



Meeting	The Overview and Scrutiny Committee – Additional Meeting
Date and Time	Wednesday, 20th March, 2019 at 6.30 pm.
Venue	Walton Suite, Guildhall, Winchester

AGENDA

PROCEDURAL ITEMS

- 1. Apologies and Deputy Members**
To note the names of apologies given and Deputy Members who are attending the meeting in place of appointed Members.
- 2. Disclosures of Interests**
To receive any disclosure of interests from Members and Officers in matters to be discussed.

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

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

- 3. Chairman's Announcements**
- 4. Membership of Sub-Committees and Informal Groups etc**
- 5. Minutes** (Pages 5 - 10)
Minutes of the last meeting held on 25 February 2019.

BUSINESS ITEMS

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



7. Community Safety Partnership Performance Review (OS215) (Pages 11 - 48)
8. Station Approach - Outline Business Case and Associated Matters (less exempt appendices) (Pages 49 - 154)
(OS225)
9. City of Winchester Movement Strategy (Pages 155 - 212)
(CAB3140)
10. Establishing the Winchester Housing Company (less exempt appendices) (Pages 213 - 254)
(OS226)
11. 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.
12. **Station Approach - Outline Business Case and Associated Matters (Exempt Appendices) (OS225)** (Pages 255 - 410)
13. **Establishing the Winchester Housing Company (Exempt Appendices) (OS226)** (Pages 411 - 440)

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.



12 March 2019
Agenda Contact: Claire Buchanan, Senior Democratic Services Officer
Tel: 01962 848 438 Email: cbuchanan@winchester.gov.uk

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

MEMBERSHIP

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

Conservatives

Cunningham
Gemmell
McLean
Weston
Lumby

Liberal Democrats

Clear
Evans
Thompson
Tod

Deputy Members

Weir

Quorum = 4 members

Relevant Portfolio Holders:

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

PUBLIC PARTICIPATION

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

Voting:

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

DISABLED ACCESS:

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

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Public Document Pack Agenda Item 5

THE OVERVIEW AND SCRUTINY COMMITTEE

Monday, 25 February 2019

Attendance:

Councillors

Learney (Chairman)

Stallard
Clear
Cunningham
Evans
Gemmell

McLean
Thompson
Tod
Weston

Deputy Members:

Councillor Mather (as deputy for Councillor Lumby)

Others in attendance who addressed the meeting:

Councillors Godfrey (Portfolio Holder for Professional Services) and Miller (Portfolio Holder for Estates).

Apologies for Absence:

Councillor Lumby

1. DISCLOSURES OF INTERESTS

Councillors Stallard and Tod declared a personal (but not prejudicial interest) in respect of Report OS222 (Annual Emergency Planning Report) due to their role as County Councillors having previously been involved in discussions.

In addition, Councillor Stallard stated that in her role as County Councillor, her portfolio included responsibility for Emergency Planning.

2. MINUTES

RESOLVED:

That the minutes of meeting held 28 January 2019 and the additional meeting held on 4 February 2019 (less exempt minute) be approved and adopted.

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

During discussion, a Member raised a request for a watching brief to be in place regarding Brexit matters as and when they arise.

In response, the Chief Executive provided an update of how local authorities were engaged in the current Brexit programme and it was noted that information had been provided from the Government with a checklist, which had since been duly completed by the Council and a National Group formed to work with the Ministry of Housing, Communities and Local Government (MHCLG) representatives whereby Council's fed into debate and discussion on live issues.

In conclusion, the Chief Executive clarified that the Council's Executive Leadership Board met on a weekly basis with a standing agenda item to review all information in respect of Brexit to respond accordingly.

RESOLVED:

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

4. **PUBLIC PARTICIPATION**

No comments or questions were made during public participation.

5. **ASSET MANAGEMENT PLAN 2016/2021**
(Report OS223 refers)

Councillor Miller introduced the Report which had come forward at the request of the Committee in order for the latest progress made with the Asset Management Plan to be reviewed.

The Report provided a review in respect of the Council's assets, the latest progress with the Council's major projects, the refurbishment of the Tourist Information Centre and the Civic Offices, the replacement Surgery proposals and the Bishops Waltham Depot.

The Corporate Head of Asset Management reported that there had been a significant improvement with the Council's commitment to reducing Carbon emissions by 20% by 2020 and that this target had now been achieved by adopting a variety of new energy saving measures including energy efficient lighting at Council buildings, car parks etc. Together with the Portfolio Holder, Councillor Miller, they responded to detailed questions. In summary, the following matters were raised by the Committee:

- (i) An enquiry into what was good practice in terms of property investment between retail and industrial. In response, the Corporate Head of Asset Management advised that the Council's portfolio was reasonably balanced at present.

- (ii) The Committee welcomed the Council's intent to invest in smaller industrial units, particularly in the southern parishes, to enable greater employment opportunity for residents to work where they live in the future;
- (iii) Carbon reduction target – The Corporate Head of Asset Management reported that, although the current target had been achieved, work was on going to introduce energy saving measures wherever possible. Technology was advancing and in the Council's case pay back on PV had reduced and would be installed on the Civic Offices, the Depot, the new car park on the Vaultex site and the Leisure Centre in due course. Furthermore, additional resource had been identified to have a particular focus on environmental matters

The Committee suggested external benchmarking versus good achievable examples from other local authorities as a way forward to progress any future carbon reduction target.
- (iv) The Guildhall – It was noted that the Council had invested heavily in the Guildhall with the installation of a new boiler and lagging to valves. Furthermore, double glazing was to be installed to areas of the West Wing offices which would considerably improve insulation in this area. However, glazing proposals to main areas of the Guildhall had been refused by English Heritage so opportunities for improvements to insulation in these particular areas where single glazing remained present would prove limited;
- (v) Replacement Surgery (Upper Brook Street) – The Corporate Head of Asset Management reported that works had commenced on site in order to make a material start on the development before the planning consent expired at the end of March 2019. Planning officers had confirmed that they were satisfied that the works being undertaken would constitute a material start on the development;
- (vi) Abbey House – Abbey House was a Grade II Listed Building and the Council was responsible for maintaining the structure to comply with listed building obligations. Some essential works would be undertaken in 2019;
- (vii) Review of Public Conveniences (Market Lane) – The Corporate Head of Asset Management advised that the lease on these particular public conveniences was due to cease in approximately six years. At present, a peppercorn rent was paid, however, the owner was seeking significant rental payments for any future lease going forward and this matter would be reviewed further in due course;
- (viii) In response to queries regarding access to the Asset Management List, the Corporate Head of Asset Management confirmed that this list had been retained within the Uniform system. The Committee considered that it would be beneficial for Members to also have access to this list via the Members electronic library; and

- (ix) Asset Management Forum – It was noted that the Council was in regular liaison with other partners including the County Council, Universities, NHS and the Civil Service to establish possible opportunities to purchase, lease or sell property and to keep fully appraised of the situation.

At the conclusion of questions and debate, the Committee thanked officers and commended the report and the Chairman summed up the specific points that had been raised by the Committee, as follows:

- (a) The Committee expressed a desire for the Council to further assess employment opportunities in other areas of the District and encouraged the provision of smaller industrial units;
- (b) In meeting its existing carbon reduction requirements, the Council should now undertake work to investigate potential further reductions to carbon footprint carried out by other local authorities and in the wider area;
- (c) The need to continually monitor and receive regular updates on Brexit timescales;
- (d) That there had been considerable debate regarding possible renovation, repair and refurbishment works to Abbey House;
- (e) The Committee requested that internal signage in the City Council Offices be improved; and
- (f) That a suitably redacted list of property assets be made available in the Members electronic library

RESOLVED:

That the Portfolio Holder note the comments raised by the Committee, as set out above.

6. **ANNUAL EMERGENCY PLANNING REPORT**
(Report OS222 refers)

Councillor Godfrey introduced the Report which set out the significant review of the emergency planning procedure, the changes that had taken place and provided an annual update on the work undertaken by the Council in respect of emergency planning over the past year. In addition, the report also highlighted the review of the work carried out by the Council in meeting its responsibilities under the Civil Contingencies Act 2004 (CCA) and an update on flood alleviation works.

Councillor Godfrey, together with officers present, responded to detailed questions in respect of Brexit. It was noted that the annual Member briefing on Emergency Planning was to be arranged for November 2019 and Members were encouraged to attend in order to be briefed on roles and responsibilities should an emergency occur in their Ward.

At the conclusion of questions and debate, the Committee thanked officers and welcomed the reassurance the report provided regarding emergency planning.

RESOLVED:

That the report be noted and no matters of significance be raised with the Portfolio Holder.

7. **EXEMPT BUSINESS**

RESOLVED:

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

2. That the public be excluded from the meeting during the consideration of the following items of business because it is likely that, if members of the public were present, there would be disclosure to them of 'exempt information' as defined by Section 100I and Schedule 12A to the Local Government Act 1972.

<u>Minute Number</u>	<u>Item</u>	<u>Description of Exempt Information</u>
8	Exempt Minute of the additional meeting held on 4 February 2019) Information relating to the) financial or business affairs) of any particular person) (including the authority) holding that information). (Para 3 Schedule 12A refers)

8. **EXEMPT MINUTE OF THE ADDITIONAL MEETING HELD ON 4 FEBRUARY 2019**

RESOLVED:

That the exempt minute of the additional meeting held on 4 February 2019, be approved and adopted.

The meeting commenced at 6.30 pm and concluded at 8.00 pm

Chairman

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REPORT TITLE: COMMUNITY SAFETY PARTNERSHIP PERFORMANCE REVIEW

20 MARCH 2019

REPORT OF PORTFOLIO HOLDER: Cllr Lisa Griffiths, Health & Wellbeing

Contact Officer: Sandra Tuddenham Tel No: 01962 848132

Email studdenham@winchester.gov.uk

WARD(S): ALL

PURPOSE

For the purpose of Section 19 of the Police & Justice Act 2006, this Committee acts as the Council's Crime & Disorder Committee and as such is responsible for reviewing and scrutinising the decisions and work of the Community Safety Partnership (CSP).

This report provides an update on the progress made by the Partnership against the priorities and actions emerging from the Strategic Assessment 2018. It covers the period 1 April 2018 to 30 December 2018. Representatives from the CSP will be available at the meeting to respond to questions raised by the Committee in relation to this report. In addition the Police District Commander for Winchester will provide a verbal update on current policing issues.

RECOMMENDATIONS:

1. That the Committee considers whether there are any matters of significance it wants to draw to the attention of the Portfolio holder for Health & Wellbeing or Cabinet.

IMPLICATIONS:1 COUNCIL STRATEGY OUTCOME

- 1.1 Delivers against the City Council's statutory duty in relation to the Crime & Disorder Act 1998 and the subsequent review/updated guidance documents. It also supports the implementation of the Community Strategy outcomes.
- 1.2 The development and delivery of a Community Safety Partnership Strategy within the period 2018-19. It is a priority within the Health & Wellbeing Portfolio holder Delivery plan 2018-19.

2 FINANCIAL IMPLICATIONS

- 2.1 The Community Safety Partnership no longer receives grant funding. All previous grants funding from the government is sent directly to Police & Crime Commissioner's for allocation.
- 2.1 The budget allocated for the delivery of the City Council's Community Safety statutory duty shows an outturn of £325k in 2017/18, with a net budget of £331k provided for 2018/19.

3 LEGAL AND PROCUREMENT IMPLICATIONS

- 3.1 Under section 19 of the Police & Justice Act 2006, the City Council is required to have a "Crime & Disorder Committee" with the power to review and scrutinise decisions made and other action taken in connection with the discharge of crime and disorder functions by responsible authorities (which include the City and County Council, National Probation Service, Hampshire Constabulary, Hants Fire & Rescue service and Clinical Commissioning Group). The Committee has a power to make reports and recommendations to the County and City Councils with regard to the discharge of those functions. A member of the City Council must be able to have a local crime & disorder matter placed on the agenda of the Committee. As the City Council operates executive arrangements (with a Cabinet), the Committee must be an Overview and Scrutiny Committee.

4 WORKFORCE IMPLICATIONS

- 4.1 Delivery of Community Safety work is a partnership activity, managed by the Head of Community Safety & Neighbourhood Services. The Neighbourhood Services Team actively supports the work of the CSP, it is important to note that their core business remains in the provision of a service to communities within specific geographical areas.

5 PROPERTY AND ASSET IMPLICATIONS

- 5.1 None

6 CONSULTATION AND COMMUNICATION

6.1 The development of the Community Safety Strategic Assessment and the content of this report were completed in consultation with statutory and non statutory partners and community representatives.

7 ENVIRONMENTAL CONSIDERATIONS

7.1 Effective management of Community Safety promotes positive environments for those who live, work or visit the district.

8 EQUALITY IMPACT ASSESSEMENT

8.1 None

9 DATA PROTECTION IMPACT ASSESSMENT

9.1 None

10 RISK MANAGEMENT

Risk	Mitigation	Opportunities
<i>Property - none</i>		
<i>Community Support – insufficient staff resource to cover the priority areas of the Town Forum.</i>	Ensure that staffing levels are set at a minimum of 3 whenever possible to cover core hours.	
<i>Timescales - none</i>		
<i>Project capacity – none</i>		
<i>Financial / VfM - none</i>		
<i>Legal – statutory duty to deliver against Government legislation:</i> <ul style="list-style-type: none"> • <i>Crime & Disorder Act 1998</i> • <i>Counter Terrorism & Security Act 2015</i> • <i>Modern Slavery Act 2015</i> • <i>ASB Crime & Police Act 2014</i> • <i>DV Crime & Victims Act 2004 (section9)</i> 	Ensure that staff resource is at an appropriate skill level to deliver against the various duties.	
<i>Innovation - none</i>		
<i>Reputation – Partnership Working.</i>	Ensure the professional integrity of all staff/partner contact is maintained.	
<i>Other</i>		

11 SUPPORTING INFORMATION:

Introduction

- 11.1 For the purpose of Section 19 of the Police & Justice Act 2006, this Committee acts as the Council's Crime and disorder Committee and as such is responsible for reviewing and scrutinising the decisions and work of the Community Safety Partnership.
- 11.2 The Committee is asked to consider this report as part of its role as the Council's Crime and Disorder Committee.
- 11.3 This report forms part of the regular performance and financial monitoring process designed to check progress in delivering the Council's key objectives and performance against identified indicators.
- 11.4 The Community Safety work plan for 2018/19 focuses on three priority categories. They are:
- a. Domestic Violence and Abuse
 - b. Protecting Vulnerable People
 - c. Tackling ASB (urban and rural)

The information provided as **Appendix 1** of this report gives an update on the progress against the actions and objectives the Community Safety Partnership is delivering against, which broadly covers the period 1 April 2018 to 30 September 2018.

- 11.5 The data in **Appendix 2** is produced by the Police District Commander as a Crime Summary. The latter part of the summary provides information at Parish level.
- 11.6 Case Studies are provided as **Appendix 3** of this report.

Community Safety & Neighbourhood Services – Performance Update

- 11.7 During the last year the Community Safety & Neighbourhood Services Team has worked with other services across the city council to deliver against the Council's Corporate Strategy. Example's of that work is listed below:
- a. **Investigated** fly tip cases (**25**), of those **23** resulted in no further action, **1** investigation is still ongoing. When a fly tip report comes into the council, the Neighbourhood Services Enforcement Officer undertakes an assessment as to what evidence can be collected. However it can take some time before evidence collected can be put forward as a case file for decision e.g. FPN or prosecution. The information within this report is a snapshot in time, other cases either side of this reporting period may have come to fruition. The robust processes we have in place contribute largely to the 100% successful prosecution rate we continue to hold.

- b. **Issued £400** Fixed Penalty Notices (FPN's) for **(2)**, low level fly tips and received payment for **1**. The second FPN was not paid and is now being progressed to prosecution.
- c. **Supported** student focused activity during Fresher's Week across the town forum area. City Councillors, Community Safety & Neighbourhood Services Team and Students from the University of Winchester (in Stanmore area only) visited approximately **700** individual properties, delivering 'Welcome to the Neighbourhood' booklets. In addition students were provided information on illegal money lending following the City Council's sign up to the anti Loan Shark Charter.
- d. **Assisted** the emergency services in the implementation of an emergency evacuation plan. Following the discovery of a world war one bomb, the team, supported the evacuation of residents within a 100 metre cordon area and conducted welfare checks after the event.
- e. **Undertook** site visits and worked in partnership with managing agents, organisational legal teams and Hampshire Constabulary to ensure derelict buildings were made secure, as a response to complaints of noise, vandalism and access being gained to those buildings by some of the street community¹.
- f. **Provided** operational delivery to the public realm group by completing visual audits of waste issues, working with the BID and facilitating clear up activity/removal e.g. pigeons and trade waste within the city centre.
- g. **Attended** community events, resident forums and partnership meetings across the district including PACT meetings, TACT and Community Walkabouts.
- h. **Championed** partnership media campaigns related to national and local issues e.g. Fly Tipping, Domestic Abuse, Fraud, CSE (Child Sexual Exploitation), Trafficking/Modern Slavery.
- i. **Facilitated** the reduction in year on year begging incidents as part of a wider partnership plan e.g. **104** in August 2017 to **37** in September 2018 which shows a reduction of **64%**².
- j. **Responded** to online report forms from Winchester App **(36)**, **23** rural and **13** City related.
- k. **Launched** the annual Anti-Social Behaviour Satisfaction Survey.
- l. **Collaborated** with internal and external partners to reduce incidents of anti social behaviour hotspot locations **(27)**. **6** of the **27** continue to be monitored by the CSP.
- m. **Advocated** the development of Winchester Community Courts (now in place).

¹ Street Community – the CSP recognises the importance of taking a balanced approach when dealing with ASB related street issues and will endeavor to collaborate with the Housing Services Teams and others within the City Council, to try and address the wider socio-economic issues that underpin some of the behaviour. The CS Team was the instigator of a Tactical Group that looks at Operational blockages and barriers and also provides support to a senior level group that takes a strategic overview of the issues. The development of both groups led to the Head of Housing Options putting forward a successful application to join the Making Every Adult Matter (MEAM) Network. This means we will be delivering a MEAM approach to homelessness and rough sleeping in the future.

² Begging – Working in partnership with the Police, BID and British Transport Police a number of Operations have taken place that aim to reduce the number of begging incidents and this alongside the re-launch of the Diverted Giving Scheme could be a contributory factor in the begging reductions.

- n. **Instigated** Police and Partner rough sleeping operations **(3)**, aimed at engaging and signposting to support services those who were either new to Winchester or persistent in their rough sleeping.
- o. **Issued** Community Protection Notice (CPN) warning letters **(4)** and Community Protection Notice's **(2)** within the reporting period.
- p. **Offered** expertise and guidance in the development of the BID Ranger roles in order to ensure complimentary working practices across the teams.

12 OTHER OPTIONS CONSIDERED AND REJECTED

- 12.1 The Council is a key partner in the community safety partnership so there are no other options to be considered.

BACKGROUND DOCUMENTS:-

Previous Committee Reports:-

Overview & Scrutiny Committee - 0S178 Community Safety Partnership Performance Review 4 January 2018.

Other Background Documents:-

The Community Safety Partnership 'Plan on a Page' infographic - allows the reader to click on icons and see regular updates around performance, funding and case studies.

Follow this link to access the website: <http://www.winchester.gov.uk/community-safety-and-neighbourhood-services/winchester-community-safety-partnership>.

ASB Satisfaction Survey - Results.

APPENDICES:

Appendix 1: Winchester Community Safety Partnership Delivery Plan – Progress Report.

Appendix 2: Winchester Safer Neighbourhood Policing – Progress Report.

Appendix 3: Case Studies

ANNUAL DELIVERY PLAN 2018-19 – April to September 2018 Performance Update

Priority 1: Domestic Violence & Abuse						
Objective	Measure	Lead Officer	Target Date	Expected Outcome	Update on expected outcome	Performance Headlines
Objective 1: Improve the quality of service provided to both victims and those secondary affected by domestic abuse.	Standard to high risk DA cases dip sampled on a quarterly basis to quality assure the work being undertaken by the partnership.	Hampshire Constabulary You Trust	30/09/18	Gaps in service provision or support need will be identified and reported in the annual report.	<p>Police: There has recently been a regional inspection by HC performance team which looked at DA with injury reports. Majority were assessed as good.</p> <p>No issues identified with dip sample of 4 randomly selected reports all appropriate initial response, good investigations and Safeguarding covered (HR to MARAC).</p> <p>You Trust: HICAP (housing project for isolated communities) is no longer being run.</p> <p>HMSS – working with local landlords to make properties safer for those at risk.</p> <p>Trinity: working in</p>	<p>You Trust Clients: 213</p> <ul style="list-style-type: none"> • Comm Supp – 23 • IDVA – 50 • Refuge – 15 • HICAP - 61 <p>Police: HMIC inspection (Domestic abuse with injury) outcome report – good.</p> <p>Trinity/You Trust: A number of women coming to the end of the freedom programme are taking up the offer of counselling.</p>

					partnership with You Trust to provide continued support in the form of counselling services at the end of the Freedom Programme.	
	Case studies identified for inclusion in the end of year document.	Trinity Winchester You Trust	30/09/18	Case studies in the Overview and Scrutiny Report and subsequent annual reports.	Complete	A library of case studies in place and uploaded to the plan on a page quarterly using specific themes e.g. one of the 3 main objectives.
	Arrest and positive disposal rates collected in relation to substantive crime being committed.	Hampshire Constabulary Office of the Police & Crime Commissioner.	30/09/18	InterACT performance updates provided for scrutiny and action.	Ongoing: Data is being provided directly by the district police commander. Police: YTD commission rates have reduced by 2% (as of Nov 2018) out of a total of 495 offences. The arrest rate for the force in Oct 2018 was 34%, a downward trend from a peak of 50% at the start of this year.	Police: Domestic abuse represents 31% of all violence with injury offences reported in the north of Hampshire (Test Valley, Winchester, Hart & Rushmoor & Basingstoke, E Hants). Positive outcomes rates (FAT) Formal Action Taken, has increased by approximately 20% within Winchester during this period to 65%.
Objective 2: Reduce the total number of repeat domestic abuse victims and offenders.(Police YTD figures)	Number of repeat victims of domestic abuse identified through the	Hampshire Constabulary You Trust Trinity Winchester	30/09/18	A reduction in the number repeat victims of DA.	Ongoing: Of 28 women attending the Freedom Programme, two were known to be repeat victims of domestic abuse.	Police: Repeat Offender (more than 2 crimes) figures within a rolling 12 months show a variance of -5% . This equates to the following:

	referral process to support agencies.					<ul style="list-style-type: none"> • Current 12months – 27 • Previous 12 months - 22
Objective 3: Improve the quality and speed of safeguarding referrals by all agencies to the MASH, MARAC or You Trust.	Baseline year identified – provide data for the period 01/04/18 – 30/09/18 on the quality and speed of safeguarding referrals to MASH, MARAC or You Trust	Hampshire Constabulary You Trust Trinity Winchester	30/09/18	Baseline agreed.	The MASH Team are satisfied with the number and quality of referrals, the only delay / bottle neck is processing them – this is simply a matter of the demand placed on the team’s vs workload.	<p>Police: Number of repeat victim (more than 2 crimes) incidents within a rolling 12 month list against the previous year show:</p> <p>-78% variance =</p> <ul style="list-style-type: none"> • Current 12 months – 96 • Previous 12 months - 18 <p>Hampshire Constabulary do not consider there to be a significant increase in the number of repeat victims of domestic abuse rather a change in recording practises as indicated above has caused an increase in recorded incidents.¹</p>

¹ Change in recording practices - The increase seen in the current 12 months figures compared with the previous 12 months, is an anomaly created by Hampshire Constabulary’s crime recording practices, which is most likely attributed to the duplicate recording that now takes place for any reported harassment cases and the secondary reports being generated when involved parties make counter-allegations. In addition there have been an increased number of very low level incidents that come to the attention of Police that have to be recorded even though no subsequent police action is justified or appropriate.

Priority 2: Protecting Vulnerable People						
Objective	Measure	Lead Agency	Target Date	Expected Outcome	Update on expected outcome	Performance Headlines
Objective 1: Improve the quality of service provided to local residents identified as vulnerable in whatever guise it may be. ²	A scrutiny process of the quality of service provided to vulnerable residents across the district was undertaken.	WCC Community Safety Team (OVAL, Fortress) ³ Hampshire Constabulary (Winchester District TPM)	30/09/18	Remedial action taken as appropriate.	Complete: Offender Victim and Location meetings are chaired by WCC's ASB Specialist, monthly. The aim of the meeting is to manage risk associated to individuals and the community as a multi-agency partnership. Scrutiny report to be presented to City Council Committee March 2019. Fortress Meeting in Winchester is considered to be one of the best in Hampshire in terms of partnership input/intel.	A survey was launched in December 2018 for partners, ward representatives and victims of ASB to ascertain satisfaction levels. The responses to the survey are available as a background document to the O&S Committee report.
	Case studies identified for inclusion in the end of year document.	WCC Community Safety Team	30/09/19	Case studies in the Overview and Scrutiny Report and	Complete: A library of case studies in place and uploaded to the plan on a page quarterly using specific themes e.g. one of the 3 main objectives	

² Vulnerability – is used in the Community Safety context to describe a range of issues related to the socioeconomic factors that may be linked to risk or exploitation e.g. homelessness, family breakdown, domestic abuse, substance dependency, age, emotional wellbeing.

³ OVAL & Op Fortress – OVAL addresses quality of life issues such as ASB and Op Fortress addresses concerns around drug supply within the City. All activity is updated and logged onto the partnership IT interface known as SafetyNet.

				subsequent annual reports.	within the Delivery Plan.	
	Arrest and positive disposal rates collected in relation to substantive crime being committed (FAT Outcomes).	Hampshire Constabulary	30/09/18	InterACT performance updates provided for scrutiny and action.	Ongoing: Still working with the OPCC to bring this to an acceptable conclusion.	<p>Police: Arrest and disposal rates were up during this reporting period:</p> <ul style="list-style-type: none"> • Winchester – 21.6% • North area – 13.8% • Force area – 13.9%
Objective 2: Reduce the number of vulnerable street community individuals.	Monthly operations within the City to locate and ID members of the street attached community signposting to appropriate care and housing support.	WCC Community Safety Team (Operation Helicon) ⁴ Housing Outreach Team	30/09/18	An increase in referrals to housing and support services.	Ongoing: We have seen a reduction in the number of individuals found on outreach, we are currently reviewing the provision of housing in the City to try and bridge any gaps. An example is the renovation of Sussex St which will be 12 self contained units providing a Housing First approach to the accommodation and support.	<p>Begging statistics show a significant decrease in numbers captured on the City Centre CCTV in the last year.</p> <p>Winchester has been successful in their application to become part of the MEAM network (Making Every Adult Matter) using the MEAM approach.</p> <p>Operation Helicon stats for April 18 – September 18</p> <ul style="list-style-type: none"> • 16.04.18 x 3 individuals found / signposted/advice and support card given • 02.07.18 x 7 individuals

⁴ Op Helicon – Multi-agency outreach operation followed by a case briefing to discuss the housing/support options available to those located during the operation.

						<p>found / signposted/advice and support card given</p> <ul style="list-style-type: none"> • 20.08.18 x 8 individuals found / signposted/advice and support card given <p>WCC Outreach:</p> <p><u>1st April – 30th September 2018.</u></p> <ul style="list-style-type: none"> • 63 individuals found compared to 51 for the same period in 2017 • 53 male, 10 female compared to 44 male, 7 female in 2017. • 48 use either drugs or alcohol compared to 37 in 2017 • 6 with no local connection to Winchester or Hampshire compared to 18 in 2017 <p>NB: Many of those found in quarter 1 will also have been found in quarter 2 as well.</p> <p>All individuals are given advice and signposted to Housing Options/other service support. However it is important to note that a high number of individuals found are suitably accommodated.</p>
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	Interventions/diversionary activity documented.	WCC Community Safety Team (Operation Helicon) Housing Outreach Team Street Pastors.	30/09/18	Barriers and blockages reported back to Tactical and SIG groups.	Complete: Both operational and Strategic groups (SIG and Tactical groups) are embedded within Winchester and that is encouraging greater discussion around remedial action against blockages and barriers to individual engagement of services.	Winchester Street Pastors Statistics: 2017/18 data suggests the following: <ul style="list-style-type: none"> • General reduction in incidents, with occasional peaks • No under 16 reports for last 18 months. • Extreme intoxication incidents low but persistent WCC: MEAM pilot area as of 2019. The CSP plays a large part in both the SIG and Tactical group's development/delivery.
Objective 3: Improve the system processes for those requiring mental health and substance misuse assessment	Baseline year identified provide data for the period 01/04/18 – 30/09/18 on the waiting times for those requiring assessments	High Intensity User Group (HIUG) WHCCG Inclusion	30/09/18	Baseline agreed.	Although not yet achieved the WCC Housing Team have received approval to recruit to a specialist mental health support worker role. The officer will be mentored by the CMHT and attend weekly meetings. Inclusion, take an active role within partner district level meetings. The CSP is represented	WHCCG Data report shows that the Primary Diagnosis linked to mental health for the periods 2017/18 and 2018/19 respectively are: Poisoning (incl. overdose): Qtr. 2 = 43 Qtr. 2 = 204 Psychiatric Conditions: Qtr. 2 = 16 Qtr. 2 = 169 Mental and behavioural disorders due to use of alcohol: Qtr. 2 = 22 Qtr. 2 = 0 Mental disorder, not otherwise specified:

					at High Intensity User Group (HIUG) meetings.	Qtr. 2 = 20 Anxiety disorder, unspecified: Qtr. 2 = 13	Qtr. 2 = 0 Qtr. 2 = 0
Priority 3 – Tackling ASB (urban & rural)							
Objective	Measure	Lead Agency	Target Date	Expected Outcome	Update on expected outcome	Performance Report	
Objective 1: Reduce the number of hotspot ASB locations and repeat ASB offenders.	Baseline data on ASB locations and related incidents identified. Provide data for the period 01/04/18 – 30/09/18 (FAT Outcomes) Youth Disposals related to ASB	Hampshire Constabulary WCC Community Safety Team (OVAL) Hampshire YOT	30/09/18	InterACT performance updates provided for scrutiny and action.	Abbey Gardens: Increased calls regarding ASB & DRH in the locality requiring problem solving approach with the CSP. Op Claw introduced as sustained partnership focus to prevent escalation. A problematic male was quickly arrested, Response & Patrol briefed so that additional support was given. Calls have reduced. Popular NTE venue, WC – 21 x assaults reported in the past 12 months which equates to 60%. Being managed by Colin Pollard (Licensing) – actions set <ul style="list-style-type: none"> • Body Worn Video on all SIA staff: • Refresher for SIA on powers and use of force • Glassware for student 	Police: Current and previous figures within this period showed: <ul style="list-style-type: none"> • ASB reports = current 1,381, previous 1,350 show a 2% increase. • Rural Crime reports = current 1876, previous 1800 show an increase of 4%. OVAL: 27 hotspot locations were reported in 2018 compared to 13 in 2017 for the same reporting period. All have been resolved apart from 6 which are still being monitored. Calls to the CSP have decreased or stopped altogether in the case of 21. Hotspot incidents include: <ul style="list-style-type: none"> • General ASB 	

					<p>nights (Thurs)</p> <ul style="list-style-type: none"> • Advice on scene • preservations <p>This, together with other visits to the venue has shown a reduction in calls to service and calls relating to the venue.</p> <p>The following places were identified as hotspot ASB locations via Oval and incoming reports to Community Safety April 2018 – September 2018:</p> <p><u>Water Lane, Winchester</u> – Reports from residents to Community Safety - Large numbers of youths congregating and jumping into the river, swearing loudly ,being intimidating due to the large numbers, drinking alcohol, drug taking, causing ASB, leaving rubbish and litter everywhere.</p> <ul style="list-style-type: none"> • Twice daily patrols organised involving all members of the CS team providing a high visible presence • identify and educate 	<p>(shouting/swearing)</p> <ul style="list-style-type: none"> • Rough sleepers • Drug paraphernalia • Criminal damage • Drug dealing. <p>Some of the hotspot locations were raised at Oval and others core business.</p> <p>It is important to note that some locations are weather dependent.</p> <p>Community Courts: Launched in 2018 with the first case heard 7 December, there have been a further 12 hearings since that date.</p> <p>Hampshire YOT: Sentencing Outcomes in Winchester District(s) during the period 01/04/2017 to 31/03/2018. Counting subsequent Offences with Outcomes to 22/10/2018 There were a total of 70 Sentencing Outcomes in the period involving 62 young people:</p> <table border="0"> <tr> <td>Pre- Court:</td> <td>F</td> <td>M</td> </tr> <tr> <td>Community Resolution</td> <td>11</td> <td>42</td> </tr> <tr> <td>Youth Caution</td> <td>0</td> <td>1</td> </tr> </table>	Pre- Court:	F	M	Community Resolution	11	42	Youth Caution	0	1
Pre- Court:	F	M													
Community Resolution	11	42													
Youth Caution	0	1													

				<p>those using offensive language</p> <ul style="list-style-type: none"> • Case opened on SafetyNet for multi agency record management. <p>This action resulted in fewer calls and the case was closed.</p> <p><u>Tiller Lane , West of Waterloooville</u> – Reports made to CS and Police from residents concerned about ASB from large groups of youths, smoking cannabis, riding mopeds on pavements, swearing, littering and generally low level ASB (all affecting others quality of life).</p> <ul style="list-style-type: none"> • Environmental walkabout arranged with Housing provider in the area and door to door visits made in the locality • Reassurance visits • Report it flyers distributed • Moped registration numbers investigated • Benches in the hotspot location removed. 	<p>Y/Caution + Vol 1 1</p> <p>Y/Conditional Caution 1 3</p> <p>Court Appearance:</p> <p>Other 0 1</p> <p>First Tier Penalty:</p> <p>Referral Order 1 4</p> <p>Sentence Deferred 0 1</p> <p>Community Penalty:</p> <p>Youth Rehab Order 0 2</p> <p>Offences by Outcome:</p> <p>Arson:</p> <p>Out of Court Disposal = 1</p> <p>Criminal Damage:</p> <p>Out of Court Disposal = 10</p> <p>First Tier = 3</p> <p>Domestic Burglary:</p> <p>Out of Court Disposal = 2</p> <p>Theft/Handling Stolen Goods:</p> <p>Out of Court Disposal = 8</p> <p>First Tier = 5</p> <p>Community = 5</p> <p>Drugs:</p> <p>Out of Court Disposal = 14</p> <p>First Tier = 1</p> <p>Motoring Offences:</p> <p>First Tier = 2</p> <p>Vehicle Theft/Unauthorised Taking:</p> <p>Out of Court Disposal = 1</p> <p>First Tier = 3</p> <p>Public Order:</p>
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					<ul style="list-style-type: none"> Case opened on SafetyNet <p>Calls to this location have substantially improved although still being monitored through Oval.</p>	<p>Out of Court Disposal = 6 First Tier = 2 Community = 1 Violence Against the Person: Out of Court Disposal = 23 First Tier = 10 Community = 4 Court Appearance No Separate Penalty = 1 Other: Out of Court Disposal = 1</p>
	Case studies identified for inclusion in the end of year document related to the use of legislative tools and powers.	WCC Community Safety Team (OVAL) Hampshire Constabulary	30/09/18	Case studies in the Overview and Scrutiny Report and subsequent annual reports.	Complete - Case studies provided	
Objective 2 – Improve the quality of life for local residents effected by ASB	ASB legislative tools and powers used to address ASB incidents.	WCC Community Safety Team Hampshire Constabulary	30/09/18	Reduce the number of calls for service.	<p>There has been a reduction in calls to the WCC ASB lead and referrals to OVAL.</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</p>	<p>Police Summary of Community Banning Orders (CBO's) used and ancillary orders (Community Protection Notice, Community Protection Warning, Acceptable Behaviour Contract)/ s35s/ Ancillary orders over the past 12 months:- CBO's = 7 CPW = 7</p>

					<p>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>ASB Satisfaction Survey launched December 2018.</p>	<p>CPN = 3 ABC = 3</p> <p>Oval: ASB 4 = 5 New referrals = 9 CPW's = 4 CPN's = 2</p> <p>CCTV stat's continue to show reductions in Begging e.g. stat's showed a reduction of 47% (28 as opposed to 53 for September).</p> <p>Winchester App Reports coming into the City Council within this period showed there were 8 complaints in 2018 compared to 43 in the same period in 2017. Of those 3 were progressed for further investigation.</p>
	Case samples related to partnership intervention documented.	<p>WCC Community Safety Team (OVAL)</p> <p>Ch. Insp. Mark Lynch, Hampshire Constabulary</p>	30/09/18	Case studies in the Overview and Scrutiny Report and annual reports.	Complete - Case studies provided.	
Objective 3 To reduce the number of fly	Baseline data taken from	WCC Community	30/09/18	A reduction in ASB	Small reduction compared with the same period 2017	Positive ASB interventions include:

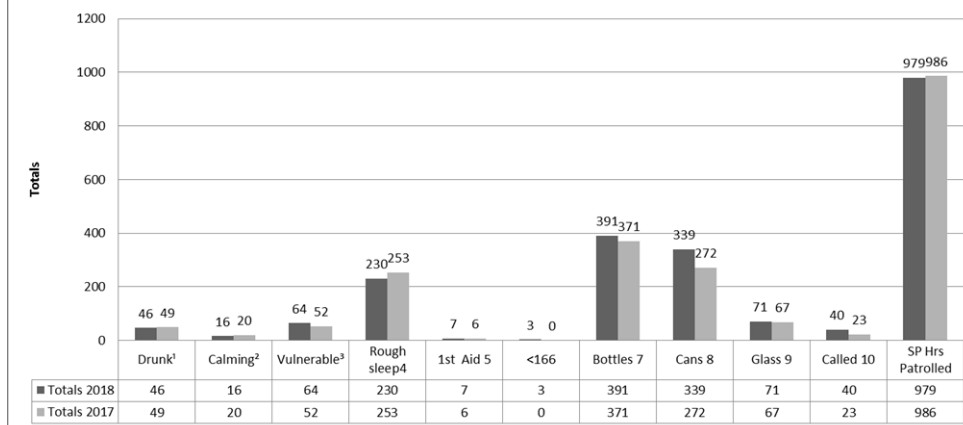
tipping (or similar) ASB incidents; Increase the total number of positive interventions	2017/18 used to identify hotspot locations.	Safety Team (OVAL)		related hotspot locations.	(April – Jul) reduced from 4 to 3.	<ul style="list-style-type: none"> Greater collaboration with support services e.g. housing Successful application to be part of the MEAM Network Extended partnership patrols with BID rangers
	Data provided on the number of reported fly tipping incidents and the related prosecutions or interventions.	WCC Community Safety & Neighbourhood Services Team	30/09/18	<p>100% prosecution rate achieved for all court applications.</p> <p>Report provided for Council Scrutiny.</p>	<p>100% prosecution rate maintained.</p> <p>Successful prosecution for fly tipping – two males prosecuted for the same incident in Southwick, resulting in fines and costs for both.</p> <p>Council Scrutiny Committee will review the report in March 2019.</p>	<p>Fly tipping data Data collection period: 01/04/17 to 30/09/17</p> <p>Investigated x19 fly tip cases. Of these:</p> <ul style="list-style-type: none"> 14 resulted in no further action, 1 fixed penalty notice, 3 investigations are still ongoing, 1 warning letter issued. <p>Data collection period: 01/04/2018 to 30/09/2018</p> <p>Investigated x 25 fly tip cases and of these:</p> <ul style="list-style-type: none"> 23 resulted in no further action, 1 Fixed Penalty Notice issued and paid 1 investigation still ongoing.

Winchester Street Pastors

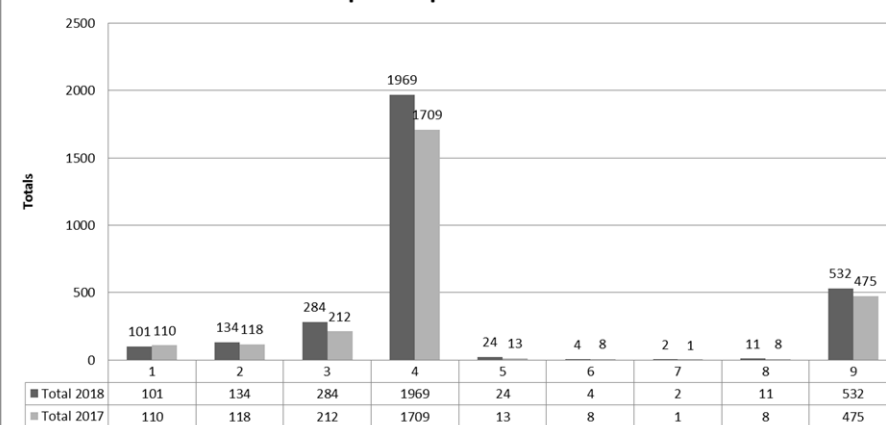
- The information below outlines the activity undertaken by the Street Pastor scheme within the reporting period⁵. In addition to the charts below the scheme reports that they undertook 979 patrols in 2018 and 986 within the same period 2017.

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- ⁵1 Number of drunk people who needed some form of assistance
 - 2 Number of aggressive situations where street pastors intervened to calm things down
 - 3 Number of isolated/upset/injured or unwell (therefore vulnerable) people assisted to locate their friends or assisted to get home. Includes help given cleaning up vomit
 - 4 Number of contacts with people apparently sleeping rough
 - 5 1st Aid given
 - 7 Persons under 16 sighted in city centre and reported to police where relevant
 - 8 Bottles or glasses picked up from the street. Does not include broken glass swept up
 - 9....cans picked up from the street.
 - 10 Number of times broken glass was swept up
 - 11 Number of times called to assist by member of the public, or CCTV, Door Staff or Police (using radio or our mobile phone)

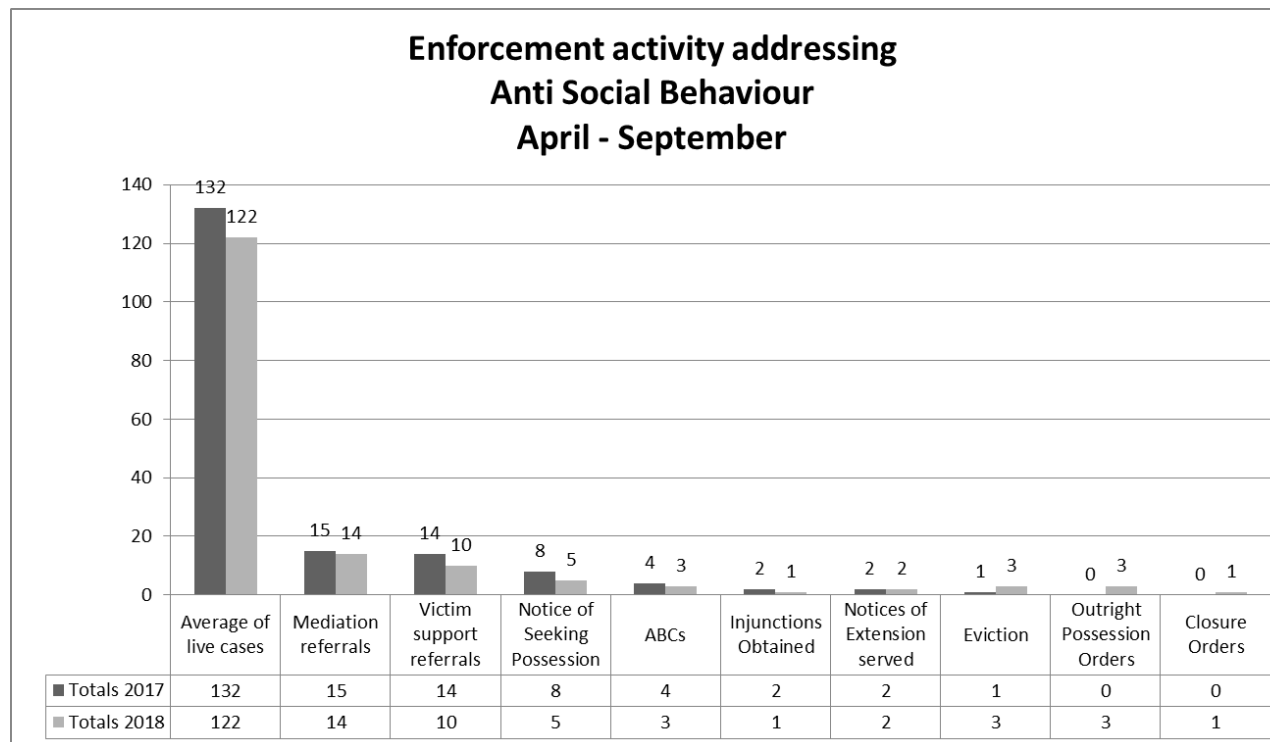
**Winchester Street Pastors
Consolidated Statistics
April - September 2018**



**Winchester Street Pastors
Number of people given material, aid or info
April - September 2018**



Winchester City Council Housing Housing Services Tenancy Team manages their tenants in terms of Anti-Social Behaviour. The following enforcement activity has been undertaken within the reporting period:



Conclusion

In its quest to reduce crime and disorder, the CSP remains committed to identifying opportunities for greater collaboration with new partners and other local authorities. All organisations have faced challenging times over the last few years and that remains the case for 2019, this means that all partners will need to continue to utilise existing resources wherever possible.

Throughout the coming year the Community Safety Partnership will:

- Deliver against the priority actions within this report
- Continue to support the Police & Crime Commissioner and County Group, Crime Reduction Plans
- Oversee and implement the delivery of crime & disorder related statutory duty⁶
- Continue to support a strategic and operational response to issues related to the street community.
- Support Community Groups and Neighbourhood Forums
- Deliver against the City Council's corporate related priorities e.g. Fly Tip, ASB, HMO's and Public Realm.

The Community Safety Partnership continues to celebrate partnership successes as demonstrated within this report. However the Partnership recognises we cannot be complacent, there is still a lot of work to do if we are to deliver a Community Safety service that responds to local need, supports those who are vulnerable to risk and pursue those who are the most prolific in their offending/behaviour.

⁶ Crime & Disorder Statutory Duty – Prevent (reducing the opportunity for violent extremism), Modern Slavery, ASB, Domestic Homicide.

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Crime Summary – Putting it into context

We believe violent crime has been reduced by:

- a) effective close management of repeat offenders within the city
- b) ongoing work with HMP Winchester
- c) Effective licensing and management of the Night Time Economy and
- d) proactive work into disrupting county line Drug Related Harm.

Most serious violent incidents (MSV) compared to the rest of the county remain relatively low and 20% of all assaults without injury are in fact Malicious Communication offences (i.e. Social media) due to NCRS group classifications.

Robberies are statistically a low number to draw any evidential inferences and all will have been subject to close scrutiny through the District Daily Management process (DMM).

Residential burglaries are currently +2.5% YTD and have featured as a District Priority since the end of the summer. Unfortunately the District has continued to be a 'honeypot' for a number of travelling criminals targeting the area and wider regions of the south-east. At this time there is one group being investigated by CID suspected of having committed several hundred burglaries across several force areas (Op Rafter). Austerity has made the identification and co-ordination of these investigations increasingly challenging, but burglary is recognised as a risk area by the Chief Constable and therefore over the past year Hampshire Constabulary has updated and disseminated a burglary strategy to both staff and partners, to ensure we provide as best service as we can to local residents.

Car crime has been particular crime issue over the past year and was therefore escalated as a District Priority for several months where YTD increases were reduced from +160% to a current figure around +40%. Many of these offences are low level, opportunistic and involve insecure vehicles. However we have identified at least one organised gang targeting cars in order to facilitate more serious crimes who at this time are suspected of having committed hundreds of offences across at least 10 force areas between Hampshire and Lincolnshire. Several subjects have recently been prosecuted and are serving custodial sentences, and it is hoped this ongoing activity will help to reduce serious acquisitive crime within the District even further.

Approximately 180 crimes recorded were directly linked to Boomtown Festival (8-12th Aug) of which the vast majority were theft and drug related offences. Please note the number of possession of drug and weapon offences, tend to be directly correlated to the amount of Police proactivity taking place.

Hidden within the Police activity this year are higher risk investigations linked to Modern Day Slavery, Child criminal and sexual exploitation, Adult exploitation, management of organised crime and minimising the risk around extremism and radicalisation. These will always be prioritised and may divert finite Police resources from other day to day enquiries, making it challenging to keep on top of less serious volume crime offences.

National Crime Survey has several elements to always consider when reviewing any crime statistics:

- a) Any person can report a crime based on the civil balance of proof. To rebut a crime, criminal evidence of proof (beyond all reasonable doubt) is required.
- b) A crime can occur even if the offender was incapable of committing that offence. I.e. Child offender aged under 10 years or a subject with Mental Health.
- c) Changes to crime recording practices in the past year include those linked to harassment, where individual crime elements are now recorded whereas previously they were encompassed by one main harassment offence. This has influenced overall crime statistics relating to domestic abuse causing a noticeable increase in recorded offences.

Winchester District Crime Performance 1st April 2018 – 6th Feb 2019 (compared to YTD date from 1/4/17 to 6/2/18)

Current period	WINCHESTER CITY ↕	WINCHESTER GREATER ↕	WINCHESTER RURAL ↕	TOTAL
1 Violence Against the Person ↕	1,035	626	278	1,939
2 Sexual Offences ↕	109	71	73	253
3 Robbery ↕	31	5	5	41
4 Theft Offences ↕	1,087	882	484	2,453
5 Criminal Damage and Arson Offences ↕	298	265	124	687
6 Drug Offences ↕	99	28	112	239
7 Possession of Weapons Offences ↕	26	16	9	51
8 Public Order Offences ↕	311	154	65	530
9 Miscellaneous Crimes Against Society ↕	69	30	24	123
Total	3,065	2,077	1,174	6,316

Previous period

WINCHESTER	TOTAL
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1 Violence Against the Person ↗	1,946	1,946
2 Sexual Offences ↗	251	251
3 Robbery ↗	24	24
4 Theft Offences ↗	2,319	2,319
5 Criminal Damage and Arson Offences ↗	703	703
6 Drug Offences ↗	221	221
7 Possession of Weapons Offences ↗	30	30
8 Public Order Offences ↗	544	544
9 Miscellaneous Crimes Against Society ↗	132	132
Total	6,170	6,170

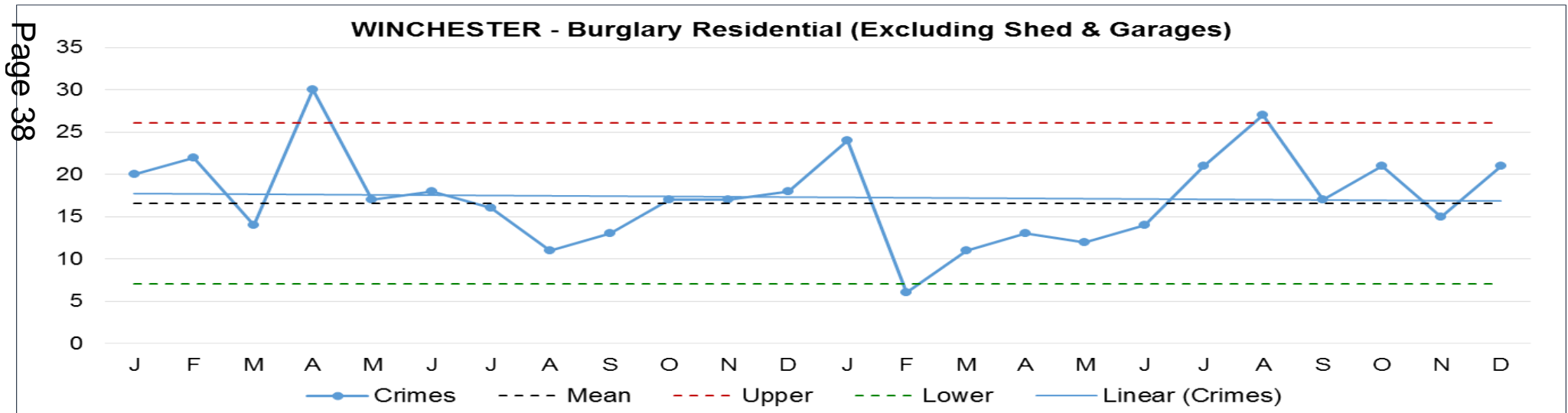
Variance (current - previous)

	WINCHESTER	TOTAL
1 Violence Against the Person ↗	-7	-7
2 Sexual Offences ↗	2	2
3 Robbery ↗	17	17
4 Theft Offences ↗	134	134
5 Criminal Damage and Arson Offences ↗	-16	-16
6 Drug Offences ↗	18	18
7 Possession of Weapons Offences ↗	21	21
8 Public Order Offences ↗	-14	-14
9 Miscellaneous Crimes Against Society ↗	-9	-9
Total	146	146

% Change (current - previous)

	WINCHESTER	TOTAL
1 Violence Against the Person ↗	-0.4%	-0.4%

2 Sexual Offences	0.8%	0.8%
3 Robbery	70.8%	70.8%
4 Theft Offences	5.8%	5.8%
5 Criminal Damage and Arson Offences	-2.3%	-2.3%
6 Drug Offences	8.1%	8.1%
7 Possession of Weapons Offences	70.0%	70.0%
8 Public Order Offences	-2.6%	-2.6%
9 Miscellaneous Crimes Against Society	-6.8%	-6.8%
Total	2.4%	2



ASB callers by Neighbourhood - Rolling 12 months (This year v last year) (*Beat = Ward*)

Neighbourhood	Sector	R12 months	Previous R12 months	Difference	R12 % of whole
Winchester Central	Winchester City	667	801	-134	34.26%
Denmead And Southwick	Winchester Greater	237	131	106	12.17%
Winchester South	Winchester City	213	136	77	10.94%
Winchester North	Winchester City	175	202	-27	8.99%
Wickham And Whiteley	Winchester Greater	134	138	-4	6.88%
Bishops Waltham And Soberton	Winchester Greater	133	130	3	6.83%
Owslebury And Curbridge	Winchester Greater	82	97	-15	4.21%
Winchester Rural East	Winchester Rural	81	99	-18	4.16%
Winchester Rural North	Winchester Rural	78	124	-46	4.01%
Winchester Rural West	Winchester Rural	70	59	11	3.60%
West Meon And Hambleton	Winchester Greater	66	63	3	3.39%
Winchester Rural	Winchester Rural	9	5	4	0.46%
Winchester Greater	Winchester Greater	2	2	0	0.10%
	Sum:	1,947	1,987	-40	-2.01%

Further parish breakdown:

Current period	ST BARTHOLOMEW EW ↑	ST JOHN AND ALL SAINTS ↑	ST MICHAEL ↑	TOTAL
1 Violence Against the Person ↑	262	166	175	603
2 Sexual Offences ↑	17	8	22	47
3 Robbery ↑	10	4	8	22
4 Theft Offences ↑	315	119	292	726
5 Criminal Damage and Arson Offences ↑	65	50	46	161
6 Drug Offences ↑	19	23	21	63
7 Possession of Weapons Offences ↑	8	7	4	19
8 Public Order Offences ↑	96	39	70	205
9 Miscellaneous Crimes Against Society ↑	15	3	13	31
Total	807	419	651	1

% Change (current - previous)	WINCHESTER	TOTAL
1 Violence Against the Person ↑	-7.1%	-7.1%
2 Sexual Offences ↑	-29.9%	-29.9%
3 Robbery ↑	340.0%	340.0%
4 Theft Offences ↑	-4.7%	-4.7%
5 Criminal Damage and Arson Offences ↑	-21.8%	-21.8%
6 Drug Offences ↑	0	0
7 Possession of Weapons Offences ↑	58.3%	58.3%
8 Public Order Offences ↑	0	0
9 Miscellaneous Crimes Against Society ↑	19.2%	19.2%
Total	-5.9%	-5.9%

Current period	LITTLETON AND HARESTOCK	ST BARNABAS	ST PAUL	TOTAL
1 Violence Against the Person	29	80	155	264
2 Sexual Offences	4	3	29	36
3 Robbery	0	1	2	3
4 Theft Offences	35	92	100	227
5 Criminal Damage and Arson Offences	9	15	38	62
6 Drug Offences	4	5	14	23
7 Possession of Weapons Offences	0	0	3	3
8 Public Order Offences	13	20	30	63
9 Miscellaneous Crimes Against Society	0	1	24	25
Total	94	217	395	

% Change (current - previous)	WINCHESTER	TOTAL
1 Violence Against the Person	18.4%	18.4%
2 Sexual Offences	9.1%	9.1%
3 Robbery	-25.0%	-25.0%
4 Theft Offences	39.3%	39.3%
5 Criminal Damage and Arson Offences	-13.9%	-13.9%
6 Drug Offences	-23.3%	-23.3%
7 Possession of Weapons Offences	200.0%	200.0%
8 Public Order Offences	16.7%	16.7%
9 Miscellaneous Crimes Against Society	-46.8%	-46.8%
Total	12.6%	12.6%

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Current period	OLIVERS BATTERY AND BADGER FARM	ST LUKE	TOTAL
1 Violence Against the Person	23	145	168
2 Sexual Offences	1	25	26
3 Robbery	0	6	6
4 Theft Offences	45	89	134
5 Criminal Damage and Arson Offences	18	57	75
6 Drug Offences	3	10	13
7 Possession of Weapons Offences	0	4	4
8 Public Order Offences	11	31	42
9 Miscellaneous Crimes Against Society	3	10	13
Total	104	377	

% Change (current - previous)	WINCHESTER	TOTAL
1 Violence Against the Person	-15.2%	-15.2%
2 Sexual Offences	36.8%	36.8%
3 Robbery	No data available	No data available
4 Theft Offences	25.2%	25.2%
5 Criminal Damage and Arson Offences	7.1%	7.1%
6 Drug Offences	0	0
7 Possession of Weapons Offences	No data available	No data available
8 Public Order Offences	0	0
9 Miscellaneous Crimes Against Society	18.2%	18.2%
Total	4.6%	4.6

Current period	BISHOPS WALTHAM ↑	SWANMORE AND NEWTOWN ↑	TOTAL
1 Violence Against the Person ↑	96	71	167
2 Sexual Offences ↑	5	4	9
3 Robbery ↑	0	1	1
4 Theft Offences ↑	102	85	187
5 Criminal Damage and Arson Offences ↑	43	16	59
6 Drug Offences ↑	5	2	7
7 Possession of Weapons Offences ↑	3	2	5
8 Public Order Offences ↑	20	5	25
9 Miscellaneous Crimes Against Society ↑	3	2	5
Total	277	188	

% Change (current - previous)	WINCHESTER	TOTAL
1 Violence Against the Person ↑	27.5%	27.5%
2 Sexual Offences ↑	-43.8%	-43.8%
3 Robbery ↑	0	0
4 Theft Offences ↑	35.5%	35.5%
5 Criminal Damage and Arson Offences ↑	0	0
6 Drug Offences ↑	16.7%	16.7%
7 Possession of Weapons Offences ↑	66.7%	66.7%
8 Public Order Offences ↑	-39.0%	-39.0%
9 Miscellaneous Crimes Against Society ↑	-44.4%	-44.4%
Total	15.1%	15.1%

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Current period	BOARHUNT AND SOUTHWICK ↑	DENMEAD ↑	TOTAL
1 Violence Against the Person ↑	31	96	127
2 Sexual Offences ↑	3	25	28
4 Theft Offences ↑	37	103	140
5 Criminal Damage and Arson Offences ↑	18	47	65
6 Drug Offences ↑	4	2	6
7 Possession of Weapons Offences ↑	2	0	2
8 Public Order Offences ↑	13	31	44
9 Miscellaneous Crimes Against Society ↑	0	7	7
Total	108	311	

% Change (current - previous)	WINCHESTER	TOTAL
1 Violence Against the Person ↑	14.4%	14.4%
2 Sexual Offences ↑	27.3%	27.3%
4 Theft Offences ↑	13.8%	13.8%
5 Criminal Damage and Arson Offences ↑	51.2%	51.2%
6 Drug Offences ↑	-33.3%	-33.3%
7 Possession of Weapons Offences ↑	100.0%	100.0%
8 Public Order Offences ↑	69.2%	69.2%
9 Miscellaneous Crimes Against Society ↑	-12.5%	-12.5%
Total	22.2%	22.2%

% Change (current - previous)	WINCHESTER	TOTAL
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Current period	COLDEN COMMON AND TWYFORD	OWSLEBURY AND CURDRIDGE	SHEDFIELD	TOTAL
1 Violence Against the Person	62	35	44	141
2 Sexual Offences	6	8	2	16
3 Robbery	0	2	0	2
4 Theft Offences	57	81	72	210
5 Criminal Damage and Arson Offences	29	9	23	61
6 Drug Offences	6	2	1	9
7 Possession of Weapons Offences	3	1	0	4
8 Public Order Offences	18	4	4	26
9 Miscellaneous Crimes Against Society	4	0	3	7
Total	185	142	149	

1 Violence Against the Person	-3.4%	-3.4%
2 Sexual Offences	60.0%	60.0%
3 Robbery	100.0%	100.0%
4 Theft Offences	5.5%	5.5%
5 Criminal Damage and Arson Offences	41.9%	41.9%
6 Drug Offences	200.0%	200.0%
7 Possession of Weapons Offences	300.0%	300.0%
8 Public Order Offences	-35.0%	-35.0%
9 Miscellaneous Crimes Against Society	600.0%	600.0%
Total	7.2%	7.2%

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Current period	DROXFORD/ SOBERTON/ HAMBLEDON	UPPER MEON VALLEY	TOTAL
1 Violence Against the Person	22	17	39
2 Sexual Offences	1	5	6
3 Robbery	0	0	0
4 Theft Offences	62	67	129
5 Criminal Damage and Arson Offences	18	18	36
6 Drug Offences	0	3	3
7 Possession of Weapons Offences	2	0	2
8 Public Order Offences	7	7	14
9 Miscellaneous Crimes Against Society	1	1	2
Total	113	118	231

% Change (current - previous)	WINCHESTER	TOTAL
1 Violence Against the Person	-13.3%	-13.3%
2 Sexual Offences	100.0%	100.0%
3 Robbery	No data available	No data available
4 Theft Offences	35.8%	35.8%
5 Criminal Damage and Arson Offences	38.5%	38.5%
6 Drug Offences	50.0%	50.0%
7 Possession of Weapons Offences	No data available	No data available
8 Public Order Offences	27.3%	27.3%
9 Miscellaneous Crimes Against Society	-50.0%	-50.0%
Total	24.2%	24.2

Current period	WHITELEY ↑	WICKHAM ↑	TOTAL
1 Violence Against the Person ↑	44	105	149
2 Sexual Offences ↑	1	11	12
3 Robbery ↑	0	2	2
4 Theft Offences ↑	107	109	216
5 Criminal Damage and Arson Offences ↑	20	24	44
6 Drug Offences ↑	2	1	3
7 Possession of Weapons Offences ↑	0	2	2
8 Public Order Offences ↑	18	27	45
9 Miscellaneous Crimes Against Society ↑	5	4	9
Total	197	285	482

% Change (current - previous)	WINCHESTER	TOTAL
1 Violence Against the Person ↑	0	0
2 Sexual Offences ↑	9.1%	9.1%
3 Robbery ↑	-33.3%	-33.3%
4 Theft Offences ↑	-0.5%	-0.5%
5 Criminal Damage and Arson Offences ↑	-27.9%	-27.9%
6 Drug Offences ↑	-62.5%	-62.5%
7 Possession of Weapons Offences ↑	0	0
8 Public Order Offences ↑	50.0%	50.0%
9 Miscellaneous Crimes Against Society ↑	350.0%	350.0%
Total	-0.2%	-0.2

Current period	CHERITON AND BISHOPS SUTTON ↑	ITCHEN VALLEY ↑	THE ALRESFORDS ↑	TOTAL
1 Violence Against the Person ↑	4	35	67	106
2 Sexual Offences ↑	1	7	8	16
3 Robbery ↑	0	4	1	5
4 Theft Offences ↑	39	156	57	252
5 Criminal Damage and Arson Offences ↑	16	12	32	60
6 Drug Offences ↑	2	51	18	71
7 Possession of Weapons Offences ↑	0	3	3	6
8 Public Order Offences ↑	2	4	6	12
9 Miscellaneous Crimes Against Society ↑	3	6	3	12
Total	67	278	195	

% Change (current - previous)	WINCHESTER	TOTAL
1 Violence Against the Person ↑	14.0%	14.0%
2 Sexual Offences ↑	-30.4%	-30.4%
3 Robbery ↑	-37.5%	-37.5%
4 Theft Offences ↑	-15.4%	-15.4%
5 Criminal Damage and Arson Offences ↑	17.6%	17.6%
6 Drug Offences ↑	-2.7%	-2.7%
7 Possession of Weapons Offences ↑	-14.3%	-14.3%
8 Public Order Offences ↑	-53.8%	-53.8%
9 Miscellaneous Crimes Against Society ↑	-7.7%	-7.7%
Total	-8.8%	-8.8%

Current period	KINGS WORTHY ↑	WONSTON AND MICHELDEVER ↑	TOTAL
1 Violence Against the Person ↑	50	38	88
2 Sexual Offences ↑	9	9	18
4 Theft Offences ↑	30	72	102
5 Criminal Damage and Arson Offences ↑	11	21	32
6 Drug Offences ↑	6	1	7
7 Possession of Weapons Offences ↑	0	1	1
8 Public Order Offences ↑	10	17	27
9 Miscellaneous Crimes Against Society ↑	2	4	6
Total	118	163	281

% Change (current - previous)	WINCHESTER	TOTAL
1 Violence Against the Person ↑	-22.8%	-22.8%
2 Sexual Offences ↑	0	0
4 Theft Offences ↑	-7.3%	-7.3%
5 Criminal Damage and Arson Offences ↑	-20.0%	-20.0%
6 Drug Offences ↑	133.3%	133.3%
7 Possession of Weapons Offences ↑	0	0
8 Public Order Offences ↑	-28.9%	-28.9%
9 Miscellaneous Crimes Against Society ↑	20.0%	20.0%
Total	-14.6%	-14.6%

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Current period	COMPTON AND OTTERBOURNE ↑	SPARSHOLT ↑	TOTAL
1 Violence Against the Person ↑	41	20	61
2 Sexual Offences ↑	5	7	12
3 Robbery ↑	0	0	0
4 Theft Offences ↑	74	33	107
5 Criminal Damage and Arson Offences ↑	23	7	30
6 Drug Offences ↑	24	9	33
7 Possession of Weapons Offences ↑	2	0	2
8 Public Order Offences ↑	12	6	18
9 Miscellaneous Crimes Against Society ↑	4	1	5
Total	185	83	

% Change (current - previous)	WINCHESTER	TOTAL
1 Violence Against the Person ↑	-4.7%	-4.7%
2 Sexual Offences ↑	0	0
3 Robbery ↑	-100.0%	-100.0%
4 Theft Offences ↑	40.8%	40.8%
5 Criminal Damage and Arson Offences ↑	3.4%	3.4%
6 Drug Offences ↑	200.0%	200.0%
7 Possession of Weapons Offences ↑	0	0
8 Public Order Offences ↑	-28.0%	-28.0%
9 Miscellaneous Crimes Against Society ↑	150.0%	150.0%
Total	20.2%	20.2%

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Community Safety Partnership Case Studies 2018/19

The following case studies intend to demonstrate to the committee some of the proactive partnership activity that has taken place within the reporting period.

Case 1 – Domestic Violence and Abuse:

A client's Story:

I have been using the Women's Centre for over 9 months because I have suffered lots of domestic abuse and violence.

I wasn't allowed to have friends and I wasn't allowed to spend time with my family. I was also denied food, clothes, heating and electricity.

The final straw was when my mother became seriously ill with her heart and was having electric shock treatment on it. There was a switch inside my head, telling me I was going to die here.

I was very lucky to have help from a neighbour who put me in a taxi while my husband was at work. I NEVER went back, and I came out with nothing and my divorce took two years. During this time, I have made beautiful friends and had fantastic support through the freedom programme

There is no shame in asking for help. And there is no shame in having the basics or essentials of life. And there is no shame in wanting to improve yourself by learning to grow each day. We all have these personal rights.

But most of all we all deserve to be loved because everybody is somebody.

And no-one is ever nothing.

Case 2 –Protecting Vulnerable People:

Street Pastor Teams have known and built a bit of a relationship with male member of the street attached community over the last few years, meeting him on the streets between 11pm and around 2am as he busked for a few coins.

Last August the service became aware that he was in hospital, and the scheme co-ordinator who worked on St James's Lane, made the short uphill trek to visit him. Since that day he has been supported practically by the scheme co-ordinator and 3 volunteers, and prayed for by all 65 volunteers who participate in the scheme. Volunteers are keeping up to date weekly by email, with the individual's enthusiastic permission.

Having initially believed he might not leave hospital alive, we saw him return home, then back to RHCH, twice. Each time members of the scheme have visited him regularly, and one volunteer in particular has supported him at home. Another volunteer made a generous cash donation so he and the scheme co-ordinator were able to spend a happy hour in Aldi

stocking his larder! We also arranged for a spare fridge from the former St Peter's convent to be made available, and delivered it. On one occasion a volunteer called an ambulance, and on another the scheme co-ordinator was there as an ambulance arrived, called by the Council's Homeless and Outreach Support Worker.

In November the individual was anticipating discharge from RHCH in a one day's time, and a care package has been put in place to support him at home for 6 weeks. Street Pastor Volunteers will continue to support him, as friends do, for that is what we feel we have become. Will he make it? We don't know, but we are there for him in the time he and we are given.

NB: The case study above does not fall clearly within Street Pastors' normal scope of activity, it does lie within their mission to offer **reassurance, safety and support by caring, listening and helping**

Case 3 – Tackling ASB (Urban & Rural)

The Housing Tenancy Team worked closely with partnership agencies to address anti-social behaviour in the vicinity of a sheltered scheme. The tenant was residing in the sheltered housing scheme and known nominals were frequenting the address on a regular basis causing nuisance and annoyance to neighbouring residents.

By working closely with Hampshire Police, the Sheltered Housing Team, Housing Advice and Homelessness Team, Community Safety Team, the Outreach Service, A2 Dominion, local Councillors and residents, evidence was gathered and reassurance was provided.

By working in partnership action was taken on the resident in the form of a Notice of Seeking Possession and an Acceptable Behaviour Contract. Following this the resident started to engage with the support on offer to help him manage and sustain his tenancy. Due to the improvements in his behaviour and no subsequent breaches the resident was moved to more suitable accommodation. This was not only of benefit to the resident himself, but also to the neighbouring community who were extremely grateful.

The tenant moved in to their new address however they were again targeted by known nominals who began frequenting the property on a regular basis causing nuisance and annoyance to the tenant himself and neighbouring residents. It was clear the tenant was very vulnerable and safeguarding was a priority. In order to address the issue quickly and effectively the Housing Tenancy Team made an application for a partial Closure Order with the support of Hampshire Police. A partial Closure Order was granted and banned anyone from entering the property for three months with the exception of the tenant and any associated support services.

This proactive action proved to be extremely successful, not only did this bring relief to local residents; it also enabled the tenant to maintain their tenancy and remain living happily in their home.

REPORT TITLE: STATION APPROACH – OUTLINE BUSINESS CASE AND ASSOCIATED MATTERS

20 MARCH 2019

REPORT OF PORTFOLIO HOLDER: CLLR STEVE MILLER

Contact Officer: Ian Charie Tel No: 01962 848420 Email icharie@winchester.gov.uk

WARD(S): ST PAULS / ST BARTHOLOMEW

PURPOSE

This report provides an update on the Carfax development scheme RIBA Stage 2 Design Work and associated Public Realm Concept design along with feedback on public consultation and sets out the next steps towards delivery.

The report seeks the sign off of RIBA Stage 2 (Concept Design) gateway.

The Outline Business Case is also provided which sets out an assessment of the strategic, economic, commercial, financial and management cases for the scheme, including delivery options for the development, although no final decisions are being sought on this at this stage, and recommends a preferred approach for future delivery.

The report also seeks authority to submit an outline planning application for development on the Carfax site based on the RIBA Stage 2 design, in line with the resolution from 4 October 2018 Cabinet (Station Approach) Committee to begin preparation of the application with a view to submission at the end of March 2019.

Additionally, the report seeks approval for the appointment of a firm of solicitors using an EU compliant framework covering legal services which has been set up by either the Crown Commercial Service or NHS Shared Business Services Ltd to provide procurement and other necessary legal advice and to undertake all necessary legal work on the Council's behalf.

The report also seeks authority for the Council to publish a Prior Information Notice with a view to carrying out soft market testing in the event of the Council choosing to carry out an EU procurement process if this is deemed necessary

RECOMMENDATION:

1. That The Overview and Scrutiny Committee raises with the Leader or relevant Portfolio Holder, any issues arising from the information in this report and considers whether there is any items of significance to be drawn to the attention of Cabinet (Station Approach) Committee.

IMPLICATIONS:1 COUNCIL STRATEGY OUTCOME

1.1 The Council Strategy is focused on four key outcomes:

- Making the District a premier business location
- Developing quality housing with a balanced range of tenures
- Protecting and enhancing our unique environment
- Delivering services that encourage residents to lead healthy and fulfilling lives

1.2 The Station Approach regeneration scheme will provide a significant number of high value, private sector employment opportunities which will help to deliver the Council Strategy (2018-20) vision for Winchester to be a premier business location.

2 FINANCIAL IMPLICATIONS

2.1 A revenue budget of £1.5 million was set by Full Council on 02 November 2016 (CAB2852) to commission the masterplan and a public realm strategy for the Station Approach area encompassing the Carfax and Cattlemarket sites, and the design work and other professional services for the Carfax site.

2.2 Following completion and approval of the public realm strategy (CAB3021(SA) refers), the Council's Cabinet (Station Approach) Committee approved a revenue budget of £225,000 to take forward the design work for the public realm to support the Carfax design development. A business case was submitted to the EM3 Local Enterprise Partnership in November 2018 for an anticipated decision on allocation of grant in March 2019. If accepted by the EM3 LEP, this will secure a £5 million LEP grant for public realm and Gateway improvements in support of the Carfax development. The EM3 LEP have stated that award of funds will be dependent on grant of planning permission for the Carfax development and assurance on how the Carfax scheme will be delivered.

2.3 A capital budget of £1.8m was agreed in February 2018 to take the project through planning and detailed design. In October 2018 (CAB3083(SA)) approval was granted to draw down £400,000 of this capital budget to cover work for planning application preparation, submission and follow up work.

2.4 The current expenditure for the project is set out in the table below.

Table 1 Budget and Expenditure Summary

	Carfax	Public Realm
Approved budget	Revenue: £1,500,000 Capital: £1,800,000	Revenue: £225,000
Expenditure (on current project)	Revenue: £1,163,140	Revenue: £43,724
Committed or Planned	Revenue: £ 187,109 Capital: £330,000	Revenue: £181,411
Available budget	Revenue: £149,751 Capital: £1,470,000	Revenue: £0

- 2.5 No further budget requests are required for the procurement of legal advice to inform the next stage of delivery work.

3 LEGAL AND PROCUREMENT IMPLICATIONS

- 3.1 Legal Advice has already been obtained from Bevan Brittan solicitors. They have already provided advice on different procurement routes available to the Council and initial advice on the parameters of a land disposal without a procurement . Further advice is currently being sought on the latter. Additional legal resource will be required to advise on the final proposals and arrangements, including the use and extent of any permitted conditions in the event of a sale if the Council were to choose to go down this route and which can be covered under the existing budget.
- 3.2 Following the initial legal advice, further legal support will be needed to develop and determine the preferred delivery route. Cabinet (SA) Committee are asked to authorise the Head of Legal (in consultation with the Head of Programme) to appoint a firm of solicitors either by way of direct call off or mini competition under an EU compliant framework such as the Crown Commercial Services (CSS) existing framework for legal services, or the NHS Shared Business Services framework to obtain advice on the preferred way forward for Station Approach and to carry out such legal work as may be required
- 3.3 The original price / quality weightings under the NHS Framework were 50% price 50% quality. However in the event of a mini competition these can be adjusted 20% either way.
- 3.4 Under the Council's Contract Procedure Rules the normal price quality weightings are 60% (price)/40% (quality). The CCS Framework was evaluated using different weightings (Property on a split of 80/20 Quality/Price, and EU Planning/ Projects on a split of 70/30 Quality/Price). If the Council was to proceed with a mini competition under either framework, this could be re-adjusted.

4 WORKFORCE IMPLICATIONS

- 4.1 The procurement listed in section 3 of this report is necessary as there is not the resource in-house to provide the level of services required within the time-scales required.
- 4.2 There is still likely to be considerable in house resources required even if external solicitors are appointed. Day to day project management will be retained by the Council's project team and contracted consultants.

5 PROPERTY AND ASSET IMPLICATIONS

- 5.1 The Council continues to receive enquiries about potential tenant enquiries for the proposed development project.

- 5.2 Discussions are underway with HCC re. minor incursions of the proposed scheme into highway (pavement) adjoining the site (on Station Road and Gladstone St), matters which can be dealt with under the Highways Act.

6 CONSULTATION AND COMMUNICATION

- 6.1 Public engagement was undertaken in March 2018 on the masterplan framework and public realm strategy. The result of this engagement has been published ([Station Approach Spring 2018 Engagement Report](#)) and has been considered in the design work along with input from stakeholders which has continued throughout the design process.
- 6.2 Further public consultation was held through pre-application information events in February 2019. Members were briefed on the concept design and the proposed engagement events on 21 February in an all-Members briefing at which the exhibition boards and a model were presented by the Council and Design Team. Local residents from Gladstone Street, Newburgh Street, Sussex Street, Upper High Street and Stockbridge Road were invited to a separate viewing session on the morning of Saturday 23 February. Public sessions were held in the afternoon of Saturday 23 February and Tuesday 26 February. A static exhibition was available in the Discovery Centre for 10 days and comments were sought until 4 March.
- 6.3 Over 250 people attended the events and through the comment period 118 responses were received. An Engagement Report is being produced which will bring together the comments made through the engagement period and a verbal update on this report will be given to Overview & Scrutiny Committee and Cabinet (Station Approach) Committee on the engagement.
- 6.4 So far, the main points raised through the February engagement sessions relate to:

Carfax Site and Outline Planning Application Proposals

- Building design and height
- Parking

Public Realm Concept Designs

- Station building Improvements including refuse storage
- Landscaping
- Drop-Off and Pickup
- Traffic
- Public Transport
- Station Road
- Cycling routes

- 6.5 Issues raised on the Carfax site have been considered and changes made to the Design and Access Statement (DAS), to be submitted as a key part of the Outline Planning Application, where appropriate. The DAS will accompany the approved drawings to be considered through the outline planning application

process. A Statement of Community Involvement (SCI) is also submitted as part of the application, to set out the details of stakeholder engagement and public consultation that has been conducted in relation to the proposals. Issues raised will be picked up with partner organisations where the issue relates to third party land or responsibility. Considerable effort has already gone into joint working with key stakeholders to bring forward proposals in the wider area, outside the project area and/or the responsibility of the Council.

- 6.6 As part of the planning process for the consideration of the outline planning application, there will be an opportunity to comment on the submitted outline application through statutory and neighbourhood consultation.

7 ENVIRONMENTAL CONSIDERATIONS

- 7.1 The project brief identifies that the project should contribute towards the Council's objectives to build a low carbon economy. The BREEAM method of assessing the building design and impacts will be used to measure and test the designs as they evolve.
- 7.2 Local Plan Part 1 Policy CP11 Sustainable Low and Zero Carbon Built Development sets an aspiration for non-residential development to meet BREEAM 'Outstanding'. However within this policy it is recognised that there may be particular circumstances of a development's location where it may not be practical or viable to incorporate all the measures required by Policy CP11 and the policy expects developments to achieve the lowest level of carbon emissions and water consumption which is 'practical and viable'. The planning expectation will be based on this policy and it will be for the applicant (i.e. the project) to demonstrate how it will meet the policy objectives. The outline planning application will demonstrate that the development can achieve BREEAM Excellent with full details secured at reserved matters stage. In addition, measures will be proposed which show how it will meet other requirements within BREEAM Outstanding where feasible.
- 7.3 The design will also be in accordance with BCO (British Council for Offices) standards, which similarly set a high 'best practice' requirement for environmental and other target areas for producing high quality, sustainable office development.
- 7.4 A key part of the design progression is addressing parking in the wider context of key objectives in the Movement Strategy and key issues such as reducing traffic congestion, improving air quality and improvements for pedestrians, cyclists and public transport users. The Consultation document, autumn 2018, for the emerging Movement Strategy notes that 'Current proposals for Station Approach are supportive of the emerging Movement Strategy'.

8 EQUALITY IMPACT ASSESSMENT

- 8.1 None required at this time. There has been liaison with accessibility and disability groups through the work on the public realm design in relation to accessibility needs.

9 DATA PROTECTION IMPACT ASSESSMENT

9.1 None required.

10 RISK MANAGEMENT

10.1 This project has a separate, full risk register which is managed by the Head of Programme.

10.2 In relation to this report, the key risks are listed below and detailed in the risk register in Appendix 1. The main risks relate to potential changes in the commercial market including post Brexit, these could have significant consequences on: 1) the cost of materials and labour affecting construction prices, 2) the required financial return; - if sufficient office prelets are not secured prior to practical completion and at the target rental values, 3) changes in the Investment market, and 4) changes in financial markets.

Key Risk 1: Change in commercial market and/or financial markets affect finance, costs, and/or rents. This may cause:

- Significantly increased cost of borrowing
- Increased cost of construction
- Delay in project programme
- Impact on the interested businesses
- Uncertainty about, or inability to achieve level of rents to keep the scheme in a position of strong viability
- Impact on the local economy
- Impact on the Council's Medium Term Financial Strategy.

Key Risk 2: Designs are rejected and gateways not approved. This may cause:

- Delay in project programme, and impact on LEP grant.
- Changes to the programme and scope of the project incur additional fees under the contract.
- Design Team's fees become unrecoverable
- Impact on the interested businesses
- Impact on the Medium Term Financial Strategy.

Key Risk 3: Delays to procurement of delivery partner/agreement to delivery route. This may cause:

- Financial exposure
- Impacts on programme
- Impacts on confirmation to LEP for securing £5m grant

Key Risk 4: Pressure on delivery timescale to ensure securing tenants for site and retain public support. This may cause:

- Pressure put on project programme removes contingency from design, business case and delivery stages
- Programme may require elements of overlapping RIBA stages.
- Work is commissioned at an agreed level of financial risk

Key Risk 5: Design Team fees are set by the construction costs and a change in costs may require a fee adjustment. This may cause:

- Requirement to pay additional fee to design team before construction.

Key Risk 6: Network Rail governance and HCC approval process: Public realm design work delayed or agreement for works cannot be reached in a timely manner on land controlled by 3rd parties (Network Rail, HCC), results in not being able to meet required LEP spending programme. This may cause:

- Bid for Local Enterprise Partnership (LEP) funding is unsuccessful or cannot be spent by the deadline.
- Loss of potential £5m grant.
- Loss of opportunity to enhance areas of public realm.
- Carfax scheme not enhanced by public realm works.

11 SUPPORTING INFORMATION:

Introduction

- 11.1 Winchester City Council has a long held desire to support the economic future of the city through the development of new, high quality offices at Station Approach; this objective is clearly set out within the Council Strategy to make the District a premier business location.
- 11.2 The Design Team for the project (led by Lifschutz Davidson Sandilands) has developed the concept design for an office-led mixed use development on the Carfax site through iterative design work following public consultation on RIBA Stage 0-1 (Strategic Definition and Preparation of Brief) in March 2018, further stakeholder engagement, consideration and reviews of the brief, and cost and valuation exercises held with the Council and their consultants.
- 11.3 On the basis of the final RIBA Stage 2 Concept design work and subsequent costings and valuation of this design, an Outline Business Case (OBC) has been produced.
- 11.4 Within this report, Cabinet (SA) Committee are asked to approve the final RIBA Stage 2 (Concept Design) work, and consider the evidence and information provided in the Outline Business Case for approval of the recommended preferred way forward which would then be developed further through the business case process to deliver the Carfax development, including soft market testing, programme, procurement and legal implications. To take the delivery work forward, Cabinet (SA) Committee are also asked to approve the

arrangements for the appointment of a legal advisor to guide the Council's decision on refining the preferred way forward for delivery of the Carfax site.

- 11.5 Further to this, on approval of the RIBA Stage 2 concept design work, Cabinet (SA) Committee are asked within this report to authorise the Head of Programme to submit an outline planning application for the Carfax development scheme on the basis of the RIBA Stage 2 Design Work.
- 11.6 In line with the Cabinet (Station Approach) Committee decision (CAB3101(SA) refers), public consultation on the pre-application information for the outline planning application was held in Feb 2019, and summary of the comments received is provided within this report. Cabinet (SA) Committee are asked to note the comments received through the public consultation on the pre-application information.
- 11.7 A concept design has also been produced for the associated public realm improvements in Station Hill/Station Road in accordance with the Gateway enhancement objective at Station Approach. These proposals are the basis of attracting a £5m EM3 LEP grant, approval of which is hoped for at the end of March 2019. Cabinet (SA) Committee is asked to approve the concept approach being taken, to enable the next detailed design stage to immediately follow, in accordance with the necessary timetable imposed by the LEP for grant spend by 31 March 2021.

The Outline Business Case Approach

- 11.8 This OBC is provided in Appendix 1 to this report and follows the framework of the HM Treasury Green Book using the Five Case Model to identify the best value for spending public sector money taking into account the direct and indirect benefits of the proposals.
- 11.9 This same approach has been used in the consideration of the new Winchester Sport & Leisure Centre. The five cases considered within the OBC are as follows:
- Strategic Case – case for change
 - Economic Case – ensuring value for money
 - Commercial Case – case for commercial viability
 - Financial Case - spend is affordable
 - Management Case – requirements are achievable
- 11.10 The Business Case is developed incrementally. In March 2017 a Business Justification Case set the case for procuring a design team and commencing the Station Approach Project and was approved 20 March 2017 by the Council's

Cabinet (CAB2864). This report sets out the Outline Business Case (OBC), which will be further developed, in accordance with the delivery route chosen.

- 11.11 Part of the economic case for the OBC was presented to Overview & Scrutiny Committee on 13 December 2018 and to Cabinet (Station Approach) Committee on the 18 December 2018, and the Committee resolved to note ‘that the economic assessment that positions Winchester as a viable location for office development and the significant positive impact an office development on this site would have on the city economy ...’.
- 11.12 This information is included in this document as part of the complete OBC, along with the other 4 ‘cases’ alongside each of the five options for delivery. The conclusions for each case are set out below.
- The Strategic Case confirms why the proposal is needed and how it furthers the Council’s aims and objectives. It concludes that implementing the project will support the delivery of both the Council’s own, and wider strategies.
 - The Economic Case demonstrates value for money through the wider economic benefits of the scheme including GVA and job creation in particular.
 - The Commercial Case demonstrates that the proposed development can meet the ‘test’ of being commercially viable and result in a viable procurement.
 - The Financial Case sets out that the project is affordable to the Council and that the costs are realistic and the required funding will be available and supported for the various options for delivery of the proposed scheme.
 - The Management Case demonstrates that there are appropriate arrangements for the delivery, monitoring and evaluation of the scheme and these are achievable.
- 11.13 The options considered in the OBC include a ‘do nothing’ option which sets the baseline for comparison of the other delivery options which are summarised as options B-E below.

A	Do nothing - No development/ improvement takes place in the area	
B	The Council sells the Carfax site with outline and/or detailed planning permission and seeks for it to be developed externally with no further involvement.	Sell with planning
C	The Council enters into a joint venture arrangement with a development partner. The Council puts its Carfax land assets into the joint venture whilst the development partner finances and delivers the build of the scheme. The Council buys back ownership of the whole developed site upon its completion.	JV and buy back all

D	The Council builds all of the elements of the development and grants leases for the office and retail accommodation.	WCC develops the site
E	The Council enters into an income strip arrangement. A Fund purchases a long leasehold interest in the site. WCC enters into an occupational lease with the Fund and at the expiry of the headlease after 40 years, the property will revert back to WCC.	Income strip

- 11.14 The OBC appraises the financial implications and benefits of each of these options and moderates these with the key risks associated with each of these options.

Conclusions of the Outline Business Case

- 11.15 Without risk weightings being incorporated, this exercise (set out in Table 26 of Appendix 1 to this report) concluded that option E (income strip) provided the best balance of benefits; WCC develop the site second, JV approach third and the sale option fourth. The 'do nothing' baseline demonstrated the lack of benefits this option would provide in relation to the costs and scored lowest.
- 11.16 The balance with the risks incorporated (set out in Table 27 of Appendix 1 to this report), however, lies with the sale option which is considered to have the lowest risk to the Council in meeting the strategic objectives, the financial case, and the commercial case. It is also one of the lowest risk options for the management case and is comparative to the other delivery options for the economic case.
- 11.17 When considering the other delivery options, there are significant concerns about a high level of risk relevant to the financial, commercial and management cases in particular which although scored better than option B in the options appraisal, mean that there is not a clear single preferred option recommended at this stage.
- 11.18 As a result of the options analysis and risk moderation exercise, including externally facilitated Officer and Cabinet Member Workshops held in January 2019, it is recommended that in parallel with the submission of an outline planning application, all the delivery options remain as options at this stage, and that the following options be explored further through the development of the business case during the next stage.
- Sell with planning permission
 - Income strip
- 11.19 There are opportunities that can be explored within these options which may increase the realisable benefits resulting from the shortlisted delivery options. This will help establish the final preferred option for the delivery of the Carfax site.

RIBA Stage 2 Concept Design

- 11.20 The proposal is for an office-led mixed use redevelopment, ranging over 2-5 storeys in 2 main buildings, with an additional pavilion building and retention of the Registry Office , comprising of (rounded net internal areas unless otherwise stated):
- Office: approx. 13,000 m² (approx. 140,000 ft²)
 - Bar/restaurant: 835 m² (9,000 ft²)
 - Retail: 465 m² (5,000 ft²)
 - Café: 370 m² (4,000 ft²)
 - Car parking: Up to 135 spaces
 - Cycle Parking: min of 156 spaces
 - Public realm improvements
- 11.21 These figures have been derived through the assessment and development of the project brief through RIBA Stages 0-2 and iterative testing of the costs and viability of the design work for a scheme that can be commercially viable as set out within this OBC. The concept design has been drawn up following the principles of the RIBA Stage 1 Masterplan Framework for an office-led mixed use redevelopment of land at the Carfax site.
- 11.22 The Carfax development and public realm Concept Design work is set out in the [exhibition boards](#) which formed part of the pre-application public consultation. CGIs are provided to show the illustrative scale and massing of the proposed buildings, and indicative materials shown are to provide an illustration of what the building could look like, but, along with appearance, do not form part of the outline planning application. This detail of the design work would be developed and costed and then submitted to the local planning authority for consideration as reserved matters planning application(s). A presentation of the scheme will be given at the meeting.

Outline Planning Application

- 11.23 In line with a recommendation in CAB3101(SA) to this Cabinet (December 2018), work has progressed on preparation of a planning application. An outline planning application will be submitted at the end of March 2019. This will seek approval for the following matters:
- Parameter plans (the extent and height of the buildings and the retention of the old Registry Office)
 - Mix of uses on the site
 - Step-free pedestrian route through the site
 - Access to the car park and car/cycle parking provision
- 11.24 This will provide potential development partners with the confidence that the project is deliverable, establish key parameters, as above, whilst retaining the flexibility for detailed design to be progressed with a development partner. It will also raise the profile of the project to enhance the prospect of securing potential tenants as pre-lets for the development.

- 11.25 Pre-application public consultation events were held in February 2019 as set out in section 6 of this report and comments are summarised in the appended engagement report.

LEP Funding

- 11.26 The OBC relates to the proposed development on the Council owned area of the Carfax site for the Carfax development, not the wider area of the public realm. Proposals for the public realm outside the Carfax site have been subject to a separate business case application to Enterprise M3 LEP who is considering funding these public realm works where they directly support the economic objectives of the Carfax development.
- 11.27 The LEP funding will also be used, in part, to support the Carfax development to satisfy the LEP's key objective of new jobs provision.

Public Realm

- 11.28 The public realm proposals are centred around making Station Hill a more pedestrian friendly environment by moving the mini roundabout in Station Hill to Station Road, and thereby have only buses (and limited delivery/service vehicles) passing in front of the Station, and on Station Hill. In addition, facilities for cyclists will be improved, where possible, along with the arrangements for bus and taxi users. Opportunities for drop offs/pick-ups will be incorporated into the public realm/highway rearrangement, including seeking that opportunities are improved within Network Rail/SWR parking areas on the west and north sides of the station. Active discussions with those agencies are taking place. A presentation of the concept design will be given at the meeting.
- 11.29 The upcoming developed design (Stage 3) exercise will address details within all above elements, including improved road and paving materials, street furniture, lighting, wayfinding and planting. The design and Council team continue to work closely with HCC (and Network Rail and SWR) regarding future maintenance and operational aspects.

12 OTHER OPTIONS CONSIDERED AND REJECTED

- 12.1 A number of options have been considered within the OBC provided in Appendix 1 of this report.

BACKGROUND DOCUMENTS:-

Previous Committee Reports:-

CAB3101(SA)	Economic Appraisal and Business Case Preparation	18 December 2018
CAB3083(SA)	Station Approach Update	4 October 2018
CAB3055(SA)	Station Approach – Update Report	12 July 2018
CAB3021(SA)	Station Approach - Public Realm Strategy and Masterplan Framework	27 February 2018

CAB3001(SA)	Station Approach – Update	28 November 2017
CAB2959(SA)	Station Approach – Appointment of Design Team	14 August 2017
CAB2864	Station Approach – RIBA Plan of Works Stages Documentation	20 March 2017
OS157	Station Approach – End Stage review report for the competitive dialogue process	30 November 2016
CAB2852	Station Approach - Procurement Process Update	17 October 2016
CAB2829	Station Approach - The Way Forward	7 September 2016

Other Background Documents:-

None

APPENDICES:

- Appendix 1: Outline Business Case
 - Annex 1: Economic Appraisal - EXEMPT
 - Annex 2: Financial Appraisal – EXEMPT
 - Annex 3: Commercial Appraisal – EXEMPT
 - Annex 4: Key Risks
 - Annex 5: Roles and Responsibilities
 - Annex 6: RIBA Plan of Work Stages
- Appendix 2: Risk Register for Key Risks

APPENDIX 2: RISK REGISTER FOR KEY RISKS

Risk Register – Key:

Likelihood Rating

It is unlikely that in many cases the probability of a risk occurring can be calculated in a statistically robust fashion as we do not have the data to do so. However, as an indicator, the likelihood is defined by the following probability of a risk occurring:

Likelihood	Probability
Highly Unlikely	1% to 25% chance in 5 years
Unlikely	26% to 50% chance in 5 years
Likely	51% to 75% chance in 5 years
Highly Likely	76% to 100% chance in 5 years

Risk Proximity

The score for risk proximity supports the Council in focusing on certain risks that may occur soon and ignore risks that will not occur in the near future. This enables risk management to be more efficient.

A number of between 1 and 4, where 1 means the risk is about to occur within the next 3 months and 4 means the risk is not likely to occur within the next year is provided.

Risk Proximity Score	Time scale
1	Occurring within the next 3 months
2	Occurring within the next 6 months
3	Occurring within the next 1 year
4	Unlikely to occur within 1 year

Financial Impact

The financial impact to the Council is an important consideration, however this should be viewed alongside the likelihood of the risk occurring and not assumed to be inevitable.

The scoring of the financial impact relates to the cost to the Council if that risk were to occur, however it should not relate to the cost of managing or mitigating the risk.

The financial impact is scored as highly likely it would be prudent for the Council to ensure that it has set aside an adequate financial provision. The financial impact is scored as follows:

Financial Impact Score	Time scale
£	£1 – £20,000
££	£20,0001 - £200,000
£££	£200,001 - £2,000,000
££££	£2,000,001 plus

Impact Rating

The following table provides the definitions which should be used when determining whether a risk would have a Low, Moderate, Major or Significant impact

	Low (1)	Moderate (2)	Major (3)	Significant (4)
Financial	Less than £20K	£20k or over and less than £200K	£200K or over and less than £2m	£2m plus
Service Provision	No effect	Slightly Reduced	Service Suspended Short Term / reduced	Service Suspended Long Term Statutory duties not delivered
Health & Safety	Sticking Plaster / first aider	Broken bones/illness Lost time, accident or occupational ill health	Loss of Life/Major illness – Major injury incl broken limbs/hospital admittance. Major ill health	Major loss of life/Large scale major illness
Morale		Some hostile relationship and minor non cooperation	Industrial action	Mass staff leaving/Unable to attract staff
Reputation	No media attention / minor letters	Adverse Local media Leader	Adverse National publicity	Remembered for years
Govt relations	One off single complaint	Poor Assessment(s)	Service taken over temporarily	Service taken over permanently

Risk Number: 15		Risk Owner: Project Executive				
Risk Title: Change in commercial market including post Brexit						
Causes	Consequences	Current Controls	Current Risk Score		Risk Proximity	Financial impact
			Likelihood	Impact		
<p>Change in commercial market</p> <p>Potential occupiers do not sign up for pre-lets of all of office space prior to practical completion of the development.</p>	<p>Required financial return for the Council is not met</p> <p>Delay in project programme.</p> <p>Changes to the programme and scope of the project incur additional fees under the contract.</p> <p>Impact on the interested businesses.</p> <p>Impact on the local economy.</p> <p>Impact on the Medium Term Financial Strategy.</p> <p>- Office and Retail</p>	<p>Mitigate</p> <p>1. Maintain political support to move project forward and prevent delays.</p> <p>2. Continued economic and political monitoring.</p> <p>3. Mitigate - there is significant interest from prospective occupiers and the Council will seek to formalise their interest via non binding agreements. Market testing should also be undertaken to ensure continuing demand and the site will be actively marketed. An outline planning application route is also being used to stimulate further market interest.</p> <p>4. Mitigate - undertake market testing to ensure demand and do so regularly to ensure demand continues. Regularly engage with those retailers who have expressed an interest.</p>	Likely	Major	2	£££ - ££££
Further actions		Target date	Residual Risk Score			
			Likelihood	Impact		
<p>Market the site and pursue other occupiers</p> <p>Market testing should also be undertaken to ensure continuing demand.</p>		Q4 2018	Unlikely	Moderate		

Risk Number: 18		Risk Owner: Project Executive				
Risk Title: Designs and Gateway approvals						
Causes	Consequences	Current Controls	Current Risk Score		Risk Proximity	Financial impact
			Likelihood	Impact		
Designs are rejected and gateways not approved	Delay in project programme. Changes to the programme and scope of the project incur additional fees under the contract. Design Team's fees become unrecoverable Impact on the interested businesses. Impact on the Medium Term Financial Strategy.	Mitigate 1. Work with Design Team during formulation of designs to ensure these reflect the themes and principles of the brief so Cabinet Members can be comfortable to proceed with recommended design. 2. Establish bi-monthly briefings for Cabinet (SA) Committee members and keep other members informed through informal Cabinet. Involve ward member representative in Advisory Panel. Request delegated authority where appropriate and possible.	Likely	Significant	1	££
Further actions		Target date	Residual Risk Score			
Agree programme at start of each stage and sign-off amendments with Project Board and Committee members.		Q1 2019	Likelihood	Impact		
			Unlikely	Major		

Risk Number: 23		Risk Owner: Project Executive				
Risk Title: Changes in markets, costs (including finance and construction costs), and taxation treatment on financial return including post Brexit						
Causes	Consequences	Current Controls	Current Risk Score		Risk Proximity	Financial impact
			Likelihood	Impact		
Changes in markets, cost of construction and/or borrowing	Full project business case does not achieve commercial and / or financial viability Affects finance, costs, and/or rents	Mitigate 1. Ensure there is a proper discussion to establish the most appropriate business mix to	Likely	Significant	2	££££

<p>(Gilt rate) or other financial/taxation elements mean that the scheme does not achieve a financial return. Changes may occur in rental income, funding rates increases or lease indexation.</p>	<p>Significantly increased cost of borrowing. (This will have a greater impact depending on the degree to which the Council decide to develop the site/s themselves).</p>	<p>deliver the expected outcomes and that this is backed up with a solid evidence base. 2. Liaise with the Finance Team to ensure the financial models and assumptions reflect the expected outcomes and they include the latest information that is available. 3. Continue to review costs and values before deciding to proceed. 4. Carry out continual economic and political monitoring. 5. Ensure an element of contingency is built into the construction budget.</p>				
Further actions		Target date	Residual Risk Score			
<p>Establish processes to promote financial due diligence, whereby any officer or councillor involved in the project receives regular updates on the input assumptions for the financial modelling and is encouraged to robustly challenge these and any subsequent outputs from the financial model as the project progresses. Instruct a full financial and cost report prior to submitting any planning application. Accept the financial market risk but mitigate where possible as follows: a. Regular scanning of the financial markets is already undertaken by the Finance Team as part of their treasury management responsibilities, to facilitate early identification of any potential financing implications, and finance officers will be aware of the current options available to keep borrowing costs to a minimum. b. Ensure an element of contingency is built into the construction budget. c. There is a decision gateway in the business case process where the full business case is considered by CMT and Councillors prior to any financing commitment being made.</p>		<p>Q4 2018</p>	Likelihood	Impact		
			<p>Unlikely</p>	<p>Moderate</p>		

Risk Number: 26			Risk Owner: Project Executive			
Risk Title: Project delivery						
Causes	Consequences	Current Controls	Current Risk Score		Risk Proximity	Financial impact
			Likelihood	Impact		
Project does not result in development	Council then become liable for repayment of borrowed capitalised costs in full.	Accept - Project does not result in development and so capitalised design costs must be charged as a one-off expense to revenue. If these costs have been financed by borrowing the Council must repay the borrowing and finance the costs from revenue reserves.	Likely	Major	2	£££
Further actions		Target date	Residual Risk Score			
None identified at this stage		n/a	Likelihood	Impact		
			likely	Major		

Risk Number: 27			Risk Owner: Project Executive			
Risk Title: Programme risks in relation to governance, resourcing and contingency						
Causes	Consequences	Current Controls	Current Risk Score		Risk Proximity	Financial impact
			Likelihood	Impact		
Pressure on delivery timescale to ensure securing occupiers for site and retain public support.	Pressure put on project programme removes contingency from design, business case and delivery stages Programme may require elements of overlapping RIBA stages. Work is commissioned at an agreed level of financial risk	Mitigate Use risk register to monitor and manage risks to avoid them becoming issues. Manage all parties' expectations for delivery timescales. Identify issues with relevant parties when they occur, and flag impacts on programme. Seek advice on any governance process changes.	Likely	Major	2	££
Further actions		Target date	Residual Risk Score			
None identified at this stage		n/a	Likelihood	Impact		
			Likely	Moderate		

Risk Number: 52			Risk Owner: Project Executive			
Risk Title: Construction cost may require fee adjustment.						
Causes	Consequences	Current Controls	Current Risk Score		Risk Proximity	Financial impact
			Likelihood	Impact		
Design Team fees are set by the construction costs. Through the design process, fee estimates are made; these may need to be adjusted up or down when the final construction cost is set.	May need to pay additional fee to design team before construction.	Cost assessments are iterative throughout the design process and are monitored; there are strong drivers to keep costs down to ensure viability of the development.	Likely	Major	3	£££
Further actions		Target date	Residual Risk Score			
			Likelihood	Impact		
Review contingency in valuation to cover design team fees increases.		Q1 2019	Likely	Moderate		

Risk Number: 61			Risk Owner: Project Executive			
Risk Title: Network Rail governance process						
Causes	Consequences	Current Controls	Current Risk Score		Risk Proximity	Financial impact
			Likelihood	Impact		
Public realm design work delayed or agreement for works cannot be reached in a timely manner on land controlled by 3rd parties (Network Rail), results in not being able to meet required LEP spending programme.	Bid for Local Enterprise Partnership (LEP) funding is unsuccessful or cannot be spent by the deadline. Loss of potential £5M bid. Loss of opportunity to regenerate areas of public realm. Carfax scheme not enhanced by public realm works.	Mitigate -1. Close liaison with M3 Enterprise LEP, and land owners (Network Rail) throughout the project to agree priorities for spend and mechanisms and programme for delivery.	Likely	Major	3	££££
Further actions		Target date	Residual Risk Score			
			Likelihood	Impact		
Continue close engagement with landowners for public realm works and identify any requirements for sign-off using their processes.		Q3 2018	Unlikely	Major		

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Carfax development scheme, Station Approach, Winchester

Outline Business Case (OBC)

Version No: 11 Final

Issue Date: 12 March 2019

The Outline Business Case has been collated by WCC Officers based upon expert input from:

- Commercial/Valuation inputs – Vail Williams
- Cost inputs – Mace
- Economic/Financial Assessments – Grant Thornton
- Carfax Scheme Peer Review (Nov 2018) – Citicentric
- Delivery Workshops (Officer and Cabinet Member) (Jan 2019) – Citicentric

The Outline Business Case has been reviewed by WCC Consultants: Grant Thornton, Vail Williams, and Sarah Williams, RIBA Advisor

The Outline Business Case has been reviewed and endorsed by:
WCC Advisor: Mark Rymell, Citicentric

Version history

Version	Date Issued	Brief Summary of Change	Owner's Name
1 (Draft)	21 December 2018	First Draft Version – structure of document to Head of Programme	Zoë James
2 (Draft)	15 January 2019	Review of initial comments circulated	Zoë James
3 (Draft)	28 January 2019	Revised draft sections circulated to key project team and board	Zoë James
4 (Draft)	6 Feb 2019	Full report, excluding executive summary circulated to key project team and board	Zoë James
5 (Draft)	12 Feb 2019	Version with boards amendments for further consideration at board meeting	Zoë James
6 (Draft)	19 Feb 2019	Version with boards amendments for ELB 20 Feb 2019	Zoë James
7 (Draft)	20 Feb 2019	Circulation to Citicentric and RIBA Client Advisor, Sarah Williams for review. Sent on 22 Feb to Vail Williams and Grant Thornton	Zoë James
8 (Final Draft)	28 Feb 2019	Version incorporating comments from Citicentric, Sarah Williams, RIBA Client Advisor – circulation for final review of draft to Head of Programme	Zoë James
9 (Final Draft)	1 March 2019	Circulation to Leaders Board	Ian Charie
10. (Final Draft)	5 March 2019	Circulation of final version to Citicentric and RIBA Client Advisor, Sarah Williams	Ian Charie
11. Final	12 March 2019	Final version issued for dispatch with Cabinet (SA) Committee Report.	Ian Charie

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1. Executive Summary

- 1.1.1 Winchester City Council is supporting the economic future of the city through the promotion of the development of new, high quality offices at Station Approach in line with the Council Strategy (Feb 2018 edition 2018-2020) objective that the Winchester district will be a premier business location.
- 1.1.2 The Local Plan, which implements the spatial aspirations of the Council Strategy, has allocated the Carfax site at Station Approach for office-led mixed use development. This is supported by an Outline Business Case.
- 1.1.3 The development, which is adjacent to the station, will provide Grade A office accommodation together with supporting and complimentary uses such as food and beverage offers and ancillary retail. The proposals, when fully occupied, could provide up to 1,000 jobs and significant improvements to the public realm area around the station – a key gateway to the city. In addition, it is estimated the development will bring an £81m economic boost to the area.
- 1.1.4 The council considers strategic, outline and full business cases at key project gateways, complying with HM Treasury Green Book guidance. The Station Approach Strategic Business Justification Case was considered by Cabinet, and approved in March 2017 (CAB2864). This document forms the Outline Business Case (OBC) for the development to inform Cabinet (Station Approach) Committee decisions at this gateway stage of the project.
- 1.1.5 The OBC uses the Five Case Model (HM Treasury Green Book) to identify the best value for spending public sector money taking into account the direct and indirect benefits of the proposals. The five cases considered within the OBC preparation are:
- Strategic
 - Economic
 - Commercial
 - Financial
 - Management

The Strategic Case – case for change

- 1.1.6 This demonstrates that there is a compelling case for change and how the proposal furthers the Council's aims and objectives. The conclusion of the strategic case is that there is evidenced justification for the project in terms of current and anticipated market demand and that implementing the project will support the delivery of both the Council's own, and wider strategies set out in more detail within Section 3, the Strategic Case.

Economic Case – ensuring value for money and wider economic benefits

- 1.1.7 This considers whether the development delivers best public value to society and sets out the significant positive economic impacts of the scheme. Within the economic case the critical success factors are identified and the long and short list of options are set out. The main costs and benefits of the four delivery options: Sell with the benefit of planning, Joint Venture, Council build, and

Income Strip arrangement, are considered against a 'Do Nothing' baseline scenario and the risks of each option are appraised.

- 1.1.8 The conclusion sets out the economic benefits and implications arising from the proposed development, by taking account of costs, economic and wider impacts, focussing on GVA (Gross Value Added – economic impact on the area) and in particular job creation. The proposal will provide accommodation for up to 1,000 direct jobs, c. 400 indirect jobs and an estimated £81m economic benefit to the area. In addition, some 640 direct annual FTE construction jobs will be created over a 12 month period and additional benefits such as reducing “out commuting” by providing quality jobs in Winchester and wider catalytic regeneration benefits.

Commercial Case – case for commercial viability

- 1.1.9 This demonstrates whether the proposed development can meet the test of being commercially viable.
- 1.1.10 The commercial case, assessing viability, has been derived through valuing the proposed completed development to establish the Gross Development Value (GDV). The total development costs are then deducted to establish a net profit. The costs have been established by an iterative process of reviewing design, agreeing an indicative specification. Costs also include site costs, professional fees, finance, archaeology and all costs involved to let the property including void costs until the scheme is fully income producing.
- 1.1.11 In summary the commercial report (a confidential Annex to this OBC) demonstrates that the proposed scheme would be commercially viable, therefore demonstrating the commercial case.

Financial Case - spend is affordable

- 1.1.12 The financial case sets out whether the project is affordable to the Council, if the costs are realistic and the required funding will be available. It also sets out the impact on Council financial and budgeting systems and the financial returns from each of the considered delivery routes.
- 1.1.13 There are differing levels of financial benefit to the Council through the 4 delivery options are considered against a 'Do Nothing' baseline scenario, and the range of financial benefits are assessed against risk. The financial case can be summarised that while the options of a Joint Venture approach, WCC undertaking the development itself or the Income Strip approach¹ lead to substantially higher financial benefits to the Council than the fourth development option of selling the site with outline planning consent, the risks to the Council are significantly higher. The approach to risk is set out in section 6.2 in this document, and, consideration of these matters informs the conclusion for the recommended way forward within this OBC.

¹ The Council enters into an arrangement with a Fund purchasing a long leasehold interest in the site. WCC enters into an occupational lease with the Fund, and has the option to purchase the reversionary property interest for £1 at the end of the lease term.

Management Case – requirements are achievable

1.1.14 The project is being managed in accordance with the Council's major projects and programme management requirements and also in accordance with PRINCE2 methodology. The Management Case demonstrates that there are appropriate arrangements for the delivery, monitoring and evaluation of the scheme and these are achievable.

1.2 Recommendations

1.2.1 In parallel with the submission of an outline planning application, that the following options be explored through further soft market testing and review of procurement, legal and financial implications as part of the next stage.

- Sell with the benefit of planning permission
- Income strip

1.2.2 There are opportunities that can be explored within these options which may increase the realisable benefits resulting from the shortlisted delivery options, which will be considered alongside risks in particular for the income strip model which may have longer term cash flow risk. This will help establish the final preferred option for the delivery of the Carfax site.

Signed: Ian Charie
Date: 12 March 2019

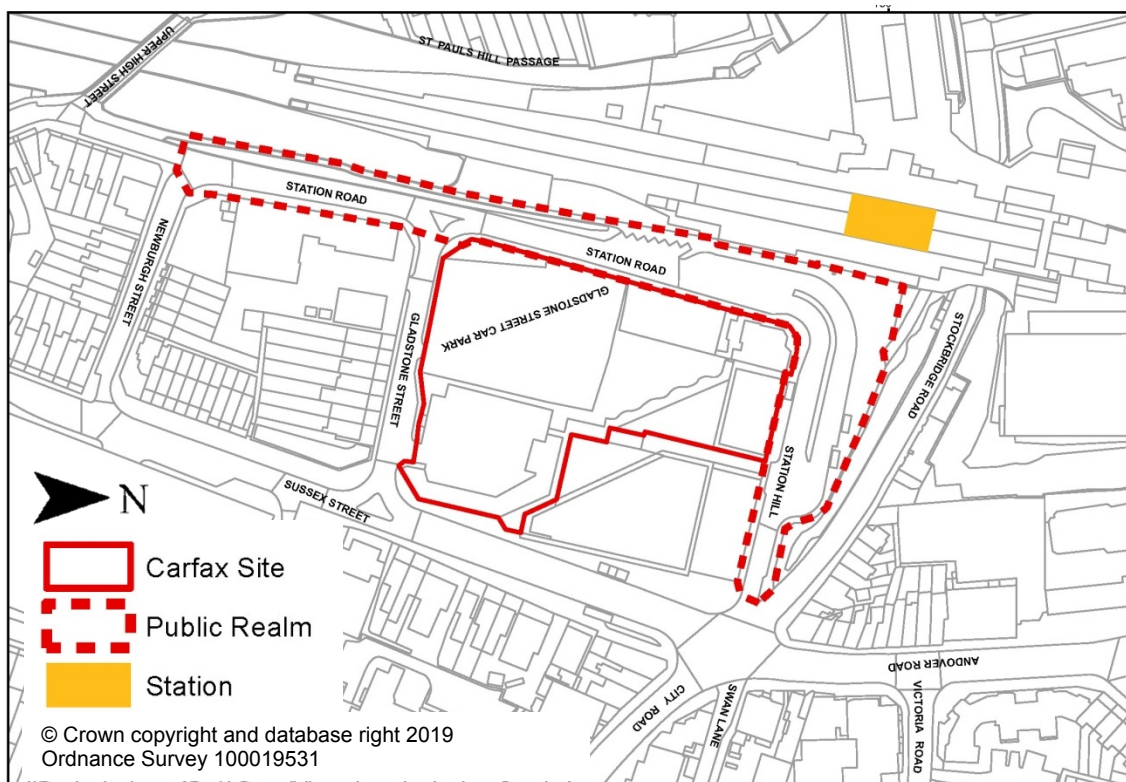
Ian Charie
Senior Responsible Owner Project
Project Team

2. Introduction

Project Area

- 2.1.1 Winchester district spans 250 square miles of central Hampshire. The City is the county town and the station a major commuting link between the south and London.
- 2.1.2 The Station Approach project area lies on the north western edge of the city centre, covering an area from Newburgh Street in the south to the Cattlemarket and Worthy Lane Car Park in the north. Within this wider area lies the Carfax project site on the eastern side of the railway line adjacent to the station. It is this site, owned by the City Council (including the former Registry Office building), which is the subject of this OBC. The initial Masterplan for the Cattlemarket site is not being taken forward at this time. The natural topography of the Carfax site forms part of the western River Itchen valley and slopes down from the west to the east. There are residential properties adjacent on Gladstone St (and beyond in Newburgh Street), across Sussex Street and commercial premises, with residential above, on Stockbridge Road.

Figure 1 Redline boundary of Carfax site and relationship with public realm proposals



- 2.1.3 The design team led by Lifschutz Davidson Sandilands (LDS) prepared a masterplan framework setting out the disposition of different uses across the Carfax and another site owned by the City Council, the Cattlemarket site, and a strategy for the wider public realm. The Masterplan Framework and Public Realm Strategy were both considered and approved at Cabinet (Station Approach) Committee on 27 February 2018 ([CAB3021\(SA\)](#)).

2.1.4 A key element of the Station Approach area is the Public Realm Strategy within the redline boundary of the site (a step free pedestrian route through the site). This has been incorporated into the concept design, RIBA stage 2 (RIBA plan of work stages are set out in Annex 6) for the Carfax development. Additional public realm proposals are being prepared for the area adjacent to the development site (as indicated in Figure 1) through a parallel work stream which supports the development of the Carfax site and would therefore be eligible for Enterprise M3 LEP funding.

Scope

2.1.5 This OBC relates to the proposed development of the Council owned area of the Carfax site, not the wider area of the public realm shown in 1. Proposals for the public realm outside the Carfax site have been subject to a separate business case application to Enterprise M3 LEP, these proposals are under consideration for funding, as they directly support the economic objectives of the Carfax development. This OBC is therefore only concerned with the development of the Carfax site to inform the consideration of the funding required to deliver the Carfax development, including the Registry Office building.

2.1.6 The Cattlemarket site is not being progressed further than the masterplan framework at this time, as set out in the brief agreed by Cabinet (CAB2864) 20 March 2017, and this is therefore not included in the OBC.

2.1.7 The Council does not include in the objectives specific development proposals for property that it does not own. It does anticipate that by bringing forward its own proposals it will encourage 3rd party owners to bring forward their own proposals for improving adjacent and nearby assets.

The proposal

2.1.8 The proposal is for the following development: An office-led mixed use redevelopment comprising of (net internal areas unless otherwise stated):

- Office: approx. 13,000 m² (approx. 140,000 ft²)
- Bar/restaurant: 835 m² (9,000 ft²)
- Retail: 465 m² (5,000 ft²)
- Café: 370 m² (4,000 ft²)
- Car parking: Up to 135 spaces
- Cycle Parking: min of 156 spaces
- Public realm improvements

2.1.9 These figures have been derived through the assessment and development of the project brief through RIBA Stages 0-2 (Strategic definition, preparation and brief, concept design) and iterative testing of the costs and viability of the design work to establish whether a scheme can be commercially viable. This is set out in the Commercial Case within this OBC. The concept design has been drawn up following the principles of the RIBA stage 1 (preparation and brief) Masterplan Framework for an office-led mixed use redevelopment. When the Council makes the decision to begin design work on the Cattlemarket then a separate brief will be prepared. This in turn will lead to a design process and associated business case being developed.

2.1.10 The development site is within the City Council's ownership, save for a small number of minor incursions into land owned by Hampshire County Council. Access will be from/onto adopted highway at Gladstone Street. Hampshire County Council and Winchester City Council are entering into 'rights of access' agreements under the Highways Act to allow the development to proceed with this design for the wider benefit of the area.

2.1.11 The land within the Council's ownership is used primarily for parking which generated £247,643 income in 2017-18 from the Gladstone Street public car park. There are 108 public car parking spaces and 115 privately used spaces, leased by the Council to the County Council and the Police. In addition, the WCC owned land includes the former station pub/Registry Office which is currently vacant.

Objectives of development

2.1.12 The main objective is the provision of high quality office, and ancillary/complimentary retail/café/restaurant space with car parking to strengthen Winchester's economy and enhance the local environment, in line with the Council Strategy (2018-20).

2.1.13 The Council's objectives reflected in the Council Strategy and the Local Plan identify the area around Winchester railway station as lending itself to development to provide a new area of commercial, office, residential and retail space to strengthen Winchester's economy and enhance the local environment.

2.1.14 The project has a clear purpose which is to ensure that Winchester remains a vibrant centre not just for retail, tourism and heritage but also of employment and service delivery. How this will be achieved is set out in the 5 cases of this Outline Business Case.

Structure and content of the OBC

2.1.15 This OBC has been prepared using the agreed standards and format for business cases, set out in the HM Treasury Five Case Model. The approved format comprises the following key components:

- **Strategic Case (Section 3 of this report):** This sets out the strategic context and the case for change, together with the supporting strategic objectives for the scheme
- **Economic Case (Section 4 of this report):** This demonstrates that WCC has selected the choice for investment which best meets the existing and future needs of the service. Demonstrates economic impact (benefits or costs) and optimises value for money (VFM)
- **Commercial Case (Section 5 of this report):** This case demonstrates that the preferred way forward will be deliverable, and will result in a viable procurement and development.
- **Financial Case (Section 6 of this report):** This confirms funding arrangements and affordability and explains any impact on the balance sheet of WCC
- **Management Case (Section 3 of this report):** This demonstrates that the scheme is achievable and can be delivered successfully to cost, time and quality.

3. The Strategic Case

3.1 Introduction

3.1.1 The Strategic Case demonstrates that there is a compelling case for change, in terms of existing and future strategic needs. The section below sets out the Council strategies supporting the project and the business need underpinning the project approach.

3.2 Background

3.2.1 The Station Approach project was initiated in 2015 with the purchase of the Carfax site from the County Council. The Council's aim for the project was to identify the potential options for a development in the Station Approach area in order to form part of the Council's vision for how it will develop the town's economy and make the best use of key sites for sustainable development.

3.2.2 The brief set for the project in 2017 targeted the provision of high quality office space based on the following key points set out in the Business Justification Case and Evidence of need (CAB2864 March 2017):

- There are no Grade A office spaces to let in Winchester as referenced in the Lambert Smith Hampton assessment in 2015.
- The Valuation Office data and the Regeneris Study for the LEP shows that current office space is being lost to residential conversions which if all current applications are implemented could lead to a loss of 11,000m² of office space in Winchester.
- Existing businesses in Winchester alone have current unmet requirements of over 5,000 m² of office floor space.
- Other businesses not currently in Winchester have expressed an interest in securing office space in Winchester. For commercial reasons this cannot be disclosed specifically but Charters agents in Winchester have identified that Winchester is a location where office space requirements totalling between 8,000 m² and 12,000 m² are currently being sought in the market. As a comparison, there is some 285,000 m² of office space in the district of Winchester, of which less than 20% is within the city (Propernomics, 2019).

3.2.3 The situation has not improved since the Business Justification Case was reported in terms of any significant new build Grade A office space in the city. The Vail Williams report (Vail Williams, 2019) confirms that 'there have been no new Grade A offices built in the city either on a speculative or pre-let basis'. Other reports (Propernomics, 2019) and work led by the Council in the market demonstrates that there remains serious interest for the proposed office space. The economic case underpins the original Business Justification Case and provides further information on the current economic situation.

3.3 Strategic Fit

Organisational overview

- 3.3.1 As a District Council, Winchester City Council delivers services on behalf of its residents, including planning, housing, and many other services. The Council works with the community to ensure the district is a place people will choose to live, work, study and visit in the future. The Council also co-ordinates private and public sector efforts to manage, develop, champion and promote the economy at every level.
- 3.3.2 The Council wants to ensure that sustainable improvement, ambitious innovation and an entrepreneurial approach to managing change are deliverable key objectives so the District's population continues to thrive. The outcome will be a place where everyone has opportunity and a high quality of life. The strategic approach that the Council is seeking to achieve is set out in its business, investment, and planning strategies.

Relevant Strategies

- 3.3.3 The development of Station Approach supports the delivery of the following strategies:
- A Strategic Economic Plan for the Enterprise M3 Area 2018-2030
 - Winchester City Council Strategy 2018-2020
 - Winchester City Council's Medium Term Financial Strategy
 - [Economic Strategy for the Winchester District 2010 – 2020](#)
 - Local Plan Parts 1 (2013) and [2 \(2017\)](#)

Regional Strategy: Enterprise M3 LEP Strategic Economic Plan

- 3.3.4 Enterprise M3 LEP commissioned Regeneris to examine the state of the commercial property market in its area, and this was updated in 2016. The LEP's Strategic Economic Plan (Enterprise M3) sets an ambition to enhance economic performance and compete with other high productivity regions around the world with an average growth ambition of 4% per year to 2030. The plan recognises the large groups of young (25-34), qualified residents in Winchester as a key to growth to be encouraged to settle and stay in the area.

Winchester City Council Strategy 2018-2020

- 3.3.5 The Council Strategy is focused on four key outcomes:
- Making the District a premier business location
 - Developing quality housing with a balanced range of tenures
 - Protecting and enhancing our unique environment
 - Delivering services that encourage residents to lead healthy and fulfilling lives
- 3.3.6 The Station Approach regeneration scheme will provide a significant number of high value, private sector employment opportunities which will help to deliver the Council Strategy (2018-20) vision for Winchester to be a premier business

location. The delivery of the project will be through partnership working to deliver employment and other regeneration opportunities

Medium Term Financial Strategy

- 3.3.7 The project underpins the entrepreneurial approach set out in the Council's Medium Term Financial Strategy, by providing an opportunity for a long term revenue income from the development dependent on the delivery route chosen.

[Economic Strategy for the Winchester District 2010 – 2020](#)

- 3.3.8 This document expresses the priorities and aspirations for economic prosperity across the district. The Carfax project will help meet the following economic goals beyond 2020, set out in the strategy to ensure that new development provides benefits for local people through the additional work proposed on the public realm.

- to ensure that Productivity Gross Value Added (GVA)² is at least equivalent to the regional figure by 2020.
- to reduce unemployment to 0.6% by 2020
- to increase the number of VAT registered business to 6,000
- to reduce carbon emissions to at least the regional figure by 2020.

- 3.3.9 The Economic Strategy for Winchester is currently being updated.

Planning Strategies

- Local Plan Parts 1 (2013) and [2 \(2017\)](#)
- Emerging Winchester Movement Strategy 2018

- 3.3.10 The Local Plan part 2 policies set out the planning framework for the district and allocate sites for new business growth/diversification to broaden the Town's economic base. The Station Approach project will help to meet the spatial strategy set out in the Local Plan (part 1) for Winchester Town to ensure the Town retains its desirability and prosperity by providing the development necessary to meet the needs of the whole community, ensuring that the local economy thrives on its strengths in higher education, creative and media industries, and other knowledge-based activities, and respecting the Town's special heritage and setting.

- 3.3.11 The following policies apply to the Station Approach project area:

- Policy WIN5 - Station Approach Area – Development Principles
- Policy WIN6 - The Carfax Mixed Use Site

- 3.3.12 The design proposals are in line with the emerging principles of the Winchester Movement Strategy (Hampshire County Council, Winchester City Council, 2018). This strategy states that the 'current proposals are supportive of the emerging Movement Strategy. The scheme proposes using Gladstone Street as the main

² GVA measures the contribution to the economy of each individual producer, industry or sector in the United Kingdom. Productivity GVA can be measured in a number of ways. The first economic goal of this strategy is considered in terms of the contribution 'per person employed'.

car park entrance and seeks to restrict workplace parking numbers below the stated policy requirement. The development also presents opportunities to enhance pedestrian links between the station and City Centre’.

3.4 The case for change

National and Regional Context

- 3.4.1 The Enterprise M3 LEP 2016 Regeneris report states that recent growth in office base sectors has driven a strong increase in the demand for office space particularly in the north east of the LEP area, but that Winchester is challenged by the shortage of office space and sites in the town centre (Regeneris Consultancy, 2016).
- 3.4.2 The Regeneris report identifies a shortage of high quality Grade A office space and sites in Winchester town centre which is acting as a constraint on investment and which could be addressed through the provision of high quality office space in the Station Approach development which benefits to its adjacency to the station and close proximity to the town centre.

Local Context

- 3.4.3 The City of Winchester’s economy is dominated by the service sector and in 2017 the district was noted to have the most prosperous local economy in Hampshire. The town however only accounts for around a third of the GVA of the District, and is reported to be held back by its reliance on its large public sector. (Winchester Sub-Area Economic Profile July 2017 Economic Intelligence Business Service).
- 3.4.4 Across the district, micro and small enterprises make up the majority of businesses (economic profile of the Winchester district August 2017 DC research LTD). Of the circa 285,000 m² of office space in the district, less than 20% of this is located in Winchester City (Propernomics, 2019). The existing office stock is unsuitable for large and expanding businesses with currently no grade A accommodation available within Winchester town. Market indications are for strong demand for larger offices and in particular grade A offices with open plan floorplates to meet current requirements. There is a real concern that firms are giving strong consideration to leaving the city due to the complete lack of suitable office accommodation supply (Propernomics, 2019). This is reinforced through discussions with Hampshire Chamber of Commerce and the Business Improvement District agency.
- 3.4.5 Providing larger, high quality office space to meet demand and the objectively assessed need (determined through the Local Plan process) provides for a more sustainable, balanced local economy with a wider range of employers and provides space and options for smaller enterprises, and also larger and expanding firms. This then also has the added benefit of freeing up additional smaller office space for other businesses including start ups and 1st step expansions to create a positive domino effect. It is estimated that between 10%-20% of the new floorspace will be occupied by expanding local businesses. This would equate to 1,646 m² Gross (or 3,292 m² Gross) for new business occupancy.

- 3.4.6 Office space has been lost in the town to residential use since permitted development rights were introduced in 2013 which was having a detrimental effect on the local economy (Regeneris Consultancy, 2016), until controlled through the recent introduction of an Article 4 direction to remove these rights in the city. Property market studies indicated that proliferation of residential development in previously commercial areas resulting from the exercising of permitted development rights in some places, including Winchester, was a concern and posed a threat to long term economic growth.
- 3.4.7 The employment profile of the city is led by qualified, professionals. In addition, the city has 2 universities which offers a large potential pool of talent which could be retained in the city if employment opportunities allowed. The objective of providing Grade A office space is to give professional and supporting service employers high value employment opportunities to meet aspirations of local residents and education standards within the local workforce. This development could provide over 1,000 jobs when fully let as well as jobs during construction and additional roles in the local economy (detailed in the Economic Case chapter).
- 3.4.8 The [employment studies](#) undertaken to support the Local Plan policies recognise the prime opportunity of the Carfax site and recommends that a significant mixed use development is suitable for the site and should focus on Grade A office development. There is clear demand for the delivery of Grade A office space from existing occupiers and will enable those second tier occupiers opportunities to expand within the city helping to grow the image of the city as a destination of choice for high value businesses.

Socio-Economic Context

- 3.4.9 The location of the site also provides opportunities for residents to work closer to where they live, thereby improving work-life balance in line with the Council's strategy aim of Improving the health and happiness of the community. This also helps to meet the Council's own green agenda set out in the Council Strategy to improve the environment and reduce harmful emissions through holistic transport planning and will contribute towards the aims to develop a sustainable city.
- 3.4.10 The site is within a highly sustainable location with good public transport links. It is located adjacent to a main line railway station where on average, 12 trains per hour travel directly from and into Winchester. The provision of significant employment opportunities in a highly sustainable location maximises the ability of the workforce and visitors to use public transport as opposed to other locations by reducing the need for car travel. This has been considered through the design process and approaches to minimise environmental impacts have been incorporated. Car parking provision has been reduced, and cycle facilities have been provided to reduce trips made to this sustainable location. Sustainable travel methods such as commuting to work by bus, rail, cycling and walking to work trips will further be promoted through the project.
- 3.4.11 This development will help retain and attract new businesses into the local area, and be a catalyst for regeneration in the wider area around the station. The high quality design and provision of new larger employment opportunities will help put Winchester on the map as a desired location in the corporate world.

3.5 Strategic Objectives and benefits of the project

3.5.1 This project brief set the wider development aims for the Station Approach project, but the key strategic objectives for the project were agreed through the Business Justification Case. These are set out below:

- Achieve greater economic performance from land uses
- Maintain or improve the City Council assets
- Improve the aesthetic and environmental impact of the area

3.5.2 The agreed project Business Justification Case also sets out the key design objectives (set out below) which, although are not assessed through the OBC, are important for ensuring the architectural quality of the project and are identified as a Critical Success Factors (see section 4.2) essential for successful delivery of the project.

- ensure the area around the Station enhances the economic vitality of the city, offering improved employment opportunities;
- create a high quality and welcoming arrival point and improve way-finding and legibility so that people find their way to the city centre and other key destinations;
- create an area that serves a variety of people and builds on and adds to the existing commercial and cultural life in the city;
- improve the aesthetic and environmental impact of the area, including the retention of important trees and new planting;
- safeguard and enhance views and the character of the area; and
- repair the urban fabric and create a cohesive high quality townscape, and public realm.

3.5.3 As part of the process of developing through RIBA Stage 0-2 (Strategic definition, preparation and brief, concept design) and the development of the business case, the strategic objectives have been reviewed for the purposes of the OBC and remain valid for the Outline Business Case. These objectives and the associated benefits listed in Table 1 are specific, measurable, achievable, relevant and time-based and cover the four main categories: financial but non-cash releasing; cash releasing; quantitative and qualitative benefits.

3.5.4 The monitoring strategy for these benefits is set out in the Management Case in section 7 and timescales for monitoring for each of the objectives will be in year 1 following completion and handover of the project and after years 3 and 5.

Table 1 Strategic objectives and main benefits

Strategic objectives		Main benefits
1	Achieve greater economic performance from land uses	<ul style="list-style-type: none"> • Meet Council Strategy Objective to make the District a premier business location through the provision of high quality offices in a sustainable location. • Economic Development Uplift. • Ability to retain and attract businesses to Winchester by supplying high quality office space which will provide new employment opportunities and wider economic benefits to other local businesses and organisations. • Offer high value employment opportunities locally: <ul style="list-style-type: none"> • Reduce the levels of ‘in and out’ commuting. • Reduce levels of traffic congestion. • Add income to other city businesses.
2	Maintain or improve the City Council assets	<ul style="list-style-type: none"> • Financial Benefits • Net uplift to Council through business rates and additional income to the Council.
3	Improve the aesthetic and environmental impact of the area	<ul style="list-style-type: none"> • Improved and more aesthetically pleasing public realm area and walking and cycle routes for residents, commuters and visitors to Winchester.

3.6 Scope and key service requirements

3.6.1 The brief for the Carfax site has been developed iteratively through RIBA Stage 0-2 (Strategic definition, preparation and brief, concept design) to the following development requirements:

- Provision of around 13,000 m² (140,000 ft²) of Grade A high quality office space, set within an enhanced public realm next to the station to include a diagonal walkway through the site to link pedestrians between Sussex Street and the Station.
- Alongside the provision of offices, a supporting mix of bar/restaurant, café and small retail uses (local convenience store) with the aim of making the area a destination of choice for the business community, visitors and residents alike.
- Provision of up to 135 car parking spaces in a single level basement below the development.
- Access to and from the site agreed with Hampshire County Council as the Highway Authority –located off Gladstone Street.

3.6.2 The key service requirements to deliver the project include the procurement of a construction contractor to develop the site, which may be through a developer if the site is sold, along with the necessary professional advisors to the Council including legal and property advisors on the delivery route and the contract.

3.6.3 In addition, again dependant on the option progressed, due to the archaeological interest on the site, there will need to be an additional procurement for an archaeology contractor to undertake excavation, analysis and publication work, as well as the procurement of a consultant to advise on the main contract requirements.

3.6.4 A letting campaign to attract and secure occupiers will also be required.

3.7 Main risks

3.7.1 The project is being managed in accordance with a defined project management approach and the detailed risk register, which will be continually updated throughout the project.

3.7.2 The main business and service risks are summarised below and in the conclusions in section 8, and detailed, together with their counter measures in Annex 4: Risk Register for Key Risks.

3.7.3 The main risks relate to potential changes in the commercial market including post Brexit, these could have significant consequences on: 1) the cost of materials and labour affecting construction prices, 2) the required financial return;- if sufficient office prelets are not secured prior to practical completion and at the target rental values, 3) changes in the Investment market, and 4) changes in financial markets.

3.7.4 There is also a risk around the governance gateways for the project, which if not approved or decisions delayed, will have an impact on the programme and costs incurred by the Council.

3.7.5 On the other hand, there is a key risk in accelerating the project programme which is highlighted below, in that contingency is removed from the process, sequential elements of the project become overlapped and decisions need to be made at higher levels of risk.

3.7.6 A potential grant from the LEP the main risk is around the governance processes for the third party landowners. The risk here is that the governance processes delay the process and the requirements for the spend under the potential LEP bid cannot be met as a result and the grant is unable to be used.

3.7.7 Mitigation for each of these main risks is set out in Annex 4.

3.8 Constraints

3.8.1 Constraints are externally imposed and require management. The project is subject to the following constraints:

- External funding for the public realm provision is controlled by a third party (Enterprise M3 LEP). This could constrain the delivery of wider public realm improvements important to the design and to the marketplace and will be managed through the LEP bid process and through ongoing work with the LEP.

- Wider public realm improvements are on third party land, which could constrain the delivery of the wider benefits through governance delays or differing corporate objectives. The importance of this aspect of the project is set out above. This is being managed through close working with Hampshire County Council (a 3rd party land owner) and Network Rail and South Western Railway to design the proposals for the public realm improvements.
- Archaeology – there is known archaeological interest beneath the site which could constrain development through the cost of any mitigation or excavation and analysis work required. The archaeology is being managed through site assessments and expertise in house and through consultants. It has been subject of a Written Scheme of Investigation³. The cost and risk of dealing with these issues is likely to be high and is being accounted for in the financial appraisal work.
- Infrastructure – utility capacity may cause a financial constraint through the cost of potential works (particularly the electricity supply). This is being managed through work with utility suppliers and potential costs are being accounted for in the financial appraisal work although at this stage these can't be definitive.
- Public ownership and expectations – has an impact on how quickly sites can be brought forward due to the political, governance and public engagement requirements for the project (as the project is being run by the council as opposed to being led by a private company). There is concern that if things move too slowly the opportunity to develop will be missed and current letting interests may be lost to other locations. Markets may deteriorate by the time space becomes available to let. In addition, there may be some expectation that the Carfax development will enable more schemes identified within the Public Realm Strategy to be delivered than what is reasonable, directly related to the development, or viable. This is being managed through the communications management plan.

3.9 Dependencies

3.9.1 Dependencies are actions or developments outside the scope of the project on which the success of the project depends (HM Treasury, 2018). The project is subject to the following dependencies that will be carefully monitored and managed throughout the lifespan of the scheme.

Inter-dependencies between other programmes and projects

Public Realm Project

3.9.2 The public realm project is closely dependent on the delivery of the Carfax project as the potential funding from the Enterprise M3 LEP of £5m will only be granted if it demonstrates it is required to support the provision of new employment opportunities in the area through the Carfax development. This

³ [Archaeology Written Scheme of Investigation 2016 Cotswold Archaeology](#)

funding will need to be spent by March 2021. There will need to be coordination between the programmes for these two projects to ensure site works are timed appropriately and construction works do not impede works on the other project.

Winchester Movement Strategy

- 3.9.3 The Carfax and associated public realm improvements are set within the current transport system, but are closely aligned to the principles set out within the emerging movement strategy and do not impeded any future proposals which may be bought forward. The success of the public realm works will be enhanced by improvements brought forward through the movement strategy and although the project itself is not dependent on the movement strategy, wider benefits of the development would be enhanced through future works.

External dependencies outside the project environment

Governance and political environment

- 3.9.4 Governance is a significant influence on how the project is taken forward. This includes impacts of political changes and requirements of the local authority in delivering the project as opposed to a private company.

Brexit decision and – uncertainty, costs, impact on occupational investment markets, and viability

- 3.9.5 Construction costs may be affected by changing inflation and index rates positively or negatively. This may be caused by political decisions around Brexit, or design changes. Impacts of cost changes will affect the viability of the development and therefore need to be carefully managed as this is a significant dependency to the success of the project. This will happen through iterative costings of emerging designs at key design stages, plus involvement of the finance team in the project to help pick up and significant changes to indexing/inflation.

Archaeology works required

- 3.9.6 As set out in the constraints, there is known archaeology on site which will require specific works, analysis and publication dependent on the design and which may affect engineering solutions and the cost, timing and viability of development.

Closure of car parks on the site

- 3.9.7 The delivery of the project depends on the closure of the existing car parks on the site and the lead-in time for giving notice of these closures. Timing of these closures will affect the project programme and removes the income from these car parks affecting other areas of the Council's finance.

4. The Economic Case

4.1 Introduction

4.1.1 The purpose of the economic dimension of the business case is to identify the proposal that delivers best public value to society, including wider social and environmental effects (HM Treasury, 2018). It identifies the range of delivery options to be appraised, in terms of how well they meet the spending objectives and critical success factors for the scheme. This section therefore provides an overview of the main costs and benefits associated with each of the shortlisted delivery options. An in-depth review of the different delivery options assessed against risk is given in Section 6 – Financial Case.

Wider Economic Context

4.1.2 To set Winchester’s economic position into a wider context, Grant Thornton undertook analysis of Winchester’s economic performance against national and regional comparators; this is summarised in Table 22 below.

Table 2 Summary of economic performance

	Indicator	Key points from GT analysis
Productivity	Gross Value Added (GVA) and GVA/job – value contributing to the economy	Winchester District is in top 40% of districts nationally for both indicators. GVA/job ranks 7 th of 11 areas in Hampshire.
Key Industries	Employees and enterprises	Winchester is in the top 25% compared to rest of England of local authorities for the percentage of enterprises in <ul style="list-style-type: none"> • Retail • Financial & Insurance • Professional, scientific & technical • Knowledge In relation to employees, Winchester is in the top 25% of local authorities for the percentage of employees in industry sectors: <ul style="list-style-type: none"> • Knowledge • Information & Communication • Financial and Insurance • Professional, scientific & technical • Health
Business Demography	Business formation, business size by employees and turnover	There has been an increase in newly registered businesses in last 6 years in Winchester (25% over 6 years). Winchester has a very high proportion of small businesses (10-49 employees) relative to the rest of England.
Office Floorspace	Average rateable value and total	Rateable floorspace in Winchester is relatively high compared to rest of England.

	rateable value	(but note that currently there is no recent Grade A office space in Winchester)
Catchment areas	Walk and drive time catchments around the site and population in these catchments	The site is within 20 mins walk of a working age population of around 15,000. Within a 20 min driving catchment, the working age population rises to approx. 60,000.
Skills	NVQ level qualifications	Winchester has a relatively high proportion of the population educated to degree level or higher at 56.1% (compared to 38.9% in Hampshire).

4.1.3 From this summary there is an indication that:

- Although Winchester ranks well nationally, compared to other Hampshire Districts, GVA /job performs less well (ranks 7th of 11 areas in Hampshire) and there is potential for improvement in this area, demonstrating the benefit of Grade A office space in Winchester.
- Disparities between enterprises and employees where financial, insurance and health sectors have relatively high proportion of enterprises, but low proportion of employees and vice versa for retail indicate that there is disparity in the market which could be met through the provision for new businesses in Winchester.
- There is significant potential to utilise the local skills base in the local population, by supporting businesses which provide attractive job opportunities that utilise these skills.

Economic profiling

4.1.4 Other economic profiling has also been undertaken for the district. These assessments highlight the prosperity of Winchester's local economy relative to others in Hampshire. The city however only accounts for around a third of the GVA of the District, and is reported to be held back by its large public sector presence considered to make the town 'more vulnerable to certain economic shocks', and real estate activities although business services and ICT performed strongly which are important drivers of growth across Winchester ([Winchester Sub-Area Economic Profile July 2017 Economic Intelligence Business Service](#)). This further supports consideration of the additional potential in the town to contribute to GVA.

4.1.5 An economic profile of Winchester District commissioned by WCC in 2017 ([August 2017, DC research LTD](#)) identified that Winchester has a higher proportion of small enterprises across the district in comparison to the UK average. The existing office stock is limited for large and expanding businesses with no grade A standard office available within Winchester city, although market indication is that there is a strong demand for larger offices and in particular grade A offices. Providing larger, high quality office space to meet demand will help to create a more sustainable balanced local economy with a range of employers and space available to cater for smaller enterprises and larger and expanding firms.

- 4.1.6 The employment profile of the city has a high proportion of qualified, professionals; in addition, the city has 2 universities which offer a large potential skill pool which could be retained in the city if employment opportunities allow. The objective of the project to provide Grade A office space provides professional and supporting services high value employment opportunities to meet aspirations of local residents and education standards within the local workforce; this development will provide close to 1,000 jobs (Mid –point), plus jobs during construction and supporting services opportunities.
- 4.1.7 The location of the site also provides opportunities for residents to work closer to where they live, thereby improving work-life balance in line with the Council’s strategy aim of Improving the health and happiness of the community, and in-line with national trends such as set out in Development Consultancy JLL’s ‘Smart Building Programme – the Workplaces of tomorrow, today, 2018’. The Winchester Sub-Area Economic Profile ([July 2017 Economic Intelligence Business Service](#)) highlights that Winchester is not classed as a travel-to-work area due to the levels of in-commuter and out-commuter flows. It is documented that 42,000 people commute from out of the district into Winchester and ca. 23,640 commute out of Winchester on a typical working day (ONS data provided in (Propernomics, 2019)). The development of the Carfax site could help reduce the high level of out-commuting for the City and capture more economic value from ‘...staff that currently by-pass Winchester on the train (Propernomics, 2019)’.
- 4.1.8 Providing new employment opportunities for the local skills base will also help to meet the Council’s own green agenda set out in the Council Strategy to improve the environment and reduce harmful emissions and will contribute towards the aims to develop a sustainable city. The development will be built to higher environmental standards than other existing offices, to minimise environmental impacts and the provision of significant employment opportunities in a highly sustainable location maximises the ability of the workforce and visitors to use public transport as opposed to other location by reducing the need for car travel. The site is adjacent to a main line railway station, with good public transport links in a central location within the city, and by providing reduced parking will reduce private car trips made to this sustainable location.

4.2 Critical success factors

- 4.2.1 The critical success factors (CSFs) are the attributes essential for successful delivery of the project, against which the initial assessment of the options for the delivery of the project will be appraised, alongside the spending objectives (HM Treasury, 2018). The following factors are considered critical to ensuring a successful project:
- Quality of space being designed and its suitability to occupiers
 - Quality of design and choice of material
 - Alignment of design with occupiers’ needs
 - Pre-let agreements of office space prior to practical completion
 - Achieving target rents
- 4.2.2 Market testing has reinforced the importance of quality of a design that is flexible for different users, for the success of the project (Propernomics, 2019). Getting

the quality of the development right which reflects the needs of potential occupiers, and the associated public realm works is therefore considered critical to the success of the project in securing the pre-lets and the anticipated rental income to realise the direct benefits of the project.

- 4.2.3 Prelet agreements are critical to the valuation of the project which assumes that ‘...the convenience store and the pub/restaurant have been prelet along with 11,150 m² 120,000ft² of the offices prior to the start of construction and that the developer will let the remainder prior to PC (practical completion)’. Pre-lets will help de-risk elements of the project by securing income by completion, thereby reducing potential void periods. It also allows occupiers to be provided with customised layouts to be incorporated into the design pre-construction, and therefore will help ensure design is aligned with occupier’s needs. However, there is a key risk for the project that if pre-lets cannot be secured there would result in an impact on the Council’s cashflow through lost rent, lost business rates, and dependent on the delivery route, void service charge periods.

4.3 The long-listed delivery options

- 4.3.1 To deliver the project a number of options have been explored. This includes a ‘do nothing’ scenario which sets the baseline. Development options have evolved through the local plan site allocation process which allocated the site for an office led mixed use development to meet an identified need. As part of this process, the site allocation was considered by an independent planning inspector through examination and was adopted in 2017. The options for development are therefore focused on the delivery of the local plan site allocation, and enforced by the Strategic Case.
- 4.3.2 The longlist of options therefore includes two development scenarios, a ‘do nothing’ option, and the implementation of the local plan policy i.e. develop the site. There are a number of options available for the Council to consider how to deliver the development of the site, options B-E below.

A	Do nothing - No development/ improvement takes place in the area. Council retains car parking income.	
B	The Council sells the Carfax site with outline and/or detailed planning permission and seeks for it to be developed externally with no further involvement.	Sell with planning
C	The Council enters into a joint venture arrangement with a development partner. The Council puts its Carfax land assets into the joint venture whilst the development partner finances and delivers the build of the scheme. The Council buys back ownership of the whole developed site upon its completion.	JV and buy back all
D	The Council builds all of the elements of the development and grants leases for the office and retail accommodation.	Council Develop
E	The Council enters into an income strip arrangement. A Fund purchases a long leasehold interest in the site. WCC enters into an occupational lease with the Fund and at the expiry of the headlease after 40 years, the property will revert back to WCC.	Income strip

4.4 Short-listed options

4.4.1 Grant Thornton was engaged as an external consultant to the Council to appraise the economic benefits of the Station Approach Carfax development. The modelling has been done in accordance with the Treasury's Green Book methodology. Using their place analytics platform, Grant Thornton estimated the key socio-economic impacts of the Carfax site development drawing information from a broad range of national statistics.

4.5 Gross Value Added

4.5.1 The method used for the economic assessment is set out in the Grant Thornton report (Grant Thornton, 2018). From those benefits that can be monetised, Table 33 sets out the estimated gross and net (assessing the additionality of new jobs i.e. taking account of displacement and leakage) annual benefits for jobs and GVA.

4.5.2 Direct annual jobs and GVA benefits have been derived by Grant Thornton using assumptions on employment densities set out by the Homes and Communities Agency (HCA). The number of direct jobs that will be generated by the Carfax site development have been estimated and employment density ratios have been applied to the net internal area in accordance with HCA guidelines.

Table 3 Summary of Estimated Benefits: GVA and jobs

	Estimated Direct Annual FTE jobs created	Estimated Indirect Annual FTE jobs created (through supply chains)	Total
Gross figures (Total jobs created, midpoint of the range)			
Total number of jobs created ⁴	961 (range - 778-1258)	396 (range 321-518)	1,357
Total GVA as a result of the jobs created ⁵	£56m (range £46m-£74m)	£25m (range £20m-£33m)	£81m
Net figures using medium estimate (50% less than gross impacts, i.e. new rather than displaced jobs)			
Net additional jobs	481	198	679
Net additional GVA	£28m	£12m	£40m

4.5.3 Wider economic benefits (such as salary uplift; construction employment and GVA benefit; and social impact) have also been considered.

⁴ Direct jobs estimated using employment density assumptions set by Homes and Communities Agency. Indirect jobs estimated using ONS employment multipliers for relevant industries.

⁵ Direct GVA has been estimated by multiplying the number of direct jobs by relevant ONS GVA per job figures for the relevant industries. Indirect GVA estimated using ONS GVA multipliers for the relevant industries

Table 4 GVA detail for medium range

	Office	Retail	Total
Direct	£55.5M	£0.88M	£56.4m
Indirect	£24.6M	0.44M	£25M
Total	£80.1M	£1.3M	£81.4M

Grant Thornton – Draft Economic Appraisal – 08 October 2018. These figures use ONS employment multiplier and GVA multipliers

Indirect benefits

4.5.4 Indirect annual jobs and GVA benefits have been estimated using ONS employment and GVA multipliers for the relevant office and retail industries, providing secondary indirect benefits with uplifted spend in the city.

4.5.5 Other wider benefits identified by Grant Thornton include:

- Salary uplift even where new jobs aren't additional (e.g. taken by an individual already employed elsewhere in the City), if the new jobs generated provide higher salaries than those currently offered in the area.
- Construction employment and GVA benefits, while transitory and not accounted for in the tables above, may provide temporary benefit to the local area potentially to the scale of 645 direct annual FTEs.
- Social impacts – this project provides an opportunity for the creation of employment opportunities for those currently unemployed, new employment opportunities for the local community and to reduce out-commuting, and contributing to a better work-life balance for Winchester residents.
- Regeneration catalyst delivering wider economic benefits by public/private sector investment in the area coupled with increased footfall in area and subsequent demand for supporting services (such as leisure/support facilities, food and beverage and other retail, and increasing investment confidence in private sectors through public sector investment.

Table 5 Summary of direct construction jobs - Draft Economic Appraisal, Grant Thornton, October 2018

	Construction period (Years)	Employment labour coefficient⁶	Job Years⁷	Direct annual FTE⁸
Offices/Retail above ground	1.5	16.6	596.6	397.7
Car parking	1	16.6	150.4	150.4
Registry building retail	1.5	16.6	10.1	6.8
Other	2.5	16.6	209.7	83.9
Total			966.8	638.8

4.5.6 Based on construction costs for the development it is estimated that there may be 975.6 direct 'job years' over the lifetime of this development, or the equivalent of 644.6 direct annual FTE over a 12 month period. This is based on the assumption that there are 16.6 construction jobs for every £1m spend on construction in accordance with Homes & Communities Agency Guidance.

Net Present Value

4.5.7 Grant Thornton has provided estimates of the key socio-economic impacts of the proposed Carfax development. The potential net benefits and costs (changes resulting from the development alone) have been estimated making allowances for what would have happened in the absence of the scheme.

4.5.8 The total Net Present Value (NPV) is based on an estimate which assumes only a proportion of the costs and benefits of the scheme calculated over a 30 year period are related directly to the development. At a medium estimate (where net is only 50% of gross impacts) the total NPV is over £500 million. Even using a low estimate (where net is 75% less than gross impacts) NPV is over £100m.

Table 6 Benefit Cost Ratio

Taken from Grant Thornton's Draft Economic Appraisal, October 2018

Range	Additionality assumption	Present value costs (£)	Present value benefits (£)	Total net present value (£)
High estimate	37% less than gross impacts	64,627,163	799,296,404	734,669,241
Medium estimate	50% less than gross impacts	64,627,163	634,362,226	569,735,062
Low estimate	75% less than gross impacts	64,627,163	199,824,101	135,196,938

4.5.9 The appraisal provides a cost benefit analysis that quantifies, in monetary terms, as many of the costs and benefits for the development as possible. This has generated a profile of costs and benefits (in base year price) which have been

⁶ HCA (Construction employment labour coefficient)

⁷ Calculation (construction costs * Construction skills infrastructure multiplier)

⁸ Calculation (jobs year/ construction period)

discounted and netted off against each other to provide a figure for the net present value. Construction cost assumptions have been provided by cost consultants working with the City Council (MACE, 2019); while anticipated direct and indirect benefits have been estimated based on the use of nationally recognised and approved multipliers.

4.5.10 The shortlisted options therefore discount the ‘do nothing’ scenario for the following reasons:

- Does not meet strategic objectives of project
- Non-monetary benefits – no improvements to wider public realm delivered
- Monetary benefits – less revenue and/or return on original investment than if change use from car park to office led mixed-use; no wider economic benefits (highlighted earlier in the economic case); no central impetus to kick start regeneration of wider area.
- Planning considerations - Underutilisation of a prime site in a highly sustainable location

4.5.11 The following options remain on the shortlist, although the ‘do nothing’ scenario will remain as a baseline for comparison.

Table 7 Shortlisted Options

Delivery Options		Summary
B	The Council sells the Carfax site with outline and/or detailed planning permission and seeks for it to be developed externally with no further involvement.	Sell with planning
C	The Council enters into a joint venture arrangement with a development partner. The Council puts its Carfax land assets into the joint venture whilst the development partner finances and delivers the build of the scheme. The Council buys back ownership of the whole developed site upon its completion.	JV and buy back all
D	The Council builds all of the elements of the development and grants leases for the office and retail accommodation.	Develop it all ourselves
E	The Council enters into an income strip arrangement. A Fund purchases a long leasehold interest in the site. WCC enters into an occupational lease with the Fund and at the expiry of the headlease after 40 years, the property will revert back to WCC.	Income strip

4.6 SWOT analysis of options

Table 8 SWOT analysis of the shortlisted options undertaken for the project options

Sell with Outline Planning Permission	Joint Venture	WCC Develops Site	Income Strip/Annuity funding
Strengths			
<ul style="list-style-type: none"> Minimal cost to WCC and less demands on officer time No procurement issues if a pure land sale (a sale with conditions will need to consider procurement issues) Reduced adverse political risk (after sale) Lowest risk of all four options 	<ul style="list-style-type: none"> WCC shares the risk of the scheme with another party 	<ul style="list-style-type: none"> Generates high reward for the council WCC keep ultimate control of what is built WCC see a high revenue surplus to go towards bridging the reduced pot in council finances WCC in control Option to forsake a commercial return in lieu of enhancing the design 	<ul style="list-style-type: none"> Sale and leaseback approach. WCC not liable for construction costs. WCC does not need to be involved with a potentially complicated construction project. Ownership of the site reverts to WCC at the end of the income strip period'
Weaknesses			
<ul style="list-style-type: none"> WCC only receive a small one off capital receipt with potential for overage & car park income 	<ul style="list-style-type: none"> No guarantee of finding a suitable partner prepared to JV with WCC Length of time/complex negotiations to set up a JV (with all legal, governance, financial issues settled) The upfront cost of setting up the JV. The JV partner may want to reduce quality of the scheme to achieve a viable scheme. JV partner may want to 	<ul style="list-style-type: none"> WCC takes all the financial risks e.g. Construction, programme delays, changes in letting environment, exposed to reductions in value WCC has to procure all elements of the development. Liable for all void costs. Capacity of WCC to deliver this with other projects across the district 	<ul style="list-style-type: none"> WCC passes ownership of the site to a funder/developer for a fixed period No control over the amount of surplus income generated WCC takes the letting risk whilst guaranteeing to pay an agreed rent regardless of whether there is any income. Could be seen as a poor

Sell with Outline Planning Permission	Joint Venture	WCC Develops Site	Income Strip/Annuity funding
	<p>simplify the design to reduce construction cost and complexity which may create potential friction between the JV partners which might be unresolvable.</p> <ul style="list-style-type: none"> • If WCC the minority partner it will need to accept it will not have the controlling interest 		<p>risk versus reward approach for a local authority.</p> <ul style="list-style-type: none"> • Inflation risk is the council's
Opportunities			
<ul style="list-style-type: none"> • Potential to obtain a quick, if small capital receipt • WCC receives share of business rates sooner 	<ul style="list-style-type: none"> • WCC sees the site developed without taking all the risk but will receive proportionate benefit. • Commercial skills and opportunities benefits to WCC 	<ul style="list-style-type: none"> • Strong political message saying WCC can deliver significant regeneration schemes. • Fits with council's strategy of delivering additional employment opportunities • Demonstrates Council's commitment to the economic prosperity of the city. 	<ul style="list-style-type: none"> • Potentially the site will be developed faster than a JV model.
Threats			
<ul style="list-style-type: none"> • Smallest reward for the Council • WCC lose a large element of control with only the planning system and potentially restrictive covenants contained in any sale agreement or transfer • Opportunity to achieve long term income stream depends on WCC potentially buying back 	<ul style="list-style-type: none"> • The JV partner could go into administration part way through the project. Depending on the JV arrangement, an administrator may sell their interest to a 3rd party or exercise pre-emption. • WCC is unable to fulfil its obligations as JV partner. • The form of JV structure may 	<ul style="list-style-type: none"> • Negative changes in the occupancy market. • Relies on WCC being able to pre-let ideally all but if not a significant proportion in an uncertain point in the property cycle. Experience demonstrates that it is often during construction, rather than before construction, that 	<ul style="list-style-type: none"> • A negative income stream at some point in the life of the agreement • WCC sign a long term lease commitment with index linked rent increases with a pension fund. • WCC have to pay agreed rent regardless of whether there is any income from

Sell with Outline Planning Permission	Joint Venture	WCC Develops Site	Income Strip/Annuity funding
<p>the development</p> <ul style="list-style-type: none"> • Longstop conditions would be needed in the land sale to avoid the situation of the site not being developed • Market conditions may deteriorate and render development unviable 	<p>diminish the Gross development Value</p>	<p>pre-lets occur</p> <ul style="list-style-type: none"> • Holding costs in an extended void period • Puts greatest pressure on officers • Puts greatest reputational risk on politicians • Option of greatest risk to the council, particularly from public perception of previous poor record of WCC delivering schemes 	<p>the scheme or not.</p> <ul style="list-style-type: none"> • WCC sign a long term commitment at a time which may appear to be a peak in the property cycle. • Potential to generate no revenue surplus • Potential to cost the council significant money and put the council in a worse financial position than it is currently.

4.7 Benefits appraisal by option

4.7.1 The main benefits and constraints for each of the options have been assessed and summarised in the table below which looks at NPV, Control, Programme, Planning, costs and cashflow.

Table 9 Benefits appraisal by option

	Do nothing	Sell with Outline Planning Permission	Joint Venture	WCC Develops Site	Income Strip
GT Financial Appraisal NPV taking account of post-risk and optimism bias	£5,385,000	£1,728,000	£35,344,000	£34,925,000	£39,805,000

	Do nothing	Sell with Outline Planning Permission	Joint Venture	WCC Develops Site	Income Strip
WCC Control over development	n/a	Least amount of control but ultimately controlled by long stop date/ sale with conditions.	Element of control but depends whether WCC are majority shareholder. WCC have some control but may be unable to agree everything with their JV partner which could see tensions between the parties. Extent of control will be proportional to relative size(%) stake.	Maximum control	As Council only sign a lease WCC does not have full control dependent on the agreement to lease.
Programme Implications	n/a	No programme for WCC if sell the site but WCC cannot control how quickly the new owner progresses the site.	Likely to take up to 18 months to establish suitable JV and procure a partner, which would need to be followed by a procurement of a development partner by the JV which will delay development start	WCC have full control of programme and timescale	WCC hand over control of programme to third party with limited control over delivery time. Any agreement would control long stop dates.
Implications for Planning process	n/a	No implications for WCC – except as Local Planning Authority	WCC as part landowner, as well as Local Planning Authority	Makes it harder for WCC as landowner to go through Planning process	No implications if Investment fund/developer secure Planning
Cash flow implications	Income from car park	One off capital receipt and possible part retention of business rates	Share of any future cash flow with JV partner. Need to consider how partner	Maximum potential cash flow and revenue surplus to help fund council	Initial positive cash flow but in future years this could be wiped out and go negative as

	Do nothing	Sell with Outline Planning Permission	Joint Venture	WCC Develops Site	Income Strip
			exits their interest.	shortfall	pay away could exceed income due to WCC being locked into long lease with fixed uplifts
Best Case outcome	No change, car park income continues with little maintenance expenditure.	WCC sells site with clauses to achieve quality in scheme, scheme gets built out, city economy prospers and WCC receive share of business rates plus overage & w/e car park income.	JV partner is secured quickly, scheme is built out with 100% occupancy, both parties share ongoing income	WCC secure 100% pre-lets, scheme gets built out, city economy prospers, WCC receive a net revenue surplus of £1m pa towards its funding shortfall	WCC sign 40 yr lease, WCC sign 100% pre-lets, total income greatly exceeds pay away to pension fund for entire duration of lease and WCC buy site back for £1 in 40 years time
Worst Case outcome	Car park maintenance expenditure increases, little economic benefit to wider area	WCC sell site, potential reduced scheme quality, attempt by developer to introduce residential element with a much reduced office element thus a reduced economic benefit to the city (dependent on condition of sale). This would likely however result in a larger capital receipt.	JV partner cannot be found; takes 18 months to secure, in the meantime property market weakens. JV partner goes into administration leaving WCC to either find a new JV partner or their interest is sold to a 3 rd party or WCC needs to commit to fund the completion of the project itself.	WCC pre-lets 50%, scheme gets built out, property market weakens due to property cycle, remaining space gets let but at reduced rent, showing negative return on cost. Construction costs escalate during construction.	WCC sign 40 year lease, WCC sign 50% pre-lets, initial income exceeds pay away but over time due to weaker market pay away exceeds income meaning WCC are still committed to pay a fixed rent to a Fund regardless of the level of income with serious financial implications for the council. Fund has limited long

	Do nothing	Sell with Outline Planning Permission	Joint Venture	WCC Develops Site	Income Strip
					term motivation to make future investment in the property to reflect changes in trends / market requirements as their income is secured.

4.8 Risk appraisal

- 4.8.1 The options appraisal looks at the costs and benefits of each of the options. Alongside this, it is imperative to consider the risks of each option to moderate the appraisal and provide the basis for a decision on the preferred way forward.
- 4.8.2 Risks specific for each option are provided in Table 10 below. This table has been developed using the Councils risk process to estimate impact and likelihood scores. The methodology for this is provided in Annex 4: Risk Register for Key Risks, alongside the key risks for delivering the project which apply across the options. Table 10 sets out those key risks that differ between the options and are therefore useful for a comparative analysis.

Table 10 Risk Appraisal

A: Do nothing	B: Sell with Planning Permission	C: Joint Venture	D: WCC Develops Site	E: Income Strip
Strategic Case - Risk of not delivering strategic objectives				
Alternative opportunities are not found, nor brought forward by other parties, and the Council's objective to make the District a premier business location is not met.	Council loses control over design of development (retains Local Planning Authority control). Ultimate scheme doesn't fully deliver on the strategic objective to improve the aesthetic and environmental impact of the area. Less risk around providing a development which will achieve greater economic performance from land uses.	Risk that doesn't fully deliver on the strategic objectives as asset becomes shared and strategic objectives will also need to tie in with strategic objectives of partner organisation.	Risk that a Council led process takes longer due to governance requirements, which may not then fully deliver the strategic objective to improve the aesthetic and environmental impact of the area if not tied in with other funding opportunities.	Risk that doesn't fully deliver on the strategic objectives as asset becomes owned by partner organisation for length of lease and strategic objectives will need to tie in with strategic objectives of partner organisation. Risk at some point over the letting period of potentially negative income which does not meet strategic objective to maintain or improve the Council's assets.
Impact: 4 Likelihood: 4	Impact: 2 Likelihood: 2	Impact: 3 Likelihood: 3	Impact: 3 Likelihood: 2	Impact: 3 Likelihood: 3

A: Do nothing	B: Sell with Planning Permission	C: Joint Venture	D: WCC Develops Site	E: Income Strip
Economic Case – Risk of not realising economic benefits and ensuring value for money				
Winchester loses out in wider economic picture.	Risk of not all economic benefits being delivered as Council lose direct control of the site and other development mixes may be more profitable.	Risk of not all economic benefits being delivered as Council lose direct control of the site (shared through partnership) and other development mixes may be more profitable.	Risk of not delivering economic benefits is lower than other options as the Council control the asset and the development.	Risk of not delivering economic benefits is lower than other options as the Council control the asset and the development through leaseback agreement.
Impact: 4 Likelihood: 4	Impact: 2 Likelihood: 2	Impact: 2 Likelihood: 2	Impact: 2 Likelihood: 1	Impact: 2 Likelihood: 1
Financial Case – risks affecting affordability (timing, capital/revenue and financing models)				
Potential lost opportunity to generate additional income (above the existing car parking revenue) from this Council owned site in order to support the medium term financial strategy.	Risk of loss on the sale of the Council’s asset (i.e. the proceeds are less than the value that the Council has invested in the site) (to be balanced against regenerative benefits gained). Immediate loss of parking revenue from the site.	<u>Timing:</u> Up-front financial costs to establish JV. Delay in commencement of development due to the time required to establish JV gives rise to uncertainty in the market e.g. regarding future interest rates causing an affordability risk in the agreed development. <u>Budgetary:</u> Once the JV is established, development risks will be shared pro rata. If the JV fails and the project does not result in	<u>Timing:</u> Up-front cost and time delay to directly procuring contractors. Upfront requirement for the Council to borrow to finance all of the development costs. <u>Budgetary:</u> Development risk is solely with the Council (e.g. project overspend or abortive costs if development is not completed). Once development is complete there is a long term risk of voids and lower than expected rental income should there be periods	Long term inflation risk / market risk that the index-linked rate payable by the Council will be greater than the rental income it is able to generate from sub-letting the assets. This delivery method locks-in the Council so it cannot change the use of the development until the end of the lease when the assets transfers ownership to it.

A: Do nothing	B: Sell with Planning Permission	C: Joint Venture	D: WCC Develops Site	E: Income Strip
		<p>a development, the Council becomes liable for all costs incurred. Once the Council buys back the properties upon development completion, there is a long term risk of voids and lower than expected rental income should there be periods where tenants are not occupying the properties or should the market for properties of this nature change over time.</p>	<p>where tenants are not occupying the properties or should the market for properties of this nature change over time.</p>	
Impact: 4 Likelihood: 2	Impact: 1 Likelihood: 3	Impact: 4 Likelihood: 3	Impact: 4 Likelihood: 3	Impact: 4 Likelihood: 3
Commercial Case – risk of approach not being attractive in the market				
None identified – no market for option	Change in commercial market which makes the proposal less attractive to developers. Site is not considered commercially viable and site cannot be sold with current proposal.	Procurement strategy required does not attract suitable partner organisation. Change in commercial market which makes the proposal less attractive to partner organisations.	Risk that cannot procure contractor. Adverse changes in letting and Investment markets	Change in commercial market which makes the proposal less attractive to investors.
Impact: 4 Likelihood: 2	Impact: 4 Likelihood: 1	Impact: 3 Likelihood: 2	Impact: 3 Likelihood: 2	Impact: 3 Likelihood: 2
Management Case – risk of not being able to achieve the requirements for each option				
Costs of management of site rise as site needs to	Lack of resources in short term to agree legal	Lengthy procurement process runs risk of	Resources not available to secure necessary	Lengthy procurement process runs risk of

A: Do nothing	B: Sell with Planning Permission	C: Joint Venture	D: WCC Develops Site	E: Income Strip
be maintained and regulated.	conditions for sale of site, and ongoing resources to manage implementation of any conditions.	prospective occupiers losing interest in leasing the site. Third party timescales may not meet occupier demand. Procurement strategy required does not attract suitable partner organisation.	procurements in a timely manner. Statutory body and stakeholder approval requirements delay programme. Council will need to act as local planning authority for their own application – places strain on resources.	prospective occupiers losing interest in leasing the site. Third party timescales may not meet occupier demand. Procurement strategy required does not attract suitable partner organisation.
Impact: 1 Likelihood: 4	Impact: 2 Likelihood: 2	Impact: 3 Likelihood: 3	Impact: 3 Likelihood: 3	Impact: 3 Likelihood: 3

5. The Commercial Case

5.1 Introduction

5.1.1 This section of the OBC outlines the commercial viability of the scheme and considers if the proposal is commercially feasible and deliverable, along with how the required services will be procured and identifies the key contractual issues. The information used in the valuation analysis uses current commercial data to assess viability.

5.2 Required services, land and buildings

5.2.1 For the delivery of the development, the following additional key services will be required, with continuing design and associated services, all dependent on the delivery route chosen:

- Legal and Procurement Advice
- Archaeology consultant
- Archaeology contractor
- Construction consultant
- Construction partner/Joint Venture Partner/Financial Partner/Purchaser

5.2.2 Other tasks will be:

- Obtaining full planning consent
- Land agreements with Hampshire County Council for undersail of County owned/regulated land for the basement car park and oversail of highway land and Archive Office A/C Plant
- Closure of public and private car parks on the site
- Others as necessary

5.2.3 For the long term use of the site, the following tenancies are anticipated:

- Office occupiers for grade A office use (the final configuration of space and the number of occupiers will be dependent on the market upon commencement of a letting campaign (including potential public or customer interfacing areas. The office accommodation will be designed with this flexibility in mind)
- Café use
- Bar/restaurant use
- Local convenience store use
- Potential Gym (private or within office)

5.2.4 The only delivery option which will require no ongoing council involvement is the sale of the site. Regardless of which of the remaining options is chosen, namely income strip, WCC develop or joint venture all will require WCC to have an involvement in attracting occupiers, exposure to void costs, managing the building and operating a service charge for its maintenance. This will include arranging cleaning of the common parts, window cleaning, waste collection, landscape maintenance and insurance.

5.3 Procurement Plan

5.3.1 **Carfax Development:** If the Council retain an interest in the site, the aspiration is to pre-let the majority. However it is likely that an element of the development will not be income producing at practical completion and this will result in an income void and exposure to void costs. Currently the projected income generated will cover the cost of borrowing and provide a revenue surplus. Therefore the project will not require on-going revenue support providing it's fully let, otherwise void service charge and business rates will need to be covered.

5.3.2 The delivery route for each option is set out below with estimated dates forecast in the project plan in section 7. All options will require specific legal resource to advise the Council on the sale or procurement process.

Table 11 Procurement Strategy for Delivery Options

Option	Procurement Strategy
<p>B. Sell with outline planning permission</p>	<p>If this option is selected, it is anticipated that a decision on the outline planning application will be made by August 2019. A future Cabinet (Station Approach) Committee will be asked to make a gateway decision on whether to proceed with the design work or to sell the site. Following a decision to sell the site; the Corporate Head of Asset Management will proceed with marketing the site for sale.</p> <p>Procurement Strategy: Legal Advice and other supporting consultancy advice if required, in accordance with PCR 2015 and the Council's Contract Procedure Rules as appropriate.</p>
<p>C. Joint Venture Agreement (JV)</p>	<p>Following a decision on whether to proceed with this option, a procurement process to identify a potential JV partner will begin which is anticipated to take up to 18 months to cover all governance arrangements and legal agreements. A decision will need to be made on the percentage control of the partnership that the Council takes, taking into consideration the attractiveness of the arrangement to the other partner organisation. To better understand the market perspective, it would be beneficial to carry out some structured pre-market engagement to help inform the structure of the JV.</p> <p>Soft market testing on the procurement of a JV partner is likely to be resource as well as time intensive and is likely to require significant legal and procurement advice to set up the partnership.</p> <p>Procurement Strategy: Procurement of legal advice, property advice, and other supporting consultancy advice if required, in accordance with PCR 2015 and the</p>

	<p>Council’s Contract Procedure Rules, as appropriate; this will include a construction manager.</p> <p>Procurement of a construction company through the JV – using OJEU/Frameworks as suitable in line with the Council’s Contract Procedure Rules.</p>
<p>D. WCC Develops</p>	<p>If Cabinet (Station Approach) Committee decides that the City Council should take the project forward and undertake the development, then following the gateway decision the Council has two options on how to proceed.</p> <ol style="list-style-type: none"> 1. Undertake RIBA Stages 3 (developed design) and 4 (technical design) and then procure a construction partner who then may require design changes, or 2. After RIBA Stage 3, procure a construction partner and undertake RIBA Stage 4 with the construction partner which allows their input to the design at an earlier stage of the process. <p>Procurement Strategy: Procurement of legal advice and property advice and other supporting consultancy advice if required, in accordance with PCR 2015 and the Council’s Contract Procedure Rules, as appropriate; this will include a construction manager.</p> <p>Procurement of a construction company using OJEU/Frameworks as suitable in accordance with PCR 2015 and the Council’s Contract Procedure Rules.</p>
<p>E. Income Strip</p>	<p>If this option is selected, then a sale and leaseback arrangement will be agreed.</p> <p>An Institutional Fund will need to be found (through a procurement exercise) to purchase the freehold from the Council. The institution will then procure a contractor and pay for the development to be constructed. The Council will enter into a lease with the Institutional fund at a rent less than the market rent but with fixed uplifts based on RPI.</p> <p>Procurement Strategy: For the new development an external developer would be brought in by the leaseholder (Fund). No procurement strategy would therefore be needed for construction, but legal advice and other supporting consultancy advice will need to be procured in accordance with PCR 2015 and the Council’s Contract Procedure Rules, as appropriate.</p>

5.3.3 The procurement of the services required for the long-term use of the site will also need to be undertaken in accordance with PCR 2015 and the Council's Contract Procedure Rules, as appropriate.

5.4 Potential for risk transfer

5.4.1 For the structure of the deal, the risk transfer structure for each of the options is set out and the key contractual issues are considered.

5.4.2 WCC is currently responsible for all of the risk on the design work for the proposed development project. The risk transfer for the delivery options is set out in table 12 below.

Table 12 Risk Transfer Matrix

Risk Category/option	Party who will carry the majority of the risk			
	B: Sell with planning permission	C: JV (based on 50:50 balance)	D: Council builds	E: Income strip
Construction (procurement of construction services and site construction risks)	Developer	High risk to WCC	WCC	Finance partner
Financing of development (capital spend)	Developer	High risk to JV partner	WCC	Finance partner
Letting of all floorspace (revenue income)	Developer	Risk shared by JV partnership	WCC	WCC
Site management (revenue spend)	Developer	Risk shared by JV partnership	WCC	WCC
Risk ranking to Council (lower score = lower risk)	1	2	4	3

5.4.3 If the Council sells the site (option B), the risk transfers across to the developer. In the joint venture option (option C) risk transference depends upon the balance of the partnership and there are different options that could be considered through a JV approach, but assuming a 50:50 balance, the Council will put in the land and the JV partner a matching financial balance towards the development, with additional financing provided through the partnership. This means that the JV partner takes on the majority of the financial risk. Once the site is constructed, lettings and site management risks are shared by the partnership. Complications can arise at the point the JV partner chooses to exit at from the arrangement.

- 5.4.4 If the Council undertake the development itself (option D), it will carry all risk. Under the income strip approach (option E), the financing partner is responsible for the construction and financing of the development and therefore carry the risks for these aspects of the project, but the Council takes the majority of the risk around the lettings and site management. The risk transference has subsequently been ranked by option depending on the level of risk transferred to, or remaining with, the Council for each option. Risk transfer can then be considered with the other elements of financing and benefits realisation etc. within the overall OBC framework.
- 5.4.5 There are potential alternative options within the above 4 approaches that will result in different risk transfer, such as if the Council sell the site, but retain the Registry Office for example. These are potential sub options that can be considered through the progression of the business case.

5.5 Key contractual issues and milestones

- 5.5.1 If the Council decide to sell the site (option B), before finding a suitable buyer the Council will want to explore the extent that conditions could be attached to the sales contract so that there could be a level control over the following aspects:
1. the design (outwith the control of WCC as local planning authority)
 2. a longstop date .
 3. potential buy-back of the completed development
 4. overage
 5. retention of the Registry Office
- 5.5.2 Any such clauses will be an additional control to the powers that the Council can use as a Local Planning Authority to control the delivery of a development on the site in line with adopted Local Plan Policy.
- 5.5.3 For option C, joint venture, the key contractual issues will be:
- Proportion of control of partnership between partner and Council. This must be commercially acceptable and will depend on level of financing provided, level of risk being taken by each party, and how the governance structure will need to work in order to get a deliverable development. All these considerations could be negotiated during the procurement and will need to be included in the contract.
 - Governance arrangements for decision making during construction that don't impede delivery unnecessarily
 - Timescales for the contract and subsequent handover agreements.
 - Personnel implications - who is procuring and managing the personnel required to deliver and then manage the site
 - Whether the JV is subject to procurement regulations
 - Respective exit scenarios
- 5.5.4 Option D: Council build - contractual issues will need to be addressed regarding the procurement of the necessary expertise to guide the Council in acting as the developer as well as procuring and agreeing a contract with a developer. In this option, the Council will need to consider at which design stage they want to bring in the procurement of the contractor and build technical design discussions into the contract. This could be at the beginning, or during RIBA Stage 4 (technical

design) which would allow the contractor to be involved in the technical design work in order to assist future delivery at an early stage, or following RIBA stage 4, and needing agreement on technical construction elements prior to construction commencing.

5.5.5 The contract for a construction contractor will also need to address transfer of risk for work on site, completion standards and handover agreements as well as personnel recruitment for construction (the Council will want to promote use of local skills base and apprenticeship schemes for example).

5.5.6 Option E, Income strip key contractual issues will arise regarding:

- Risk of negative cash flow
- The length of time for the lease period (how long will the income strip partnership exist);
- Rental agreements during the lease period (how much rent will the Council pay to the finance partner during this period).
- Which index the rent will be linked to (retail price index for example).
- How the transfer of the ownership of the site will be transferred back to the Council at the end of the lease period, and what the agreed cost will be
- What arrangements will the Council make as landlord during the lease (which services will be provided by the Council during this period – site management for example)

5.5.7 Further detail on proposed charging mechanisms, contract lengths, contractual clauses, and personnel implications will be developed through the development of the business case.

5.5.8 The milestones for each option are set out below and reflect the key decision stages and achievement points to progress each delivery option to the point when benefits may be realised.

Table 13 Delivery Option Milestones

Option	Milestone
B (Sell)	<ul style="list-style-type: none"> • Agreement to sell site • Grant of outline Planning Permission • Sale of site • Benefits realisation post construction completion 1, 3 and 5 year monitoring • Overage payment date
C (JV)	<ul style="list-style-type: none"> • Agree form of JV arrangement • Completion of RIBA Stage 3 (developed design) • Pre-market engagement • Agreement to enter into JV • Completion of Procurement for JV Partner • Satisfying a viability test • Approval of Reserved Matters (detailed planning permission) • RIBA Stage 4 (Technical Design) • Procurement of Archaeology Contractor and completion of archaeology Works

Option	Milestone
	<ul style="list-style-type: none"> • RIBA Stage 5 (Construction Design) • Procurement of Construction contractor and construction start on site • Pre-lets of site • Completion of Construction • Handover • Termination of JV Partnership – exit of/pre-emption exercise • Benefits realisation post 1, 3 and 5 year monitoring.
D (WCC)	<ul style="list-style-type: none"> • Completion of RIBA Stage 3, 4 and 5 (developed, technical and construction design) • Agreement to build and approval of Reserved Matters (detailed planning permission) • Satisfying a viability test • Procurement of Archaeology Contractor and completion of archaeology Works • Procurement of Construction contractor and construction start on site • Pre-lets of site • Completion of Construction • Handover • Benefits realisation post 1, 3 and 5 year monitoring.
E (Income Strip)	<ul style="list-style-type: none"> • Completion of RIBA Stage 3 (developed design) • Agreement to enter into income strip arrangement • Completion of procurement or agreements with Fund partner • Approval of Reserved Matters (detailed planning permission) • RIBA Stage 4 (Technical Design) • Procurement of Archaeology Contractor and completion of archaeology Works • RIBA Stage 5 (Construction Design) • Procurement of Construction contractor and construction start on site • Pre-lets of site • Completion of Construction • Handover and start of lease period • Benefits realisation post 1, 3 and 5 year monitoring. • Termination of lease period and buy back of site.

5.5.9 The implications of the different procurement strategies on timescales and the milestones for the programme are set out in Table 233.

5.6 Conclusions on the proposed Delivery Route

5.6.1 Delivery options B, D and E are considered as more commercially feasible and deliverable than Option C. The JV approach (Option C) is less attractive to the market than the other options because of the length of time required and costs/resource needed to participate in the procurement process and to set up the JV (c. 18 months); as well as the long-term investment commitment and the shared control within the partnership and governance required for this. There is dilution of value if no party have 100% ownership of the site. There is also the

significant programme extension for satisfying requirements for spending the LEP grant.

- 5.6.2 Ongoing discussions in relation to the delivery options has indicated interest from pension funds in the income strip approach (E), and also from developers in the sale with outline planning permission option (B). The income strip option removes significant risk in terms of time (compared to the JV option) with a fund able to procure the construction of the scheme more quickly than the council could.
- 5.6.3 However, the risk for the council comes at some future date when there is the real possibility that the income the council is required to pay to the fund exceeds that which the council receives from the scheme in rent placing a significant risk to council finances. The option of selling the site with outline planning permission transfers not only the procurement and construction risks but also the letting risk. This removes significant risk for the council but does not provide WCC with any ongoing revenue income to help council finances, and relies on the ability to find a willing purchaser/developer. A variation on this option is being explored that would entail the council selling the site but having a first right of refusal to buy the completed scheme back. The legal implications of this are being explored. This approach would result in the council benefiting from a long term income stream from the scheme.

6. The Financial Case

6.1 Introduction

- 6.1.1 The financial case sets out the costs of impacts on income and expenditure etc on the Council's balance sheet and focuses on the affordability of the shortlisted options. Grant Thornton was commissioned by the Council to undertake the financial appraisal for the Outline Business Case (Grant Thornton, 2019) and to develop a financial model for this purpose. This section summarises the key points from their appraisal which is provided in Annex 2.
- 6.1.2 Costs and valuation information used by Grant Thornton for the Financial Appraisals is provided by the Stage 2 Cost Report (MACE, 2019) and the Valuation Report (Vail Williams, 2019).

Table 14 Summary of assumptions by option (for full detail, see (Grant Thornton, 2019))

A: Do Nothing	"Do Nothing": Council retains the current use of the site for car parking
B: Sell with Planning	Sale to a third party: the Council sells the site with planning permission to a third party for development
C: Joint Venture	Joint Venture (JV): the Council enters into a corporate joint venture with a private sector partner to develop the site; and on completion the Council buys back all of the assets
D: Council Develops	Council development: the Council develops the site directly, funded by prudential borrowing, and retains all of the completed assets
E: Income Strip	The Council enters into an income strip arrangement. A Fund purchases a long leasehold interest in the site. WCC enters into an occupational lease with the Fund and at the expiry of the headlease after 40 years, the property will revert back to WCC.

6.2 Risk weightings and optimism bias

- 6.2.1 Risk weightings and optimism bias assumptions were provided by the Council and reflect the Council's perception of the relative certainty of the future cash flow (risk weighting) and the likely under-statement of required capital expenditure (optimism bias⁹).

⁹ The range given for optimism bias is within the HM Treasury Green Book guidance of 2-24% for standard buildings project.

Table 15 Risk weightings and optimism bias

Ranking	A: Do Nothing	B: Sell with Planning	C: Joint Venture	D: Council Develops	E: Income Strip
Key risk	securing on-going income from the existing site	securing planning permission and a purchaser of the site	Council securing a private sector partner and on-going income from the site	Council acting as a developer and securing on-going income from the site	Council agreeing and securing on-going income from the site
Council Risk Weighting	95%	90%	82.5%	80%	85%
Optimism bias	n/a (no capex)	n/a (no capex)	20%	24%	15%

6.2.2 The impact on cash flow (pre-tax) and NPV with the application of the risk weighting and optimism bias is summarised from the financial appraisal below.

Table 16 impact on cash flow (pre-tax) and NPV

£'000's	A: Do Nothing	B: Sell with Planning	C: Joint Venture	D: Council Develops	E: Income Strip
Net cash flow post-finance¹⁰	27,047	2,000	143,189	157,651	149,126
Net cash flow post finance, post risk and optimism bias	25,383	1,800	60,689	43,529	66,321
NPV pre-risk/optimism bias	6,829	1,920	22,266	28,209	25,739
NPV post-risk & optimism bias	6,409	1,728	5,472	3,625	5,965

Table 17 Ranking of options on impact on cash flow (pre-tax) and NPV impacts with risk weighting and optimism bias applied

Ranking	A: Do Nothing	B: Sell with Planning	C: Joint Venture	D: Council Develops	E: Income Strip
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¹⁰ Over a 50 year period

Net cash flow post finance, post risk and optimism bias	4	5	2	3	1
NPV post-risk & optimism bias	1	5	3	4	2

Summary comments

- 6.2.3 Option A retains the income from the existing car park and therefore ranks higher than the sale option for cashflow where the Council sells the asset and ranks highest for NPV.
- 6.2.4 Option B is lowest rank for net cash flow and NPV in the financial appraisal, but there would be a capital receipt from a sale of the site, and potential for the Council to retain partial business rates from an ensuing development.
- 6.2.5 Option C does not generate a profit after the application of risk and optimism bias. The financial appraisal report therefore suggests this may not be considered a viable delivery route in this scenario, as it is unlikely to attract a private sector partner in these circumstances.
- 6.2.6 Option D, the Council develops the site has the highest NPV pre-application of risk weighting and optimism bias. This option retains 100% of the development profits and has a lower cost of finance than options C and E and no stamp duty land tax. Option D however carries much more risk and may require more capital expenditure than anticipated which is why this option drops in the ranking scale when risk and optimism bias are applied.
- 6.2.7 Option E, Income strip option has the highest net cash flow and second highest NPV after risk weighting and optimism bias are applied.

Recommendations for options development

- 6.2.8 Other factors to consider through the development of the shortlist of options will be, as advised by Grant Thornton, possible delays to the programme for options D and E which will impact the comparative NPV and will also need to be taken into account as the short list is refined.

6.3 Sensitivity analysis

- 6.3.1 How the net cash flow and NPV are affected by other factors is assessed through a sensitivity analysis. This tested changes in rental income, funding rates and income strip indexation.
- 6.3.2 Key impacts these have on the financial appraisal is set out below¹¹. Options A and B are not affected by these sensitivities as these are not variables within their cash flows. The base case is the position without any risk weighting or optimism bias being applied.

¹¹ Rental income is set out in Appendix 2, Financial Appraisal, Grant Thornton, 2019

Table 18 Sensitivity Analysis – Revised Net Cash Flow (£000s)

Key Change	Option C	Option D	Option E
Base Case	143,189	157,651	149,126
Funding - PWLB interest rate +1%	114,553	129,531	No change
Funding - PWLB interest rate -1%	169,164	182,594	No change
Income Strip indexation RPI + 1%	No change	No change	108,104
Income Strip indexation RPI - 1%	No change	No change	179,750

Table 19 Sensitivity Analysis – Revised NPV (£000s)

Key Change	Option C	Option D	Option E
Base Case	22,266	28,209	25,739
Funding - PWLB interest rate +1%	14,800	20,449	No change
Funding - PWLB interest rate -1%	29,273	35,106	No change
Income Strip indexation RPI + 1%	No change	No change	17,394
Income Strip indexation RPI - 1%	No change	No change	32,305

- 6.3.3 As set out in the Grant Thornton Financial Appraisal report 2019, this illustrates the sensitivity of options C, D and E to changes in the rental income and changes in finance rates, notwithstanding that the income strip arrangement may be subject to a cap and a floor. This means that a change in a sensitivity will change how the delivery options may perform comparatively to each other.
- 6.3.4 Grant Thornton also recommends that the Council consider the long term commitment risk of the income strip approach compared to the other approaches. Their modelling work demonstrates that changing the risk weighting for the income strip affects the financial performance of this option and they conclude that ‘as plans for the scheme are refined, the Council updates its analysis of projects risks to ensure they reflect the more detailed understanding of the project and any changes to market/economic conditions and outlook’. Grant Thornton also recommends that further soft market testing is undertaken to ensure up to date yields are utilised in any subsequent analysis.

6.4 Impact on Council's Financial Position

6.4.1 The financial appraisal assessed the impact of each option on the Council's financial position and the revenue impact is summarised in the table from the appraisals below.

Table 20 Revenue - Summary of Surplus / (Deficit) on Provision of Services (£'000s) Year

	1	2	3	4	5	6	7	8	9	10-54	Whole life
B: Sell with Planning	(61)	(250)	(255)	(260)	(265)	(270)	(276)	(281)	(287)	(20,573)	(22,778)
C: JV	11	(3)	(255)	(260)	422	422	422	425	428	119,005	120,618
D: Council Develops	(61)	(250)	(255)	2,114	1,650	783	779	774	768	128,572	134,873
E: Income Strip	(61)	(250)	(255)	756	1,301	1,251	1,192	1,132	1,071	118,211	124,348

6.4.2 For all options, the revenue from the car parking income is lost as the Council sell the site, and therefore shows a net negative impact every year. For option B, the Council would receive a capital receipt of a minimum £2 million which is not accounted for in the revenue summary above. In addition, Table 20 does not account for the anticipated income from Business Rates. Option C reflects the interest and profit share from the partnership JV, and revenue stream from buying back and operating the completed assets. Option D reflects the interest payments on borrowing to finance the developments and ongoing revenue stream from buying back and operating the completed assets. Option E reflects the ongoing revenue stream from operating the completed asset and the liability for the lease rent payment over 40 years.

6.4.3 Option D has the best whole life surplus as the Council retains the profit on the build and has a lower cost of finance due to prudential borrowing, but the Council would also be required to take on all the development risk in this scenario.

6.4.4 Table 21 summarises the surplus/deficit on provision of services after application of risk adjustment and optimism bias, the Income Strip option ranks highest, and the JV option has the same constraints as set out in paragraph 6.2.5. The application of the sensitivity tests are consistent with the findings on net cashflow and NPV, illustrating sensitivity of options C, D and E to changes in rental income, and finance rates and sensitivity of the income strip to indexation risk over a 40 year period.

Table 21 summary of surplus/ (deficit) on provision of services after accounting for risk weighting and optimism bias combined (£ '000s)

	A: Do Nothing	B: Sell with Planning	C: Joint Venture	D: Council Develops	E: Income Strip
Base case	0	(22,778)	120,618	134,873	124,348
Risk weighting and optimism bias	(1,665)	(22,778)	38,034	20,749	41,831
Ranking	4	5	2	3	1

6.4.5 In conclusion:

- Option B (sell with the benefit of planning) ranks lowest for the impact on the Council's financial position, but the capital receipt from a sale, and the anticipated income from business rates are not reflected in the ranking.
- Option C (JV) shows a positive financial impact above, however, the financial appraisal report suggests this may not be considered a viable delivery route in this scenario, as it is unlikely to attract a private sector partner in these circumstances and that there are risks to overall viability of the JV.
- Option D (Council develops) achieves the highest whole life surplus as the Council retains all the profits from the development and has a lower cost of finance due to prudential borrowing (Grant Thornton, 2019), but also carries more risk.
- Option E (Income Strip) ranks higher than other options, but is very sensitive to changes in indexation over the lease period which is a significant risk to the Council's provision of services. This route would add time to the Programme, over and above selling the site (Option B).
- Options C, D and E are also sensitive to changes in retail income and finance rates.

7. The Management Case

7.1 Introduction

7.1.1 This section sets out the approach to the project management during the design and development phase and subsequently the operating phase. The project is being managed in accordance with the Council's major projects and programme management requirements,

7.2 Programme management arrangements

7.2.1 WCC has in place a structure and responsibilities for programme management of major projects. The Station Approach project fits within this structure and set out below are the key features of this structure and responsibilities for programme management.

7.2.2 With a growing capital programme, there is a desire to prudently invest to generate financial return, generate income from the Council's estate and to secure the Council's outcomes through major projects, it is essential that the delivery of projects and of the capital programme is effectively managed and resourced. Sound programme management and resource planning are key to the delivery of the council's Major Projects. This process includes;

- monitoring of an agreed list of projects;
- programme delivery;
- capital programme strategy formulation;
- resource planning; and
- identifying and assessing new projects to be added to the list.

7.2.3 The Head of Programme has responsibility for the delivery of the project within the Council's programme, and the Policy and Projects Team has a key role and skills which will be used during the pre-project and feasibility stages of possible projects, along with other technical support from within WCC and external advisors as needed

7.2.4 The 'Programme Management Group' consists of key programme and project managers, legal, financial, communications and other appropriate staff as required, including WCC Strategic Directors. This Group;

- agrees the allocating of resources and funds
- consider priority changes (delayed or accelerating);
- oversees the Major Projects Budget (held by the Policy and Projects team) to enable external resources to be procured to deliver existing schemes and to enable feasibility work for potential new projects.

7.3 Project Management arrangements

7.3.1 A Council project manager has been appointed for the project and the project is being managed in accordance with PRINCE2 methodology.

7.3.2 Project documentation has been developed in accordance with the Council's major projects reporting structure and these include

- Project reporting structure and roles (set out in Annex 5: Roles and Responsibilities)
- Project Initiation Document
- Risk and Issue Registers
- Communications Plan

7.3.3 Critical to the success of the project will also be the following:

- Clear specification for project delivery
- Dedicated resources sufficient for the delivery of the project – in house and external.
- Agreed change control process
- Agreed budget and construction programme with allowance for contingency – with external input

7.3.4 Contract management will also be a critical factor in the delivery of a successful project and the following will be taken into consideration through the development of the business case:

- Agreed contractor team and clear process for managing sub contractors and information pathways
- Consideration of the number of contracts to be managed (single construction lead for example)
- Clear governance for any decision making processes
- Appropriate risk allocation

Project Plan

7.3.5 A project plan has been developed and is being managed by the WCC Project Manager. The detailed plan is part of the project documentation, and the Gateways within the plan are set out in Table 22.

Table 22 Project Plan Gateways: Pre implementation includes procurement, design stages and development of the business case for the project

Carfax Development Pre-implementation Gateways	Estimated Dates
Award of design contract confirmed and signed	Oct 2017
RIBA Stage 1 Approval: Preparation and Brief - Master Plan and Public Realm Strategy	Feb 2018
RIBA Stage 2 Approval: Concept design and confirmation of submission of Outline Planning Application	Mar 2019
Planning Application Submission	Mar 2019
Outline Planning Application Determination	Jul 2019
Decision on delivery route	Jul 2019
Potential completion of RIBA St 3 Developed Design (dependent on delivery route)	Q3 2019 - Q3/4 2020

Table 23 Project Plan Gateways: Implementation: Estimated dates for each shortlisted option (to finalisation of delivery vehicle).

Option B Sell with outline planning permission		Estimated Dates
1	Agreement to sell	Jul 2019
2	Finalise Tender documentation for Sale (6 weeks)	Sept 2019
3	Bidding period (12 weeks)	Sept-Dec 2019
4	Review of offers / clarification period (4 weeks)	Jan 2020
5	Offer/Acceptance	Feb 2020
6	Finalisation of sale contract (4-6 weeks)	Apr 2020

Option C Joint Venture Agreement (JV)		Estimated Dates
1	Agreement to set up a JV	July 2019
2	Draft & Agree detailed Instructions For set up/Governance arrangements for JV selection process (8 weeks)	Aug-Sept 2019
3	Advertise opportunity (OJEU) and Supplier Selection (SQ) stage (6 weeks)	Oct-Nov 2019
4	Selection Questionnaire (6 weeks)	Nov- Dec 2019
5	Review & appoint short list (3 weeks)	Jan 2020
6	Invitation to Submit an Outline Solution – (ISOS) (12 weeks)	Feb-Apr 2020
7	Review & score. + prepare Invitation to Submit a Detailed Solution (ISDS) (3 weeks)	May 2020
8	ISDS (10 weeks)	Jun-Aug 2020
9	Review & score (3 weeks)	Sept 2020
10	Call for Best and Final Tenders (BAFO)(4 weeks)	Oct 2020
11	Review, score and prepare Council report (6 weeks)	Nov-Dec 2020
13	Finalisation of JV Agreement (16 weeks)	Jan-Apr 2021

Option D WCC Develops		Estimated Dates
1	Agreement for WCC to take forward site to development	Jul 2019
2	Procurement of construction manager	Aug-Nov 2019
3	Procurement of construction partner	Dec 2019 – May 2020

Option E Income Strip/Annuity Funding		Estimated Dates
1	Agreement to enter into Income Strip arrangement	July 2019
2	Draft & Agree detailed Instructions for appointing a Development Partner (6 weeks)	Sept 19
4	Advertise opportunity (3 weeks)	Oct 2019
5	Selection Questionnaire (6 weeks)	Dec 2019
6	Review & appoint short list (3 weeks)	Jan 2020
7	Bidding process (12 weeks)	Feb-Apr 2020
8	Review & score (3 weeks)	May 2020
9	Clarification period (10 weeks)	Jun-Aug 2020
10	Review & score (3 weeks)	Sept 2020
11	Review, score and prepare Council report (8 weeks)	Oct-Nov 2020
12	Finalisation of Income Strip Agreement/Legals (12 weeks)	Feb 2021

7.4 Approach to Delivery

7.4.1 The WCC process for selecting a development delivery route is set out in the Governance arrangements for progression of the Carfax development scheme, i.e. based on Cabinet approval at successive Gateways, linked to the RIBA Stages (see Annex 6).

7.4.2 At present the scheme is at Concept RIBA Stage 2. This is to be presented to Cabinet in March 2019 to inform the Cabinet decision on whether to approve the Concept Design work (RIBA Stage 2) and to review next steps, including a preferred approach for delivery. Cabinet will also confirm the submission of an outline planning application with public consultation having been held ahead of that submission.

7.4.3 During the following stage, the options for delivery will be developed further to enable a decision to be made at a future Cabinet, currently scheduled for July.

7.5 Outline arrangements for change and contract management

- 7.5.1 Changes within the project up until the delivery route is implemented will be controlled by the Project Board (Annex 5: Roles and Responsibilities). Changes are raised by the project team through the Head of Programme and signed off by the Project Board taking into consideration the availability of resources to support the proposed change.
- 7.5.2 Regular reporting and identification of key risks and changes which impact on the overall project will be reported to the Project Board for decision making through the monthly Project Management Group Monitoring Report, or directly to the Board as timescales allow.
- 7.5.3 Once the route for delivery is agreed, the management of the future contract will be subject to a change process which will deal with any WCC changes to the contract. The principles of the change process will be as follows:
- Capture the information requiring the change - collate all details of any request for change including information on costings, timing, impact etc., and record the details of who has made the request and the reasons for this change
 - Examine: Formally raise this request to the Project Manager to assess the impact of the change on the project objectives, the business case and project plan, and prioritise the change.
 - Propose: Project Manager with the Head of Programme to propose options for the Project Board to consider.
 - Decide: Project Board to approve and sign off for this request (if appropriate), or escalate if beyond delegated authority.
 - Implement: Project Team to take appropriate action.
- 7.5.4 In its approach to delegated authority, the City Council will determine where changes can be agreed. Under delegated authority the Project Board will consider and agree changes within the agreed tolerance of budget, time and quality set by Cabinet (Station Approach) Committee under their [terms of reference](#).

7.6 Outline arrangements for benefits realisation

- 7.6.1 A key part of the monitoring regime and approach will be the delivery of the outcomes and benefits, set out in the strategic case. These monitoring proposals could be included within the specification for the delivery route chosen and delivery will be the responsibility of the City Council if the Council take forward an option to be directly involved in the delivery of the development, for example through Joint Venture or WCC as developer.
- 7.6.2 Objectives and expected benefits are set out in Table 24, and are classified according to their importance for monitoring the delivery of a successful project. These benefits can be measured as set out in Table 24, and the success of the project measured according to the extent that the benefits have been realised.

Table 24 Objectives and expected benefits ranked

Investment objectives ranked from high to low for importance for benefits realisation	Realisable benefits	Measure/Key Performance Indicators	Benefits Realisation Monitoring periods 1, 3 and 5 years after completion of construction works and following any handover period
1. Achieve greater economic performance from land uses	Meet Council Strategy Objective to make the District a premier business location through the provision of high quality offices in a sustainable location.	<p>Is the development of sufficient quality and standard to meet the council objective and does it represent a flagship example to stimulate investment.</p> <p>Measures:</p> <ul style="list-style-type: none"> • Interest generated from marketing material and approaches in the market • Number of enquiries for similar accommodation in the City • Interest created in 3rd party publicity • Business survey results – perception of local business confidence linked to the development • Speed of letting 	All measures must show an improvement from the baseline in order for this objective to be met and for the benefits to have been realised.

Investment objectives ranked from high to low for importance for benefits realisation	Realisable benefits	Measure/Key Performance Indicators	Benefits Realisation Monitoring periods 1, 3 and 5 years after completion of construction works and following any handover period
		<ul style="list-style-type: none"> Quality of occupiers 	
1. Achieve greater economic performance from land uses	Economic Development Uplift Ability to retain and attract businesses to Winchester by supplying high quality office space which will provide new employment opportunities and wider economic benefits to other local businesses and organisations.	<ul style="list-style-type: none"> Number of new businesses occupying the site Number of new employees on site, by sector Indirect benefits to supply chain and local businesses through supply chain figures. Additional spend in supporting services Business demography and office space availability: Trend is loss or gain in office space in Winchester, and quality of provision GVA/employee GVA 	Over 50% of the measures must show an improvement from the baseline in order for this objective to be met and for the benefits to have been realised.
1. Achieve greater economic performance from land uses	Reducing the levels of 'in and out' (of Winchester) commuting by being able to offer high value employment opportunities which will reduce levels of traffic congestion	<ul style="list-style-type: none"> Transport data from census Travel to work plans for businesses on site –provisions for staff walking/cycling to work Number of people from local area employed on site: Employers on site – supply chain policies; employment and skills plans; local advertising and recruitment policies 	No quantifiable change in realisable benefits There must be some improvement in the measures from the baseline in order for this objective to be met and the benefits to have been realised.

Investment objectives ranked from high to low for importance for benefits realisation	Realisable benefits	Measure/Key Performance Indicators	Benefits Realisation Monitoring periods 1, 3 and 5 years after completion of construction works and following any handover period
2. Maintain or improve the City Council assets	Financial Benefits Net uplift to Council through business rates and additional income to the Council.	<ul style="list-style-type: none"> • Office floorspace rent value • Level of occupation of site • Additional business rates from site • Additional income to the council 	More than 25% of the measures must show an improvement from the baseline in order for this objective to be met and for the benefits to have been realised.
3. Improve the aesthetic and environmental impact of the area	Improved and more aesthetically pleasing public realm area and walking and cycle routes for residents, commuters and visitors to Winchester	<ul style="list-style-type: none"> • Economic benefits of public realm improvements • Income from opportunities for pop up activities and events in public realm • Does the development meet key criteria of 'secured by design'. 	There must be some improvement in the measures from the baseline in order for this objective to be met and the benefits to have been realised.

7.7 Outline arrangements for risk management

7.7.1 The approach to risk management has been identified within the economic case and within the risk register. A risk register and issues log is maintained by the project manager throughout the project.

7.8 Outline arrangements for post project evaluation

Post Implementation Review (PIR)

7.8.1 This review ascertains whether the anticipated benefits have been delivered and are timed to take place once the construction has been completed and also during the operating period as follows:

- Objectives review – to take place on completion of the Council's involvement in the project and will measure the success of the project based on the extent of the delivery of the strategic objectives (Table 2 Summary of economic performance). This may be once the development construction phase is completed and the spaces are let, dependent upon the delivery route chosen.
- Revenue income review – on occupation of the development following an agreed rental period. This will monitor the actual rental income against the modelled income and is specific to investment objective 3.
- Economic development review – to take place following the publication of census data following completion of the development – this will allow the monitoring of indirect benefits of the project to the wider economy as set out in Table 1.

7.8.2 The outputs of the reviews and key findings will be used to assess whether the project has delivered the outcomes and also provide learning for the delivery of future major projects. The timescales for the review and monitoring of the measures in Table 24 will take place 1, 3 and 5 years after completion of construction works and following any handover period.

Project Evaluation Review (PER)

7.8.3 Project Evaluation Review (PER) appraises how well the project was managed and delivered compared with expectations and are timed to take place once construction has been completed and the space is let. Delivery of scope, cost and programme will be included in the appraisal and will form part of the end of an end of project review and lessons learnt report.

7.9 Gateway review arrangements

7.9.1 In accordance with the key milestones for the project a number of Gateway reviews are set out below.

Table 25 Gateway Reviews

Gateway	• Evidence required • (what will we know)
1. Business Justification Case (March 2017)	• Business Justification Case • RIBA Stage 0-1
2. Outline Business Case (Q1 2019)	• RIBA Stage 2 • Preferred Way forward
3. Review of the Outline Business Case (O&S / SA Cabinet March 2019)	• Preferred approach • Estimated capital costs (CAPEX) • Estimated financing costs
3. Full Business Case (dependant on delivery route)	• Generated capital costs (CAPEX) • Financing costs

7.9.2 At these gateway points, Cabinet (Station Approach) Committee will review and agree, as appropriate, the following:

- Project Strategic Objectives
- Business Case information relevant to that gateway
- Design progress
- Budget and resource requirements

7.10 Contingency plans

7.10.1 The contract and specification will include the ability for the Council to review the performance arising in any sale or development arrangement.

7.10.2 The Council could undertake a retendering process if a contract is terminated.

8. Conclusion and Recommendation

8.1 Options Appraisal

- 8.1.1 This OBC provides information to inform Cabinet (Station Approach) Committee decisions at this gateway stage of the project. To aid this process, an appraisal of each of the options is provided in this section to bring together the key points identified within each of the 5 cases of the OBC (strategic, economic, financial, commercial and management) in order to identify a preferred way forward.
- 8.1.2 The options being considered within the Outline Business Case have been firstly considered against how they meet the requirements of each of the five cases within the OBC, and then moderated through the consideration of the impact of risk under each of the cases.
- 8.1.3 For the consideration of how each option performs, they have been scored 1 to 5, where 1 = a high score for an option that performs well, and 5 is a low score for an option that does not meet the criteria. The appraisal is summarised in Table 26 and explained further in the accompanying text below, and the detail behind this can be found in the relevant sections for each of the five cases of this report.

Table 26 Options Analysis: How each option meets the requirements of the five cases

Scoring	A: Do nothing – retain car parking income	B: Sell with Planning Permission	C: Joint Venture	D: WCC Develops Site	E: Income Strip
Strategic Case					
Fit with strategic objectives	This option ranks lowest comparatively as it does not deliver any of the strategic objectives.	This option will progress objective 1 and will go some way toward progressing objective 2 and 3	This option could deliver all the strategic options	This option could deliver all the strategic options	This option could deliver all the strategic options
Score	5	4	1	1	1
Economic Case					
Total Gross direct and	£0	£81,378,526	£81,378,526	£81,378,526	£81,378,526

Scoring	A: Do nothing – retain car parking income	B: Sell with Planning Permission	C: Joint Venture	D: WCC Develops Site	E: Income Strip
indirect jobs and GVA annual benefit					
Score	5	1	1	1	1
Benefits realisation	Do nothing - This option is scored lowest as delivers none of the benefits	The realisation of some of the benefits (some of the public realm work) will depend on the level of control that the Council can build into this delivery mechanism.	May take more time to deliver the benefits due to the delivery process requirements and therefore scores lower	All benefits may be realised, so scores highest.	All benefits may be realised, so scores highest.
Score	5	3	3	1	1
Financial Case					
Net cash flow post finance, with risk and optimism bias (£000)	25,383	1,800	60,689	43,529	66,321
Score	4	5	2	3	1
NPV post finance, with risk and optimism bias (£000)	6,409	1,728	5,472	3,625	5,965
Score	1	5	3	4	2
surplus/ (deficit) on provision of services with risk weighting and optimism bias combined (£000)	(1,665)	(22,778)	38,034	20,749	41,831
Score	4	2	1	2	1
Business Rates per annum	£0	£211,000	£211,000	£211,000	£211,000

Scoring	A: Do nothing – retain car parking income	B: Sell with Planning Permission	C: Joint Venture	D: WCC Develops Site	E: Income Strip
Score	5	1	1	1	1
Commercial Case					
Market view	No market	Sale could occur relatively quickly; commercial case sets out demand for development opportunities currently and the procurement approach may be the simplest and quickest of the options, and is therefore considered more attractive in the market.	Scored low as lengthy process to set up with implications regarding control of partnership.	Scored higher than C as would be standard procurement and contract process for the market, for a construction partner.	Scored higher than C as there is interest from potential financial partners; with index linked rental income for an agreed period and no long term maintenance responsibility for asset.
Score	5	2	4	3	3
Management Case					
WCC Control over development	Retain all control of the asset.	As it stands relinquishes most control to a third party, so scores lowest, although there are opportunities within option which could be explored further such as the sale with conditions.	Shared control through a JV partnership.	Retain all control of the asset.	The Council retain control as a occupier and control of lettings, but lose control of the development until the end of the lease period.
Score	1	4	2	1	3

Scoring	A: Do nothing – retain car parking income	B: Sell with Planning Permission	C: Joint Venture	D: WCC Develops Site	E: Income Strip
Speed of delivery	No change - no delivery	Scored high for delivery of the project as potentially project delivered on sale of site which can happen relatively quickly.	Setting up the JV, the procurement and legal and contractual agreements (including over governance procedures) could take significant period of time (see project plans) and would need to happen before construction commences.	Construction would need to go through procurement process; WCC would need to lead on remaining design stages and reserved matters application	Procurement for investment partner relatively straight forward; finance would then be secured to develop the site.
Score	1	1	4	3	2
Risk Transference Score	All the risk remains with the Council.	Most of the risk is transferred to a third party under this option.	Partnership approach, so different risks are shared between the partners.	All the risk remains with the Council.	The investment partner takes construction and finance risk, but the Council retains letting and site management risks.
Score	5	1	3	4	2
Total	41	29	25	24	18
Rank	5	4	3	2	1

Fit with strategic objectives

8.1.4 "The Strategic objectives from the Business Justification Case are:

1. Achieve greater economic performance from land uses
 2. Maintain or improve the City Council assets
 3. Improve the aesthetic and environmental impact of the area.
- Option A scores lowest comparatively as it does not deliver any of the strategic objectives.
 - Option B will progress objective 1 and will go some way toward progressing objective 2 and could deliver option 3.
 - The remaining options should all be able to deliver all of the strategic objectives including maintaining and improve assets in different ways, and therefore are scored highest.

Total Gross direct and indirect jobs and GVA annual benefit

8.1.5 The Gross Value added (GVA) is taken from Grant Thornton's Economic Appraisal.

- The 'do nothing' scenario, option A, does not provide any additional economic benefit from the current position and therefore scores lowest.
- All the other delivery options will result in a development in line with the Local Plan policy through different mechanisms, but they all could result in the impacts to GVA set out in the Economic Appraisal summarised in Section 4 and have therefore all been scored the same.

Benefits realisation

8.1.6 "The realisable benefits are set out in Table 1 and Table 24:

- The 'do nothing' scenario, option A, scores lowest as this option does not deliver these benefits.
- Option C may take more time to deliver the benefits due to the delivery process requirements and therefore scores lower, as does option B where the realisation of some of the benefits (some of the public realm work) will depend on the level of control that the Council can build into this delivery mechanism.
- Options D and E are capable of realising all the benefits through delivery routes.

Net cash flow and NPV post finance, post risk and optimism bias

8.1.7 The impact on cashflow and NPV is set out in Table 16

- Option A retains the income from the existing car park and ranks highest for NPV.
- Option B is lowest rank for net cash flow and NPV in the financial appraisal, but there would be a capital receipt from a sale of the site, and anticipated business rates which aren't included in the assessment.

- Option C does not generate a profit after the application of risk and optimism bias. The financial appraisal report therefore suggests this may not be considered a viable delivery route in this scenario, as it is unlikely to attract a private sector partner in these circumstances.
- Option D, the Council develops the site has the highest NPV pre-application of risk weighting and optimism bias. Option D however carries much more risk and may require more capital expenditure than anticipated.
- Option E, Income strip option has the highest net cash flow and second highest NPV after risk weighting and optimism bias are applied

8.1.8 Surplus/ (deficit) on provision of services with risk weighting and optimism bias combined)

- Option B ranks lowest for the impact on the Council's financial position, but the capital receipt from a sale, and the anticipated income from business rates are not reflected in the ranking.
- Option C (JV) shows a positive financial impact, however, the financial appraisal report suggests this may not be considered a viable delivery route in this scenario, as it is unlikely to attract a private sector partner in these circumstances and that there are risks to overall viability of the JV.
- Option D (Council develops) achieves the highest whole life surplus as the Council retains all the profits from the development and has a lower cost of finance due to prudential borrowing (Grant Thornton, 2019), but also carries more risk.
- Option E (Income Strip) ranks higher than other options, but is very sensitive to changes in indexation over the lease period which is a significant risk to the Council's provision of services.
- Options C, D and E are also sensitive to changes in retail income and finance rates.

Business rates

8.1.9 Business rates may change in future, but this will not affect the comparison of the options as the change will affect all delivery options equally. The business rates that would be retained by WCC from the completed development at Station Approach estimate provided is based on the current system.

Market view

8.1.10 The market view summarises how the delivery deal is viewed in the market place as an attractive proposition.

- Option A is not of interest in the market as the Council retains the asset and there is no procurement opportunity; therefore this options scores lowest.
- Option B is the simplest and quickest approach and is therefore more attractive in the market.
- Option C is a significant investment as a procurement approach; it can take a significant amount of time to go through the process and is

therefore scored low. Some will not be willing to enter into a JV with a public body

- Options D and E have similar procurement issues in terms of time and investment although the process is different, but are simpler procurement processes than option C.

WCC Control over development

- Options A and D retain all control of the asset so score highest.
- Option B as it stands relinquishes most control to a third party, so scores lowest, although there are opportunities within option which could be explored further.
- Option C is shared control through a JV partnership so scores second highest.
- Option E the Council retain control as a occupier, but lose control of the development until the end of the lease period, so this scores lower than most other options.

Speed of delivery

- Options A and B are the quickest processes for the project and score highest.
- Option D is scored lower than E as construction would need to go through procurement process; WCC would need to lead on remaining design stages and reserved matters application, but construction could happen sooner than in option C, where the partnership would need to be set up before construction commences.
- Option E is scored second as procurement for investment partner relatively straight forward; finance would then be secured to develop the site.

Risk transfer

8.1.11 Risk transfer areas are as follows:

- Construction (procurement of construction services and site construction risks),
- Financing of development (capital spend),
- Letting of all floorspace (revenue income),
- Site management (revenue spend).

8.1.12 In Option A and D all the risk remains with the Council therefore these options score the lowest. Option C is a partnership approach, so different risks are shared between the partners and this therefore scores higher than options A and D. In the income strip, option E, the investment partner takes construction and finance risk, but council retains letting and site management risks therefore this option scores higher than the JV option. Option B scores the highest as most of the risk is transferred to a third party under this option.

8.1.13 To score the risks set out in Table 10, the impact is multiplied by the likelihood of the risk occurring. These resulting scores are set out in Table 27 below.

Table 27 Risk Scoring

	A: Do nothing	B: Sell with Planning Permission	C: Joint Venture	D: WCC Develops Site	E: Income Strip
Strategic Case	16	4	9	6	9
Economic Case	16	4	4	2	2
Financial Case	8	3	12	12	12
Commercial Case	8	4	6	6	6
Management Case	4	4	9	9	9
Totals	52	19	40	35	38

- 8.1.14 In summary, under the strategic case, options C and E are considered to have greater likelihood of not delivering the strategic options. This is due to the partnership element of these options which is more likely to affect timescales and implementation of the objectives, as more commercial objectives will need to be considered as part of a partnership agreement. The highest risk option however is the 'do nothing' scenario (option A) which does not progress the strategic objectives.
- 8.1.15 For the economic case, again option A has the highest risk; it puts at risk the realisation of economic benefits and ensuring value for money from the implementation of the project. Options B and C are considered to have greater likelihood of not delivering all the economic benefits as under these options an element of control may be passed to a third party, which could result in a change of scope. This is considered less likely for options D and E.
- 8.1.16 The financial risks reflect that options C, D and E are sensitive to changes in retail income and finance rates. Option E (Income Strip) is very sensitive to changes in indexation over the lease period which is a significant risk to the Council's financial position and provision of services.
- 8.1.17 The commercial risk considered is around whether the approach is attractive in the market. Option B has the greatest impact to the Council if there is not a market for the proposed approach on the sale of the site as the Council have the asset but have not progressed the project through design towards delivery. However, it is considered that this risk has the lowest likelihood of occurring as the Carfax is sited in a prime location, has a clear Local Plan allocation for development and concept design established including significant amount of relevant technical work to support it. It is therefore considered a low risk and attractive in the marketplace. Options C to E have different procurement requirements, but are scored similarly in risk impact and likelihood as although there is a market for all procurement approaches, there are risks around the level of interest, or availability for these options.
- 8.1.18 The risk considered in the management case is whether the option is achievable. Within this, resourcing, programme and project management requirements are considered. Option B has a lower risk in that it is considered an achievable solution given existing resources and programme requirements; a sale is achievable. Some risks around immediate resourcing are identified, but are manageable. Options C to E are much more lengthy and complicated processes which raise the risks around resourcing and timescales for delivery. Option B

has the lowest risk in that the current situation continues, but there will remain risks around ongoing maintenance requirements.

8.2 Conclusion of moderation of the options appraisal

- 8.2.1 The options appraisal in Table 26 looked at costs and benefits and concluded that option E (income strip) provided the best balance of benefits; WCC develop the site second, JV approach third and the sale option fourth. The do nothing baseline demonstrated the lack of benefits this option would provide in relation to the costs and scored lowest.
- 8.2.2 The balance with the risks in Table 27 however lies with the sale option which is considered to have the lowest risk to the Council in meeting the strategic objectives, the financial case, and the commercial case. It is also one of the lowest risk options for the management case and is comparative to the other delivery options for the economic case.
- 8.2.3 When considering the other delivery options, there are significant concerns about the risks relevant to the financial, commercial and management cases in particular which although scored better than option B in the options appraisal, mean that there is not a clear single preferred option recommended at this stage.

8.3 The Preferred Way Forward

- 8.3.1 As a result of the options analysis in Table 26 and risk moderation exercise in Table 27 it is recommended that all the delivery options remain on the shortlist of option, but that the following options be explored further through the development of the business case during the next stage: 1. Sell with the benefit of planning permission, and 2. Income strip.
- 8.3.2 There are opportunities that can be explored within these options which may add to the realisable benefits resulting from the shortlisted delivery options. This will help establish the final preferred option for the delivery of the Carfax site.

8.4 Recommendations

- 8.4.1 In parallel with the submission of an outline planning application, that the following options be explored through further soft market testing and review of procurement, legal and financial implications as part of the next stage.
- Sell with the benefit of planning permission
 - Income strip
- 8.4.2 There are opportunities that can be explored within these options which may increase the realisable benefits resulting from the shortlisted delivery options, which will be considered alongside risks in particular for the income strip model which may have longer term cash flow risk. This will help establish the final preferred option for the delivery of the Carfax site.

Signed: Ian Charie

Date: 12 March 2019

Ian Charie

Senior Responsible Owner Project, Project Team

9. Supporting Documents

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10. Annexes to Appendix 1

10.1 Annex 1: Economic Appraisal (confidential)

Attached as separate document

10.2 Annex 2: Financial Appraisal (confidential)

Attached as separate document

10.3 Annex 3: Commercial Appraisal (confidential)

Attached as separate document

10.4 Annex 4: Risk Register for Key Risks

Risk Register – Key:

Likelihood Rating

It is unlikely that in many cases the probability of a risk occurring can be calculated in a statistically robust fashion as we do not have the data to do so. However, as an indicator, the likelihood is defined by the following probability of a risk occurring:

Likelihood	Probability
Highly Unlikely	1% to 25% chance in 5 years
Unlikely	26% to 50% chance in 5 years
Likely	51% to 75% chance in 5 years
Highly Likely	76% to 100% chance in 5 years

Risk Proximity

The score for risk proximity supports the Council in focusing on certain risks that may occur soon and ignore risks that will not occur in the near future. This enables risk management to be more efficient.

A number of between 1 and 4, where 1 means the risk is about to occur within the next 3 months and 4 means the risk is not likely to occur within the next year is provided.

Risk Proximity Score	Time scale
1	Occurring within the next 3 months
2	Occurring within the next 6 months
3	Occurring within the next 1 year
4	Unlikely to occur within 1 year

Financial Impact

The financial impact to the Council is an important consideration, however this should be viewed alongside the likelihood of the risk occurring and not assumed to be inevitable.

The scoring of the financial impact relates to the cost to the Council if that risk were to occur, however it should not relate to the cost of managing or mitigating the risk.

The financial impact is scored as highly likely it would be prudent for the Council to ensure that it has set aside an adequate financial provision. The financial impact is scored as follows:

Financial Impact Score	Time scale
£	£1 – £20,000
££	£20,0001 - £200,000
£££	£200,001 - £2,000,000
££££	£2,000,001 plus

Impact Rating

The following table provides the definitions which should be used when determining whether a risk would have a Low, Moderate, Major or Significant impact

	Low (1)	Moderate (2)	Major (3)	Significant (4)
Financial	Less than £20K	£20k or over and less than £200K	£200K or over and less than £2m	£2m plus
Service Provision	No effect	Slightly Reduced	Service Suspended Short Term / reduced	Service Suspended Long Term Statutory duties not delivered
Health & Safety	Sticking Plaster / first aider	Broken bones/illness Lost time, accident or occupational ill health	Loss of Life/Major illness – Major injury incl broken limbs/hospital admittance. Major ill health	Major loss of life/Large scale major illness
Morale		Some hostile relationship and minor non cooperation	Industrial action	Mass staff leaving/Unable to attract staff
Reputation	No media attention / minor letters	Adverse Local media Leader	Adverse National publicity	Remembered for years
Govt relations	One off single complaint	Poor Assessment(s)	Service taken over temporarily	Service taken over permanently

Risk Number: 15		Risk Owner: Project Executive				
Risk Title: Change in commercial market including post Brexit						
Causes	Consequences	Current Controls	Current Risk Score		Risk Proximity	Financial impact
			Likelihood	Impact		
<p>Change in commercial market</p> <p>Potential occupiers do not sign up for pre-lets of all of office space prior to practical completion of the development.</p>	<p>Required financial return for the Council is not met</p> <p>Delay in project programme.</p> <p>Changes to the programme and scope of the project incur additional fees under the contract.</p> <p>Impact on the interested businesses.</p> <p>Impact on the local economy.</p> <p>Impact on the Medium Term Financial Strategy.</p> <p>- Office and Retail</p>	<p>Mitigate</p> <p>1. Maintain political support to move project forward and prevent delays.</p> <p>2. Continued economic and political monitoring.</p> <p>3. Mitigate - there is significant interest from prospective occupiers and the Council will seek to formalise their interest via non binding agreements. Market testing should also be undertaken to ensure continuing demand and the site will be actively marketed. An outline planning application route is also being used to stimulate further market interest.</p> <p>4. Mitigate - undertake market testing to ensure demand and do so regularly to ensure demand continues. Regularly engage with those retailers who have expressed an interest.</p>	Likely	Major	2	£££ - ££££
Further actions		Target date	Residual Risk Score			
			Likelihood	Impact		
Market the site and pursue other occupiers Market testing should also be undertaken to ensure continuing demand.		Q4 2018	Unlikely	Moderate		

Risk Number: 18		Risk Owner: Project Executive				
Risk Title: Designs and Gateway approvals						
Causes	Consequences	Current Controls	Current Risk Score		Risk Proximity	Financial impact
			Likelihood	Impact		
Designs are rejected and gateways not approved	Delay in project programme. Changes to the programme and scope of the project incur additional fees under the contract. Design Team's fees become unrecoverable Impact on the interested businesses. Impact on the Medium Term Financial Strategy.	Mitigate 1. Work with Design Team during formulation of designs to ensure these reflect the themes and principles of the brief so Cabinet Members can be comfortable to proceed with recommended design. 2. Establish bi-monthly briefings for Cabinet (SA) Committee members and keep other members informed through informal Cabinet. Involve ward member representative in Advisory Panel. Request delegated authority where appropriate and possible.	Likely	Significant	1	££
Further actions		Target date	Residual Risk Score			
Agree programme at start of each stage and sign-off amendments with Project Board and Committee members.		Q1 2019	Likelihood	Impact		
			Unlikely	Major		

Risk Number: 23		Risk Owner: Project Executive				
Risk Title: Changes in markets, costs (including finance and construction costs), and taxation treatment on financial return including post Brexit						
Causes	Consequences	Current Controls	Current Risk Score		Risk Proximity	Financial impact
			Likelihood	Impact		
Changes in markets, cost of construction and/or borrowing (Gilt rate) or other financial/taxation	Full project business case does not achieve commercial and / or financial viability Affects finance, costs, and/or rents Significantly increased cost of borrowing. (This will have a greater	Mitigate 1. Ensure there is a proper discussion to establish the most appropriate business mix to deliver the expected outcomes and that this is backed up with a	Likely	Significant	2	££££

<p>elements mean that the scheme does not achieve a financial return. Changes may occur in rental income, funding rates increases or lease indexation.</p>	<p>impact depending on the degree to which the Council decide to develop the site/s themselves).</p>	<p>solid evidence base. 2. Liaise with the Finance Team to ensure the financial models and assumptions reflect the expected outcomes and they include the latest information that is available. 3. Continue to review costs and values before deciding to proceed. 4. Carry out continual economic and political monitoring. 5. Ensure an element of contingency is built into the construction budget.</p>				
Further actions		Target date	Residual Risk Score			
<p>Establish processes to promote financial due diligence, whereby any officer or councillor involved in the project receives regular updates on the input assumptions for the financial modelling and is encouraged to robustly challenge these and any subsequent outputs from the financial model as the project progresses. Instruct a full financial and cost report prior to submitting any planning application. Accept the financial market risk but mitigate where possible as follows: a. Regular scanning of the financial markets is already undertaken by the Finance Team as part of their treasury management responsibilities, to facilitate early identification of any potential financing implications, and finance officers will be aware of the current options available to keep borrowing costs to a minimum. b. Ensure an element of contingency is built into the construction budget. c. There is a decision gateway in the business case process where the full business case is considered by CMT and Councillors prior to any financing commitment being made.</p>		<p>Q4 2018</p>	Likelihood	Impact		
			<p>Unlikely</p>	<p>Moderate</p>		

Risk Number: 26			Risk Owner: Project Executive			
Risk Title: Project delivery						
Causes	Consequences	Current Controls	Current Risk Score		Risk Proximity	Financial impact
			Likelihood	Impact		
Project does not result in development	Council then become liable for repayment of borrowed capitalised costs in full.	Accept - Project does not result in development and so capitalised design costs must be charged as a one-off expense to revenue. If these costs have been financed by borrowing the Council must repay the borrowing and finance the costs from revenue reserves.	Likely	Major	2	£££
Further actions		Target date	Residual Risk Score			
			Likelihood	Impact		
None identified at this stage		n/a	likely	Major		
Risk Number: 27			Risk Owner: Project Executive			
Risk Title: Programme risks in relation to governance, resourcing and contingency						
Causes	Consequences	Current Controls	Current Risk Score		Risk Proximity	Financial impact
			Likelihood	Impact		
Pressure on delivery timescale to ensure securing occupiers for site and retain public support.	Pressure put on project programme removes contingency from design, business case and delivery stages Programme may require elements of overlapping RIBA stages. Work is commissioned at an agreed level of financial risk	Mitigate Use risk register to monitor and manage risks to avoid them becoming issues. Manage all parties' expectations for delivery timescales. Identify issues with relevant parties when they occur, and flag impacts on programme. Seek advice on any governance process changes.	Likely	Major	2	££
Further actions		Target date	Residual Risk Score			
			Likelihood	Impact		
None identified at this stage		n/a	Likely	Moderate		

Risk Number: 52			Risk Owner: Project Executive			
Risk Title: Construction cost may require fee adjustment.						
Causes	Consequences	Current Controls	Current Risk Score		Risk Proximity	Financial impact
			Likelihood	Impact		
Design Team fees are set by the construction costs. Through the design process, fee estimates are made; these may need to be adjusted up or down when the final construction cost is set.	May need to pay additional fee to design team before construction.	Cost assessments are iterative throughout the design process and are monitored; there are strong drivers to keep costs down to ensure viability of the development.	Likely	Major	3	£££
Further actions		Target date	Residual Risk Score			
			Likelihood	Impact		
Review contingency in valuation to cover design team fees increases.		Q1 2019	Likely	Moderate		
Risk Number: 61			Risk Owner: Project Executive			
Risk Title: Network Rail governance process						
Causes	Consequences	Current Controls	Current Risk Score		Risk Proximity	Financial impact
			Likelihood	Impact		
Public realm design work delayed or agreement for works cannot be reached in a timely manner on land controlled by 3rd parties (Network Rail), results in not being able to meet required LEP spending programme.	Bid for Local Enterprise Partnership (LEP) funding is unsuccessful or cannot be spent by the deadline. Loss of potential £5M bid. Loss of opportunity to regenerate areas of public realm. Carfax scheme not enhanced by public realm works.	Mitigate -1. Close liaison with M3 Enterprise LEP, and land owners (Network Rail) throughout the project to agree priorities for spend and mechanisms and programme for delivery.	Likely	Major	3	££££
Further actions		Target date	Residual Risk Score			
			Likelihood	Impact		
Continue close engagement with landowners for public realm works and identify any requirements for sign-off using their processes.		Q3 2018	Unlikely	Major		

10.5 Annex 5: Roles and Responsibilities

10.5.1 The following project reporting structure has been established which is summarised in the table below, including the roles and responsibilities of each group.

Project Reporting Structure

Group	Membership	Responsibilities
Cabinet (Station Approach) Committee	Cllr Steve Miller (Chair) Cllr Stephen Godfrey Cllr Jan Warwick	<ul style="list-style-type: none"> • Approve project plan and milestones • Communicate with stakeholders of the project • Sign off completion of stage and authorise start of next stage • Ensure that required resources are committed
Project Board	SD – Resources Joseph Holmes SD – Place Chas Bradfield Portfolio Holder – Cllr Steve Miller	<ul style="list-style-type: none"> • Responsibility and authority to resolve any issues. • Set the overall business objective for the project • Has overall responsibility for securing resources for the project and responding to changing circumstances • Recommend project closure if appropriate to Project Review Team • Championing the project and raising awareness at senior level • Encouraging change through the organisation. • Ensure that risks are being tracked and mitigated as effectively as possible
RIBA Client Advisor	Sarah Williams	<ul style="list-style-type: none"> • Project Assurance
Project Team	Head of Programme – Ian Charie Project Manager Carfax – Zoë James Project Manager Public Realm – Simon Taylor Assistant Project Manager – Michelle Wells Property, Communication, Finance & Legal Officers And other offices where advice is required (including historic environment, planning etc.)	<ul style="list-style-type: none"> • Manage project and develop supporting information to inform and advise project board • Develop key outputs • Preparation of business cases • Managing budget and project plan
Design Team	Led by Lifschutz Davidson Sandilands (LDS) Architecture, Masterplanning, Principle Designer, BIM Co-	Design team develop proposals to meet brief and manage the project. Responsible for procuring all design services required including the following:

	<p>ordinator/Information Manager Adrian Bower – Lead Consultant Sasha Birksted – Associate Director Alex Lifschutz – Design Vision Duncan Gammie – BIM Co- ordinator</p> <p>Other Design Team Members procured by Winchester City Council: i-Transport – Steve Jenkins Mace (cost consultants) – John O’Neil Vail Williams (Valuers) – Chris Cave Grant Thornton – Financial and Economic Case</p>	<ul style="list-style-type: none"> • Lead Designer • Principal Designer; • Architectural design; • Landscape design; • Civil and Structural Engineer • M&E Engineer • BIM Co-ordinator; • BIM Information Manager; • Master planning including strategic sustainable development advice; • Urban Designer • BREEAM Consultant • Planning consultancy including townscape heritage and visual statement and relevant sustainability statement.
<p>Advisory Panel</p>	<p>Cllr Eileen Berry (EB) – Winchester City Councillor (representative chosen by Cabinet) Cllr Dominic Hiscock (DH) – Winchester City Councillor (representative chosen by Liberal Democrats) Keith Leaman (KL) – City of Winchester Trust representative Rob Mott (RM) – Winchester BID representative Bob Wallbridge (BW) – Hampshire County Council representative</p>	<p>Sounding board for design principles</p>

10.6 Annex 6: RIBA Plan of Work



The RIBA Plan of Work 2013 organises the process of briefing, designing, constructing, maintaining, operating and using building projects into a number of key stages. The content of stages may vary or overlap to suit specific project requirements. The RIBA Plan of Work 2013 should be used solely as guidance for the preparation of detailed professional services contracts and building contracts.

www.ribaplanofwork.com

	0	1	2	3	4	5	6	7
Stages								
Tasks	Strategic Definition	Preparation and Brief	Concept Design	Developed Design	Technical Design	Construction	Handover and Close Out	In Use
Core Objectives	Identify client's Business Case and Strategic Brief and other core project requirements.	Develop Project Objectives , including Quality Objectives and Project Outcomes , Sustainability Aspirations , Project Budget , other parameters or constraints and develop Initial Project Brief . Undertake Feasibility Studies and review of Site Information .	Prepare Concept Design , including outline proposals for structural design, building services systems, outline specifications and preliminary Cost Information along with relevant Project Strategies in accordance with Design Programme . Agree alterations to brief and issue Final Project Brief .	Prepare Developed Design , including coordinated and updated proposals for structural design, building services systems, outline specifications, Cost Information and Project Strategies in accordance with Design Programme .	Prepare Technical Design in accordance with Design Responsibility Matrix and include all architectural, structural and building services information, specialist subcontractor design and specifications, in accordance with Design Programme .	Offsite manufacturing and onsite Construction in accordance with Construction Programme and resolution of Design Queries from site as they arise.	Handover of building and conclusion of Building Contract .	Undertake In Use services in accordance with Schedule of Services .
Procurement *Variable task bar	Initial considerations for assembling the project team.	Prepare Project Roles Table and Contractual Tree and continue assembling the project team.	←----- The procurement strategy does not fundamentally alter the progression of the design or the level of detail prepared at a given stage. However, Information Exchanges will vary depending on the selected procurement route and Building Contract . A bespoke RIBA Plan of Work 2013 will set out the specific tendering and procurement activities that will occur at each stage in relation to the chosen procurement route. ----->			Administration of Building Contract , including regular site inspections and review of progress.	Conclude administration of Building Contract .	
Programme *Variable task bar	Establish Project Programme .	Review Project Programme .	Review Project Programme .	←----- The procurement route may dictate the Project Programme and may result in certain stages overlapping or being undertaken concurrently. A bespoke RIBA Plan of Work 2013 will clarify the stage overlaps. The Project Programme will set out the specific stage dates and detailed programme durations. ----->				
(Town) Planning *Variable task bar	Pre-application discussions.	Pre-application discussions.	←----- Planning applications are typically made using the Stage 3 output. A bespoke RIBA Plan of Work 2013 will identify when the planning application is to be made. ----->					
Suggested Key Support Tasks	Review Feedback from previous projects.	Prepare Handover Strategy and Risk Assessments . Agree Schedule of Services , Design Responsibility Matrix and Information Exchanges and prepare Project Execution Plan including Technology and Communication Strategies and consideration of Common Standards to be used.	Prepare Sustainability Strategy , Maintenance and Operational Strategy and Handover Strategy and Risk Assessments . Undertake third party consultations as required and any Research and Development aspects. Review and update Project Execution Plan . Consider Construction Strategy , including offsite fabrication, and develop Health and Safety Strategy .	Review and update Sustainability , Maintenance and Operational and Handover Strategies and Risk Assessments . Undertake third party consultations as required and any other third party submissions requiring consent. Review and update Project Execution Plan , including Change Control Procedures . Review and update Construction and Health and Safety Strategies .	Review and update Sustainability , Maintenance and Operational and Handover Strategies and Risk Assessments . Prepare and submit Building Regulations submission and any other third party submissions requiring consent. Review and update Project Execution Plan . Review Construction Strategy , including sequencing, and update Health and Safety Strategy .	Review and update Sustainability Strategy and implement Handover Strategy , including agreement of information required for commissioning, training, handover, asset management, future monitoring and maintenance and ongoing compilation of ' As-constructed ' Information . Update Construction and Health and Safety Strategies .	Carry out activities listed in Handover Strategy including Feedback for use during the future life of the building or on future projects. Updating of Project Information as required.	Conclude activities listed in Handover Strategy including Post-occupancy Evaluation , review of Project Performance , Project Outcomes and Research and Development aspects. Updating of Project Information , as required, in response to ongoing client Feedback and maintenance or operational developments.
Sustainability Checkpoints	Sustainability Checkpoint – 0	Sustainability Checkpoint – 1	Sustainability Checkpoint – 2	Sustainability Checkpoint – 3	Sustainability Checkpoint – 4	Sustainability Checkpoint – 5	Sustainability Checkpoint – 6	Sustainability Checkpoint – 7
Information Exchanges (at stage completion)	Strategic Brief .	Initial Project Brief	Concept Design including outline structural and building services design, associated Project Strategies , preliminary Cost Information and Final Project Brief .	Developed Design , including the coordinated architectural, structural and building services design and updated Cost Information .	Completed Technical Design of the project.	' As-constructed ' Information .	Updated ' As-constructed ' Information .	' As-constructed ' Information updated in response to ongoing client Feedback and maintenance or operational developments.
UK Government Information Exchanges	Not required.	Required.	Required.	Required.	Not required.	Not required.	Required.	As required.

*Variable task bar – in creating a bespoke project or practice specific RIBA Plan of Work 2013 via www.ribaplanofwork.com a specific bar is selected from a number of options.

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REPORT TITLE: CITY OF WINCHESTER MOVEMENT STRATEGY

THE OVERVIEW AND SCRUTINY COMMITTEE – 20 MARCH 2019
CABINET - 25 MARCH 2019

REPORT OF PORTFOLIO HOLDER FOR ENVIRONMENT: Councillor Jan Warwick

Contact Officer: Simon Finch Tel No: 01962 848271 Email
sfinch@winchester.gov.uk

WARD(S): CITY WARDS

PURPOSE

In 2017 the City Council and Hampshire County Council resolved to work together on the development of a joint strategy intended to set out a vision and long term priorities for travel and transport improvements in Winchester over the next 20 to 30 years.

The City of Winchester Movement Strategy is the culmination of over 18 months of development work which has included gathering transport data from a range of sources, computer modelling looking at the way traffic moves in and around the city and public and stakeholder consultations designed to identify future transport priorities as well as an opportunity to comment on the emerging strategy.

The Strategy is a high level document which incorporates a number of schemes centred on delivering three key priorities; reducing city centre traffic, supporting healthier lifestyles and supporting sustainable growth. These underpin the overarching vision of the strategy which is “to support strong and sustainable economic growth for the city of Winchester whilst at the same time enhancing it as a place and community where people can have an excellent quality of life.”

It is recommended that the Strategy should be endorsed and adopted as a key evidence base to support the development of Local Plan 2036, future major projects, future updates of the Air Quality Strategy and Action Plan and the development of the Car Parking Strategy. Detailed work can then begin on developing and implementing the schemes set out in the document whilst acknowledging that some measures can be delivered by the City Council directly, others by Hampshire County Council as the highway/transport authority, and by working jointly together. Strategic road improvements on the M3 will be undertaken by Highways England.

The County Council is due to consider the Strategy in April.

RECOMMENDATIONS:

1. That Cabinet endorse the City of Winchester Movement Strategy and adopt it as a key evidence base to support the development of Local Plan 2036, future major projects, future updates of the Air Quality Strategy and Action Plan and the development of the Car Parking Strategy.
2. That the City Council works collaboratively with Hampshire County Council, as the highway and transport authority, to support the delivery of the 9 measures to be taken forward in the action plan section of the Strategy.
3. That the proposal to allocate £250k from the district Community Infrastructure Levy fund from the general fund to support further detailed development work be approved in addition to the £250k already committed from the general fund approved already as part of the budget setting process.

IMPLICATIONS:1 COUNCIL STRATEGY OUTCOME

- 1.1 The Movement Strategy will help deliver the outcomes of the Council Strategy and in particular; Winchester District will be a premier business location (Work with strategic partners to deliver critical infrastructure projects across the District), improving the quality of the District's environment (improve the environment and reduce harmful emissions through holistic transport planning).

2 FINANCIAL IMPLICATIONS

- 2.1 The City Council has already provided £200k to develop the Strategy with the County Council contributing c£300k.
- 2.2 A sum of £250k (£125k in 19/20 and £125k in 20/21) has been included in the General Fund budget to support further detailed development work to help deliver the measures set out in the Strategy. It is proposed that a further £250k provision be made from the district Community Infrastructure Levy fund to reflect the important role the measures will play in addressing the impact of both current and future development in and around the city (modelling to inform the strategy has taken account of this growth).
- 2.3 This aligns with the Spending Protocol agreed in 2018 (CAB3071) in that implementing the Strategy will help to lever in other funds that would not otherwise be available (needed to match or draw grant funding), offers wider as well as local benefits, and addresses a specific impact of new development beyond that which has been secured through a s106 Obligation or s278 Agreement. In addition, the Strategy will support the delivery of key development sites in the District such those being planned at Station Approach and Centre of Winchester Regeneration. It is therefore considered to be an appropriate use of CIL funds.
- 2.4 As acknowledged in the Strategy, some of the schemes identified are unfunded and will cost millions of pounds to implement. However, having a strategic document agreed by both authorities will enable the City and County councils to pursue regional (Local Economic Partnerships *et al*) and national (Government) funding streams as well as informing investment decisions taken at the local level. For example, the City Council has the option of supporting measures using more of its Community Infrastructure Levy income. There are also measures which are low cost (£0-£100k) and can be undertaken in the short term (0-3 years) so provide the opportunity for some early delivery.

3 LEGAL AND PROCUREMENT IMPLICATIONS

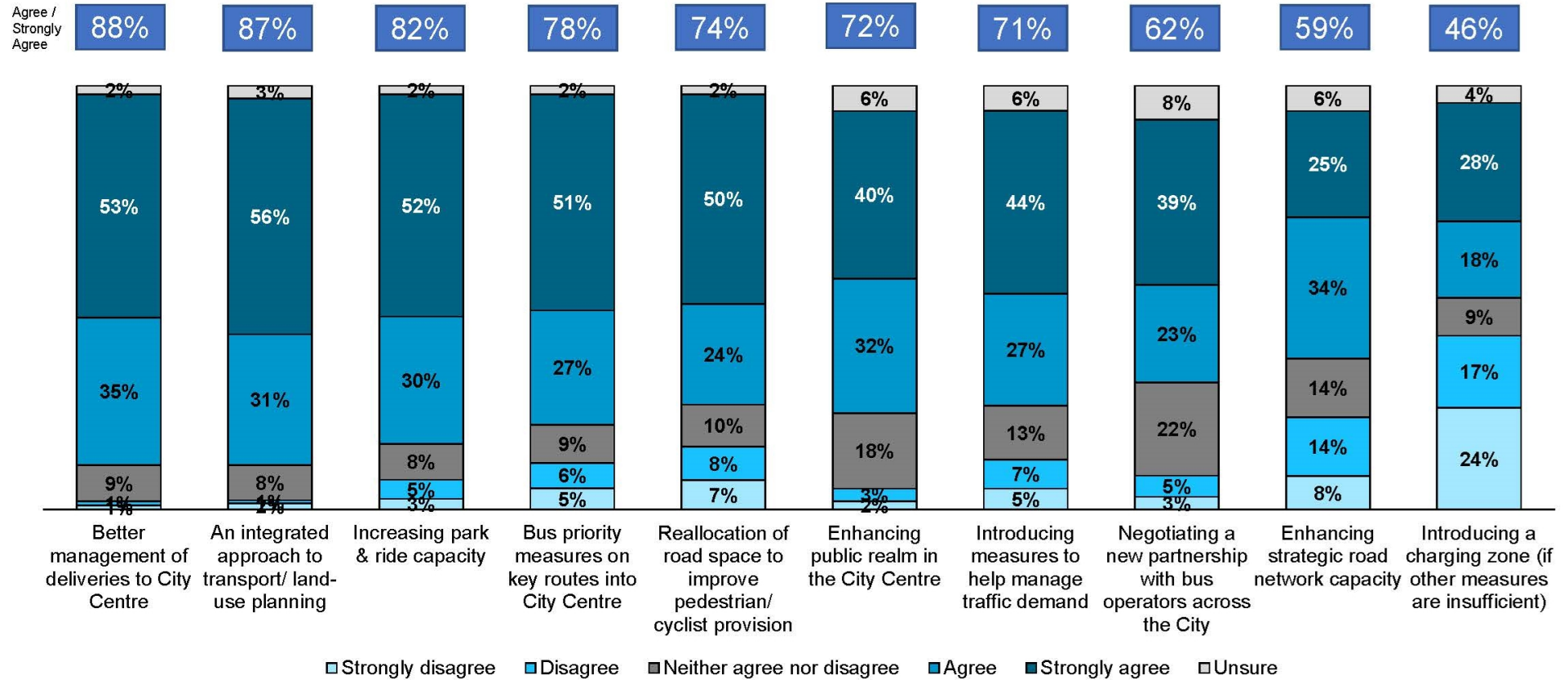
- 3.1 None directly as a result of the Strategy.

4 WORKFORCE IMPLICATIONS

- 4.1 None other than officer time as the Strategy moves from the development to the post adoption and implementation phases.
- 5 PROPERTY AND ASSET IMPLICATIONS
- 5.1 None specific to this report.
- 6 CONSULTATION AND COMMUNICATION
- 6.1 The Strategy has been informed by extensive engagement and consultation with the public, stakeholders and other interest groups.
- 6.2 Between October and December 2017 the councils undertook an open consultation on travel and transport constraints within Winchester, and how these might be addressed to improve movement throughout the City. This included three suggested priorities for a Movement Strategy; achieving the right balance between different types of traffic (including pedestrians and cyclists), supporting growth and economic vibrancy, and improving air quality. This consultation attracted over 1300 representations and, following a phone survey of Winchester residents, more than 2000 responses were received from people who live, work or visit the city.
- 6.3 In addition briefings were held for elected members, including the Town Forum, and workshops were arranged with stakeholders, transport providers, as well as meetings with interest and residents groups.
- 6.4 Feedback received from the first round of consultation and engagement was used in conjunction with the technical evidence base (transport data and modelling) to develop an emerging Strategy which was published for public consultation between November 2018 and January this year. In light of comments received on the first round of engagement the three priorities were refined to; reduce city centre traffic, support healthier lifestyle choices and invest in infrastructure to support sustainable growth. 10 specific schemes were shown across these 3 priority areas. Drop-in sessions were organised for stakeholders, parish councils and interest groups.
- 6.5 Over 800 structured responses were received (questionnaires) along with some 42 unstructured replies (emails/letters) from the public as well as a range of businesses/Winchester Business Improvement District and Chamber of Commerce, transport providers, educational establishments, South Downs National Park and parish councils.

Table 1: Level of Agreement with Proposed Measures

To what extent do you agree or disagree that the following measures should be implemented? (Base: c764)



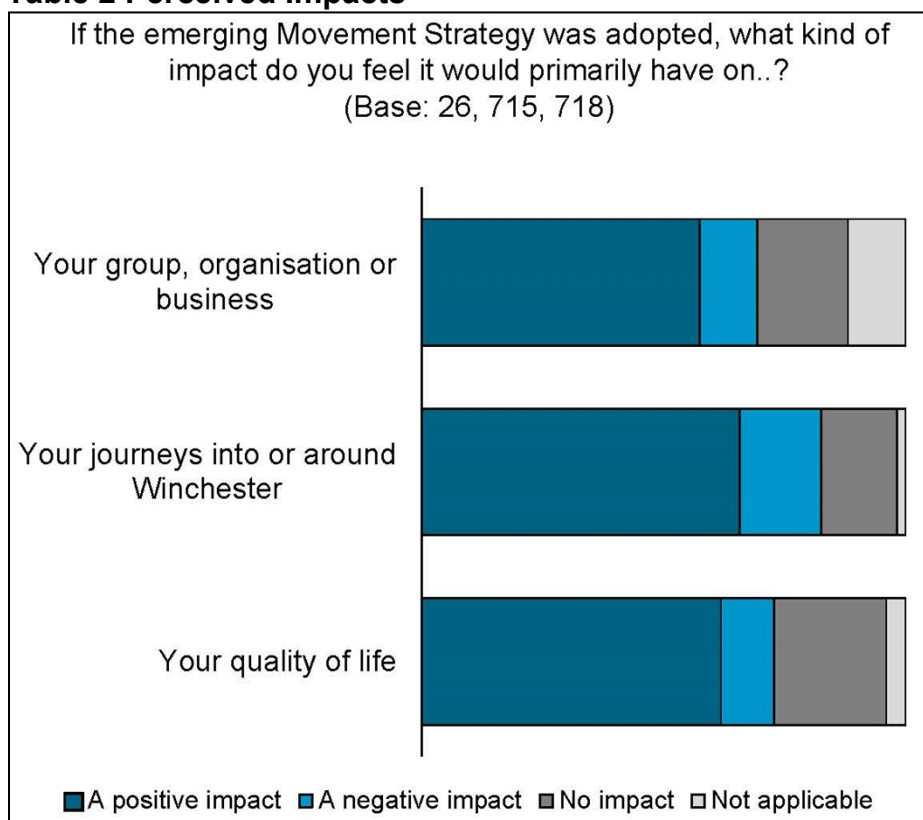
6.6 The responses received showed a good level of support for eight of the ten measures proposed across the three priorities within the emerging Strategy (Table 1 above). Over 70% of respondents were in agreement that the Strategy should aim to:

- ensure a more integrated approach to transport/ land-use planning
- improve management of deliveries to the city centre
- increase park and ride capacity
- implement bus priority measures on key routes into the City Centre
- reallocate road space to improve pedestrian/ cyclist provision
- introduce measures to help manage traffic demand
- enhance public realm in the city centre

6.7 Around 60% of respondents were in favour of proposals to negotiate a new partnership with bus operators across the city and enhance strategic road network capacity.

6.8 However, opinion was more divided regarding the potential introduction of a charging zone in Winchester with 46% agreeing and 41% disagreeing that this should be considered if other options fail to achieve the required reduction in traffic.

Table 2 Perceived Impacts



6.9 Around two-thirds of individuals who responded felt that, should the emerging Movement Strategy be adopted, it would have a positive impact on their

journeys into / around Winchester and their quality of life (see table 2 above). Many respondents highlighted improved air quality, reduced congestion, and improved cycling provision as key drivers of this.

- 6.10 Over half of responding groups/ businesses/ organisations felt that the Strategy would have a positive impact, compared to 13% who felt that the impact would be negative.
- 6.11 Whilst respondents recognised the potential of the emerging Strategy, feedback suggests further reassurance is needed to enable people to feel confident that the proposals, once implemented, will have the desired impacts and meet Winchester's future travel and transport needs.
- 6.12 39% of respondents had confidence that the Strategy will meet Winchester's travel and transport needs. Confidence was limited because people were concerned about a number of factors including items that were not detailed in, or thought to be missing from, the Strategy, existing constraints and doubts about implementation of the measures. This is perhaps understandable as there will always be a wide range of views about what measures should be included within such a document including how they are identified and prioritised. Furthermore, some measures in the action plan will require substantial development work and financial investment to deliver. In order to address these issues an action plan has been incorporated in the final version of the Strategy which sets out more detail for each of the proposed measures in terms of timescales, benefits, costs, risks and deliverability. The City Council is also committing £500k to ensure the detailed development work around the agreed actions can begin. In addition, an expression of interest application has been submitted to the Enterprise M3 Local Economic Partnership in relation to their Local Growth Fund which may provide a possible funding stream for a number of measures in the action plan.
- 6.13 Overall therefore it is considered that the final version of the Strategy has been well informed by both the technical evidence base and responses to the open consultations and engagement events organised. Feedback has been provided by the public (residents, workers and visitors) as well as stakeholders and interest groups and it is encouraging to see that most of the proposed schemes set out under the three priorities are generally well supported. However, it is also evident that there is work to be done to deal with issues around deliverability and the impact measures will have once they have been carried out. This may in part be addressed by both councils committing further resources to support the Strategy post adoption (see Finance section above) and finding some measures that can be implemented quite quickly as well as providing more details about measures in the form of an action plan.

7 ENVIRONMENTAL CONSIDERATIONS

- 7.1 Impact of the of the city's environment is at the heart of the Strategy which is underpinned by its three key priorities; reduce city centre traffic, support

healthier lifestyle choices and invest in infrastructure to support sustainable growth.

- 7.2 Collectively, these priorities aim to reduce traffic in the centre by improving Winchester's infrastructure which will enable measures to be implemented that enhance the public realm and make it easier and more attractive for people to travel by public transport, bike and on foot. The measures should also help to reduce congestion and traffic emissions by cutting city centre traffic at peak times to the benefit of air quality in the centre of town.

8 EQUALITY IMPACT ASSESSEMENT

- 8.1 None specifically for the Strategy but some schemes within the document will need to be assessed as part of the detailed planning and delivery of these projects.

9 DATA PROTECTION IMPACT ASSESSMENT

- 9.1 None

10 RISK MANAGEMENT

Risk	Mitigation	Opportunities
<i>Property None</i>		
<i>Community Support - Lack of public support for the Strategy may result in schemes being opposed at the implementation stage.</i>	The Strategy has been subject to extensive consultation and engagement with the public, stakeholders and interest groups. The responses received to the consultation on the emerging Strategy were generally supportive of most measures (see section 6 above).	Some concern was evident through the feedback received that proposed measures would not be effective in achieving stated aims in the Strategy so delivering some improvements in the short term may help to demonstrate the councils' commitment to the Strategy and benefits arising from the implementation of its actions.
<i>Timescales – Some measures will take time to deliver and will need funding. This could undermine confidence in the deliverability of the Strategy.</i>	The Strategy sets out each measure and includes indicative timescales for delivery and costs (high/medium/low) to help manage expectations.	Delivering some improvements in the short term may help to demonstrate the councils' commitment to the Strategy and benefits arising from the implementation of its actions.

<i>Project capacity – Insufficient staff resources to implement the Strategy.</i>	Both Councils have already allocated resources to take the Strategy forward (see section 2 above). The development work for the next stage of the Strategy can therefore be commissioned. This will supplement in-house resources needed to deliver some of the measures.	
<i>Financial / VfM - Resources will be needed to implement the Strategy and some schemes are high cost and are unlikely to be funded from Council budgets.</i>	The Strategy sets out each measure and includes indicative timescales for delivery and costs (high/medium/low) to help manage expectations. Both councils have already allocated resources to take the Strategy forward (see section 2 above). The Strategy will enable both councils to bid for external funding (regional and national/Government).	
<i>Legal - None for the Strategy</i>		
<i>Innovation - None.</i>		
<i>Reputation – Failure to deliver measures in the Strategy will undermine confidence in the councils’ ability to implement it.</i>	Delivering some improvements in the short term may help to demonstrate the councils’ commitment to the Strategy and benefits arising from the implementation of its actions. Both councils have already allocated resources to take the Strategy forward (see section 2 above).	
<i>Other – None.</i>		

11 SUPPORTING INFORMATION:

- 11.1 In 2017 the City and County Councils decided to work collaboratively on developing a high level strategic document which seeks to define and address the transport issues facing the city. Winchester is the county town, with a rich heritage, and remains an attractive place to live, work and visit. It is set to grow significantly over the coming years (4000 homes to be built in the period between 2011 - 2031) along with a series of major developments being planned in and around the city centre as well as a new sport and leisure park at Bar End. However, with over 5 million visitors per year and 20,000 people commuting into the city each day of the working week, which generates 16,000 daily car trips, (7,000 people also travel out of Winchester to work in other locations) the city's transport infrastructure is under strain and this manifests itself in a number of ways, such as traffic congestion during peak times and poor air quality in the city centre which is designated as an air quality management area.
- 11.2 The City of Winchester Movement Strategy is intended to respond to these challenges and sets out an agreed vision and long term priorities for traffic and travel improvements in the town over the next 20 plus years based on three key priorities; reducing city centre traffic, supporting healthier lifestyle choices and investing in infrastructure to support sustainable growth. These are underpinned by 11 actions (schemes) grouped together under these priorities which collectively seek to achieve the overall vision of the strategy which is to "support strong and sustainable growth for the city whilst at the same time enhancing it as a place and community where people can have an excellent quality of life." It is proposed to take forward 9 of the 11 schemes at this point in time.
- 11.3 These schemes have been broadly defined by two categories; enabler/enabling and enabled. The enabler/enabling measures come first and then allow for further measures to follow on (enabled). For example increasing park and ride capacity and bus priority measures will reduce traffic in the centre of town and will mean that it's possible to re-allocate road space to improve provision for cyclists and pedestrians.
- 11.4 The Strategy has been developed collaboratively by both councils working together in order to establish an agreed vision and actions to secure improved movement in and around the city. Some of the measures in the action plan can be delivered by the City Council, others by the County Council as highway/transport authority, and a number of projects will need the authorities to work together to ensure delivery. The wider improvements to the strategic road network will be delivered by Highways England such as works to Junction 9 on the M3.

Priority One – Reducing City Centre Traffic

- 11.5 In relation to delivering priority one (reducing city centre traffic) there are several schemes proposed. These consist of plans to increase park and ride capacity (adding up to 3000 spaces to the existing provision of 1850) which is likely to be a combination of expanding existing sites and developing new facilities including some provision on the northern side of the city. Bus priority measures are included, such as bus gates in locations like Chesil Street and Southgate Street, which will improve journey times and reliability of public transport as well as reducing operating costs and increasing bus use. Bus partnerships can also be used whereby operators improve services because of infrastructure investments made by the councils. Traffic demand management measures compliment these actions to promote bus use and consist of parking strategies which control capacity, charging and location of car parks. These factors influence the behaviour of drivers and softer measures, like travel plans and campaigns to promote modes of transport other than the private car, can also be used to reduce travel by car.
- 11.6 Clearly increasing park and ride capacity by 3000 spaces is ambitious and would be undertaken in phases over a period of years but the strategy recommends beginning development work now. From past experience in Winchester delivering these facilities can take a number of years and involves substantial investment. However the City Council is already developing plans to bolster park and ride provision on the east side of town at the former Vaultex site next to Barfield Close. 200 spaces will also be delivered as part of the Kings Barton housing development. It may be possible to revisit this if further opportunities arise in this location which means that it would make more sense to look at delivering a larger facility on a different site.

Priority 2 Supporting Healthier Lifestyle Choices

- 11.7 Priority two relates to supporting healthier lifestyle choices which consists of actions around reallocation of road space to improve pedestrian and cycle provision. This includes development of a Local Cycling and Walking Infrastructure Plan which would incorporate a list of pedestrian and cyclist improvements for the city. The initial priority would be to address issues in the town centre, followed by routes to the centre. Potential schemes include; contraflow cycle facilities in the city centre to open new direct cycle route options, improving the main crossing points and links into the city currently offering poor levels of service to pedestrians and cyclists. (Sussex Street/Station Hill, City Road/Hyde Street, Ramsey Road/Upper High Street, Jewry Street/High Street). Route enhancements to the city centre could also form part of the plan e.g. enhanced pedestrian corridors from the station to the city centre including reprioritisation of Worthy Lane/Worthy Road in favour of pedestrians. Such measures could be funded from existing revenue/capitol budgets, planning obligation contributions for infrastructure enhancements and bids for external funding.
- 11.8 This priority also included the introduction of some form of charging zone if other measures failed to deliver the intended benefits. However, out of the ten actions set out in the emerging strategy, this was the only one which did

not enjoy support from the majority of those who responded to the consultation (see 6.8 above). It is not proposed to develop this scheme any further in the short to medium term but this will be revisited if the Strategy does not provide the improvements envisaged by delivering the other schemes.

Priority Three Invest in Infrastructure to support sustainable growth

- 11.9 Priority three deals with investment in infrastructure to support sustainable growth. This entails developing a public realm plan for the central area to include redefining parts of the one-way system to remove traffic dominance and reallocation of road space for other users, re-characterising St. George's Street by reducing traffic to one lane and making space available to people and other activities, improving pedestrian priority along Jewry Street, and closing rat runs. This also aligns with the City Council's aspirations for Centre of Regeneration of Winchester relating in particular to enhancing the Broadway as a public space and the relocation of the bus station and stops.
- 11.10 The Strategy also proposes better management of city centre deliveries, which are a long-standing issue, and add to congestion and air quality problems at peak times. This will take several forms; review of loading controls and enforcement operations, ensuring adequate space for loading is provided as part of any works to the public realm and engaging with businesses to review freight management practices.
- 11.11 Another element for delivering priority 3 is enhancement of the strategic road network. In essence this is the improvements to the M3 (Junction 9 and Smart Motorway) which are important in accommodating future Winchester growth and avoiding traffic having to use the city centre. These schemes are funded by Highway's England for delivery by 2023/24.
- 11.12 Finally, the Strategy promotes an integrated approach to transport and land-use planning. The Strategy is timely in that the City Council is working on Local Plan 2036 and this document will form part of its evidence base. It will be used therefore to assist with the development of future housing and employment sites to reduce or minimise travel by car and support sustainable modes of transport including park and ride facilities. Policies which encourage these modes can be included in the Plan. The City Council is also working on a new car parking strategy which again will provide a mechanism to deliver the priorities of the strategy as mentioned above and can also be supported by the new Local Plan.
- 11.13 Overall the package of schemes outlined above has the potential to reduce peak AM traffic in the city centre by about a quarter which will have a number of environmental and other benefits and will provide the opportunity to make changes to improve the public realm as explained above.
- 11.14 There are only two measures consulted on in the emerging strategy which it is proposed not to progress at the present time. This decision is not based solely upon consultation responses, which suggested these actions were not

so well supported as the others, but the evidence base which indicated that these changes would not deliver sufficient transport improvements to justify taking them forward at the present time. As a result it is better to focus resources on those actions which will deliver the greatest improvements. The two schemes in question are the introduction of a charging zone and improvements to the primary road network (including a possible western by-pass). This formed part of enhancing the strategic road network measure in the emerging Strategy.

- 11.15 It is therefore proposed to take forward the work streams on the other 9 measures referred to above. The action plan in the Strategy provides timescales for both development work and implementation phases. The total cost of the development work is estimated to be around £500k and the councils are committed to allocating resources to enable this to proceed over the next 3 years through the usual budget setting processes. The City Council has committed £500k over the next two financial years to support the development work (see section 2 above). This funding will be used to take forward; park and ride, bus priority, bus operator partnerships, traffic demand management, walking and cycling measures, and commercial deliveries in the city centre.
- 11.16 The largest funding requirements in the first phase of work relate to developing park and ride options (£200k), details of bus priority measures (£80k) and proposals for public realm improvements (£100k). From experience it will take some time to develop schemes like park and ride and public realm enhancements and these will require the identification of significant funding streams to implement them (£5m plus for each). However, these will result in significant benefits in terms of reducing town centre traffic, enabling other changes to be made which make Winchester a more attractive place to cycle and walk for example and encouraging inward investment. It is therefore important to fund the development stage of these actions now.
- 11.17 Whilst some of the measures in the action plan will take a number of years to develop and deliver, with funding yet to be identified for implementation, there are other schemes which are already underway or can be developed and implemented using existing funding.
- 11.18 For example, the re-allocation of road space to improve pedestrian and cycle provision identifies a number of improvements in the city centre and routes into the centre. The development phase is estimated to cost only £50k and will involve producing a local cycling, walking and implementation plan. There is some funding available to support implementation of infrastructure improvements in the first 3 years (total costs £500k plus) using planning obligation (s106) contributions received and Community Infrastructure Levy funds. The City Council is also looking at complimentary measures such as providing charging points in its car parks to incentivise the up-take of low emission vehicles.

- 11.19 In addition, some of the softer measures in the document, like developing a new parking strategy for adoption later this year and travel plans, which form part of traffic demand management action, are already underway as is work on the City Council's new Local Plan 2036 which will aim to ensure an integrated approach to transport and land-use planning (adoption by end of 2021).
- 11.20 It is important to make sure that the development work is commenced early in relation to all 9 actions cited above which are to be taken forward to the next stage with delivery of some of these schemes in the first 3 years of the Strategy in order to demonstrate that both councils are committed to it and are able to show some tangible improvements. This should help to increase public confidence in the deliverability of the Strategy, and the benefits that follow, given the response to the last round of consultation (see 6.12 above).
- 11.21 In conclusion therefore it is considered that the Strategy is good example of collaborative working between the two councils which has resulted in a set of agreed transport priorities and actions designed to deliver a long term vision for the town; to support strong and sustainable economic growth for the city of Winchester whilst at the same time enhancing it as a place and community where people can have an excellent quality of life. The Strategy will improve the way people are able move in and around the city which will bring a range of environmental and other benefits. Adoption of the Strategy is the first step and is really only the beginning of the process. The City Council will need to work with the County Council and others to develop the measures identified further and find the funding necessary to deliver the actions set out in the Strategy. Having a clear agreed Strategy in place will enable both authorities to pursue funding opportunities at both the regional and national levels.

12 OTHER OPTIONS CONSIDERED AND REJECTED

- 12.1 The City Council is not required to produce a Movement Strategy. However, the relationship between transport, land use planning, environmental health, major projects and operational services, like off-street parking including park and ride, means there is significant benefit in working together with Hampshire County Council as the highway and transport authority. Developing with the County Council a joint strategy means there are agreed transport priorities and actions for Winchester over the next 20 plus years and having such a document in place will enable both authorities to pursue funding opportunities which arise at the regional and national levels. This investment will improve how people are able to move in and around the city which will bring wider benefits. This would be far more difficult to achieve without such a strategy.

BACKGROUND DOCUMENTS:-

CAB3071 - COMMUNITY INFRASTRUCTURE LEVY – OPERATIONAL REVIEW

Other Background Documents:-

Hampshire County Council City of Winchester Movement Strategy:
<https://www.hants.gov.uk/winchestermovementstrategy>

APPENDICES:

Appendix A – City of Winchester Movement Strategy.

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City of Winchester Movement Strategy



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Foreword

Hampshire County Council and Winchester City Council are looking to improve how people travel in and around Winchester. We want to see a future where there is reduced car traffic but more activity in the city centre, better air quality and improved travel options when using the bus, walking or cycling.

A new strategy is needed to address the current and future transport challenges facing the city. The past strategy involved implementing almost 2,000 park and ride spaces alongside a package of local improvements at a cost of over £20 million. This has helped Winchester continue to grow, but the park and ride spaces are now nearing operational capacity. City centre car parks are also near full occupancy at peak times. Traffic levels in the city centre are dominating the streetscape and are the primary cause of the designated Air Quality Management Area that broadly encompasses the whole one-way system. At the same time, there are new development pressures or changes likely to impact the transport infrastructure which need to be planned for.

Following a period of plan development, including initial public consultation¹, extensive engagement and data collection work, a new Movement Strategy for Winchester has been developed. The Strategy involves reducing traffic levels in the city centre by providing a good quality alternative to having to drive into the centre of Winchester, particularly for travel to work journeys. Key schemes in the Strategy that will allow this to happen include increasing park and ride provision, measures to make bus services more reliable, enhancing the public realm and removing barriers to walking and cycling.

We are very proud to have been able to develop this Strategy with the many passionate groups and individuals who have given up their time to respond to and engage with us on what we think is a bold plan for the future. This may be the end of strategy development for now but it is the beginning of a new process by which we intend to develop the detailed design for schemes in the Strategy and deliver them so that we can transform the way Winchester's transport system works. The action plan in the Strategy sets out how and when we will do this.

The Strategy and action plan will guide our investment decisions and allow us to develop strong bids for future funding opportunities. In order to make sure such opportunities are not missed the Councils will be putting funding into the next stage of design and development work.

¹ An overview of consultation feedback and data can be viewed at www.hants.gov.uk/winchestermovementstrategy

Section one: Background

What is the City of Winchester Movement Strategy?

The City of Winchester Movement Strategy has been developed in partnership by Hampshire County Council and Winchester City Council. It is a joint policy document that sets out an agreed vision and long-term priorities for travel and transport improvements in Winchester over the next 20-30 years. It also covers, at a high level, plans for how these priorities might be met, including indicative timescales and costings.

The Movement Strategy is accompanied by an Action Plan that considers what needs to happen in order to deliver the Strategy, in what order and by when. The Action Plan will be monitored on a regular basis.

Geographical scope of the Strategy



The Winchester Movement Strategy primarily concerns movement throughout the City of Winchester. The main area of focus is highlighted in purple in the map at Fig.1.

Fig.1 - Geographic scope of the Winchester Movement Strategy.

Why does Winchester need a new Movement Strategy?

Previous transport strategies for Winchester have focused on managing the number of vehicles coming into the city centre, whilst ensuring Winchester remains a thriving and pleasant place to live, work and visit. This resulted in measures costing over £20 million to reduce city centre traffic including, for example, constructing 1,861 park and ride spaces on the outskirts of the city.

The park and rides are now busy, as are the city centre car parks. Traffic demand is set to grow and, over time, more people are expected to come to Winchester for a range of purposes. The city centre is dominated by motorised traffic, with peak time congestion on main roads and little room to accommodate additional vehicle traffic. In addition, there are plans for commercial growth in the central area of Winchester, along with a commitment to develop city living accommodation.

Public consultation has highlighted that almost everyone travelling into and around Winchester wants things to improve (Fig.2). As the city evolves, a new strategy is needed which reflects and addresses both current and future needs. This is vital to securing Winchester's future economic growth and prosperity - and making the city a healthier place to live, work and visit.

Fig.2 - Travel requirements of different groups in Winchester. Source: phase one consultation

Groups	Headlines
Residents	Dissatisfied with status quo – want real change Want better air quality and reduced traffic levels
Students	Want more flexible and affordable alternatives to driving/being driven
Commuters	Not as concerned with congestion and air quality Dissatisfied with peak hour bus capacity and journey times
Shoppers	Those from outside the city cite lack of alternatives to driving in and parking centrally Experience good levels of bus use and walking although limited priority/ pedestrian space
Visitors	No specific concerns raised although likely to support out-of-city centre parking and better interchange
Health care visitors	Want easy journeys that are reliable with minimal waiting time View alternatives to the car as limited, and often seen as impractical if available
Business/ service providers	Experience difficulties with deliveries Different views around space allocation and car parking

How has the Movement Strategy been developed?

The Winchester Movement Strategy is the result of a broad evidence gathering process that began in 2017.

Almost 3,000 people who live in, work in and visit the city have shared their views about traffic and travel in Winchester through a range of meetings, surveys and workshops as part of two phases of public consultation², which sought to understand:

- experiences of travelling into and around Winchester;
- residents' and stakeholders' views on early ideas and draft proposals;
- residents' and stakeholders' own priorities and ideas for improving movement throughout the city;
- the potential impacts of implementing the proposed Movement Strategy.

Data from both phases of consultation was considered alongside a variety of traffic and travel data (see Fig.3), to provide a robust understanding of how movement works in the city. A micro-simulation model was also created to investigate through-traffic levels and the broad impacts of initial measures. Together, these sources formed the overall evidence base that has been used to develop the Movement Strategy for Winchester.

Fig.3 - Evidence base sources and data

Census 2011, Office for National Statistics	<ul style="list-style-type: none"> • Population • Travel to work - mode share, flows
School Census 2017, Hampshire County Council	<ul style="list-style-type: none"> • Mode share • Location
Traffic counts, Hampshire County Council and Department for Transport	<ul style="list-style-type: none"> • Time-series • Peak hours and directional
TrafficMaster, Department for Transport	<ul style="list-style-type: none"> • Average link journey time • Average link speed
Parking and park and ride data, Winchester City Council	<ul style="list-style-type: none"> • Indicative parking occupancy • Park & Ride parking ticket sales
Telephone survey, Hampshire County Council	<ul style="list-style-type: none"> • Residents' views on transport issues, challenges and opportunities
Real Time Passenger Information System, Hampshire County Council	<ul style="list-style-type: none"> • Bus journey times between stop per journey and average per day

² Information and feedback from both phases of consultation can be viewed in full at www.hants.gov.uk/winchestermovementstrategy

Overall, the evidence provided a strong mandate to:

- be bold: ‘don’t just tinker around the edges but seize the opportunity for real change’;
- tackle the causes of traffic congestion and improve movement flows in and around the city;
- address air quality issues, helping to make Winchester a healthier, more pleasant and less polluted environment;
- develop new options that prioritise safe travel for both pedestrians and cyclists;
- facilitate opportunities for people to leave their cars outside of the city centre and travel in by other means;
- enable further growth and cultural and economic development - supported by a strong and well-planned transport infrastructure;
- give people more choice of transport modes.

It also provided a good level of support for nine of the ten measures proposed to achieve these objectives – more detail of which can be found in Section Three.

Most people who shared views on the emerging Movement Strategy recognised its potential to have a positive impact on their journeys into/ around Winchester and their quality of life. Many highlighted improved air quality, reduced congestion, and improved cycling provision as key drivers of this, but wondered if the Strategy could also encompass some short-term actions to supplement the longer term ‘enabled’ measures. As a direct result of these comments, some suggested schemes which are considered to be deliverable and affordable, and which would complement the broader aims of the Strategy are proposed for development and possible delivery in the short term. Details can be found in Section Three.

Some people asked for further reassurance that the proposals, once implemented, will have the desired impacts and meet Winchester’s future travel and transport needs. Section Three sets out the Action Plan for delivering the Strategy. It is detailed for the next three years but indicative for timescales beyond this to allow for further scoping work.

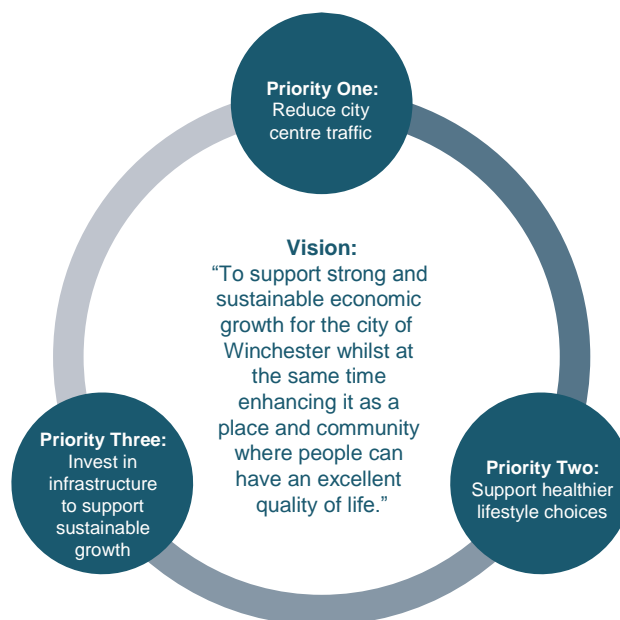
Section two: Priorities for movement across Winchester

The overarching vision of the Strategy is to support strong and sustainable economic growth for the city of Winchester whilst at the same time enhancing it as a place and community where people can have an excellent quality of life.

This vision is supported by three key strategic priorities for movement across Winchester.

These have been identified from the evidence base, public consultation and stakeholder engagement.

Following initial public consultation, the priorities have changed to reflect what people have told us is important. They are now:



Priority One - Reduce city centre traffic, instead of 'achieve the right balance between different types of traffic'. People told us the right balance did not say what that balance should be and that we should be clear it really meant reducing levels of vehicle traffic in the city centre.

Priority Two - Support healthier lifestyle choices, instead of a single focus on 'improving air quality'. People told us that air quality was important but not the only health issue and that active travel was also important.

Priority Three - Invest in infrastructure to support sustainable growth, instead of 'support growth and economic vibrancy'. People told us that growth in the economy was important but that it needed to be the right type of growth, supported by well-planned infrastructure.

All three of the priorities are critically related to each other. In most cases the second and third priorities are not deliverable without first achieving Priority One.

Priority One: Reduce city centre traffic

Why is this important?

In the city centre, much of the scant street space is given to vehicle traffic which means that the environment is dominated by traffic and affected by pollution. Visitors, residents, commuters and others who use the city centre have told us that their experiences of travelling around and into the city centre are often poor³.

Initial public consultation has shown that almost universally, and regardless of how, why or where people travel from, traffic congestion is a big concern. Traffic survey data indicates that this concern is valid - the city centre road network is congested, and traffic moves slowly at peak times.

Evidence suggests that the only viable option for reducing traffic is to provide feasible and attractive alternatives to driving.

Other options are limited. For example, the city's medieval street layout and historic buildings make it difficult to increase road capacity, and many opportunities to manage traffic flow have already been taken.

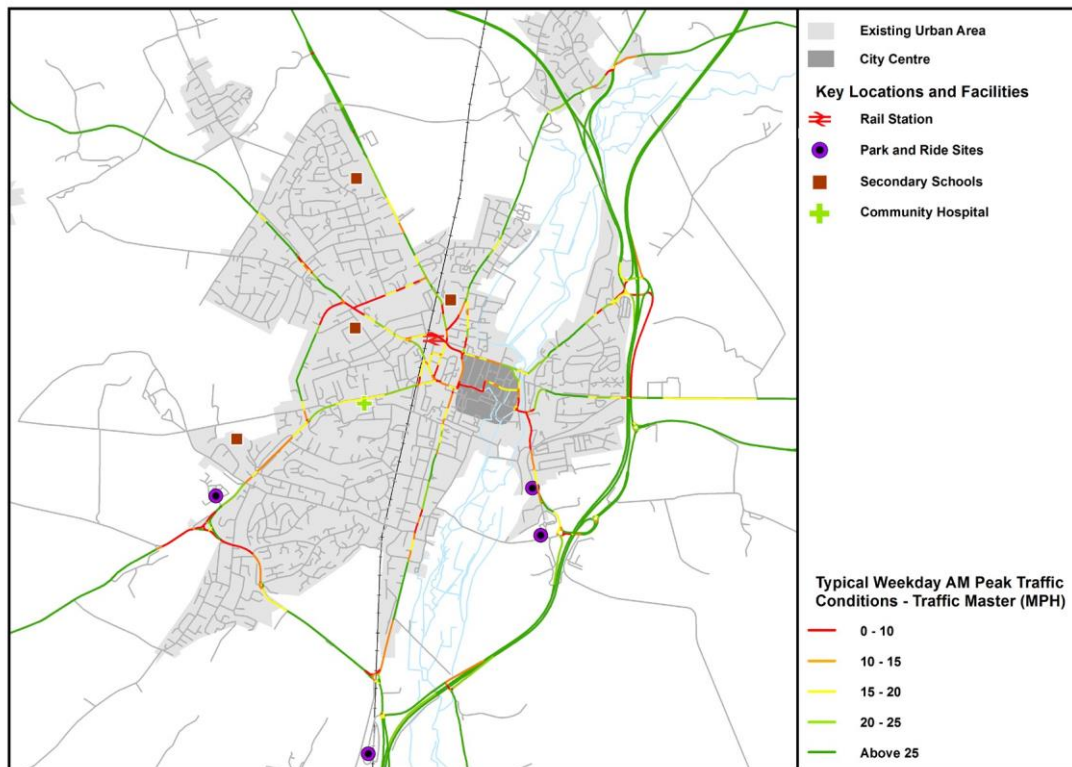
³ In Phase one consultation, respondents were asked to describe their experiences. 81% did so in negative terms.

Areas of focus

High levels of car use for journeys to work

Average speed data is shown in Fig. 4. This map illustrates where congestion and delays occur in Winchester. Typically this is in the city centre, and on roads into Winchester. This reflects feedback from residents³, who frequently cited the city centre one-way system, Romsey Road and the mini-roundabout at Stockbridge Road/Chilbolton Avenue/Berewecke Road as locations where they commonly experience delays.

Fig.4 - Typical weekday average speeds AM peak hour (0800-0900). Source: Traffic Master. Collected by the Department for Transport and provided to local authorities.

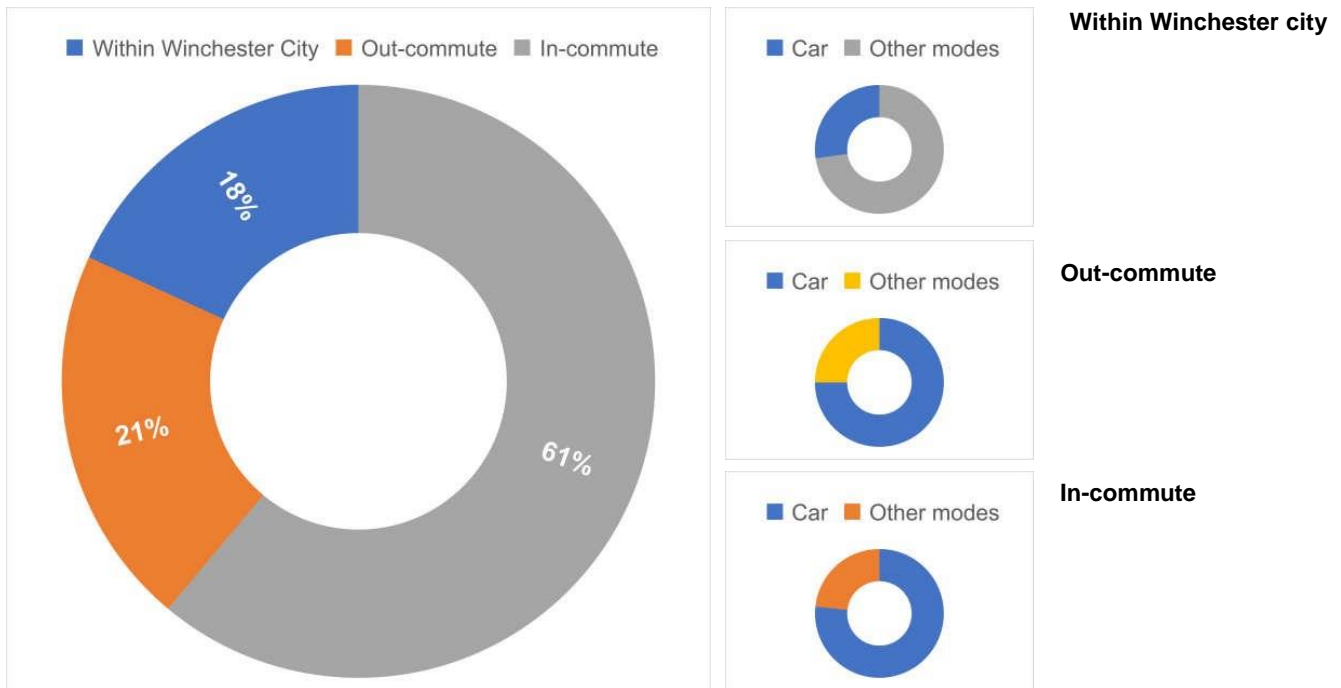


The main cause of congestion is the journey to work. These journeys tend to be in the peak hours and reflect Winchester's role as a regional employment centre.

This is confirmed by travel to work data from the 2011 census (Fig.5) which shows that around two thirds of city centre jobs are taken by people living outside the city and one third by people living in the city. Each day 20,000 people commute into the city of Winchester, whilst a further 7,000 people travel out of Winchester to work in other locations.

³ 2018 Resident's telephone survey conducted during Phase One consultation

Fig.5 - Travel to work data for Winchester – car vs other modes. Source: MSOA, Census 2011.



Whilst most of those who live and work in the city walk or cycle to work (60%), three quarters of those travelling into and out of Winchester for work do so by car. The size of these flows, particularly the in-commuting traffic, is something which the Movement Strategy needs to target.

Levels of through-traffic have been calculated using a strategic transport model. This indicates that in the morning peak hour:

- through-traffic accounts for about 7% of all vehicle traffic;
- cross city traffic (moving within the city) accounts for 17% of all vehicle traffic;
- traffic from outside the urban area travelling into Winchester, or from within Winchester travelling to destinations outside the city, accounts for the majority of remaining traffic (76%).

In summary, the vast majority of trips that begin outside Winchester and end in the city are car trips. This includes 16,000 daily commuter car trips into Winchester from outside of the city that the Movement Strategy needs to address.

Capacity for parking and park and ride

Past transport strategies have sought to move parking from the city centre to park and ride sites by increasing parking provision on the outskirts of the city, reducing demand and capacity for parking within the city centre, and providing reliable alternative transport between the two.

However, the evidence shows that the existing park and ride facilities are approaching capacity (see Fig.6).

The current parking supply⁴ managed by the local authorities is around 6,000 spaces. Evidence suggests that this capacity is well used, with city centre car parks effectively at capacity during peak times (Fig.7).

Fig.6 - Park and ride average daily ticket sales. Source: Winchester City Council

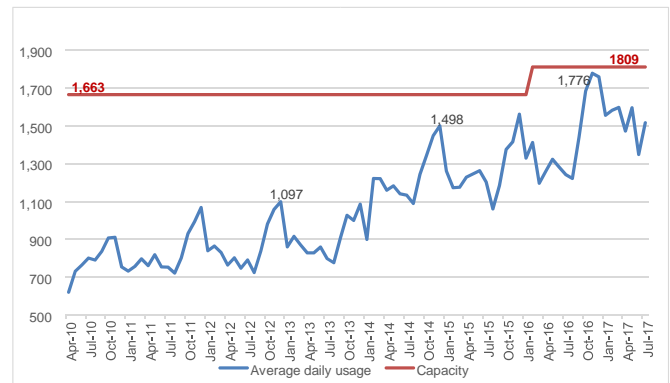
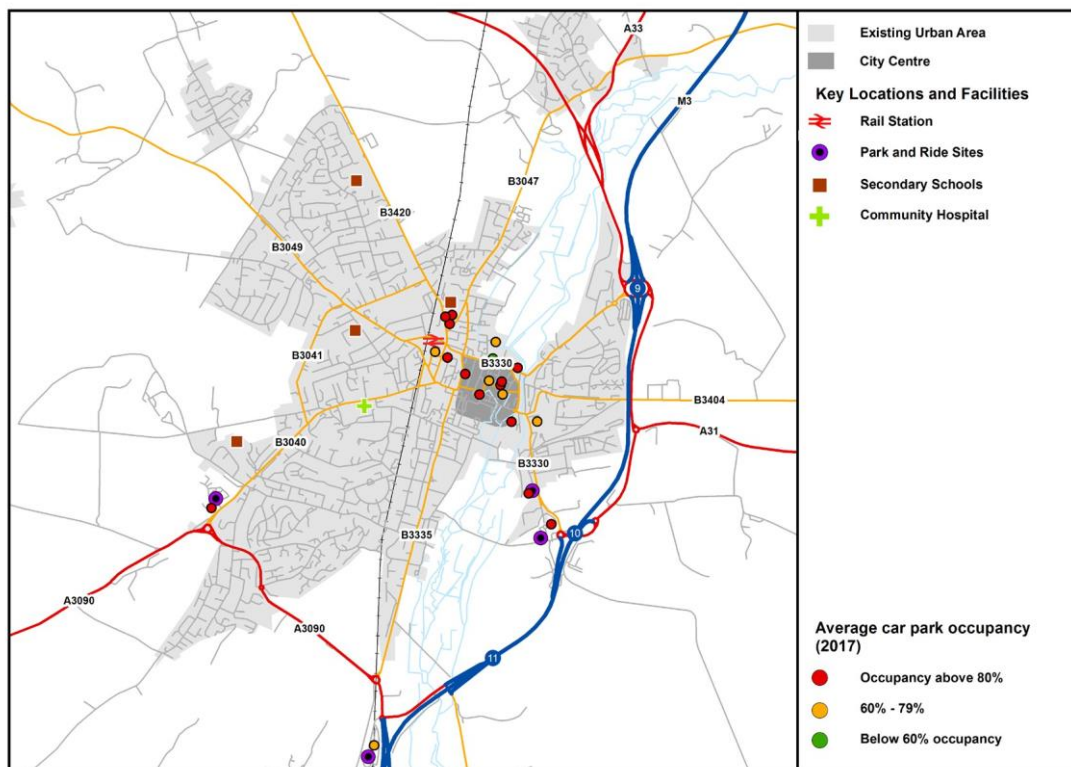


Fig.7 - Average car park occupancy in Winchester city centre 2017. Source: Winchester City Council



Increasing parking capacity in the city centre would increase traffic levels. In contrast, developing parking supply outside the city centre for park and walk is less likely to increase

⁴ Including park and ride

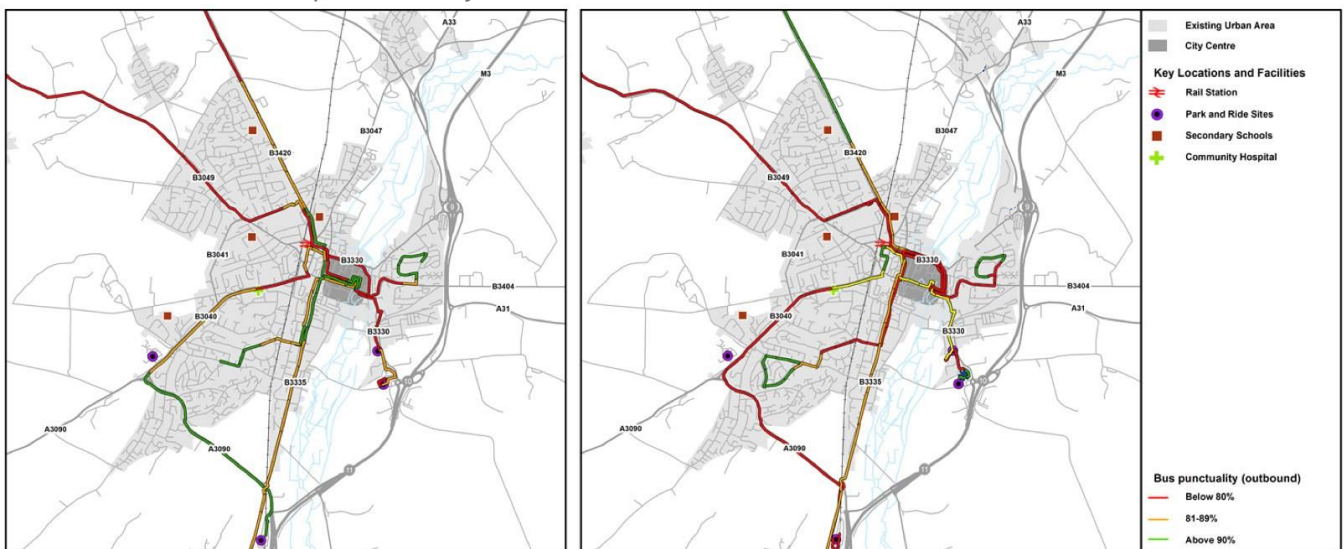
city centre traffic and is more likely to be deliverable than providing new spaces within the city centre.

Congestion impacts the reliability of buses and park and ride

Survey feedback indicates that users of the park and ride service are frustrated about being caught in the same congestion as all other road traffic. Delays mean that the park and ride service is no more attractive than driving, even if it is cheaper.

Traffic volumes within the city centre also mean that local bus services can be irregular and unreliable, making them less attractive as an alternative to the car.

Fig.8 - Inbound and outbound delays on public buses routes 1 (Stagecoach Stanmore-Winnall), 68, 86 and PR1. Source: Hampshire County Council.



The technical work that has been undertaken to consider bus priority measures has identified modest benefits but also quite significant and complex issues for traffic re-routing. This suggests that such schemes need further detailed investigation. They will also be linked to the possible future location of park and ride sites and the routing of park and ride bus services, both of which also require further research to be undertaken.

The one-way system

Most vehicle traffic in Winchester will at some point have to use the one-way system. Regardless of mode, many respondents to our initial consultation reported negative experiences of doing so.

This is because drivers can be forced to circulate the one-way system making journeys longer than necessary. For example, with car parking in the city centre approaching capacity during peak times, vehicles may need to circulate the city centre several times on one visit to find a parking space.

The one-way system also prevents walking and cycling. Typically, one-way roads can be narrower than two-way roads offering up opportunities to increase space for pedestrians and

cyclists. However, in the case of Winchester, the opportunity to reduce road widths was not seized upon when implementing the one-way system - to accommodate high traffic flows.

The one-way system is also complex. Small changes to one part of the system, such as reversing traffic flow or limiting vehicle access, can impact other parts - making one area more accessible at the expense of another. Removing the whole one-way system is problematic, as it would not allow for the High Street to be pedestrianised. It is likely that changes to the one way system would need to be conditional upon there having been vehicle traffic reduction in the town centre and on the package of measures that make up the changes being complementary to each other. Further detailed work is needed to identify the preferred package that could be delivered in the event of vehicle traffic reduction.

Priority Two: Support healthier lifestyle choices

Why is this important?

Across Winchester, pedestrians and cyclists compete for limited space with cars, buses and delivery vehicles. Many feel that it is unsafe to travel by bike or on foot within the city⁵. The dominance of motorised traffic on narrow streets has resulted in the city centre one-way system, and some of the roads into the city and within the city centre being designated an Air Quality Management Area (AQMA). Although national changes to vehicle engines have led to an improving picture, and the City Council is implementing the measures in its Air Quality Action Plan which should further help to reduce pollution levels, air pollution in the city centre and on some roads still exceed national standards (see Fig.9).

Evidence suggests that poor air quality and inactive lifestyles contribute to long lasting public health challenges.

Poor air quality has been identified by Public Health England as “the largest environmental risk to public health in the UK”. Research from Public Health England and the Local Government Association⁶ highlights that short-term exposure to high levels of air pollution can cause a range of adverse health effects including exacerbation of asthma, effects on lung function, increases in hospital admissions and mortality.

According to Public Health England 33% of men and 45% of women are not active enough for good health⁷. They report that an *“active life is essential for physical and mental health and well-being. A number of [related] diseases are currently on the increase and affecting people at an earlier age. They include cancer and diabetes, and conditions like obesity, hypertension and depression.”* Providing more opportunities to use active forms of transport such as cycling and walking can therefore have wider health benefits.

⁵ Phase One consultation www.hants.gov.uk/winchestermovementstrategy

⁶ www.local.gov.uk/sites/default/files/documents/6.3091_DEFRA_AirQualityGuide_9web_0.pdf

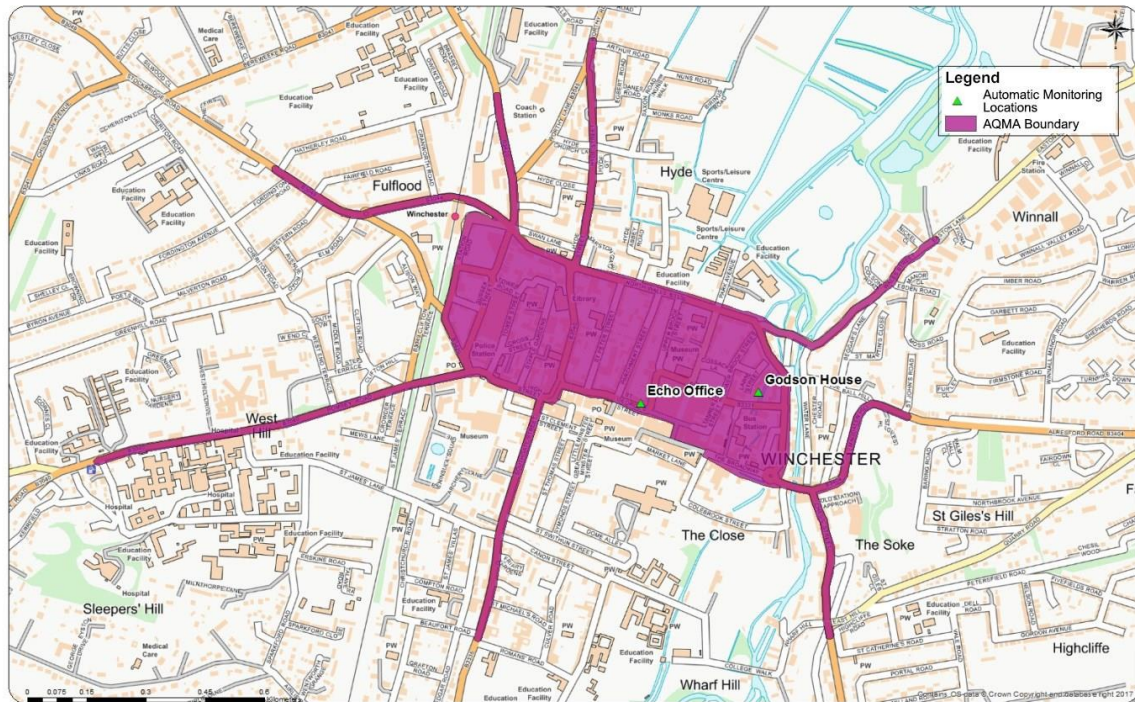
⁷ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/374914/Framework_13.pdf

Areas of focus

Improving air quality

The levels of harmful emissions in Winchester currently exceed national standards and legislation requires that the City Council and County Council work together to develop an action plan. Fig.9 shows the area of the city centre currently designated as an Air Quality Management Area (AQMA)⁸.

Fig.9 - Map of Air Quality Management Area boundary in Winchester city centre
Source: Winchester City Council Air Quality Action Plan (Final version-May 2017)



Winchester City Council
Monitoring Locations

AECOM Sunley House, 4 Bedford Park, Croydon, CRO 2AP
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Local residents are particularly concerned about the quality of the air that they breathe. 60% of respondents to the residents' telephone survey conducted during the first phase of consultation agreed with restricting access to the city centre for the most polluting vehicles, in order to improve air quality. Not unsurprisingly, cyclists and pedestrians were also found to be those most aware of poor air quality in Winchester.

Cities across the UK are using various initiatives to help tackle emissions levels or manage traffic levels - for example, introducing a charging zone which places a levy on certain types of vehicle entering a specific geographical area. Such measures may be required in Winchester to help improve air quality or manage traffic volumes if other actions do not deliver the improvements needed.

⁸ Winchester City Council Air Quality Action Plan 2017, www.winchester.gov.uk/environment/air-quality/air-quality-winchester

There are several options for a charging zone which could be considered in Winchester if traffic levels cannot be reduced by other means. They include:

A charging zone related to air quality such as a clean air zone, low emission zone or equivalent. These aim to help improve air quality by charging vehicles that do not meet local emissions standards. This type of zone is being used to manage the sustainability of buses operating in Oxford, Brighton and Norwich.

Congestion Charging. This aims to reduce the number of vehicles entering a specific area by charging those who choose to travel by private or commercial vehicle. Congestion charging has already been introduced in Durham city centre, as well as in London.

A Workplace Parking Levy. This aims to discourage car journeys to work by charging employers for each workplace parking space used by their employees on a daily basis. This type of zone has been introduced in Nottingham.

Phase Two consultation indicated that 46% of respondents are supportive of such measures and 41% are against them, with the remainder abstaining. This suggestion is therefore one of the least supported measures in the emerging Strategy. Modelling work has indicated that it may be possible to reduce traffic levels in the city centre by around a quarter without the need to introduce charging schemes of this type. Therefore, it is not proposed that a charging scheme be taken forward at the current time, although it may still be needed in the future if the other measures in this strategy fail to work or are not implemented.

Barriers to walking and cycling

Many respondents to the initial consultation mentioned a lack of good facilities for cyclists and pedestrians in Winchester. Almost half spoke of concerns regarding motorised traffic, with many finding the proximity and speed of vehicle movement threatening, particularly around the central one-way system.

An audit of the city centre identified several locations where cyclist and pedestrian provision is of a low quality (see Fig.10).

These tend to be locations where there is limited space to accommodate vehicle traffic and

Fig. 10 - Priority areas for intervention based on PERS - Pedestrian Environment Review System and Cycling Level of Service Assessment (CLOs) assessments. Source: Atkins

offer good pedestrian priority.

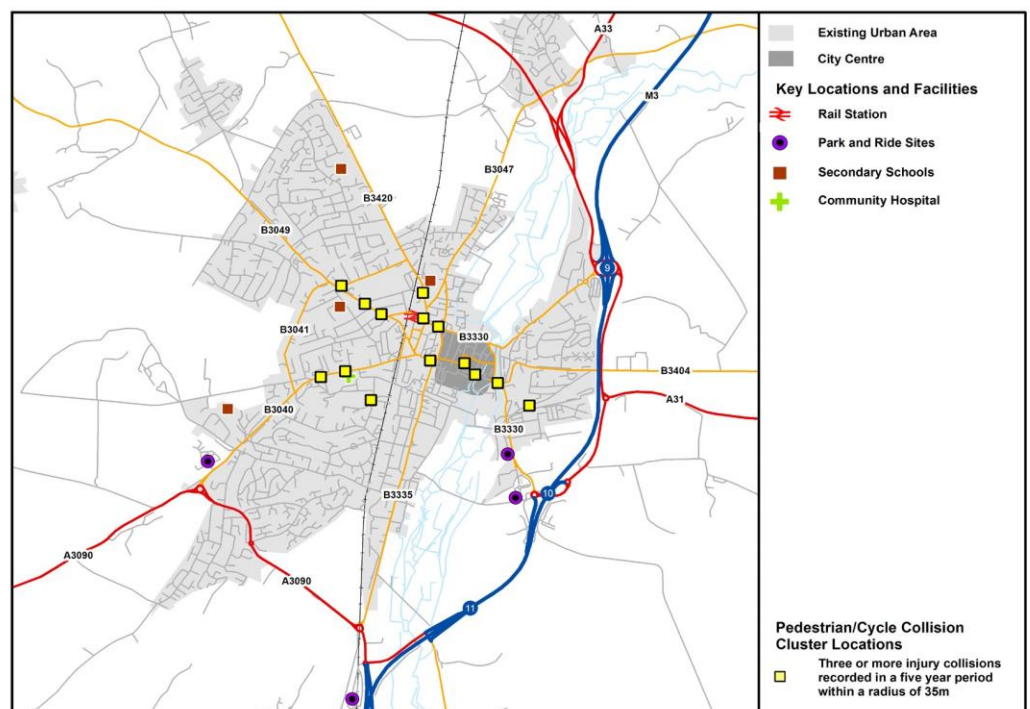


For a city of Winchester's size and form, the levels of cycling are low at less than 3%, with cycling to school being only 1%. Feedback suggests that the one-way system in the city centre makes some route choices difficult. One respondent stated that in order to cycle safely, they felt obliged to cycle illegally through pedestrian areas. Others stated that too much traffic, too little space or priority for cyclists and lack of crossings on existing routes made it difficult to cycle. Addressing these issues could increase cycling demand.

Safety

Despite some of the physical barriers identified in the city centre audit, over 50% of residents who live and work in Winchester walk to work. When asked, almost 70% of residents considered walking to be their main and most frequent mode of transport. Whilst there are barriers to walking, it is clear that walking levels are high and that this is something to be encouraged further within the Movement Strategy. Actual and perceived concerns about safety when walking or cycling discourage use of these modes for travelling around the city. The level of concern is relatively high with 27% of respondents to the initial consultation expressing concern about road safety as their key issue. A view of pedestrian/ cycle collision clusters (Fig.11) shows a clear pattern within the city centre and on key radial routes leading into the centre.

Fig. 11 – Locations where three or more injuries have resulted from collisions with pedestrians / cyclists within a five year period.
Source: Atkins



Many individuals and organisations were disappointed by the lack of detail within the Emerging Strategy consultation about potential cycling and walking improvements. A number of groups therefore took the initiative to put forward their own suggestions for improvements. The action plan in section three of the Strategy addresses these points and includes a workstream focused on developing a prioritised list of cycling and walking improvements as part of a Local Cycling and Walking Infrastructure Plan (LCWIP).

Priority Three: Invest in infrastructure to support sustainable growth

Why is this important?

Effective transport infrastructure is necessary to maintain and grow Winchester's thriving economy, including by attracting and encouraging people into the city to shop, visit, live, study and work. There is significant local competition within the region for shopping, employment sites and leisure experiences, albeit that Winchester will always have unique, historic appeal.

High streets are facing a challenging time and are needing to reinvent themselves in light of the rise in internet shopping. Many places are now seeking to offer a wider range of experiences than in the past, including a greater mix of leisure and entertainment. Winchester has a lot to offer, but with capacity for parking in city centre car parks and park and ride sites reaching their limits there is a need to think differently about how to accommodate increased footfall in the city centre.

Infrastructure is also essential to accommodating Winchester's increasing population. In addition to a number of new and planned housing and employment developments, Winchester City Council is preparing a new Local Plan to 2036.

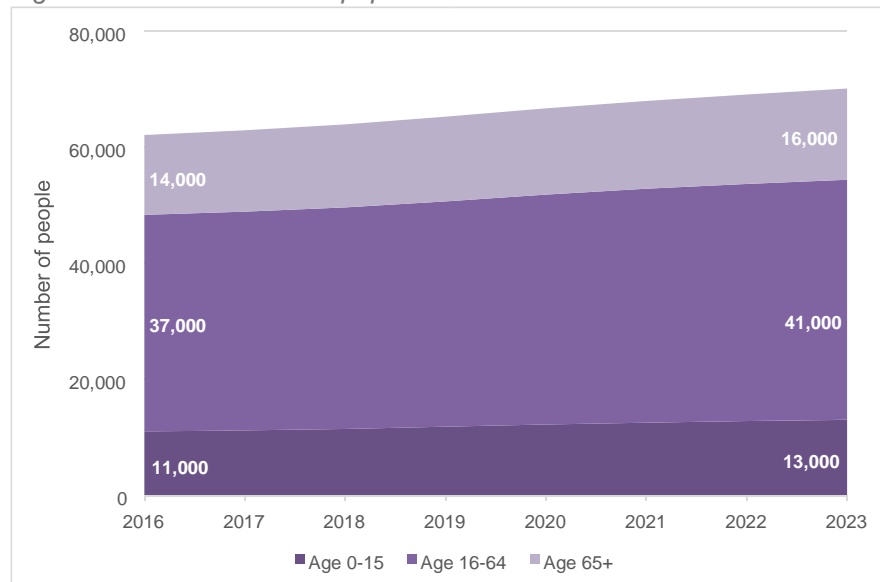
At a regional and national level, Winchester's strategic geographic position and connectivity means that it has an important role to play in supporting the broader economy.

Areas of focus

Planning for population growth and change

The population of Winchester district is forecast to increase by 13.3% between 2016 and 2023⁹, as shown in Fig.12. The number of 0-15 years olds is forecast to increase by 18%, 16-64 years olds by 11% and the number of people aged 65 years and over by 14%.

Fig. 12 - Winchester district population forecasts 2016-2023¹¹



An overall increase in population means a need to accommodate more travel into and across the city. In particular, there is a need to think about improved separation of local and strategic traffic in order to manage increased demand more effectively on existing routes.

For example, to the east of the city, planned improvements to Junction 9 of the M3 should allow Easton Lane to perform much better as a route into Winchester from the motorway and creates options for improved vehicle movement and public realm enhancements¹⁰¹¹. In the longer term, consideration may need to be given to providing a strategic infrastructure to the west of the city – such as a bypass – that would mean people can travel around, rather than through, the city centre.

The forecast increase in younger and older people will also have transport implications. On the one hand, it will spread trips through the day more evenly than growth in the working age population. On the other, it will make access to services, leisure facilities and educational institutions by public transport, walking and cycling even more important. Younger and older age groups also tend to be more vulnerable to air pollution.

⁹ SAPF Factsheets, produced April 2017, Winchester, Hampshire County Council, Small Area Population Forecasts (SAPF) 2016 based, documents.hants.gov.uk/population/Factsheet-WinchesterSAPF2016.pdf

¹⁰ www.winchester.gov.uk/planning-policy/evidence-base/planning-frameworks/winnall-planning-framework

¹¹ District populations by age and gender, Hampshire County Environment Department's 2016 based Small Area Population Forecasts, www.hants.gov.uk/factsandfigures/population-statistics/pop-estimates/small-area-pop-stats

Supporting planned growth in the city

Employment and housing growth for Winchester is planned in the Winchester District Local Plan (Part 1 and 2)¹². Key planned developments for the city to be delivered in the plan period (up to 2031) are:

- Station Quarter – up to 1,000 new jobs.
- Strategic Site: Kings Barton - 2,000 dwellings.
- Creation of 2,000 dwellings within the City boundary.
- Central Winchester Regeneration area,
- Development of Bushfield Camp for employment purposes;

There may also be other large sites not included in the adopted Local Plan which before available for development, such as Sir John Moore Barracks once the Ministry of Defence decamp.

Various existing occupiers also have plans to expand. For example, Winchester University is planning for an increase of 1,000 students over the next ten years.

Transport infrastructure will be important to supporting and successfully delivering planned growth. Some of the critical linkages between these developments and the emerging Movement Strategy are explored in other sections.

The current imbalance in commuting (three times as many people commuting in than out) is a factor that should be considered when looking at the location of new housing development as part of the Local Plan process. The allocation of housing sites could help to reduce average commuting trip distances and influence preferred modes of travel, particularly with high levels of walking to work evident in the existing population.

Future employment development should, as far as possible, be placed in locations with the highest levels of public transport accessibility, i.e. near to the city centre, or other areas in sustainable locations.

The City Council could also consider the level of private parking permitted when granting permission for employment and residential development, in order to influence people's travel behaviour.

Improving the appeal of the city centre

The economic value of having quality places has been the subject of several studies. Notably, the Commission for Architecture and the Built Environment (CABE) reported in their study "The Value of Public Space" that, 'well planned improvements to public spaces within town centres can boost commercial trading by up to 40%'.

A combination of vibrant economy and rich cultural heritage makes Winchester an attractive place to live, work and visit. Initial consultation feedback highlighted that a number of factors detract from the quality of the public realm and dissuade people from

¹² Local Plan Part 1: Joint Core Strategy Adopted 2013, Winchester City Council, www.winchester.gov.uk/planning-policy/local-plan-part-1

spending time in the city centre. These include: a congested one-way system, difficulty parking, poor air quality and, in many locations, poor facilities for walking and cycling.

These concerns have already been discussed as challenges in Priorities One and Two but the economic consequences of not addressing these quality issues is also important: a potential stagnation of the current Winchester offer.

Managing deliveries

The city centre is a commercial hub and as such businesses rely on deliveries and servicing by both heavy and light goods vehicles which need to use the one-way system. The volume of goods vehicles (HGVs and LGVs) alongside limited space for safe, timely and efficient deliveries in the city centre has been highlighted as an issue and reported in the Central Winchester Regeneration Transport Study (Winchester City Council, July 2017).

Phase One of the public consultation highlighted concerns about delivery vehicles and HGV's adding to disruption by blocking already narrow spaces. Those attending stakeholder workshops generally felt that the current peak hour enforcement activity was ineffective, leading to traffic build-up behind stationary delivery vehicles. Phase Two of the consultation reinforced this view with measures to address managing deliveries being one of the most supported measures.

Section three: How we propose to address these priorities

The Action Plan

This section sets out how the Strategy will be delivered: providing greater detail for the next three years, with actions after this point being more indicative.





The action plan has been created by looking in more detail at the schemes identified in the emerging Strategy. It takes into account the views expressed during the consultation and the modelling and technical work. It blends these together to form a set of future workstreams. These are then considered as a whole in light of what needs to happen first (the enablers) and what needs to happen next (the enabled) and what streams of work may not be needed yet.





In broad summary, the action plan proposes to take forward all workstreams over the next three years, except for improving the principle road network and congestion charging.





Workstream overviews

The following overviews include high level and summary information about each workstream. They include:

- scheme description and name;
- indicative cost range;
- consideration of the scheme's role in enabling traffic reduction or whether it is enabled after traffic reduction has been achieved;
- a strategic case identifying the main problem or opportunity the scheme addresses and relating this back to the main priorities of the Movement Strategy;
- a list of the wider benefits that may arise from the scheme;
- a list of the main impacts on equalities or the environment;
- a consideration of how the scheme links to the Hampshire Local Transport Plan (LTP). This is illustrated by a series of ticks: no ticks indicates that the scheme is not compliant; one tick indicates marginal compliance; two indicate good compliance and; three indicate total compliance;
- some consideration of critical dependencies or links to other schemes;
- a high-level assessment of issues associated with delivery in terms of the schemes acceptability, complexity, affordability and risk. The red / amber/green (RAG) colour scheme indicates the level of confidence (with current known information) that these aspects can be addressed;
- a project plan showing an indicative planning and delivery timeframe;
- an indication of how much it will cost to take the scheme to the next level of design.

Title: Park and Ride - increasing the capacity of Park and Ride facilities										
Description: Substantial increase in the number of Park and Ride spaces on the periphery of Winchester (up to 3000 additional parking spaces – a 66% increase on the existing 1800 spaces available). This may include investment in service frequency, opening times, additional capacity/ facilities at existing sites and consideration of potential new sites, which is likely to include Andover Road North corridor, Easton Lane corridor, Alresford Road corridor.										
Cost to deliver (range): £5m plus						Enabling or enabled: Enabling				
Strategic Case: Priority 1: Provides a viable option to enable people to shift from private car trips to public transport into the city – early assessments show a 10% reduction in city centre traffic volumes (AM peak). Priority 2: By reducing traffic volumes, enables street space to be redistributed away from car traffic to other modes whilst maintaining travel options for motorists. Priority 3: Helps to accommodate planned growth giving commuters and visitors a better choice of travel options.						Contribution to LTP Priorities: a) Supporting the economy through resilient highways (✓✓✓) b) Management of traffic (✓✓✓) c) The role of public transport; (✓✓✓) d) Quality of life and place (✓✓✓) e) Transport and growth areas (✓✓✓)				
Estimated wider benefits: Enables ambitious improvements to the city centre streets for all users but providing a viable alternative to car travel.						Dependencies and links: Dependant on: Traffic demand management, WCC Parking Strategy Linked to: bus priority; walking and cycling; enhancing public realm.				
High level equalities considerations: Unforeseen consequences on other bus services. (Age/disability) Some car parking spaces in the city centre could be reallocated to disabled users. (Disability)						Environmental considerations: Positive impact on noise, Air Quality, Greenhouse Gas emissions. Development of sites will need to consider impacts and mitigation for Landscape, Historic Environment, Biodiversity, and Water Environment.				
Potential funding sources: • Existing capital budgets • Private Sector • Bids to external funding bodies			Risk Level:  The two factors that create a medium risk are: known availability of sites and; that the capital costs are currently unfunded and relatively high.			Delivery Assessment  Acceptability  Affordability  Complexity				
Indicative Timescale:										
	Short Term			Medium to Long Term						
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/30	2030/35
Develop										
Implement										
Cost to develop to next stage: £200k to develop Park and Ride strategy (detailing capacity required on each corridor, initial capital cost estimates, bus service arrangements (new/existing), revenue estimates and early search of potential sites).						Initial actions City Council has acquired the Vaultex site at Bar End to increase East P&R offer.				










Title: Bus priority - introducing bus priority measures on key radial routes into the city centre										
Description: Any measures giving buses priority over other traffic e.g. bus lanes, bus gates (a point where only buses and other authorised vehicles can pass) or intelligent traffic signal schemes. Potential interventions to be considered include; bus gates on Southgate Street and Chesil Street; and bus lanes with intelligent traffic signals on Andover Road.										
Cost to deliver (range): £100k - £5m						Enabling or enabled: Enabling				
Strategic Case: Priority 1: Provides a faster, more reliable bus journey that better enables people to switch from private car trips. Priority 2: Contributes to improving air quality through reducing traffic in the city centre. Priority 3: Bus gates provide a step change in public transport status within the city and set a foundation for continuing public transport infrastructure investment to accommodate future growth.						Compliance with LTP: a) Supporting the economy through resilient highways; (✓✓✓) b) Management of traffic; (✓✓✓) c) The role of public transport; (✓✓✓) d) Quality of life and place; (✓✓✓) e) Transport and growth areas. (✓✓✓)				
Estimated wider benefits: Higher investment from operators due to increased viability.						Dependencies and links: Dependant on: None Linked to: Park and Ride; Bus operator partnership; Enhancing public realm				
High level equalities considerations: Bus user journey times would be faster and more reliable. (Age/Disability)						Environmental issues: Positive impact on noise, Air Quality, Greenhouse Gas emissions.				
Potential funding sources: • Existing capital budgets • Private Sector • Bids to external funding bodies			Risk Level:  Initial modelling suggests significant traffic diversion implications requiring bus gate elements to be redefined. Benefit remains to be proven			Delivery Assessment:   				
Indicative Timescale:										
	Short Term			Medium to Long Term						
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/30	2030/35
Develop										
Implement										
Cost to develop to next stage: £40k per radial route - to review routes and produce concept designs/ cost estimates for each. £40k to further assess bus gate options and impact on the wider network.						Initial actions Further scoping work required.				









Title: Bus operator partnership - New bus partnership with bus operators across the city										
Description: A bus partnership is an agreement between bus operators and local authorities which seeks to improve the bus service (operator commitments) and associated infrastructure (local authority commitments). New discussions will be held with bus and coach operators to identify the package of actions and measures that could form part of an enhanced partnership arrangement. Measures may include:										
<ul style="list-style-type: none"> • improved bus services (frequency, operating hours etc.); • minimum levels of service (vehicle specifications, emissions, frequency); • implementation of smart and intelligent ticketing; • improved travel planning and information services (e.g. RPTI, smartphone app with real-time information); • joint marketing and promotion of bus services; • improved highway infrastructure, including bus stops and bus priority measures. 										
Cost to deliver (range): Under £100k (to agree Bus Partnership terms – ongoing resource commitment to manage partnership)					Enabling or enabled: Enabling					
Strategic Case: Priority 1: Ensures highest quality service offering to maximise the incentive for people to switch from private cars. Priority 2: Contributes to improving air quality through specification of vehicles and encouraging less car use in the city centre. Priority 3: Establishes a commitment to deliver improved level of service to customers in all aspects of the public transport journey.					Compliance with LTP: a) Supporting the economy through resilient highways; (✓✓✓) b) Management of traffic; (✓✓✓) c) The role of public transport; (✓✓✓) d) Quality of life and place; (✓✓✓) e) Transport and growth areas. (✓✓✓)					
Estimated wider benefits: An improved customer experience for those travelling on local buses. Secures on-going private sector investment to maintain the quality of service offering.					Dependencies and links: Dependent on: None Linked to: Bus priority; Enhancing public realm.					
High level equalities considerations: Improved level of service for bus users. Better access to bus services for local residents. (Age/Disability) Consider impact of smart ticketing initiatives on users of all needs. (Age, disability, poverty)					Environmental issues: Positive impact on noise, Air Quality, Greenhouse Gas emissions.					
Potential funding sources: <ul style="list-style-type: none"> • Existing revenue budgets • Private Sector – other (bus operators) • Funding of infrastructure changes considered elsewhere 			Risk Level:  High level of confidence that bus operators will engage well with this concept, in light of levels of investment in infrastructure to support bus usage.		Delivery Assessment:  Acceptability  Affordability  Complexity					
Indicative Timescale:										
	Short Term			Medium to Long Term						
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/30	2030/35
Develop										
Implement										
Cost to develop to next stage: £20k to define partnership scope.					Initial actions Further scoping work required.					












Title: Traffic demand management										
Description: Traffic demand management involves measures to reduce car-travel demand or redistribute the demand to other locations, modes or different times. This scheme includes: <ul style="list-style-type: none"> car parking strategies – using parking supply, management, charging to encourage car sharing and use of sites outside the city centre and Park and Ride; soft measures - e.g. develop travel plans and behaviour change campaigns with employers and key destinations. Such measures are best introduced if there are attractive alternatives to driving. (Note: See separate proforma re: charging schemes)										
Cost to deliver (range): Less than £100k						Enabling or enabled: Enabling / Enabled				
Strategic Case: Priority 1: Encourages less car trips into the city to reduce city centre traffic – early assessments show an additional 2% reduction in city centre traffic volumes (when considered alongside improved Park and Rides and bus priority measures) as people change travel behaviours. Priority 2: Enables consideration of changes to the city centre streets whilst maintaining travel options for motorists. Encourages mode shift to active modes. Reduced traffic creates a more pleasant environment to cycle in. Priority 3: Manages demand from new development and growth. Potential to release existing city centre parking stock to be redeveloped, in accessible locations.						Compliance with LTP: a) Supporting the economy through resilient highways; (✓✓✓) b) Management of traffic; (✓✓✓) c) The role of public transport; (✓✓✓) d) Quality of life and place; (✓✓✓) e) Transport and growth areas. (✓✓✓)				
Estimated wider benefits: Potential cross-subsidy between parking income and Park and Ride.						Dependencies and links: Dependant on: WCC Parking Strategy, Park and Ride. Linked to: Bus operator partnership; Walking and cycling; Enhancing public realm; Integrated planning.				
High level equalities considerations: Ensure alternative options are good quality for all users. Consideration needs to be given to ensuring an appropriate level of access is available for the mobility impaired. (Disability/ age).						Environmental issues: Positive impact on noise, Air Quality, Greenhouse Gas emissions, Townscape.				
Potential funding sources: <ul style="list-style-type: none"> Existing revenue budgets Future revenue opportunities Private Sector – other 			Risk Level: <div style="background-color: yellow; height: 15px; width: 100%;"></div> Potential changes to parking restrictions will be high-profile and involve a wide range of stakeholders.			Delivery Assessment: <div style="background-color: yellow; height: 15px; width: 100%;">Acceptability</div> <div style="background-color: lightgreen; height: 15px; width: 100%;">Affordability</div> <div style="background-color: yellow; height: 15px; width: 100%;">Complexity</div>				
Indicative Timescale:										
	Short Term			Medium to Long Term						
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/30	2030/35
Develop										
Implement										
Cost to develop to next stage: £50k						Initial actions Promotion of Travel planning initiatives through engagement with key employers through existing city-wide forum. Scoping of car parking strategy.				



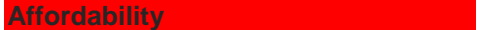
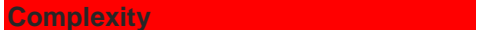
Title: Walking and Cycling – Re-allocation of road space to improve pedestrian and cycle provision										
Description: This includes development of a Local Cycling and Walking Infrastructure Plan (LCWIP). This would include a prioritised list of pedestrian and cyclist improvements for the city. The initial priority would be to address issues in the town centre, followed by routes to the centre. Potential schemes include: <ul style="list-style-type: none"> • contraflow cycle facilities in the city centre to open new direct cycle route options; • improving the main crossing points and links into the city currently offering poor levels of service to pedestrians and cyclists. (Sussex Street/Station Hill, City Road/Hyde Street, Romsey Road/Upper High Street, Jewry Street/High Street); • route enhancements to the city centre e.g. enhanced pedestrian corridors from the station to the city centre including reprioritisation of Worthy Lane/Worthy Road in favour of pedestrians. 										
Cost to deliver (range): £500k plus					Enabling or enabled: Elements of both depending on individual schemes					
Strategic Case: Priority 1: Re-allocating road space from providing vehicle capacity to provide high-quality walking and cycling options enables walking/cycling to be a realistic alternative for many journeys, whilst potentially discouraging car use. Priority 2: Direct support and promotion of active modes. Higher quality facilities make active mode a realistic choice for all users (including inexperienced/younger cyclists). Priority 3: Provides realistic non-car travel options to support future sustainable development.					Compliance with LTP: a) Supporting the economy through resilient highways; (✓✓✓) b) Management of traffic; (✓✓✓) c) The role of public transport; (✓✓✓) d) Quality of life and place; (✓✓✓) e) Transport and growth areas. (✓✓✓)					
Estimated wider benefits: Active travel options opened to a wider range of people who would otherwise be discouraged. An increase in use of active modes and healthier lifestyles, with associated health benefits.					Dependencies and links: Dependant on: Traffic reduction (in some cases.) Linked to: Traffic demand management; Enhancing public realm.					
High level equalities considerations: Measures that are developed need to be consulted on with a range of mobility groups. (Disability)					Environmental issues: Potential impact on Townscape and Historic Environment. Indirect positive impact to Noise, Air Quality, Greenhouse Gas emissions through mode shift.					
Potential funding sources: <ul style="list-style-type: none"> • Existing revenue budgets • Existing capital budgets • Private Sector – planning contributions • Bids to external funding bodies 			Risk Level: <div style="background-color: #92d050; height: 15px; width: 100%;"></div> Some funding is available through Section 106 contributions received and potentially Community Infrastructure Levy. There is a high level of acceptability.		Delivery Assessment: <div style="background-color: #92d050; height: 15px; width: 100%;">Acceptability</div> <div style="background-color: #92d050; height: 15px; width: 100%;">Affordability</div> <div style="background-color: #92d050; height: 15px; width: 100%;">Complexity</div>					
Indicative Timescale:										
	Short Term			Medium to Long Term						
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/30	2030/35
Develop										
Implement										
Cost to develop to next stage: £50k to develop concept designs/cost estimates etc. £500k to implement quick wins					Initial actions High probability that there are short term improvements that can be considered subject to design work.					





Title: Enhancing public realm in the city centre										
Description: Creation of high-quality, people focussed places and spaces that people will enjoy and be encouraged to spend time in, as well as move through on foot/ cycle. Such measures will help Winchester maintain and enhance its draw for shopping, leisure, culture, entertainment and tourism. Measures may include: <ul style="list-style-type: none"> • re-defining parts of the existing one-way system to remove the dominance of traffic, simplify movements, and re-allocate street space to accommodate all users and different activities. (e.g. Friarsgate through to Easton Lane); • re-characterising St Georges Street by reducing traffic to one lane and re-allocating space to people and other activities, including widened pavements, dedicated areas for loading and bus stops, or contraflow cycling; • improving pedestrian priority on Jewry Street, in particular where it meets High Street; • severing “rat runs” in order to enable opportunities for enhanced public realm e.g. The Square; • improving the historic setting of the Westgate. 										
Cost to deliver (range): £5m plus						Enabling or enabled: Enabled				
Strategic Case: Priority 1: Re-definition of street space to reduce the dominance of traffic. Actual traffic volumes reduced by 11% (AM peak). Alongside improved Park and Rides and bus priority, traffic is reduced by 25% (AM peak). Priority 2: High quality, comfortable environment for active modes. Opportunity for greener streets with improved air quality. Priority 3: Good quality public realm supports investment and development opportunities, whilst supporting non-car travel options.						Compliance with LTP: a) Supporting the economy through resilient highways; (✓✓✓) b) Management of traffic; (✓✓✓) c) The role of public transport; (✓✓✓) d) Quality of life and place; (✓✓✓) e) Transport and growth areas. (✓✓✓)				
Estimated wider benefits: Improved economic vibrancy and productivity through increased activity and footfall in the city centre. High-quality, people-focussed public realm underpins regeneration efforts and supports social cohesion, providing places for events and people to meet.						Dependencies and links: Most elements will be dependant on: achieving reduced traffic levels. Linked to: Walking and Cycling; Deliveries; Integrated planning.				
High level equalities considerations: More accessible streets with infrastructure meeting current design requirements and expected levels of service. (Disability) City spaces that are well designed for all users. (Disability)						Environmental issues: Consideration and enhancement of Townscape and Historic Environment.				
Potential funding sources: <ul style="list-style-type: none"> • Existing capital budgets • Private Sector • Bids to external funding bodies 			Risk Level: <div style="background-color: yellow; height: 15px; width: 100%;"></div> Currently unfunded. Detailed design likely to raise some issues of acceptability.			Delivery Assessment: <div style="background-color: yellow; height: 15px; width: 100%;">Acceptability</div> <div style="background-color: yellow; height: 15px; width: 100%;">Affordability</div> <div style="background-color: green; height: 15px; width: 100%;">Complexity</div>				
Indicative Timescale:										
	Short Term			Medium to Long Term						
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/30	2030/35
Develop										
Implement										
Cost to develop to next stage: £100k to produce public realm plan including concept designs and Valuation of Urban Realm assessment.						Initial actions Public realm improvements at Station Approach and the Broadway are being scoped as part of Centre of Winchester regeneration project				

Title: Deliveries - Better management of deliveries of goods to the city centre										
Description: Initiatives ranging from physical measures, controls, and enforcement to industry engagement and soft measures. May include: <ul style="list-style-type: none"> • a review of loading controls and enforcement operations; • ensuring adequate space for loading is provided as part of any works to public realm/street layout; • engaging with local businesses to review freight management practices including consolidation schemes. 										
Cost to deliver (range): Less than £100k						Enabling or enabled: Enabled				
Strategic Case: Priority 1: Better managed deliveries may avoid peak congestion, prevent obstruction/ delay to other traffic and consolidate freight movements in the city. Priority 2: Improvements to air quality through better managed freight deliveries and fleet. Priority 3: Improved delivery reliability and access to local businesses, supporting local economic growth.						Compliance with LTP: a) Supporting the economy through resilient highways; (✓✓✓) b) Management of traffic; (✓✓✓) c) The role of public transport; (✓✓✓) d) Quality of life and place; (✓✓✓) e) Transport and growth areas. (✓✓✓)				
Estimated wider benefits: Better managing deliveries could also help to maintain the economic function of Winchester city centre and help to minimise costs for businesses.						Dependencies and links: Dependant on: Partial dependency on reprioritisation of road space for some measures Linked to: Traffic demand management; Walking and cycling; Enhancing public realm.				
High level equalities considerations: Better managed freight and deliveries may reduce occurrences of informal stopping and obstruction of footways etc. (Disability)						Environmental issues: Positive impact on noise, Air Quality, Greenhouse Gas emissions.				
Potential funding sources: <ul style="list-style-type: none"> • Existing revenue budgets • Future revenue opportunities • Private Sector 			Risk Level:  Assumed to be affordable within existing budgets.			Delivery Assessment:  Acceptability  Affordability  Complexity				
Indicative Timescale:										
	Short Term			Medium to Long Term						
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/30	2030/35
Develop										
Implement										
Cost to develop to next stage: Delivered through Travel Plans team within existing revenue budgets.						Initial actions Enforcement of existing restrictions. Workplace and freight travel planning can be investigated in the short term.				

Title: Integrated planning - An integrated approach to transport planning and land-use planning										
Description: To adopt the Movement Strategy so that it can become a key piece of evidence to inform the preparation of the Local Plan 2036. The Local Plan will consider the location of future employment and housing sites and key services and will aim to focus new development on accessible sites which are, or can be, served by sustainable transport policies which support sustainable modes of transport including cycling and Park and Ride. Policies that support development of sites and infrastructure which enables sustainable transport modes to be provided including additional park and ride facilities can also be included.. The Parking Strategy will consider distribution of parking spaces, charging policy and other factors that could influence transport in line with the Movement Strategy's objectives.										
Cost to deliver (range): Less than £100k					Enabling or enabled: Enabling					
Strategic Case: Priority 1: Opportunities to mitigate future travel demand and reduce car travel will be maximised by ensuring developments have realistic non-car travel options where feasible. Priority 2: Better opportunities to walk, cycle and minimise car use contribute to healthier lifestyles and better air quality. Priority 3: Directly promotes integrated sustainable planning of future growth.					Compliance with LTP: a) Supporting the economy through resilient highways; (✓✓✓) b) Management of traffic; (✓✓✓) c) The role of public transport; (✓✓✓) d) Quality of life and place; (✓✓✓) e) Transport and growth areas. (✓✓✓)					
Estimated wider benefits: A more joined up approach to planning and decision making related to major projects and plans.					Dependencies and links: Dependant on: None. Linked to: All MS schemes					
High level equalities considerations: None.					Environmental issues: Integrated land use and transport planning should result in better environmental outcomes.					
Potential funding sources: • Existing revenue budgets			Risk Level:  The action has received a high level of support			Delivery Assessment:   				
Indicative Timescale:										
	Short Term			Medium to Long Term						
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/30	2030/35
Develop										
Implement										
Cost to develop to next stage: Within existing budgets.					Initial actions Movement Strategy being considered by Hampshire County Council in April 2019 and Winchester City Council Cabinet in March 2019. Inform Local Plan development.					

Title: Enhancing strategic road network capacity – M3										
Description: This measure is related to improving motorways (M3) in order to sustain future growth of the national, regional and local economy, improve the resilience of the strategic network to unplanned events and reduce the risk of possible through traffic in the city. Measures may include: <ul style="list-style-type: none"> • supporting Highways England in making planned changes to M3; Junction 9; • supporting Highways England in delivering the M3 Smart motorway upgrade J9 to J14. (Both are committed to be delivered by 2023).										
Cost to deliver (range): £5M plus						Enabling or enabled: Enabler				
Strategic Case: Priority 1: Maintains a functioning route for through journeys to avoid impact on city centre. Priority 2: None. Priority 3: Accommodates wider growth, maintaining function of the strategic network.						Compliance with LTP: a) Supporting the economy through resilient highways; (✓✓✓) b) Management of traffic; (✓✓✓) c) The role of public transport; (✓✓✓) d) Quality of life and place; (✓✓✓) e) Transport and growth areas. (✓✓✓)				
Estimated wider benefits: A transport infrastructure that helps sustain future growth for the local economy.						Dependencies and links: Dependant on: None. Linked to: None.				
High level equalities considerations: None.						Environmental issues: Relative impacts and benefits may include: Noise, Air Quality, Greenhouse Gas emissions, Landscape, Townscape, Historic Environment, Biodiversity, Water Environment.				
Potential funding sources: <ul style="list-style-type: none"> • Private Sector – planning contributions • External funding body (Highways England) 			Risk Level:  Strategic network improvements are Highways England responsibility. Large complex project with technical and environmental challenges			Delivery Assessment:  Acceptability  Affordability  Complexity				
Indicative Timescale:										
	Short Term			Medium to Long Term						
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/30	2030/35
Develop										
Implement										
Cost to develop to next stage: Delivery by Highways England under national strategic funding.						Initial actions Highways England has started consultation and design work.				

Title: Enhancing primary road network capacity		
Description: This measure is related to improving the local primary road network (A and B roads) and would include schemes like a western bypass. The case for doing so is to improve the resilience of the primary network to unplanned events and reduce through traffic in the city particularly in the event of failure of the strategic road network. Planned investment in the strategic road network means that the need for this scheme is not pressing.		
Cost to deliver (range): £5M plus		Enabling or enabled: Enabler
Strategic Case: Priority 1: Maintains a functioning route for through-journeys to avoid impact on city centre. Priority 2: None. Priority 3: Accommodates wider growth, maintaining function of the strategic network.		Compliance with LTP: a) Supporting the economy through resilient highways; (✓✓✓) b) Management of traffic; (✓✓✓) c) The role of public transport; (✓✓✓) d) Quality of life and place; (✓✓✓) e) Transport and growth areas. (✓✓✓)
Estimated wider benefits: A transport infrastructure that helps sustain future growth for the local economy.		Dependencies and links: Dependant on: None. Linked to: None.
High level equalities considerations: None.		Environmental issues: Relative impacts and benefits to be considered; Noise, Air Quality, Greenhouse Gas emissions, Landscape, Townscape, Historic Environment, Biodiversity, Water Environment.
Potential funding sources: • Private Sector – planning contributions • Bids to external funding bodies	Risk Level:  Potential new primary links would be large complex projects with funding challenges and acceptability concerns.	Delivery Assessment:   
Indicative Timescale: It is not proposed to take this forward for development at this time but it may be needed to support economic/ population growth in the future or if strategic road network improvements are not forthcoming.		
Cost to develop to next stage: It would cost £40k to assess long-term future needs, and further assess the case for a bypass, however, there is currently no intention to include this in the Movement Strategy.		Initial actions Not applicable

Title: Charging zone - Consider introducing a charging zone		
Description: A charging zone would act as a further traffic demand management tool, should other elements of the Movement Strategy not succeed in reducing city centre traffic. Charging zone options currently include: Congestion charge zone – vehicles are charged a fee to enter a defined area at busy periods; Low Emission Zone – the most polluting vehicles are charged to enter areas with air quality concerns; Workplace Parking Levy – businesses within a defined area are charged per parking space they own/ provide – many passing the charge onto employees who use the parking spaces.		
Cost to deliver (range): £100k - £5m		Enabling or enabled: Enabler
Strategic Case: Priority 1: Additional demand management likely to result in fewer car trips into the city centre – some approaches may be more effective than others. Priority 2: Enables consideration of changes to the city centre streets whilst maintaining travel options for motorists. Encourages mode shift to active modes. Reduced traffic creates a more pleasant environment to cycle in. Priority 3: Manages demand from new development and growth.		Compliance with LTP: a) Supporting the economy through resilient highways; (✓✓✓) b) Management of traffic; (✓✓✓) c) The role of public transport; (✓✓✓) d) Quality of life and place; (✓✓✓) e) Transport and growth areas. (✓✓✓)
Estimated wider benefits: Revenue generation to fund other improvements.		Dependencies and links: Dependant on: Park and Ride; Walking and cycling. Linked to: Bus operator partnership; Bus priority; Enhancing public realm, Traffic demand management, Deliveries.
High level equalities considerations: Ensure alternative options are good quality for all users. Access for disabled users must be maintained. (Disability)		Environmental issues: Benefits in city centre for Noise, Air Quality, Greenhouse Gas emissions, Townscape, Historic Environment. Design should consider impact on Townscape, Historic Environment.
Potential funding sources: • Future revenue opportunities • Private Sector – planning contributions • Private Sector – other (to cover BID, etc.) • Bids to external funding bodies	Risk Level:  Technical delivery may be complex but achievable. High risk in terms of acceptability.	Delivery Assessment:   
Indicative Timescale: This measure is not being taken forward at the current time but may be required if other measures do not deliver sufficient improvements.		
Cost to develop to next stage: It would cost £100k for a future feasibility study, however, this is not considered to be required at the current time.		Initial actions Not applicable

Deciding which workstreams to take forward

The following matrix incorporates detail from the scheme proformas to provide an overview of how deliverable the proposed measures are likely to be and to help inform which workstreams should be taken forward (T/F).

Workstream	Risk	Acceptability	Affordability	Complexity	T/F
Park and ride	Yellow	Green	Yellow	Yellow	Yes
Bus priority	Yellow	Yellow	Yellow	Yellow	Yes
Bus operator partnership	Green	Green	Green	Green	Yes
Traffic Demand Management	Yellow	Yellow	Green	Yellow	Yes
Walking and cycling	Green	Green	Green	Green	Yes
Enhancing public realm in the city centre:	Yellow	Yellow	Yellow	Green	Yes
Deliveries (HGV's)	Green	Green	Green	Green	Yes
Integrated planning	Green	Green	Green	Green	Yes
Enhancing strategic road network capacity	Red	Yellow	Green	Red	Yes
Enhancing primary road network capacity	Red	Red	Red	Red	No
Charging zone	Red	Red	Green	Red	No

As a result of this analysis it is not proposed to abandon any workstreams, but it is proposed not to take some forward at this time:

- **Charging zone**

The scoring on the charging zone concept is reflective of minority support for the potential introduction of a charging zone in Winchester, with 46% of respondents to the Phase Two consultation agreeing and 41% disagreeing that this should be considered if other options fail to achieve the required reduction in traffic. The technical work indicates that traffic reduction is achievable without the need for a charging scheme if other measures are implemented. Those measures include increasing park and ride capacity, associated bus priority changes to the one-way system and more limited demand management measures such as tactical changes to car parking supply, location, and charging policy. On this basis, it is not considered appropriate to begin detailed development work on a charging scheme at this time.

- **Enhancing primary road network capacity**

This proposal (incorporating the main “A” and “B” roads but not including motorways) scores poorly on a range of considerations. The main aim of such schemes is to provide an alternative to driving through the city centre and to provide alternative routing choices in the event of motorway incidents. The option modelled includes a western bypass. The results suggested a western bypass would at present only have a slight impact in reducing traffic in the city centre and a modest impact on relieving Chilbolton Avenue. With planned improvements to Junction 9 of the M3 and the possibility of an extension of Smart motorways in the future, the need for the scheme is not yet pressing.

On this basis it is not considered appropriate to begin development work on this scheme at this time. The case for looking at other alternatives will be kept under review.

It is proposed to take forward all other workstreams through to the next stage of development and in some cases delivery.

Movement Strategy Workstreams

The costs of taking all other workstreams forward to the next stage is summarised in the table below. The figures are at this stage financial estimates based on experience and an understanding of what work will be required and are likely to vary. The work can be expected to span the next three years.

Component	Development	Implementation
Park and Ride - increasing the capacity of Park and Ride	£200k	
Bus priority - introducing bus priority measures on key radial routes into the city centre	£80k	
Bus operator partnership - New bus partnership with bus operators across the city	£20k	
Traffic Demand Management (TDM)	£50k	
Walking and Cycling: City centre walking/ cycling facilities, including access to key destinations (rail station, leisure centre) Worthy Lane pedestrian access	£50k	>£500k
Enhancing public realm in the city centre: Public Realm Masterplan	£100k	
Deliveries - better management of deliveries of goods to the city centre	See TDM	
Integrated planning - an integrated approach to transport planning and land-use planning	nil	nil
Enhancing strategic road network capacity – M3	Funded through Highways England	
Total Revenue Funding	£500k	
Total Capital Funding		>£500k

This shows an indicative total revenue cost of £500k to advance development work on all the identified workstreams over the next three years. The City Council is committing £500k (including £250k Community Infrastructure Levy income) to support the next phase.

The park and ride study will aim to identify a preferred location or locations for new park and ride sites or opportunities to expand existing sites. It will also produce preliminary estimates that will allow a decision to be reached as to which options to take forward for detailed design. The outputs of the study may be used to inform the Local Plan in terms of identifying areas where park and ride sites should be located and potentially reserved.

The bus priority study will seek to identify a number of deliverable schemes that allow buses to be sped up and for them to be more reliable. There is a key linkage between the

park and ride study and the bus priority study especially in terms of possible future routing options for park and ride bus services.

The bus operator partnership will support the development of the above studies and maximise the benefits of the schemes delivered. It should also attract inward investment from bus operators and is expected to result in enhanced bus facilities and services.

The traffic demand management stream of work will incorporate the softer side of transport planning such as travel plans with employers and the development of a new parking strategy. Work has already begun on establishing a travel plan forum and a new parking strategy is currently being scoped out.

In practice there is likely to be synergy between the traffic demand management and deliveries workstreams. The new Parking Strategy should take account of current freight arrangements, enforcement activity levels and freight travel planning.

The output of the walking and cycling stream of work is expected to be a list of prioritised cycling and walking schemes. These will form the basis of a Local Cycling and Walking Infrastructure Plan (LCWIP). An indicative sum of £500k is assumed for their implementation and is a reflection of what known funding is available through developer contributions received and/ or potentially Community Infrastructure Levy. The sum may be smaller or larger depending on the outcome of LCWIP.

The enhancing public realm workstream is expected to result in a public realm plan covering the one-way system. The output of this would be a package of complementary schemes that work in traffic terms but which enhance the public realm. An economic assessment of the value of the plan will be developed to support future business case submissions for funding. In order to do this work additional data collection will be needed to enhance the local traffic model, including multi-modal surveys with pedestrians and cyclists. Once in place, the plan will guide development opportunities and be used to secure external funding.

Integrated planning is not considered to require any new funding but does need both the County and District Councils to continue to work together in partnership going forward. As part of this work the existing governance that was set up to manage the development of the Movement Strategy will continue. This will consist of officers and the respective portfolio holders from each authority. It will meet on a regular basis and monitor progress on the Movement Strategy workstreams.

Enhancements to strategic road network capacity at M3 Junction 9 are being taken forward by Highways England and have been identified as a key enabler of traffic reduction in the city centre. It is an important scheme that if delivered will support the effectiveness of the rest of the Strategy. Although it involves technical complexity, environmental challenges and is the most expensive measure in the Strategy, funding has been identified via the Governments Roads Investment Strategy for delivery from 2021 and is to be delivered by Highways England.

Consolidated Action Plan

The table below is a consolidated action plan, including a three year short-term action plan and indicative medium- to long-term programme. It is liable to change as scheme development work progresses or funding opportunities arise. The plan will be reviewed and kept updated on a regular basis.

Scheme		Short Term			Medium to Long Term						
		2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/30	2030/35
Park and Ride	Develop										
	Implement										
Bus priority	Develop										
	Implement										
Bus operator partnership	Develop										
	Implement										
Traffic Demand Management	Develop										
	Implement										
Walking and cycling	Develop										
	Implement										
Enhancing public realm in the City Centre	Develop										
	Implement										
Deliveries	Develop										
	Implement										
Integrated planning	Develop										
	Implement										
Enhancing strategic road network capacity	Develop										
	Implement										
Enhancing primary road network capacity	Develop		The Strategy does not support significant short-/ medium-term enhancement of primary road network capacity								
	Implement										
Charging zone	Develop		The Strategy does not support short-/ medium-term implementation of an area-wide charging zone								
	Implement										

NB: Actions will be on-going and delivered over time. All schemes are subject to funding.

Implications for other projects

Hampshire County Council and Winchester City Council have been working closely together to ensure that there is a coherent and complementary approach between the emerging Movement Strategy and development opportunities in Winchester. The key linkages are listed below.

Central Winchester Regeneration

The supplementary planning document for this site has identified that latter stages of the development, involving moving bus stops from off street to on street, is conditional upon either traffic levels in the city centre having been reduced or a suitable bus stop alternative being provided.

Parking Strategy

The City Council regularly reviews its Parking Strategy and this will be happening in 2019. The Parking Strategy and Movement Strategy are complementary.

New leisure centre

The new leisure centre at Bar End is well located with high public transport accessibility through the park and ride corridor. The three year action plan may include measures to enhance access to the new centre by sustainable modes.

Station Quarter

Current proposals are supportive of the emerging Movement Strategy. They make use of Gladstone Street as the main car parking entrance and are restricting workplace parking numbers.

The development also presents opportunities to enhance pedestrian links between the station and city centre.

M3 Junction 9 and Smart motorways

These important schemes are planned to be delivered by 2023. They should free up Easton Lane and take pressure off other radial routes. Modelling work has confirmed the importance of these schemes in reducing traffic flows in the city centre

Andover Road

Transport modelling work has shown demand exists for a northern park and ride site providing up to 750 spaces. There is now an increased likelihood that the Andover Road corridor will need to include bus priority. This may mean keeping access open on Andover Road and providing a bus lane and signal priority alongside the Cattlemarket car park and up to the railway station.

Funding Opportunities

Very few of the schemes identified in the Strategy currently have funding secured for their delivery. The Strategy is intended to help the County and City Councils prioritise local resources or bid for external funding. The current funding horizon is particularly uncertain as we are currently reaching the end of a Government spending review cycle and are about to start another. However, opportunities will arise, and the County and City Councils' track records of accessing funding are good, particularly where there are well developed strategies and plans in place. In order to attract funding for the proposed measures, it is necessary first to have the Movement Strategy in place and take forward the various workstreams. This will enable the development of business cases and delivery plans and enhance the policy framework for each of the measures.

The following are a list of known funding opportunities:

Local sources and charging. This is the funding option most within the control of the local community and local authorities. It includes income from parking charges, other charging schemes and other local authority budgets.

Private sector contributions. These are normally secured through the planning process and on occasion are voluntary (e.g. as part of a local Business Improvement District scheme). These are important and can make a valuable contribution to providing the match-funding that is sometimes required when submitting bids to funding bodies – although the level of funding will depend on the scale and impact of development. Also included in this is the Community Infrastructure Levy (CIL) – a planning charge to help deliver infrastructure to support the development of the local area. These funds are managed by the City Council.

Bidding to external funding bodies. External funding opportunities exist and are normally available from central Government or Local Economic Partnerships (LEPs). These tend to be targeted to measures that achieve central Government's, or funding bodies', top priorities. Some limited central Government funding is available for air quality measures.

An example of a recent new opportunity is the Government's new High Street Fund. This is intended to support high street improvement projects in light of threats caused by the rise of internet shopping leading to declining footfall and associated revenues.

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REPORT TITLE: ESTABLISHING THE WINCHESTER HOUSING COMPANY

20 MARCH 2019

REPORT OF PORTFOLIO HOLDER: Leader with Portfolio for Housing Services –
Cllr. Caroline Horrill

Contact Officer: Richard Burden Tel No: 01962 848136
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WARD(S): ALL

PURPOSE

This report proposes the establishment of a wholly owned housing company to deliver units for sub-market rent on non-secure tenancies and provide shared ownership accommodation, initially through the partnered home purchase scheme (PHP).. The company will function as an ethical landlord, providing a more secure offer than the private rented sector currently delivers.

In accordance with CAB2990(HSG) 22 November 2017, the proposal is supported by a detailed five-year business plan.

RECOMMENDATIONS:

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

IMPLICATIONS:1 COUNCIL STRATEGY OUTCOME

- 1.1 The provision of good quality housing with a range of tenures is a strategic priority for the Council. Whilst it can deliver new housing for rent & shared ownership through the Housing Revenue Account (HRA), other options such as sub-market private rent can only be provided through a company structure.
- 1.2 Establishing a housing company to deliver housing tenures not permitted through HRA regulations is also a key priority for the Housing Strategy 2017-18 to 2022-23, and it will support priorities in the emerging Preventing Homelessness and Rough Sleeping Strategy 2019-24.
- 1.3 This report sets out proposals for establishing a housing company to address this issue. It should be noted that the core focus of the Council's development programme will remain on affordable/social rented units through the HRA. There are significant efficiencies achieved by building through the HRA and any housing company development will always make up less than 10% of the overall programme. However, the fact that it allows properties to be let on alternative tenures will help to establish mixed and sustainable communities and to address key aspirations of the Council's Housing Strategy.

2 FINANCIAL IMPLICATIONSFunding

- 2.1 CAB2990(HSG) approved the inclusion of a £10m loan facility from the general fund to support the housing company development in the capital strategy. Legal advice has stated that the intention of providing 100% debt funding to the housing company would be in breach of state aid rules and that any funding should be a mix of debt & equity. This is on the basis that external lenders rarely provide 100% debt funding, allowing for headroom on the value of loans issued.
- 2.2 Legal advice has suggested that the mix of debt to equity could range from 65% to 80%. For the purposes of the business plan I have assumed a level of 75% debt to 25% equity, resulting in a £7.5m loan facility and a £2.5m equity shareholding from the General Fund.
- The housing company will be required to consider annual dividend payments out of retained profits to the General Fund as a return on the equity shareholding. This will be subject to profits being available for distribution.
- 2.3 If the creation of the housing company is approved, the intention is for the equity shareholding from the General Fund to be made available at the point the housing company begins trading. This would provide an injection of working capital to cover any initial up front costs, and fund the first housing development, potentially at Rowlings Road.

Partnered Home Purchase Scheme (PHP)

- 2.4 The PHP scheme was created by the Council in 2018 to provide the option of open market shared ownership to homebuyers. The scheme was initially launched as a pilot with funding to provide up to 10 homes. To date there have been 3 property completions.
- 2.5 The PHP scheme is currently administered as a General Fund activity and the proposal is to move the scheme into the housing company once the company has commenced trading. The funding has already been made available in the General Fund, so it will require a transfer of the existing properties to the housing company once it commences trading. Further transfers will then follow once the purchase price of future properties has been determined.
- 2.6 Each PHP proposal is individually appraised, with its suitability and financial viability assessed before a purchase is considered.

Tax

- 2.7 Trowers & Hamlins have provided tax advice on the implications for the housing company (**see exempt Appendix B**) covering corporation tax (including chargeable gains), VAT, SDLT, Construction Industry Scheme (CIS), PAYE and tax on enveloped dwellings (ATED).
- 2.8 Corporation tax will be payable at 17% from April 2020 on any taxable profits arising in the housing company, subject to available reliefs. The intention is for the housing company to return a small taxable profit each year, sufficient to cover all operational expenditure and a dividend payment on the equity shareholding provided by the General Fund. Sub market rents and the letting of shared ownership properties would be treated as trading activities. The staircasing on future shared ownership properties would be also be treated as a trading activity, with any profits arising being chargeable to corporation tax.
- 2.9 Chargeable gains could arise on future property sales within the housing company (selling value less original acquisition price). This would normally result in a taxable receipt for corporation tax purposes. It is however possible to create a chargeable gains group between two or more entities, in this case the Council and the housing company. The effect of having a chargeable gains group is that for tax purposes the selling price of the property is deemed to be the same as the original acquisition price resulting in no gain or loss. The true gain would still be recognised as an accounting profit but there will be no corporation tax arising.
- 2.10 VAT will be an additional cost for the housing company on operational costs including internal recharges and external supplies. Where the Council provides services to the housing company, including management costs & maintenance costs, it will need to charge 20% VAT on all standard rated

supplies. It may be possible to reduce the VAT charge on internal management costs from the Council by having joint contracts for employees who provide the services to the housing company.

- 2.11 Provided that land has not been opted to tax for VAT purposes, the transfer of land would be an exempt supply with no VAT being charged on the transfer. If land has been opted to tax it means that 20% VAT will be added to the land price on purchase which could impact on the financial viability of a scheme. There are mitigations available to recover any VAT incurred on options to tax (see tax advice section 4.7)
- 2.12 If the housing company enters into a design and build contract either with the HRA or an external contractor, the supply of completed dwellings can be zero rated for VAT purposes. This means that the resulting price to the housing company will not include any VAT cost.
- 2.13 Tax advice has suggested that it would be preferable for the housing company to have a separate VAT registration from the Council. The Council is generally able to recover VAT in full on expenditure incurred provided that it meets the de-minimus test on exempt supplies as outlined in section 4.5 of the tax advice. If the housing company was included within the existing Council VAT registration it could have an adverse impact on the recovery of VAT as the de-minimus limit could be exceeded. This will require more specialist advice before the housing company commences trading to ensure that the correct VAT structure is in place.
- 2.14 Stamp Duty Land Tax (SDLT) will be applicable on purchases of land from external developers, although there are some reliefs available to mitigate this cost. (See section 5.5 of the tax advice). Similar to the rules on chargeable gains, it is possible to create an SDLT group between two or more entities. On this basis any transfers of land between the Council and the housing company will be free of any SDLT. There is however a clawback of the relief claimed if the land leaves the SDLT group within three years of the original transfer.
- 2.15 The housing company needs to register for the Construction Industry Scheme (CIS), as outlined in section 6 of the tax advice. If the housing company contracts directly with the Council for construction services no CIS payments will be payable, but if it contracts externally it may need to account for CIS deductions.
- 2.16 PAYE will not be applicable to the housing company whilst it has no employees or paid directors.
- 2.17 Tax on enveloped dwellings (ATED), as outlined in section 7 of the tax advice is not applicable to local authorities or companies that are wholly owned by the local authority.

Business Plan

- 2.18 A summary of the business plan is shown at **exempt Appendix A1**. The business case demonstrates that the housing company can generate a small annual profit over the first 5 years of trading with the acquisition of 48 units for sub market rent and 10 properties for partnered home purchase.. In year 1 the housing company generates a profit after corporation tax & dividends of £13k, this increases to £58k by year 5.
- 2.19 The plan assumes acquiring land at market value, although the intention will be to acquire land at less than market value from the HRA whenever possible.
- 2.20 The plan also assumes the housing company contracts with the HRA to carry out the build phase of new developments.
- 2.21 The intention is for the Council to provide the management and maintenance support at an agreed price plus VAT at the standard 20%.
- 2.22 The plan proposes a £7.5m loan and £2.5m equity shareholding from the General Fund. The assumed cost of borrowing on a fixed rate loan is 5.19%. The actual cost of borrowing in the General Fund is lower, but as the loan needs to be an “arms length” commercial transaction the rate needs to be at market rate.
- 2.23 Dividend payments to the General Fund in relation to the £2.5m equity shareholding will be considered by the Board of Directors each year. The annual dividend payment of £28k per annum is assumed to be 1.10% of the £2.5m equity shareholding.
- 2.24 The graph at **Exempt Appendix A2** demonstrates that the equity investment of £2.5m is more than matched by the accumulated surplus of £2.7m over the same period. The intention will be to repay the equity shareholding by year 20 either from retained profits or the surplus arising from the sale of partnered home purchase properties.
- 2.25 Properties are assumed to increase in value by 3.00% per annum but this could fluctuate dependent on market conditions.
- 2.26 Key assumptions are listed below:

	Assumptions	Comments
Land	Market Value (MV)	Acquire HRA land at less than MV when possible.
Build Costs	Development Cost	Build contract with HRA
Rental Income	90% of Market Rent	
Management Costs	£300 per unit	Including VAT
Maintenance Costs	£563 per unit	Including VAT (Response & Voids)

Voids & Bad Debts	2.10%	For the plan duration
RPI	3.00%	For the plan duration
CPI	3.00% (CPI plus 1.00%)	For the plan duration
Market Value appreciation	3.00%	For the plan duration
Interest Costs	5.19%	Including debt management costs
Depreciation	Nil	Properties held for investment purposes
Dividends	1.10% of the £2.5m equity shareholding annually until repaid	Board of Directors to consider approval each year from retained profits.

- 2.27 The plan assumes acquiring 58 units over the first 5 years of trading, commencing with a 7 unit scheme at Rowlings Road.
- 2.28 The balance sheet demonstrates a gradual increase in the revaluation reserve to £1,555k by year 5. Net current assets include an operational cash balance at the end of each year.

3 LEGAL AND PROCUREMENT IMPLICATIONS

Legal

- 3.1 The Council has commissioned specific legal advice from Trowers & Hamlins to ensure any vehicle it establishes is in accordance with its legal powers; and that any future operation is compliant with those powers. The advice is included within **exempt Appendix C**.
- 3.2 The Council's power to set up and use a company or similar structure to support housing delivery depends on whether it is reasonable to use section 1 of the Localism Act 2011 and not section 9 of the Housing Act 1985.
- 3.3 Legal advice has confirmed that since flexibility of tenure cannot be provided within the HRA, the establishment of a company is justifiable and that the Council is entitled to rely on section 1 of the Localism Act.
- 3.4 Section 1 of the Localism Act provides local authorities with the power to do anything an individual may do, subject to a number of limitations. This is referred to as the general power of competence. A local authority may exercise the "general power of competence" for its own purpose, for a commercial purpose and/or for the benefit of others. In exercising this power, it is still subject to its general duties (such as the fiduciary duties it owes to its rate and local tax payers) and to the public law requirements to exercise its powers for a proper purpose.

- 3.5 Legal advice has been obtained on the powers to transfer land to the company, powers to fund the company and state aid compliance.
- 3.6 Further legal guidance will be required to finalise the memorandum and articles of association, shareholder agreement, loan facility agreement and service level agreement. These requirements are addressed further at section 13 of this paper under “Governance arrangements”, and also at table 5.

Land acquisition

- 3.7 The housing company can acquire land from the HRA, General Fund or externally from a land owner or property developer. Legal advice has been obtained on the statutory implications on the transfer of land, particularly general consents and the impact of state aid.
- 3.8 The legal advice also outlines whether it is possible to transfer land from the HRA or General Fund at less than market value, identified as being at an “undervalue”.
- 3.9 Land acquired externally will be at market rate and subject to stamp duty land tax (SDLT), although some reliefs are available to negate the tax impact.
- 3.10 Land acquired from the General Fund will generally be at market value, as under Section 123 of the Local Government Act 1972, land transfers must be at “best consideration”. There is however a general consent available where the value of any "discount" is £2 million or less and the disposal is likely to contribute to the achievement of well-being.
- 3.11 Land acquired from the HRA at market value is not deemed to provide financial assistance and will not therefore contravene state aid rules.
- 3.12 It is however possible, under Section 32 of the Housing Act 1985 to transfer vacant HRA land at any price and to any body, permitting transfers at an undervalue. However, for a transfer to be at an undervalue it must meet the conditions outlined in Section 25 of the 1988 Housing Act or have specific Secretary of State approval.

The conditions outlined in Section 25 of the Act are as follows:

- a) Any accommodation on the land must be vacant and to be demolished.
 - b) The disposal must be by way of freehold or a lease of at least 99 years.
 - c) The terms of the disposal must require the development to complete within 3 years of the disposal.
 - d) The Council may not be entitled under an arrangement made on or before the disposal to manage or maintain the completed units.
- 3.13 Under Section 32 of the 1985 Act, a transfer of habitable dwellings from the HRA to the housing company must be at market value and is limited to five dwellings in any financial year.

- 3.14 For any HRA land transfer where Secretary of State approval is sought, the application can take a minimum of 2-3 weeks but there is little evidence of councils seeking this approval.

Construction of properties

- 3.15 Given that each land transfer needs to be considered individually from a legal and tax perspective and that the transfer of completed properties from the HRA is limited to five units in every financial year, the construction element of each property needs to be separated from the land element.
- 3.16 As it would be considered to be a “connected company” under EU procurement rules, the housing company is able to contract directly with the Council without the need for a tender process. The housing company would be able to contract directly with an external contractor, but this would require a tender process subject to the public contract regulations 2015. Given that the housing company will have no trading history for at least the first year, it may need to seek a parent guarantee from the Council (see Section 6.3 of the legal advice). As the intended accommodation is sub-market rent and shared ownership a full parent guarantee is possible.
- 3.17 Contracting directly with the HRA would allow mixed or single tenure developments to be procured through the HRA with the price paid by the housing company being at “development cost”. Build contracts could be structured to allow for an initial deposit and stage payments, or a final payment on completion.

Procurement

- 3.18 Legal advice has confirmed that since the purpose of establishing the company is to deliver sub-market accommodation with some shared ownership rather than generate a financial return, it will be a contracting authority and will therefore fall outside the scope of EU procurement rules.
- 3.19 This being so, it will also be a “Teckal” subsidiary, allowing land to be transferred from the Council without breaching EU procurement regulations.
- 3.20 A “Teckal” subsidiary is a wholly owned company that benefits from contracts for works and services as a contracting authority with a public sector organisation, in this case the Council. As the housing company is being created to provide sub-market & shared ownership accommodation to meet the needs of the community, it is not deemed to have a commercial character and therefore qualifies as a “Teckal” subsidiary.

4 WORKFORCE IMPLICATIONS

- 4.1 Once established, it is proposed that the marginal capacity of existing teams is utilised to support company activity, charged on a cost recovery contractual basis at “arms length”, thus generating additional income for the Council.
- 4.2 As development activity will initially be marginal to the Council’s overall development programme, no additional resource requirements are anticipated at this stage.
- 4.3 Additional resources may be required as the housing company development activity increases over time. This may include employing direct staff to support the delivery of new properties and housing company administration
- 4.4 It is proposed that one member and two senior officers be appointed to the Board of Directors of the company, although these positions will not be subject to any additional remuneration. It is also proposed that there be flexibility to appoint additional independent (and possibly remunerated) directors to the Board should the need arise at a future date. These proposals are outlined in further detail at table 4.

5 PROPERTY AND ASSET IMPLICATIONS

- 5.1 The preferred option would be for the housing company to acquire land from the HRA or General Fund and have a separate build contract with the HRA to construct the properties. The housing company could acquire land from external developers, but there could be SDLT and VAT issues associated with the final cost. When appropriate, the housing company could lease properties from both the General Fund and the HRA for short to medium term use, and potentially purchase properties on the open market.

6 CONSULTATION AND COMMUNICATION

- 6.1 Officers have liaised with other local authorities who have established housing companies for a range of purposes.
- 6.2 A draft of this report was presented to TACT on 13 March 2019. A verbal summary of the feedback received will be provided for Cabinet (HSG) on 20 March 2019.

7 ENVIRONMENTAL CONSIDERATIONS

- 7.1 As with all new build developments, properties will be built to a high standard and take into consideration the impact of the carbon footprint.

8 EQUALITY IMPACT ASSESSMENT

- 8.1 All policies & procedures (for example lettings policies and rental agreements) will be subject to a full equality impact assessment.

9 DATA PROTECTION IMPACT ASSESSMENT

9.1 None required.

10 RISK MANAGEMENT

10.1 Key risks and opportunities are outlined below.

Risk	Mitigation	Opportunities
<p><i>Property</i></p> <p>High and increasing development costs</p> <p>Property values fall</p> <p>Insufficient demand</p>	<p>Detailed financial modelling based on current building costs and stress-testing for price increases</p> <p>The business plan recognises that short-term fluctuations in the market are inevitable but the outturn is positive over the length of the plan</p> <p>Evidence shows that there is a consistent demand for both sub and market rented housing</p>	<p>Property values increase</p> <p>Flexibility and control of the portfolio</p>
<p><i>Community Support</i></p>		<p>Capacity to meet housing need that cannot be met by the HRA.</p> <p>Raising standards in the private rented sector.</p> <p>Create different private rented sector opportunities.</p>
<p><i>Timescales</i></p> <p>Company not established in time to support specific initiatives</p>	<p>Resources are in place to ensure that the company is established in time to commence trading from October 2019. This reflects the expected availability of new units</p>	

Risk	Mitigation	Opportunities
	and maintains consistency between Council and company accounting periods.	
<i>Project capacity N/A</i>		
<i>Financial / VfM</i>		
<p>Investment doesn't achieve projected return</p> <p>Tax rules/HMRC requirements impacting on viability</p> <p>Future Government restrictions on prudential borrowing rules to limit allowable public sector debt</p> <p>Brexit - worst case scenario: shortage of labour and materials; house price downturn; rising demand for affordable housing as a result of rising unemployment; rising cost of loan finance</p>	<p>Detailed financial modelling Careful selection of investment option Sensitivity analysis completed</p> <p>Additional tax advice is detailed at exempt Appendix B</p> <p>All developments will be viable individually and not dependent upon profits from future developments</p> <p>Potential development is continually appraised before contracts are agreed and any loan finance is based on fixed rates</p>	<p>Generation of profit on disposal</p> <p>Maximise available tax relief where possible</p>
<i>Legal</i>		
<p>Council acting outside of relevant powers</p>	<p>External specialist legal advice on company governance is detailed at exempt Appendix C</p>	
<i>Innovation N/A</i>		
<i>Reputation</i>		
<p>Reputational impact of the company on the council</p>	<p>A marketing and communications plan will be developed to ensure</p>	

Risk	Mitigation	Opportunities
Reputational damage in the event of the company's failure	that the branding and image of the company contribute to a positive view of the Council's services. Risks reviewed and evaluated on a regular basis as part of corporate risk management process	
<i>Other N/A</i>		

11 SUPPORTING INFORMATION:

Background

- 11.1 There are currently circa 150 housing companies in England, with numbers expected to reach 200 by 2020. The majority are wholly Council owned and provide affordable housing as well as market housing for rent and sale.
- 11.2 The development of new affordable housing is a key priority in the Council strategy and the new build programme has been extended following the removal of the HRA debt cap in October 2018. In addition, the Council continues to work closely with its housing association partners to maximise their development activity within the district.
- 11.3 However, the Council Strategy 2018-2020 also recognises the need for a range of affordable housing products such as sub-market rent, which can only be delivered through a company structure.
- 11.4 In March 2017 CAB2911 (HSG) set out an initial proposal to establish a dual structure with a development company for commercial activity, a subsidiary charitable arm to deliver some affordable housing with affordable rented units being purchased by the Council through the HRA. However, financial modelling demonstrated that this would be significantly more expensive (as a result of commercial borrowing costs, land transfer costs and tax implications) than the current approach where the HRA directly funds development on Council land.
- 11.5 In November 2017 CAB2990 (HSG) proposed the creation of a single company limited by shares to focus specifically on the delivery of sub-market rent. Since these proposals were approved, costs have changed and it has been necessary to revisit the original financial modelling.
- 11.6 This exercise has shown that the single company model remains the most appropriate way to deliver what will always be a marginal element of the Council's development programme.,

12 LOCAL CONTEXT

- 12.1 Demand for affordable housing in the Winchester district is considerable. As at 31 January 2019, 1,352 households were registered for affordable housing in the district. The numbers of bedrooms required is illustrated below, at table 1.

Table 1: Housing register by bedroom

1 bedroom	2 bedroom	3 bedroom	4 bedroom
845	338	132	37

- 12.2 With the demand for affordable housing continuing to rise, for many households accommodation in the private rented sector is the only option. Whilst the Council's duty to homeless applicants can be discharged by identifying suitable private rented housing, there is little available accommodation within Local Housing Allowance rates. Consequently, very few homeless households and those facing homelessness have secured private rented accommodation (see table 2, below). Deposits and letting fees add to the cost of this option, making it unaffordable for many.

Table 2: Homelessness and the private rented sector

	2016-17	2017-18
Advice & prevention – total households	841	743
Households securing private rented accommodation (with and without landlord incentives)	41	55
Homelessness duties discharged – total households	43	39
Households securing private rented accommodation	4	6

- 12.3 The Council's "City Lets" initiative works with private landlords by offering a lettings and management service. It has been successful, with 33 participating landlords currently providing 42 tenancies. However, many landlords are unwilling to let properties at or near local housing allowance levels and so it will be challenging to expand the scheme much further.
- 12.4 Not only does Winchester's private rented sector present significant challenges for both low income and vulnerable households, landlords are struggling too. A 2018 study by Gatehouse Bank¹ concluded that the city's buy-to-let landlords are the most vulnerable in Britain comparing affordability with available property lettings.
- 12.5 The study considered 122 cities and towns, taking into account how long available rentals had been on the market and the affordability ratio between average salaries and rents. Table 3 illustrates the top five locations where landlords were found to be most at risk to these issues..

¹ <https://gatehousebank.com/news/467-62404-winchester-is-home-to-the-most-vulnerable-landlord>

Table 3: L Ratio of lettings to affordability

Rank	City/town	Average property price	Average time on market (days)	Annual yield (%)	Rent as a % of earnings
1	Winchester	£549,706	248	3.1	56.2
2	Cambridge	£446,938	251	2.9	45.6
3	Chichester	£413,343	269	3.3	45.8
4	Warwick	£353,197	254	3.0	40
5	Reading	£415,192	230	3.4	46.7

- 12.6 The company will function as a flexible and ethical landlord offering accommodation to households who are or threatened with homelessness, and those who may be unknown to the Housing service thus far but nonetheless struggle to access suitable private sector accommodation.
- 12.7 There are also those households who would be owner occupiers but lack the capital required for a deposit. They too are confined to the private rented sector for the foreseeable future, and depend upon longer-term sub and market rented properties. A 2017 study by Savills² found that to ensure 40% of households could afford a home in the south-east, the property must cost no more than £250,000. However, according to property web site Rightmove, in 2018 the average detached property in Winchester sold for £808,015, with attached properties and flats selling for £498,643 and £319,751 respectively.
- 12.8 As a landlord, the company will also have flexibility to waive letting fees and deposits, potentially letting longer assured shorthold tenancies than the six months that are routinely offered by letting agents.

13 GOVERNANCE ARRANGEMENTS

- 13.1 A proposal for the company name will be included within the final report seeking approval to set the company up.
- 13.2 A number of governance structures have been considered and the structure outline below in table 4 is considered to be the most appropriate. This view is underpinned by legal advice.

Table 4: Proposed governance structure

Function:	
Sole Shareholder	Full Council taking decisions reserved for the shareholder in the company's articles of association and shareholder agreement. This would include approval of the annual company budget and business plan.
Shareholder advisory group	Three elected members, appointed to oversee company activity, provide strategic guidance and

² <https://www.theguardian.com/business/2017/oct/04/affordable-homes-south-east-england-savills-report>

	advise full council in its capacity as shareholder. Senior officers to attend the group meetings as required. A draft Terms of Reference for this group is attached at Appendix D .
Board of directors	For the management of the day to day affairs of the company. One elected member and two senior officers appointed by the Chief Executive in consultation with the Leader with flexibility to appoint additional independent directors at a future date should the need arise. The elected member and senior officers will not receive any additional remuneration for this responsibility.
Operational management team	For the discharge of any duties and responsibilities delegated by the Board of Directors.

- 13.3 In addition to the Council's role as shareholder, it will oversee company activity as both a funder (decisions around loans to the company and the terms thereof); and as a land and property owner (decisions around making land and/or properties available to the company).
- 13.4 All limited companies must have articles of association. "Model" articles of association are the standard default article a company can use, and are prescribed by the Companies (Model Articles) Regulations 2008. It is proposed that the example attached at **Appendix E**, which is the current model articles for companies incorporated on or after 28 April 2013, be used as a base template for further discussion with legal advisors.
- 13.5 Although not required by company law, a shareholder agreement will be put in place to identify how the Council and the company will interact. It will establish the balance between the company's ethical commercial flexibility and the council's strategic oversight as sole owner. Unlike the articles of association the shareholder agreement is a private contract between the Council and the company and it will not be registered at Companies House.
- 14 **NEXT STEPS**
- 14.1 A summary of next steps is set out below, at table 5. It is envisaged that the company will commence trading from October 2019.

Table 5: Next steps

Action
Finalise governance agreements: <ul style="list-style-type: none"> ▪ Memorandum and articles of association ▪ Shareholder agreement ▪ Shareholder advisory group Terms of Reference ▪ Service level agreement for services provided by the General Fund and HRA ▪ Funding agreements (loan facility and equity)

Additional legal work: <ul style="list-style-type: none"> ▪ Development agreement with HRA – Likely to be a standard JCT contract (so only if required) ▪ Application for Secretary of State consent (if required)
Appointment of: <ul style="list-style-type: none"> ▪ Shareholder Advisory Group ▪ Board of directors/operational management team ▪ Company secretary ▪ External auditor
Agree company name, branding and logo
HMRC registration for all relevant taxes
Directors' insurance
Company bank account
Revisit business plan prior to commencement of trading
Develop operational policies: <ul style="list-style-type: none"> ▪ Allocations and lettings ▪ Housing management ▪ Property services ▪ Procurement procedures ▪ Accounting
Accounting, systems and schemes of delegation

15 OTHER OPTIONS CONSIDERED AND REJECTED

15.1 CAB2911 (HSG) considered the more complex option of dual company structures, one a company limited by guarantee and one in the form of a community benefit society. Whilst the business case for the dual structure was marginally more positive than the single company structure, set up, management and governance would be more complex and with little or no immediate benefits to the Council.

15.2 As a result, CAB2990 (HSG) recommended that initially the Council establish a single company structure. This would not preclude the establishment of a subsidiary charitable company at a later date to exploit potential tax advantages.

BACKGROUND DOCUMENTS:-

Previous Committee Reports:-

CAB2990 (HSG) 22 November 2017 – Establishing Local Housing Companies to Support New Homes Development

CAB 2911 (HSG) 22 March 2017 – Establishing Local Housing Companies to Support New Homes Development

CAB 2626 (HSG) 1 October 2014 – Options for Increasing the Supply of Affordable Housing

Other Background Documents:-

None.

APPENDICES:

Exempt Appendix A1 – Housing Company Business Plan Report March 2019

Exempt Appendix A2 – Housing Company Business Plan - Graphs

Exempt Appendix B – Tax Advice Note (22 February 2019)

Exempt Appendix C –Legal Advice Note (22 February 2019)

Appendix D – Draft Terms of Reference for Shareholder Advisory Group

Appendix E – Template for model Articles of Association

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Shareholder Advisory Group - Terms of Reference

Purpose of the Shareholder Advisory Group

The purpose of the Shareholder Advisory Group (herein referred to as ‘the Group’) is to provide strategic guidance to the directors of *the housing company* (herein referred to as ‘the Company’), including informing the Company of priorities of the shareholder (the council) that are pertinent to the operation and future development of the company.

The Group will review the Company’s business plan at least annually

The meetings of the Group will provide an opportunity for the Company to bring to the shareholder’s attention emerging issues or opportunities for new business ventures.

Membership and meetings of the Shareholder Advisory Group

The Shareholder Advisory Group is an integral part of the governance arrangements for *the housing company*.

The Shareholder Advisory Group will consist of three elected members of Winchester City Council identified by the Leader of the Council.

Ad hoc meetings of the Shareholder Advisory Group can be called at other times by notice in writing from at least two members of the Shareholder Advisory Group.

Meetings of the Group shall be held at the guildhall or any other venue as agreed by the majority of members of the Group.

Members of the Group may invite officers of the council to attend meetings to provide performance updates.

The Shareholder Advisory Group is not a constituted committee of Winchester City Council. There is no requirement to meet in public or publish any notes or minutes.

Members of the Shareholder Advisory Group will treat information shared by the Company as being commercially sensitive and therefore it will not be shared beyond the Group without the permission of the Company’s directors.

A Shareholder Advisory Group Meeting shall be held no less than every quarter. The Board of Directors will report to the Shareholder Advisory Group at each Shareholder Advisory Group Meeting on the following items:

- financial performance in the previous quarter and year-to-date against the annual budget and latest business plan
- performance against agreed key performance indicators
- any matters previously agreed between the Company and the Shareholder
- other matters that arise from time-to-time.

A meeting of the Shareholder Advisory Group shall only be quorate if at least two of the Group's members are present.

Unless otherwise agreed by a majority of members, not less than five business days notice shall be given to each of the members of the Shareholder Advisory Group, and to the Directors of the Company, for a meeting to be held. An agenda will be issued in advance of any meeting indicating the matters to be discussed, together with any relevant papers for discussion and approval.

In addition, the Company will supply the members of the Shareholder Advisory Group with all information and data reasonably requested by the Shareholder Advisory Group to enable it to reach an informed judgment on any matter put before the Group.

The Company will ensure that at least one director shall attend each meeting of the Shareholder Advisory Group who is qualified to address the issues included on the agenda.

The Shareholder Advisory Group shall hold an advisory role to the Shareholder, that is full Council, when it is making decisions on matters reserved for the Shareholder (or the Shareholder Representative if and when deemed appropriate by the Shareholder).

Chairing of each meeting of the Shareholder Advisory Group Meetings shall be determined by the members of the Shareholder Advisory Group present at that meeting.

If a Shareholder Advisory Group member works for, is commissioned by or has any interest in the Company, the member shall declare this fact to the Shareholder Advisory Group immediately.

Review of these Terms of Reference

The Terms of Reference will be reviewed by the Shareholder Advisory Group and the Company's representatives on an annual basis.

Amendments may be agreed by the Shareholder Advisory Group and the Company Representatives, so long as no amendment contradicts the Shareholder

agreement. Amendments to the Shareholder Agreement may be determined by the shareholder, that is, through a meeting of the Council.

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SCHEDULE 1

Regulation 2

**MODEL ARTICLES FOR PRIVATE COMPANIES LIMITED
BY SHARES**

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PART 1
INTERPRETATION AND LIMITATION OF LIABILITY

Defined terms

1. In the articles, unless the context requires otherwise—

“articles” means the company’s articles of association;

“bankruptcy” includes individual insolvency proceedings in a jurisdiction other than England and Wales or Northern Ireland which have an effect similar to that of bankruptcy;

“chairman” has the meaning given in article 12;

“chairman of the meeting” has the meaning given in article 39;

“Companies Acts” means the Companies Acts (as defined in section 2 of the Companies Act 2006), in so far as they apply to the company;

“director” means a director of the company, and includes any person occupying the position of director, by whatever name called;

“distribution recipient” has the meaning given in article 31;

“document” includes, unless otherwise specified, any document sent or supplied in electronic form;

“electronic form” has the meaning given in section 1168 of the Companies Act 2006;

“fully paid” in relation to a share, means that the nominal value and any premium to be paid to the company in respect of that share have been paid to the company;

“hard copy form” has the meaning given in section 1168 of the Companies Act 2006;

“holder” in relation to shares means the person whose name is entered in the register of members as the holder of the shares;

“instrument” means a document in hard copy form;

“ordinary resolution” has the meaning given in section 282 of the Companies Act 2006;

“paid” means paid or credited as paid;

“participate”, in relation to a directors’ meeting, has the meaning given in article 10;

“proxy notice” has the meaning given in article 45;
“shareholder” means a person who is the holder of a share;
“shares” means shares in the company;
“special resolution” has the meaning given in section 283 of the Companies Act 2006;
“subsidiary” has the meaning given in section 1159 of the Companies Act 2006;
“transmittee” means a person entitled to a share by reason of the death or bankruptcy of a shareholder or otherwise by operation of law; and
“writing” means the representation or reproduction of words, symbols or other information in a visible form by any method or combination of methods, whether sent or supplied in electronic form or otherwise.

Unless the context otherwise requires, other words or expressions contained in these articles bear the same meaning as in the Companies Act 2006 as in force on the date when these articles become binding on the company.

Liability of members

2. The liability of the members is limited to the amount, if any, unpaid on the shares held by them.

PART 2

DIRECTORS

DIRECTORS’ POWERS AND RESPONSIBILITIES

Directors’ general authority

3. Subject to the articles, the directors are responsible for the management of the company’s business, for which purpose they may exercise all the powers of the company.

Shareholders’ reserve power

- 4.—(1) The shareholders may, by special resolution, direct the directors to take, or refrain from taking, specified action.
(2) No such special resolution invalidates anything which the directors have done before the passing of the resolution.

Directors may delegate

- 5.—(1) Subject to the articles, the directors may delegate any of the powers which are conferred on them under the articles—

- (a) to such person or committee;
 - (b) by such means (including by power of attorney);
 - (c) to such an extent;
 - (d) in relation to such matters or territories; and
 - (e) on such terms and conditions;
- as they think fit.
- (2) If the directors so specify, any such delegation may authorise further delegation of the directors' powers by any person to whom they are delegated.
- (3) The directors may revoke any delegation in whole or part, or alter its terms and conditions.

Committees

- 6.—(1) Committees to which the directors delegate any of their powers must follow procedures which are based as far as they are applicable on those provisions of the articles which govern the taking of decisions by directors.
- (2) The directors may make rules of procedure for all or any committees, which prevail over rules derived from the articles if they are not consistent with them.

DECISION-MAKING BY DIRECTORS

Directors to take decisions collectively

- 7.—(1) The general rule about decision-making by directors is that any decision of the directors must be either a majority decision at a meeting or a decision taken in accordance with article 8.
- (2) If—
- (a) the company only has one director, and
 - (b) no provision of the articles requires it to have more than one director,
- the general rule does not apply, and the director may take decisions without regard to any of the provisions of the articles relating to directors' decision-making.

Unanimous decisions

- 8.—(1) A decision of the directors is taken in accordance with this article when all eligible directors indicate to each other by any means that they share a common view on a matter.
- (2) Such a decision may take the form of a resolution in writing, copies of which have been signed by each eligible director or to which each eligible director has otherwise indicated agreement in writing.
- (3) References in this article to eligible directors are to directors who would have been entitled to vote on the matter had it been proposed as a resolution at a directors' meeting.
- (4) A decision may not be taken in accordance with this article if the eligible directors would not have formed a quorum at such a meeting.

Calling a directors' meeting

- 9.—(1) Any director may call a directors' meeting by giving notice of the meeting to the directors or by authorising the company secretary (if any) to give such notice.
- (2) Notice of any directors' meeting must indicate—
- (a) its proposed date and time;
 - (b) where it is to take place; and
 - (c) if it is anticipated that directors participating in the meeting will not be in the same place, how it is proposed that they should communicate with each other during the meeting.
- (3) Notice of a directors' meeting must be given to each director, but need not be in writing.
- (4) Notice of a directors' meeting need not be given to directors who waive their entitlement to notice of that meeting, by giving notice to that effect to the company not more than 7 days after the date on which the meeting is held. Where such notice is given after the meeting has been held, that does not affect the validity of the meeting, or of any business conducted at it.

Participation in directors' meetings

- 10.—(1) Subject to the articles, directors participate in a directors' meeting, or part of a directors' meeting, when—
- (a) the meeting has been called and takes place in accordance with the articles, and
 - (b) they can each communicate to the others any information or opinions they have on any particular item of the business of the meeting.
- (2) In determining whether directors are participating in a directors' meeting, it is irrelevant where any director is or how they communicate with each other.
- (3) If all the directors participating in a meeting are not in the same place, they may decide that the meeting is to be treated as taking place wherever any of them is.

Quorum for directors' meetings

- 11.—(1) At a directors' meeting, unless a quorum is participating, no proposal is to be voted on, except a proposal to call another meeting.
- (2) The quorum for directors' meetings may be fixed from time to time by a decision of the directors, but it must never be less than two, and unless otherwise fixed it is two.
- (3) If the total number of directors for the time being is less than the quorum required, the directors must not take any decision other than a decision—
- (a) to appoint further directors, or
 - (b) to call a general meeting so as to enable the shareholders to appoint further directors.

Chairing of directors' meetings

- 12.—(1) The directors may appoint a director to chair their meetings.
- (2) The person so appointed for the time being is known as the chairman.
- (3) The directors may terminate the chairman's appointment at any time.

(4) If the chairman is not participating in a directors' meeting within ten minutes of the time at which it was to start, the participating directors must appoint one of themselves to chair it.

Casting vote

13.—(1) If the numbers of votes for and against a proposal are equal, the chairman or other director chairing the meeting has a casting vote.

(2) But this does not apply if, in accordance with the articles, the chairman or other director is not to be counted as participating in the decision-making process for quorum or voting purposes.

Conflicts of interest

14.—(1) If a proposed decision of the directors is concerned with an actual or proposed

transaction or arrangement with the company in which a director is interested, that director is not to be counted as participating in the decision-making process for quorum or voting purposes.

(2) But if paragraph (3) applies, a director who is interested in an actual or proposed transaction or arrangement with the company is to be counted as participating in the decision-making process for quorum and voting purposes.

(3) This paragraph applies when—

(a) the company by ordinary resolution disapplies the provision of the articles which would otherwise prevent a director from being counted as participating in the decision-making process;

(b) the director's interest cannot reasonably be regarded as likely to give rise to a conflict of interest; or

(c) the director's conflict of interest arises from a permitted cause.

(4) For the purposes of this article, the following are permitted causes—

(a) a guarantee given, or to be given, by or to a director in respect of an obligation incurred by or on behalf of the company or any of its subsidiaries;

(b) subscription, or an agreement to subscribe, for shares or other securities of the company or any of its subsidiaries, or to underwrite, sub-underwrite, or guarantee subscription for any such shares or securities; and

(c) arrangements pursuant to which benefits are made available to employees and directors or former employees and directors of the company or any of its subsidiaries which do not provide special benefits for directors or former directors.

(5) For the purposes of this article, references to proposed decisions and decision-making

processes include any directors' meeting or part of a directors' meeting.

(6) Subject to paragraph (7), if a question arises at a meeting of directors or of a committee of directors as to the right of a director to participate in the meeting (or part of the meeting) for voting or quorum purposes, the question may, before the conclusion of the meeting, be referred to the chairman whose ruling in relation to any director other than the chairman is to be final and conclusive.

(7) If any question as to the right to participate in the meeting (or part of the meeting) should arise in respect of the chairman, the question is to be decided by a decision of the directors at that meeting, for which purpose the chairman is not to be counted as

participating in the meeting (or that part of the meeting) for voting or quorum purposes.

Records of decisions to be kept

15. The directors must ensure that the company keeps a record, in writing, for at least 10 years from the date of the decision recorded, of every unanimous or majority decision taken by the directors.

Directors' discretion to make further rules

16. Subject to the articles, the directors may make any rule which they think fit about how they take decisions, and about how such rules are to be recorded or communicated to directors.

APPOINTMENT OF DIRECTORS

Methods of appointing directors

17.—(1) Any person who is willing to act as a director, and is permitted by law to do so, may be appointed to be a director—

- (a) by ordinary resolution, or
- (b) by a decision of the directors.

(2) In any case where, as a result of death, the company has no shareholders and no directors, the personal representatives of the last shareholder to have died have the right, by notice in writing, to appoint a person to be a director.

(3) For the purposes of paragraph (2), where 2 or more shareholders die in circumstances

rendering it uncertain who was the last to die, a younger shareholder is deemed to have survived an older shareholder.

Termination of director's appointment

18. A person ceases to be a director as soon as—

- (a) that person ceases to be a director by virtue of any provision of the Companies Act 2006 or is prohibited from being a director by law;
- (b) a bankruptcy order is made against that person;
- (c) a composition is made with that person's creditors generally in satisfaction of that person's debts;

(d) a registered medical practitioner who is treating that person gives a written opinion to the company stating that that person has become physically or mentally incapable of acting as a director and may remain so for more than three months;

(e) *[paragraph omitted pursuant to The Mental Health (Discrimination) Act 2013]*

(f) notification is received by the company from the director that the director is resigning from office, and such resignation has taken effect in accordance with its terms.

Directors' remuneration

- 19.**—(1) Directors may undertake any services for the company that the directors decide.
- (2) Directors are entitled to such remuneration as the directors determine—
- (a) for their services to the company as directors, and
 - (b) for any other service which they undertake for the company.
- (3) Subject to the articles, a director's remuneration may—
- (a) take any form, and
 - (b) include any arrangements in connection with the payment of a pension, allowance or gratuity, or any death, sickness or disability benefits, to or in respect of that director.
- (4) Unless the directors decide otherwise, directors' remuneration accrues from day to day.
- (5) Unless the directors decide otherwise, directors are not accountable to the company for any remuneration which they receive as directors or other officers or employees of the company's subsidiaries or of any other body corporate in which the company is interested.

Directors' expenses

- 20.** The company may pay any reasonable expenses which the directors properly incur in connection with their attendance at—
- (a) meetings of directors or committees of directors,
 - (b) general meetings, or
 - (c) separate meetings of the holders of any class of shares or of debentures of the company, or otherwise in connection with the exercise of their powers and the discharge of their responsibilities in relation to the company.

PART 3

SHARES AND DISTRIBUTIONS

SHARES

All shares to be fully paid up

- 21.**—(1) No share is to be issued for less than the aggregate of its nominal value and any premium to be paid to the company in consideration for its issue.
- (2) This does not apply to shares taken on the formation of the company by the subscribers to the company's memorandum.

Powers to issue different classes of share

22.—(1) Subject to the articles, but without prejudice to the rights attached to any existing share, the company may issue shares with such rights or restrictions as may be determined by ordinary resolution.

(2) The company may issue shares which are to be redeemed, or are liable to be redeemed at the option of the company or the holder, and the directors may determine the terms, conditions and manner of redemption of any such shares.

Company not bound by less than absolute interests

23. Except as required by law, no person is to be recognised by the company as holding any share upon any trust, and except as otherwise required by law or the articles, the company is not in any way to be bound by or recognise any interest in a share other than the holder's absolute ownership of it and all the rights attaching to it.

Share certificates

24.—(1) The company must issue each shareholder, free of charge, with one or more certificates in respect of the shares which that shareholder holds.

(2) Every certificate must specify—

- (a) in respect of how many shares, of what class, it is issued;
- (b) the nominal value of those shares;
- (c) that the shares are fully paid; and
- (d) any distinguishing numbers assigned to them.

(3) No certificate may be issued in respect of shares of more than one class.

(4) If more than one person holds a share, only one certificate may be issued in respect of it.

(5) Certificates must—

- (a) have affixed to them the company's common seal, or
- (b) be otherwise executed in accordance with the Companies Acts.

Replacement share certificates

25.—(1) If a certificate issued in respect of a shareholder's shares is—

- (a) damaged or defaced, or
- (b) said to be lost, stolen or destroyed, that shareholder is entitled to be issued with a replacement certificate in respect of the same shares.

(2) A shareholder exercising the right to be issued with such a replacement certificate—

- (a) may at the same time exercise the right to be issued with a single certificate or separate certificates;
- (b) must return the certificate which is to be replaced to the company if it is damaged or defaced; and
- (c) must comply with such conditions as to evidence, indemnity and the payment of a reasonable fee as the directors decide.

Share transfers

26.—(1) Shares may be transferred by means of an instrument of transfer in any usual form or any other form approved by the directors, which is executed by or on behalf of the transferor.

(2) No fee may be charged for registering any instrument of transfer or other document relating to or affecting the title to any share.

(3) The company may retain any instrument of transfer which is registered.

(4) The transferor remains the holder of a share until the transferee's name is entered in the register of members as holder of it.

(5) The directors may refuse to register the transfer of a share, and if they do so, the instrument of transfer must be returned to the transferee with the notice of refusal unless they suspect that the proposed transfer may be fraudulent.

Transmission of shares

27.—(1) If title to a share passes to a transmittee, the company may only recognise the transmittee as having any title to that share.

(2) A transmittee who produces such evidence of entitlement to shares as the directors may properly require—

(a) may, subject to the articles, choose either to become the holder of those shares or to have them transferred to another person, and

(b) subject to the articles, and pending any transfer of the shares to another person, has the same rights as the holder had.

(3) But transmittees do not have the right to attend or vote at a general meeting, or agree to a proposed written resolution, in respect of shares to which they are entitled, by reason of the holder's death or bankruptcy or otherwise, unless they become the holders of those shares.

Exercise of transmittees' rights

28.—(1) Transmittees who wish to become the holders of shares to which they have become entitled must notify the company in writing of that wish.

(2) If the transmittee wishes to have a share transferred to another person, the transmittee must execute an instrument of transfer in respect of it.

(3) Any transfer made or executed under this article is to be treated as if it were made or

executed by the person from whom the transmittee has derived rights in respect of the share, and as if the event which gave rise to the transmission had not occurred.

Transmittees bound by prior notices

29. If a notice is given to a shareholder in respect of shares and a transmittee is entitled to those shares, the transmittee is bound by the notice if it was given to the shareholder before the transmittee's name has been entered in the register of members.

DIVIDENDS AND OTHER DISTRIBUTIONS

Procedure for declaring dividends

- 30.**—(1) The company may by ordinary resolution declare dividends, and the directors may decide to pay interim dividends.
- (2) A dividend must not be declared unless the directors have made a recommendation as to its amount. Such a dividend must not exceed the amount recommended by the directors.
- (3) No dividend may be declared or paid unless it is in accordance with shareholders' respective rights.
- (4) Unless the shareholders' resolution to declare or directors' decision to pay a dividend, or the terms on which shares are issued, specify otherwise, it must be paid by reference to each shareholder's holding of shares on the date of the resolution or decision to declare or pay it.
- (5) If the company's share capital is divided into different classes, no interim dividend may be paid on shares carrying deferred or non-preferred rights if, at the time of payment, any preferential dividend is in arrear.
- (6) The directors may pay at intervals any dividend payable at a fixed rate if it appears to them that the profits available for distribution justify the payment.
- (7) If the directors act in good faith, they do not incur any liability to the holders of shares conferring preferred rights for any loss they may suffer by the lawful payment of an interim dividend on shares with deferred or non-preferred rights.

Payment of dividends and other distributions

- 31.**—(1) Where a dividend or other sum which is a distribution is payable in respect of a share, it must be paid by one or more of the following means—
- (a) transfer to a bank or building society account specified by the distribution recipient either in writing or as the directors may otherwise decide;
 - (b) sending a cheque made payable to the distribution recipient by post to the distribution recipient at the distribution recipient's registered address (if the distribution recipient is a holder of the share), or (in any other case) to an address specified by the distribution recipient either in writing or as the directors may otherwise decide;
 - (c) sending a cheque made payable to such person by post to such person at such address as the distribution recipient has specified either in writing or as the directors may otherwise decide; or
 - (d) any other means of payment as the directors agree with the distribution recipient either in writing or by such other means as the directors decide.
- (2) In the articles, "the distribution recipient" means, in respect of a share in respect of which a dividend or other sum is payable—
- (a) the holder of the share; or
 - (b) if the share has two or more joint holders, whichever of them is named first in the register of members; or
 - (c) if the holder is no longer entitled to the share by reason of death or bankruptcy, or otherwise by operation of law, the transmittee.

No interest on distributions

- 32.** The company may not pay interest on any dividend or other sum payable in respect of a share unless otherwise provided by—

- (a) the terms on which the share was issued, or
- (b) the provisions of another agreement between the holder of that share and the company.

Unclaimed distributions

- 33.**—(1) All dividends or other sums which are—
- (a) payable in respect of shares, and
 - (b) unclaimed after having been declared or become payable, may be invested or otherwise made use of by the directors for the benefit of the company until claimed.
- (2) The payment of any such dividend or other sum into a separate account does not make the company a trustee in respect of it.
- (3) If—
- (a) twelve years have passed from the date on which a dividend or other sum became due for payment, and
 - (b) the distribution recipient has not claimed it,
- the distribution recipient is no longer entitled to that dividend or other sum and it ceases to remain owing by the company.

Non-cash distributions

- 34.**—(1) Subject to the terms of issue of the share in question, the company may, by ordinary resolution on the recommendation of the directors, decide to pay all or part of a dividend or other distribution payable in respect of a share by transferring non-cash assets of equivalent value (including, without limitation, shares or other securities in any company).
- (2) For the purposes of paying a non-cash distribution, the directors may make whatever arrangements they think fit, including, where any difficulty arises regarding the distribution—
- (a) fixing the value of any assets;
 - (b) paying cash to any distribution recipient on the basis of that value in order to adjust the rights of recipients; and
 - (c) vesting any assets in trustees.

Waiver of distributions

- 35.** Distribution recipients may waive their entitlement to a dividend or other distribution payable in respect of a share by giving the company notice in writing to that effect, but if—
- (a) the share has more than one holder, or
 - (b) more than one person is entitled to the share, whether by reason of the death or bankruptcy of one or more joint holders, or otherwise,
- the notice is not effective unless it is expressed to be given, and signed, by all the holders or persons otherwise entitled to the share.

CAPITALISATION OF PROFITS

Authority to capitalise and appropriation of capitalised sums

36.—(1) Subject to the articles, the directors may, if they are so authorised by an ordinary resolution—

(a) decide to capitalise any profits of the company (whether or not they are available for distribution) which are not required for paying a preferential dividend, or any sum standing to the credit of the company's share premium account or capital redemption reserve; and

(b) appropriate any sum which they so decide to capitalise (a "capitalised sum") to the persons who would have been entitled to it if it were distributed by way of dividend (the "persons entitled") and in the same proportions.

(2) Capitalised sums must be applied—

(a) on behalf of the persons entitled, and

(b) in the same proportions as a dividend would have been distributed to them.

(3) Any capitalised sum may be applied in paying up new shares of a nominal amount equal to the capitalised sum which are then allotted credited as fully paid to the persons entitled or as they may direct.

(4) A capitalised sum which was appropriated from profits available for distribution may be applied in paying up new debentures of the company which are then allotted credited as fully paid to the persons entitled or as they may direct.

(5) Subject to the articles the directors may—

(a) apply capitalised sums in accordance with paragraphs (3) and (4) partly in one way and partly in another;

(b) make such arrangements as they think fit to deal with shares or debentures becoming distributable in fractions under this article (including the issuing of fractional certificates or the making of cash payments); and

(c) authorise any person to enter into an agreement with the company on behalf of all the persons entitled which is binding on them in respect of the allotment of shares and debentures to them under this article.

PART 4

DECISION-MAKING BY SHAREHOLDERS

ORGANISATION OF GENERAL MEETINGS

Attendance and speaking at general meetings

37.—(1) A person is able to exercise the right to speak at a general meeting when that person is in a position to communicate to all those attending the meeting, during the meeting, any information or opinions which that person has on the business of the meeting.

(2) A person is able to exercise the right to vote at a general meeting when—

(a) that person is able to vote, during the meeting, on resolutions put to the vote at the meeting, and

(b) that person's vote can be taken into account in determining whether or not such resolutions are passed at the same time as the votes of all the other persons attending the meeting.

(3) The directors may make whatever arrangements they consider appropriate to enable those attending a general meeting to exercise their rights to speak or vote at it.

(4) In determining attendance at a general meeting, it is immaterial whether any two or more members attending it are in the same place as each other.

(5) Two or more persons who are not in the same place as each other attend a general meeting if their circumstances are such that if they have (or were to have) rights to speak and vote at that meeting, they are (or would be) able to exercise them.

Quorum for general meetings

38. No business other than the appointment of the chairman of the meeting is to be transacted at a general meeting if the persons attending it do not constitute a quorum.

Chairing general meetings

39.—(1) If the directors have appointed a chairman, the chairman shall chair general meetings if present and willing to do so.

(2) If the directors have not appointed a chairman, or if the chairman is unwilling to chair the meeting or is not present within ten minutes of the time at which a meeting was due to start—

(a) the directors present, or

(b) (if no directors are present), the meeting,

must appoint a director or shareholder to chair the meeting, and the appointment of the chairman of the meeting must be the first business of the meeting.

(3) The person chairing a meeting in accordance with this article is referred to as “the chairman of the meeting”.

Attendance and speaking by directors and non-shareholders

40.—(1) Directors may attend and speak at general meetings, whether or not they are shareholders.

(2) The chairman of the meeting may permit other persons who are not—

(a) shareholders of the company, or

(b) otherwise entitled to exercise the rights of shareholders in relation to general meetings,

to attend and speak at a general meeting.

Adjournment

41.—(1) If the persons attending a general meeting within half an hour of the time at which the meeting was due to start do not constitute a quorum, or if during a meeting a quorum ceases to be present, the chairman of the meeting must adjourn it.

(2) The chairman of the meeting may adjourn a general meeting at which a quorum is present if—

(a) the meeting consents to an adjournment, or

- (b) it appears to the chairman of the meeting that an adjournment is necessary to protect the safety of any person attending the meeting or ensure that the business of the meeting is conducted in an orderly manner.
- (3) The chairman of the meeting must adjourn a general meeting if directed to do so by the meeting.
- (4) When adjourning a general meeting, the chairman of the meeting must—
 - (a) either specify the time and place to which it is adjourned or state that it is to continue at a time and place to be fixed by the directors, and
 - (b) have regard to any directions as to the time and place of any adjournment which have been given by the meeting.
- (5) If the continuation of an adjourned meeting is to take place more than 14 days after it was adjourned, the company must give at least 7 clear days' notice of it (that is, excluding the day of the adjourned meeting and the day on which the notice is given)—
 - (a) to the same persons to whom notice of the company's general meetings is required to be given, and
 - (b) containing the same information which such notice is required to contain.
- (6) No business may be transacted at an adjourned general meeting which could not properly have been transacted at the meeting if the adjournment had not taken place.

VOTING AT GENERAL MEETINGS

Voting: general

42. A resolution put to the vote of a general meeting must be decided on a show of hands unless a poll is duly demanded in accordance with the articles.

Errors and disputes

43.—(1) No objection may be raised to the qualification of any person voting at a general meeting except at the meeting or adjourned meeting at which the vote objected to is tendered, and every vote not disallowed at the meeting is valid.

(2) Any such objection must be referred to the chairman of the meeting, whose decision is final.

Poll votes

44.—(1) A poll on a resolution may be demanded—

- (a) in advance of the general meeting where it is to be put to the vote, or
- (b) at a general meeting, either before a show of hands on that resolution or immediately after the result of a show of hands on that resolution is declared.

(2) A poll may be demanded by—

- (a) the chairman of the meeting;
- (b) the directors;
- (c) two or more persons having the right to vote on the resolution; or

- (d) a person or persons representing not less than one tenth of the total voting rights of all the shareholders having the right to vote on the resolution.
- (3) A demand for a poll may be withdrawn if—
 - (a) the poll has not yet been taken, and
 - (b) the chairman of the meeting consents to the withdrawal.
- (4) Polls must be taken immediately and in such manner as the chairman of the meeting directs.

Content of proxy notices

- 45.**—(1) Proxies may only validly be appointed by a notice in writing (a “proxy notice”)
which—
- (a) states the name and address of the shareholder appointing the proxy;
 - (b) identifies the person appointed to be that shareholder’s proxy and the general meeting in relation to which that person is appointed;
 - (c) is signed by or on behalf of the shareholder appointing the proxy, or is authenticated in such manner as the directors may determine; and
 - (d) is delivered to the company in accordance with the articles and any instructions contained in the notice of the general meeting to which they relate.
- (2) The company may require proxy notices to be delivered in a particular form, and may specify different forms for different purposes.
- (3) Proxy notices may specify how the proxy appointed under them is to vote (or that the proxy is to abstain from voting) on one or more resolutions.
- (4) Unless a proxy notice indicates otherwise, it must be treated as—
- (a) allowing the person appointed under it as a proxy discretion as to how to vote on any ancillary or procedural resolutions put to the meeting, and
 - (b) appointing that person as a proxy in relation to any adjournment of the general meeting to which it relates as well as the meeting itself.

Delivery of proxy notices

- 46.**—(1) A person who is entitled to attend, speak or vote (either on a show of hands or on a poll) at a general meeting remains so entitled in respect of that meeting or any adjournment of it, even though a valid proxy notice has been delivered to the company by or on behalf of that person.
- (2) An appointment under a proxy notice may be revoked by delivering to the company a notice in writing given by or on behalf of the person by whom or on whose behalf the proxy notice was given.
- (3) A notice revoking a proxy appointment only takes effect if it is delivered before the start of the meeting or adjourned meeting to which it relates.
- (4) If a proxy notice is not executed by the person appointing the proxy, it must be accompanied by written evidence of the authority of the person who executed it to execute it on the appointor’s behalf.

Amendments to resolutions

- 47.**—(1) An ordinary resolution to be proposed at a general meeting may be amended by ordinary resolution if—

- (a) notice of the proposed amendment is given to the company in writing by a person entitled to vote at the general meeting at which it is to be proposed not less than 48 hours before the meeting is to take place (or such later time as the chairman of the meeting may determine), and
 - (b) the proposed amendment does not, in the reasonable opinion of the chairman of the meeting, materially alter the scope of the resolution.
- (2) A special resolution to be proposed at a general meeting may be amended by ordinary resolution, if—
- (a) the chairman of the meeting proposes the amendment at the general meeting at which the resolution is to be proposed, and
 - (b) the amendment does not go beyond what is necessary to correct a grammatical or other non-substantive error in the resolution.
- (3) If the chairman of the meeting, acting in good faith, wrongly decides that an amendment to a resolution is out of order, the chairman's error does not invalidate the vote on that resolution.

PART 5

ADMINISTRATIVE ARRANGEMENTS

Means of communication to be used

- 48.**—(1) Subject to the articles, anything sent or supplied by or to the company under the articles may be sent or supplied in any way in which the Companies Act 2006 provides for documents or information which are authorised or required by any provision of that Act to be sent or supplied by or to the company.
- (2) Subject to the articles, any notice or document to be sent or supplied to a director in connection with the taking of decisions by directors may also be sent or supplied by the means by which that director has asked to be sent or supplied with such notices or documents for the time being.
- (3) A director may agree with the company that notices or documents sent to that director in a particular way are to be deemed to have been received within a specified time of their being sent, and for the specified time to be less than 48 hours.

Company seals

- 49.**—(1) Any common seal may only be used by the authority of the directors.
- (2) The directors may decide by what means and in what form any common seal is to be used.
- (3) Unless otherwise decided by the directors, if the company has a common seal and it is affixed to a document, the document must also be signed by at least one authorised person in the presence of a witness who attests the signature.
- (4) For the purposes of this article, an authorised person is—
- (a) any director of the company;
 - (b) the company secretary (if any); or
 - (c) any person authorised by the directors for the purpose of signing documents to which the common seal is applied.

No right to inspect accounts and other records

50. Except as provided by law or authorised by the directors or an ordinary resolution of the company, no person is entitled to inspect any of the company's accounting or other records or documents merely by virtue of being a shareholder.

Provision for employees on cessation of business

51. The directors may decide to make provision for the benefit of persons employed or formerly employed by the company or any of its subsidiaries (other than a director or former director or shadow director) in connection with the cessation or transfer to any person of the whole or part of the undertaking of the company or that subsidiary.

DIRECTORS' INDEMNITY AND INSURANCE

Indemnity

52.—(1) Subject to paragraph (2), a relevant director of the company or an associated company may be indemnified out of the company's assets against—

- (a) any liability incurred by that director in connection with any negligence, default, breach of duty or breach of trust in relation to the company or an associated company,
- (b) any liability incurred by that director in connection with the activities of the company or an associated company in its capacity as a trustee of an occupational pension scheme (as defined in section 235(6) of the Companies Act 2006),
- (c) any other liability incurred by that director as an officer of the company or an associated company.

(2) This article does not authorise any indemnity which would be prohibited or rendered void by any provision of the Companies Acts or by any other provision of law.

(3) In this article—

- (a) companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate, and
- (b) a "relevant director" means any director or former director of the company or an associated company.

Insurance

53.—(1) The directors may decide to purchase and maintain insurance, at the expense of the company, for the benefit of any relevant director in respect of any relevant loss.

(2) In this article—

- (a) a "relevant director" means any director or former director of the company or an associated company,
- (b) a "relevant loss" means any loss or liability which has been or may be incurred by a relevant director in connection with that director's duties or powers in relation to the company, any associated company or any pension fund or employees' share scheme of the company or associated company, and
- (c) companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate.

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**By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
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