	1.70
Downside risk	0.30	0.45	0.50	0.55	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.55
20-yr gilt yield														
Upside risk	0.20	0.25	0.25	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.32
Arlingclose Central Case	1.90	1.95	1.95	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	1.98
Downside risk	0.30	0.40	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.43
50-yr gilt yield														
Upside risk	0.20	0.25	0.25	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.32
Arlingclose Central Case	1.80	1.85	1.85	1.90	1.90	1.90	1.90	1.90	1.90	1.90	1.90	1.90	1.90	1.88
Downside risk	0.30	0.40	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.43

PWLB Certainty Rate (Maturity Loans) = Gilt yield + 0.80%

PWLB Local Infrastructure Rate (Maturity Loans) = Gilt yield + 0.60%

Appendix B - Existing Investment & Debt Portfolio Position at 30 November 2018

Investment Position (Treasury Investments)

	30/09/2018 Balance £m	Movement £m	30/11/2018 Balance £m	30/11/2018 Rate %	30/11/2018 WAM* years
Short term investments					
Banks and Building Societies:					
- Unsecured	9.8	0.8	10.6	0.74	0.16
- Secured	4.0	2.0	6.0	0.87	0.17
Money Market Funds	17.1	2.1	19.2	0.72	0.01
Cash Plus Funds	1.0	-	1.0	0.53	n/a
Local Authorities	1.5	-	1.5	0.65	0.13
Corporate Bonds	4.9	-	4.9	0.69	0.04
	38.4	4.8	43.2	0.74	0.08
Long term investments					
Banks and Building Societies:					
- Secured	7.0	-	7.0	1.08	2.54
Local Authorities	6.5	-	6.5	1.06	1.52
	13.5	-	13.5	1.07	2.05
High yield investments					
Pooled Property Funds**	5.0	-	5.0	4.26	n/a
	5.0	-	5.0	4.26	n/a
TOTAL INVESTMENTS	56.9	4.8	61.7	1.09	0.55

* Weighted average maturity

** The rate provided for pooled property fund investments is reflective of the average of the most recent dividend return as at 30 November 2018

Treasury Management position

	30/11/2018 Balance £m	30/11/2018 Rate %
External borrowing:		
PWLB Fixed Rate	(156.7)	(3.30)
Total Gross External Debt	(156.7)	(3.30)
Investments	61.7	1.09
Net (Debt) / Investments	(95.0)	

CAB3127
CABINET

REPORT TITLE: Q3 FINANCE AND PERFORMANCE MONITORING

13 FEBRUARY 2019

REPORT OF CABINET

Contact Officer: Joseph Holmes Tel No: 01962 848 220 Email
jholmes@winchester.gov.uk

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 Cabinet;

1. Notes the progress achieved during the third quarter of 2018/19 and endorses the content of the report.

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.
- 6.2 The content of the report has also been considered by The Overview and Scrutiny Committee at its meeting on 28 January 2019 (Report [OS216](#) refers).
- 6.3 At that meeting, Members concluded that there were no items of significance that it wished to be drawn to the attention of Cabinet.

7 ENVIRONMENTAL CONSIDERATIONS

- 7.1 None.

8 EQUALITY IMPACT ASSESSEMENT

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

9 DATA PROTECTION IMPACT ASSESSMENT

9.1 None required

10 RISK MANAGEMENT

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

CAB3095 – Q2 Finance and Performance Report, 12 December 2018

Other Background Documents:-

None

APPENDICES:

Appendix 1 Q3 Finance and Performance Management Report 2018/19



FINANCE & PERFORMANCE MANAGEMENT REPORT THIRD QUARTER 2018/19



Contents

Introduction and Summary

Section 1: Financial Update – Third Quarter 2018/19

- General Fund Revenue
- General Fund Capital
- Outcome Based Budgeting – progress update
- Housing Revenue Account

Section 2: Council Strategy 2018-20 Progress Update

- Winchester District will be a premier **business** location
- Delivering quality **housing** options
- Improve the **health and happiness** of our community
- Improving the quality of the District's **environment**

Section 3: Project Management – Projects Update

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

Section 4: Managing the business – Corporate Health Indicators

Introduction and Summary

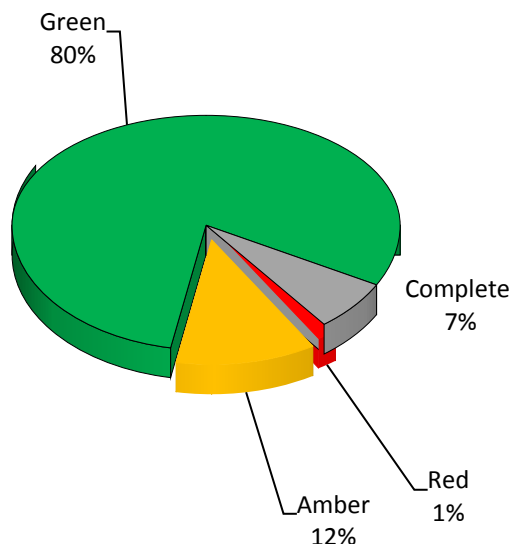
The purpose of this report is to demonstrate the performance of the Council at the end of each quarter throughout the financial year in relation to the aims and objectives in the Council Strategy, progress of the Council's major projects, the financial position and corporate health performance indicators.

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.

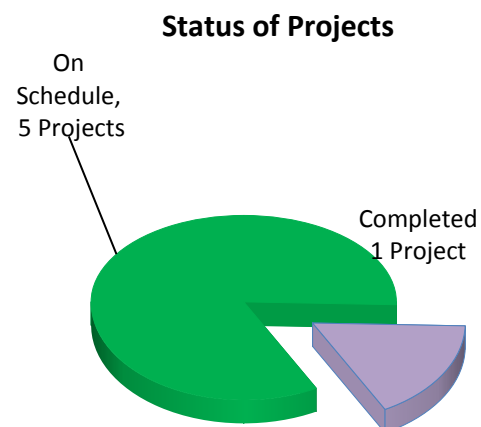
Similarly there are performance measures that are not reported here but support the business of that team and managed by each Corporate Head of Service.

The following diagrams provide a summary of the position of the Council as at the 30 September 2018 (Quarter 2) across the key areas of performance. Further information is provided in the following appendices.

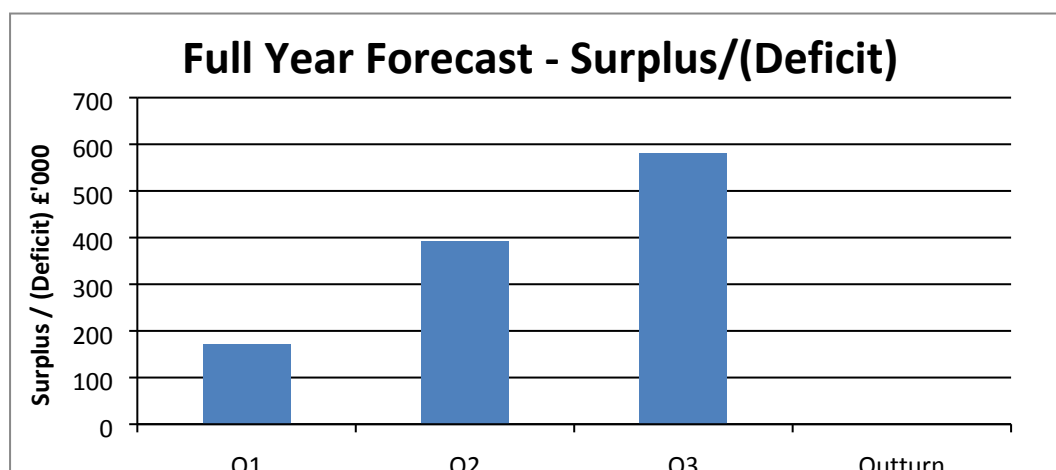
Council Strategy Q3 2018/19



Project Monitoring Q3 2018/19



Summary General Fund Revenue Financial Service Forecast



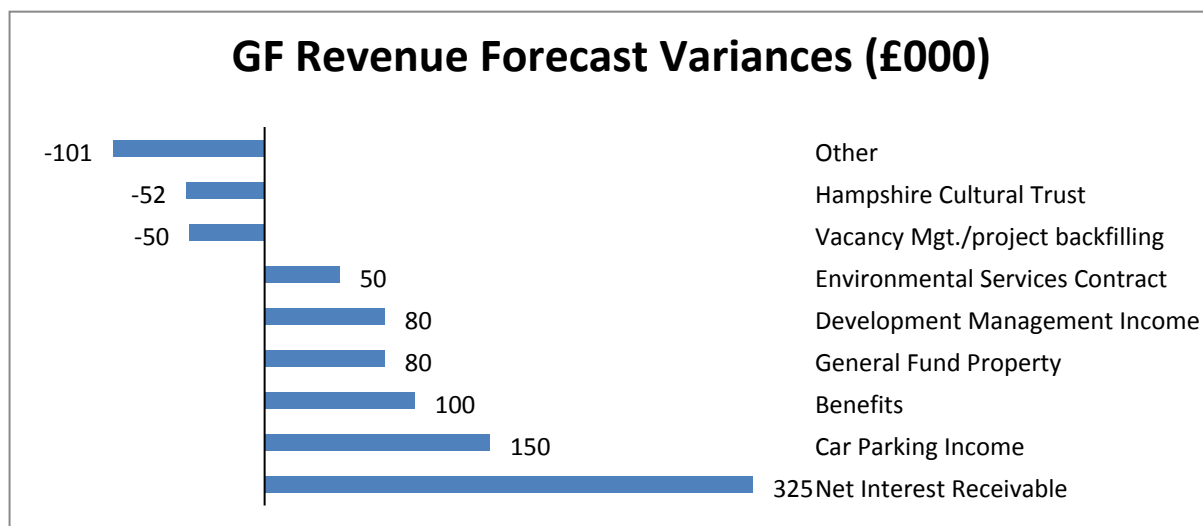
Section 1 – Financial Update as at 31 December 2018

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

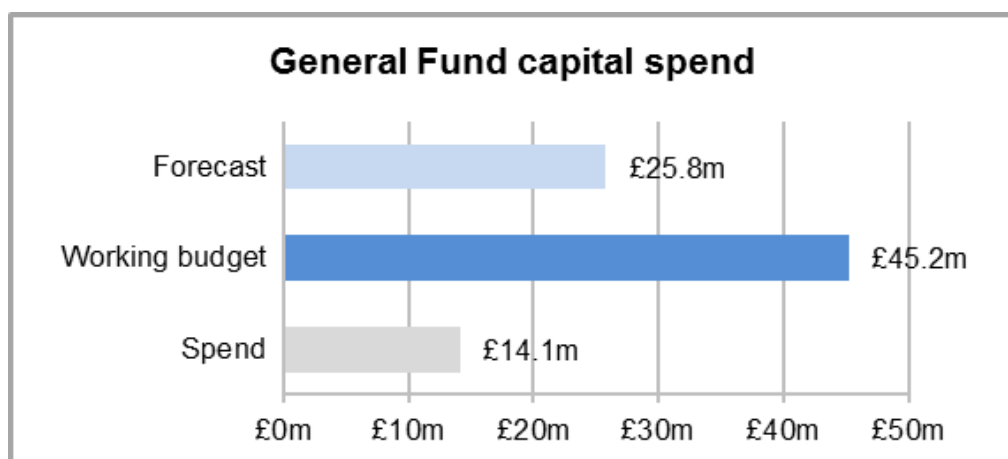
1. The in-year reporting process for Q3 2018/19 has highlighted additional full year forecast income / underspends totaling £0.86m which is expected to fund additional in-year pressures of £0.28m, with a net underspend of £0.58m.
2. Also included in this appendix is a report that shows the progress and 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.

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	100	0	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	120	40	160	Green	
TOTAL	1,093	787	154	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 at 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	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>	Mar 2019	Green	Sport and physical activity grants being considered as part of the wider review of the Council's grants programme.
		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> <i>Achieve 2,300 throughput of attendees at community classes</i>	Mar 2019	Green	<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 been 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
	<p><i>and 4,000 pupils who have collectively walked 50,000 miles.</i></p>			<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 Measure: <i>100 residents given assistance to remain in their own home</i></p>	<p>Mar 2020</p>	<p>Green</p>	<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. 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. Measure: <i>To achieve the targets as set out in the current action plan</i></p>	<p>Mar 2020</p>	<p>Amber</p>	<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. 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 are continuing 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	<p>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.</p> <p>Planning for a local stakeholder event in February 2019 may have to be put on hold.</p>

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																		
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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 in 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

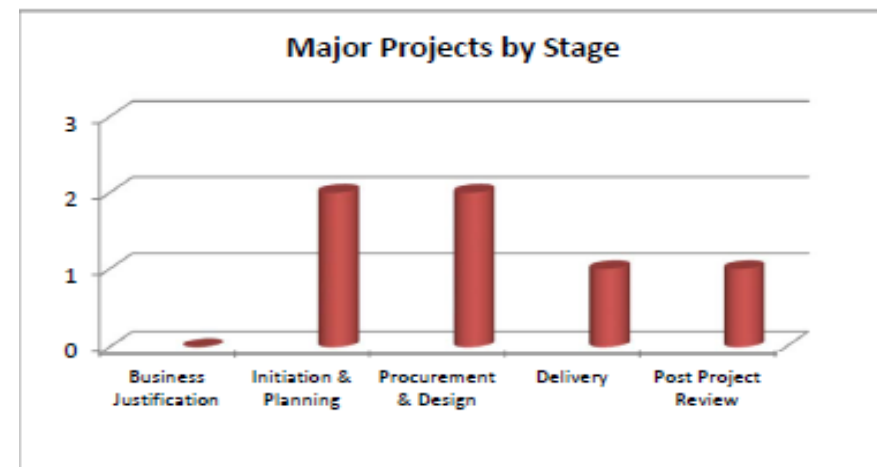
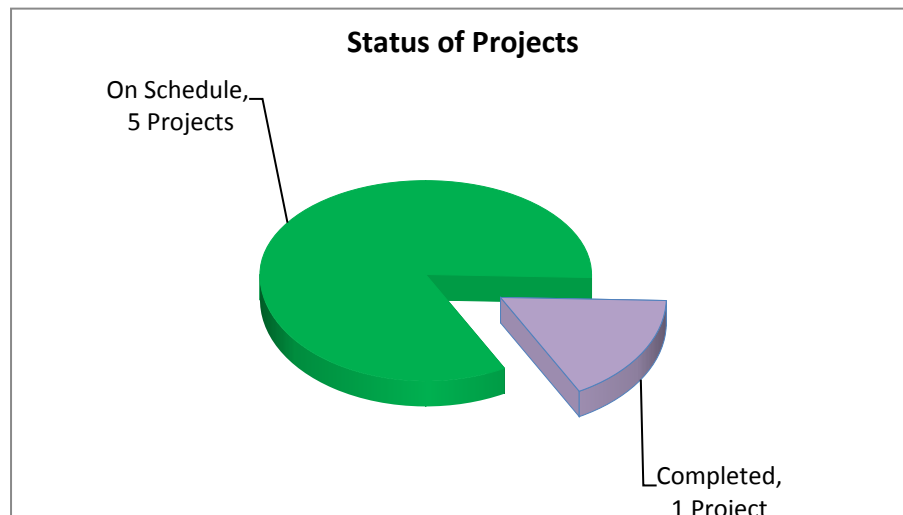
This report provides an update on the progress made against the Council’s significant programmes and projects which are being or will be undertaken during the next five years. These programmes and projects have been selected for inclusion in this report following an exercise to evaluate against a number 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"> • Options appraisal – 2013 to 2015 - Completed • Feasibility assessment of preferred option – 2016 - Completed • Prepare Outline Business Case for preferred option - 2016/17 - Completed • Outline Business Case – 16 January 2018 - Completed • Prepare and seek planning permission – 2018 - Completed • 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

CAB3127
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.

CAB3138
CABINET

REPORT TITLE: GYPSY AND TRAVELLER DEVELOPMENT PLAN DOCUMENT – PROPOSED ADOPTION

13 FEBRUARY 2019

REPORT OF PORTFOLIO HOLDER: Portfolio Holder for Built Environment, Councillor Caroline Brook

Contact Officer: Jenny Nell Tel No: 01962 848278 Email jnell@winchester.gov.uk

WARD(S): ALL (OUTSIDE SOUTH DOWNS NATIONAL PARK)

PURPOSE

This report provides an update on the Winchester District Gypsy, Traveller and Travelling Showpeople Development Plan Document ('Traveller DPD') and recommends that the Plan be adopted by the Council.

Following consultation on 'Proposed Modifications' to the Traveller DPD, published in October 2018, the Local Plan Inspector's Report was received on 28 January 2019 (see Appendix 1).

The Inspector considered representations on the 'Main Modifications' to the Plan in producing her report and the Council now needs to consider the recommendations made by the Inspector. In order to progress the DPD to statutory adoption the Council must accept the Inspector's Main Modifications and this report recommends that it should do so.

Adoption of the DPD (with these Modifications) would achieve a sound and National Planning Policy Framework-compliant Development Plan, which is important given the Government's emphasis on putting in place up to date statutory planning policies.

RECOMMENDATIONS:To Council:

1. That the Winchester District Gypsy, Traveller and Travelling Showpeople Development Plan Document ('Traveller DPD'), as submitted to the Secretary of State in May 2018 and modified in accordance with the Inspector's recommended Main Modifications (see Appendix 1) and the Additional Modifications (see DPD as recommended for adoption at Appendix 2), be adopted and that formal notices be published to complete the process of statutory adoption.

To Cabinet:

2. That authority be delegated to the Head of Strategic Planning, in consultation with the Portfolio Holder for Built Environment, to undertake minor updating and amendments in order to incorporate the Modifications and consequential changes to the Plan, including to correct errors and format text, without altering the policy intentions of the Plan.

IMPLICATIONS:1 COUNCIL STRATEGY OUTCOME

- 1.1 The Traveller DPD will contribute to achieving the Council Strategy vision of 'developing quality housing with a balanced range of tenures'. It is a requirement for legal compliance that the DPD has had regard to the Council Strategy.

2 FINANCIAL IMPLICATIONS

- 3 The resources for the preparation of the various elements of the District Development Framework (including the Traveller DPD) have been approved as part of the budget process. The main remaining cost associated with the Traveller DPD relates to the examination process and is estimated at approximately £25,000 (Inspector's and Programme Officer's fees and venue). This is provided for within existing budget projections and the Local Plan reserve.

4 LEGAL AND PROCUREMENT IMPLICATIONS

- 4.1 There is a 6-week period after the adoption of a DPD when it can be challenged in the High Court under Section 113 of the Planning and Compulsory Purchase Act 2004. This could only be on the basis that the document is not within the appropriate powers or that a procedural requirement has not been complied with. The Traveller DPD examination has tested compliance with these procedures and found the Plan to be 'sound' (subject to modifications) and 'legally compliant', so it is not expected that there are grounds for its adoption to be challenged.

5 WORKFORCE IMPLICATIONS

- 5.1 Following adoption, those interested in the DPD will need to be notified, public notices will be published, and the document will need to be produced electronically and in hard copy. There are adequate staff and budget resources to undertake these tasks.

6 PROPERTY AND ASSET IMPLICATIONS

- 6.1 None directly. The DPD sets out planning policies that could apply to a variety of property, including that owned by the Council.

7 CONSULTATION AND COMMUNICATION

- 7.1 The Traveller DPD has been subject to various consultation processes and exercises. These included consultation on the Proposed Modifications, the results of which the Inspector has taken into account in producing her Report. The Inspector's Report is not published for consultation as its recommendations must be followed if the Council wishes to proceed to adopt the DPD.

8 ENVIRONMENTAL CONSIDERATIONS

8.1 The DPD is required to meet various test of 'soundness' which include a requirement to conform to Government policy, including the NPPF which is intended to achieve sustainable development. The DPD also needs to be subject to Sustainability Appraisal and Strategic Environmental Assessment, as well as assessing potential impacts on internationally important habitats (Habitat Regulations Assessment). Environmental considerations are, therefore at the heart of the Plan's production.

9 EQUALITY IMPACT ASSESSEMENT

9.1 The Traveller DPD relates specifically to the needs of particular minority groups, some with 'protected characteristics'. It has been subject to an Equalities Impact Assessment and has been modified as necessary to reflect the recommendations arising. Equalities issues have also been taken into account by the Inspector in examining the Plan.

10 DATA PROTECTION IMPACT ASSESSMENT

10.1 Data protection requirements have been followed in assessing the needs of Travellers and in dealing with personal information submitted by those commenting on the DPD.

11 RISK MANAGEMENT

11.1 The steps undertaken in preparing the Traveller DPD have all been done with consideration for minimising the risk that the Plan may not successfully pass the examination process, could be delayed in its adoption, or could be challenged. This is necessary to ensure that the Councils' Development Plan is up to date, that a five year supply of traveller sites can be demonstrated and to avoid putting the Council at risk of development being determined through the appeal process. The Inspector's Report has addressed any soundness issues and the Local Development Scheme sets out a more detailed risk assessment of DPDs.

11.2 The Government recently announced its intention to require that local plans are put in place quickly, so it remains important to progress the Traveller DPD to adoption, avoiding any risk of government intervention. The Development Plan will be complete and up to date once the DPD is adopted, albeit that work has started on a roll forward of the Local Plan.

Risk	Mitigation	Opportunities
<i>Property</i> None	-	-
<i>Community Support</i> Elements of the DPD have been controversial	The DPD has been subject to several stages of public consultation and has also been subject to	None, this is not a consultation stage and the Council must accept the Inspector's Report

	independent examination.	recommendations if it wishes to adopt the DPD.
<i>Timescales</i> Risk of delay in adopting the DPD	Approval of the Inspector's Report recommendations.	-
<i>Project capacity</i> Limited risk (project now largely complete)	Approval of the Inspector's Report recommendations.	-
<i>Financial / VfM</i> Limited risk (project now largely complete)	Approval of the Inspector's Report recommendations.	-
<i>Legal</i> Risk of legal challenge following adoption	The DPD has been produced with a view to minimising risks and has been examined by an Inspector.	None at this stage of the process.
<i>Innovation</i> NA	-	-
<i>Reputation</i> See 'Community Support' above	-	-
<i>Other</i> NA	-	-

12 SUPPORTING INFORMATION:

Background

- 12.1 The Winchester District Gypsy, Traveller and Travelling Showpeople Development Plan Document ('Traveller DPD') complements the Local Plan (Parts 1 and 2) by safeguarding and allocating sites for traveller accommodation and providing development management policies relating to traveller development. The DPD will form part of the 'Development Plan' for that part of the District outside of the South Downs National Park (the National Park Authority is developing its own local plan within the Park).
- 12.2 Work on the Traveller DPD was commenced in late 2016, following the publication of the Gypsy and Traveller Accommodation Assessment (GTAA). A draft DPD was published for consultation in July 2017 and almost 100 comments were received. The DPD was revised and the Publication (Pre-Submission) DPD was published in January 2018. 16 responses were received at this stage but no changes were made to the content of the Publication DPD as it was considered that the representations received did not raise 'soundness' issues. Therefore the Plan was 'submitted' to the Secretary of State in May 2018 so that it could be subject to examination by an independent Inspector.

Examination and Inspector's Report

- 12.3 An independent planning Inspector (Louise Crosby MA MRTPI) was appointed in May 2018 to examine the Plan's 'soundness', and 'public hearings' were held during September 2018. The Inspector indicated during the public hearing sessions that she would expect a number of modifications to be put forward to address matters raised through the examination and officers submitted a draft Schedule of Modifications under delegated authority (granted by Council on 10 January 2018). The Proposed Modifications were published in October 2018 for a 6-week consultation period.
- 12.4 The Proposed Modifications were aimed at addressing concerns raised by the Inspector or matters identified by the Council and fell into two types – 'Main Modifications' to address 'soundness' matters, and 'Additional Modifications' proposed by the Council to address some objections or to update the Plan. Only 7 representations were received (including some 'no comments' from statutory consultees) on the Proposed Modifications and these related entirely to the Main Modifications.
- 12.5 Comments on the Main Modifications must be considered by the DPD Inspector, as they respond to 'soundness' concerns raised by her. The comments were sent to the Inspector following the close of the consultation, so that she could take them into account in producing her report. As they relate to 'soundness' matters, all the Main Modifications recommended by the Inspector must be accepted for the Council to be able to adopt the Plan.
- 12.6 The Inspector's Report was received on 28 January 2019 and recommends the inclusion of the Main Modifications that were published for consultation, with only small changes relating to the proposed new 'criteria-based' policy (MM04), updating and minor re-numbering.
- 12.7 The Inspector recommends that the DPD is 'legally compliant', meets the Duty to Cooperate and, subject to all of the recommended Main Modifications being made, would be 'sound' and capable of adoption by the Council. The Inspector produced her Report without needing to invite any further evidence or re-open the examination hearings. The Council can now proceed to adopt the Traveller DPD provided it makes the Main Modifications recommended by the Inspector. It cannot adopt the Plan unless it makes these Modifications, as it would not be sound, and cannot introduce significant new changes as these would not have been subject to consultation or examination.
- 12.8 A series of 'Additional Modifications' were published for consultation alongside the Main Modifications and it would be for the Council to consider any comments received on the Additional Modifications and editing changes. In the event, no comments were made specifically on the Additional Modifications.

Next Stages

- 12.9 It is recommended that the Traveller DPD be adopted incorporating the Inspector's Main Modifications and the Council's Additional Modifications. A version of the DPD as proposed to be adopted is attached at Appendix 2 incorporating the various Modifications. The Modifications require several consequential changes and it will also be necessary to make various minor updating changes, amendments and corrections / formatting to finalise the DPD. These are incorporated into Appendix 2 but it is recommended that delegated authority be given to the Head of Strategic Planning, in consultation with the Portfolio Holder for Built Environment, to make any further minor changes needed, provided this does not alter the policy intentions of the Plan.
- 12.10 Following the recommended adoption of the DPD by Council on 28 February 2019, the document will need to be published in hard copy and online, and there will be a 6-week period when it can be challenged in the High Court under Section 113 of the Planning and Compulsory Purchase Act 2004. This could only be on 'procedural' matters and, as the DPD examination has tested compliance with these processes and found the Plan to be 'sound' (subject to Modifications) and 'legally compliant', it is not expected that there are valid grounds for the Plan to be challenged.

13 OTHER OPTIONS CONSIDERED AND REJECTED

- 13.1 The Council must accept the Inspector's Main Modifications if it wishes to adopt the Traveller DPD, as the document would otherwise not be 'sound'. The Local Plan has been through various stages of preparation and consultation, including on the Proposed Modifications, and the Council now needs to complete the process by resolving to adopt the DPD.
- 13.2 The only other option is to resolve not to adopt the DPD, which would effectively mean that the Council either is unable to put in place an up to date document, or would need to start the process again. As noted in relation to 'Risk Management' above, the Council is required to ensure that the Development Plan is up to date and that a five year supply of traveller sites can be demonstrated. Failure to meet these requirements would put the Council at risk of unplanned development, determined through 'hostile' planning applications and/or the appeal process. It also remains important to progress the DPD to adoption quickly to avoid any risk of government intervening.

BACKGROUND DOCUMENTS:-

Previous Committee Reports:-

CAB2837(LP) Gypsy And Traveller Needs / Site Allocations Development Plan Document – Cabinet (Local Plan) Committee, 5 October 2016

CAB2947(LP) Traveller Development Plan Document – Approval of Draft for Consultation – Cabinet (Local Plan) Committee, 30 June 2017; Cabinet, 5 July 2017

CAB2965(LP) Winchester District Traveller Development Plan Document – Approval of Plan For Publication And Submission For Examination – Cabinet (Local Plan) Committee, 4 December 2017; Cabinet, 6 December 2017; Council 10 January 2018

CAB3087(LP) Updated Local Development Scheme – Cabinet (Local Plan) Committee, 3 December 2018

Other Background Documents:-

Representations received on Traveller DPD Proposed Modifications, published online: <https://winchester.citizenspace.com/policy-and-planning/modifications-gypsy-traveller/>

APPENDICES:

Appendix 1 – Traveller DPD Inspector’s Report (including Main Modifications)

Appendix 2 – Winchester District Gypsy, Traveller and Travelling Showpeople Development Plan Document, as recommended for adoption.



Report to Winchester City Council

by Louise Crosby

an Inspector appointed by the Secretary of State

Date: 28 January 2019

Planning and Compulsory Purchase Act 2004
(as amended)
Section 20

Report on the Examination of the Winchester District Gypsy, Traveller and Travelling Showpeople Development Plan Document

The Plan was submitted for examination on 9 May 2018

The examination hearings were held on 3 and 4 September 2018

File Ref: PINS/L1765/429/8

Abbreviations used in this report

DtC	Duty to Co-operate
GTAA	Gypsy and Traveller Accommodation Assessment
LDS	Local Development Scheme
LPP1	Local Plan Part 1
LPP2	Local Plan Part 2
MM	Main Modification
NPPF	National Planning Policy Framework
PPTS	Planning Policy for Traveller Sites
SA	Sustainability Appraisal
SCI	Statement of Community Involvement
SDNP	South Downs National Park

Non-Technical Summary

This report concludes that the Winchester District Gypsy, Traveller and Travelling Showpeople Development Plan Document [the Plan] provides an appropriate basis for the planning of the District, provided that a number of main modifications [MMs] are made to it. Winchester City Council has specifically requested me to recommend any MMs necessary to enable the Plan to be adopted.

The MMs all concern matters that were discussed at the examination hearings. Following the hearings, the Council prepared a schedule of the proposed modifications and carried out sustainability appraisal of them. The MMs were subject to public consultation over a six-week period. In some cases I have amended their detailed wording where necessary. I have recommended their inclusion in the Plan after considering all the representations made in response to consultation on them.

The Main Modifications can be summarised as follows:

- Updating to reflect the latest position with regards to sites;
- Additional criteria added to some site specific policies;
- Some re-wording to improve clarity;
- A new criteria based policy and corresponding text;
- Changes to the monitoring framework to cover the new policy;
- Commitment to review the need for sites for travelling showpeople when undertaking a review of Local Plans part 1 and 2.

Introduction

1. This report contains my assessment of the Winchester District Gypsy, Traveller and Travelling Showpeople Development Plan Document in terms of Section 20(5) of the Planning & Compulsory Purchase Act 2004 (as amended). It considers first whether the Plan's preparation has complied with the duty to co-operate. It then considers whether the Plan is sound and whether it is compliant with the legal requirements. The National Planning Policy Framework 2012 (paragraph 182) makes it clear that in order to be sound, a Local Plan should be positively prepared, justified, effective and consistent with national policy. The revised National Planning Policy Framework was published in July 2018. It includes a transitional arrangement in paragraph 214 whereby, for the purpose of examining this Plan, the policies in the 2012 Framework will apply. Unless stated otherwise, references in this report are to the 2012 Framework.
2. The starting point for the examination is the assumption that the local planning authority has submitted what it considers to be a sound plan. The Winchester District Gypsy, Traveller and Travelling Showpeople Development Plan Document, submitted in May 2018 is the basis for my examination. It is the same document as was published for consultation in January 2018.

Main Modifications

3. In accordance with section 20(7C) of the 2004 Act the Council requested that I should recommend any main modifications [MMs] necessary to rectify matters that make the Plan unsound and /or not legally compliant and thus incapable of being adopted. My report explains why the recommended MMs, all of which relate to matters that were discussed at the examination hearing(s), are necessary. The MMs are referenced in bold in the report in the form **MM1**, **MM2**, **MM3** etc, and are set out in full in the Appendix.
4. Following the examination hearings, the Council prepared a schedule of proposed MMs and carried out sustainability appraisal of them. The MM schedule was subject to public consultation for six weeks. I have taken account of the consultation responses in coming to my conclusions in this report and in this light I have made some amendments to the detailed wording of the main modifications. None of the amendments significantly alters the content of the modifications as published for consultation or undermines the participatory processes and sustainability appraisal that has been undertaken. Where necessary I have highlighted these amendments in the report.

Assessment of Duty to Co-operate

5. Section 20(5)(c) of the 2004 Act requires that I consider whether the Council complied with any duty imposed on it by section 33A in respect of the Plan's preparation.
6. The Council has consulted and actively engaged with neighbouring authorities and other DtC bodies in the preparation of the Plan. As part of the evidence base for the Winchester Gypsy and Traveller Accommodation Assessment (GTAA) October 2016, interviews were held with planning officers from the neighbouring planning authorities, including Basingstoke and Deane, East

Hampshire, Eastleigh, Fareham, Havant, Portsmouth, South Downs National Park and Test Valley.

7. The GTAA covered the whole area of the District as a housing authority, this however differs to the planning authority area which excludes an area covered by South Downs National Park (SDNP). The identified needs within the SDNP area are being planned for by the South Downs National Park Authority in their emerging plan.
8. Winchester has focused on trying to meet its own needs and is not relying on neighbouring authorities to assist, neither has it been asked to assist in meeting the gypsy and traveller accommodation needs of any neighbouring authorities. The Plan is based on a strategy that seeks to meet the needs of the District (outside of the SDNP).
9. The Council prepared a Consultation Statement and a Duty to Cooperate Statement and based on what is set out in these documents, I am satisfied that where necessary, the Council has engaged constructively, actively and on an on-going basis in the preparation of the Plan and that the duty to co-operate has therefore been met.

Assessment of Soundness

Background

10. The purpose of the Plan is to identify and allocate sites for gypsies and travellers and travelling showpeople to meet the pitch targets set out in policy DM4 of the adopted Local Plan Part 2 (LPP2). These targets are defined as being "about 15 gypsy/traveller pitches and about 24 travelling showpeople's plots between 2016 and 2031". The pitch targets are based on the 2016 GTAA. It is not the purpose of the examination of this Plan to decide whether the pitch targets in policy DM4 are correct. That took place as part of the examination of LPP2. LPP2 was adopted in April 2017 and also contains development management policies and allocates sites for bricks and mortar housing. Local Plan Part 1 (LPP1) contains strategic policies and Policy CP5 of that Plan is a criteria based policy to guide the selection of sites for gypsies, travellers and travelling showpeople.

Main Issues

11. Taking account of all the representations, the written evidence and the discussions that took place at the examination hearings I have identified a number of main issues upon which the soundness of the Plan depends. Under these headings my report deals with the main matters of soundness rather than responding to every point raised by representors.

Issue 1 – Whether the Council's strategy for meeting the needs of the gypsy and traveller and travelling showpeople community in Winchester is justified and whether it is consistent with Winchester Local Plans Parts 1 and 2.

12. Despite a number of attempts by the Council to identify adequate travelling showpeople's sites, through 'call for sites' exercises, no new sites came forward. In addition, the Council investigated whether any sites within the Council's ownership would be suitable or if they could acquire land for the development of travelling showpeople plots. The Council have also made requests under the Duty to Cooperate to neighbouring authorities at each stage of the Plan process, to no avail. Consequently the Council have adopted an approach which involves the safeguarding of existing permitted and lawful sites, whether occupied or vacant. They have committed in the Plan to regularising suitable existing sites that do not benefit from permanent planning permission. These are set out in policy TR2. Naturally, the table of safeguarded sites in policy TR1 has become a little out of date, but this is remedied though **MM01**. An update to the table in policy TR1 is necessary to ensure the policy is effective.
13. Policy TR2 deals with sites with temporary planning permission and says that planning permission will be granted for those listed. These sites are small scale and the policy includes site specific criteria for these. However, it does not take account of the latest information and this is remedied by **MM02** which will make the policy effective.
14. Additionally, policy TR3 deals with a large complex site. This is subject to enforcement action and outstanding appeals, but the policy seeks to ensure that the site is only occupied by travelling showpeople. Similarly, policy TR4 deals with another large site where the aim is to secure occupation by showpeople and if possible intensification. The Plan rightly includes policies to ensure that these sites are retained to provide accommodation for travelling showpeople.
15. The Council have also recognised that some of the existing sites could house more pitches/plots than they currently do. To this end policy TR5 identifies this as one possible means to meeting pitch targets, depending upon the suitability of the site. The policy wording needs to be made clearer however by referring to 'intensification'. This omission is remedied by **MM03** which is required to make the policy effective.
16. Overall I find that the Council's strategy for meeting the needs of gypsy and traveller and travelling showpeople community in Winchester is justified and consistent with LPP1 and LPP2.

Issue 2 – Whether the Plan identifies a supply of specific deliverable sites sufficient to provide 5 years' worth of sites against the target set out in Winchester Local Plan Part 2

17. The Plan identifies 5 years' worth of gypsy and traveller sites, against the target set out in Policy DM4 and a surplus over the Plan period. These relate to existing sites and so there is greater certainty about their deliverability, compared to allocated unoccupied sites. Therefore I am confident that the

targets set out in Policy DM4 for gypsies and travellers will be met and most likely exceeded.

18. However, the Council have been unable to allocate sufficient travelling showpeople sites/plots, despite extensive efforts to do so, as set out above. Policy DM4 sets a requirement, based on the GTAA, of 24 plots over the Plan period (2016-2031). The Plan identifies 3 plots that have been granted planning permission since September 2016 and around 13 to be delivered through the Plan, leaving a shortfall over the Plan period of 8. Moreover, this Plan identifies the need for 18 plots in the first 5 years (2016-2021). The Council acknowledge that it does not have a 5 year supply of travelling showpeople sites. Also, the Council have recently granted planning permission for the change of use of a vacant travelling showpeople site (2 plots) for use as a garden, on the basis that they were not available for such use. As a consequence, I have deleted the listing for this site (WO27) from Policy TR1.
19. I am content that the Council has done all it can to identify and allocate sites. Since there is a shortfall in travelling showpeople sites the Council may receive planning applications for new sites to meet this need as well as planning applications for additional gypsy and traveller sites. Therefore, an additional criteria based policy is needed which would permit sites outside settlement limits under certain circumstances. This would enable the outstanding needs of travelling showpeople to be met fairly, should they arise. This is dealt with through **MM04** which introduces an additional policy and associated text. This will be named Policy TR6 with consequent renumbering of following policy. This new policy also needs to be referred to in the Plan's monitoring framework and this is resolved through **MM07**.
20. A main modification (**MM05**) to old policy TR6 criteria is also required to take account of comments from the Environment Agency. The modification introduces the requirement for a foul drainage assessment and is required for effectiveness.
21. The Council are also in the process of reviewing LPP2. This provides an opportunity to look again at the allocation of travelling showpeople sites. A commitment to this needs to be incorporating into the Plan. This is dealt with by **MM06** and is necessary for the plan to be effective.
22. Whilst the Plan does not identify a 5 year supply of travelling showpeople sites, I am satisfied that the Council has done all it can to identify and allocate sites. Given the limited success in this regard they have subsequently, through a modification, introduced a criteria based policy in order to try to overcome this shortcoming. In addition they have committed to reassessing the situation as part of the review of LPP2. So, while the Council cannot identify 5 years' worth of sites for travelling showpeople, I am satisfied that with these other provisions in place the benefits of having an adopted Plan in place far outweighs this issue. The Plan does however identify a 5 years supply of gypsy and traveller sites.

Issue 3 - Whether the proposed criteria based policy is necessary, justified, effective and consistent with national policy.

23. For the reasons set out above, a criteria based policy is necessary. This will be important when determining planning applications for gypsy and traveller and travelling showpeople sites, both in situations where the Plan fails to identify sufficient sites to meet the identified need or where sites are identified but additional demand arises.
24. Planning policy for traveller sites (PPTS) seeks to "very strictly limit new traveller site development in open countryside that is away from existing settlements or outside areas allocated in the development plan" (para 25), but it also requires that Council's determine applications for sites from any travellers and not just those with local connections (para 24e). It is important that the criteria based policy accords with the PPTS.
25. The new policy seeks to ensure that sites in open countryside are strictly controlled by ensuring that the occupants meet the PPTS annex 1 definition. It also requires an exceptional personal or cultural need to be located in the area. I have removed the word 'exceptional' as this is a very high hurdle and conflicts with the thrust of PPTS para 24e. Finally, it requires the applicant to provide evidence of a lack of other suitable accommodation. I have amended the policy to remove the requirement for the appellant to provide evidence as the Court of Appeal judgment in *S Cambs v SSCLG & Brown* [2008] stated:
- "In seeking to determine the availability of alternative sites for residential gypsy use, there is no requirement in planning policy, or case law, for an applicant to prove that no other sites are available or that particular needs could not be met from another site. Indeed such a level of proof would be practically impossible....."*
26. Subject to these amendments I find that this new policy and explanatory text introduced by **MM04** is necessary, justified, effective and accords with national policy.

Public Sector Equality Duty

27. In arriving at my conclusions on the issues I have had regard to the Public Sector Equality Duty contained in the Equality Act 2010 and the Council's Equality Impact Assessment.
28. There are positive effects on the travelling community as a result of the proposed policies in this Plan. Other positive effects may also occur on characteristics related to poverty and low income where these may be evident within the traveller community. The Plan also addresses the need of particular age groups within the travelling community by taking account of issues such as concealed households and future household formation. In addition, the Plan makes positive references for those who have ceased to travel temporarily due to their own or their family's or dependants' educational or health needs or of age.

Assessment of Legal Compliance

29. My examination of the legal compliance of the Plan is summarised below. The Plan complies with all relevant legal requirements, including in the 2004 Act (as amended) and the 2012 Regulations.

Sustainability Appraisal

30. Sustainability Appraisal has been carried out and is adequate.

Habitat Regulations Assessment

31. The Habitats Regulations Assessment Report of the Plan (November 2017) did not identify any likely significant effects on European sites and their designated features. Only one small, established traveller site was identified within close proximity to a European site and it was not considered likely to result in any of the identified threats to a Special Area of Conservation. Such a conclusion was supported by Natural England. Appropriate assessment was not necessary.

Local Development Scheme

32. The Plan has been prepared in accordance with the Council's Local Development Scheme.

Statement of Community Involvement

33. Consultation on the Local Plan and the MMs was carried out in compliance with the Council's Statement of Community Involvement.

Overall Conclusion and Recommendation

34. The Plan has a number of deficiencies in respect of soundness for the reasons set out above, which mean that I recommend non-adoption of it as submitted, in accordance with Section 20(7A) of the 2004 Act. These deficiencies have been explored in the main issues set out above.
35. The Council has requested that I recommend MMs to make the Plan sound and capable of adoption. I conclude that with the recommended main modifications set out in the Appendix to the Winchester District Gypsy, Traveller and Travelling Showpeople Development Plan Document satisfies the requirements of Section 20(5) of the 2004 Act and meets the criteria for soundness in the National Planning Policy Framework.

Louise Crosby

Inspector

This report is accompanied by an Appendix containing the Main Modifications.

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Recommended modifications

No.	Para/policy ref	Change																																																						
MM01	Policy TR1	<p>The existing gypsy and traveller and travelling showpersons sites listed below, and as shown on the Policies Map, will be safeguarded from alternative development, unless the site is no longer required to meet any identified traveller needs across the District.</p> <p>Any other site that is subsequently granted a permanent planning permission for gypsy and traveller and travelling showpersons shall be safeguarded in accordance with this policy.</p> <table border="1"> <thead> <tr> <th colspan="3">Gypsy and Traveller Sites</th> </tr> <tr> <th>Site Ref</th> <th>Location</th> <th>No of Pitches</th> </tr> </thead> <tbody> <tr> <td>W001</td> <td>The Ranch, Old Mill Lane, Denmead</td> <td>1</td> </tr> <tr> <td>W002</td> <td>Ash Farm, Titchfield Lane, Wickham</td> <td>2</td> </tr> <tr> <td>W003</td> <td>Westfork, Bunns Lane, Hambledon</td> <td>1</td> </tr> <tr> <td>W004</td> <td>Joymont Farm, Curdrige Lane</td> <td>1</td> </tr> <tr> <td>W005</td> <td>Ashbrook Stables, Main Road, Colden Common</td> <td>1</td> </tr> <tr> <td>W006</td> <td>Barn Farm, The Lakes, Swanmore</td> <td>5</td> </tr> <tr> <td>W007</td> <td>Windy Ridge, Old Mill Lane, Denmead</td> <td>1</td> </tr> <tr> <td>W008</td> <td>Travellers Rest, Bishops Sutton</td> <td>1</td> </tr> <tr> <td>W009</td> <td>Rambling Renegade, Shedfield</td> <td>1</td> </tr> <tr> <td>W010</td> <td>Opposite Woodfield Farm, Alma Lane Upham</td> <td>1</td> </tr> <tr> <td>W011</td> <td>Adj Chapel House, Highbridge Road, Highbridge</td> <td>1-2</td> </tr> <tr> <td>W012</td> <td>Big Muddy Farm, Alma Lane, Upham</td> <td>1</td> </tr> <tr> <td>W013</td> <td>Land west of Lasek, Bishops Wood Road, Mislingford</td> <td>1</td> </tr> <tr> <td>W016</td> <td>Tynefield, Whiteley, Fareham</td> <td>18</td> </tr> <tr> <td>W017</td> <td>Ourlands, East of Mayles Lane, Knowle</td> <td>3</td> </tr> <tr> <td>W018</td> <td>Stablewood Farm, The Lakes, Swanmore</td> <td>1</td> </tr> </tbody> </table>	Gypsy and Traveller Sites			Site Ref	Location	No of Pitches	W001	The Ranch, Old Mill Lane, Denmead	1	W002	Ash Farm, Titchfield Lane, Wickham	2	W003	Westfork, Bunns Lane, Hambledon	1	W004	Joymont Farm, Curdrige Lane	1	W005	Ashbrook Stables, Main Road, Colden Common	1	W006	Barn Farm, The Lakes, Swanmore	5	W007	Windy Ridge, Old Mill Lane, Denmead	1	W008	Travellers Rest, Bishops Sutton	1	W009	Rambling Renegade, Shedfield	1	W010	Opposite Woodfield Farm, Alma Lane Upham	1	W011	Adj Chapel House, Highbridge Road, Highbridge	1-2	W012	Big Muddy Farm, Alma Lane, Upham	1	W013	Land west of Lasek, Bishops Wood Road, Mislingford	1	W016	Tynefield, Whiteley, Fareham	18	W017	Ourlands, East of Mayles Lane, Knowle	3	W018	Stablewood Farm, The Lakes, Swanmore	1
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			W082	Beacon Haven, Swanmore	6
			W083	Bowen Farm, Curdridge	3 4
			W084	Little Ranch, Fishers Pond	1
			W086	Woodley Farm, Alma Lane, Lower Upham	1
			New	Berkeley Farm, Durley Street	4
			Travelling Showpersons Sites		
			Site Ref	Location	No of Plots
			W020*	Carousel Park, Micheldever	9
			W021	The Haven, Denmead	1
			W022	The Orchard, Forest Road, Swanmore	4
			W023**	Plot 1, The Nurseries, Shedfield	1
			W024**	Plot 2, The Nurseries, Shedfield	1
			W025**	Plot 5, The Nurseries, Shedfield	1
			W026	Grig Ranch, Wickham	1
			W027	The Bungalow, North Boarhunt	2
			W028	Stokes Yard, Waltham Chase	1
			W029	The Vardo, Swanmore	1
			W030	Firgrove Lane, North Boarhunt	8
MM02	Policy TR2	<p>Site W014 – Land at the Piggeries, Firgrove Lane, North Boarhunt</p> <p>Insert new bullet to read</p> <ul style="list-style-type: none"> • <u>Improve Firgrove Lane and its junction with the B2177 as necessary to provide an adequate access to the site to accommodate the proposed uses.</u> <p>Site W017 – Ourlands, East of Mayles Lane, Knowle</p> <p>Delete reference to site W017 in Policy TR2 and move to be safeguarded under Policy TR1 as the site now has a permanent planning permission.</p> <p>Site W085 – Land adjacent to Gravel Hill, Shirrell Heath</p>			

		<ul style="list-style-type: none"> • Due to the restrictive access arrangement on the site, any proposals for intensification/expansion will not be allowed • <u>Improve the access of the site and its junction with Gravel Hill as required.</u>
MM03	Policy TR5	The Local Planning Authority will consider proposals for the additional provision of pitches/plots <u>through intensification within</u> on sites covered by Policies TR1 – TR 4 above, on a case by case basis and in accordance with the provisions of Policy TR6.
MM04	New policy and supporting text to be inserted after para 4.19	<p><u>Planning Applications</u></p> <p>This DPD provides for current and expected traveller accommodation needs, although for travelling showpeople it has not been possible to identify adequate sites currently. Therefore, proposals for traveller accommodation should be on the sites identified in this Plan (policies TR1 – TR4) or in locations where residential development is otherwise permitted (policies DM1 and MTRA3). Proposals for traveller accommodation should also accord with the policies of this DPD and other relevant policies in Local Plan Parts 1 and 2, particularly policies CP5 and TR6 <u>TR7</u>.</p> <p>It is acknowledged that there may be cases where an exception to countryside policies (MTRA4) may be justified, for example to meet the remaining needs of showpeople or for travelling households with an overriding need to be located in the area. Where these meet the definition of travellers (PPTS Annex 1) but have not been able to find a suitable site within a settlement boundary or through infilling, permission may exceptionally be granted on suitable sites within the countryside. There should be evidence to show that sites complying with policies DM1 or MTRA3 have been sought, and why these are not suitable or available, and the proposed site should be in a sustainable location which is accessible to local services such as schools, health and community facilities.</p> <p>Policy TR6</p> <p>Proposals for traveller accommodation outside the sites identified in policies TR1 – TR4, including expansion of these sites, will be permitted within the settlement boundaries defined by policy DM1 or through infilling in accordance with policy MTRA3.</p>

		<p>Sites outside the provisions of these policies (other than appropriate intensification under policy TR5) will only be permitted where they are for occupation by persons who:-</p> <ul style="list-style-type: none"> • are defined as gypsies and travellers or travelling showpeople (Planning Policy for Traveller Sites 2015 Annex 1 or a subsequent revision); and • can demonstrate an exceptional personal or cultural need to be located in the area; and • can provide evidence of <u>there is</u> a lack of other suitable accommodation. <p>Sites must be in sustainable locations well related to existing communities as defined by Policy CP5 and comply with the requirements of Policy TR6 <u>TR7</u>.</p> <p><i>Consequential renumbering of policy and text that follows</i></p>
MM05	Policy TR6 (Will become policy TR7)	<ul style="list-style-type: none"> • General <p>provide details of wastewater infrastructure, including a foul drainage assessment and surface water drainage, incorporating SUDS where possible</p>
MM06	Para 4.26	<p>Implementation and Monitoring</p> <p>4.25 The monitoring framework at Appendix F, sets out how each policy will be monitored reflecting the objectives expressed in both the Council strategy and the environmental objectives in the SA/SEA.</p> <p>4.26 The introduction of the revised definition of travellers in the PPTS is in the process of being challenged through the high court, the outcome of this may impact on the GTAA results and require the need for a review of this DPD to be initiated. <u>The Council will monitor implementation of the DPD and will continue to explore opportunities to meet the identified needs of Travelling Showpeople, including as part of the review of Local Plans part 1 and 2 which has recently commenced.</u></p>
MM07	Appendix F	Insert new monitoring framework for new policy TR6

Policy TR6 Planning Applications		
SPATIAL OBJECTIVE / COMMUNITY STRATEGY OUTCOME		SA/SEA OBJECTIVES
Housing, Environment, Health and Happiness		Building Communities, Infrastructure, Housing, Transport, Health, Economy and Employment
TARGET/DIRECTION	INDICATOR	SOURCE
Consideration of applications	Planning permission granted and conditions complied with – particularly compliance with the definition of traveller as set out in PPTS Annex 1 (or any subsequent revision).	WCC

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Inspector's recommended modifications
in **Blue**

Additional modifications and
consequential edits in **Green**

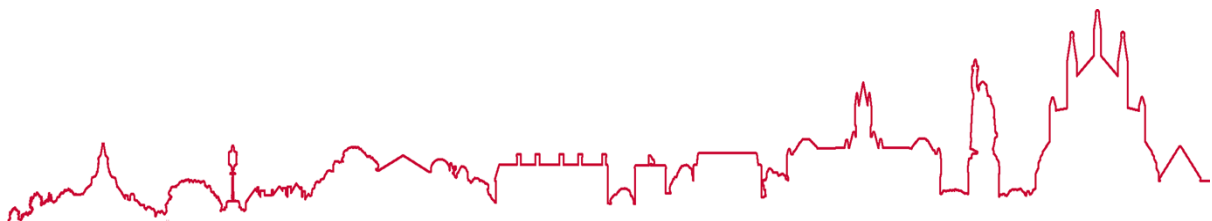
Winchester District Traveller DPD

Winchester District: Gypsy, Traveller and Travelling Showpeople Development Plan Document

'Traveller DPD'

Adopted

February 2019



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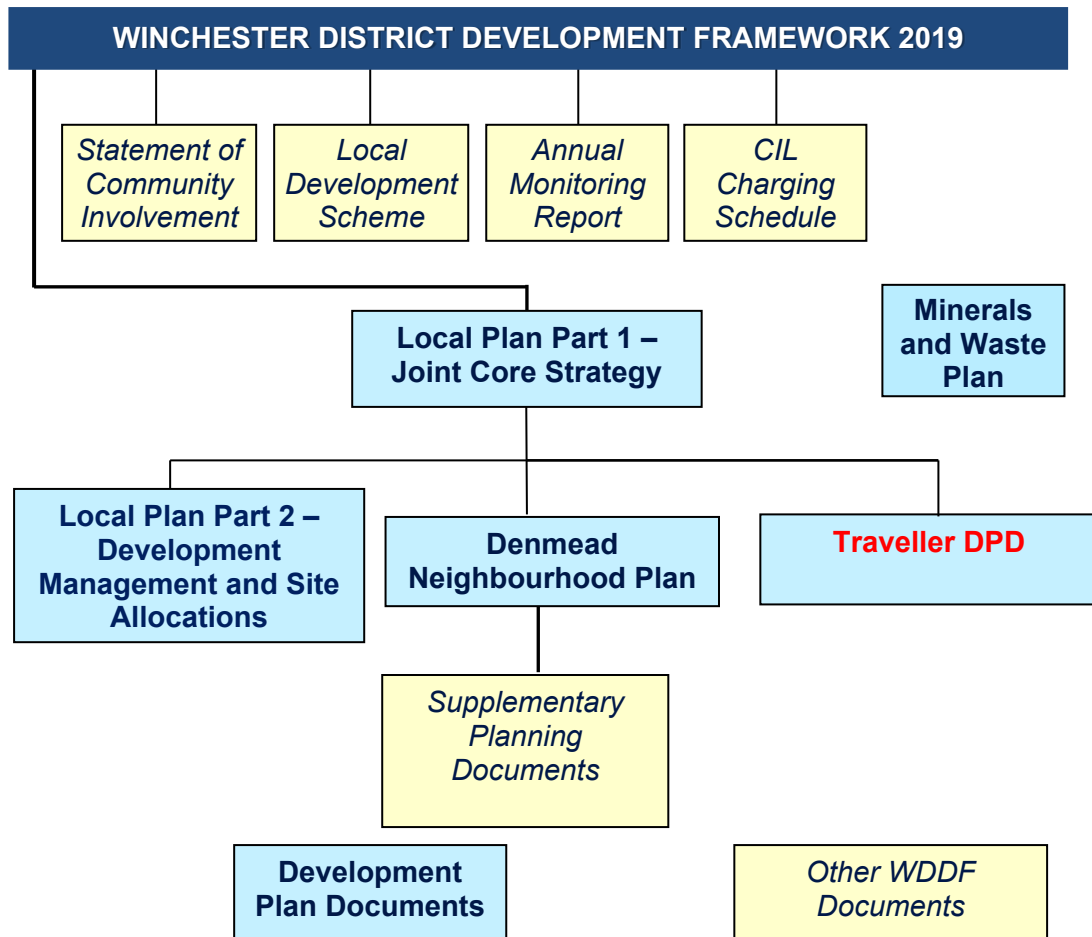
Winchester District : Gypsy, Traveller and Travelling Showpeople Development Plan Document

1. Introduction and Background

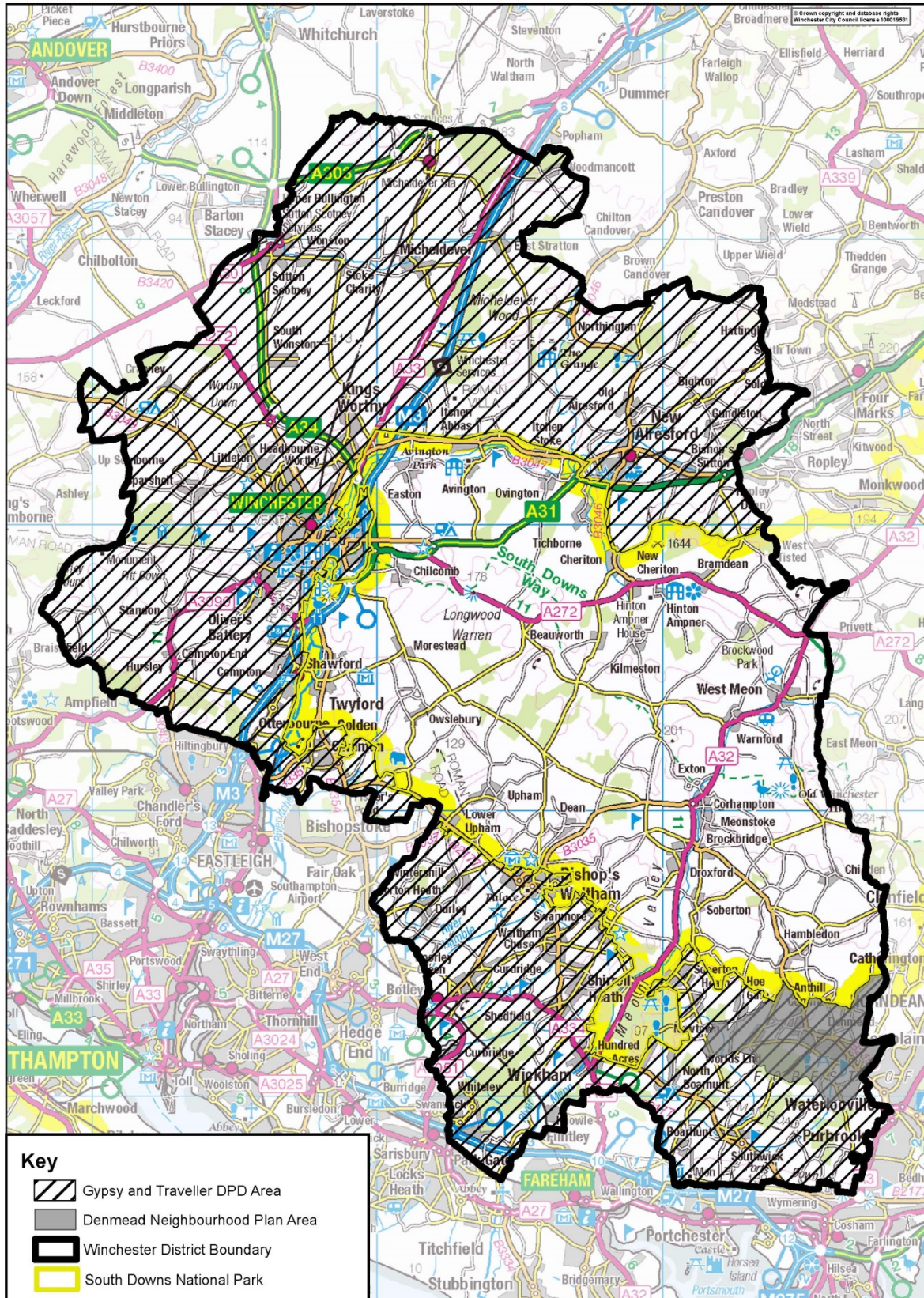
Introduction

1.1 Local Authorities are required by Central Government to assess the accommodation requirements of Gypsies and Travellers and to develop a strategy that addresses any unmet need identified. The Gypsy, Traveller and Travelling Showpeople Development Plan Document (Traveller DPD) forms part of the Winchester District Development Plan and identifies, safeguards and allocates sites for traveller needs, it also responds to and implements the local planning policies already established in other adopted Local Plans, (see extracts at Appendix C) particularly:

- Policy CP5 – Sites for Gypsies, Travellers and Travelling Showpeople – Local Plan Part 1 adopted March 2013.
- Policy DM4 - Gypsies, Travellers and Travelling Showpersons – Local Plan Part 2 adopted April 2017.



1.2 This Traveller DPD only covers that part of the Winchester District that lies outside the South Downs National Park. The South Downs National Park Authority has produced its own local plan to address traveller and other needs.



1.3 The plan period for this DPD is 1 September 2016 – 31 August 2031 - planning permissions granted since 1st September 2016 therefore contribute to meeting the identified need.

The purpose of this DPD is to:-

- Identify and allocate a supply of deliverable sites in the first 5 years of the plan and a strategy to accommodate growth in years 6-10 and where possible years 11- 15 in accordance with Policy DM4 and advice set out in the Planning Policy for Traveller Sites, published by the Government in August 2015.
- Ensure that the identified pitches/plots reflect the requirements of Policy CP5.

The Traveller DPD forms part of the Development Plan, along with Local Plan Part 1 and Part 2, the Denmead Neighbourhood Plan and the Hampshire Minerals and Waste Plan.







All the policies within the Development Plan will be taken into account in determining planning applications, along with other material considerations.


Therefore, the policies in this Plan do not list or cross-refer to all other policies that may be relevant, but these nevertheless continue to apply.

Relationship with Local Plan Part 1 and 2

1.4 The spatial planning vision for the District is set out in Local Plan Part 1, the aim of this is to ensure that the District retains its distinctive characteristics and to maximise opportunities to address change in a positive way. The spatial planning objectives reflect the themes of the Community Strategy originally prepared in 2004 with regular updates. The provision of housing in the District falls under the 'active communities' theme. The Community Strategy has recently been replaced by the Council's Strategy adopted in February 2018, this focuses on the Council's functions and services, but equally has a focus on the provision of housing to meet the Districts' needs.

Policies highlighted in red specifically refer to gypsies and travellers:-

Local Plan Part 1		Local Plan Part 2	Traveller DPD
Spatial Strategy & Strategic Policies		Site Allocations & Development Management Policies	Gypsy and Traveller and Travelling Showpeople
Winchester Town WT1, WT2, WT3		WIN1, WIN2, WIN3, WIN4, WIN5, WIN6, WIN7, WIN8, WIN9, WIN10, WIN11	
South Hants. Urban Areas SH1, SH2, SH3, SH4		SHUA1, SHUA2, SHUA3, SHUA4, SHUA5	
Market Towns & Rural Area MTRA1, MTRA2, MTRA3, MTRA4, MTRA5		BW1, BW2, BW3, BW4, BW5, CC1, CC2, KW1, NA1, NA2, NA3, SW1, SW2, WC1, WC2, WC3, WC4, WK1, WK2, WK3	
Core Policies		Development Management	
Active Communities CP1, CP2, CP3, CP4, CP5 , CP6, CP7		DM1, DM2, DM3, DM4 , DM5, DM6	Site allocation policies Safeguarding policies General design guidelines and planning application requirements
Prosperous Economy CP8, CP9, CP10		DM7, DM8, DM9, DM10, DM11, DM12, DM13	
High Quality Environment CP11, CP12, CP13,		DM14, DM15, DM16, DM17, DM18, DM19, DM20, DM21,	

CP14, CP15, CP16, CP17, CP18, CP19, CP20		DM22, DM23, DM24, DM25, DM26, DM27, DM28, DM29, DM30, DM31, DM32, DM33, DM34	
Infrastructure, Implementation & Monitoring CP21		Implementation & Monitoring	

This DPD also includes a glossary (Appendix A) and a monitoring framework at Appendix F. **The policies maps have also been updated to reflect the location of sites referred to in this DPD.**

<http://www.winchester.gov.uk/assets/attach/15983/CD7%20-%20Policies%20Map%20G%26T%20Submission.pdf>

Sustainability appraisal

1.5 This DPD meets the requirements of the Strategic Environmental Assessment Directive (SEA). The draft site options and policies were appraised by independent consultants Enfusion against sustainability objectives. The results of the sustainability appraisal on the consultation draft DPD, were taken into account at that time. The SA/SEA is an iterative process and the revised text and policies have been assessed and policies amended **throughout preparation of this DPD.**

<http://www.winchester.gov.uk/planning-policy/traveller-dpd/gypsy-and-traveller-dpd-examination>

1.6 The Conservation of Habitats and Species Regulations **2017** also require assessment of the impact of plans and policies on protected sites of international nature conservation importance (Habitat Regulations Assessment – HRA). This was undertaken through the preparation of Local Plan Part 1 and 2. The HRA found that there were no likely in-combination affects with other plans and programmes that would impact on the European sites. The HRA **of the Traveller DPD** therefore concluded that the policies were not considered to result in any impacts on European designated sites in the surrounding area, either alone or in-combination with other plans and programmes.

1.7 One of the protected areas is the Solent coastline, as much of it is protected by environmental designations including three Special Protection Areas (SPAs). Recreational activity resulting from residential development in the vicinity of the Solent can impact upon its ecology and, in order to deal with the effects of new

housing, Councils on or near to the Solent coastline have agreed to support a mitigation strategy produced by the Solent Recreation Mitigation Partnership (SRMP), which is **now** in place.

1.8 The Partnership is comprised of the local authorities situated along or close to the shoreline of the Solent, and this includes the City Council, along with nature conservation bodies such as Natural England. The new strategy includes a specific requirement for “permanent accommodation for gypsies and travellers” to fund mitigation, whilst temporary and transit pitches will be assessed on a case by case basis.

1.9 All additional residential development, including gypsy, traveller and travelling showpeople’s accommodation within 5.6km of the SPAs will therefore be expected to mitigate its recreational impact on the SPAs. The SRMP Strategy provides a means to achieve this by allowing developers to make financial contributions towards implementing the mitigation measures set out in the Strategy. This requirement will affect some of the sites covered by this DPD, those sites that lie within 5.6km of the SPA are listed in the schedule at Appendix D.

Community Engagement

1.10 Parish Councils **were** kept informed of the **preparation** of this DPD (via [Parish Connect](#)) and **were** encouraged to promote the DPD so that their communities **could** participate. Similarly the Council **published its** [‘LDF e-newsletter’](#) regularly to a wide audience **which** included references to the Traveller DPD.

1.11 The Council utilised social media to highlight preparation and to encourage participation from the traveller community and its representatives. The Council received positive feedback from national traveller organisations which demonstrates that this communication method reached groups directly.

Duty to Co-operate

1.12 Cross-boundary working has been embedded in the formulation of this DPD from the outset. In that respect, the City Council has engaged positively with neighbouring authorities through the commissioning of key studies that contribute to the evidence base. The Site Assessment Study was jointly commissioned with East Hampshire District Council and the South Downs National Park Authority.

1.13 The Gypsy and Traveller Accommodation Assessment (GTAA) was commissioned in partnership with Fareham Borough Council, Gosport, Havant, New Forest District Council, New Forest National Park Authority and Test Valley. A Duty to Co-operate Statement forms part of the evidence base to this DPD.

1.14 **Throughout preparation of this DPD** formal requests **have been** made to neighbouring local authorities to determine if they had sites that could be brought

forward to meet the shortfall in travelling showpersons sites in Winchester. No additional sites have been identified through this process, the Council will continue to work with its neighbours to explore opportunities for the identification of additional plots for travelling showpeople.

2. Evidence Studies

2.1 An early accommodation assessment study (Traveller Accommodation Assessment for Hampshire) was undertaken by Forest Bus in 2013/14. Since then the Government has revised the definition of travellers through the Planning Policy for Gypsies and Travellers published in August 2015 (see Glossary at Appendix A for the revised definitions.) In general, the changes require travellers to still be leading a nomadic lifestyle - travelling and if they have permanently ceased to travel then they no longer comply with the revised traveller definition. This change required the Council to commission further evidence to inform the DPD.

Gypsies and Travellers and Travelling Showpeople Site Assessment Study

2.2 Peter Brett Associates (PBA) were appointed in 2015 on behalf of East Hampshire District Council, South Downs National Park Authority and Winchester City Council to advise the Councils on delivery of pitches and plots to meet the accommodation requirements of gypsies and travellers. The study identified and assessed potential sites to meet the needs of gypsies and travellers that were identified at the time by the Traveller Accommodation Assessment for Hampshire.

2.3 Since publication of the report in July 2016 and initial preparation of the DPD, both Hampshire County Council and Winchester City Council as land owners, have confirmed that their sites are not available for consideration as gypsy and traveller sites, as these sites needed to be retained for operational or policy purposes.

Winchester Gypsy and Traveller Accommodation Assessment

2.4 Opinion Research Services (ORS) were appointed in 2016, in partnership with a number of Hampshire authorities to undertake a comprehensive accommodation needs assessment of gypsies and travellers in the Winchester district. The resulting Winchester GTAA covered the whole area of the District as a housing authority, this however differs to the planning authority which excludes the area covered by the South Downs National Park. Therefore, the results that apply to the National Park Authority's area have been forwarded to them (and excluded from Winchester's needs) as they **have prepared** a whole Park Local Plan, to include traveller sites.

2.5 The assessment included a number of elements :-

- Desk-based review of existing data sources i.e census, planning appeals, caravan counts, etc;
- Stakeholder engagement through telephone interviews with representatives from the travelling community and organisations together with various Council officers and other stakeholders;
- Collaborative working with six neighbouring local authorities through telephone interviews;

- Survey of travelling communities through specifically interviewing as many of the identified travelling community within the District as possible. This element of the work in particular is key to the calculations of existing and future need, and was timed to allow for seasonal variations by undertaking the surveys from late June through to early October, with repeat visits if required during September/October. Up to 3 attempts were made to interview – some 65 potential gypsy and traveller pitches were included and 26 travelling showpersons plots – a response rate of 81% for gypsy and traveller households and 73% for travelling showpersons was recorded
- Interviews with the travelling community who now live in bricks and mortar households.

2.6 A summary report of the results of the survey work can be viewed at <http://www.winchester.gov.uk/planning-policy/traveller-dpd/gypsy-and-traveller-development-plan-document>

2.7 The report sets out the methodology used and how the current and future needs were calculated through the identification of existing pitches to determine the number of occupied, vacant and potentially available sites.

Current need was determined through a range of sources:-

- Households on unauthorised sites/encampments
- Concealed, over-crowded and doubled-up households
- Households occupying bricks and mortar but wishing to move to sites
- Households on waiting lists for public sites

Components of future need was also identified as :-

- Older teenage/young adults needing a pitch of their own
- Households on sites with a temporary planning permission
- In-migration and new household formation

2.8 Given the revised definition of travellers, a key element of the survey was to establish whether households were able to demonstrate that they travel for work purposes, staying away from their usual place of residence.

<http://www.winchester.gov.uk/assets/attach/16578/2016-10-21-Winchester-GTAA-Need-Summary-FINAL.pdf>

2.9 The report also includes an assessment of needs of those ‘unknown’ and ‘non travelling’ and ORS advise that an allowance of 10% is a realistic assumption of those that are recorded as ‘unknown’ that may in fact comply with the revised definition. Those categorised as ‘non travelling’, will be included in the Strategic Housing Market Assessment (SHMA) as part of the Local Plan Review commenced in 2018, but this DPD includes a criteria-based policy to deal with planning

applications by travellers who have demonstrated that they meet the definition of travellers.

2.10 The GTAA, in accordance with the PPTS 2015, breaks down the overall gypsy and traveller and travelling showpersons need into 5 year bands. The current need is calculated by including unauthorised pitches, pitches with temporary planning permission, concealed and doubled-up households and net movement from bricks and mortar in the first 5 years. The total net new household formation is then applied proportionately across the remaining 5 year bands.

2.11 Therefore for gypsy and travellers pitches this results in the following requirement to correlate to the Local Plan period up to 2031 for adopted local plans in the Winchester District:-

Years	0-5	6-10	11-15	16-20	
	2016 - 21	2021-26	2026-31	2031-36	Total
	9	3	3	4	19
LP2 Policy DM4	15				

In relation to travelling showpersons plots the following breakdown applies:-

Years	0-5	6-10	11-15	16-20	
	2016 - 21	2021-26	2026-31	2031-36	Total
	18	3	3	3	27
LP2 Policy DM4	24				

This requirement is included in Policy DM4 of Local Plan Part 2 and will be delivered through the following sources of supply, the details are set out in the following sections of this DPD and Appendix B :-

	G&T pitches	TSP plots
a. Requirement Policy DM4 (2016 – 2031)	15	24
Other proven need post GTAA*	4	
b. Sites with planning permission/allowed on appeal/occupied (since 1/9/16)	18	3
c. Vacant sites	7	0
d. To be delivered through this DPD	About 10	About 13

Total supply (b+c+d)	35	16
Surplus/shortfall	+16	-8

* occupiers at Berkeley Farm, Durley Street

3. Stages in the preparation of this DPD

Early consultation/engagement

3.1 The preparation of Local Plan Part 2 was originally intended to allocate traveller sites and during 2013/14 included a 'call for traveller sites'. Only one **site** was identified and included in the draft of Local Plan Part 2, and this was subsequently withdrawn from further consideration.

3.2 Formal preparation of the Traveller DPD therefore commenced with the publication of a notice on 28 October until 12 December 2016, to seek comments on the scope and content of the DPD in accordance with the Town and Country Planning (Local Planning) (England) Regulations 2012. This 'commencement notice' also included a further 'call for sites'. Four sites were submitted, although the Council was already aware of these, three being existing sites and the fourth was a greenfield site subject of a planning application.

3.3 The [responses](#) at this stage focussed on commenting on the findings of the Site Assessment Study published in 2016 which assessed a number of potential sites. A summary of the issues raised from these responses, together with an update on progress on the DPD, was reported to the Council's [Cabinet Local Plan Committee](#) on 27 February 2017.

3.4 An 'options' consultation was undertaken during March to May 2017. The focus was to explore the options and key matters to be taken into account when identifying sites, which are suitable and available for traveller purposes.

3.5 Some 120 responses were received, of note is that 7% of responses were from the travelling community and its representatives. This is encouraging given that the 2011 Census reveals 0.22% of the District's population as a whole are recorded as '*white gypsy or traveller*'. The bulk of the comments were from members of the public and parish councils, commenting on potential sites.

3.6 The Council examined those sites that it considers could have merit **to be taken** forward through the DPD. This highlighted issues that required mitigation to be addressed by the proposed policies. The site assessment methodology is set out at Appendix E .

Consultation on the draft Traveller DPD (Regulation 18)

3.7 During July – September 2017, the draft Traveller DPD was available for comment, some 99 representations were received raising both general and site specific matters. These representations were considered by the Council in December 2017 (CAB2965(LP)) refers. Details of the consultation methods utilised and who was consulted are set out in the Consultation Statement, **which can be viewed on the Traveller DPD web pages**.

Publication of the Pre-Submission Traveller DPD (Regulation 19)

3.8 The pre-submission version (Regulation 19) of the DPD specifically updated the status of the sites which had been granted planning permission, or where the planning position had changed from the draft DPD. In particular the proposed draft policy which sought to resolve the situation on a large site occupied in the District at North Boarhunt, was deleted in response to evidence presented which questioned the delivery of the site for a mix of travellers and travelling showpeople. As a consequence there remains a shortfall in the provision of travelling showpersons plots in the District.

3.9 During January – February 2018 the pre-submission Traveller DPD was available for comment, some 16 representations were received raising both general and site specific matters

Submission and Examination

3.10 The DPD was submitted for examination in May 2018. A public examination hearing was held on 3 and 4 September 2018 to examine matters in relation to the soundness of the DPD. Proposed Modifications were published for comment for six weeks during October – November 2018.

Adoption

3.11 The Council received the Inspectors report in January 2019, which found the DPD ‘sound’ subject to a number of modifications. The DPD was subsequently adopted by the Council on 28 February 2019.

4. The Proposed Traveller Strategy in the Winchester District

Proposed Approach

4.1 The results of the engagement together with the evidence studies have informed this DPD. This has highlighted a key issue in terms of meeting the objectively assessed needs for travellers as set out in Policy DM4, as there is a lack of additional/new sites being promoted for travelling showpersons use.

4.2 Therefore, the proposed strategy includes a combination approach, through :-

- Safeguarding existing permitted and lawful sites whether occupied or vacant
- Regularising suitable existing sites that do not benefit from permanent planning permission
- Specific site allocation policies to consider the needs of larger complex sites particularly with an emphasis in relation to travelling showpersons plots.

4.3 Whilst the majority of sites across the District are relatively small, there are a few larger, more complex sites. It is proposed that these will be dealt with comprehensively with a bespoke policy to establish a clear planning policy position as to what the Council requires on those sites to deliver Policy DM4. (see Policies TR3-4)

Safeguarding Existing Permitted Sites

4.4 Across the District there are many existing (predominantly small) sites which have a permanent planning permission for traveller use. Most of these were granted permission several years ago with conditions limiting occupation to those falling within the traveller definition applicable at the time and sometimes specific to named occupants. The GTAA highlights that some occupants are no longer travelling or their travelling status is unknown. However, the Council acknowledges that these are well established sites with a confirmed planning status for gypsy and traveller or travelling showpersons use. A small number of travelling showpersons sites do not however, have a permanent planning permission but have been established for numerous years to the extent that they are now lawful in planning terms. Given, that Policy DM4 requires the provision of 24 showpersons plots over the plan period, it is necessary to retain these existing sites, **which are illustrated on the policies map.**

4.5 The following policy therefore proposes that existing sites which have planning permission or lawful use for gypsy or traveller or travelling showperson use, will be safeguarded to ensure that the permitted use as a traveller site is not lost through the grant of any subsequent planning permission, or relaxation of planning conditions, to allow for other types of development. **This is to ensure that these sites and others that may be authorised are retained to meet identified traveller needs within the District and any wider unmet needs under the Duty to Co-operate.** The policy is specific to the sites named and identified on the policies map, and includes

the number of pitches specified in the planning permission. It must be noted however that one pitch/plot may be able to accommodate more than one mobile home and touring caravan as specified in the permission. Where planning conditions applied to permitted sites are based on earlier definitions of travellers, they may have potential to meet some of the 'unknown/non- traveller' needs.

Policy TR1 – Safeguarding Permitted Sites

The existing gypsy and traveller and travelling showpersons sites listed below, and as shown on the Policies Map, will be safeguarded from alternative development, unless the site is no longer required to meet any identified traveller needs.

Any other site that is subsequently granted a permanent planning permission for gypsy and traveller and travelling showpersons shall be safeguarded in accordance with this policy.

Gypsy and Traveller Sites		
Site Ref	Location	No of Pitches
W001	The Ranch, Old Mill Lane, Denmead	1
W002	Ash Farm, Titchfield Lane, Wickham	2
W003	Westfork, Bunns Lane, Hambledon	1
W004	Joymont Farm, Curdridge Lane	1
W005	Ashbrook Stables, Main Road, Colden Common	1
W006	Barn Farm, The Lakes, Swanmore	5
W007	Windy Ridge, Old Mill Lane, Denmead	1
W008	Travellers Rest, Bishops Sutton	1
W009	Rambling Renegade, Shedfield	1
W010	Opposite Woodfield Farm, Alma Lane Upham	1
W011	Adj Chapel House, Highbridge Road, Highbridge	2
W012	Big Muddy Farm, Alma Lane, Upham	1
W013	Land west of Lasek, Bishops Wood Road, Mislingford	1
W016	Tynefield, Whiteley, Fareham	18
W017	Ourlands, East of Mayles Lane, Knowle	3
W018	Stablewood Farm, The Lakes, Swanmore	1
W082	Beacon Haven, Swanmore	6
W083	Bowen Farm, Curdridge	4
W084	Little Ranch, Fishers Pond	1
W086	Woodley Farm, Alma Lane, Lower Upham	1
New	Berkeley Farm, Durley Street	4
Travelling Showpersons Sites		
Site Ref	Location	No of Plots
W020*	Carousel Park, Micheldever	9
W021	The Haven, Denmead	1
W022	The Orchard, Forest Road, Swanmore	4
W023**	Plot 1, The Nurseries, Shedfield	1
W024**	Plot 2, The Nurseries, Shedfield	1
W025**	Plot 5, The Nurseries, Shedfield	1
W026	Grig Ranch, Wickham	1
W028	Stokes Yard, Waltham Chase	1
W029	The Vardo, Swanmore	1
W030	Firgrove Lane, North Boarhunt	8

*See Policy TR3; ** Policy TR4;

Sites with temporary consents

4.6 There are some sites in the District that were granted temporary planning permission, to allow for these to be appropriately considered through the preparation of this DPD. These sites have been assessed according to the methodology set out at [Appendix E](#), together with the findings of both the Site Assessment Study and the GTAA and screened through the Sustainability Appraisal.

4.7 Application of the site assessment methodology highlights a number of matters of detail, but in general most sites are relatively unconstrained. Of note, is that the sites are situated outside settlement boundaries in rural locations. This is to be expected given the nature of the uses and the lack of availability of sites within or adjacent to existing settlements.

4.8 Some of the sites with temporary consent are however, situated within defined settlement gaps. Due to the lack of alternative provision it has been necessary to determine whether the need for traveller sites justifies making an exception to adopted policy, namely CP18 of LPP1. Consequently, this DPD gives positive consideration to these sites as a deliverable option, given that they are in existing use by travellers and travelling showpeople and will make a positive contribution to meeting the identified need specified in Policy DM4, if the use was granted a permanent permission. These sites are typically located adjacent to existing structures, the sites being bounded by various forms of boundary treatment and have highway access. Policy CP18 requires proposals not to '*physically or visually diminish the gap*'. This presents a challenging test for the local planning authority and needs to be assessed in the context of the lack of alternative provision, which in itself may constitute special circumstances to warrant allowing these sites to become permanent in a sensitive location. A key issue is to ensure that this approach, whilst not a perfect solution, responds directly to a demonstrable need and does not create a precedent for the consideration of other sites in the future

4.9 This strategy will, however, not only secure the planning status of the sites for the current occupants, contributing to the specified need, but also provide certainty in relation to the delivery of sites to meet the needs in Policy DM4. Sites identified through Policy TR2 below will still be subject to the usual planning legislation and applications will need to be submitted to formally authorise their permanent traveller use. Applicants will be expected to comply in full with the requirements of the policy and it will also be necessary to restrict the occupancy to ensure that the site as a whole is retained for traveller occupation. Site considerations will be required to reflect adopted policies in both Local Plan Part 1 and 2, in addition to the specific matters associated with the occupation of sites by travellers, as set out in Policy TR2.

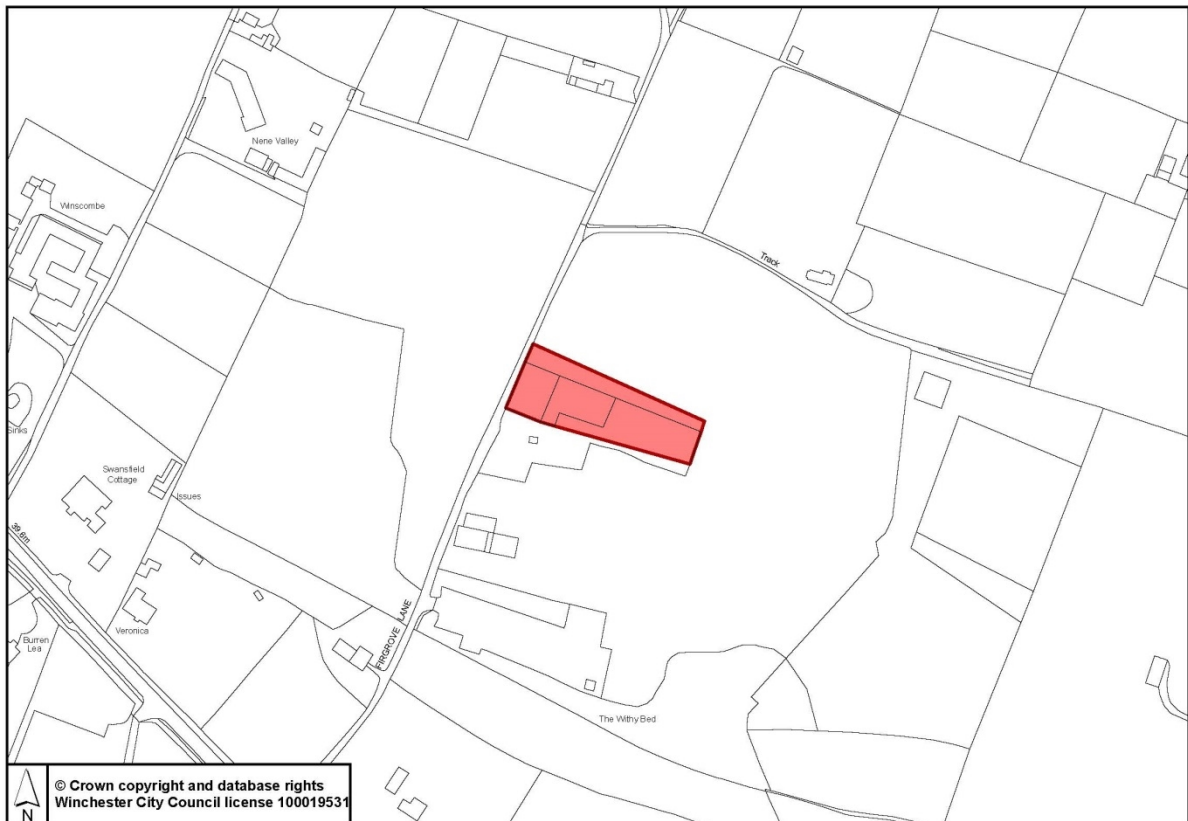
Policy TR2 – Sites with Temporary Consent

Planning permission will be granted on the following sites with temporary consent, for permanent gypsy and traveller accommodation as shown on the Policies Map and listed below:-.

Site Ref:	W014	Site Address	Land at The Piggeries, Firgrove Lane, North Boarhunt
No of Pitches:	4		

Proposals for development at this site should comply with the following site specific requirements;

- **A landscape framework to be submitted to provide suitable boundary treatment to include a mixture of native trees and shrubs around the site and given its location adjacent to a public right of way;**
- **Improve Firgrove Lane and its junction with the B2177 as necessary to provide an adequate access to the site to accommodate the proposed uses.**

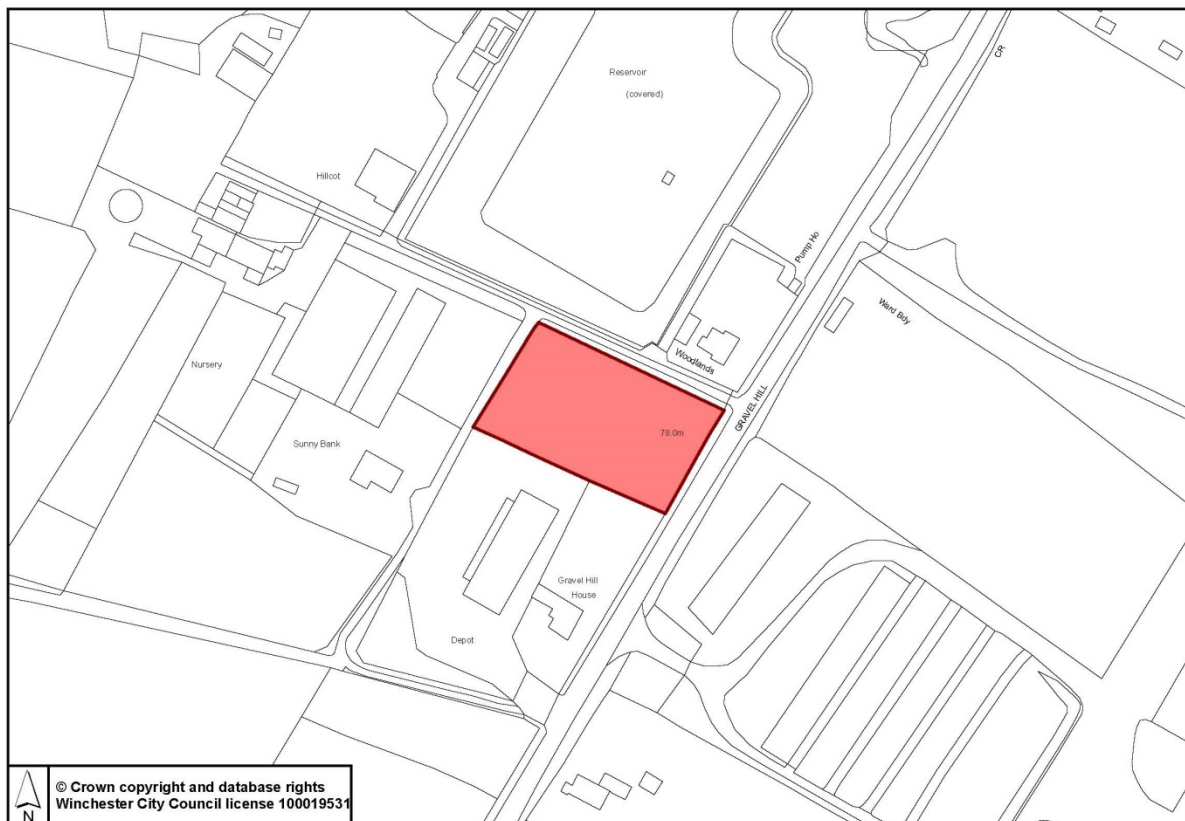


Site Ref: W085 **Site Address** Land adjacent Gravel Hill, Shirrell Heath

No of Pitches: 3

Proposals for development at this site should comply with the following site specific requirements:

- **Improve the access of the site and its junction with Gravel Hill as required;**
- **Due to the location of the site adjacent to commercial activity, it will be necessary for an appropriate acoustic barrier to be installed to protect the amenity of the occupants on the site;**
- **A landscape framework to be submitted to provide suitable boundary treatment around the site given its location within the designated settlement gap and to ensure that the site is visually contained**



Site Specific Policies

4.10 For the more complex sites, the following policies set out matters to be considered.

Carousel Park, Micheldever

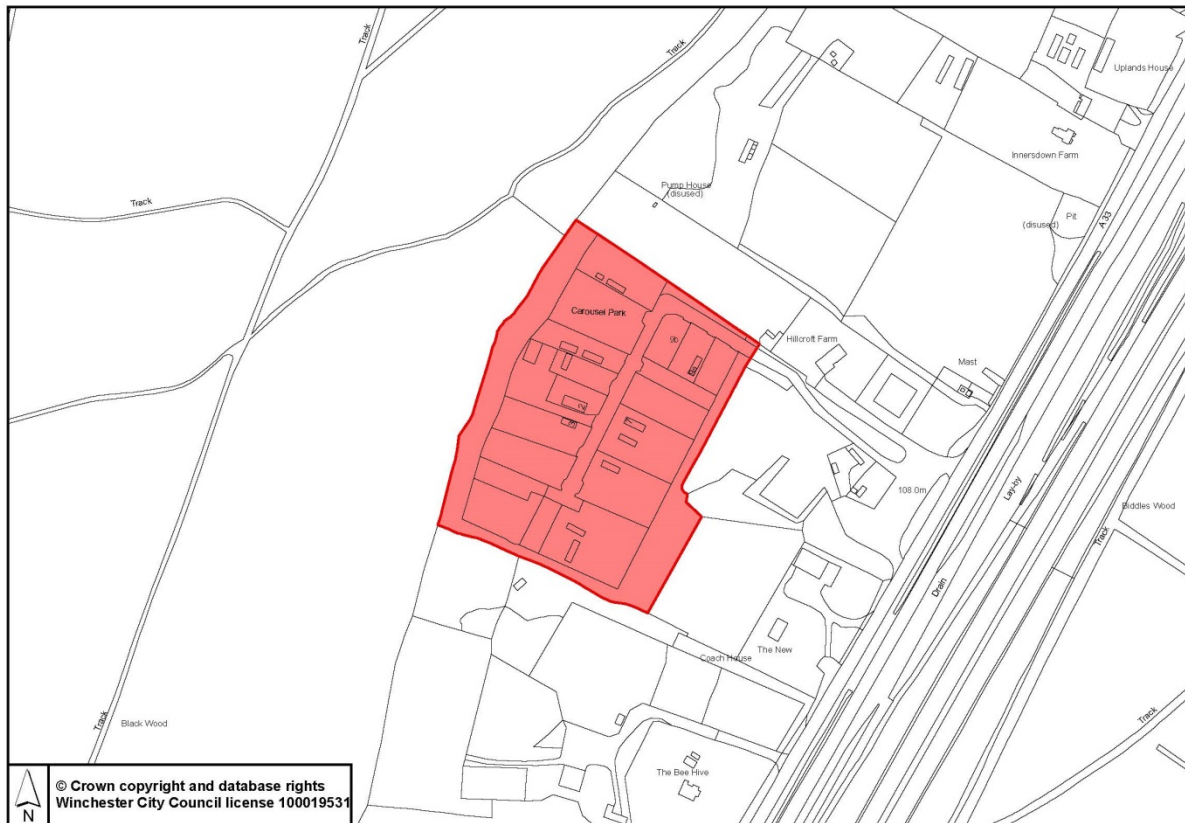
4.11 There is planning consent for 9 large travelling showpersons' plots at Carousel Park, Basingstoke Road, Micheldever, but several plots are not being used for travelling showpersons' purpose and have been subdivided. The use and occupancy of the site is disputed, but given the need for travelling showpersons' plots and the difficulty in finding suitable potential sites, it is important that all the original permitted plots are made available and retained for showpersons' use. Enforcement action is being taken on part of the site to resolve the alleged unauthorised change of use and reinstate the travelling showpersons' use. The disputed use and occupancy of the site makes it difficult to determine how many additional showpersons' plots would be made available on completion of the enforcement process, but it is estimated there will be a gain of at least 3 showpersons' plots.

4.12 The site has consent for 9 travelling showpersons' plots, granted in 2003 (ref: W05589/12) which is subject to various conditions and a planning obligation. The enforcement action being taken by the Council may result in variations to the consent or conditions. Any other changes that may be proposed, including potential intensification, should retain the use of the site for travelling showpersons and ensure an acceptable living and working environment for this use. Policy TR7 sets out various general requirements which should also be met.

Policy TR3 – Carousel Park, Micheldever

Land at Carousel Park, Micheldever, as shown on the Policies Map, is allocated for travelling showpersons' use. The site should be occupied by people meeting the definition of travelling showpeople, and comply with the following requirements:

- protect the biodiversity of Black Wood (an adjacent Site of Importance for Nature Conservation - SINc) and reinforce the site's visual containment by providing and retaining a bund and landscaping around the whole site boundary;
- avoid further expansion or intensification beyond the currently-defined extent of the site;
- satisfy the requirements of Policy TR7 .



The Nurseries, Shedfield

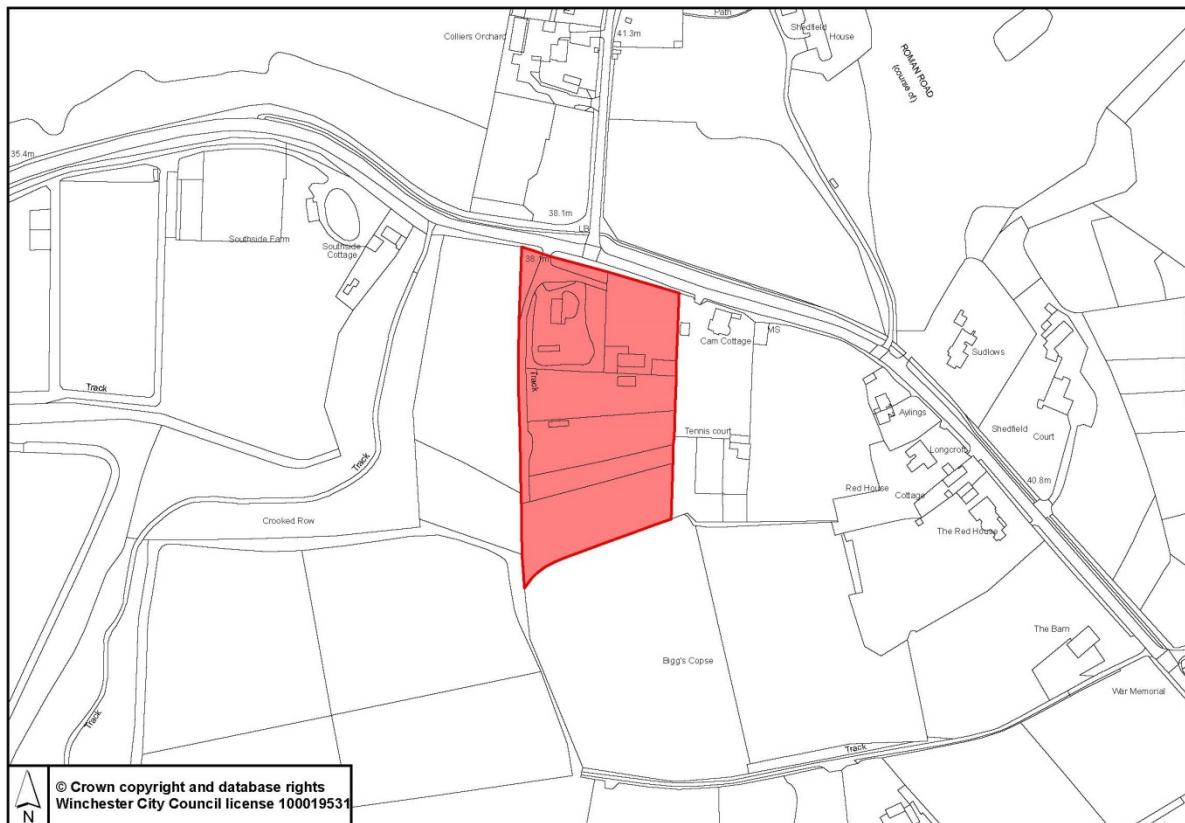
4.13 This site consists mostly of travelling showpersons' plots. The 3 recently permitted plots contribute towards meeting the need for travelling showpersons' plots and the other (unauthorised) plots existing at The Nurseries could provide further plots to help meet the identified unmet need. There is also potential capacity within the site for further plots, subject to any necessary access improvements. Policy TR 4

therefore allocates the site for travelling showpersons' use and enforcement action will be considered if necessary to secure and retain this use for the whole site.

Policy TR4 – The Nurseries, Shedfield

Land at The Nurseries, Shedfield, as shown on the Policies Map, is allocated for travelling showpersons' use. The whole site should be occupied by people meeting the definition of travelling showpeople, and comply with the following requirements:

- provide suitable landscape proposals, particularly along the western boundary of the site and between the plots, to screen views and reinforce the site's visual containment;
- avoid further expansion beyond the currently defined extent of the site;
- consider opportunities for limited intensification, subject to any necessary improvements to the access in terms of visibility;
- satisfy the requirements of Policy TR7 .



Expansion or intensification within existing sites

4.14 The approach promoted through this DPD is to safeguard existing sites, to regularise those with a temporary consent and to promote site-specific policies, to where possible meet the requirements set out in Policy DM4. This delivers the requirements of the GTAA in relation to gypsies and travellers for the period up to 2031, but not in relation to provision for travelling showpeople, which is covered below.

4.15 It is recognised that during the plan period there may be a demonstrable need for an additional pitch/plot on those sites safeguarded or allocated through this DPD, to meet the changing needs of the households on the sites. **This includes sites which are granted permanent planning consent after the adoption of this DPD, as these are also safeguarded by Policy TR1.**

4.16 Where there is a demonstrable need for an additional pitch/plot on those sites identified in this DPD, the Local Planning Authority will require the applicant to demonstrate the need and that the lack of alternative accommodation requires an additional pitch/plot. In these circumstances the granting of any subsequent planning permission will be **conditioned to limit its occupation by travellers (in accordance with the definition in the PPTS and any subsequent revision) to specifically meet the need demonstrated.**

4.17 Two existing travelling showpersons sites (The Orchard, Swanmore and The Nurseries, Shedfield) have been identified as having potential capacity for additional plots, to meet unmet needs on the respective sites in the future. Therefore, it is anticipated that about 6 additional plots could come forward during the plan period.

4.18 Any proposals for new sites will continue to be considered in light of this DPD and Policies CP5 and DM4 of LPP1 and 2 respectively and against Policy TR6 :-

Policy TR 5

The Local Planning Authority will consider proposals for the additional provision of pitches/plots through intensification within sites covered by Policies TR1 – TR4 above, on a case by case basis and in accordance with the provisions of Policy TR7.

It will be necessary for the application to demonstrate the need for the additional provision in relation to the requirement of Policy DM4, the lack of alternative provision and specific circumstances of the applicant.

4.19 The Council has explored a range of options to identify and allocate sufficient sites to meet the identified needs of travelling showpeople in the District, however, there remains a shortfall in provision. The Council will monitor the situation and expedite consideration of any applications submitted for travelling showpersons

plots, where these are in accordance with adopted local plan policies and those in this DPD

Planning Applications

4.20 This DPD provides for current and expected traveller accommodation needs, although for travelling showpeople it has not been possible to identify adequate sites currently. Therefore, proposals for traveller accommodation should be on the sites identified in this Plan (policies TR1 – TR4) or in locations where residential development is otherwise permitted (policies DM1 and MTRA3). Proposals for traveller accommodation should also accord with the policies of this DPD and other relevant policies in Local Plan Parts 1 and 2, particularly policies CP5 and TR7.

4.21 It is acknowledged that there may be cases where an exception to countryside policies (MTRA4) may be justified, for example to meet the remaining needs of showpeople or for travelling households with a need to be located in the area. Where these meet the definition of travellers (PPTS Annex 1) but have not been able to find a suitable site within a settlement boundary or through infilling, permission may be granted on suitable sites within the countryside. There should be evidence to show that sites complying with policies DM1 or MTRA3 have been sought, and why these are not suitable or available, and the proposed site should be in a sustainable location which is accessible to local services such as schools, health and community facilities.

Policy TR6

Proposals for traveller accommodation outside the sites identified in policies TR1 – TR4, including expansion of these sites, will be permitted within the settlement boundaries defined by policy DM1 or through infilling in accordance with policy MTRA3.

Sites outside the provisions of these policies (other than appropriate intensification under policy TR5) will only be permitted where they are for occupation by persons who:-

- **are defined as gypsies and travellers or travelling showpeople (Planning Policy for Traveller Sites 2015 Annex 1 or a subsequent revision); and**
- **can demonstrate a personal or cultural need to be located in the area; and**
- **there is a lack of other suitable accommodation.**

Sites must be in sustainable locations well related to existing communities, as defined by Policy CP5, and comply with the requirements of Policy TR7.

General Design Guidance and Site Layout

4.22 Specific design guidance produced by the Government in relation to travellers sites is now dated, although it includes some useful principles (DCLG Good Practice Guide 2008). Policy CP5 sets out broad parameters to be considered and in addition the general site criteria and principles policies included in LPP2 should be taken into consideration (DM15- 18). The Council also adopted its High Quality Places SPD in 2015 which includes various matters of detail which will be appropriate for layout, screening and for the consideration of any permanent structures to be erected on the site such as day rooms. The following policy will also apply to all proposals:

Policy TR7

All sites to be considered through this Development Plan Document or subsequent planning applications will be required to comply with Policy CP5 and the following in so far as they are relevant to the site and its location:-

- **Access and parking**
 - provide safe vehicle and pedestrian access from the site to the highway
 - ensure that there is sufficient turning space within the site to allow for safe vehicular movement
 - minimise conflict between pedestrians and vehicles on site
 - no vehicle over 3.5 tonnes shall be stationed, parked or stored on site, unless necessary for the use of a travelling showpersons site.

- **Environmental**
 - avoid boundary treatment that has a detrimental visual impact on the character of the site and locality
 - provide landscaping to reinforce the boundary of the site and to provide screening of views into/out of the site
 - provide an area of open space within the site for safe children’s play, located to avoid conflict with vehicles on the site
 - contribute to the Solent Recreation Mitigation Strategy where required
 - ensure that the site and the layout proposed on it would not cause harm to the significance or setting of heritage assets or biodiversity interests.

- **General**
 - provide details of wastewater infrastructure, **including a foul drainage assessment** and surface water drainage, incorporating SUDS where possible
 - ensure that waste is stored appropriately for disposal and able to be collected in an efficient manner
 - no commercial activities shall take place on the land, including the storage and sorting of materials, other than as necessary for the use as a travelling showpersons site.
 - minimise external lighting to avoid a detrimental impact on the surrounding locality

In addition to the above, plots for travelling showpersons should have adequate space for the storage and maintenance of equipment and be laid out to avoid conflict between vehicles and residents.

Transit Sites

4.23 Government guidance (PPTS para 7-9) requires Local Planning Authorities to use evidence to plan positively and manage development to include the need for both permanent and transit accommodation needs of the area over the lifespan of the development plan (2016 – 2031).

4.24 The GTAA examined the potential need for transit provision in the District taking into consideration the DCLG Caravan Count, local data and interviews with stakeholders and concluded that the use of historic evidence to make an assessment of future provision is not recommended at this time, particularly in light of the change to the definition of travellers included in the 2015 PPTS.

4.25 Therefore, the report recommended that the situation in relation to transit provision be monitored and a review undertaken in August 2018 when three years worth of monitoring data post PPTS would be available to inform a way forward. In the District, there was however, an increase in unauthorised encampments during 2017/18, with a focus around the city of Winchester.

4.26 The Council is currently closely monitoring the situation and exploring options to resolve this through other mechanisms rather than planning policy at this time, given the uncertainty of whether those occupying unauthorised encampments comply with the PPTS definition.

Implementation and Monitoring

4.27 The monitoring framework at Appendix F, sets out how each policy will be monitored reflecting the objectives expressed in both the Council Strategy and the environmental objectives in the SA/SEA.

4.28 The Council will monitor implementation of the DPD and will continue to explore opportunities to meet the identified needs of Travelling Showpeople, including as part of the review of Local Plans part 1 and 2 which has recently commenced.

Appendices

Appendix A Glossary

Abbrv	Term	Explanation
CIL	Community Infrastructure Levy	The Community Infrastructure Levy (CIL) is a levy that the Council charges on certain types of new developments to support development by funding infrastructure.
	Designated Heritage Asset	Assets nationally designated under a variety of legislation for their heritage significance. Designated assets include Listed Buildings, Scheduled Monuments, Registered Parks and Gardens, Registered Battlefields and Conservation Areas
	Development Plan	This refers to the statutory planning documents covering the District, currently the Local Plan Part 1, Local Plan Part 2, the Denmead Neighbourhood Plan, the Minerals and Waste Development Framework and the Traveller DPD.
DPD	Development Plan Document	Development Plan Documents are the parts of the LDF which are adopted following independent examination and which provide the statutory planning guidance for the District.
EqIA	Equality Impact Assessment	A procedure adopted by the City Council to examine the impact of draft policies on gender, age, race, disability and health, sexuality, religion and belief together with other, more specific categories such as those on low incomes, with caring responsibilities or living in rural areas.
	Evidence Base	The information gathered by the City Council to support the preparation of a range of documents that are covered by the Local Plan and other policies produced by the Council. It includes both quantitative (numerical values) and qualitative (feelings and opinions) data.
	Flood Zone	Depicts how flood risk varies over different areas of land. For rivers, Flood zone 3 has a 1 in 100 probability of flooding or greater in a year; Flood Zone 2 has between a 1 in 100 and 1 in 1000 annual chance of flooding in a year; Flood Zone 1 has the lowest chance of flooding (less than 1 in 1000).
	Gypsy and Travellers	Persons of nomadic habit of life whatever their race or origin, including such persons who on grounds only of their own or their family's or dependants' educational or health needs or old age have ceased to travel temporarily, but excluding members of an organised group of travelling showpeople or circus people travelling together as such. A Gypsy and Traveller Pitch typically includes space for 1 mobile home and 1 touring caravan and associated parking.
HRA	Habitats Regulations Assessment	The European Habitats Directive (92/43/EEC) requires 'appropriate assessment' of plans and projects that are, either alone or in combination with other plans and projects, likely to have a significant impact on sites designated under this Directive.

	Heritage Assets	The term used in the National Planning Policy Framework to describe a range of features of heritage value, which may include archaeology, buildings, structures or designed landscapes. These assets may be designated or undesignated, including locally listed assets.
	Infrastructure	Services necessary for development to take place, for example, roads, electricity, sewerage, water, education and health facilities.
LDS	Local Development Scheme (LDS)	This sets out the programme and timetable for the preparation and production of Local Development Documents.
	Local Plan	The name for the combined Plan that comprises Local Plan Parts 1 and 2, and the Traveller DPD produced by the Local Planning Authority.
LPP1	Local Plan Part 1 / Core Strategy	The Development Plan Document which sets out the spatial vision and objectives for the future of the Winchester District up to 2031, with the strategic policies necessary to deliver that vision.
LPP2	Local Plan Part 2 / Development Management & Site Allocations	The Development Plan Document which sets out the detailed policies and non-strategic site allocations for the future of the Winchester District up to 2031, in conformity with the development strategy set out in Local Plan Part 1.
NPPF	National Planning Policy Framework	The National Planning Policy Framework (NPPF) sets out the Government's planning policies for England and how these are expected to be applied.
	Open Space	Defined in the Town and Country Planning Act 1990 as land laid out as a public garden, used for the purposes of public recreation, or which is disused burial ground. Certain types of open space are defined in this Plan and, subject to this, it should be taken to mean all open areas of public value, including water areas, which offer important opportunities for sport and recreation, and can also act as a visual amenity.
	Policies / Proposals Map	A map which illustrates on an Ordnance Survey map base the policies and proposals within the Local Development Framework or Local Plan
	Settlement Gap	An area of countryside designated by the Local Planning Authority as a means of conserving the separate identity of settlements
SINC	Sites of Importance for Nature Conservation	Non-statutory wildlife sites designated for their habitat and/or species interests against a set of criteria developed by Hampshire County Council, Natural England and the Hampshire & Isle of Wight Wildlife Trust. SINCs are put forward for selection and review by the Hampshire Biodiversity Information Centre.
SSSI	Sites of Special Scientific Interest	The country's very best wildlife and geological sites, which are of importance as they support plants and animals that find it more difficult to survive in the wider countryside.
SAC	Special Area of Conservation	Sites which are strictly protected through designation under the EC Habitats Directive. They provide increased protection to a variety of wild animals, plants and habitats and are a vital part of global efforts to conserve the world's biodiversity.

SCI	Statement of Community Involvement	Sets out the standards which local authorities will achieve with regard to involving individuals, communities and other stakeholders in the preparation of Local Development Documents and in Planning Management decisions.
SDNP	South Downs National Park	Part of Winchester District lies within the South Downs National Park, an area designated under the National Parks and Access to the Countryside Act 1949 (as amended).
SEA	Strategic Environmental Appraisal	A generic term used to describe environmental assessment, as applied to plans, policies and programmes. The European 'SEA Directive' (2001/42/EC) requires a formal 'environmental assessment of certain plans and programmes, including those in the field of planning and land use'.
SFRA	Strategic Flood Risk Assessment	A SFRA should be carried out by the local planning authority to inform the preparation of its Local Development Documents (LDDs), having regard to catchment-wide flooding issues which affect the area. Policies in LDDs should set out the requirements for site-specific Flood Risk Assessments (FRAs) to be carried out by developers and submitted with planning applications in areas of flood risk identified in the plan.
SHMA	Strategic Housing Market Assessment	A report which considers the local housing markets. The assessment looks at a number of key factors, including: the supply and demand for housing; housing and planning policies; the need for affordable housing; and the affordability of the local housing market.
SA	Sustainability Appraisal	A process for the evaluation and refinement of policy options, to ensure that emerging policies and proposals will be the most sustainable and deliverable for the District
SUDS	Sustainable Drainage Systems	An approach to managing rainwater runoff from buildings and hardstandings. A benefit of the system is to reduce the quantity and rate of surface water flow running directly to rivers via stormwater networks.
	Travelling Showpeople	<p>Members of a group organised for the purposes of holding fairs, circuses or shows (whether or not travelling together as such). This includes such persons who on the grounds of their own or their family's or dependants' more localised pattern of trading, educational or health needs or old age have ceased to travel temporarily, but excludes Gypsies and Travellers as defined above.</p> <p>A Travelling Showpersons plot sometimes called a yard has capacity for residential accommodation plus space for the storage (and maintenance) of equipment.</p>

Appendix B: Details of sites that contribute to the supply – new planning permissions granted since 1/05/2018

	G&T pitches	TSP plots
a. Requirement Policy DM4 (2016 – 2031) and proven additional need	<p>19 =</p> <p>15 need identified in GTAA</p> <p>4 additional need (occupiers of Berkeley Farm, Durley Street)</p>	24
b. Sites with planning permission/allowed on appeal/occupied (since 1/9/16)	<p>18 =</p> <p>5 pitches at Barn Farm, The Lakes, Swanmore allowed on appeal (APP/L1765/W15/3141334)</p> <p>1 pitch allowed on appeal at Woodley Farm, Alma Lane, Lower Upham (APP/L1765/W/15/3131614)</p> <p>1 at Joymont Farm Curdrige Lane, permission granted 16/8/17 (17/00789/FUL)</p> <p>1 at Stablewood Farm, The Lakes, Swanmore, permission granted 17/7/17 (17/00764/FUL)</p> <p>3 at Ourlands Land East of Mayles Lane, Knowle permission granted 19/4/2018 (17/02212/FUL)</p> <p>1 at Bowen Farm, Wangfield Lane, Curdrige granted 02/02/2018 (17/02504/FUL)</p> <p>1 at Riverside, Highbridge Road , Highbridge granted 17/11/2016 (16/01993/FUL)</p> <p>4 at Field Adjacent Berkeley Farm, Durley Street, Durley allowed on appeal 16/07/2018</p>	<p>3 =</p> <p>The Nurseries Shedfield, Plot 1 granted 1 permanent permission for Travelling Showpersons sites in September 2016, and plots 2 and 5 granted 1 plot each for permanent permission in December 2016 (total 3 plots)</p>

	1 pitch at Travellers Rest, Bishops Sutton – previously vacant site now occupied.	
c. Vacant site	7 = 7 pitches at Tynefield vacated since the GTAA, occupiers have moved away.	0
d. To be delivered through this DPD	About 10 = Policy TR2, 7 temporary pitch consents to be granted permanent permission (3 at Gravel Hill, Shirrell Heath and 4 at Firgrove Lane, North Boarhunt). Policy TR5 about 3 from the expansion and intensification within existing sites	About 13 = Policy TR3 Carousel Park – existing planning consent for Travelling Showperson’s plots. Enforcement action in progress against the change of use of plots which it is estimated will result in a gain of 3 showperson’s plots Policy TR4 The Nurseries, Shedfield Plots 3, 4, 6 and 7 (one plot on each site, total 4 plots) currently unauthorised. Policy TR5 about 6 from potential intensification within existing sites
Total supply (b+c+d)	35	16
Surplus/shortfall	+16	-8

Appendix C LPP1 and LPP2 extracts

Extract for LPP1 adopted March 2013:

Gypsies and Travellers

- 7.35 The Council has a responsibility as the housing authority to assess and meet the needs of gypsies, travellers and travelling showpeople, as well as other housing needs. Winchester District has a resident community of Romany Gypsies, Irish Travellers, New Travellers and Travelling Showpeople and is also frequently used by more transient groups. Each group has different cultures and site needs and some do not easily share sites.
- 7.36 The majority of gypsy and traveller sites and all travelling showpeople sites are on private land with either full or temporary planning permission, or are unauthorised. There is one local authority gypsy and traveller site within the District, at Tynefield (near Whiteley), and there are no transit sites.
- 7.37 Winchester City Council has undertaken work¹ to assess the needs of gypsies and travellers² and the concerns of the settled community. This has provided substantial information on the type of site needed by the different groups within the travelling community. Evidence from the gypsy, traveller and settled communities indicates preference for smaller sites, suited to family groups, dispersed around the District. This should avoid a disproportionate impact on existing settlements and help encourage integration with the settled community.
- 7.38 This work did not identify the number of pitches³ or transit sites required to meet the needs of the local travelling community and previous work to establish pitch requirements is now out of date or incomplete. Therefore, the Council and the South Downs National Park Authority are working with other Hampshire authorities to identify accommodation needs and bring forward additional sites as necessary through Local Plan Part 2 or the South Downs Local Plan. In the meantime, planning applications will be assessed against the criteria in Policy CP5. Accommodation needs will be quantified and sites allocated in Local Plan Part 2.
- 7.39 To maintain a supply of land and associated accommodation, the City Council considers it important to ensure that, within the District, existing permanent authorised sites for gypsies and travellers are retained. Planning for additional authorised sites in the District will help meet legitimate needs; safeguard the amenities of the settled communities, ease potential conflicts between the travelling and settled communities and address the Council's statutory obligations to meet the accommodation needs of all communities.

¹ WCC Informal Scrutiny Group Final Report – Allocation of Gypsy and Traveller Sites –WCC 2011

² For simplicity, the term 'gypsies and travellers' is used in this policy to describe gypsies, travellers and travelling showpeople.

³ In this context the term 'pitches' is used to describe pitches for gypsies and travellers as described in the glossary and plots, or yards, for travelling showpeople.

- 7.40 The following policy has been assessed against the Government's Planning Policy for Traveller Sites published March in 2012. It supports applications for new gypsy, traveller and travelling showpeople sites where they meet all the policy criteria. Unauthorised encampments will also be judged against these criteria and where found not suitable, enforcement action will be taken. Improved provision in locations well related to existing settlements can benefit social inclusion, sustainable patterns of living and the delivery of relevant services, such as education and health care, to these minority groups.

<p>Policy CP5 - Sites for Gypsies, Travellers and Travelling Showpeople</p>
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The Local Planning Authority will undertake needs assessments (in Local Plan Part 2 or the South Downs Local Plan) to quantify the accommodation requirements for gypsies, travellers and travelling showpeople within the District.

Sites will be allocated and planning permission will be granted for sites to meet the objectively assessed accommodation needs of gypsies, travellers and travelling showpeople, providing they meet all of the following criteria:-

Sites should be well related to existing communities to encourage social inclusion and sustainable patterns of living, while being located so as to minimise tension with the settled community and:

- **avoid sites being over-concentrated in any one location or disproportionate in size to nearby communities:**
- **be accessible to local services such as schools, health and community services but avoid placing an unreasonable burden on local facilities and services;**
- **avoid harmful impacts on nearby residential properties by noise and light, vehicle movements and other activities.**

Sites should be clearly defined by physical features, where possible, and not unduly intrusive. Additional landscaping may be necessary to maintain visual amenity and provide privacy for occupiers. This and any security measures should respect local landscape character;

Sites should be capable of accommodating the proposed uses to acceptable standards and provide facilities appropriate to the type and size of the site, including:

- **water supply, foul water drainage and recycling/waste management;**
- **provision of play space for children;**

- **sites for travelling showpeople should include space for storing and maintaining equipment;**
- **safe vehicular access from the public highway and adequate provision for parking, turning and safe manoeuvring of vehicles within the site (taking account of site size and impact);**
- **in rural locations, any permanent built structures should be restricted to essential facilities such as a small amenity block;**

Proposals should be consistent with other policies such as on design, flood risk, contamination, protection of the natural and built environment or agricultural land quality and protect areas designated for their local, national or international importance, such as Gaps and the South Downs National Park.

Existing permanent authorised gypsy, traveller and travelling showpeople sites within the District which are needed to meet the identified needs of particular groups will be retained for the use of these groups unless it has been established that they are no longer required.

Extract from LPP2 adopted April 2017 :

Travellers Accommodation

- 6.2.1 The 2016 Winchester Gypsy and Traveller Accommodation Assessment identifies a need across that part of the District outside the South Downs National Park for about 15 additional gypsy/traveller pitches and about 24 travelling showpeople's pitches from 1 September 2016 to the end of the Local Plan period. The Assessment takes account of the Government's policy, contained in the Planning Policy for Traveller Sites, and reflects its definition of travellers (as revised 2015). Policy DM4 reflects the conclusions of the Accommodation Assessment and incorporates these into pitch targets for gypsies/travellers and plot targets for travelling showpeople. The City Council has also, in conjunction with East Hampshire District Council and the South Downs National Park Authority, assessed potential sites for traveller accommodation.
- 6.2.2 Policy CP5 of LPP1 is a criteria-based policy that will be used in conjunction with Policy DM4 to determine planning applications and to assist in allocating sites through the Gypsy and Traveller Site Allocations DPD which the Council is committed to producing. Sites will be allocated in this DPD, as necessary to meet the targets set in policy DM4, using the criteria established by policy CP5 and the Travellers Site Assessment Study. The Council aims to adopt the Gypsy & Traveller Site Allocations DPD in 2018.

Policy DM4 – Gypsies, Travellers and Travelling Showpersons

Planning permission will be granted for pitches to meet the accommodation needs identified for the area covered by this Plan for people falling within the definition of ‘travellers’, of about 15 gypsy/traveller pitches and about 24 travelling showpeople’s plots between 2016 and 2031.

Sites will be identified and consent granted as necessary to meet identified traveller needs in the Plan area which could not otherwise be met, subject to the criteria outlined in Policy CP5. Proposals for transit sites will be considered on an individual basis, following the criteria of CP5.

Appendix D – Sites that lie within 5.6km of Solent SPA

Site Ref	Location
Policy TR1	
W002	Ash Farm, Titchfield Lane, Wickham
W004	Joymont Farm, Curdridge Lane
W009	Rambling Renegade, Shedfield
W016	Tynefield, Whiteley, Fareham
W017	Ourlands, East of Mayles Lane, Wickham
W083	Bowen Farm, Curdridge
W022	The Orchard, Forest Road, Swanmore
W023**	Plot 1, The Nurseries, Shedfield
W024**	Plot 2, The Nurseries, Shedfield
W025**	Plot 5, The Nurseries, Shedfield
W026	Grig Ranch, Wickham
W027	The Bungalow, North Boarhunt
W028	Stokes Yard, Waltham Chase
W030	Firgrove Lane, North Boarhunt
Policy TR2	
W014	The Piggeries, Firgrove Lane, North Boarhunt
Policy TR4	
W032a	Plot 3 , The Nurseries, Shedfield
W032b	Plot 4, The Nurseries, Shedfield
W032c	Plot 6, The Nurseries, Shedfield
W032d	Plot 7, The Nurseries, Shedfield

Appendix E - Site Assessment Methodology

Traveller sites like any other development sites have been assessed through a number of processes to determine their appropriateness for traveller occupation. The Site Assessment Study provided a detailed site assessment of all known sites and potential sites (at the time of the study), covering landscape, highways, physical constraints, accessibility to services and any other potential impacts such as ecology. The Council has also screened existing and known sites to determine if there are any fundamental constraints to bringing sites forward, in accordance with the policies within LPP1 and LPP2:

Stage 1: Initial site sieving

Constraints

- Natural designations: Is the site likely to have a negative impact on a site of international/ national/ local biological or geological importance, e.g. Ramsar, Special Area of Conservation, Special Protection Area, Site of Special Scientific Interest, or Site of Importance for Nature Conservation?
- Historic designations: Is the site likely to have a negative impact on a listed building, a scheduled monument, conservation area, other registered heritage designation or known archaeological features?
- Mineral resources: Is the site identified for safeguarding in the Hampshire Minerals and Waste Plan?
- Trees and planting: Are there protected trees on the site?
- Water course and flooding: Is the site within Flood Zone 2 or 3 (medium–high probability of flooding)?
- Power cables and pipelines: Is the site affected by cables or pipelines to be safeguarded for access?
- Settlement gap: Is the site within a designated settlement gap as defined by LPP1 Policy CP18?
- Highway access: Is the site landlocked, have existing access or may be capable of being accessed.

Consistency with the Settlement Hierarchy and Development Strategy

- Proximity to a settlement providing services and facilities; relationship to Winchester Town or an ‘MTRA2’ or larger ‘MTRA3’ settlement?

Availability

- Is the site available for development within the plan period?

Stage 2: Site Based Assessments

Initial Sustainability Appraisal

- Likely significant effects of on the environment, economic and social factors of

the potential allocations

Site Access

- Vehicular access to the highway
- Opportunities for pedestrian/cycle links

Landscape Appraisal

- Physical landscape - landform and land cover, including agricultural land quality; proximity to public rights of way; visibility/views
- Historic Environment - including the existence of ancient woodland and parkland
- Natural Environment – proximity of existing trees/hedgerows

Historic Environment

- Heritage Assets – including archaeology, conservation area, listed building, scheduled monument

Stage 3: Preferred Sites

Consistency with key criteria

- Is the site within the settlement boundary?
- If not, is the site in proximity to an existing settlement to be able to access existing services and facilities?
- Are there physical constraints on the site?
- Is the site affected by any national or local policy designations?
- Is there access onto the site?
- Would the development detract from the landscape, important views and historic environment of the surrounding area?
- Can the site contribute to meeting identified needs of gypsies and travellers and travelling showpeople?
- Would development maintain the generally open and undeveloped nature of the gap between neighbouring settlements?
- Is the site available for travelling occupation?

Appendix F Monitoring framework

The Monitoring Framework sets out how the delivery of each policy will be monitored. The key aims of the policy (target/direction) are listed against how it will be monitored (indicator), and where the information will come from. The performance of policies will be reported as part of the Annual Monitoring Report at the end of each year.

Policy TR1 Safeguarding Permitted Sites		
SPATIAL OBJECTIVE / COUNCIL STRATEGY OUTCOME		SA/SEA OBJECTIVES
Housing, Environment, Health and Happiness, Business		Building Communities, Housing, Transport, Health, Economy and Employment, Landscape and Soils
TARGET/DIRECTION	INDICATOR	SOURCE
Retention of existing sites named in policy	Number of sites to alternative uses	WCC

Policy TR2 Sites with Temporary Consent		
SPATIAL OBJECTIVE / COMMUNITY STRATEGY OUTCOME		SA/SEA OBJECTIVES
Housing, Environment, Health and Happiness,		Building Communities, Infrastructure, Housing, Transport, Health, Economy and Employment
TARGET/DIRECTION	INDICATOR	SOURCE
Applications for permanent planning permission submitted on the named sites	Planning permission granted and conditions complied with	WCC

Policy TR3 Carousel Park, Micheldever	
SPATIAL OBJECTIVE / COMMUNITY STRATEGY OUTCOME	SA/SEA OBJECTIVES

Housing, Environment, Health and Happiness,		Building Communities, Infrastructure, Housing, Transport, Health, Economy and Employment
TARGET/DIRECTION	INDICATOR	SOURCE
Reconcile existing uses on the site	Satisfactory outcome of current enforcement appeal	WCC
Submission of planning application to regularise the site and specific policy requirements are met	Planning permission granted and conditions complied with	WCC

Policy TR4 The Nurseries, Shedfield

SPATIAL OBJECTIVE / COMMUNITY STRATEGY OUTCOME		SA/SEA OBJECTIVES
Housing, Environment, Health and Happiness,		Building Communities, Infrastructure, Housing, Transport, Health, Economy and Employment
TARGET/DIRECTION	INDICATOR	SOURCE
Submission of planning application to regularise the site and specific policy requirements are met	Planning permission granted and conditions complied with	WCC

Policy TR5 Expansion or Intensification within existing sites

SPATIAL OBJECTIVE / COMMUNITY STRATEGY OUTCOME		SA/SEA OBJECTIVES
Housing, Environment, Health and Happiness		Building Communities, Infrastructure, Housing, Transport, Health, Economy and Employment

TARGET/DIRECTION	INDICATOR	SOURCE
Consideration of applications	Planning permission granted and conditions complied with	WCC

Policy TR6 Planning Applications

Policy TR6 Planning Applications		
SPATIAL OBJECTIVE / COMMUNITY STRATEGY OUTCOME	SA/SEA OBJECTIVES	
Housing, Environment, Health and Happiness	Building Communities, Infrastructure, Housing, Transport, Health, Economy and Employment	
TARGET/DIRECTION	INDICATOR	SOURCE
Consideration of applications	Planning permission granted and conditions complied with – particularly compliance with the definition of traveller as set out in PPTS Annex 1 (or any subsequent revision).	WCC

Policy TR7 General Design Guidance and Site Layout

Policy TR7 General Design Guidance and Site Layout		
SPATIAL OBJECTIVE / COMMUNITY STRATEGY OUTCOME	SA/SEA OBJECTIVES	
Housing, Environment, Health and Happiness,	Building Communities, Infrastructure, Housing, Transport, Health, Economy and Employment	
TARGET/DIRECTION	INDICATOR	SOURCE
Planning applications submitted for consideration which reflect the policy requirements	Compliance with the requirements specified	WCC

CAB3123
CABINET

REPORT TITLE: PROPOSED REVISIONS TO COMMUNITY INFRASTRUCTURE
LEVY (CIL) REGULATION 123 LIST AND PROPOSED ALLOCATION OF CIL
FUNDS

13 FEBRUARY 2019

REPORT OF PORTFOLIO HOLDER: Portfolio Holder for Built Environment,
Councillor Caroline Brook

Contact Officer: Simon Finch Tel No: 01962 848271 Email
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WARD(S): ALL EXCEPT SOUTH DOWNS NATIONAL PARK

PURPOSE

This report follows on from CAB3071 – Community Infrastructure Levy – Operational Review – and deals with a refresh of the Council’s Regulation 123 List and recommends CIL funding for the Sport and Leisure Park at Bar End.

The Community Infrastructure Levy (CIL) is a charge levied on particular types of new development, based on the amount of new floorspace. The Levy was brought into effect in Winchester in April 2014, accompanied by the ‘Regulation 123 List’ which refers to the types of infrastructure that CIL is intended to deliver.

The CIL Regulation 123 List is generally not specific regarding particular schemes or projects, but it is quite prescriptive in relation to transport schemes. Cabinet decided in September 2018 that a revised Regulation 123 List should be produced and this report recommends revisions following consultation with the main infrastructure providers.

The revisions to the Regulation 123 List are of a limited nature, as a full review of CIL will be undertaken alongside the Local Plan 2036, which is the appropriate vehicle for more major changes to be considered. The proposed changes involve additions to the list of transport projects on which Hampshire County Council can spend CIL funding and allow contributions for educational provision to be taken from ‘unallocated’ schemes through S106 obligations. It is recommended that the proposed changes are agreed by Cabinet.

It is also recommended that £1.8 million of CIL funds are allocated to the Sports and Leisure Park at Bar End.

RECOMMENDATIONS:

1. That the revised Regulation 123 List attached at Appendix 1 be agreed and published.
2. That £1.8m of CIL funding be allocated to the Sport and Leisure Park at Bar End given its compliance with several criteria for allocating CIL funding.

IMPLICATIONS:1 COUNCIL STRATEGY OUTCOME

- 1.1 The collection and use of funding through the Community Infrastructure Levy can contribute to all of the Council Strategy's four aims.

2 FINANCIAL IMPLICATIONS

- 2.1 This limited review of the CIL Regulation 123 List can be carried out within existing staff resources and will not have significant cost implications. It aims to ensure that CIL funds are spent on the most beneficial projects, ensuring prudent use of resources.
- 2.2 The Council currently has over £4m of "District" CIL receipts. A further c£2.5m is due to be received by March 2020. To date, £1.6m has been committed to schemes that have been completed or formally committed across the District and additional proposed allocations amounting to £1.8m are also recommended in this report. The Council has also agreed to make £1m available between 2019 and 2022 for community led schemes

	£m	£m
WCC District CIL element - billed and due to be received by 31.3.2020		6.5
Committed/Spent Schemes (CAB3071)		-1.1
Supplementary: Durngate flood alleviation (total allocation £0.8m)		-0.5
Allocation for bidding (CAB3071)		-1.0
<i>Proposed Schemes:</i>		
Winchester Sport & Leisure Park	-1.8	
Central Winchester - Paving	-0.5	
		-2.3
Residual CIL funds for future allocation *		1.6

* The movement strategy is expected to identify CIL eligible schemes

- 2.3 If all proposals and commitments are implemented, the Council will still have an estimated £1.6m of “District” CIL contributions available between now and March 2020 to allocate to other projects.

3 LEGAL AND PROCUREMENT IMPLICATIONS

- 3.1 None directly.

4 WORKFORCE IMPLICATIONS

- 4.1 None.

5 PROPERTY AND ASSET IMPLICATIONS

- 5.1 None directly, but CIL funding may be used to help deliver major infrastructure projects on Council-owned land. The report recommends the allocation of funds to the Sports and Leisure Park at Bar End.

6 CONSULTATION AND COMMUNICATION

- 6.1 The providers of infrastructure listed in the Regulation 123 List have been consulted on the need for changes. Given the very limited scope of the review of the List and the consultation that has already taken place on major projects, there is no need for wider public consultation.

7 ENVIRONMENTAL CONSIDERATIONS

- 7.1 None directly. CIL funding may be used to help deliver infrastructure projects which will have their own assessments of environmental impact.

8 EQUALITY IMPACT ASSESSEMENT

- 8.1 None.

9 DATA PROTECTION IMPACT ASSESSMENT

- 9.1 None.

10 RISK MANAGEMENT

- 10.1 The recommended changes to the CIL Regulation 123 List aim to overcome the risk that CIL funding is not spent on the most suitable projects.

Risk	Mitigation	Opportunities
<i>Property - None</i>	-	-
<i>Community Support - None</i>	-	-
<i>Timescales - None</i>	-	-
<i>Project capacity - None</i>	-	Funding to deliver the Sports and Leisure Park
<i>Financial / VfM - None</i>	-	Funding to deliver the

		Sports and Leisure Park
<i>Legal – risk of challenge to proposed changes</i>	Ensure that changes to the Reg 123 List are limited and do not raise viability issues.	-
<i>Innovation - None</i>		
<i>Reputation - None</i>		There is a positive opportunity to ensure that CIL can be used for necessary projects.
<i>Other - None</i>		

11 SUPPORTING INFORMATION:

R123 List Review

- 11.1 The key purpose of the Regulation 123 List is to clarify which items of infrastructure will be funded through S106 developer contributions and which will be funded through CIL. This is to prevent developers being asked to contribute twice towards the same piece of infrastructure through S106 and CIL ('double dipping'). If an item of infrastructure is included in the list of CIL-funded schemes, it is not possible to take S106 contributions for the same piece of infrastructure. Conversely, CIL is chargeable on all qualifying developments and can be spent on any infrastructure, even if it is not included on the R123 List. Therefore, the R123 List should not be seen as a definitive list of what CIL receipts will be spent on, but it does control which infrastructure items S106 contributions can be sought for. As a result, care must be taken when drafting or amending the R123 List to ensure that infrastructure for which S106 funding is likely to be sought (in whole or part) is not included in the list of CIL-funded items.
- 11.2 Report CAB3071 (September 2018) sets out the background to CIL in Winchester and identified a need to undertake a limited review, in advance of a full review of CIL to be undertaken alongside the Local Plan 2036. Cabinet resolved that a revised Regulation 123 list should be produced in consultation with key partners and presented to Cabinet in 2019. This report proposes limited changes to the Regulation 123 List, following consultation with the main providers of the infrastructure items on the List. Since CAB3071, the Government has published draft changes to the CIL Regulations to increase flexibility in the way CIL and S106 contributions are collected and spent by removing Regulation 123. Although the timing of this change is not yet known, this is another reason for limiting changes to the R123 List.
- 11.3 The City Council has previously given a proportion of CIL receipts to Hampshire County Council for use on infrastructure provided by the County (roads, education, etc). Cabinet agreed to cease this arrangement last September. The City Council imposed an additional restriction on the use of

this funding, to the effect that it must be used for schemes on the R123 List. Other than this requirement, the County Council determines the schemes that this funding is spent on. Cabinet previously identified that the R123 List was unduly prescriptive, particularly in relation to transport schemes, and would benefit from a greater degree of flexibility. The current List for example limits the ability of the County Council to spend the CIL funding it previously received from the City Council on transport infrastructure, as these funds must be spent on schemes on the R123 List. The opportunity has also been taken to review other infrastructure items on the List.

- 11.4 The County Council has suggested a number of additional transport schemes that should be added to the R123 List, so that it can make full use of the CIL funds allocated to it in accordance with the City Council's requirements. This has the effect of enlarging the list of schemes that CIL funding can be spent on by the County Council, which should enable it to use the funding allocated to it for transport. For clarification, it is proposed that text be added to the S106 element of the Reg 123 List relating to transport, to make clear that S106 contributions may be sought for improvements which are not listed as CIL projects and are necessary to make development acceptable in planning terms.
- 11.5 The County Council also indicated a concern that the current R123 List only allows S106 education contributions to be sought for specific school improvements / provision relating to the strategic or local allocations made in Local Plan Parts 1 and 2. This could be problematic where larger developments come forward on unallocated sites, as these could result in increased and 'unplanned' educational demand which developers cannot currently be asked to help fund. The County Council suggested that all residential development should be capable of making a contribution, where justified, but officers are concerned that this could have significant implications for development viability. Government Planning Practice Guidance suggests that where *'a change to the regulation 123 list would have a very significant impact on the viability evidence that supported examination of the charging schedule, this should be made as part of a review of the charging schedule'*. Given the intention to carry out a full review of CIL shortly, and the Government's proposals to remove S123, it is proposed that the current review is more limited.
- 11.6 However, the potential problem highlighted by the County Council is recognised and a change is proposed that would allow for contributions to be sought under S106 for educational improvements needed to support significant 'unplanned' development (of 25 dwellings or more on sites not already listed as allocations in the R123 List). The County Council already publishes a document entitled *'Developers' Contributions towards Children's Services Facilities'* which sets out the circumstances in which contributions would be expected, and the likely amounts, which forms a basis for negotiations where contributions can be sought.

- 11.7 Other than these changes, no need for further amendments or updating were identified by the infrastructure providers consulted. Providers of infrastructure that is not already on the R123 List (e.g. the water providers, NHS, etc) were not consulted given the limited nature of the review. If these providers had asked for their services to be added to the R123 List this could have a significant impact on viability, which should be considered through a full review of the CIL charging schedule, not by this limited review of the R123 List.
- 11.8 The recommended revised Regulation 123 List is attached at Appendix 1, with the additions shown underlined (in the Education and Transport sections). It is recommended that these be agreed by Cabinet.

Proposed Allocation of CIL Funds to Major Projects

- 11.9 With regard to Cabinet's request for a further report on proposals for the use of existing CIL receipts, Cabinet has previously agreed in principle to allocate £1m towards the cost of the Winchester Sport and Leisure Centre Project. In addition a further £0.8m is sought towards the cost of the access roundabout and associated facilities required to serve both the Sport and Lesiure Park and a future potential development of the depot site.
- 11.10 The Sport and Leisure Park project has been assessed against the criteria for utilising CIL funds that were agreed by Cabinet in September 2018. Projects should satisfy at least one of the criteria set by Cabinet and this scheme would wholly or partially satisfy 3, as follows:
- Proposal contributes to the delivery of key development sites in the District;
 - Proposal offers wider as well as local benefits;
 - Proposal addresses a specific impact of new development beyond that which has been secured through a s106 Obligation or s278 Agreement

It is, therefore, recommended that £1.8m of CIL funding be committed for the Sport and Leisure Park project.

- 11.11 It is recognised that there are likely to be requests for CIL funding in connection with other major projects being taken forward by the Council. However, it may also be necessary to secure S106 obligations for these schemes, so they have not been added to the R123 List so as to avoid 'double dipping' (see paragraph 11.1 above). This does not prevent CIL funding being requested or used for schemes such as for public realm improvements in and around the Central Winchester Regeneration area and at Station Approach. Also, the sums involved may be more than is currently available through CIL receipts. As these projects are not so imminent as the Sport and Leisure Park, it is proposed that they be considered through the normal process and timetable for CIL bids. The timescale Cabinet agreed in September 2018 envisaged officers developing a draft rolling 3 year

programme of projects to be funded in May of each year and for bids and schemes to be approved by Cabinet in July each year.

12 OTHER OPTIONS CONSIDERED AND REJECTED

- 12.1 This report addresses matters which Cabinet asked for reports on (see CAB3071). The option of enabling developer contributions for education provision from all developments is not recommended for the reasons set out at paragraph 11.4 above.
- 12.2 Since Cabinet asked for this report the Government has published draft changes to the CIL Regulations. If and when these are brought into effect they would remove Regulation 123 List, with the aim of increasing flexibility in the way CIL and S106 contributions are collected and spent. This raises the option of not revising the R123 List as Regulation 123 will be removed in due course. However, it is recommended that the proposed limited changes should be made as it is not certain whether or when the Government's proposed changes will be implemented and could therefore delay the provision of new infrastructure including that which can be delivered by Hampshire County Council.

BACKGROUND DOCUMENTS:-

Previous Committee Reports:- CAB3071, Cabinet September 2018

Other Background Documents:-

None.

APPENDICES:

Appendix 1 – Recommended Revised Regulation 123 List

Appendix 1 –Revised Regulation 123 List

Infrastructure Type or Project (CIL)	Exclusions (S106)
<p><u>Education facilities comprising</u></p> <p>Provision of additional primary school capacity at existing schools; or</p> <p>Provision of additional secondary school capacity at existing schools.</p>	<p>a) Provision of additional capacity at the following existing schools (where contributions will be sought through S.106 contributions from developments allocated through Local Plan Part 2 and served by the following schools):-</p> <p>Bishops Waltham Infants and Junior Schools;</p> <p>St John the Baptist Primary School, Waltham Chase;</p> <p>Sun Hill Infants and Junior Schools, New Alresford;</p> <p>Colden Common Primary School;</p> <p>Swanmore College of Technology Secondary School.</p> <p>b) Provision of new primary and secondary schools to be provided in conjunction with the development of the North Whiteley, North Winchester and West of Waterlooville Strategic Allocations.</p> <p>c) <u>Provision of additional primary or secondary school capacity which is necessary to make other substantial development (unallocated developments of 25 or more dwellings) acceptable in planning terms.</u></p>
<p><u>Open Space Provision</u></p> <p>Provision of facilities for addressing open space</p>	<p>Provision necessary to make the development acceptable in planning</p>

Infrastructure Type or Project (CIL)	Exclusions (S106)
<p>deficiencies in terms of quantity, quality or accessibility, particularly those set out in the Winchester City Council (WCC) Open Space Strategy.*</p>	<p>terms.</p>
<p><u>Built facilities Indoor Sport and recreational facilities comprising:</u></p> <p>Provision of facilities to address deficiencies in indoor and built sports, recreation or leisure facilities in accordance with LPP1 Policy CP7; particularly those identified in the WCC Built Facilities Study.</p>	<p>Provision necessary to make the development acceptable in planning terms.</p>
<p><u>Green infrastructure:</u></p> <p>Provision and enhancement of the Green Infrastructure network as defined in Local Plan Part 1 Policy CP14, particularly through projects identified in the PUSH Green Infrastructure Strategy, WCC Green Infrastructure Study, or the Hampshire Countryside Access Plans.</p> <p>Provision of mitigation projects for infrastructure identified through the Solent Disturbance and Mitigation Project.</p>	<p>Provision necessary to make the development acceptable in planning terms.</p>
<p><u>Community and cultural facilities:</u></p> <p>Provision of new facilities for community use and improvements to existing facilities in deficiency areas as identified in the Cultural Strategy, Built Facilities Study or Infrastructure Delivery Plan.</p> <p>Refurbishment or replacements of libraries as set out in the Hampshire County Council Infrastructure Statement.</p>	<p>Provision necessary to make the development acceptable in planning terms.</p>
<p><u>Transport schemes:</u></p> <ul style="list-style-type: none"> • Bishop's Waltham public realm enhancements to Town Centre. • Curdridge/ Bishop's Waltham: upgrade old disused railway line linking to Bishop's Waltham. • Cycle route between Bishops Waltham and Swanmore College of Technology. • Public realm and parking enhancements in Denmead Village Centre. • Kings Worthy to Winnall using footway alongside A33/A34 (Highways Agency) - clear existing footway and upgrade to allow cycle use; over short 	<p>Provision necessary to make the <u>development acceptable in planning terms.</u></p>

Infrastructure Type or Project (CIL)	Exclusions (S106)
<p>distance on A34, footway has been displaced by a lay-by and so is inadequate width. Provide link to existing sub.</p> <ul style="list-style-type: none"> • Creation of footway/cycle route along former railway line between Kings Worthy and Alresford (Watercress Way) possibly extending to South Wonston. • New Alresford public realm and accessibility - West Street improvements. • The Soke, New Alresford: traffic management improvements to formalise priority working to alleviate vehicle conflicts and delay, and consideration of footway provision. • Environmental enhancement to Wickham Square. • Footpath on Fontley Road, Wickham to Fareham boundary. • Park Road Rail Bridge, Winchester- improve pedestrian facilities. • Crossing of Romsey Road at Clifton Terrace, Winchester - Public Realm and Accessibility. • Hockley to Otterbourne: complete section of NCN23. • Shared space improvements to Stoney Lane, Winchester in the vicinity of the Waitrose supermarket to improve the public realm, traffic calm and improve the pedestrian and cycle accessibility. • M3 Junction 9 major highway improvements. • <u>Pedestrian access improvements Main Road, Otterbourne between Coles Mede to Poles Lane.</u> • <u>Access Improvements to Kings School, Winchester</u> • <u>Andover Road, Winchester – Barton Farm Footway</u> • <u>Romsey Road / Clifton Terrace, Winchester – Pedestrian Crossing</u> 	

Infrastructure Type or Project (CIL)	Exclusions (S106)
<ul style="list-style-type: none"><li data-bbox="193 342 730 376">• <u>Sutton Scotney – Pedestrian Crossing</u><li data-bbox="193 456 799 490">• <u>Wales Street, Winchester – Zebra Crossing</u><li data-bbox="193 571 874 683">• <u>Winchester Wayfinding project (signing and accessibility improvements to benefit cyclists and pedestrians).</u>	

CABINET (LEISURE CENTRE) COMMITTEE

Monday, 14 January 2019

Attendance:

Councillors

Griffiths (Chairman)

Ashton

Warwick

Other Invited Councillors:

Laming
Prince

Others in attendance who addressed the meeting:

Councillor Porter

1. **DISCLOSURE OF INTERESTS**

Councillors Warwick declared a disclosable pecuniary interest as she was a County Councillor and the County Council had awarded £1 million to the project. However she participated in the meeting and voted on items as below, under the dispensation granted by the Standards Committee.

2. **MINUTES OF THE PREVIOUS MEETING HELD ON 18 SEPTEMBER 2018**

RESOLVED:

That the minutes of the previous meeting held 18 September 2018, be approved and adopted.

3. **PUBLIC PARTICIPATION**

Four members of the public and/or representatives of local groups spoke during public participation and their comments are summarised below.

Emma Back (Winchester SALT) expressed concern about the economic and social sustainability of the new centre and uncertainty about whether local sports groups would have affordable access. She also expressed concern that only two companies had submitted tenders for the operator contract. She asked a number of detailed questions as summarised below:

- Could the new centre operate without Council subsidy and would there be an increase in charges?

- Did the preferred bidder have a good track record and would community groups have community use agreements?
- Could community group hirers park for free?
- Would existing staff at RPLC be transferred to a new centre and what was the impact on Meadowside Leisure Centre?
- Would an operator accrue any tenancy or other land rights?

Janet Berry (Highcliffe Community Forum for Action) expressed some concern about the proposal to offer leisure centre users' free car parking as the preference should be to encourage use of public transport. She queried whether the free car parking would be extended to users of KGV playing fields and the University Sports Stadium? She had concerns that this would increase traffic in the local area and negatively impact on local residents.

Jeremy Mortimer spoke as a user of RPLC and expressed concern about the limited consultation with existing users. He suggested that a User Liaison Group might be useful. He stated that the majority of existing users lived within 2.5km of RPLC and would have significantly further to travel to the new centre and queried whether this had been assessed in the business case. Had the requirements of young people travelling independently been assessed? How did the provision of free car parking align with the emerging Movement Strategy and the aim to reduce car parking in Winchester?

Patrick Davies highlighted Section 8 of the report (Environmental Considerations) and considered this should include reference to travel to and from the new centre. He also expressed some concerns about the decision to offer users free car parking in terms of how it would work in practice and the wider implications in terms of running counter to the idea of reducing reliance on cars.

4. **WINCHESTER SPORT & LEISURE CENTRE – OPERATOR PROCUREMENT (LESS EXEMPT APPENDIX)**
(CAB3081(LC))

At the invitation of the Chairman, Councillor Porter addressed the Committee and in summary, queried the rationale behind the decision to offer free car parking for users of the centre as this would encourage car use over public transport. She also asked why the bidder was instructed to assume car parking would offer a nil income.

The Chairman introduced the report and welcomed to the meeting Simon Molden (The Sports Consultancy) who gave a presentation on the procurement process. The presentation was available [here](#).

The Head of Programme and Mr Molden responded to the detailed questions raised during public participation as summarised below. In addition, the Head of Programme emphasised he would also continue to respond to other questions from those contributing at this meeting and any others outside of the meeting.

- The contract specification included a requirement that priority would be given to local sports clubs where the majority of their membership lived within the Winchester district;
- Any subsidy requirement would be considered as part of the business case (due to consideration at the next Committee meeting on 11 February 2019).
- An increase in hire charges of 15% was assumed based on last year's charges.
- The current biggest users/ clubs would be given priority for community use agreements.
- Any user of the new centre (including group hire) would be entitled to free car parking.
- Income benchmarking is a standard term recommended by The Sports England and, whilst rarely implemented, offered protection for both parties. It is only activated in certain specified circumstances. RPLC existing staff had all been identified on a list for TUPE transfer eligibility.
- Ongoing discussions were continued with regard to Meadowside Leisure Centre, including the possibility of a four court hall option. Further details would be reported once available.
- The Head of Programme agreed to check with the Legal Team regarding the query about the possible transfer of legal rights to an operator in relation to a lease.
- Car parking management is to be retained by the Council. This will be considered very carefully bearing in mind residents concerns, the impact on users of the Leisure Centre and the sports pitches/ stadium and the relationship with near by park and ride car parking. The impact on existing users of a change in location had been considered carefully and results would be included as part of the consideration of the full business case.
- Some consultation had been undertaken with existing RPLC users and more would take place. It was envisaged that, once appointed, the new operator would wish to undertake its own consultation.

With regard to the number of bidders, the Council had stipulated some challenging thresholds which might have impacted on the number of interested companies and discourage small companies. However, the ultimate test was whether the procurement process had resulted in a bidder that the Council was happy with. Mr Molden advised that he would not expect to see any more than three bidders for such a contract. He believed the two bidders were both of a suitable size to give the Council confidence in their ability to deliver such a contract.

In response to Members' questions, Mr Molden advised that there originally there had been five companies interested in the procurement process, three of whom he considered had taken a serious interest in submitting a bid. Of these three, one had withdrawn because of the geographical area of operation, leaving the two current bidders.

With regard to the provision of car parking, the Head of Programme acknowledged the difficulty balancing sometimes conflicting aims. The Council did not want to disadvantage existing users of the RPLC centre who might have to travel further to use the new centre. However, it was also emphasised that the new location would mean it was within easier walking distance for some

users. The Council would aim to adopt an appropriate car parking regime in the area, including holding further discussions with local residents regarding on-street parking. It was a planning condition that the new operator produces a travel plan, in conjunction with the Council. Further discussions would take place with the County Council regarding school transport to the new centre.

The Head of Programme advised that the Council would retain control of the new leisure centre car park and decide on method of operation in practice. It was anticipated it would operate on some form of refund system for leisure centre users.

In response to Members' questions, Mr Molden advised that the letter to the successful bidder would make clear it was subject to approval of the full business case. Letters were to be sent to both bidders as soon as possible after the meeting decision. The identity of the successful bidder could not be made public until the elapse of a 10 calendar day standstill period from issue of letters.

Cabinet moved to exempt session to discuss the matters contained within the exempt appendix to the report. The meeting was advised that the exempt appendix gave individual scores for Bidder A and Bidder B (which were required to remain exempt due to commercial confidentiality) but did not reveal their identities.

Cabinet agreed to the following for the reasons outlined above, discussed during the exempt session below, and set out in the Report.

RESOLVED:

1. That the evaluation process which supports the appointment of the preferred Operator (Bidder B) as the preferred Leisure Centre Operator be endorsed.
2. That the Council entering into a management agreement (subject to the required standstill period and the approval of a satisfactory Business Case for this project in February 2019) with Bidder B to manage the new Winchester Sport and Leisure Centre on behalf of the Council for a period of 15 years from its opening and with the option (at the sole discretion of the Council and subject to satisfactory performance) to extend the contract for a further period of 5 years) be approved.
3. That it be noted there were no response(s) to the advertisements under s123 (2A) of the Local Government Act 1972 for the disposal of part of the open space at the Garrison Ground by way of a lease to the Operator of the new Sport and Leisure Centre.
4. That the Head of Asset Management be authorised to agree terms in respect of any necessary leasehold arrangements detailed below and subject to approval of the Full Business Case to enter into the leasehold arrangements as required:

- (a) with the University of Winchester in respect of the Sports Stadium and Artificial Grass Pitch;
- (b) with the preferred Operator (subject to a satisfactory business case having been first approved) in respect of the new Leisure Centre and the Sports Stadium and Track and Artificial Grass Pitch;
- (c) with the University of Winchester to vary the University's existing lease from the Council of a strip of land between numbers 69 and 71 Milland Road, Winchester which serves as the vehicular and one of the pedestrian accesses to the Stadium;
- (d) to enter into such collateral warranties for the benefit of the preferred Operator as may be required by the Operator from any consultants and the contractor and which relate to the construction of the new Sport and Leisure Centre.

5. **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>
7	Winchester Sport & Leisure Centre – Operator Procurement (exempt appendix)) Information relating to the) financial or business affairs of) any particular person (including) the authority holding that) information). (Para 3 Schedule) 12A refers)

6. **WINCHESTER SPORT & LEISURE CENTRE – OPERATOR PROCUREMENT (EXEMPT APPENDIX)**
(CAB3081(LC))

Cabinet considered the contents of the exempt appendix to the report which provided further detail regarding the tender evaluation and scoring (detail in exempt minute). Simon Molden and Taryn Dale (The Sports Consultancy) along

with Olivia Burton of Mace remained in the room during the exempt discussion to provide response to any questions relating to the exempt appendix.

The meeting commenced at 4.00pm and concluded at 5.20pm

CABINET (CENTRAL WINCHESTER REGENERATION) COMMITTEE

22 January 2019

Attendance:

Councillors:

Horrill (Chairman)

Ashton

Brook

Other invited Councillors:

Burns
Mather

Hutchison
Murphy

Others in attendance who addressed the meeting:

Councillor Berry

Others in attendance who did not address the meeting:

Councillor Bell

1. **DISCLOSURES OF INTERESTS**

There were no disclosures of interests from Members of the Committee.

2. **MINUTES**

The signing of the minutes for the meeting of the Committee held on 27 November 2018 was deferred to the next meeting of the Committee. This was in order to clarify the statement under Public Participation from Tim Fell that: 'He expressed disappointment that a recommendation to open up the waterways underneath the CWR site was not brought to this Committee' which it was proposed should have read: 'He expressed disappointment that a recommendation to prioritise the design work for opening up the waterways underneath the CWR site was not brought to this Committee'.

3. **PUBLIC PARTICIPATION**

Terry Gould, in summary stated that:

- There was commendable progress on taking forward the meanwhile uses.
- The streetscape, for example street furniture and bollards, needed to be uniform throughout the project.

- There should be trees in the Broadway.
- The Lower Brook should be opened up for flood alleviation and it would also be attractive to look at.

Patrick Davies questioned that when considering the Naming Strategy, was it necessary to have an overall name for the scheme, or should it have subsets only to identify squares and walkways for example.

Councillor Hutchison added that before projects commenced there needed to be guidance on both design and public realm, which would then set a tone. The Chairman requested that an item to address this be placed on the agenda of a Working Group of this Committee.

The Chairman thanked the public speakers for their contributions.

4. **CENTRAL WINCHESTER REGENERATION PROGRESS** (Report CAB3124 (CWR) refers)

The Committee received an introduction from Councillor Horrill which provided an update on the Central Winchester Regeneration Project and the meetings of the Advisory Panels.

Councillor Horrill informed the meeting that the archaeology day had been held on 11 December 2018, and that this had included a question and answer session. A broadsheet on its outcomes would be published shortly. The former Friarsgate Medical Centre had been purchased from Henderson, and the purchase had also included a number of retail buildings opposite the Guildhall in the Broadway, and these would now be refurbished. The purchase of the land from Henderson provided greater certainty on achieving the aspirations of the regeneration. Other recent initiatives included a workshop for local entrepreneurs held on 18 December 2018 to generate ideas and the opening of the Bike-hub delicatessen in the old Post Office building in Friarsgate.

Each of the chairs of the Advisory Panels updated the Committee on progress.

Lower High Street and Broadway

Councillor Ashton, Chair of the Lower High Street and Broadway Advisory Panel, stated that the Panel had met on the date of dispatch of the Committee report, 14 January 2019, and he gave a verbal update to the Committee of its proceedings on that day.

In summary Councillor Ashton stated that the Panel had been joined by two additional members: Dr Paul Spencer from Winchester Business Improvement District (BID) and Phil Gagg from Winchester Action on Climate Change (WinACC). The principal outcomes had been:

- The amendment of the name to Broadway and lower section of the High Street.
- Consideration of the design brief for public realm – feasibility stage.

- The works required go beyond making improvements; there was a need to transform the area into a vibrant public space.
- There was a need to take account of the wider development and existing connections.
- The history of the area and existing street pattern should inform the designs.
- Recognition of the SPD and the implications of the emerging Movement Strategy.
- To open up the waterways where possible.
- That it was complementary to Central Winchester and to be cohesive.
- To have a refined coherent brief.

There had been consideration to the way forward. Eight urban design practices that had expertise and relevance had been identified to assist with design following a procurement exercise. It was also recognised that it was necessary to work with Hampshire County Council who also had a design capability, knowledge of the City and highways expertise.

The Head of Programme added that the procurement on the design was now recommended to have a 60% quality and 40% price evaluation. There was the option for urban design practices to bid for the project's feasibility study phase, and when this phase was completed to bid again for the next stages, if the Council decide to proceed.

The Committee debated the options identified by the Advisory Panel and recognised that Hampshire County Council were also the highway authority and would be integral to the scheme's implementation. The Head of Programme confirmed that meetings had taken place with Hampshire County Council to scope their involvement and that the inclusion of urban design practices would add another layer of expertise in urban design.

Councillor Ashton commented that it was vital to have Hampshire County Council participate throughout. Following the feasibility study, a second step could be added to include the urban design practices, and Hampshire County Council would still remain involved.

At the invitation of the Chairman, Councillor Berry stated that the brief had taken into consideration the points made and it was clear and exciting.

Following debate, it was agreed to update the recommendations to reflect the latest outcomes from the Broadway and lower section of the High Street Advisory Panel, including the name change and to acknowledge that the City Council was keen to work with Hampshire County Council in partnership including the sharing of costs.

Meanwhile Uses – business case development

Councillor Brook, Chair of the Meanwhile Uses Advisory Panel, stated that ideas had come forward for the bus station and a performance space amongst others. The brief had been agreed by the Advisory Panel and bids for the feasibility

study would be returned on 4 February, to be considered by the Advisory Panel on 14 February 2019.

At the invitation of the Chairman, Councillor Berry stated that the ideas for the public realm were exciting and that the waterways should not be hid.

Coitbury House

Councillor Horrill, Chair of the Coitbury House Advisory Panel added that the Panel had been joined by Keith Leaman of the City of Winchester Trust and a RIBA advisor. Coitbury House was a good and sound building which would be renovated. Possible uses were office space on the upper floors with the ground floor being used for alternative uses.

Other matters

The Head of Programme outlined the remaining content of the Report regarding archaeology, the Strategic Advisor and Consultancy Update, Naming Strategy and Delivery Roadmap.

In summary, the following matters were raised by Members and the Chairman, Strategic Director: Place and Head of Programme responded as set out below:

- i. The various data relating to archaeology needed to be consolidated.
- ii. The Strategic Advisor was not an individual but a practice that could provide multi disciplinary services and had experience in engagement.
- iii. The Naming Strategy would be shared on social media. It was commented that history should not be discounted and that young people should be encouraged to contribute. Names put forward in the questionnaire on the SPD should also be included.
- iv. It was recognised that there was considerable project work to be undertaken in 2019 and the capacity of the City Council to deliver would be kept under review, including buying in additional support as required.
- v. The land at the bus station that was subject to possessory title was not Henderson land.

The Chairman requested that a summary of the 18 December 2018 workshop for local entrepreneurs undertaken by the Economy and Arts Department of the Council be brought to an Advisory Panel as soon as possible. It was also requested that the full implications of the Durngate Flood Relief Alleviation Scheme should be understood, in order that data could be taken into consideration when considering the design for the possible opening up of waterways and its implications for archaeology and development.

The Committee agreed to the following for the reasons set out above and outlined in the Report.

RESOLVED:

1. That the progress with the project and the comments of the advisory panels be noted.

2. That the design brief for lower High Street and Broadway public realm improvements be approved

3. That the Head of Programme in consultation with the Portfolio Holder pursue the option for Hampshire County Council to carry out the design work and begin discussions with the County immediately.

4. That authority be delegated to the Head of Programme, in consultation with the Portfolio Holder, to progress the lower High Street and Broadway public realm work as outlined in paragraphs 11.2 to 11.14, taking account of resolution 3 above.

5. That a supplementary revenue budget of £60,000 be approved to carry out initial design work for lower High Street and Broadway.

6. That authority be delegated to the Head of Programme for Central Winchester Regeneration to appoint experts to undertake the Meanwhile Uses business case feasibility study as outlined in paragraphs 11.15 to 11.23.

7. That the evaluation criteria of 60% quality, 40% price for the meanwhile uses feasibility study bids be approved, and for the Lower High Street and Broadway design bids if open procurement was required.

8. That authority be delegated to the Head of Programme, in consultation with the Portfolio Holder, to progress with the work on archaeology as outlined in paragraphs 11.30 to 11.38.

The meeting commenced at 4.30pm and concluded at 6.10pm

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Forward Plan of Key Decisions

March 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 - 31 March 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

31 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	Land Transaction	Portfolio Holder for Estates	Expenditure > £200,000	All Wards	Kevin Warren	Committee Report	Cabinet	Mar-19	13-Mar-19 or 25-Mar-19	Part exempt 3
Page 299	2	Housing Company	Leader and Portfolio Holder For Housing	Significantly effects 2 or more wards	All Wards	Richard Burden	Committee Report	Cabinet (Housing) Committee	Mar-19	20-Mar-19	Open
		Final Business Approval – The Valley New Homes Development	Leader and Portfolio Holder For Housing	Expenditure > £200,000	St Luke	Andrew Palmer	Committee Report	Cabinet (Housing) Committee	Mar-19	20-Mar-19	Part exempt 3
	4	Hookpit Farm, Kings Worthy – New Homes Scheme	Leader and Portfolio Holder For Housing	Expenditure > £200,000	The Worthys	Andrew Palmer	Committee Report	Cabinet (Housing) Committee	Mar-19	20-Mar-19	Part exempt
	5	Winchester Movement Strategy	Portfolio Holder for Environment	Significantly effects 2 or more wards	Town Wards	Simon Finch	Committee Report	Cabinet	Mar-19	25-Mar-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
6	Station Approach - Outline Business Case and Associated Matters	Portfolio Holder for Estates	Expenditure > £200,000	St Bartholomew; St Paul	Ian Charie	Committee Report	Cabinet	Mar-19	25-Mar-19	Part exempt 3
Page 300	Guildhall café - future operation	Portfolio Holder for Business Partnerships	Tbc	St Michael	Susan Robbins	Committee Report	Cabinet	Mar-19	25-Mar-19	Part exempt 3

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

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