



<b>Meeting</b>	Cabinet
<b>Date and Time</b>	Thursday, 17th February, 2022 at 9.30 am.
<b>Venue</b>	Walton Suite, Winchester Guildhall

**Note:** *This meeting is being held in person at the location specified above. In line with relevant legislation and public health guidance the following arrangements apply. Members of the public should note that a live audio feed of the meeting will be available from the councils website ([www.winchester.gov.uk](http://www.winchester.gov.uk)) and the video recording will be publicly available on the council's YouTube channel shortly after the meeting.*

*For members of the public and "visiting councillors" who are unable to utilise this facility a limited number of seats will be made available at the above named location however attendance must be notified to the council at least 3 clear working days before the meeting. Please note that priority will be given to those wishing to attend and address the meeting over those wishing to attend and observe.*

## AGENDA

### PROCEDURAL ITEMS

- 1. Apologies**  
To record the names of apologies given.
- 2. Membership of Cabinet bodies etc.**  
To give consideration to the approval of alternative arrangements for appointments to bodies set up by Cabinet or external bodies, or the making or terminating of such appointments.
  - a) Winchester Charity School Educational Foundation –  
Vacancy for up to two trustees (until May 2025, confirmed May 2022).
- 3. Disclosure of Interests**  
To receive any disclosure of interests from Members and Officers in matters to be discussed.  
*Note: Councillors are reminded of their obligations to declare disclosable pecuniary interests, personal and/or prejudicial interests in accordance with legislation and the Council's Code of Conduct.*



4. **To note any request from Councillors to make representations on an agenda item.**

*Note: Councillors wishing to speak about a particular agenda item are required to register with Democratic Services three clear working days before the meeting (contact: [democracy@winchester.gov.uk](mailto:democracy@winchester.gov.uk) or 01962 848 264). Councillors will normally be invited by the Chairperson to speak during the appropriate item (after the Cabinet Member's introduction and questions from other Cabinet Members).*

## **BUSINESS ITEMS**

5. **Minutes of the previous meeting held on 25 January 2022** (Pages 5 - 10)

6. **Public Participation**

– to note the names of members of the public wishing to speak on general matters affecting the District or on agenda items (in the case of the latter, representations will normally be received at the time of the agenda item, after the Cabinet Member's introduction and any questions from Cabinet Members).

*NB members of the public are required to register with Democratic Services three clear working days before the meeting (contact: [democracy@winchester.gov.uk](mailto:democracy@winchester.gov.uk) or 01962 848 264).*

Members of the public and visiting councillors may speak at Cabinet, provided they have registered to speak three working days in advance. Please contact Democratic Services **by 5pm on Friday 11 February 2022** via [democracy@winchester.gov.uk](mailto:democracy@winchester.gov.uk) or (01962) 848 264 to register to speak and for further details.

7. **Leader and Cabinet Members' Announcements**

8. Housing Revenue Account (HRA) Budget 2022/23 (Pages 11 - 30)

**Key Decision** (CAB3334)

9. General Fund Budget 2022/23 (Pages 31 - 64)

**Key Decision** (CAB3335)

10. Capital Investment Strategy 2022-2032 (Pages 65 - 106)

**Key Decision** (CAB3332)

11. Treasury Management Strategy 2022/23 (Pages 107 - 136)

**Key Decision** (CAB3333)

12. To note the future items for consideration by Cabinet as shown on the March 2022 Forward Plan. (Pages 137 - 144)

**Lisa Kirkman**  
**Strategic Director and Monitoring Officer**

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9 February 2022

Agenda Contact: Nancy Graham, Senior Democratic Services Officer  
Tel: 01962 848 235, Email: [ngraham@winchester.gov.uk](mailto:ngraham@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](http://www.winchester.gov.uk)*

### **CABINET – Membership 2021/22**

Chairperson: Councillor Thompson (Leader and Cabinet Member for Partnership Working)  
Councillor Cutler (Deputy Leader and Cabinet Member for Finance and Service Quality)

<b>Councillor</b>	-	<b>Cabinet Member</b>
Clear	-	Cabinet Member for Communities and Wellbeing
Gordon-Smith	-	Cabinet Member for Built Environment
Learney	-	Cabinet Member for Housing and Asset Management
Tod	-	Cabinet Member for Economic Recovery
Williams	-	Cabinet Member for Climate Emergency

**Quorum** = 3 Members

### **Corporate Priorities:**

As Cabinet is responsible for most operational decisions of the Council, its work embraces virtually all elements of the Council Strategy.

### **Public Participation at meetings**

Representations will be limited to a maximum of 3 minutes, subject to a maximum 15 minutes set aside for all questions and answers.

To reserve your place to speak, you are asked to **register with Democratic Services three clear working days prior to the meeting** – please see public participation agenda item below for further details. People will be invited to speak in the order that they have registered, subject to the maximum time period allowed for speaking not being exceeded. Public Participation is at the Chairperson's discretion.

### **Filming and Broadcast Notification**

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### **Disabled Access**

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

### **Terms Of Reference**

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

## CABINET

Tuesday, 25 January 2022

Attendance:

Councillor Thompson (Chairperson)	– Leader and Cabinet Member for Partnership Working
Councillor Cutler (Vice-Chair)	– Deputy Leader and Cabinet Member for Finance and Service Quality
Councillor Clear	– Cabinet Member for Communities and Wellbeing
Councillor Gordon-Smith	– Cabinet Member for Built Environment
Councillor Learney	– Cabinet Member for Housing and Asset Management
Councillor Tod	– Cabinet Member for Economic Recovery
Councillor Williams	– Cabinet Member for Climate Emergency

Others in attendance who addressed the meeting:

Councillors Horrill and Pearson

[Full audio recording and video recording](#)

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### 1. MEMBERSHIP OF CABINET BODIES ETC.

Cabinet noted that nominations had been received for the four vacancies set out on the agenda as follows:

- a) The Carroll Centre Board of Trustees  
Consideration of nomination(s) to replace former councillor Eleanor Bell (until May 2022) – Councillors Becker and Cook
- b) Hampshire Cultural Trust  
Consideration of nomination(s) to replace Councillor Evans as the observer (until May 2022) – Councillors Cunningham and Laming
- c) WinACC  
Consideration of the appointment of a Cabinet Member as company director and charity trustee (until May 2022) – Councillor Williams
- d) Project Integra Management Board  
Consideration of the appointment of a Cabinet Member as deputy on the Board (until May 2022) – Councillor Cutler

Cabinet agreed the following.

RESOLVED:

That the following appointments to external organisations be made:

- a) The Carroll Centre Board of Trustees – Councillor Becker  
(until May 2022)
- b) Hampshire Cultural Trust – Councillor Laming (observer)  
(until May 2022)
- c) WinACC – Councillor Williams  
Company director and charity trustee (until May 2022)
- d) Project Integra Management Board – Councillor Cutler  
deputy on the Board (until May 2022)

## 2. **DISCLOSURE OF INTERESTS**

Councillor Tod declared a personal (but not prejudicial) interest in respect of report CAB3328 due to his role as a County Councillor. He also declared a personal (but not prejudicial) interest in report CAB3331 due to his role as director of a charity which was involved in the area of work.

## 3. **PUBLIC PARTICIPATION**

Ian Tait spoke during general public participation as summarised briefly below. Highlighted the requirement for an additional footbridge next to the existing city bridge over the River Itchen (located adjacent to the City Mill) because of the current difficulties faced by pedestrians using the existing narrow footway. He believed that a footbridge option had previously been designed and should be re-examined. It was an important, well-used route, including to and from both the new leisure centre and the Chesil Street extra care scheme.

Councillor Tod responded to the comments made emphasising that the various options for the bridge and this route were currently being considered jointly by the city and county councils as part of the Winchester Movement Strategy.

## 4. **MINUTES OF THE PREVIOUS MEETINGS HELD ON 23 NOVEMBER, 8 DECEMBER AND 22 DECEMBER 2021**

RESOLVED:

That the minutes of the previous meetings held on 23 November 2021, 8 December 2021 and 22 December be agreed as a correct record.

## 5. **LEADER AND CABINET MEMBERS' ANNOUNCEMENTS**

Cabinet members made a number of announcements as summarised briefly below.

### Councillor Clear

Announced the successful fly-tipping prosecution in the Durley area and the overall reduction in the number of fly-tipping incidents since September 2021.

Provided a brief update on a number of forthcoming activities being organised across the district by the Health and Sports team.

### Councillor Cutler

Announced the successful prosecution of the owner of the Denmead mobile home park following reports of harassment and failure to maintain the site in a suitable condition for residents.

### Councillor Learney

Announced that the new housing scheme at The Valley, Stanmore had received a successful compliance audit from Homes England and congratulated the New Homes Team.

## 6. **APPROVING THE JOINT MUNICIPAL WASTE MANAGEMENT STRATEGY (CAB3328)**

Councillor Tod introduced the report which sought approval of the Project Integra Joint Municipal Waste Management Strategy which had been developed in response to the Environment Act 2021. The issue was considered at the Health and Environment Policy Committee on 19 January 2022 where members were broadly in support of the proposals.

Councillor Tod summarised the points raised for consideration by Cabinet as follows:

- suggestion that future reports be more explicit about the carbon impact of proposal;
- the council should work with its partners to develop actions in response to the 2021 Act as soon as possible;
- the council should work with relevant voluntary organisations across the district to help educate people to recycle more effectively.

At the invitation of the Leader, Councillor Pearson addressed Cabinet as summarised briefly below.

Agreed that there had been general support for the proposals from the Health and Environment Policy Committee but queried why the Project Integra Strategy had not been submitted for consideration? Emphasised that the Environment Act 2021 part 3 contained mandatory requirements for local authorities and it would be of vital importance to educate householders as they would be responsible for the primary sorting of recyclable materials. Highlighted the current shortage of facilities for collecting food waste and the need to ensure the next environmental services contract was able to respond to the new Act's requirements.

The Service Lead – Environmental Services and Councillor Tod responded to comments made including confirming discussions had begun with the Council's current contractors in preparation. It was also highlighted that, although the Strategy was not formally submitted to the Health and Environment Committee, the Cabinet report had been published in December and the Strategy was available for all members' to refer to if they wished.

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

**RESOLVED:**

1. That the draft Project Integra Joint Municipal Waste Management Strategy be approved.
2. That authority be delegated to the Corporate Head of Programme, in consultation with the Cabinet Member for Economic Recovery to make minor amendments to the Joint Municipal Waste Management Strategy prior to final publication by the Project Integra Partnership.

**7. PUBLIC SECTOR EQUALITY DUTY  
(CAB3331)**

Councillor Cutler introduced the report and drew attention to the comments from Audit and Governance Committee as summarised in paragraph 6.2 of the report. Following the suggestions regarding the importance of allocating designated members and officers to be responsible for meeting the Duty, the following appointments were proposed:

- Lead Cabinet member – Councillor Clear
- Member champion – Councillor Becker
- Project sponsor – Strategic Director and Monitoring Officer
- Project lead – Corporate Head of Strategic Support

Councillor Cutler explained that following the training being delivered to all members and officers, the establishment of a Members' Equality and Diversity Inclusion Forum would be examined further with terms of reference brought back to a future Cabinet.

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

**RESOLVED:**

1. That the Public Sector Equality Duty Policy, the Equality Impact Assessment template and Equality Duty Action Plan be approved.



2. That the appointment of a Member Champion and lead Cabinet Member to provide leadership for the city council to meet its Public Sector Equality Duty be agreed as follows:

- a) Member Champion – Councillor Becker
- b) Lead Cabinet Member – Councillor Clear

3. That a review will occur prior to December 2025 of the Public Sector Equality Duty Policy, the Equality Impact Assessment template and Equality Duty Action Plan which will include any updates that are required to the policy documents and next steps.

8. **DECISION TO WITHDRAW DECISION MADE ON 23 NOVEMBER 2021 IN REPORT CAB3324**  
(CAB3336)

Councillor Learney introduced the report and emphasised that the deadline for objections to the proposed disposal of the open space land was 4pm on Friday 4 February 2022 and that any objections would be considered by a future Cabinet meeting.

At the invitation of the Leader, Councillor Horrill addressed Cabinet as summarised briefly below.

Expressed concern that the previous Cabinet decision was incorrect. Highlighted that there had been an attempted call-in by opposition Members of the previous decision which had been refused by the Monitoring Officer. Believed that there may have been a deliberate attempt to avoid consultation with local residents on future proposals for the site and it was unclear if there were alternative options available. Requested that an open and transparent approach be adopted which enabled input from all councillors and residents.

Councillor Learney responded to the comments made, including emphasising the history of the proposal with previous Cabinet report CAB3190 (considered on 23 October 2019) setting out the challenges and limited options available for development of the site. This followed on from proposals agreed at Cabinet on 31 October 2018 (report CAB3093 referred).

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

RESOLVED:

- 1. That the Decision made on 23 November 2021 pursuant to report CAB3324 be withdrawn.
- 2. That the relevant advertisements be approved pursuant to s.123(2A) Local Government Act 1972 placed in the Mid Hampshire Observer from 5 January 2022 for two consecutive weeks and the Hampshire Chronicle from 6 January 2022 for two consecutive weeks.

3. That it be noted that the deadline for objections to be received by the Council is 4pm on Friday 4 February 2022 and that any objections will be considered by Cabinet alongside the proposed disposal at a future date, to be confirmed.

9. **FUTURE ITEMS FOR CONSIDERATION**

RESOLVED:

That the list of future items, as set out in the Forward Plan for February 2022, be noted.

The meeting commenced at 9.30 am and concluded at 10.40 am

Chairperson

CAB3334  
CABINET

REPORT TITLE: HOUSING REVENUE ACCOUNT (HRA) BUDGET 2022/23

17 FEBRUARY 2022

REPORT OF CABINET MEMBER: Cllr Kelsie Learney, Cabinet Member For Housing And Asset Management

CONTACT OFFICER: DICK JOHNSON TEL NO: 01962 848136

EMAIL: DJOHNSON@WINCHESTER.GOV.UK

WARD(S): ALL

## PURPOSE

This report requests approval for the proposed HRA revenue budget for 2022/23, as detailed in Appendices 1 and 2.

The report also requests approval for the capital programme budget proposal for 2022/23 and 10 year plan to 2031/32. These figures are detailed in Appendices 3 and 4, taking account of the funding shown in Appendix 5.

The report also proposes a 3.1% increase in rent (1% lower than the national Government formula), together with an additional revenue investment of £0.300m in HRA services and £0.500m in HRA repairs and maintenance in 2022/23, as detailed within the report.

The proposed HRA Business plan 2021/22 to 2050/51 was reported to Cabinet in December, and this confirmed that the HRA Business plan was both viable and sustainable. A summary extract of the 30 year revenue operating account is included in Appendix 6.

## RECOMMENDATIONS:

### That Cabinet recommend that Council :-

1. Approve the 2022/23 Housing Revenue Account budget as detailed in Appendices 1 and 2 to this report.
2. Approve the 10 Year indicative HRA capital programme as set out in appendices 3 and 4.
3. Approve capital expenditure in 2022/23 of £9.289m for the Maintenance, Improvement and Renewal programme as detailed in Appendix 3 of the report in accordance with Financial Procedure Rule 7.4
4. Approve the proposed indicative funding for the HRA Capital Programme, as detailed in Appendix 5.
5. Note the HRA Financial Plan operating account extract, including annual working balances, as detailed in Appendix 6.
6. Agree to support the proposal to fund £0.300m new initiatives around the Housing White Paper – “The charter for social housing residents” and invest additional resources in the capacity of the new homes delivery team, the decent homes team and Neighbourhood/Estate Management.
7. Agree to support the proposal to increase the revenue funding for planned and reactive repairs by £0.500m to reflect both increased budget pressures and the cost of delivering an improved void standard to properties prior to letting
8. Approve a rent increase of 3.1% from April 4th 2022 for Social and Affordable housing within the HRA.
9. Approve a cap on service charges for 2022/23 for all tenants at £5.00 per week.

## IMPLICATIONS:

## 1 COUNCIL PLAN OUTCOME

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

### 1.2 Tackling the Climate Emergency and Creating a Greener District

The Business Plan and budget provision set out in this report includes £15.8m funding to support the retro-fitting of carbon reduction measures to existing homes and to develop new homes in accordance with Passivhaus or equivalent standards. The Plan also has capacity for additional investment in Carbon Neutrality measures in future years and specific proposals will be determined once the impact of existing measures has been assessed.

### 1.3 Homes for all

Assist with the increase of housing property stock across the Winchester district and in meeting the housing need of residents

### 1.4 Vibrant Local Economy

Deliver affordable accommodation that allows people to live and work in the community and contribute to the local economy.

### 1.5 Living Well

The wellbeing of residents are considered within the design of new properties and any substitute properties will be viewed accordingly.

### 1.6 Your Services, Your Voice

Housing tenants are directly involved in decisions regarding service provision, both through the work of TACT and through regular digital engagement processes. The service continues to review options to provide an improved customer experience, increase opportunities for digital engagement and to ensure satisfaction with services provided by the council remains high.

## 2 FINANCIAL IMPLICATIONS

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

## 3 LEGAL AND PROCUREMENT IMPLICATIONS

3.1 Under Part VI of the Local Government and Housing Act 1989 any local authority that owns housing stock is obliged to maintain a Housing Revenue Account. The HRA is a record of revenue expenditure and income in relation

to an authority's own housing stock. The items to be credited and debited to the HRA are prescribed by statute. It is a ring fenced account within the authority's General Fund, which means that local authorities have no general discretion to transfer sums into or out of the HRA.

- 3.2 The council is required to prepare proposals each year relating to the income of the authority from rents and other charges, expenditure in respect of repair, maintenance, supervision and management of HRA property and other prescribed matters. The proposals should be made on the best assumptions and estimates available and designed to secure that the housing revenue account for the coming year does not show a debit balance. The report sets out information relevant to these considerations.
- 3.3 Section 76 Local Government and Housing Act 1989 places a duty on local housing authorities: (a) to produce, and make available for public inspection, an annual budget for their HRA which avoids a deficit; (b) to review and if necessary, revise that budget from time to time and (c) to take all reasonably practicable steps to avoid an end-of-year deficit.
- 3.4 The proposed HRA budget fulfils these requirements. The report also seeks approval for major investment estimates in relation to a variety of schemes. In compliance with Section 151 of the Local Government Act 1972, the council has in place Financial Procedures which provide appropriate arrangements for the approval of major works estimates. The various major works schemes must be capable of being carried out within the Council's statutory powers. To the extent that the details of the schemes appear from the body of the report, it does appear that the proposed works meet this requirement. In particular the maintenance of dwellings may be considered consistent with the council's repairing obligation under Section 11 of the Landlord and Tenant Act 1985.

#### 4 WORKFORCE IMPLICATIONS

- 4.1 Some of the options for consideration for next year's budget will require additional staffing resources and further details regarding this are set out in section 11.4 and 11.5.

#### 5 PROPERTY AND ASSET IMPLICATIONS

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

#### 6 CONSULTATION AND COMMUNICATION

- 6.1 The current HRA budget proposals are unchanged and in line with the HRA Budget Options paper. This paper was discussed with the TACT Support Group on 4th November and presented to full TACT on 24th November. The TACT representatives expressed a preference for a rent increase in line with CPI rather than the proposed CPI + 1%. They acknowledged the reduced

investment in services that would result from a lower rent increase. TACT has reaffirmed that they these comments represent their views.

## 7 ENVIRONMENTAL CONSIDERATIONS

- 7.1 As set out above, the council has approved £15.8m of investment in retro fitting carbon reduction measures to existing homes and this report takes account of this. New Homes schemes are now being brought forward based on achieving net carbon neutral development or as close to it as is possible on specific sites.
- 7.2 The Housing Service considers environmental factors when preparing and developing major projects e.g. working closely with Planning and Landscape Officers when considering new build developments to meet the required codes for sustainable housing.

## 8 EQUALITY IMPACT ASSESSMENT

- 8.1 Cabinet approved a new Public Sector Equality Duty (PSED) policy and corporate approach for the Council on 19 January 2022. This new approach will require every service in the council to be reviewed with regards to the PSED.
- 8.2 This year the Equality Impact Assessment (EQIA) for service provision has relied on existing EQIA's at individual Service level. No service leads have highlighted any gaps in service provision for 2022/23.
- 8.3 Once the new and more consistent process for EQIA assessment is in place the equalities lead will have access to the overarching picture of our service impacts and will highlight to the S151 officer any needs in our service provision.
- 8.4 Proposals for a strategic service review, to commence in 2022 with a view to identifying appropriate measures to reduce net operating costs prior to finalising the 2023/24 budget, were set out in the HRA Business Plan and Budget Options paper in November 2021 (CAB3325). In preparation for doing this work, the council will carry out consultation to inform service delivery and all options will be assessed against the PSED; with Equality Impact Assessments undertaken where necessary.
- 8.5 The 2022/23 budget's operational decisions being presented in this paper include investment in maintaining decent homes and increasing the supply of affordable housing designed to have a positive impact on resident's tenants and residents. Other options designed to have a positive impact on council tenants include a rent reduction and a cap this year on service charges for all tenants.

## 9 DATA PROTECTION IMPACT ASSESSMENT

9.1 All projects set out in this report and the Capital Programme will be subject to individual data protection impact assessments, where appropriate.

## 10 RISK MANAGEMENT

<b>Risk</b>	<b>Mitigation</b>	<b>Opportunities</b>
<i>Property That council owned dwellings fail to meet decent home standards</i>	An effective programme of future works and sound financial planning ensures that these standards are met and then maintained.	Self-Financing provides certainty around future resource allocations and facilitates better supply chain management
<i>Community Support Lack of consultation will affect tenant satisfaction and cause objections to planning applications for new build developments.</i>	Regular communication and consultation is maintained with tenants and leaseholders on a variety of housing issues.  The council consults with local residents and stakeholders on proposed new build schemes.	Positive consultation brings forward alternative options that may otherwise not have been considered.
<i>Timescales Delays to new build contracts may result in increased costs and lost revenue.</i>	New build contracts contain clauses to allow the council to recover damages if the project is delayed due to contractor actions.	
<i>Project capacity The HRA can borrow funds in addition to utilising external receipts and reserves but it must be able to service the loan interest arising and repay debt in the future.</i>	Regular monitoring of budgets and business plans, together with the use of financial assessment tools enables the council to manage resources effectively.	The council monitor's government announcements on the use of RTB receipts and potential capital grant funding.
<i>Staffing resources (not always in Housing) reduce the ability to push forward new schemes at the</i>	Staffing resources have been reviewed to support the delivery of the enhanced new build	Given the challenging nature of the delivery targets it may be necessary to review the



<i>required pace.</i>	programme.	resourcing requirements needed to successfully deliver this step change in anticipated activity
<i>Financial / VFM Risks, mitigation and opportunities are managed through regular project monitoring meetings</i>	New build schemes are financially evaluated and have to pass financial hurdles and demonstrate VFM. In addition Total Scheme Costs contain provision for 5% contingency on build and 10% on fees for new build developments that take account of potential residual development and sales risk. The HRA Minimum working balance is now based upon 5% of operating turnover and 10% of budgeted new homes capital spend.	
<i>Legal The provision of social housing is a statutory requirement. Changing Government priorities place a greater emphasis on social housing which must be monitored and considered within planning of future new build projects.</i>	Government statutory requirements and policy changes are being monitored to identify any new risks or opportunities that they may bring.	To create new housing developments within new guidelines and drawing on innovative thinking.
<i>Innovation The creation of a Housing Company to support the new build programme is introduced without reference to existing rules and consents.</i>	External legal and business planning advice has been sought to ensure the council has the most appropriate and effective solution and that any developments are only undertaken if they are financially viable.	A Housing Company although not in itself a solution to enable large scale development nevertheless has the potential to support a more diverse housing offer to private residents.
<i>Reputation Failure to complete major housing projects due to lack of resources would have a direct impact on</i>	Business planning tools with regular updates are utilised to make sure resources are available to	

<i>both customer satisfaction and the council's reputation.</i>	complete projects.	
<i>Other – None</i>		

## 11 Revenue Budget Proposals

- 11.1 The proposed HRA Business plan is based upon the investment requirements from the asset management plan which in turn is informed by the component lifecycle replacement costs of maintaining both the current stock and importantly the long term maintenance costs of the new homes that are planned at the councils current decent homes standard plus.
- 11.2 In order to both maintain homes at decent homes and to fund the delivery of the new homes required, the HRA will need to undertake increased levels of prudential borrowing over both the medium and long term. A major part of the prudential assessment is having sufficient ongoing revenue funds to service the cost of borrowing undertaken. As identified previously the HRA does not have a legal requirement to set aside funds for the repayment of debt (MRP) as the assets held in the HRA are maintained as part of self- financing.
- 11.3 At its meeting in October an HRA budget options paper was considered this presented viable two rent options. Either increasing in line with the guideline at 4.1% or setting rents at 3.1%. After due consideration of the options the Cabinet has opted to set a rent increase of 3.1% for 2022-23 instead of the permitted maximum national of 4.1%. This is in recognition of a number of factors around significant inflationary increases elsewhere, such as energy costs, transport, food and the cost of living, as well as the ongoing impact of Covid 19. The impact of this is considered in the options considered but rejected (section 17).
- 11.4 In addition following last year's budget, the council has set aside £0.500m to fund a number of welfare support initiatives aimed at providing targeted tenancy support for the more vulnerable tenants within the HRA.
- 11.5 In order to further strengthen the capacity and capability of the HRA to meet the requirements of the Housing White Paper – “The charter for social housing residents” an additional £0.300m of investment is proposed, focused upon improving the capacity of the teams to support the new homes programme, the decent homes team and Neighbourhood/Estate Management. During lockdown many social housing tenants have struggled without green spaces to enjoy, others have dealt with loneliness, isolation and Anti-Social Behaviour. The proposed strengthening of staffing capacity within the housing service through two additional neighbourhood services officers will increase opportunities to invest in community development and tenant engagement, supporting our role as a landlord in keeping neighbourhoods clean and safe to live in. The proposed additional Property Surveyor will ensure the council continues to provide good quality, decent homes and

neighbourhoods, including access to green space and support for wellbeing. The additional post to support New Homes Delivery will focus on managing the range of alternative tenures now delivered through the programme, working closely with both New Homes and Leasehold teams.

- 11.6 It is also proposed to increase the revenue funding for planned and reactive repairs by £0.500m to reflect both increased budget pressures currently being experienced £0.300m as well as the cost of delivering an improved void standard to properties prior to letting £0.200m. Providing an opportunity to review and update the current minimum void standard. Beginning with existing sheltered and general need 2 bedroomed flats which have become difficult to let. The enhanced property void standard will make properties more appealing and attractive to advertise and provide local high quality council homes to rent.

## 12 Housing Revenue Account Budget 2022-23

- 12.1 Details of the proposed budgets are shown in Appendices 1 and 2 and the larger item adjustments highlighted in the subjective summary in Appendix 2 are shown below:
- a) Employees – The 2022-23 budget is £4.693m, an increase of £0.614m on the 2021-22 original budget. The employee budget includes the full year effect of the 2021-22 pay award and allowance for a similar pay award in 2022-23.
  - b) Premises – The 2022-23 budget is £7.056m, an increase of £1.111m on the 2021-22 original budget. The main changes in funding are on repairs £0.999m, and on energy costs £0.107m. The budget includes the financial plan assumptions reflecting growth and inflation on responsive, void & cyclical repairs. It also includes an adjustment to reflect the impact of a review of capitalised expenditure that identified some repairs costs that do not meet the accounting requirements to capitalise. This has led to the redirection of costs to revenue from capital. The budget also includes additional funding towards of £0.300m for planned and reactive repairs and £0.200m towards an improved voids specification. There has also been an increase in energy costs following recent announcements of material inflationary pressures.
  - c) Net Interest – The 2022-23 budget reflects the interest cost of anticipated HRA borrowing. It assumes an interest cost of £6.669m, an increase of £678k on the 2021-22 original budget. This is sufficient given likely PWLB interest rates of circa 2%-3% to fund the borrowing requirement in 2022-23 of an additional £34m of capital costs. This is in line with the HRA funding strategy to prudentially borrow at historically low rates of interest

- d) Depreciation – Is an estimate based on the prior year. The budget for 2022-23 is £8.635m, an increase of £90k on the original budget for 2021-22. The actual cost of depreciation will reflect the value of the HRA operational assets, the anticipated capital spend and the changes in the number and value of HRA dwellings and non-HRA dwellings at year end.
- e) External Income – The 2022-23 budget is £29.836m, an increase of £0.720m on the original budget for 2021-22. It reflects a rent increase of 3.1% from April 2022, with service charges set to recover actual forecast costs. Garage rents and lifeline charges will not be increased in 2022-23.

### 13 Service Charges

- 13.1 The council's policy is to recover the actual cost of providing specific services to tenants (such as cleaning, grounds maintenance and communal costs for flats and sheltered housing) through their service charges. A review of the service charging process has now been concluded and it has been identified that in some instances the council is not recovering its full costs. Going forward the new service charge process will ensure that the Council reviews actual costs against estimated costs and uses this to inform the level of charging required in the following year.
- 13.2 In setting the estimated services charges for 2022-23 the council has sought to realign service charges with actual costs. This has resulted in some material increases especially energy costs which are expected to be significantly higher this last. As a result all increases in service charge costs have been "capped" to £5 a week for all tenants in 2022-23, at a cost to the HRA of £38k.
- 13.3 Applying the service charge cap alongside the rent reduction next year provides financial relief and support to those tenants who need it most. The impact of rising household and energy costs will hit those on low incomes the hardest due to spending a higher proportion of their expenditure on housing-related costs.

### 14 Housing Services Capital Programme

- 14.1 The 10 year forward financial projection for major repairs is based on the latest stock condition survey. A detailed analysis is shown at Appendix 3.
- 14.2 All HRA properties are maintained to decent homes standard with the property services team managing the upkeep of properties taking into consideration the stock condition survey information. In order to manage the maintenance, improvement and renewal programme effectively, the property services team need to have the flexibility to substitute projects and re-balance expenditure between repair budgets. The 10 year housing services capital programme allocates £79m towards the upkeep and maintenance of HRA dwellings based

on the investment requirements of the asset management plan, this includes the provision of inflation at an annualised rate of 3%.

- 14.4 The updated HRA asset management strategy which was approved on the 8<sup>th</sup> December 2021, considers fire safety measures and climate change emergency initiatives. This could potentially include the replacement of gas boilers with low-carbon heating systems and the installation of solar panels in sheltered schemes to provide heating and power to communal areas. The strategy also addresses the council's policy on nitrate neutrality, including water efficiency measures.
- 14.5 The stock condition survey will be updated in due course to include additional costs arising from fire safety and climate change emergency measures once the position is clearer, as well as any changes to the decent homes standard heralded in the recent white Paper "The charter for social housing residents".
- 14.6 A key element of the council's Climate Neutrality Action Plan includes additional investment in the council's housing stock to improve energy efficiency and help tenants reduce their carbon emissions. The 10 year housing services capital programme includes funding towards Climate change of £15.861m, including provision for inflation.
- 14.7 The latest financial projection also includes an annual provision of £0.482m for Estate Improvements for the next 8 years. The scope of the programme includes environmental improvements resulting from the Climate Neutrality Change Action Plan, including electrical vehicle charging points in a number of council car Parks.
- 14.8 The ongoing investment requirements of the HRA sewage treatment works is currently being reviewed by officers with the aim of creating a robust future asset management strategy around these assets. In the meantime the plan allows for a minimum of £3.300m of investment over the next 30 years with £1.600m within the next 10 years.

## 15 New Build Capital Programme

- 15.1 The "Homes for All" Council Plan priority continues the council's commitment to new homes and the HRA New Build programme forms a key and important element of new homes provision. The Plan set out in appendix 4 includes funding of current projects and provision for emerging opportunities. It provides the financial support to enable the achievement of the councils target to deliver 1,000 new council homes over the next 10 years. The 10 year forward financial projection has identified a capital expenditure requirement of £258m. The projection includes known schemes £80m and an unallocated provision to cover additional schemes £177m in the future. A breakdown of the schemes is shown at Appendix 4. Application for additional housing grant will be considered for all future developments where appropriate.

15.2 A key factor in the delivery a future pipeline of new homes is the identification and acquisition of suitable land and appropriate sites to develop upon. The new build programme assumes steady delivery of unallocated schemes and small sites over the next 10 years to maximise available funding within the HRA. The budget for 2022-23 contains £5.5m towards the delivery of new and as yet unidentified housing development schemes.

## 16. HRA Capital Programme Funding

16.1 Appendix 5 gives full details of how it is proposed to fund the Housing Services & New Build Budgets from 2021-22 to 2031/32

## 17. OTHER OPTIONS CONSIDERED AND REJECTED

17.1 The option to have a nil increase in rents was also modelled. The impact of no increase would have a cumulative detrimental impact over the life of the plan. Modelling demonstrated that the proposed HRA 30 year business plan would not be financially viable nor financially sustainable in such a situation, with negative working balances from year 18. The net NPV cost to the HRA in today's prices over the 30 years would be a loss of £29.027m. The lost income could theoretically fund 152 new affordable homes. This option has therefore been discarded as being unviable.

17.2 The option to increase council rents by the permitted national guideline increase of 4.1% was also considered and rejected. The majority of council landlords and registered providers have kept with the higher increase in recognition of this being a key measure for funding long term business plans and of the several years of national rent reductions which reduced the cost of social housing compared to market housing.

17.3 The impact of a 4.1% increase would have been to generate additional financial headroom that could have allowed sufficient funds to finance an additional 58 new affordable homes and the lower increase will cost the HRA £7.5m over the life of the current plan. In addition, because the Government imposed real reductions of 1% between 2016-17 and 2019-20, the average annual increase in rents over the last 10 years would have still have been only 1.9%. It should be noted that a decision to set a rent lower than CPI+1% has no beneficial impact to residents in receipt of benefits or universal credit. All support payments are adjusted to reflect rent decisions up to the maximum of CPI+1% and the Government anticipate registered landlords setting rents in accordance with the national policy.

17.3 However the decision still means that the HRA is financially viable and that the 30 year business plan remains sustainable with general reserve levels above HRA minimum balances.

## 18. BACKGROUND DOCUMENTS:-

Previous Committee Reports:-

CAB3264 – HRA Asset Management Plan - 8 Dec 2021

CAB3325- HRA Budget Options - 23 Nov 2021

CAB3275 – HRA Budget Business Plan and Budget Options-16 Dec 2020

CAB3111 – HRA Budget 2019-20 & Business Plan 2019/49 – 30 Jan 2019

19. APPENDICES:

Appendix 1: HRA 2022-23 Budget – Service Summary

Appendix 2: HRA 2022-23 Budget – Subjective Summary

Appendix 3: Housing Services Capital Programme 2022-23 to 2031/32

Appendix 4: New Build Housing Capital Programme 2022-23 to 2031/32

Appendix 5: HRA Capital Programme Funding 2022-23 to 2031/32

Appendix 6: HRA Financial Plan 2021-22 to 2050/51 Extract – Operating Account

## **APPENDIX 1: HRA 2022-23 BUDGET – SERVICE SUMMARY**

<b><u>Housing Revenue Account</u></b>	<b>21/22</b>		<b>21/22</b>	<b>22/23</b>
	<b>Original Budget per CAB3290</b>	<b>B/Fwd from 20/21/Adj Per CAB3308</b>	<b>Revised Budget</b>	<b>Original Budget</b>
<b>Service Summary</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Housing Management General</b>				
Estate Management	(1,381,655)	134,155	(1,247,500)	(1,278,227)
HRA General	(2,779,837)	(7,109)	(2,786,946)	(3,010,302)
New Build Programme Support	(856,510)	0	(856,510)	(917,989)
Removal Incentive Scheme	(65,000)	0	(65,000)	(65,000)
Rent Accounting	(86,506)	0	(86,506)	(71,040)
Tenants Information	(91,095)	0	(91,095)	(83,555)
Tenancy Sustainment	0	(356,225)	(356,225)	(424,805)
Vacant Dwellings	(25,400)	0	(25,400)	(31,400)
	<b>(5,286,003)</b>	<b>(229,179)</b>	<b>(5,515,182)</b>	<b>(5,882,318)</b>
<b>Housing Management Special</b>				
Communal Services	58,641	0	58,641	103,350
Disabled Adaptations	(135,521)	0	(135,521)	(136,621)
Estate Maintenance	(528,510)	0	(528,510)	(489,200)
Homelessness	(184,309)	41,688	(142,621)	(40,134)
Sewage Works	(399,100)	0	(399,100)	(331,723)
Sheltered Housing	(901,833)	(62,509)	(964,342)	(881,156)
	<b>(2,090,632)</b>	<b>(20,821)</b>	<b>(2,111,453)</b>	<b>(1,775,484)</b>
<b>Repairs</b>				
Responsive Maintenance	(2,115,352)	0	(2,115,352)	(2,872,972)
Voids	(1,234,000)	0	(1,234,000)	(1,490,000)
Cyclic	(927,000)	0	(927,000)	(957,000)
Sub - total Repairs Works	<b>(4,276,352)</b>	<b>0</b>	<b>(4,276,352)</b>	<b>(5,319,972)</b>
Repairs Administration	(1,150,374)	0	(1,150,374)	(1,400,538)
	<b>(5,426,726)</b>	<b>0</b>	<b>(5,426,726)</b>	<b>(6,720,510)</b>
<b>Debt Management Expenses</b>				
Debt Management Expenses	(10,000)	0	(10,000)	(7,242)
Interest Payable	(6,011,700)	0	(6,011,700)	(6,689,200)
Depreciation of Fixed Assets	(8,544,300)	0	(8,544,300)	(8,634,700)
	<b>(14,566,000)</b>	<b>0</b>	<b>(14,566,000)</b>	<b>(15,331,142)</b>
<b>Rents and Other Income</b>				
Dwelling Rents	27,600,000	0	27,600,000	28,225,543
Garage Rents	79,000	0	79,000	63,000
Other Income	248,491	0	248,491	249,291
Sheltered Charges	543,120	0	543,120	555,020
Interest Receivable	20,000	0	20,000	20,000
	<b>28,490,611</b>	<b>0</b>	<b>28,490,611</b>	<b>29,112,854</b>



## **APPENDIX 1: HRA 2022-23 BUDGET – SERVICE SUMMARY**

<b><u>Housing Revenue Account</u></b>	<b>21/22 Original Budget per CAB3290 £</b>	<b>B/Fwd from 20/21/Adj Per CAB3308 £</b>	<b>21/22 Revised Budget £</b>	<b>22/23 Original Budget £</b>
<b>Service Summary</b>				
<b>Surplus for year on HRA Services</b>	<b>1,121,250</b>	<b>(250,000)</b>	<b>871,250</b>	<b>(596,600)</b>
Capital Expenditure funded by HRA	0	0	0	0
Right to Buy Admin Fees	28,600	0	28,600	28,600
<b>Net (increase)/decrease in HRA Balance before transfers to or from reserves</b>	<b>1,149,850</b>	<b>(250,000)</b>	<b>899,850</b>	<b>(568,000)</b>
Transfer re Insurance Reserve	(66,300)	0	(66,300)	0
<b>(Increase)/ decrease in HRA Balance</b>	<b>1,083,550</b>	<b>(250,000)</b>	<b>833,550</b>	<b>(568,000)</b>
<b>HRA Working Balance</b>				
Opening Balance	14,889,469		15,593,828	16,427,378
Add Projected Deficit/(Surplus)	1,083,550		833,550	(568,000)
<b>Projected Balance at Year End</b>	<b>15,973,019</b>		<b>16,427,378</b>	<b>15,859,378</b>

## **APPENDIX 2: HRA 2022-23 BUDGET – SUBJECTIVE SUMMARY**

<b><u>Housing Revenue Account</u></b>	<b>21/22 Original Budget per CAB3290 £</b>	<b>B/Fwd from 20/21/Adj Per CAB3308 £</b>	<b>21/22 Revised Budget £</b>	<b>22/23 Original Budget £</b>
<b>Subjective Summary</b>				
Employees	(4,078,741)	(237,088)	(4,315,829)	(4,692,817)
Premises	(5,945,817)	0	(5,945,817)	(7,082,349)
Transport	(214,801)	0	(214,801)	(204,263)
Supplies & services	(1,272,122)	(154,000)	(1,426,122)	(1,346,272)
Third party payments	(223,978)	0	(223,978)	(171,000)
Support Services	(2,443,362)	141,088	(2,302,274)	(2,426,440)
Net Interest	(5,991,700)	0	(5,991,700)	(6,669,200)
Depreciation on Fixed Assets	(8,544,300)	0	(8,544,300)	(8,634,700)
External income	29,836,071	0	29,836,071	30,630,441
<b>Surplus for year on HRA Services</b>	<b>1,121,250</b>	<b>(250,000)</b>	<b>871,250</b>	<b>(596,600)</b>
Capital Expenditure funded by HRA	0	0	0	0
Right to Buy Admin Fees	28,600	0	28,600	28,600
<b>Net (increase)/decrease in HRA Balance before transfers to or from reserves</b>	<b>1,149,850</b>	<b>(250,000)</b>	<b>899,850</b>	<b>(568,000)</b>
Transfer re Insurance Reserve	(66,300)	0	(66,300)	0
<b>(Increase)/ decrease in HRA Balance</b>	<b>1,083,550</b>	<b>(250,000)</b>	<b>833,550</b>	<b>(568,000)</b>
<b>HRA Working Balance</b>				
Opening Balance	14,889,469		15,593,828	16,427,378
Add Projected Deficit/(Surplus)	1,083,550		833,550	(568,000)
<b>Projected Balance at Year End</b>	<b>15,973,019</b>		<b>16,427,378</b>	<b>15,859,378</b>

**APPENDIX 3: HOUSING SERVICES CAPITAL PROGRAMME 2022-23 TO 2031/32**

<b>Housing Services Programme</b>	<b>2021/22 Original Budget</b>	<b>2021/22 Sept Revised</b>	<b>2021/22 Latest Forecast</b>	<b>2022/23 Budget.</b>	<b>2023/24 Budget.</b>	<b>2024/25 Budget.</b>	<b>2025/26 Budget.</b>	<b>2026/27 Budget.</b>	<b>2027/28 Budget.</b>	<b>2028/29 Budget.</b>	<b>2029/30 Budget.</b>	<b>2030/31 Budget.</b>	<b>2031/32 Budget.</b>	<b>Total Budget.</b>
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Scheme Name/Description</b>														
Major Repairs	(6,678)	(5,878)	(5,878)	(5,672)	(6,313)	(8,378)	(8,620)	(9,337)	(7,424)	(8,340)	(7,626)	(8,971)	(8,603)	(85,162)
<b>Major Repairs</b>	<b>(6,678)</b>	<b>(5,878)</b>	<b>(5,878)</b>	<b>(5,672)</b>	<b>(6,313)</b>	<b>(8,378)</b>	<b>(8,620)</b>	<b>(9,337)</b>	<b>(7,424)</b>	<b>(8,340)</b>	<b>(7,626)</b>	<b>(8,971)</b>	<b>(8,603)</b>	<b>(85,162)</b>
Estate Improvements	(507)	(507)	(150)	(226)	(239)	(460)	(474)	(488)	(503)	(518)	(533)	0	0	(3,590)
Sheltered Housing Upgrades	(135)	(227)	(50)	(74)	(76)	(79)	(81)	(83)	(86)	(89)	(91)	0	0	(709)
<b>Improvements &amp; Upgrades</b>	<b>(642)</b>	<b>(734)</b>	<b>(200)</b>	<b>(300)</b>	<b>(315)</b>	<b>(539)</b>	<b>(555)</b>	<b>(572)</b>	<b>(589)</b>	<b>(606)</b>	<b>(625)</b>	<b>0</b>	<b>0</b>	<b>(4,299)</b>
Disabled Adaptations	(797)	(797)	(797)	(821)	(846)	(871)	(897)	(924)	(952)	(980)	(1,010)	(1,040)	(1,071)	(10,208)
Fire Safety Provision	(1,016)	(1,077)	(1,077)	(680)	0	0	0	0	0	0	0	0	0	(1,757)
Climate Change Emergency	(1,587)	(1,827)	(500)	(1,512)	(1,557)	(1,604)	(1,652)	(1,702)	(1,753)	(1,805)	(1,860)	(1,915)	0	(15,861)
Sewage Treatment Works	(308)	(327)	(140)	(304)	(114)	(118)	(121)	(125)	(129)	(133)	(137)	(141)	(145)	(1,605)
<b>Other Capital Spending</b>	<b>(3,707)</b>	<b>(4,027)</b>	<b>(2,514)</b>	<b>(3,316)</b>	<b>(2,517)</b>	<b>(2,593)</b>	<b>(2,671)</b>	<b>(2,751)</b>	<b>(2,833)</b>	<b>(2,918)</b>	<b>(3,006)</b>	<b>(3,096)</b>	<b>(1,216)</b>	<b>(29,431)</b>
<b>Total HS Capital Programme</b>	<b>(11,028)</b>	<b>(10,640)</b>	<b>(8,592)</b>	<b>(9,289)</b>	<b>(9,145)</b>	<b>(11,509)</b>	<b>(11,846)</b>	<b>(12,659)</b>	<b>(10,846)</b>	<b>(11,864)</b>	<b>(11,257)</b>	<b>(12,067)</b>	<b>(9,819)</b>	<b>(118,893)</b>

## APPENDIX 4: NEW HOMES CAPITAL PROGRAMME 2021-22 TO 2031/32

New Build Programme & Other Capital	2021/22	2021/22	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	Total *
	Original Budget	Sept Revised	Latest Forecast	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Scheme Name/Description														
Unallocated	(7,015)	(5,250)	(643)	(5,500)	(22,441)	(18,621)	(18,503)	(19,058)	(19,629)	(20,218)	(20,825)	(21,450)	(10,777)	(177,664)
Winnall	(8,641)	(8,641)	(4,600)	(8,755)	(5,730)									(19,085)
Barton Farm	(1,000)			(473)	(12,580)	(5,439)								(18,492)
North Whitely			(4,250)	(13,818)										(18,068)
Ravenswood	(800)			(800)	(2,625)	(6,300)	(3,675)							(13,400)
Wykeham Place	(169)	(0)			(177)	(1,692)	(1,654)							(3,522)
Southbrock Cottages	(1,155)	(250)	(200)	(1,066)										(1,266)
Syson Drive	(1,222)	(50)	(50)	(1,586)										(1,636)
Woodman Close	(815)	(80)	(50)	(824)	(230)									(1,104)
De Valley	(2,681)	(2,118)	(1,045)											(1,045)
Witherbed lane	(302)	(30)	(30)	(609)	(351)									(990)
CornerHouse	(335)	(100)	(24)	(327)	(458)									(809)
Hookpit	(1,068)	(790)	(510)											(510)
Tower Street	(192)	(192)	(100)	(108)										(208)
Sheltered Housing Conversions	(55)	(55)	(55)											(55)
Wickham CLT	(410)	(205)	(205)											(205)
<b>Total</b>	<b>(25,861)</b>	<b>(17,762)</b>	<b>(11,762)</b>	<b>(33,866)</b>	<b>(44,592)</b>	<b>(32,051)</b>	<b>(23,831)</b>	<b>(19,058)</b>	<b>(19,629)</b>	<b>(20,218)</b>	<b>(20,825)</b>	<b>(21,450)</b>	<b>(10,777)</b>	<b>(258,060)</b>

\* NB total is total of all scheme budgeted costs from 2021/22

**APPENDIX 5: CAPITAL PROGRAMME FUNDING 2022-23 to 2031/32**

HRA Capital Programme Funding	2021/22 Original Budget	2021/22 Sept Revised Budget	2021/22 Latest Forecast	2022/23 Budget	2023/24 Budget	2024/25 Budget	2025/26 Budget	2026/27 Budget	2027/28 Budget	2028/29 Budget	2029/30 Budget	2030/31 Budget	2031/32 Budget	Total Budget
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Borrowing	25,728	24,760	16,856	34,429	48,695	1,289	0	12,598	11,598	9,492	11,930	14,104	934	161,926
RTB 141 Receipts	4,890	2,031	1,886	6,626	2,294	2,406	2,522	2,642	2,767	2,895	3,028	3,165	2,849	33,080
Other RTB Receipts	1,342			425	712	3,003	988	1,023	1,059	1,097	1,136	1,176	1,217	11,836
S106	250			0	0	800	2,600	1,400	4,400	3,000	0	0		12,200
CIL				755										755
Homes England Grant	2,004	1,611	1,611	919	306									2,836
Other Capital Receipts	2,555				354	21,449	4,042	3,137	283	4,852	4,851	3,531	3,637	46,135
Major Repairs Reserves	119				1,375	14,613	25,525	10,916	10,369	10,746	11,138	11,542	11,960	108,184
<b>Funding Total</b>	<b>36,889</b>	<b>28,402</b>	<b>20,354</b>	<b>43,154</b>	<b>53,737</b>	<b>43,560</b>	<b>35,677</b>	<b>31,717</b>	<b>30,476</b>	<b>32,082</b>	<b>32,082</b>	<b>33,517</b>	<b>20,597</b>	<b>376,953</b>
Housing Services	11,028	10,640	8,592	9,289	9,145	11,509	11,846	12,659	10,846	11,864	11,257	12,067	9,819	118,893
New Build	25,861	17,762	11,762	33,866	44,592	32,051	23,831	19,058	19,629	20,218	20,825	21,450	10,777	258,060
<b>Capital Programme Total</b>	<b>36,889</b>	<b>28,402</b>	<b>20,354</b>	<b>43,154</b>	<b>53,737</b>	<b>43,560</b>	<b>35,677</b>	<b>31,717</b>	<b>30,476</b>	<b>32,082</b>	<b>32,082</b>	<b>33,517</b>	<b>20,597</b>	<b>376,953</b>

2020-21

**APPENDIX 6 HRA FINANCIAL PLAN 2021-22 TO 2050-51 EXTRACT – OPERATING ACCOUNT**

Year	Net rent Income £,000	Misc Income £,000	Total Income £,000	Managt. £,000	Deprec'n £,000	Resp. & Cyclical £,000	Total expenses £,000	Capital Charges £,000	Net Opex £,000	Surplus (Deficit) for the Year £,000	Surplus (Deficit) b/fwd £,000	Interest £,000	Surplus (Deficit) c/fwd £,000
1 2021.22	28,093	869	28,962	(10,142)	(8,183)	(4,615)	(22,941)	(5,404)	617	551	15,594	34.06	16,179
2 2022.23	28,806	890	29,696	(10,792)	(8,532)	(5,074)	(24,398)	(5,913)	(615)	(615)	16,179	40.15	15,604
3 2023.24	29,763	917	30,680	(10,503)	(8,752)	(5,248)	(24,502)	(7,908)	(1,730)	(1,730)	15,604	45.80	13,920
4 2024.25	32,148	945	33,093	(10,922)	(9,088)	(5,451)	(25,462)	(7,924)	(293)	(293)	13,920	44.84	13,672
5 2025.26	33,616	973	34,589	(11,353)	(9,529)	(5,646)	(26,528)	(7,934)	127	127	13,672	31.80	13,830
6 2026.27	35,054	1,002	36,056	(11,694)	(9,993)	(5,820)	(27,507)	(8,064)	485	485	13,830	19.13	14,334
7 2027.28	36,236	1,032	37,268	(12,045)	(10,369)	(5,995)	(28,408)	(8,417)	443	443	14,334	16.62	14,793
8 2028.29	37,419	1,063	38,482	(12,406)	(10,746)	(6,175)	(29,327)	(8,828)	327	327	14,793	17.02	15,138
9 2029.30	38,638	1,095	39,733	(12,778)	(11,137)	(6,361)	(30,276)	(9,173)	284	284	15,138	17.34	15,439
10 2030.31	40,660	1,128	41,788	(13,162)	(11,541)	(6,552)	(31,255)	(9,599)	933	933	15,439	17.97	16,390
11 2031.32	41,185	1,162	42,346	(13,557)	(11,960)	(6,749)	(32,266)	(9,885)	196	196	16,390	18.55	16,604
12 2032.33	42,352	1,197	43,549	(13,963)	(12,393)	(6,938)	(33,294)	(9,989)	265	265	16,604	18.80	16,888
13 2033.34	43,385	1,233	44,617	(14,382)	(12,776)	(7,131)	(34,290)	(10,131)	197	197	16,888	19.05	17,104
14 2034.35	44,443	1,270	45,713	(14,814)	(13,171)	(7,330)	(35,315)	(10,267)	130	130	17,104	19.23	17,253
15 2035.36	46,403	1,308	47,711	(15,258)	(13,578)	(7,535)	(36,371)	(10,371)	968	968	17,253	19.80	18,242
16 2036.37	46,640	1,347	47,986	(15,716)	(13,998)	(7,745)	(37,459)	(10,435)	93	93	18,242	20.35	18,355
17 2037.38	47,779	1,387	49,166	(16,187)	(14,430)	(7,962)	(38,579)	(10,475)	112	112	18,355	20.47	18,488
18 2038.39	48,947	1,429	50,376	(16,673)	(14,876)	(8,184)	(39,733)	(10,504)	140	140	18,488	20.62	18,648
19 2039.40	50,075	1,472	51,547	(17,173)	(15,336)	(8,412)	(40,921)	(10,524)	102	102	18,648	21.76	18,772
20 2040.41	51,301	1,516	52,817	(17,688)	(15,809)	(8,647)	(42,144)	(10,608)	64	64	18,772	21.87	18,858
21 2041.42	53,568	1,561	55,129	(18,219)	(16,298)	(8,888)	(43,405)	(10,693)	1,032	1,032	18,858	21.44	19,911
22 2042.43	53,845	1,608	55,454	(18,766)	(16,801)	(9,136)	(44,702)	(10,689)	62	62	19,911	22.00	19,995
23 2043.44	55,166	1,656	56,822	(19,329)	(17,320)	(9,390)	(46,039)	(10,687)	96	96	19,995	22.10	20,113
24 2044.45	56,520	1,706	58,226	(19,908)	(17,855)	(9,652)	(47,416)	(10,686)	124	124	20,113	22.24	20,259
25 2045.46	57,908	1,757	59,665	(20,506)	(18,407)	(9,921)	(48,834)	(10,686)	146	146	20,259	22.39	20,427
26 2046.47	59,331	1,810	61,141	(21,121)	(18,976)	(10,198)	(50,294)	(10,686)	161	161	20,427	22.57	20,611
27 2047.48	61,959	1,864	63,823	(21,754)	(19,562)	(10,482)	(51,798)	(10,681)	1,345	1,345	20,611	23.35	21,979
28 2048.49	62,286	1,920	64,206	(22,407)	(20,166)	(10,774)	(53,347)	(10,680)	180	180	21,979	24.13	22,183
29 2049.50	63,820	1,978	65,798	(23,079)	(20,789)	(11,074)	(54,942)	(10,678)	178	178	22,183	24.33	22,385
30 2050.51	65,393	2,037	67,430	(23,772)	(21,431)	(11,382)	(56,585)	(10,675)	170	170	22,385	24.53	22,580

CAB3335  
CABINET

REPORT TITLE: GENERAL FUND BUDGET 2022/23

17 FEBRUARY 2022

REPORT OF CABINET MEMBER: Cllr Neil Cutler, Cabinet Member for Finance and Risk

Contact Officer: Richard Botham Tel No: 01962 848421 Email  
rbotham@winchester.gov.uk

WARD(S): ALL

## PURPOSE

This report sets out the detailed General Fund Budget for 2022/23, reflecting the impact of the one year spending review announcement and a range of budget proposals.

The spending review announcement included an unexpected announcement of a further one year of New Homes Bonus. Whilst this does not assist the council to address longer term funding pressures, the report does include £1.3m of “one off” proposals to support the delivery of the Council Plan which can be funded from this allocation.

Projections indicate a balanced budget for 2022/23. A £0.3m deficit forecast for 2023/24 can be covered by the existing Transitional Reserve to ensure the Council can maintain a balance budget through to March 2024. However, significant uncertainty remains in relation to future funding of local government and projections indicate the potential for longer term deficits, subject to Government funding announcements. It is proposed that a strategic service review is completed by March 2023 to identify how the longer term deficits can be addressed.

## RECOMMENDATIONS:

### That Cabinet:

- 1 Approve a contribution of £200k to the Community Grants Reserve, funded from the forecast surplus in 2021/22, to reduce the immediate impact of planned grant reductions over the next three year period of the programme 2022/23 to 2024/25.

- 2 To reinstate the 2021/22 contributions of £250k to the Asset and Property reserve and £200k to the Parking and Access reserve to support future investment and maintenance programmes, funded from the forecast surplus in 2021/22.
- 3 Approve an increase to fees and charges of 3% for sessions at the Winchester Sport and Leisure Park and Meadowside Centre as set out in Appendix F.

That Cabinet recommend that Council:

- 4 Agree the level of General Fund Budget for 2022/23, and recommend the summary as shown in Appendix A.
- 5 That the additional year of New Homes Bonus Allocation be used to fund the following proposals:
  - a) Increased provision for Local Council Tax Support, with £100,000 additional one off provision to the Council's Hardship Fund
  - b) £450k to fund essential maintenance work to Monuments and Historic Assets
  - c) Low Carbon Transport - £250k to fund trials of low carbon bin lorries and/or buses operating existing Council services
  - d) £40k to fund the installation of bike storage and other measures to support the promotion of cycling and walking
  - e) £150k to fund feasibility work to prepare for the implementation of a food waste trial collection system in 2023.
  - f) £185k to fund the cost of additional city and market town centre cleansing, the maintenance and replacement of street furniture (litter bins, seats, bollards bin stores etc) and also to fund an increased emphasis on fly tipping (additional clearance, surveillance and promotion)
  - g) £25k to support work to embed the principles of the Council's "City of Sanctuary" commitments and to review the diverse needs of communities across the district.
  - h) £100k to fund fixed term IT staff to develop council systems to meet the requirements of flexible/agile working
- 6 Support the investment proposals set out in section 13.4 of this report, including:
  - a) To reinstate the annual contribution of £250k to the Asset and Property reserve to support future investment and maintenance of council assets
  - b) To increase the annual revenue contribution to the Parking and Access reserve by £200k per annum to support the implementation works set out in the annual Parking investment programme
  - c) Increasing the annual staffing budget by £175k per annum from 2022/23 to



create additional capacity in the Legal Services, Communications and Economic Development teams

- d) Increasing the annual staffing budget by £60k per annum from 2023/24 to create additional capacity in the Strategic Planning team
  - e) An increase in the budget for annual audit fees of £30,000
- 7 Approve the 2022 Council Tax Hardship Scheme allocation of £100,000 and the distribution of this funding as set out in Appendix F; to be administered by the Revenues & Benefits teams under the Service Lead for Revenues & Benefits.
  - 8 That the sum of £1,061,591 be treated as Special Expenses under Section 35 of the Local Government Finance Act 1992 in respect of the Winchester Town area as set out in section 16 and Appendix D.
  - 9 That the Council Tax for the Special Expenses in the Winchester Town area at Band D for 2022/23 be increased by 4.5% to £76.71, an increase of £3.30.
  - 10 That the surplus balance on the Council Tax Collection Fund for distribution to this Council, calculated in January 2022 of £24,315, be approved.
  - 11 Recommend the level of Council Tax at Band D for City Council services for 2022/23 be increased to £151.29, an increase of £3.95 reflecting an average Council tax increase of 2.7%

IMPLICATIONS:1 COUNCIL PLAN OUTCOME

- 1.1 Key priorities set out in the Council Plan remain unchanged. The Plan takes account of the budget constraints but maintains a focus on:
- a) Carbon neutrality programme – The budget includes both revenue and capital funding to support this programme which remains central to all Council work.
  - b) Central Winchester regeneration – Funding to support the completion of work to “final business case” was approved in CAB3322 in December 2021. Additional provision to support major project delivery was also approved in CAB3318 in October 2021 and is included within the budget set out in Appendix 1..
  - c) Economic recovery – The Council continues to play a critical role in supporting the economic recovery of the district.
  - d) Maintaining high quality services - Maintaining the existing high quality services remains a key priority and can be supported by the budget, which also includes proposals for additional staffing in some teams.
  - e) Living Well – A focus on Health and Wellbeing – Proposals to refresh the Health and Wellbeing strategy have been reviewed by the Health and Environment Policy Committee and will be considered by Cabinet later in the year. This will include an increased emphasis on working with partners rather than focussing on direct delivery of programmes by Council teams
- 1.2 Homes for All – Targets for New Homes Delivery are fully funded through the Housing Revenue Account Business Plan.

2 FINANCIAL IMPLICATIONS

- 2.1 The proposals set out in this report represent a balance budget for 2022/23, with a small forecast deficit for 2023/24 of £0.284m, which can be funded from the Transitional reserve. Deficits in future years are projected to increase to £1.147m in 2024/25 and to £2.401m in 2025/26, although it should be noted that the forecasts are subject to a high degree of uncertainty, with the Government only confirming a one year Spending Review announcement late in 2021.
- 2.2 The Spending Review Announcement in December 2021 confirmed a further one year delay to the “reset” of business rates and also included a further year of New Homes Bonus which had not been anticipated in the Budget Options report in October 2021 (CAB3318 refers). Proposals for the “one off” allocation are included in section 13 below.

- 2.3 All indications are that a “reset” of retained business rates will be brought forward for 2023/24 and the forecast impact of this is included in Appendix A.
- 2.4 The 2021/22 budget included provision for income reductions of 20% as a result of the pandemic. This is now projected to be 14% by March 2022 and in light of the strong recovery of city centre parking, projected ongoing income losses in 2022 have been adjusted to 7.5% and to 3.5% for 2023/24.

### 3 LEGAL AND PROCUREMENT IMPLICATIONS

- 3.1 Under section 151 of the Local Government Act 1972, a local authority must make proper arrangements for the administration of its financial affairs. Under s28 of the Local Government Act 2003 a local authority must review its budget calculations from time to time during the financial year and take appropriate action if there is any deterioration of its budget.
- 3.2 The Council is required under Chapter 3 of the Local Government and Finance Act 1992 to set a council tax for the forthcoming year along with its budget estimates. The decision must be made by 11 March of the preceding financial year. The Council's prospective income from all sources must be equal to its proposed expenditure.
- 3.3 The Council is also required to set a balanced budget, taking into account a range of factors, including consultation feedback. Decisions must be taken in accordance with the Council's duties in the Equality Act 2010.
- 3.4 The approval of the budget and setting of the Council Tax is a decision reserved to Full Council under the Local Government Act 2000 and the Local Authorities (Functions and Responsibilities) Regulations 2000 (as amended). Under these regulations, the Cabinet makes recommendations as to the setting of the council tax and budget to Full Council.

### 4 WORKFORCE IMPLICATIONS

- 4.1 The proposals set out in this report include specific recommendations for additional staffing resources in Legal Services, Communications, Economic Development, Strategic Planning and IT teams. In addition, proposals for additional project delivery resources approved in CAB3318 in October 2021 have also been reflected within the budget set out in appendix A.

### 5 PROPERTY AND ASSET IMPLICATIONS

- 5.1 A key strand of the council's financial and treasury strategies is to maximise income from its assets and seek to manage risk by achieving a balanced portfolio of assets. Achieving a balanced budget for 2022/23 is not reliant on additional disposals of assets. However, a number of “rent reviews” are due and these could impact on income projections. Other projects funded through the capital programme aim to generate income, such as Bishops Waltham Depot and the Goods Shed proposals.

- 5.2 The Council has ongoing maintenance and stewardship obligations in relation to historic monuments. Specific budget provision is included within this report to bring forward £450k of investment in these assets in 2022/23.

## 6 CONSULTATION AND COMMUNICATION

- 6.1 A range of options were considered as part of CAB3318 – General Fund Budget Options and Medium Term Financial Strategy dated 20 October 2021, which presented a balanced budget for 2022/23 but with increasing forecast deficits in future years. These options have since been subject to consultation with a range of stakeholders.
- 6.2 Officers presented the options to the local council briefing in November 2021 and to the Chamber of Commerce/BID business briefing in January 2022. In addition the publication of a Budget Summary and an online budget consultation which was undertaken following the October report which received 32 responses broadly supporting the proposals set out in the summary and this report. A link to the results is included as a background paper to this report.
- 6.3 The Scrutiny Committee discussed the Budget Options and Medium-Term Financial Strategy report (CAB3318) and commented on proposals prior to its consideration by Cabinet in October 2021. It has also considered this report at its meeting held on 15 February 2022. Due to the dispatch date any particular matters that the Committee wishes to raise with Cabinet will be reported at the meeting.
- 6.4 The budget proposals include provision to support wider engagement and consultation with a range of diverse and potentially underrepresented groups to ensure council services and policies take full account of their needs and expectations. This will support the strategic review of the budget planned for 2022 and proposed in the medium-term financial strategy.

## 7 ENVIRONMENTAL CONSIDERATIONS

- 7.1 The budget set out in Appendix 1 includes revenue provision to support the delivery of the Council's carbon neutrality programme. Specific proposals include additional resources for project support from 2023 and to fund transport and food waste trials.
- 7.2 Specific budget provision has been included within this report to increase funding for fly tipping clearance and additional surveillance. In addition, resources to fund improvements to city and town centre street scenes, including replacing bins and street furniture is also proposed.

## 8 EQUALITY IMPACT ASSESSEMENT

- 8.1 Cabinet approved a new Public Sector Equality Duty (PSED) policy and corporate approach for the Council on 19 January 2022. This new approach

will require every service in the Council to be reviewed with regards to the PSED.

- 8.2 This year the Equality Impact Assessment (EQIA) for service provision has relied on existing EQIA's at individual service level. No Service leads have highlighted gaps in our service provision for 2022/23.
- 8.3 Once the new and more consistent process for EQIA is in place the equalities lead will have access to the overarching picture of our service impacts and will highlight to the S151 officer any needs in our service provision.
- 8.4 Proposals for a strategic service review, to commence in 2022 with a view to identifying appropriate measures to reduce net operating costs prior to finalising the 2023/24 budget, were set out in the Budget Options paper in October 2021 (CAB3318). In preparation for doing this work, the council will carry out consultation to inform service delivery and all options will be assessed against the PSED; with Equality Impact Assessments undertaken where necessary.
- 8.5 The 2022/23 budget's operational decisions being presented in this paper (e.g. staffing proposals; changes to forecasts; creation of general budgets; and those relating to reserves) do not directly impact residents and do not require an EQIA under the PSED. Other options designed to have a positive impact on residents (e.g. introduction of the Council Tax Hardship Scheme) have had an EQIA undertaken and no adverse impacts on any groups of residents with protected characteristics were identified.

## 9 DATA PROTECTION IMPACT ASSESSMENT

- 9.1 All projects set out in this report and the Capital Programme will be subject to individual data protection impact assessments where appropriate.

## 10 RISK MANAGEMENT

<b>Risk</b>	<b>Mitigation</b>	<b>Opportunities</b>
<i>Property Commercial tenants unable to pay rents or subject to business failure</i>	Rent abatement process was established to support tenants in 2020/21 and could be extended if needed, although deferrals of rent remain the main option where appropriate.	
<i>Slowdown in commercial property investment, meaning that the council's development schemes achieve less interest or</i>	The council's advisors are reviewing the property investment market and will provide advice as to timing of any marketing.	

<i>less income than expected</i>		
<p><i>Legal</i> The council is unable to balance the revenue budget resulting in the issuing of a S114 notice</p> <p><i>Contract claims – risk of additional contract claims in relation to unforeseen events, high inflation, covid impacts etc</i></p>	<p>Proposals set out in this report, including the strategy for management of reserves mitigate against this.</p> <p>Robust contract conditions protect against this</p> <p>Risk reserves reviewed and considered appropriate to mitigate against this.</p>	Present a balanced budget in difficult circumstances
<p><i>Timescales</i> Slower than projected economic recovery affecting income received by the council</p>	We are supporting high street recovery through the governments / ERDF Welcome Back Fund and future economic support will be framed under the new Winchester District Green Economic Development Strategy	The council has £12m uncommitted revenue reserves available to support further increases to the projected deficit
<p><i>Financial</i></p> <p><i>Significant uncertainty due to one year spending review announcement</i></p> <p><i>The council is unable to balance the revenue budget</i></p> <p><i>Risk of lower than projected demand for</i></p>	<p>Transitional reserve retained at existing levels and strategic budget review planned for 2022 to prepare for potential impact of Business rates reset</p> <p>Proposals set out in this report, including the strategy for management of reserves mitigate against this.</p> <p>The council has around £12m of uncommitted</p>	

<p><i>income generating services specifically parking as well as leisure centre operations</i></p>	<p>revenue reserves available which can be utilised as a last resort. This risk is also mitigated through robust contract conditions.</p>	
<p><i>Inflation risk Salary inflation higher than budgeted</i></p>	<p>Budgets take account of latest national inflation forecasts. Minimum balances are maintained at £2.8m to mitigate against such variations. The transitional reserve would also support this.</p>	
<p><i>Additional costs of national programmes such as waste strategy</i></p>	<p>Any 21/22 year end surplus to be transferred to the Major Investment Reserve.</p>	<p>Feasibility/trial of Food Waste planned for 22/23</p>

## 11 SUPPORTING INFORMATION:

11.1 CAB3318 dated 20 October 2021 set out budget options and the medium term financial strategy. The report highlighted the potential to set a balanced budget for 2022/23 and also for 2023/24 (with the support of the transitional reserve) but forecast increasing deficits in future years.

11.2 At that meeting, Cabinet approved:

- a) £200k to fund essential short term staffing in relation to Legal and Planning teams
- b) £1m provision to support project delivery
- c) A £75k grant to the Hampshire Cultural Trust
- d) An average increase of 3% to fees and charges from April 2022 and for city centre off street parking in the “Air Quality Management area” with effect from October 2022
- e) A £10 discount to existing garden waste subscriptions for residents in receipt of Council tax reduction
- f) £300k of the Tranche 5 COVID 19 grant fund to upgrade the Council’s IT desktop infrastructure to support “agile/flexible working” proposals

- g) A medium term financial strategy, including a proposal for a Strategic Budget Review to be completed in 2022 to address future forecast deficits.
- 11.3 The forecasts included in CAB3318 assumed that the Government Spending Review would be based on a 3 year settlement including a “reset” of business rates and an end to New Homes Bonus. However, at the end of December 2021, the Government confirmed a one year settlement, with no detail regarding longer term proposals and a further one year provision of New Homes Bonus, effectively providing additional “one off” funding of £1.3m that had not been included in CAB3318.
- 11.4 The proposals in this report and the forecasts in Appendix A take account of the budget option proposals, the decisions made at the October Cabinet meeting, latest budget projections and have been adjusted to take account of the spending review announcement. The report also includes additional proposals for investing the additional £1.3m from the spending review.
- 12 2021/22 Budget Forecast
- 12.1 CAB3318 dated October 2021 forecast a net surplus of £0.415m for 2021/22 as set out in the table below:

<b>Projected surplus at Jul 21</b>		<b>£800,000</b>
a.	Additional Garden Waste Income	£165,000
b.	Reduced net Business Rates	-£700,000
c.	Additional P&R Subsidy	£250,000
d.	Additional Leisure Centre Income	£500,000
e.	Project Delivery Resources	-£400,000
f.	Support for core service delivery	-£200,000
<b>21/22 Projected Net Surplus (at Sept 21)</b>		<b>£415,000</b>

- 12.2 In light of the impact of COVID19 on 2020/21 income budgets, the 2020/21 general budget reduced forecast income by 20% (£3.65m). Current indications suggest a stronger than budgeted income recovery across all services. Parking income forecasts indicate that recovery will be £2m below 2019 base budget targets, mainly in relation to off street parking outside of Winchester city centre and the park and ride service. However, with other income recovering, by March 2021 overall income will be 14% below previous budgets rather than 20% (a potential difference of c£1.5m). However, this remains uncertain, will be subject to activity in the final quarter and will be confirmed as part of the budget outturn in June 2022.
- 12.3 With the positive projected outturn, it is proposed to transfer any remaining surplus to reserves, including £200k to the Community Grants reserve, £250k to the Asset reserve and £200k to the parking reserve to ensure appropriate resources to support annual spending plans for these services. These annual contributions were suspended as part of the revised budget in September 2020 to address the unexpected shortfalls arising as a result of the pandemic.



Any remaining surplus will be allocated to the Major Investment Reserve to support major projects and the specific work highlighted in the paragraph below.

- 12.4 The Council is currently pursuing complex enforcement action to address planning breaches on two large sites, as well as a number of smaller sites across the district. To progress formal action, specialist external support and additional legal services will be required. Some cases are expected to be subject to appeal to the Planning Inspectorate and will require significant additional capacity over and above the core capacity in planning and legal teams. An additional £200k provision for support was approved in October 2021 as part of CAB3318. Whilst this is sufficient cover the costs of initial enforcement, a lengthy appeal process is likely to require additional funding and will be a further call on reserves.

### 13 Revenue budget forecasts and proposals

- 13.1 A review of COVID19 income contingency provision has taken place for 2022/23 and 2023/24. As a result of the positive in-year data for 2021/22 to the end of December, central case contingency provision has been reduced from 10% to 7% (£1.825m to £1.278m) in 2022/23 and from 5% to 3.5% (£0.913m to £0.639m) in 2023/24. This provision is based on no major lockdowns taking place and an assumption that income continues to consistently recover over the two year period. This will be kept under review and adjusted if required.
- 13.2 The Hampshire Pension Fund actuarial review 2020 led to general fund savings of £0.852m per annum through a reduction in past service contributions, as the pension was no longer in a forecast deficit position. The decision, in line with recommendations from Hampshire, was taken not to move all of this to baseline savings but instead to transfer these savings into the transition reserve each year for three years. This decision was based on the risk of contributions increasing again following the 2023 triennial pension review. The latest guidance suggests that there is no longer a high risk that past service contributions will re-commence and therefore these savings can now be treated as baseline savings from 2022/23.
- 13.3 CPI inflation increased to 5.4% in December 2021 and whilst this is expected to reduce back down to the 2% target over the medium term, contract inflation projections have been revised in Appendix A.

2022/23 = 4%

2023/24 = 3%

2024/25 = 2.5%

2025/26 & onwards = 2%

- 13.4 CAB3318 Budget Options report in October 2021 included a number of proposals and changes that will impact on base budgets. The following items are recommended and are reflected in the budget detailed in Appendix A:

- a) Asset/Parking reserves – The £250k annual contribution to the Asset reserve was suspended and the Parking reserve annual contribution reduced by £100k as part of the emergency budget changes in September 2020. The asset and parking investment plans require ongoing funding to support annual programmes and so it is proposed to reinstate these contributions.
- b) Climate Emergency - Previous revenue funding to support this essential programme will be exhausted in 2022. It is therefore proposed to make additional base budget provision of £200k from 2023 to support the revenue costs of the programme (feasibility studies, project support, trials etc.)
- c) Staffing - Additional staffing requirements totaling £175,000 per year from 2022/23 in the Legal, Communications and Economic Development teams have been identified and will impact on ongoing base budgets. An additional £60,000 per year is also proposed from 2023/24 to address resources in the Strategic Planning team (funding is already available to support this in 2022/23). These proposals take account of existing workload, specific pressures on teams and also new areas of works such as the Green Economic Development Strategy.
- d) Audit Fees – The statutory audit requirements in relation to the independent review of the council’s financial accounts have changed in recent years, with additional obligations on external auditors. The Audit and Governance Committee has reviewed increases and directly challenged auditors in relation to additional fees. It is projected that an increase of £30k is needed to meet annual audit fees.
- e) Leisure centre fees – CAB3326 dated 8 December 2021 approved a 3% increase to fees and charges and the impact of this increase is reflected in the appendices. The report did not include fees for the Winchester Sports and Leisure Park or Meadowside Leisure Centre, as the operator contract required a review nearer to the April implementation date. That review has now been completed and despite December inflation being at 5.4%, it is recommended that any increase in fees be 3% in line with other fees and charges. The operator has proposed an increase to some fees, while others remain at 2021/22 levels to stimulate demand and remain in line with market prices – see appendix E.

13.5 The budget set out in Appendix A also takes account of the following issues which will impact on costs and income in 2022/23:

- a) Guildhall – Her Majesty’s Courts and Tribunal Service has given notice that it intends to end its tenure in the Guildhall at the end of March. Until further notice and at least for the 2022/23 financial year, the Council will revert to the previous “turnkey” letting operation promoting wider community and commercial use of meeting rooms and function

space as well as supporting council business. Options for the long term management arrangements for the Guildhall and currently subject to review and will be determined once the strength and pace of the recovery of the events sector is clearer. For next year, it is anticipated income will be reduced by £175k

- b) West Wing - It is proposed to lease the West Wing offices to a local organisation and final details of the lease are currently subject to negotiation. This will generate circa. £200k per annum. Teams previously located in the West Wing now work within the main city offices, which has been facilitated by the adoption of more flexible working.
- c) Fees and Charges – As stated in 13.4 e) above, CAB3326 approved increases to fees and charges averaging 3%. The impact of this has been incorporated into the budget in Appendix A and B. This includes a 3% increase to off street parking charges for those car parks in the central “air quality management area”. This will be effective from October 2022. It is also proposed to review proposals for on street charging to ensure consistency with off street provision.
- d) Garden Waste Discount – CAB3318 dated 20 October 2021 approved a £10 discount to garden waste subscriptions for residents in receipt of council tax support and/or universal credit.

13.6 In addition to the above proposals, the one year settlement and a further unexpected year of New Homes Bonus provision, provides an opportunity to either supplement reserves as further mitigation towards future forecasts deficits or alternatively for additional one off investment of up to £1.3m that will make a positive contribution to key Council Plan priorities. Proposals for additional one off investment include:

Proposal	Comment	Cost (Total £1.3m)
Council Tax Support	Utilities costs and inflation pressure on household budgets will increase in 2022. Additional funding to continue the “Hardship grant” provision will help to support those most in need (a policy setting out how the fund is distributed if approved is set out in Appendix F)	£100,000
Historic Assets/ Monuments	The Council will need to spend over £1m on historic assets in the next five years. Specific funding in 2022 will support bringing forward works on important assets and associated public realm such as the King Alfred Statue, the Buttercross, Hyde Gate and St Maurice’s Tower being brought	£450,000

	forward.	
Climate Emergency/ Transport	Transport remains the largest contributor to Council emissions and potential barrier to the 2024 target. Provision is needed to support freighter testing and electric bus trials ahead of the new Park and Ride contract in 2023	£250,000
Promoting Cycling/walking	The Parking and Transport investment programme includes proposals for extending cycle parking/storage and improved access from “park and walk” car parks to the city. An additional provision will help enhance those plans	£40,000
Food Waste Trial Feasibility	A food waste trial could potentially be launched in 2023. Investment is needed to prepare for this and to complete a detailed feasibility study of options with a view to bringing forward a trial scheme in April 2023.	£150,000
Fly tipping/Street Scene	The current contract has insufficient provision to meet the recent increase in fly tipping. Also, there is no provision for enhanced city centre/market town cleansing, street washing and general maintenance of bins, bin stores and street furniture. This provision will help address fly tipping, improve cleaning, replace old litter bins in town centres and fund improvement works to other open space.	£185,000
Equality and Diversity (“City of Sanctuary”)	Following the very positive response to the “City of Sanctuary” Council motion and the Cabinet adoption of the new Equality Impact assessment policy, it is proposed to commission support to help ensure that the principles of the City of Sanctuary scheme are embedded across the Council and to review and improve awareness of the diverse needs of protected groups and of all communities across the district.	£25,000
IT/Agile working systems	Work to ensure Council systems are modernised to support a more flexible approach and greater emphasis on flexible and agile working will require some one off investment in IT project staff (provision for additional equipment has already been funded in 21/22). This will ensure system improvements can be made as a priority in 2022.	£100,000

#### 14 Collection Fund

- 14.1 Business Rates – The business rates collection fund forecast balance is due for return at the end of January and this section will therefore be updated before the report is dispatched for Cabinet.

- 14.2 Council Tax - Regulations require the Council to approve the collection fund balance at 31 March, calculated at 15 January preceding. For council tax a deficit of £337,686 resulted from 2020/21 and a surplus of £538,069 is estimated for 2021/22, totalling a net £200,383. This is shared between the County Council £143,988, the Police & Crime Commission £24,942, the Fire & Rescue Authority £7,138 and this Council £24,315. Under new guidance introduced due to Covid19 the 2020/21 deficit must be spread over the three year period from 2021/22 to 2023/24.
- 14.3 The council tax referendum limits have been confirmed at 2% for lower tier authorities. However, shire districts (such as Winchester) can increase their precept by up to £5 (equivalent to just over 3% for this council). Central Government spending power projections assume that all authorities will increase their precepts by the maximum amount.
- 14.4 The Council could consider not increasing council tax in 2022 or setting a lower increase than the 3% recommended in CAB3318 Budget Options report in October. The better than expected settlement detailed in section 15 below is expected to be for one year only and the forecast deficits from 2023/24 as set out in Appendix A would increase as a result of such a decision. It is therefore recommended that consideration be given to a below inflation council tax increase of 2.7%, but that additional monies to be set aside to supplement the hardship fund available for those in receipt of Council tax support (see section xx below). This increase would also allow a slightly higher increase in the "Town" precept, required to meet additional funding pressures on the Town account.
- 14.5 Therefore, to assist in addressing short to medium term projected shortfalls, the proposed budget set out in Appendix A assumes a 2.7% increase in council tax for the district along with a town forum recommended increase of 4.5% for the Winchester town area, in 2022/23.
- 14.6 The current level of tax for the district is £147.34 (Band D equiv.). The proposed tax for 2022/23 is £151.29, an increase of £3.95.
- 14.7 In considering the level of district tax, regard has to be had to the tax for the town area in order to ensure that the overall increase does not exceed the referendum limits.
- 14.8 The current level of tax for the town is £73.41 (Band D equiv.). An increase of 4.5% would increase this to £76.71.
- 14.9 The Council is required to present a council tax resolution document to the Council meeting for final approval of all precepts and council budgets for 2022/23. The current precept table is awaiting confirmation from a number of parishes who have their budget meetings in late January so a precept table will be dispatched for Council meeting.

## 15 Government Funding – 2022/23

- 15.1 A further one year of funding has been provisionally confirmed for 2022/23 with significant uncertainty remaining over the ongoing fair funding review and what changes may be announced for 2023/24 and 2024/25. This includes proposed changes to the new homes bonus scheme and business rates retention system and is forecast to cause significant financial pressures on the Council's budget over the medium term.
- 15.2 Medium term funding forecasts have not materially changed because the fair funding review is still expected to result in a reset in business rates retention and the end of the new homes bonus scheme. This is before any further changes which may emerge from the fair funding review.
- 15.3 The Government funding settlement was released just before Christmas. This included additional "one off" funding, over and above the estimates included in CAB3318 dated October 2021 of approximately £1.5m, for 2022/23 only. The additional funding is detailed below. Final confirmation of the settlement is expected in February.
- a) New Homes Bonus - £1.357m – A further one year of reward for 2022/23 due to the delay in the fair funding review.
  - b) Business rates Compensation for under-indexing the multiplier - £0.183m – relating to the freeze in business rates multiplier. This has been added to the retained income forecast for 2022/23.
- 15.4 Business rates retention:
- a) The baseline funding level (BFL) will remain at £2.23m.
  - b) In addition to the BFL, growth in retained rates is forecast at £2.85m, giving a total business rates retention of £5.08m.
  - c) The forecast in Appendix A assumes a full reset of business rates retention from April 2023.
- 15.5 Other government grants (2022/23, £0.603m):
- a) Lower Tier Services Grant - £100k. This is generally seen as an interim grant pending the fair funding review, providing for some minimal damping effects of the reductions from the new homes bonus scheme.
  - b) Services Grant - £154k. It has been made very clear this is a one-off grant for 2022/23 only and will not even feature in any future damping calculations. The increase in employer national insurance contributions of 1.25% will not be compensated directly and must therefore be funded from within this grant in 2022/23. The forecast general fund cost for 2022/23 is £116k.

- c) The rural services delivery grant – £49k - allocations are proposed to remain at 2021/22 levels.
- d) Homelessness reduction grant will be £300k and again will be used directly to address homelessness and rough sleeping.
- e) New burdens payments relating to Universal Credit and other changes have not yet been confirmed.

## 16 Winchester Town charge – Section 35

- 16.1 In accordance with Section 35 of the Local Government Finance Act 1992 the Council has taken the decision in previous years to treat all expenses of the Council as general expenses other than those identified as special expenses. The council endorsed this policy in February 2021.
- 16.2 Special expenses are costs incurred for the provision of an amenity or service that is primarily for the benefit of one locality. In the Winchester district these expenses are levied by the council to cover the costs of local services in the Winchester “Town” area which elsewhere would be dealt with by parish councils.
- 16.3 The services currently covered by special expenses are listed in Appendix D.
- 16.4 It is recommended that the policy as previously agreed by the council on 14 July 1999 (minute 186), and confirmed in the budget and council tax report for 2021/22 is endorsed again. This is to treat all expenses of the council as general expenses other than those specifically identified and itemised in the Winchester Town Account. In consequence of which the sum of £1,103,623 will be treated as Special Expenses under Section 35 of the Local Government Finance Act, 1992 in respect of the Winchester “Town” area, summarised in Appendix D.
- 16.5 The Winchester Town Forum met on 27 January 2022 and recommended the budget which is currently set out in Appendix D, including a proposed Council Tax increase of 4.5% for 2022/23.

## 17 Earmarked Reserves

- 17.1 The strategy for managing reserves was set out in CAB3318 dated October 2021 and forms part of the overall Medium Term Financial Strategy that was approved as part of that report.
- 17.2 Total General Fund earmarked reserves, including proposals in this paper, are forecast to reduce from £33.9m at 01 April 2021 to £19.2m at 31 March 2026. The forecast closing balances (31 March 2026) of key earmarked reserves are summarised below;

- a) Operational reserves (£3.7m), significantly the major investment reserve, are revenue reserves which can be used to support revenue or capital expenditure, for example major projects.
  - b) Risk reserves (£4.0m), such as business rates retention, are available to mitigate risks faced by the council. The overall levels are reviewed each year in line with the medium term financial strategy.
  - c) Asset reserves (£4.0m), such as the asset management reserve, are used to maintain existing council assets and are supported by spending plans such as the asset management plan.
  - d) Restricted reserves (£7.5m), such as the Community Infrastructure Levy, can only be used for restricted purposes and therefore must be considered separately to other reserves which can be used for wider purposes.
- 17.3 An updated summary of earmarked reserves is included at Appendix C. These have all been reviewed as part of the budget process and the levels are considered to be appropriate.
- 18 Balances / risk reserves
- 18.1 The Council also maintains a general balance which is held to mitigate against any potential financial risks. These could be known risks or completely unforeseeable risks. As a general guide the minimum balance will be 15% of net revenue expenditure and so the current balance of £2.789m can give some additional cushioning particularly against the uncertainty of government funding over the medium term projections.
- 18.2 A minimum balance of £1m is held within the business rates retention reserve in order to provide mitigation against the short term risks of a reduction in income, for example an unexpected increase in successful appeals.
- 19 Adequacy of reserves and robustness of estimates
- 19.1 There are specific requirements under Section 25 of the Local Government Act, 2003, for the Chief Finance Officer to provide a positive assurance statement about the adequacy of proposed financial reserves and the robustness of estimates made for the purposes of the budget calculation.
- 19.2 Reserves are detailed in this report and specific comment is made on the most significant balances. The general fund working balance is discussed above and is considered to be adequate.
- 19.3 When considering the robustness of estimates for the budget calculation for the current year savings and increased income proposals included in the budget must be considered to be achievable. Considerable savings have been achieved to date, and the recent experience has been that compensating savings have been found to cover unforeseen growth



pressures. The purpose of reserves, in particular the general fund working balance, is to provide a cushion for these variations.

- 19.4 The S151 officer is able to provide positive assurance on the robustness of the estimates, within the context of the overall budget and reserve levels, for the purpose of the budget calculations for the next year.

## 20 OTHER OPTIONS CONSIDERED AND REJECTED

- 20.1 Consideration has been given to not increasing Council tax in 2022/23. However, it should be noted that the Government settlement and additional resources allocated to the Council is a one year announcement and forecasts still indicate increasing deficits in future years and therefore this cannot be recommended.

- 20.2 The proposals set out in this report do result in increasing base budget costs in future years. Consideration has been given to not taking forward the proposals in light of this. However, they are considered to be essential to support the delivery of the Council Plan. A strategic budget review is planned for 2022 as set out in the Medium Term Financial Strategy (CAB3318 refers).

- 20.3 Consideration has also been given to transferring the New Homes Bonus allocation for 2022/23 to reserves to mitigate against future deficits. However, it is recommended that this funding be used to support specific one off projects which make a positive contribution to the Council Plan as set out in the report.

## BACKGROUND DOCUMENTS:-

### Previous Committee Reports:-

[CAB3318 - General Fund Budget Options and Medium Term Financial Strategy dated 20 October 2021](#)

### Other Background Documents:-

[Winchester City Council Budget consultation results – website](#)

[Winchester City Council Budget consultation results - document](#)

## APPENDICES:

Appendix A: General Fund Medium Term Financial Projections

Appendix B: Summary of Budget Proposals

Appendix C: Reserves

Appendix D: Winchester Town Account

Appendix E: Leisure Centre Fees and Charges

Appendix F: Council Tax 2022 Hardship Fund Policy

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Council Tax Base			1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%
Council Tax - Band D £	3.0%		2.7%	2.5%	2.5%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Contractual Inflation	1.0%		4.0%	3.0%	2.5%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Pay Inflation	2.0%		2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
<b>Reduction in Income</b>	<b>20.0%</b>		<b>7.0%</b>	<b>3.5%</b>	<b>0.0%</b>							
<b>General Fund Revenue (£m)</b>	<b>Budget</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>
	2021/22	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
<b>Funding</b>												
Council Tax (excluding Parish Precepts)	8.517	8.517	8.822	9.125	9.439	9.721	10.013	10.314	10.624	10.943	11.273	11.614
Retained Business Rates	4.918	4.218	5.083	2.527	2.654	2.787	2.787	2.787	2.787	2.787	2.787	2.787
New Homes Bonus	1.963	1.963	2.327									
COVID Tranche 5	0.494	0.494										
Lower Tier Services Grant	0.461	0.461	0.100									
Services Grant			0.154									
Local Council Tax Support	0.169	0.169										
Damping Forecast				2.469	1.031	0.000						
Other Grants	0.349	0.349	0.349	0.349	0.349	0.349	0.349	0.349	0.349	0.349	0.349	0.349
	<b>16.871</b>	<b>16.171</b>	<b>16.835</b>	<b>14.470</b>	<b>13.473</b>	<b>12.857</b>	<b>13.149</b>	<b>13.450</b>	<b>13.760</b>	<b>14.080</b>	<b>14.409</b>	<b>14.750</b>
<b>Investment Activity</b>	1.876	2.579	1.860	1.777	1.547	1.521	1.632	1.610	1.587	1.563	1.539	1.515
<b>Resources available</b>	<b>18.747</b>	<b>18.750</b>	<b>18.695</b>	<b>16.247</b>	<b>15.021</b>	<b>14.378</b>	<b>14.781</b>	<b>15.060</b>	<b>15.347</b>	<b>15.643</b>	<b>15.949</b>	<b>16.264</b>
<b>Baseline Net Expenditure</b>												
<b>Gross Income</b>	<b>11.627</b>	<b>13.127</b>	<b>14.339</b>	<b>15.827</b>	<b>17.132</b>	<b>17.402</b>	<b>17.478</b>	<b>17.498</b>	<b>17.593</b>	<b>17.584</b>	<b>17.672</b>	<b>17.657</b>
<b>Gross Expenditure</b>	<b>-29.298</b>	<b>-29.298</b>	<b>-30.492</b>	<b>-31.518</b>	<b>-32.255</b>	<b>-32.972</b>	<b>-33.481</b>	<b>-34.039</b>	<b>-34.766</b>	<b>-35.497</b>	<b>-36.248</b>	<b>-37.009</b>
<b>Baseline resource requirements</b>	<b>-17.671</b>	<b>-14.456</b>	<b>-16.153</b>	<b>-15.691</b>	<b>-15.122</b>	<b>-15.570</b>	<b>-16.003</b>	<b>-16.541</b>	<b>-17.173</b>	<b>-17.913</b>	<b>-18.575</b>	<b>-19.352</b>
<b>One-off budgets &amp; Reserve Related Movements</b>	<b>-1.077</b>	<b>-4.292</b>	<b>-2.542</b>	<b>-0.840</b>	<b>-1.045</b>	<b>-1.209</b>	<b>-1.248</b>	<b>-1.078</b>	<b>-0.631</b>	<b>-0.627</b>	<b>-0.627</b>	<b>-0.480</b>
<b>Total net resource requirements</b>	<b>-18.748</b>	<b>-18.748</b>	<b>-18.695</b>	<b>-16.531</b>	<b>-16.167</b>	<b>-16.779</b>	<b>-17.251</b>	<b>-17.619</b>	<b>-17.803</b>	<b>-18.540</b>	<b>-19.203</b>	<b>-19.832</b>
<b>Budget Surplus / (Shortfall)</b>	<b>0.000</b>	<b>0.000</b>	<b>-0.000</b>	<b>-0.284</b>	<b>-1.147</b>	<b>-2.401</b>	<b>-2.470</b>	<b>-2.559</b>	<b>-2.456</b>	<b>-2.898</b>	<b>-3.254</b>	<b>-3.568</b>
<i>% of Gross Expenditure</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.9%</i>	<i>3.6%</i>	<i>7.3%</i>	<i>7.4%</i>	<i>7.5%</i>	<i>7.1%</i>	<i>8.2%</i>	<i>9.0%</i>	<i>9.6%</i>

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Budget Proposals (£m)	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25	Forecast 2025/26
<u>2021/22 Revised Budget Forecast</u>					
Loss of Income - reduced requirement	1.500				
Park and Ride Bus Subsidy	0.750				
Winchester Sport and Leisure Park	0.500				
Guildhall Hire	0.300				
Additional Garden Waste Income	0.165				
	<hr/>				
	3.215				
Employee Costs - Staffing Support	-0.200				
Project Delivery	-0.400	-0.600			
Transfer to Community Grants Reserve	-0.200				
Reduced Business Rates	-0.700				
	<hr/>				
	-1.500	-0.600			
<u>Additional New Homes Bonus - Spending Plan</u>					
Council Tax Support		-0.100			
IT Staff Support		-0.100			
Historic Assets / Monuments		-0.500			
Climate Emergency / Transport		-0.250			
Promoting Cycling/Walking		-0.025			
Food Waste Trial		-0.150			
Fly Tipping / Street Scene		-0.150			
City of Sanctuary		-0.025			
		<hr/>			
		-1.300			
<u>Additional Ongoing Budget Proposals</u>					
Legal Staffing		-0.100	-0.100	-0.100	-0.100
Communications Staffing		-0.030	-0.030	-0.030	-0.030
Economic Development/GEDS work		-0.045	-0.045	-0.045	-0.045
Strategic Planning Staff			-0.060	-0.060	-0.060
RPLC NNDR		-0.155	-0.155	-0.155	-0.155
Transport Strategy / Car Park Reserve	-0.200	-0.200	-0.200	-0.200	-0.200
On-street parking agency			-0.250	-0.250	-0.250
Reduced Car Parking Income - climate change agenda				-0.150	-0.200
Central Zone car parking charges		0.050	0.100	0.150	0.200
Provision for Asset Maintenance	-0.250	-0.250	-0.250	-0.250	-0.250
West Wing Lease - NET Income & Cost Savings		0.100	0.200	0.200	0.200
Climate Emergency			-0.200	-0.200	-0.200
Audit Fees		-0.030	-0.030	-0.030	-0.030
Additional Garden Waste Income		0.100	0.100	0.100	0.100
Reduced Guildhall Income		-0.175	-0.150	-0.150	-0.150
		<hr/>			
	-0.450	-0.735	-1.070	-1.170	-1.170
<b>TOTAL</b>	<b>1.265</b>	<b>-2.635</b>	<b>-1.070</b>	<b>-1.170</b>	<b>-1.170</b>

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**GENERAL FUND EARMARKED RESERVES (£000)**

**OPERATIONAL RESERVES**

Major Investment Reserve  
Transformation  
Council Plan Support  
Community Grants & Commissions  
Flood Support Schemes  
Landscape Mitigation  
Local Development Framework (LDF)  
New Burdens

**ASSET RESERVES**

Property - Asset Management Reserve  
Car Parks Property  
Information Management and Technology

**RESTRICTED RESERVES**

S106 (Interest)  
Community Infrastructure Levy - General Fund  
Community Infrastructure Levy - Winchester Town  
COVID - Discretionary Grants  
Winchester Town Reserve

**RISK RESERVES**

Municipal Mutual Insurance  
Transitional Reserve  
Business Rates Retention

**Total General Fund Earmarked Reserves**

General Fund Balance

Usable Capital Receipts Reserve - General Fund

	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
Outturn					Forecast end of year balances							
	(6,920)	(6,248)	(4,442)	(3,820)	(3,669)	(3,669)	(3,669)	(3,669)	(3,669)	(3,669)	(3,669)	(3,669)
	(236)	( )	( )	( )	( )	( )	( )	( )	( )	( )	( )	( )
	(138)											
	(364)	(564)	(314)	(236)	(114)	(49)	(49)	(49)	(49)	(49)	(49)	(49)
	(67)											
	(14)	(12)	(10)	(8)	(6)	(4)	(2)					
	(290)	(134)										
	(636)	(424)	( )	( )	( )	( )	( )	( )	( )	( )	( )	( )
	<b>(8,664)</b>	<b>(7,382)</b>	<b>(4,767)</b>	<b>(4,065)</b>	<b>(3,790)</b>	<b>(3,723)</b>	<b>(3,721)</b>	<b>(3,719)</b>	<b>(3,719)</b>	<b>(3,719)</b>	<b>(3,719)</b>	<b>(3,719)</b>
	(3,511)	(3,335)	(3,240)	(1,823)	(1,653)	(1,603)	(1,553)	(1,503)	(1,453)	(1,403)	(1,103)	(1,053)
	(1,549)	(1,799)	(1,804)	(2,034)	(2,184)	(2,334)	(2,484)	(2,634)	(2,784)	(2,934)	(3,084)	(3,234)
	(63)	(190)	(113)	(79)	(42)	(85)	(2)	(16)	(76)	(34)	(96)	(11)
	<b>(5,123)</b>	<b>(5,324)</b>	<b>(5,158)</b>	<b>(3,936)</b>	<b>(3,879)</b>	<b>(4,022)</b>	<b>(4,039)</b>	<b>(4,153)</b>	<b>(4,314)</b>	<b>(4,371)</b>	<b>(4,283)</b>	<b>(4,298)</b>
	(236)	(236)	(236)	(236)	(236)	(236)	(236)	(236)	(236)	(236)	(236)	(236)
	(10,903)	(10,376)	(7,635)	(6,885)	(6,885)	(6,885)	(6,885)	(6,885)	(6,885)	(6,885)	(6,885)	(6,885)
	(1,078)	(779)	(421)	(284)	(284)	(284)	(284)	(284)	(284)	(284)	(284)	(284)
	(2,021)											
	(403)	(363)	(154)	(177)	(93)	(101)	(94)	(94)	(94)	(94)	(94)	(94)
	<b>(14,641)</b>	<b>(11,754)</b>	<b>(8,446)</b>	<b>(7,582)</b>	<b>(7,498)</b>	<b>(7,506)</b>	<b>(7,499)</b>	<b>(7,499)</b>	<b>(7,499)</b>	<b>(7,499)</b>	<b>(7,499)</b>	<b>(7,499)</b>
	(139)	(139)	(139)	(139)	(139)	(139)	(139)	(139)	(139)	(139)	(139)	(139)
	(3,434)	(1,827)	(2,429)	(2,629)	(2,829)	(2,829)	(2,829)	(2,829)	(2,829)	(2,829)	(2,829)	(2,829)
	(1,900)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)
	<b>(5,473)</b>	<b>(2,965)</b>	<b>(3,567)</b>	<b>(3,767)</b>	<b>(3,967)</b>	<b>(3,967)</b>	<b>(3,967)</b>	<b>(3,967)</b>	<b>(3,967)</b>	<b>(3,967)</b>	<b>(3,967)</b>	<b>(3,967)</b>
	<b>(33,901)</b>	<b>(27,426)</b>	<b>(21,938)</b>	<b>(19,351)</b>	<b>(19,134)</b>	<b>(19,219)</b>	<b>(19,227)</b>	<b>(19,338)</b>	<b>(19,499)</b>	<b>(19,556)</b>	<b>(19,469)</b>	<b>(19,484)</b>
	(2,789)	(2,789)	(2,789)	(2,789)	(2,789)	(2,789)	(2,789)	(2,789)	(2,789)	(2,789)	(2,789)	(2,789)
	(3,944)	(3,681)	(1,747)	(1,299)	(1,449)	(1,787)	(2,129)	(2,474)	(2,823)	(3,175)	(3,531)	(3,890)

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**WINCHESTER TOWN ACCOUNT - Financial Projections**

	2020/21 Outturn	2021/2022 Forecast	2022/2023 Forecast	2023/2024 Forecast	2024/2025 Forecast	2025/2026 Forecast	2026/2027 Forecast
<b>Assumptions:</b>							
Contract inflation			4.0%	3.0%	2.5%	2%	2%
Utilities			25%	5%	5%	5%	5%
Percentage increase in tax			4.5%	2%	2%	2%	2%
Tax Base		14,461	14,387	14,560	14,734	14,911	15,090
<b>Cost of Services</b>							
<b>Recurring Budgets:</b>							
Allotments	(3,940)	(1,864)	(1,864)	(1,864)	(1,864)	(1,864)	(1,864)
Bus Shelter Cleaning / Maintenance / New Provision	9,596	10,000	10,000	10,000	10,000	10,000	10,000
Cemeteries	49,891	38,339	41,520	44,665	48,006	51,578	55,421
Christmas Lights	7,500	9,287	9,463	9,642	9,825	10,012	10,202
Neighbourhood Service Officers (Contribution)	45,000	45,000	45,000	45,000	45,000	45,000	45,000
Footway Lighting	16,402	21,226	21,540	21,870	22,216	22,580	22,962
Citizens Advice Grant	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Other Grants	7,000	7,000	7,000	7,000	7,000	7,000	7,000
Grants Bidding Process and Vision Delivery	0	33,000	33,000	33,000	33,000	33,000	33,000
- Theatre Royal (Contribution)	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Support Costs for Grant Scheme	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Maintenance Work to Council Owned Bridges	0	5,500	5,500	5,500	5,500	5,500	5,500
Night Bus Contribution	7,827	10,220	10,629	10,948	11,221	11,446	11,675
Public Conveniences (Contribution)	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Recreation Grounds & Open Spaces	641,857	647,324	675,684	694,827	714,954	735,303	755,878
Recreation Grounds & Open Spaces - <b>Tennis Courts</b>				<b>9,000</b>	<b>9,000</b>	<b>9,000</b>	<b>9,000</b>
Recreation Grounds & Open Spaces - <b>GROWTH BID</b>			<b>50,000</b>	<b>50,000</b>	<b>50,000</b>	<b>50,000</b>	<b>50,000</b>
Town Forum Support	5,000	5,000	5,000	5,000	5,000	5,000	5,000
<b>Total Recurring Budgets</b>	<b>878,134</b>	<b>922,032</b>	<b>1,004,472</b>	<b>1,036,587</b>	<b>1,060,859</b>	<b>1,085,554</b>	<b>1,110,774</b>
<b>One-off Budgets:</b>							
St Maurice's Covert	5,787						
Community Infrastructure		200,000	100,000				
Local Plan	25,000						
Tree Survey Works		61,639					
<b>Total One-off Budgets</b>	<b>30,787</b>	<b>261,639</b>	<b>100,000</b>				
<b>Total Cost of Services</b>	<b>908,921</b>	<b>1,183,671</b>	<b>1,104,472</b>	<b>1,036,587</b>	<b>1,060,859</b>	<b>1,085,554</b>	<b>1,110,774</b>
<b>Taxation and Non-specific grant income</b>							
Council Tax Income	(1,006,776)	(1,061,591)	(1,103,623)	(1,139,143)	(1,175,798)	(1,213,765)	(1,252,927)
Interest on Balances	(3,272)	(1,701)	(1,816)	(771)	(888)	(467)	(510)
<b>Total Taxation and Non-specific grant income</b>	<b>(1,010,048)</b>	<b>(1,063,292)</b>	<b>(1,105,439)</b>	<b>(1,139,914)</b>	<b>(1,176,686)</b>	<b>(1,214,232)</b>	<b>(1,253,438)</b>
<b>Transfers to/(from) Earmarked reserves</b>							
(Surplus added to Reserves) / Deficit taken from Reserves	(101,127)	120,379	(967)	(103,327)	(115,827)	(128,678)	(142,664)
Capital Expenditure funded by Town Reserve	84,000	120,000	310,000	80,000	200,000	120,000	150,000
Release from Town Community Infrastructure Levy Reserve		(200,000)	(100,000)				
<b>Opening Reserve Balance (at 1st April)</b>	<b>(386,526)</b>	<b>(403,653)</b>	<b>(363,274)</b>	<b>(154,241)</b>	<b>(177,568)</b>	<b>(93,395)</b>	<b>(102,072)</b>
<b>Closing Reserve Balance (carried forward)</b>	<b>(403,653)</b>	<b>(363,274)</b>	<b>(154,241)</b>	<b>(177,568)</b>	<b>(93,395)</b>	<b>(102,072)</b>	<b>(94,736)</b>
Closing Reserves forecast as % of net expenditure	<b>44%</b>	<b>39%</b>	<b>15%</b>	<b>17%</b>	<b>9%</b>	<b>9%</b>	<b>9%</b>

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**Fees and Charges Extract – Leisure Centres**

**Meadowside leisure centre Core Fees)**

**22.1 Facilities and activity**

Description	Details/ Type	2021/22 Fee £	2022/23 Fee £	% uplift
Gym adult session		8.05	8.30	3%
Fitness classes		6.25	6.45	3%
Exercise referral session		3.30	3.40	3%
Badminton court hire - peak		12.90	12.90	0

**23. Winchester Sport and Leisure Park (Core Fees)**

**23.1 Gym Sessions**

Description	Details/ Type	2021/22 Fee £	2022/23 Fee £	% uplift
Gym adult session		9.50	9.80	3%
Junior Session		5.50	5.70	3%
Disabled Session		5.50	5.50	0
Fitness Classes		8.50	8.80	3%
Exercise Referral Sessions/Classes		4.00	4.00	0

**23.2 Swimming**

Description	Details/ Type	2021/22 Fee £	2022/23 Fee £	% uplift
Adult Session		4.75	4.90	3%
Junior Session		3.00	3.00	0
Senior Session		3.00	3.10	3%
Disabled Session		3.00	3.00	0

**23.2 Other charges**

Description	Details/ Type	2021/22 Fee £	2022/23 Fee £	% uplift
Badminton Court Hire *Peak		12.50	12.50	0
Squash Court Hire Adult *Peak		8.60	8.90	3%
Squash Court Hire Junior *Peak		6.40	6.40	0

## **Council Tax 2022 Hardship Fund Policy**

### **Introduction**

The expectation is that this 2022 hardship fund will be used to provide council tax relief, alongside existing local Council Tax Reduction (CTR) schemes.

COVID-19 is continuing to cause fluctuations in household incomes and that combined with the pressures of inflationary increases in household bills some individuals may struggle to meet council tax payments. Councils have already established their CTR schemes for 2022-23 so cannot amend them for this year to take account of these changes. However, this hardship fund can be used to reduce the council tax liability of individuals in our area, using the discretionary powers under s13A(1)(c) of the Local Government Finance Act 1992.

The proposed 2022 hardship fund is **£100,000**.

### **Summary of Scheme**

The scheme will be split in to two parts for the purpose of administration.

Part 1 will provide up to a £50 discount on Council Tax for the 2022/23 financial year. This will apply to all Council Tax payers with domestic residences that existed in the Council Tax valuation list on 1st April 2022, and who were in receipt of working age Council Tax Reduction between 1<sup>st</sup> April 2022 and 30<sup>th</sup> September 2022.

Part 2 will be an allocation of the fund set aside for Council Tax hardship on a case-by-case basis. This is for households which are either not eligible for CTR or, receiving CTR, plus the top-up described in Part 1 of the policy, but still have Council Tax to pay. In both scenarios the Council Tax payer must be financially struggling to pay their Council Tax. This fund will enable more targeted relief to those most financially challenged as a result of the current climate and should be used in conjunction with WACTR (detailed below).

### **Part 1: Eligibility for Working Age CTR Claimants (WACTR)**

- Any application must be made by the person responsible for paying Council Tax at the property.
- The property address must be within the Winchester District.
- The property must be occupied.
- The Council Tax payer must be, or have been, in receipt of Working Age CTR for at least one week between 1<sup>st</sup> April 2022 and 30<sup>th</sup> September 2022.
- The discount will apply regardless of whether the Council Tax payer has been impacted by current economic circumstances, or not.

Where eligible, a discount will be applied to the relevant Council Tax account for up to £50. Where a taxpayer's liability for the year is less than £50 after the application of CTR and any other discounts, then their liability would be reduced to nil. Where a taxpayer's liability is already nil, no reduction to the Council Tax bill will be available. To clarify, in no circumstances will a cash credit of 'excess' discount be awarded.

The discount for all current CTR claimants will be awarded automatically by the Revenues team to the relevant Council Tax accounts. Any new claims received after this will be awarded by the Benefits & Welfare team who are responsible for the administration of the CTR scheme.

## **Part 2: Eligibility for Council Tax Hardship Fund (CTHF)**

- The application must be made by the person responsible for paying Council Tax at the property.
- The property address must be within the Winchester District.
- The property may be occupied or unoccupied, furnished or unfurnished.
- The Council Tax payer must have been considered for CTR since 1<sup>st</sup> April 2022, or be in receipt of CTR, before being considered for CTHF. A discount may be awarded to a Council Tax payer who is not eligible for CTR.
- This discount will only apply to Council Tax payers who have been impacted by the current economic conditions.
- To qualify for this discount clear evidence of financial hardship must be provided. Wage slips, bank statements and any other relevant documentation must be produced as requested and the appropriate application form and financial statement completed. It is at the discretion of the Council to require the provision of any other information necessary to consider a discount under this scheme.
- This discount will be awarded to Council Tax payers after all other discounts, exemptions or CTR have been applied.
- The discount may be awarded to Council Tax payers who are in receipt of Benefits which are administered by the Council, the DWP in respect of Universal Credit or other DWP benefits, or HMRC in respect of Tax Credits.
- A discount may be awarded for an amount that would be equivalent to CTR in the case where CTR is unable to be backdated during the 2022/23 financial year.

Where eligible, a discount will be applied to the relevant Council Tax account for up to £50 (in addition to any amount for the WACTR discount) or, in exceptional circumstances, up to 100% of the outstanding Council Tax for 2022/23. Where a taxpayer's liability for the year is less than £50 after the application of CTR, any other discounts and exemptions, or payments, then their liability will be reduced to nil.

Where a taxpayer's liability is already nil, an application for this discount is not relevant. To clarify, in no circumstances will a cash credit of 'excess' discount be awarded to the Council Tax payer

The Service Lead for Revenues and Benefits will be responsible for overseeing the award of these discounts to Council Tax under WACTR and CTHF.

### **Application process**

- The scheme will be administered through Winchester City Council.
- An online application form will be available for Council Tax payers to use.
- An application must be made as soon as reasonably practicable. Any delay in applying may affect the decision to award a discount.
- The Council reserves the right to verify the evidence via any reasonable means.
- The discount will be awarded after all other discounts have been applied.

### **Review**

A review will be undertaken at mid-year to consider any changes in the above criteria.

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CAB3332  
CABINET

REPORT TITLE: CAPITAL INVESTMENT STRATEGY 2022-2032

17 FEBRUARY 2022

REPORT OF CABINET MEMBER: Cllr Neil Cutler - Deputy Leader and Cabinet Member for Finance and Risk

Contact Officer: Richard Botham Tel No: 01962 848421 Email: rbotham@winchester.gov.uk

WARD(S): ALL

## PURPOSE

The Capital Investment Strategy sets out the council's capital spending programme and the principles which underpin this in order to deliver the desired priorities as set out in the Council Plan.

It details the overall programme for the next 10 years, how this will be financed, and the impact of the programme on the council's Medium Term Financial Strategy.

It includes several prudential indicators as required by the CIPFA Prudential Code for Capital Finance and the Department for Levelling Up, Housing and Communities (DLUHC) Statutory Investment Guidance and, in addition to outlining how the council ensures it has access to the right knowledge and skills (internal and external), it details how it ensures elected Members have sufficient knowledge and skills to undertake their governance role.

## RECOMMENDATIONS:

That Cabinet recommends to Council:

1. The Capital Investment Strategy be approved including:
  - the Capital Programme and Capital Programme Financing (Appendices A and B to the report);
  - the Minimum Revenue Provision (MRP) Policy Statement (Appendix E);

- the Flexible Use of Capital Receipts Strategy (Appendix G); and
- the prudential indicators detailed in the report and its appendices.

That Cabinet:

2. Subject to Council approval of the capital programme, approves IMT equipment and software expenditure (£343,000 in 2022/23) as detailed in paragraph 11.8.7.
3. Notes the requirement to ensure Members have the right knowledge and skills to undertake their governance role.

IMPLICATIONS:1. COUNCIL PLAN OUTCOME

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

2. FINANCIAL IMPLICATIONS AND COMMENTS OF THE S151 OFFICER

- 2.1. The forecast capital programme over the next 10 years to 2031/32 totals £417.3 million of which £60.7 million is General Fund and £356.6 million is Housing Revenue Account.
- 2.2. The proposed financing is made up of £174.7 million of prudential borrowing, £119.9 million from revenue including earmarked reserves, £95.4 million of capital receipts and £27.3 million of capital grants and contributions.
- 2.3. Further details are provided in the supporting information section below and in the appendices to the strategy.
- 2.4. The council will need to increase its external borrowing but the amount and timing of this is dependent on the delivery of the capital programme and on the council's overall reserve position. Further information, including borrowing limits, is set out in the Treasury Management Strategy (CAB3333).
- 2.5. Included in the Prudential Code is the requirement that "the chief finance officer should report explicitly on the affordability and risks associated with the capital strategy and, where appropriate, have access to specialised advice to enable them to reach their conclusions". The statement below is the Winchester City Council Chief Finance Officer's response:
- 2.6. Affordability and risk are key considerations within this capital strategy. The strategy aims to support the financial viability of the organisation. Return on investment/ payback is also a key consideration. The strategy provides an overall positive return to the General Fund as well as supporting the delivery of the key priorities in the Council Plan. The risk section is articulated below and importantly, business cases for new schemes are required to ensure that risks are adequately covered. One of the most significant risks is capacity to deliver the individual projects contained within the strategy and adequately identifying resources required at the commencement of projects is a crucial element of the business case process. The HRA capital programme is a key element of the Housing Revenue Account (HRA) Business Plan which is refreshed annually; individual schemes are assessed for affordability within the overall context of this plan, which now reflects the investment required to deliver 1000 new homes over the next 10 years in line with the "Homes for All" Council Plan priority.

- 2.7. From 2022/23 the strategy includes the remaining unallocated funding for the Strategic Asset Purchase (SAP) scheme of £20.5m as well as £1.0m for the provision of parking at The Dean in Alresford. There is a strong governance programme around the process for purchases made through the SAP scheme, ensuring a positive contribution to the Council Plan objectives. It should be noted that income from property investments cannot be used to support wider services but should be incidental and required to support the viability of the specific scheme. It is possible for any surplus income to be used for similar projects (e.g. regeneration) in the district, but not to underpin the medium term financial strategy or address future forecast deficits. This has recently been clarified through the publication of updated regulations from CIPFA and the Public Works Loan Board. The total funding set aside for this programme is reasonable within the overall context of the council's capital strategy and the scale of the Council's balance sheet. However, the aims and terms of the scheme will be reviewed in 2022 in light of the latest regulations.
- 2.8. Over the next ten years, the strategy forecasts up to £417.3m of capital spend. Within this financial context and the council's balance sheet (£661.7m of fixed assets as at 31 March 2021), the council has a long history of managing and acquiring assets to support its objectives. The council also utilises its treasury management advisors, Arlingclose, to consider the implications of the prudential code and the impact on the treasury management strategy.
- 2.9. The strategy articulates a wide range of new and existing activities. This blends some major regeneration ambitions, new infrastructure, and significant investment in housing as well as smaller schemes that are more local.

### 3. LEGAL AND PROCUREMENT IMPLICATIONS

- 3.1. The council's Capital Investment Strategy Statement follows the latest codes of practice, and the Department for Levelling Up, Housing & Communities (DLUHC) and the Chartered Institute of Public Finance & Accountancy (CIPFA) guidance.
- 3.2. Individual projects included within the programme will be carefully considered in relation to legal and procurement issues and separate approvals sought as appropriate.

### 4. WORKFORCE IMPLICATIONS

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

### 5. PROPERTY AND ASSET IMPLICATIONS

- 5.1. Many of the projects and schemes within the Capital Programme are related to the council's properties and assets and therefore aligning the programme

with the Council's draft Asset Management Strategy is an important consideration. The Programme and Capital Board (PAC) plays a key role in ensuring that this process takes place and that funds are identified to improve the council's assets in line with its Strategies and Plans.

## 6. CONSULTATION AND COMMUNICATION

- 6.1. Appropriate engagement and consultation is undertaken for all individual projects and schemes.
- 6.2. The Scrutiny Committee discussed the report at its meeting held on 15 February 2022. Due to the dispatch date any particular matters that the Committee wishes to raise with Cabinet will be reported at the meeting.

## 7. ENVIRONMENTAL CONSIDERATIONS

- 7.1. Tackling the climate emergency and creating a greener district is a key priority for the council. A number of the schemes in the programme deal specifically with the climate emergency and environmental considerations will be part of the business case supporting all capital projects.

## 8. EQUALITY IMPACT ASSESSEMENT

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

## 9. DATA PROTECTION IMPACT ASSESSMENT

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

## 10. RISK MANAGEMENT

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

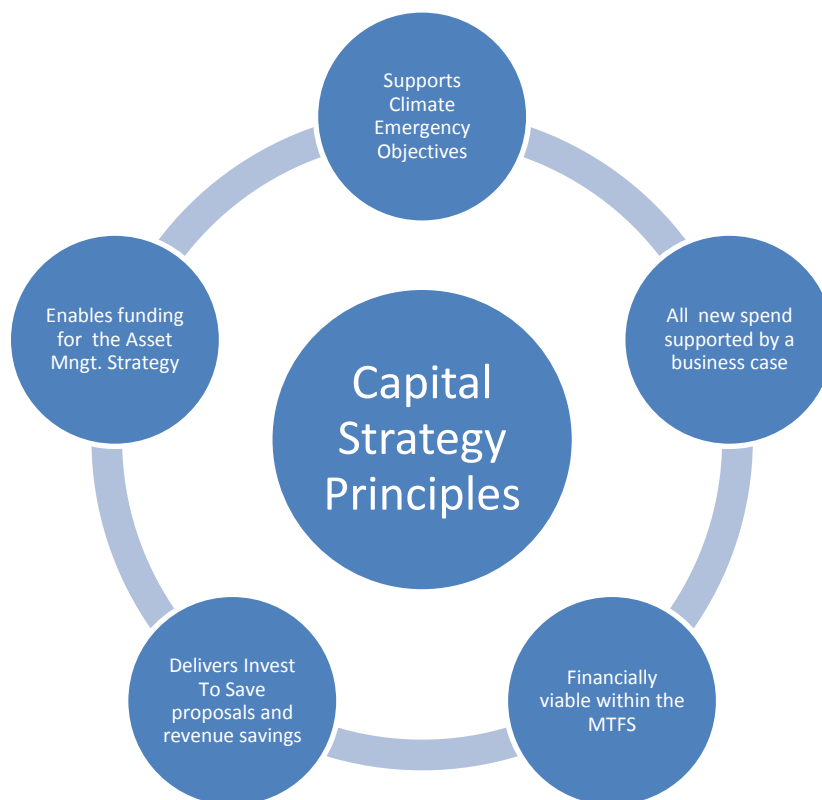
<b>Risk</b>	<b>Mitigation</b>	<b>Opportunities</b>
<i>Property</i> Council assets not fully utilised	An effective capital strategy and its delivery helps to ensure council assets are used to achieve	Investment in the council's assets can increase income generation

	the council's priorities	Identification of assets suitable for sale can generate capital receipts which can be reinvested in assets or used to reduce the overall borrowing need.
<i>Community Support</i> Projects are unsupported by the community or the community's needs are not met	Engagement is undertaken for key projects to ascertain community and stakeholder views	Engagement with the community ensures the council's capital programme meets the needs of the district's citizens and businesses
<i>Timescales</i> Projects not delivered on time resulting in a delay in benefits to the council	The 10 year strategy and its associated governance structures including regular review by the Programme and Capital (PAC) Board and quarterly by Scrutiny/Cabinet	
<i>Project capacity</i> Failure to deliver major capital schemes due to insufficient staff resources	Ensure robust business cases are taken forward and sufficient resources are available to deliver the projects.	Consideration of a wide base of potential capital / investment schemes to enable a balanced risk portfolio and other schemes to be chosen should any schemes not progress
<i>Financial / VfM</i>	Detailed elsewhere within the report	None
<i>Legal</i>	Considered as part of the approval process for individual capital schemes	None
<i>Innovation</i>	Considered as part of the approval process for individual capital schemes	Strategy includes new schemes to innovate
<i>Reputation</i>	Considered as part of the approval process for individual capital schemes	None
<i>Other</i>		

11. SUPPORTING INFORMATION:

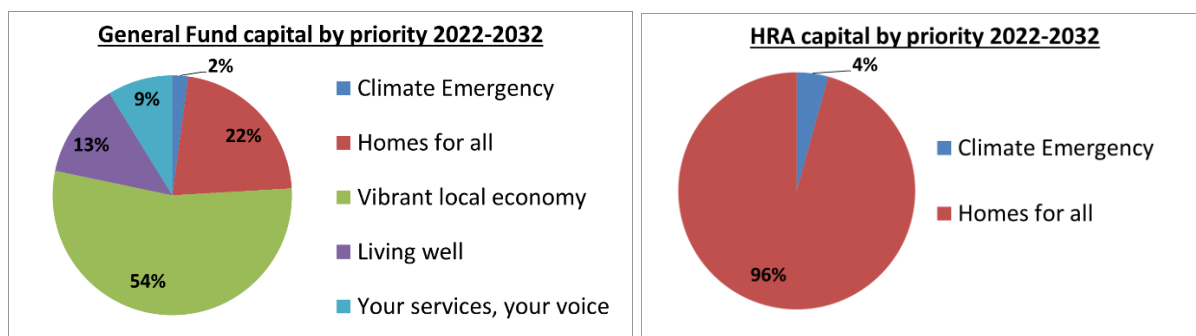
11.1. Purpose

- 11.1.1. The primary purpose of this strategy is to identify and progress schemes to help deliver the Council Plan and to help make the council self-sufficient in order to be able to deliver the level of required services. It outlines how the council ensures that individual schemes and the programme as a whole are both deliverable and financially viable.
- 11.1.2. The Strategy sets out the council's capital spending programme and the principles which underpin this to deliver the Council Plan:



- 11.1.3. The council's capital programme incorporates both the General Fund (GF) and the Housing Revenue Account (HRA) capital requirements to support service provision and links with the Council Plan, Housing Business Plan, the draft Asset Management Strategy, IMT strategy and Medium Term Financial Strategy. This capital investment strategy provides a framework for the development and implementation of the capital programme.
- 11.1.4. As detailed in the council's Medium Term Financial Strategy (MTFS), the council is facing a significant reduction in its anticipated financial resources over the next 4 years. It is vital therefore that the council maximises the use of its capital investment in the district over the next decade. As government grant to the council reduces, the council needs to utilise its capital programme to drive the most effective and efficient use of financial resources for the district's residents.

- 11.1.5. The Council Plan details how the council will deliver its five strategic priorities: Tackling the climate emergency and creating a greener district, Homes for all, Vibrant local economy, Living well, and Your services Your Voice. Several of these priorities will be delivered through capital spend and associated projects including for example: additional investment in the council's housing stock to improve energy efficiency and help tenants reduce their carbon emissions; the provision of new housing and maintenance of existing housing stock; major regeneration schemes; the refurbishment of council's existing assets; and provision of leisure facilities.
- 11.1.6. The following charts illustrate the percentage of total capital expenditure forecast for each of the council's priorities (NB the charts are based on the main priority for each project or scheme; however, many meet more than one priority. For example, while a project may have a primary purpose of improving the local economy it may contain elements such as the installation of solar panels in order to tackle the climate emergency):



## 11.2. The Capital Programme

- 11.2.1. The council has made further progress in 2021/22 in delivering its ambitious capital programme. In the General Fund, works completed or due to complete this year have included:
- Winchester Sport & Leisure Park which opened in May 2021
  - A major flood defence scheme at Durngate
  - A new multi-storey car park on the former Vaultex site
  - The provision of 3 small business units at the former depot site in Bishop's Waltham
  - The conversion of the former 1871 café at the Guildhall into a self-contained restaurant
  - The installation of Solar PV at Marwell Zoo and on the council's depot at Barfield Close



- Disabled facilities grants (totalling £0.7m by the end of December) enabling those in private or housing association to stay in their homes by funding necessary adaptations

11.2.2. In addition to works to the existing stock, a number of HRA new build schemes have been completed, or are in progress:

- The Valley with 77 units (23 shared ownership and 54 social)
- 35 units at Hookpit (8 shared ownership, 25 affordable, and 2 sales)
- 3 affordable housing acquisitions
- Winnall Flats with 76 units (35 shared ownership, and 41 market rent) – not complete
- 54 units at North Whiteley (27 shared ownership, and 27 affordable) – not complete

11.2.3. Over the period 2022 to 2032, the council's total estimated capital expenditure is £417.3m of which £60.7m is General Fund and £356.6m is Housing Revenue Account. The programme includes an ambitious target to deliver **1000 new homes** in the HRA as well as plans to get the most from our existing estate including a proposed development at the **former goods shed**, and refurbishments in order to secure new tenancies at **158-159 High Street, 59 Colebrook Street** and the **Casson block** have been added to the programme.

11.2.4. The following table summarises the capital programme by year for the period. Further detail by project is included in Appendix A.

Capital Expenditure 2022 - 2032	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	TOTAL Est.
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
General Fund	30.6	11.2	5.9	2.1	1.9	1.8	1.8	1.8	1.9	1.7	<b>60.7</b>
HRA	43.2	53.7	43.5	35.7	31.7	30.5	32.1	32.1	33.5	20.6	<b>356.6</b>
<b>Total Expenditure</b>	<b>73.8</b>	<b>64.9</b>	<b>49.4</b>	<b>37.8</b>	<b>33.6</b>	<b>32.3</b>	<b>33.9</b>	<b>33.9</b>	<b>35.4</b>	<b>22.3</b>	<b>417.3</b>

11.2.5. The programme includes the following **key projects** (quoted budget figures are for the period 2022-2032 and do not include prior years):

### **Priority: Tackling the Climate Emergency & creating a greener district (£16.7m)**

Tackling the Climate Emergency is a theme that is integral to *all* that the council does.

- £15m has been allocated over the next 10 years to invest in the **council's housing stock to improve energy efficiency and reduce emissions.**

- Following the installation of Solar PV at the council's depot and at Marwell Zoo in 2021/22, a further £1m budget has been allocated for **energy management projects** over 4 years from 2022/23 funded by prudential borrowing. Expenditure will be subject to a business case as new projects are identified. As well as reducing the council's carbon emissions it is anticipated that projects will provide additional income and/or savings to the council over and above the cost of borrowing.
- The installation of up to 36 **Electric Vehicle (EV) charging points** in car parks across the district was completed in 2021/22 and additional charging points were added for the council's own fleet in the Guildhall Yard and Cipher House.
- The council was successful in securing a £260,000 grant from the Salix Decarbonisation Fund (SDF) in order to **decarbonise City Offices** and in line with the council's target to be carbon neutral by 2024. Works to remove asbestos have commenced this year and the installation of new windows will be completed in early 2022/23.
- In addition to the projects outlined above, measures to tackle the climate emergency are included in other projects. For example, additional EV charging points and solar PV have been installed at the new Sport & Leisure Park, at the new decked car park at the former Vaultex site, and as part of the redevelopment of Bishop's Waltham depot.

#### **Priority: Homes for all (£354.5m)**

- Over the next 10 years, £246m has been allocated to the council's New Build programme to enable the delivery of **one thousand council homes**.
- A total of £79m has been allocated to major repairs and maintenance of our existing housing stock in addition to £1.7m to improve fire safety.
- Following a review of delivery models which identified a leasing model could deliver the same outcomes without the need for a significant capital loan, the budget of £4m has been reduced to £1m for the establishment of a **Housing Company** to support the delivery of sub-market rented housing and alternative tenures. This change in approach will reduce the risk to council tax payers.
- An estimated £12.3m of Disabled Facilities Grant to provide necessary adaptations to private homes in addition to £9.1m for adaptations to the council's own stock.

### Priority: Vibrant local economy (£32.9m)

- The **Strategic Asset Purchase Scheme (SAPS)** seeks to identify assets for the council to acquire which will assist it in meeting its strategic objectives such as regeneration whilst also generating ongoing revenue streams in order to ensure a scheme is financially viable overall or to be recycled in to other similar schemes. Following a number of acquisitions a budget of £20.5m remains in order to continue the acquisition of property to support the council's ambitions.
- Budgets of £0.5m and £0.55m respectively have been included for the refurbishments of **158-159 High Street** and **59 Colebrook Street** in order to bring the assets into a lettable condition. The estimated potential gross income for each site is in the region of £40,000 per annum.
- A provisional budget of £0.7m has been included in 2023/24 for refurbishment works to the **Casson Block** offices. Further feasibility work will be carried out and initial estimates are that rental income of up to £120,000 per annum could be generated following the work.
- A budget of £0.5m has been allocated for the demolition of **Friarsgate medical centre** and the installation of an interim open space prior to further development. Demolishing the building now rather than waiting for the main development will bring forward estimated savings on business rates and ongoing maintenance (circa £64,000 per annum).
- Works to **Kings Walk** at an overall cost of £0.4m including: ground floor & public realm - external greening, lighting, internal alterations to create a refreshed image; loading bay activation - create external event space for letting and/or regeneration of the area; and to enhance connectivity and visibility between Kings Walk and the High Street.
- A provisional budget of £5m has been included to redevelop the **former Goods Shed site** which would provide several small business units. After borrowing costs, this could generate an estimated surplus income of between £50,000 and £70,000 per annum.
- In addition, a total of £3.9m has been identified for various car park improvements throughout the district including refurbishment works at **Chesil car park**, and provision of a new **car park at the Dean in Alresford**.

### Priority: Living Well (£7.8m)

- A budget of £2.3m has been allocated to replace the **King George V (KGV) pavilion** and £0.8m to replace **North Walls pavilion**. The council is working closely with key stakeholders and is exploring funding sources such as external grants. Following design work, the estimated cost of KGV pavilion has increased by £0.9m; as well as offering a modern facility for

its users, it will help the council achieve its carbon neutral goals by incorporating several features including EV charging points, solar panels, an air source heat pump, and a green roof.

- Over the next 4 years, £0.8m has been allocated for the **replacement or refurbishment of several play areas and a skate park.**
- **Community Infrastructure Levy (CIL) – Community projects.** In addition to previous years, £1.2m of CIL funded capital grants have been awarded to community groups for projects expected to take place in 2022/23. The scheme allows community groups to apply for a share of between £10,000 and £200,000 for essential infrastructure projects.
- £120,000 has been set aside in the 10 year programme for replacement equipment at **Meadowside Leisure Centre** as well as £40,000 in 2022/23 for 3G pitch drainage improvements to address flooding issues.
- £2m has been included in 2024/25 for the **demolition of River Park leisure centre** although the exact timing is uncertain and to be determined as part of the wider plans for the site. This expenditure will be funded from the capital receipts reserve and offset by any capital receipt from the disposal of the site.

#### **Priority: Your services Your voice (£5.3m)**

- The majority of the budgets are for long term capital maintenance works to the council's operational assets. This includes the replacement of the City Offices heating system which is nearing the end of its economic life and is inefficient to run. Its replacement with a more efficient system will reduce carbon emissions and provide ongoing energy savings; a budget of £100,000 has also been allocated for additional solar PV so that further savings can be made if an electric system replaces the current gas-powered heating.
- The council continues to invest in keeping its **IMT** up to date including the provision of appropriate equipment to reduce cost and the consumption of paper and investing in remote working solutions to reduce the need for staff to travel and therefore the council's carbon footprint.

#### 11.2.6. Future capital ambitions and **key considerations for future years:**

- Following the council's declaration of a **Climate Emergency** and its goal of becoming carbon neutral as a council by 2024 and as a district by 2030, further capital projects will be required to meet this goal in addition to those already carried or in the capital programme. Exploratory work has been undertaken on the potential for the council to invest in a solar farm in the district with more feasibility to be carried over the next 12 months. In some cases, such as with the installation of solar panels, the projects pay for themselves and deliver a small surplus to the council. However, some projects may not provide sufficient income or savings to cover the

associated cost of borrowing and will therefore increase the overall revenue costs to the council; there are a number of possible sources of grant funding for these projects and the council will explore these opportunities where appropriate in order to reduce the financial impact.

- **Central Winchester Regeneration (CWR)** – The CWR project aims to deliver a mixed use, pedestrian friendly quarter that is ‘distinctly Winchester’ and supports a vibrant retail and cultural/heritage offer; set within an exceptional public realm. Ultimately, it will support business and the city economy, and make it a more attractive place for residents and visitors alike. Working with a development partner, it is not anticipated that the council will be making further capital investment in CWR but it is expecting to put its assets into the scheme in exchange for a capital receipt.
- A number of potential schemes will be required following the publication of the **Winchester Movement Strategy** Phase 2 report. Where possible, external funding sources will be explored including Community Infrastructure Levy (CIL) contributions and grant funding such as the Local Enterprise Partnership (LEP).
- **North Walls Park Plan** – the North Walls Park Plan was brought to Winchester Town Forum in November 2021 following a public consultation (WTF303). Feasibility work is required to determine future funding requirements and this will be reported back to the forum in due course for the required improvements to the site.
- Up to £1m will be required to the **Brooks car park ventilation system** which has been in operation since its opening. The exact timing and cost will need to be determined and the solution will not only provide cleaner air but will reduce carbon emissions and running costs.

### 11.3. Financing the Capital Programme

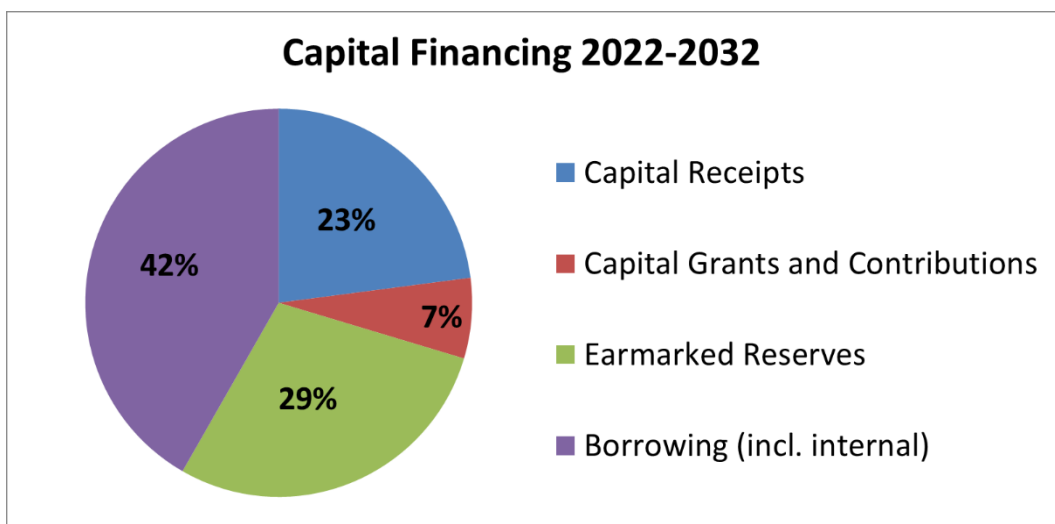
11.3.1. The council can invest in a capital programme so long as its capital spending plans are “affordable, prudent and sustainable”.

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

- Capital receipts (from asset sales);
- Capital grants (e.g. Disabled Facilities Grant);
- External contributions (e.g. Section 106 developers’ contributions and Community Infrastructure Levy (CIL));

- Earmarked Reserves (e.g. the Major Investment Reserve, the Property Reserve, the Car Parks Property Reserve, and the IMT Reserve);
- Revenue contributions; and
- Borrowing, including internally (also known as the “Capital Financing Requirement”).

11.3.3. Full details of the proposed financing for the 2021-2031 capital programme are provided in Appendix B and is summarised in the following graph:



11.3.4. Borrowing (or Capital Financing Requirement) makes up a significant element of the council’s proposed financing over the next 10 years. In recent years the council has had sufficient cash and investment balances to be able to internally borrow but will, in the future, need to increase its external borrowing in addition to the £166.7m the council has already borrowed on behalf of the HRA. The impact of this borrowing is estimated as part of the revenue consequences of the capital programme (see Appendix C) and is incorporated into the Medium Term Financial Strategy and the Housing Revenue Account business plan. The council works closely with its external treasury advisors (Arlingclose) to identify the optimum borrowing strategy to provide a balance between achieving certainty of future costs (i.e. locking-in on long-term fixed rates) and the overall cost of borrowing.

11.3.5. Before committing the council to borrowing, consideration is giving to the forecast savings and/or income a new project may generate and how this will contribute to the financing costs as part of its respective business case. The capital financing requirement is reduced over the life of individual assets in the General Fund by a statutory annual contribution from revenue referred to as the Minimum Revenue Provision (MRP). In addition, the

council can elect to reduce its borrowing need by making additional contributions from revenue or from the sale of assets (capital receipts). Planned MRP is as follows:

*Replacement of debt finance in £ millions*

	2020/21 actual	2021/22 forecast	2022/23 budget	2023/24 budget	2024/25 budget
Minimum Revenue Provision (GF)	0.4	0.5	1.2	1.3	1.3
Reserves (HRA)	0.0	0.0	0.0	0.0	0.0
<b>Total</b>	<b>0.4</b>	<b>0.5</b>	<b>1.2</b>	<b>1.3</b>	<b>1.3</b>

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

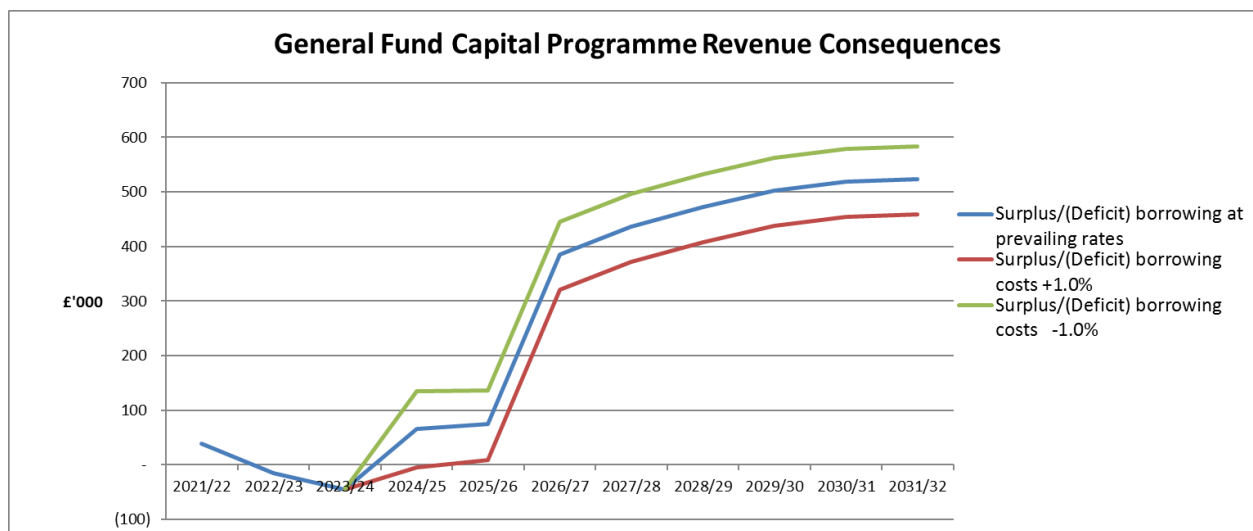
- 11.3.6. The council's cumulative outstanding amount of debt finance (borrowing need) is measured by the Capital Financing Requirement (CFR). This increases with new debt-financed capital expenditure and reduces with MRP and voluntary contributions from revenue or capital receipts. CFR is estimated to increase by up to £54.4m during 2022/23 subject to full delivery of the Capital Programme.

*Estimates of Capital Financing Requirement (CFR) in £ millions*

	31.3.2021 actual	31.3.2022 forecast	31.3.2023 budget	31.3.2024 budget	31.3.2025 budget
General Fund	68.1	70.6	90.5	94.7	95.2
Housing Revenue Account	178.2	195.0	229.5	278.2	279.4
<b>TOTAL CFR</b>	<b>246.3</b>	<b>265.6</b>	<b>320.0</b>	<b>372.9</b>	<b>374.6</b>

- 11.3.7. Further information including borrowing forecasts and borrowing limits are set out in the Treasury Management Strategy (CAB3333).
- 11.4. Revenue Consequences of the Capital Programme on the General Fund
- 11.4.1. Appendix C details the impact of the Capital Programme on the council's General Fund. Not all projects provide savings or generate income but, in aggregate, the capital programme is forecast to have a positive net benefit to the General Fund from 2024/25. There is an overall small negative impact on the General Fund prior to this year which reflects expenditure on preliminaries and costs associated with major projects early in their lifecycle.
- 11.4.2. A significant proportion of the council's programme is likely to be financed by borrowing and this exposes the council to the risk of changing interest

rates. The council can mitigate against this by borrowing early where it is advantageous to do so and by taking out a basket of loans of mixed duration including longer-term fixed rate loans. The graph below illustrates the impact on the General Fund at prevailing long-term rates available to the council as well as the impact of a change in those rates by 1.0%:



11.4.3. Although capital expenditure is not charged directly to the revenue budget, interest payable on loans, MRP, and any revenue funded reductions in the borrowing need are charged to the General Fund (GF) or Housing Revenue Account (HRA) income and expenditure statements as appropriate. The net annual charge is known as financing costs - this is compared to the net revenue stream: Council Tax, Business rates, and general government grants in the case of the GF; and rents and other charges in the case of the HRA.

Prudential Indicator: Proportion of financing costs to net revenue stream

	2020/21 actual	2021/22 forecast	2022/23 budget	2023/24 budget	2024/25 budget
GF financing costs (£m)	0.7	0.5	1.2	1.3	1.5
GF proportion of net revenue stream	3.4%	2.8%	7.1%	8.8%	11.2%
HRA financing costs (£m)	5.2	5.4	5.9	7.9	7.9
HRA proportion of net revenue stream	17.8%	18.7%	19.9%	25.8%	23.9%

11.4.4. **Sustainability** – due to the long-term nature of capital expenditure and financing, the revenue implications of the expenditure in the next few years



will extend up to 50 years in the future. It is imperative therefore that the council ensures that the proposed programme is prudent, affordable, and sustainable. This is achieved by ensuring that the governance and procedures outlined in this strategy are followed; by incorporating and considering the revenue impact in the context of the medium term financial strategy (MTFS); by undertaking financial appraisals of individual projects as part of their business cases on a whole life basis; and, for HRA expenditure, incorporating the impact in the 30 year business plan.

#### 11.5. Capital Receipts

- 11.5.1. When a capital asset is sold the proceeds, known as capital receipts, can be spent on new assets or to reduce debt from prior year capital expenditure. Repayments of capital grants, loans, and investments also generate capital receipts. Forecast capital receipts and their use in funding capital expenditure is detailed in Appendix D.
- 11.5.2. Ordinarily capital resources, such as capital receipts, can only be used to finance capital expenditure (i.e. the creation or enhancement of a capital asset). However, in 2018 the MHCLG Secretary of State issued a direction to local authorities in order to give local authorities the freedom to use capital receipts from the sale of their own assets (excluding Right to Buy receipts) to help fund the revenue costs of transformation projects and release savings, including through redundancy. By using capital receipts, the council is able to avoid the negative impact on its annual revenue budget of significant one-off costs. The council used £194,000 in qualifying receipts for severance costs in 2020/21 which will continue to provide significant ongoing savings of over £700,000 per annum. In 2021, the government confirmed that the direction would be extended by another 3 years from 2022/23; while the council has no plans to make further redundancies, it may use qualifying capital receipts, when appropriate, to help fund the revenue costs of any transformation projects identified. Further detail is provided in the Flexible Use of Capital Receipts Strategy at Appendix G.
- 11.5.3. In order to effectively manage its estate the council commenced an asset challenge programme in 2018/19. This process involves reviewing all of the council's assets on a rolling basis to establish why the council holds assets; what options the council has, for example, to increase income, dispose, hold or develop; and when these can be realised.

#### 11.6. The approval process and Project and Programme management

- 11.6.1. For effective delivery of the Capital Programme it is important that the programme is realistic in terms of projects which can be delivered on time, within budget, and whilst achieving the desired outcomes. The council has a number of programme and project management procedures in place to help to ensure successful delivery of the capital programme, from the

initiation and approval of projects to effective performance monitoring and post-implementation review.

- 11.6.2. The resource requirements for each corporate project are assessed as part of the development of the outline business case and associated project plan and initially identified in the Business Justification Case which is considered by the Programme and Capital Board (PAC). This is then considered in relation to the whole programme of projects to determine the cumulative impact of delivery on staff resources. This can have an impact on resourcing in key service areas such as identifying project managers, and other key areas such as the legal, finance, procurement and estates teams depending upon the nature of the projects. Where required, external support is commissioned to provide resources which cannot be met internally.
- 11.6.3. The PAC Board, the role of which is to monitor the programme and project delivery together with identifying and addressing resource issues, meets on a regular basis to consider such issues.
- 11.6.4. Cabinet and Performance Panel receives quarterly updates on financial performance as well as key projects many of which are in the capital programme.
- 11.7. Asset Management Strategy (AMS)
- 11.7.1. The emerging AMS will seek to address both the spending priorities for the maintenance of operational property and the development of the non-operational estate to assist economic development and provide both capital receipts and revenue income streams. The most recent AMS covering was approved in December 2016 (CAB2870 refers) and a revised strategy will be published early in 2022.
- 11.7.2. The council owns a well located portfolio of property which has the potential to provide an increasing level of income for the council, whilst other sources of income may be restricted in growth. Due to the covid-19 pandemic, rental income in the last two years has been under pressure. This has been monitored carefully and a "Rent Abatement" programme has supported tenants through this period, resulting in only one business having to give up their tenancy due to business failure. There remains the risk that, particularly with respect to retail properties within the council's portfolio, the economic impact of covid-19 may be prolonged. However, one of the council's priorities is to ensure the district continues to have a vibrant local economy once the pandemic is over through the schemes outlined in the capital investment strategy and other initiatives. The value of the council's portfolio can be unlocked by undertaking prudent development or refurbishment schemes on existing property to be let as well as identifying potential asset sales as detailed in 11.5 above.
- 11.7.3. The Capital Programme (Appendix A) includes specific projects in line with the underlying asset management plan held by the council's Estates team.

In addition, a £200,000 annual budget, funded by the Property Reserve, has been allocated to support reactive maintenance and smaller scale refurbishments as they arise.

#### 11.8. IMT Asset Management Plan

- 11.8.1. The purpose of the IMT Service is to deliver cost effective robust data processing and voice services to support the productivity and ambitions of the council. The IMT Service uses good practice methodologies (ITIL3) to ensure the quality control of supportable, sustainable and secure services.
- 11.8.2. The council has formulated a digital transformation strategy which has been a key focus since 2018 and aims to enhance how the council engages and transacts with its customers whilst seeking efficiencies, savings and improvements.
- 11.8.3. As part of our Covid recovery strategy, the council is exploring new ways of working for staff. A key element of this will be the IT investment to enable flexible working from a range of locations. Coupled with the digital transformation strategy, this will help to make services agile and customer focused; making them more accessible than ever to all our customers.
- 11.8.4. The council formed an IT delivery partnership with Test Valley Borough Council (TVBC) over ten years ago that shares an infrastructure platform that continues to produce both capital avoidance and revenue financial savings. The assets which constitute the shared platform are jointly procured and owned. Other capital assets which are required solely for the use of either party will continue to be funded independently. This will be reflected in setting out investment requirements.
- 11.8.5. It is paramount that a funding provision be made available to ensure that the IT infrastructure remains fit for purpose and capable of delivering sustainable and supportable services. Equipment must be maintained in a condition which supports the needs of the business.
- 11.8.6. The Asset Management Plan for IT infrastructure recognises this requirement for fit-for-purpose equipment through a programme of continuous investment. Generally, equipment will require refreshment after 4-5 years, at intermittent intervals due to the practical constraint of delivery and implementation. The Asset Management Plan for IT assumes the need to refresh infrastructure items on a like-for-like basis, and proposed costs reflect this. In reality, after five years the technology will have “moved on” and new developments, offering further advances, will be considered and may give greater benefits for the same investment.

- 11.8.7. The following table sets out the proposed IMT capital expenditure for 2022/23 to be financed from the IMT reserve:

<b>IMT Capital 2022/23</b>	<b>£'000</b>
Equipment	55
Corporate network	50
ArcServe backup	48
Telephony replacement	30
Uninterruptable power supply (UPS)	20
Meeting rooms equipment	80
New website	60
<b>Total</b>	<b>343</b>

11.9. Housing Revenue Account (HRA)

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

- 11.9.2. Appendix A provides summary detail on the HRA capital programme for 2022/23 and forecasts to 2031/32. Further detailed information can be found in the Housing budget paper (CAB3334).

11.10. Commercial and non-Treasury Investment Activities

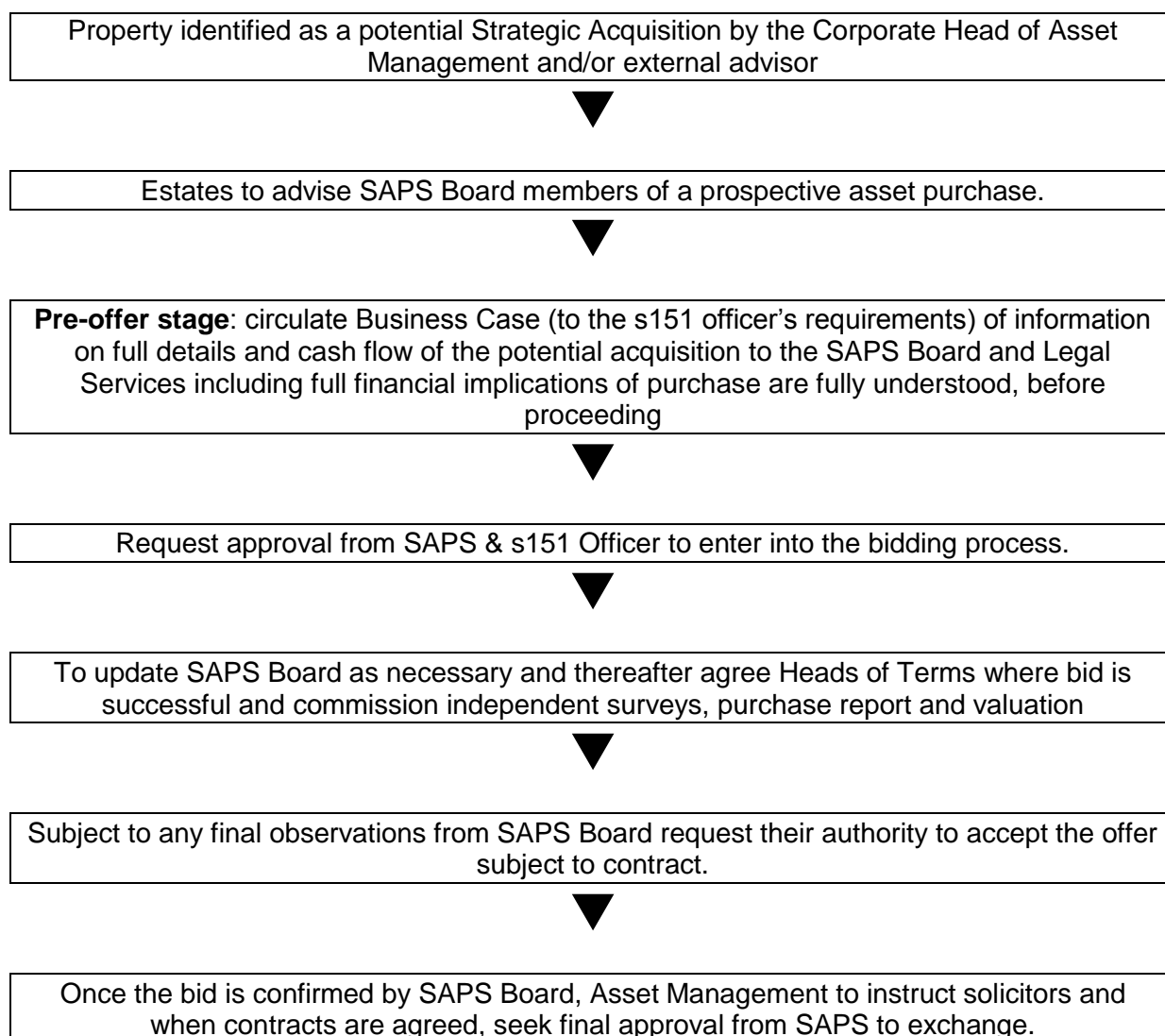
- 11.10.1. The council invests for three broad purposes:

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

- 11.10.2. The council's Treasury Management Strategy, and associated limits and indicators, is reported in CAB3333. Further detail on service and commercial investments including total investment indicators is provided in Appendix F.

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

- 11.10.4. Individual projects are supported by appropriate business cases and the programme as a whole is monitored to ensure that sufficient resources are available, both financial and in respect of staff. Where appropriate, the council will procure additional external resource when either there is insufficient officer availability or when specialist advice and support is required.
- 11.10.5. In addition to this, Council approved a Strategic Asset Purchase Scheme (SAPS) in January 2017 (CAB2872 refers). As part of this, a SAPS Board was created which includes members and officers; the board receives recommendations of potential purchases and the s151 officer has delegated authority to make acquisitions up to £4m following discussions with the board, subject to due diligence, or recommend to Cabinet and Council to approve for acquisitions above £4m.
- 11.10.6. The following flowchart details the process:



## 11.11. Risk Appetite

- 11.11.1. The council's Risk Appetite Statement is an integral part of the council's Risk Management Policy. It ensures that the opportunities the council is willing to take to achieve its strategic priorities and objectives are measured, consistent and compatible with the council's capacity to accept and manage risk; and that they do not expose the council to unknown, unmanaged or unacceptable risks. The Policy was most recently updated and approved in March 2021 (CAB3245).
- 11.11.2. During the course of the year the council will take fair, measured and targeted levels of risk to achieve the priority objectives included in the Council Plan. There will be opportunities for the council to be innovative or work differently and any identified risks will need to be considered against the anticipated cost or efficiency benefits.
- 11.11.3. The Risk Appetite Statement supports members and officers in decision making by setting out where the cabinet is comfortable taking different levels of risk, and which levels of risk are unacceptable. The council's risk appetite is considered in conjunction with the risk section of all committee reports when decisions are made.
- 11.11.4. The council's current overall risk appetite is defined as MODERATE (see table below for definitions). This means the council remains open to innovative ways of working and to pursue options that offer potentially substantial rewards, despite also having greater level of risks. However, the council's preference is for safe delivery options which have a lower degree of risk, especially for those services required by statute.

Risk Appetite Definitions	
<b>Avoid</b>	No appetite. Not prepared to take risk.
<b>Adverse</b>	Prepared to accept only the very lowest levels of risk, with the preference being for ultra-safe delivery options, while recognising that these will have little or no potential for reward/return.
<b>Cautious</b>	Willing to accept some low risks, while maintaining an overall preference for safe delivery options despite the probability of these having mostly restricted potential for reward/return.
<b>Moderate</b>	Tending always towards exposure to only modest levels of risk in order to achieve acceptable outcomes.
<b>Open</b>	Prepared to consider all delivery options and select those with the highest probability of productive outcomes, even when there are elevated levels of associated risk.
<b>Hungry</b>	Eager to seek original/creative/pioneering delivery options and to accept the associated substantial risk levels in order to secure successful outcomes and meaningful reward/return.

- 11.11.5. Risk appetite is not a single, fixed concept and there will be a range of appetites for different risks which may vary over time. The council's risk appetite by corporate priority and guiding principles are set out below.

Council Plan Priority	Risk Appetite	
<b>Tackling the climate emergency</b>	Moderate	Maintaining good levels of standards we tend towards exposure to modest levels of risk in order to achieve acceptable outcomes.
<b>Homes for all</b>	Open	We invest when there is a good likelihood of return and opportunities to grow, choosing innovative options in order to deliver a significant contribution.
<b>Living well</b>	Moderate	Often working with partners we will continue to encourage and deliver; usually taking moderate to low risk options.
<b>Vibrant local economy</b>	Moderate	Promoting and supporting opportunities we tend towards exposure to modest levels of risk in order to achieve satisfactory outcomes.
<b>Your services, your voice</b>	Cautious	It is important the council is getting its best from available resources whilst ensuring long term sustainability. We will seek best use of our resources, and generation of alternative funding in order to protect services.

#### 11.12. Knowledge, capacity, and skills

- 11.12.1. In order to deliver the Capital Programme it is essential that the council has access to the right knowledge and skills.
- 11.12.2. Internally the council employs fully qualified and experienced staff such as accountants, solicitors and surveyors. It is fully supportive in providing access to training, both internal and external, to enable those staff to complete their Continuing Professional Development (CPD) requirements.
- 11.12.3. Where the council does not have the knowledge, capacity, or skills required, use is made of external advisors and specialists in their field. The council currently employs Arlingclose Ltd as their Treasury advisers, Wilks Head & Eve to undertake its year end valuations, and other specialists as required to support, for example, its major projects.
- 11.12.4. In addition, the council ensures that its members are suitably experienced to undertake the governance responsibilities commensurate to their roles

by providing training opportunities (internally and externally provided) and access to workshops either within the council or with its local government partners. There are a number of mandatory training sessions for members throughout the year including, for example, Code of Conduct training and training for the Audit & Governance Committee. In December 2021 several members attended a briefing session provided by the council's treasury advisors Arlingclose.

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

## 12. OTHER OPTIONS CONSIDERED AND REJECTED

12.1. The council could elect to have no capital programme at all or to plan for an alternative programme. Both these options have been rejected as the council would no longer be able to meet its objectives.

### BACKGROUND DOCUMENTS:-

#### Previous Committee Reports:-

The Capital Strategy and Programme are approved annually.

#### Other Background Documents:-

None

### APPENDICES:

Appendix A – Capital Programme 2022-2032

Appendix B – Capital Programme Financing 2022-2032

Appendix C – Revenue Consequences of General Fund Capital Programme 2022 to 2032

Appendix D – Capital Receipts Reserve Forecast

Appendix E – Minimum Revenue Provision Statement 2022/23

Appendix F – Investment activities

Appendix G – Flexible Use of Capital Receipts Strategy



Capital programme 2022-32

		2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	TOTAL
	Priority	Revised estimate	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	2022-2032 Forecast
		£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>General Fund</b>													
<b>Approved*</b>													
Disabled Facility Grants	Homes for all	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230	12,300
IMT Assets	Your services, your voice	330	343	325	185	117	265	140	90	190	85	85	1,825
SAPS - Car Park at the Dean, Alesford	Vibrant local economy	-	-	1,005	-	-	-	-	-	-	-	-	1,005
CIL funded community projects	Living well	202	992	-	-	-	-	-	-	-	-	-	992
North Walls Pavilion replacement	Living well	40	350	342	-	-	-	-	-	-	-	-	692
Friarsgate Medical Centre - demolition & interim open space	Vibrant local economy	50	450	-	-	-	-	-	-	-	-	-	450
Kings Walk improvements	Vibrant local economy	5	380	-	-	-	-	-	-	-	-	-	380
Car Parks	Vibrant local economy	22	325	-	-	-	-	-	-	-	-	-	325
River Park Leisure Centre site - decommissioning	Living well	105	300	-	-	-	-	-	-	-	-	-	300
Chesil Multi Storey car park	Vibrant local economy	-	299	-	-	-	-	-	-	-	-	-	299
Decked car park at former Vaultex site	Vibrant local economy	5,458	250	-	-	-	-	-	-	-	-	-	250
Open Spaces & Recreational Facilities - Abbey Gardens	Living well	-	230	-	-	-	-	-	-	-	-	-	230
City Offices decarbonisation	Climate Emergency	335	205	-	-	-	-	-	-	-	-	-	205
North Walls - new fencing & floodlights, tennis court resurfacing	Living well	99	150	-	-	-	-	-	-	-	-	-	150
Meadowside Leisure centre - new equipment	Living well	200	-	-	22	-	-	-	101	-	-	-	123
Open Spaces & Recreational Facilities - KGV play and skate park	Living well	120	120	-	-	-	-	-	-	-	-	-	120
The Weirs - essential repairs	Vibrant local economy	242	186	-	-	-	-	-	-	-	-	-	186
Theatre Royal grant	Living well	-	68	-	-	-	-	-	-	-	-	-	68
Knockpit Farm lay-by and footpath link	Living well	6	55	-	-	-	-	-	-	-	-	-	55
Stockbridge Rd steps to railway station	Living well	-	50	-	-	-	-	-	-	-	-	-	50
Goods Shed, Barfield Close	Vibrant local economy	35	60	-	-	-	-	-	-	-	-	-	60
Bishop's Waltham footpath & cycle link	Living well	-	50	-	-	-	-	-	-	-	-	-	50
Bishop's Waltham Depot	Vibrant local economy	1,573	-	-	-	-	-	-	-	-	-	-	0
Winchester Sport & Leisure Park	Living well	1,544	-	-	-	-	-	-	-	-	-	-	0
Durngate flood prevention works	Climate Emergency	244	-	-	-	-	-	-	-	-	-	-	0
Guildhall café	Vibrant local economy	93	-	-	-	-	-	-	-	-	-	-	0
Garden waste bins	Your services, your voice	56	-	-	-	-	-	-	-	-	-	-	0
Garrison Ground drainage improvements	Living well	60	-	-	-	-	-	-	-	-	-	-	0
Guildhall microphones	Your services, your voice	40	-	-	-	-	-	-	-	-	-	-	0
Former registry office refurbishment	Vibrant local economy	52	-	-	-	-	-	-	-	-	-	-	0
King George V Pavilion replacement	Living well	108	-	-	-	-	-	-	-	-	-	-	0
Solar PV Marwell Zoo	Climate Emergency	150	-	-	-	-	-	-	-	-	-	-	0
Solar PV Biffa Depot Barfield Close	Climate Emergency	68	-	-	-	-	-	-	-	-	-	-	0
EV charging points	Climate Emergency	18	-	-	-	-	-	-	-	-	-	-	0
Hampshire Community Bank - share purchase	Vibrant local economy	62	-	-	-	-	-	-	-	-	-	-	0
Coitbury House - conversion to temporary accommodation	Homes for all	10	-	-	-	-	-	-	-	-	-	-	0
Winchester Hospice grant	Living well	25	-	-	-	-	-	-	-	-	-	-	0
Broadway bus shelters	Your services, your voice	23	-	-	-	-	-	-	-	-	-	-	0
Guildhall Yard - EV charging points	Climate Emergency	15	-	-	-	-	-	-	-	-	-	-	0
Cipher House - EV charging point	Climate Emergency	13	-	-	-	-	-	-	-	-	-	-	0
WCFC all weather 3G pitch	Living well	11	-	-	-	-	-	-	-	-	-	-	0
<b>Total Approved*</b>		<b>12,644</b>	<b>6,093</b>	<b>2,902</b>	<b>1,437</b>	<b>1,347</b>	<b>1,495</b>	<b>1,370</b>	<b>1,421</b>	<b>1,420</b>	<b>1,315</b>	<b>1,315</b>	<b>20,115</b>

Capital programme 2022-32

		2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	TOTAL
	Priority	Revised estimate	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	2022-2032 Forecast
		£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Subject to Appraisal*</b>													
Goods Shed, Barfield Close	Vibrant local economy	-	-	3,500	1,405	-	-	-	-	-	-	-	4,905
Demolition of former leisure centre at River Park	Living well	-	-	-	2,000	-	-	-	-	-	-	-	2,000
Asset Management Plan	Your services, your voice	50	200	200	200	200	200	200	200	200	200	200	2,000
Car Parks	Vibrant local economy	-	-	355	180	180	180	180	180	180	180	180	1,795
King George V Pavilion replacement	Living well	-	2,190	-	-	-	-	-	-	-	-	-	2,190
City Offices - refurbishments inc. new lifts, lighting, and heating system	Your services, your voice	-	-	770	-	-	-	-	-	-	250	-	1,020
Housing Company	Homes for all	-	500	500	-	-	-	-	-	-	-	-	1,000
Energy Management Projects	Climate Emergency	-	250	250	250	250	-	-	-	-	-	-	1,000
Casson Block refurbishment	Vibrant local economy	-	-	700	-	-	-	-	-	-	-	-	700
59 Colebrook Street refurbishment	Vibrant local economy	-	550	-	-	-	-	-	-	-	-	-	550
Chesil Multi Storey car park	Vibrant local economy	-	-	400	120	-	-	-	-	-	-	-	520
158-159 High St refurbishment	Vibrant local economy	-	-	500	-	-	-	-	-	-	-	-	500
Public Realm - Station Approach CIL funded	Vibrant local economy	-	-	500	-	-	-	-	-	-	-	-	500
Open Spaces & Recreational Facilities - various sites	Living well	-	40	80	200	120	-	-	-	-	-	-	440
West Wing refurbishment	Your services, your voice	-	-	397	-	-	-	-	-	-	-	-	397
MCFC all weather 3G pitch	Living well	-	189	-	-	-	-	-	-	-	-	-	189
Open Spaces & Recreational Facilities - North Walls	Living well	-	150	-	-	-	-	-	-	-	-	-	150
City Offices - additional solar PV	Climate Emergency	-	-	100	-	-	-	-	-	-	-	-	100
Replacement printers	Your services, your voice	-	-	-	93	-	-	-	-	-	-	-	93
Meadowside Leisure Centre - 3G pitch drainage improvements	Living well	-	40	-	-	-	-	-	-	-	-	-	40
<b>Subject to Appraisal*</b>		<b>50</b>	<b>4,109</b>	<b>8,252</b>	<b>4,448</b>	<b>750</b>	<b>380</b>	<b>380</b>	<b>380</b>	<b>380</b>	<b>630</b>	<b>380</b>	<b>20,089</b>
<b>Total General Fund</b>		<b>12,694</b>	<b>10,202</b>	<b>11,154</b>	<b>5,885</b>	<b>2,097</b>	<b>1,875</b>	<b>1,750</b>	<b>1,801</b>	<b>1,800</b>	<b>1,945</b>	<b>1,695</b>	<b>40,204</b>

\* Under the Council's Financial Procedure Rule 7.4, the inclusion of a scheme in the capital programme does not constitute authority to incur the expenditure. Such authority is obtained subject to the various conditions and limits as set out in the Constitution.

The Strategic Asset Purchase Scheme (SAPS) is subject to separate governance procedures as outlined in the Capital Investment Strategy

SAPS - unallocated	Vibrant local economy	-	20,453	-	-	-	-	-	-	-	-	-	-	20,453
<b>Total SAPS - unallocated</b>		<b>-</b>	<b>20,453</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20,453</b>

<b>Housing Revenue Account</b>														
New build	Homes for all	11,762	33,866	44,592	32,051	23,831	19,058	19,629	20,218	20,825	21,450	10,777	246,298	
Major repairs	Homes for all	5,878	5,672	6,313	8,378	8,620	9,337	7,424	8,340	7,626	8,971	8,603	79,284	
Improvements & conversions	Homes for all	200	300	315	539	555	572	589	606	625	-	-	4,099	
Disabled adaptations	Homes for all	797	821	846	871	897	924	952	980	1,010	1,040	1,071	9,411	
Fire Safety provision	Homes for all	1,077	680	-	-	-	-	-	-	-	-	-	680	
Climate Change Emergency	Climate Emergency	500	1,512	1,557	1,604	1,652	1,702	1,753	1,805	1,860	1,915	-	15,361	
Other capital spend	Homes for all	140	304	114	118	121	125	129	133	137	141	145	1,465	
<b>Total Housing Revenue Account</b>		<b>20,354</b>	<b>43,154</b>	<b>53,737</b>	<b>43,560</b>	<b>35,677</b>	<b>31,717</b>	<b>30,476</b>	<b>32,082</b>	<b>32,082</b>	<b>33,517</b>	<b>20,597</b>	<b>356,598</b>	

<b>Grand Total</b>		<b>33,048</b>	<b>73,809</b>	<b>64,891</b>	<b>49,445</b>	<b>37,774</b>	<b>33,592</b>	<b>32,226</b>	<b>33,883</b>	<b>33,882</b>	<b>35,462</b>	<b>22,292</b>	<b>417,255</b>
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Capital Programme Financing 2022 to 2032

	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>General Fund</b>												
<i>Externally Funded</i>												
Government Grants	6,711	1,480	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230	12,550
External Contributions												0
Non governmental grants	1,323	500	205	0	0	0	0	0	0	0	0	705
Open Space Fund	148	310	0	0	0	0	0	0	0	0	0	310
Developer's Contributions	0	0	349	0	0	0	0	0	0	0	0	349
<b>Total Externally Funded</b>	<b>8,182</b>	<b>2,290</b>	<b>1,784</b>	<b>1,230</b>	<b>1,230</b>	<b>1,230</b>	<b>1,230</b>	<b>1,230</b>	<b>1,230</b>	<b>1,230</b>	<b>1,230</b>	<b>13,914</b>
<i>Earmarked Reserves</i>												
Car Parks Property	0	175	100	180	180	180	180	180	180	180	180	1,715
Community Infrastructure Levy (CIL)	469	1,986	750	0	0	0	0	0	0	0	0	2,736
Town CIL	99	358	137	0	0	0	0	0	0	0	0	495
Information, Management, and Technology	44	245	0	0	117	265	140	90	190	85	85	1,217
Landscape Mitigation	0	0	0	0	0	0	0	0	0	0	0	0
Major Investment Reserve	56	250	0	0	0	0	0	0	0	0	0	250
Property - Asset Management Reserve	0	245	1,567	320	200	200	200	200	200	450	200	3,782
Winchester Town	120	310	80	200	120	0	0	0	0	0	0	710
<b>Total Earmarked Reserves</b>	<b>788</b>	<b>3,569</b>	<b>2,634</b>	<b>700</b>	<b>617</b>	<b>645</b>	<b>520</b>	<b>470</b>	<b>570</b>	<b>715</b>	<b>465</b>	<b>10,905</b>
<i>Capital Receipts</i>												
General fund	768	2,262	780	2,185	0	0	0	0	0	0	0	5,227
Right to buy allowable	0	500	500	0	0	0	0	0	0	0	0	1,000
<b>Total Capital Receipts</b>	<b>768</b>	<b>2,762</b>	<b>1,280</b>	<b>2,185</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6,227</b>
<i>Revenue Contribution to Capital</i>	28	0	0	0	0	0	0	0	0	0	0	0
<i>Capital Financing Requirement</i>	2,928	22,034	5,456	1,770	250	0	0	101	0	0	0	29,611
<b>Total General Fund</b>	<b>12,694</b>	<b>30,655</b>	<b>11,154</b>	<b>5,885</b>	<b>2,097</b>	<b>1,875</b>	<b>1,750</b>	<b>1,801</b>	<b>1,800</b>	<b>1,945</b>	<b>1,695</b>	<b>60,657</b>
<b>Housing</b>												
Capital Grants and Contributions	1,611	919	306	800	2,600	1,400	4,400	3,000	0	0	0	13,425
Community Infrastructure Levy (CIL)	0	755	0	0	0	0	0	0	0	0	0	755
Major Repairs Reserve	0	0	1,375	14,613	25,525	10,916	10,369	10,746	11,138	11,542	11,960	108,184
Capital Receipts	1,886	7,052	3,360	26,858	7,552	6,802	4,109	8,844	9,014	7,871	7,703	89,165
Revenue Contribution to Capital	0	0	0	0	0	0	0	0	0	0	0	0
<i>Capital Financing Requirement</i>	16,856	34,429	48,695	1,289	0	12,598	11,598	9,492	11,930	14,104	934	145,069
<b>Total Housing Revenue Account</b>	<b>20,354</b>	<b>43,154</b>	<b>53,737</b>	<b>43,560</b>	<b>35,677</b>	<b>31,717</b>	<b>30,476</b>	<b>32,082</b>	<b>32,082</b>	<b>33,517</b>	<b>20,597</b>	<b>356,598</b>
<b>Total Financing of Capital Programme</b>	<b>33,048</b>	<b>73,809</b>	<b>64,891</b>	<b>49,445</b>	<b>37,774</b>	<b>33,592</b>	<b>32,226</b>	<b>33,883</b>	<b>33,882</b>	<b>35,462</b>	<b>22,292</b>	<b>417,255</b>

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## Revenue Consequences of General Fund Capital Programme 2022 to 2032

**Notes:**

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

\* Under the Council's Financial Procedure Rule 7.4, the inclusion of a scheme in the capital programme does not constitute authority to incur the expenditure. Such authority is obtained subject to the various conditions and limits as set out in the Constitution.

GENERAL FUND	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Surplus/(Deficit) - approved*	39	(15)	(49)	(77)	(77)	30	81	115	123	127	131
Surplus/(Deficit) - subject to appraisal*	-	-	4	143	152	355	355	357	380	392	392
<b>TOTAL SURPLUS/(DEFICIT)</b>	<b>39</b>	<b>(15)</b>	<b>(45)</b>	<b>66</b>	<b>75</b>	<b>385</b>	<b>436</b>	<b>472</b>	<b>503</b>	<b>519</b>	<b>523</b>

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

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

Difference to TOTAL SURPLUS/(DEFICIT) (+1.0%)	-	(0)	0	(71)	(66)	(64)	(64)	(64)	(64)	(64)	(64)
Difference to TOTAL SURPLUS/(DEFICIT) (-1.0%)	-	(0)	0	69	61	60	60	60	60	60	60

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Capital Receipts Reserve Forecast

<b>CAPITAL RECEIPTS RESERVE</b>	<b>2021/22 Forecast £000</b>	<b>2022/23 Forecast £000</b>	<b>2023/24 Forecast £000</b>	<b>2024/25 Forecast £000</b>	<b>2025/26 Forecast £000</b>	<b>2026/27 Forecast £000</b>	<b>2027/28 Forecast £000</b>	<b>2028/29 Forecast £000</b>	<b>2029/30 Forecast £000</b>	<b>2030/31 Forecast £000</b>	<b>2031/32 Forecast £000</b>
<b>Consolidated Opening Balance</b>	<b>(13,235)</b>	<b>(19,003)</b>	<b>(12,561)</b>	<b>(11,790)</b>	<b>(2,859)</b>	<b>(2,774)</b>	<b>(3,086)</b>	<b>(6,349)</b>	<b>(5,144)</b>	<b>(4,044)</b>	<b>(4,371)</b>
<b>GENERAL FUND</b>											
<b>Opening Balance</b>	<b>(3,944)</b>	<b>(3,681)</b>	<b>(1,747)</b>	<b>(1,299)</b>	<b>(1,449)</b>	<b>(1,787)</b>	<b>(2,129)</b>	<b>(2,474)</b>	<b>(2,823)</b>	<b>(3,175)</b>	<b>(3,531)</b>
Forecast receipts	(505)	(1,258)	(332)	(2,335)	(338)	(342)	(345)	(349)	(352)	(356)	(359)
Forecast utilisation	768	3,192	780	2,185	0	0	0	0	0	0	0
<b>Closing Balance</b>	<b>(3,681)</b>	<b>(1,747)</b>	<b>(1,299)</b>	<b>(1,449)</b>	<b>(1,787)</b>	<b>(2,129)</b>	<b>(2,474)</b>	<b>(2,823)</b>	<b>(3,175)</b>	<b>(3,531)</b>	<b>(3,890)</b>
<b>HOUSING REVENUE ACCOUNT</b>											
<b>Opening Balance</b>	<b>(9,291)</b>	<b>(15,322)</b>	<b>(10,814)</b>	<b>(10,491)</b>	<b>(1,410)</b>	<b>(987)</b>	<b>(957)</b>	<b>(3,875)</b>	<b>(2,321)</b>	<b>(869)</b>	<b>(840)</b>
Forecast receipts	(7,918)	(2,543)	(3,038)	(17,776)	(7,129)	(6,772)	(7,028)	(7,290)	(7,562)	(7,842)	(8,130)
Forecast utilisation	1,886	7,052	3,360	26,858	7,552	6,802	4,109	8,844	9,014	7,871	7,703
<b>Closing Balance</b>	<b>(15,322)</b>	<b>(10,814)</b>	<b>(10,491)</b>	<b>(1,410)</b>	<b>(987)</b>	<b>(957)</b>	<b>(3,875)</b>	<b>(2,321)</b>	<b>(869)</b>	<b>(840)</b>	<b>(1,267)</b>
<b>Consolidated Closing Balance</b>	<b>(19,003)</b>	<b>(12,561)</b>	<b>(11,790)</b>	<b>(2,859)</b>	<b>(2,774)</b>	<b>(3,086)</b>	<b>(6,349)</b>	<b>(5,144)</b>	<b>(4,044)</b>	<b>(4,371)</b>	<b>(5,157)</b>

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### Annual Minimum Revenue Provision Statement 2022/23

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

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

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

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

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

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

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

Capital expenditure incurred during 2022/23 will not be subject to an MRP charge until at least 2023/24 or the year following which an asset becomes operational.

Based on the Council's latest estimate of its Capital Financing Requirement on 31st March 2022, the budget for MRP has been set as follows:

	<b>31.03.2022 Estimated CFR £m</b>	<b>2022/23 Estimated MRP £</b>
Unsupported capital expenditure after 31.03.2008	<b>70.6</b>	1,186,000
Finance leases and Private Finance Initiative	<b>0.0</b>	Nil
<b>Total General Fund</b>	<b>70.6</b>	<b>1,186,000</b>
Assets in the Housing Revenue Account	195.0	Nil
<b>Total Housing Revenue Account</b>	<b>195.0</b>	<b>Nil</b>
<b>Total</b>	<b>265.6</b>	<b>1,186,000</b>

## Investment Activities

The council invests for three broad purposes:

- because it has surplus cash as a result of the reserves it holds and its day to day activities such as when income is received in advance of expenditure (known as **treasury management investments** – further detail including associated limits and indicators is reported in CAB3282);
- to support local public services by undertaking regeneration projects, by lending to, and by buying shares in other organisations (**service investments**); and
- to earn investment income (**commercial investments**).

### Service Investments: Loans

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

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

Table 1: Loans for service purposes in £ millions

Category of borrower	31.3.2021 actual			2022/23
	Balance owing	Loss allowance	Net figure in accounts	Approved Limit
Subsidiaries	0m	0m	0m	10m
Housing associations	0.09m	0.05m	0.04m	1m
Other entities*	-	-	-	1m
<b>TOTAL</b>	<b>0.09m</b>	<b>0.05m</b>	<b>0.04m</b>	<b>12m</b>

\*loans to other entities will be considered on a case by case basis by the Treasury Investment Group (TIG). Further information on TIG is provided in CAB3333

Accounting standards require the council to set aside a loss allowance for loans, reflecting the likelihood of non-payment. The figures for loans in the council's statement of accounts are shown net of this loss allowance. However, the council makes every reasonable effort to collect the full sum lent and has appropriate credit control arrangements in place to recover overdue repayments. Included in loans to housing associations are £35,000 of loans which have an allowance of the full amount; these loans are in respect of asset purchases for the provision of temporary accommodation to prevent homelessness and are only repayable in the event the asset is sold or its use changes.

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

### **Service Investments: Shares**

The council does not actively consider the purchase of direct shares. It has, however, purchased one hundred and eighty eight ordinary shares at a cost of £188,000 in Hampshire Community Bank for the purpose of assisting the local economy. The council is committed to purchase an additional 62 shares which will take its total investment to £250,000. It is expected this additional investment will become payable before the end of 2022/23.

### **Commercial Investments: Property**

**Contribution:** The council owns an investment property portfolio (assets held solely for rental income or capital appreciation) which was valued at £66.8m as at 31 March 2021 and generated gross income of £3.0m and net income after costs of £2.2m in 2020/21. This income helps contribute to the Council Strategy priorities.

In 2021/22 £1.6m of capital expenditure is budgeted for enhancements to existing properties (the former Bishop's Waltham depot).

Table 3: Property held for investment purposes in £ millions

<b>1 April 2020</b>	<b>61.5</b>
Acquisitions	0.0
Garage transfer from HRA	3.0
Enhancements	0.0
Gains/(losses) in fair value	2.3
Transfers (to)/from PPE (operational assets)*	0.0
<b>31 March 2021</b>	<b>66.8</b>
<b>Budgeted</b>	
Acquisitions	0.0
Enhancements	1.6
Gains/(losses) in fair value**	-
Transfers (to)/from PPE (operational assets)*	0.0
<b>31 March 2022</b>	<b>68.4</b>

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

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

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

Table 4: Investment properties by type

As at 31 March 2021	Retail	Offices	Industrial	Residential / Garages	Other	Total
Value £000s	27,710	9,686	4,757	23,785	872	66,810

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

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

new investment properties. It has, however, used prudential borrowing (also known as Capital Financing Requirement (CFR)) to undertake the refurbishment of property in its existing portfolio to enable it to continue to generate rental income. When any such refurbishment is planned, it is subject to a business case and approval in accordance with the governance arrangements outlined in the Capital Strategy. As at 31 March 2021, the Council had £9.0m of CFR in relation to investment properties.

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

### **Proportionality**

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

*Table 5: Proportionality of Investments*

	2020/21 Actual £000	2021/22 Forecast £000	2022/23 Budget £000	2023/24 Budget £000	2024/25 Budget £000
Gross service expenditure	32,905	36,312	34,155	32,318	32,875
Investment income*	2,829	3,022	3,050	2,992	2,992
Proportion	8.6%	8.3%	8.9%	9.3%	9.1%

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

### **Investment Indicators**

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

**Total risk exposure:** The first indicator shows the Authority's total investments and therefore its exposure to potential investment losses. The Council seeks to minimise its risk of loss and how it achieves this is detailed in the Capital Investment Strategy and the Treasury Management Strategy (CAB3333).

Table 6: Total investment exposure in £millions

Total investment exposure	31.03.2021 Actual	31.03.2022 Forecast	31.03.2023 Forecast
Treasury management investments	23.9m	15.0m	15.0m
Service investments: Loans	0.1m	0.1m	0.1m
Service investments: Shares	0.2m	0.2m	0.3m
Commercial investments: Property	66.8m	68.4m	69.0m
<b>TOTAL EXPOSURE</b>	<b>91.0m</b>	<b>83.7m</b>	<b>84.4m</b>

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

Table 7: Investments funded by external borrowing in £millions

Investments funded by external borrowing	31.03.2021 Actual	31.03.2022 Forecast	31.03.2023 Forecast
Treasury management investments	0.0m	0.0m	0.0m
Service investments: Loans	0.0m	0.0m	0.0m
Service investments: Shares	0.0m	0.0m	0.0m
Commercial investments: Property	0.0m	0.0m	0.0m
<b>TOTAL FUNDED BY EXTERNAL BORROWING</b>	<b>0.0m</b>	<b>0.0m</b>	<b>0.0m</b>

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

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

Investments net rate of return	2020/21 Actual	2021/22 Forecast	2022/23 Forecast
Treasury management investments	1.3%	0.5%	1.0%
Service investments: Loans	0.0%	0.0%	0.0%
Service investments: Shares	0.0%	0.0%	0.0%
Commercial investments: Property	3.5%	3.8%	3.7%
<b>ALL INVESTMENTS*</b>	2.7%	3.1%	3.2%

\*weighted average return

**Capital financing requirement (CFR) to total fixed assets value:** Capital Financing requirement represents the total borrowing need of the Council. This indicator shows the CFR as a percentage of total fixed assets and forecasts assume the full delivery of the capital programme. The Council is able to internally borrow an element of its need and actual external borrowing stood at £166.7m at 31 March 2021. Further detail on borrowing is included in the Treasury Management Strategy (CAB3333)

Table 9: Capital Financing Requirement to total fixed assets value

Capital Financing Requirement to total fixed assets value	2020/21 Actual	2021/22 Forecast*	2022/23 Forecast*
General Fund - total fixed assets (£m)	177.5	190.0	219.7
<b>Outstanding CFR (%)</b>	38.4%	37.2%	41.2%
Housing Revenue Account - total fixed assets (£m)	484.2	496.7	537.3
<b>Outstanding CFR (%)</b>	36.8%	39.3%	42.7%

\*excludes future changes in valuation



## Flexible Use of Capital Receipts Strategy

### **1. Introduction**

Ordinarily, capital resources such as capital receipts can only be used on capital expenditure (i.e. the creation or enhancement of a capital asset). However, the DLUHC Secretary of State issued a direction to local authorities in order to give them the freedom to use capital receipts from the sale of their own assets (excluding Right to Buy receipts) to help fund the revenue costs of transformation projects and release savings, including through redundancy, for the financial years 2016/17 to 2021/22, and announced in 2021 that this would be extended by a further 3 years. By using capital receipts, the council is able to avoid the negative impact of on its annual revenue budget of one-off costs but this will reduce the available resources for future capital projects.

### **2. The Direction**

The direction issued by the Secretary of State specifies that local authorities can treat as capital expenditure, expenditure which:

- “is incurred by the authority that is designed to generate savings in the delivery of public services and/or transform service delivery to reduce costs and/or transform service delivery in a way that reduces costs or demand for services in future years for any of the public sector delivery partners”
- “is properly incurred by the authority for the financial years that begin on 1 April 2016 to 1 April 2021” (a further direction is expected to add a further 3 years to 1 April 2024).

### **3. Available capital receipts**

It is a condition of the direction that it only applies to capital receipts received in the years to which the direction applies.

From 2016/17, the council’s General Fund has received £425,000 in capital receipts which meet the criteria to be used under this direction of which £194,000 were applied in 2020/21 and £231,000 remains available.

### **4. Proposed use**

2021/22 – the council does not plan to apply capital receipts to transformation projects.

2022/23 - the council has no plans to make redundancies, but it may use qualifying capital receipts, when appropriate, to help fund the revenue costs of any transformation projects identified though none specifically has been identified to date. In accordance with the direction, any such projects must deliver ongoing savings to the council

#### **5. Prudential indicators**

As the capital receipts available under the direction are not allocated to existing capital projects, there is no impact on the council's prudential indicators as it has not been necessary to identify alternative funding sources.

It should be noted that these receipts will not be available for future projects and alternatives such as borrowing may need to be identified in the future which would increase the council's capital financing requirement (borrowing need). However, the council is allowed to borrow for capital projects whereas it is not for revenue purposes.

CAB3333  
CABINET

REPORT TITLE: TREASURY MANAGEMENT STRATEGY 2022/23

17 FEBRUARY 2022

REPORT OF CABINET MEMBER: Cllr Neil Cutler – Deputy Leader and Cabinet Member for Finance and Risk

Contact Officer: Richard Botham Tel No: 01962 848421 Email: rbotham@winchester.gov.uk

WARD(S): ALL WARDS

## PURPOSE

This report sets out the proposed Treasury Management Strategy Statement, including the Annual Investment Strategy for the council for 2022/23.

Following the council's declaration of a Climate Emergency in June 2019 the Investment Strategy (Section 16) includes a commitment not to make equity investments either directly or indirectly (via pooled funds) in companies directly involved in the fossil fuel industry.

In addition, following changes to the Public Works Loans Board (PWLB) lending criteria which precludes a local authority from borrowing from PWLB for any purpose if it plans to purchase assets primarily for yield, the Borrowing Strategy (section 15) confirms the council has no such plans.

## RECOMMENDATIONS:

That Cabinet recommends to Council:

1. That the Treasury Management Strategy Statement which includes the Annual Treasury Investment Strategy for 2022/23 (and the remainder of 2021/22) is approved;
2. That authority is delegated to the Section 151 Officer to manage the council's high yielding investments portfolio and long term borrowing according to the Treasury Management Strategy Statement as appropriate; and

3. That authority is delegated to the Section 151 Officer, who in turn discharges this function to Hampshire County Council's Director of Corporate Operations, as agreed in the Service Level Agreement, to manage all council investments (other than the high yield portfolio) and short term borrowing according to the Treasury Management Strategy Statement as appropriate.

## IMPLICATIONS:

### 1 COUNCIL PLAN OUTCOME

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

### 2 FINANCIAL IMPLICATIONS

- 2.1 Effective treasury management ensures both the financial security and liquidity of the council. The overall target return is a 1% yield which, with an average balance of £25m, would yield £0.25m per annum.

### 3 LEGAL AND PROCUREMENT IMPLICATIONS

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

### 4 WORKFORCE IMPLICATIONS

- 4.1 Hampshire County Council's Investments and Borrowing Team carry out the day to day management of the council's cash balances and investments. The council's in-house finance team undertake the accounting and retain responsibility for long-term borrowing decisions.

### 5 PROPERTY AND ASSET IMPLICATIONS

- 5.1 None.

### 6 CONSULTATION AND COMMUNICATION

- 6.1 This report has been produced in consultation with Hampshire County Council's Investments & Borrowing team.
- 6.2 In November 2021 several members attended the annual treasury management briefing session provided by the council's treasury advisors Arlingclose.
- 6.3 The Scrutiny Committee discussed the report at its meeting held on 15 February 2022. Due to the dispatch date any particular matters that the Committee wishes to raise with Cabinet will be reported at the meeting.

## 7 ENVIRONMENTAL CONSIDERATIONS

7.1 Following the Council's declaration of a Climate Emergency in June 2019, and in line with its ethical stances in its investment policy (see Section 16 below), the Council has no direct or indirect equity investments in companies directly involved in the fossil fuel industry.

## 8 EQUALITY IMPACT ASSESSEMENT

8.1 None.

## 9 DATA PROTECTION IMPACT ASSESSMENT

9.1 None required.

## 10 RISK MANAGEMENT

<b>Risk</b>	<b>Mitigation</b>	<b>Opportunities</b>
<i>Returns from investments are too low</i>	A diversified strategy that attempts to manage the balance between liquidity risk, credit risk and yield within the Council's risk appetite.	Returns above budgeted levels
<i>A counterparty fails</i>	A diversified strategy that has relatively low levels of counter-party risk	
<i>Cash is not available</i>	A balanced portfolio of liquid and long-term funds are held to ensure cash is available to utilise. The Council also mitigates this risk through cashflow forecasting	More accurate and immediate cashflow forecasting can help improve the return on investments through more active treasury management activity
<i>Access to Money Market Funds (MMFs) may be restricted when the UK exits the EU</i>	Invest in suitable alternatives	
<i>Insufficient capacity to deliver day to day treasury management</i>	Since 2014, Hampshire County Council's Investments and Borrowing Team has carried out the day to day management of the council's cash balances and investments	The economies of scale in HCC carrying out the day to day management gives the council access to a much wider range of skills, and resilience, at a far lower cost than managing in-house

## SUPPORTING INFORMATION:

### 11 Summary

- 11.1 The Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice 2017 Edition (the CIPFA Code) requires authorities to determine the Treasury Management Strategy Statement (TMSS) before the start of each financial year.
- 11.2 As per the requirements of the Prudential Code, the Council adopts the CIPFA Treasury Management Code. This report fulfils the Council's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code.
- 11.3 The key changes in the strategy this year are that investment limits have been amended to reflect the higher investment balances expected to be held due primarily to slippage in the capital programme as a consequence of global transportation and supply issues (Tables 5, 6 and 9). This will enable the council to take advantage of higher yielding investments over longer periods.

### 12 Introduction

- 12.1 Treasury management is the management of the council's cash flows, borrowing and investments, and the associated risks. The council has borrowed and invested sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of financial risk are therefore central to the council's prudent financial management.
- 12.2 Treasury risk management at the council is conducted within the framework of the CIPFA Code which requires the Council to approve a Treasury Management Strategy Statement (TMSS) before the start of each financial year. This report fulfils the council's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code.
- 12.3 Investments held for service purposes or for commercial profit are considered in a different report, the Capital Investment Strategy.
- 12.4 Hampshire County Council's Investments & Borrowing Team has been contracted to manage the council's treasury management balances since September 2014 but overall responsibility for treasury management remains with the council. No treasury management activity is without risk; the effective identification and management of risk are integral to the council's treasury management objectives.

### 13 External Context

- 13.1 The following paragraphs explain the economic and financial background against which the TMSS is being set.

### Economic background

- 13.2 The ongoing impact on the UK from coronavirus, together with higher inflation, higher interest rates, and the country's trade position post-Brexit, will be major influences on the council's treasury management strategy for 2022/23.
- 13.3 The Bank of England (BoE) increased Bank Rate to 0.25% in December 2021 while maintaining its Quantitative Easing programme at £895bn. Within this announcement the Monetary Policy Committee (MPC) noted that the pace of the global recovery was broadly in line with its November Monetary Policy Report. Prior to the emergence of the Omicron coronavirus variant, the BoE also considered the UK economy to be evolving in line with expectations, however due to the increased uncertainty and risk to activity that the new variant presents, the Bank revised down its estimates for Quarter 4 of 2021 Gross Domestic Product (GDP) growth. The BoE projects that inflation will be higher than previously forecast, with the Consumer Price Index (CPI) likely to remain above 5% throughout the winter and peak at 6% in April 2022. The labour market was generally performing better than previously forecast and the BoE now expects the unemployment rate to fall to 4%, but notes that Omicron could potentially weaken the demand for labour.

### Credit outlook

- 13.4 Since the start of 2021, relatively benign credit conditions have led to credit default swap (CDS) prices for the larger UK banks to remain low and had steadily edged down throughout the year up until mid-November when the emergence of Omicron has caused them to rise modestly. CDS prices are used as an indicator of credit risk, where higher premiums indicate higher perceived risks.
- 13.5 The generally improved economic outlook during 2021 helped UK banks' profitability and reduced the level of impairments many had made as provisions for bad loans. However, the relatively recent removal of coronavirus-related business support measures by the government means the full impact on bank balance sheets may not be known for some time.
- 13.6 The improved economic picture during 2021 led the credit rating agencies to reflect this in their assessment of the outlook for the UK sovereign as well as several financial institutions, revising them from negative to stable and even making a handful of rating upgrades.
- 13.7 Looking ahead, while there is still the chance of bank losses from bad loans as government and central bank support is removed, the institutions on the council's counterparty list are well-capitalised and general credit conditions across the sector are expected to remain benign. Duration limits for counterparties on the council's lending list are under regular review and will continue to reflect economic conditions and the credit outlook.



### Interest rate forecast

- 13.8 The council's treasury management adviser Arlingclose is forecasting that Bank Rate will continue to rise in Quarter 1 of 2022 to subdue inflationary pressures and the perceived desire by the BoE to move away from emergency levels of interest rates.
- 13.9 Investors continue to price in multiple rises in Bank Rate over the next forecast horizon, and Arlingclose believes that although interest rates will rise again, the increases will not be to the extent predicted by financial markets.
- 13.10 Yields are expected to remain broadly at current levels over the medium-term, with the 5, 10 and 20 year gilt yields expected to average around 0.65%, 0.90%, and 1.15% respectively. However, as ever there will almost certainly be short-term volatility due to economic and political uncertainty and events.
- 13.11 A more detailed economic and interest rate forecast provided by Arlingclose is attached at Appendix A.

### 14 Balance Sheet Summary and Forecast

- 14.1 On 31 December 2021, the council held £166.7m of borrowing and £50.8m of investments. This is set out in further detail at Appendix B. Forecast changes in these sums, subject to delivery of the capital programme, are shown in the balance sheet analysis in Table 1.
- 14.2 The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. The council's current strategy is to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing.
- 14.3 The council has a forecast increasing CFR due to the planned capital programme over the coming years, and the council's reserves will gradually reduce over the same period. This will reduce the council's capacity to internally borrow and there will be a need to take out additional external borrowing.
- 14.4 CIPFA's Prudential Code for Capital Finance in Local Authorities recommends that the council's total debt should be lower than its highest forecast CFR over the next three years. Table 1 shows that the council expects to comply with this recommendation during 2022/23.

**Table 1: Balance sheet summary and forecast**

	31/03/21 Actual £m	31/03/22 Estimate £m	31/03/23 Forecast £m	31/03/24 Forecast £m	31/03/25 Forecast £m
General Fund CFR	68.1	70.6	90.5	94.7	95.2
HRA CFR	178.2	195.0	229.5	278.2	279.4
<b>Total CFR</b>	<b>246.3</b>	<b>265.6</b>	<b>320.0</b>	<b>372.9</b>	<b>374.6</b>
Less: External borrowing *	(166.7)	(166.7)	(166.7)	(166.7)	(166.7)
<b>Internal borrowing</b>	<b>79.6</b>	<b>98.9</b>	<b>153.3</b>	<b>206.2</b>	<b>207.9</b>
Less: Balance sheet resources:					
- GF Usable reserves	(53.6)	(34.7)	(27.4)	(24.4)	(24.3)
- HRA Usable reserves	(33.2)	(48.0)	(51.4)	(56.8)	(41.9)
- Allowance for working capital	(16.7)	(24.0)	(17.0)	(17.0)	(17.0)
	<b>(103.5)</b>	<b>(106.7)</b>	<b>(95.8)</b>	<b>(98.2)</b>	<b>(83.2)</b>
<b>New borrowing or (investments)</b>	<b>(23.9)</b>	<b>(7.8)</b>	<b>57.5</b>	<b>108.0</b>	<b>124.7</b>

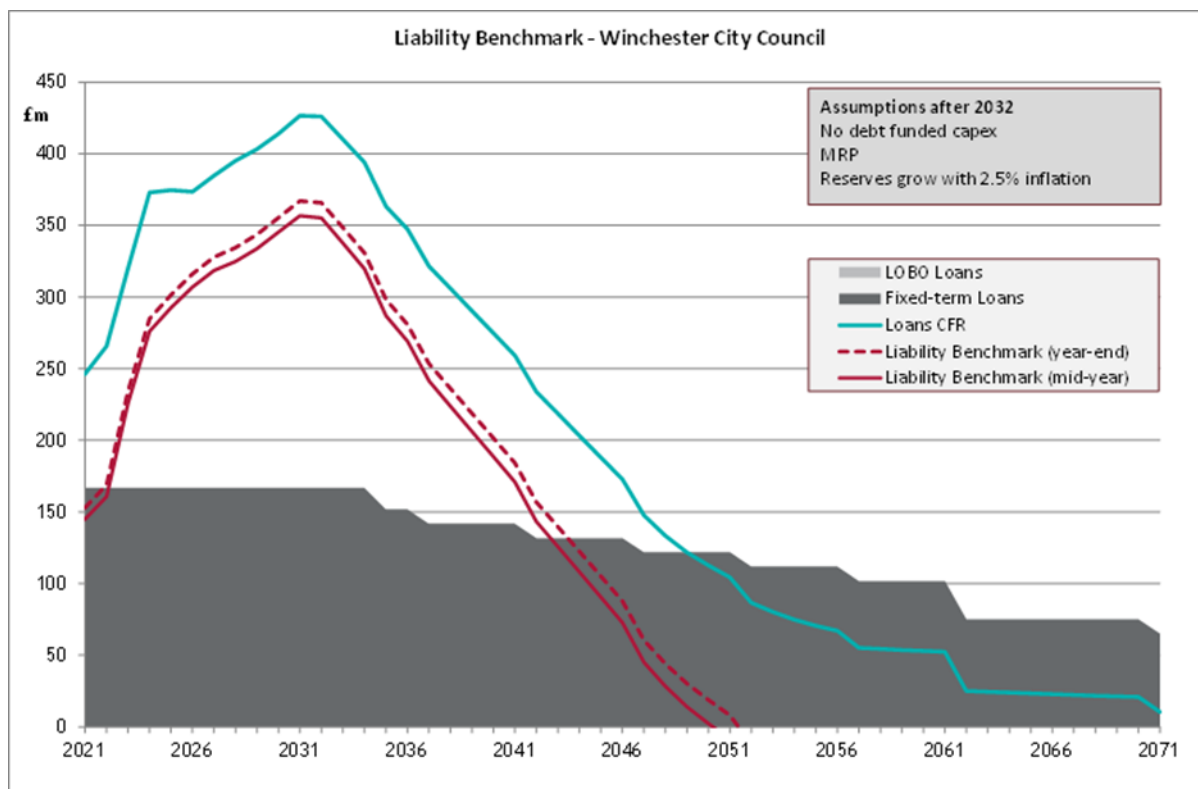
\* shows existing external borrowing and assumes this will be refinanced on maturity

#### Liability benchmark

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

**Table 2: Liability benchmark**

	31/03/21 Actual £m	31/03/22 Estimate £m	31/03/23 Forecast £m	31/03/24 Forecast £m	31/03/25 Forecast £m
Total CFR	246.3	265.6	320.0	372.9	374.6
Less: Balance sheet resources					
- Total usable reserves	(86.8)	(82.7)	(78.8)	(81.2)	(66.2)
- Working capital	(16.7)	(24.0)	(17.0)	(17.0)	(17.0)
<b>Net loans requirement</b>	<b>142.8</b>	<b>158.9</b>	<b>224.2</b>	<b>274.7</b>	<b>291.4</b>
Plus: Liquidity allowance	10.0	10.0	10.0	10.0	10.0
<b>Liability benchmark</b>	<b>152.8</b>	<b>168.9</b>	<b>234.2</b>	<b>284.7</b>	<b>301.4</b>



- 14.6 At the start of the period, 31st March 2021, the council had a Loans CFR of £246.3m, fixed term loans of £166.7m and a liability benchmark of £152.8m. The difference of £79.6m between the CFR and fixed term loans is internal borrowing and is where the council has used its own cash and investment balances to fund its borrowing need.
- 14.7 The liability benchmark is the lowest level of debt the council could hold if it used all of its balances, reserves and cash flow surpluses.
- 14.8 The forward projection using the council capital programme forecasts indicate that capital expenditure funded by borrowing of around £128.3m will occur from the position at the 31 March 2021 to 31 March 2025 as evidenced by the rising CFR, and where the liability benchmark increases above the debt portfolio is where the council will need to take on additional external borrowing to fund this expenditure. It is anticipated that to keep debt at a minimum level, a maximum of £134.7m of additional debt would need to be taken out. Any debt should be taken on an amortising basis to match the shape of the liability benchmark.
- 15 Borrowing Strategy
- 15.1 The council currently holds £166.7m of loans as part of its strategy for funding previous years' capital programmes. The balance sheet forecast in Table 1 shows that the council may need to borrow up to £67.5m in 2022/23 in order to maintain a minimum balance of £10m, dependent on delivery of the capital programme. The council may also borrow additional sums to pre-fund future

years' requirements, providing total external borrowing does not exceed the authorised limit for borrowing of £353.9m.

### Objectives

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

### Strategy

- 15.3 Given the significant cuts to public expenditure and in particular to local government funding, the council's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. With short-term interest rates currently much lower than long-term rates, when the council does borrow, it is likely to be more cost effective in the short term to use internal resources where possible or to borrow short term loans to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk. It may be beneficial to secure long term loans for Housing Revenue Account (HRA) purposes where these provide certainty and are viable in the context of the 30 year HRA business plan.
- 15.4 The benefits of internal and short-term borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise modestly. Arlingclose will assist the council with this 'cost of carry' and breakeven analysis and this will be used to help determine whether the council borrows additional sums at long-term fixed rates in 2022/23 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.
- 15.5 The council has previously raised all of its long-term borrowing from the Public Works Loan Board (PWLB) but will consider long-term loans from other sources including banks, pension funds and local authorities, and will investigate the possibility of issuing bonds and similar instruments, in order to lower interest costs and reduce over-reliance on one source of funding in line with the CIPFA Code. New PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield (including where individual purchases are not funded by borrowing); the council has no plans to undertake this activity and will therefore retain its access to PWLB loans. If the council were to elect to purchase assets primarily for yield it would have no access to the PWLB for loans for any purpose. This would expose the council to significant liquidity risk as it would need to obtain loans elsewhere in the market to finance its borrowing need.
- 15.6 The council may arrange forward-starting loans, where the interest rate is fixed in advance, but the cash is received in later years. This would enable

certainty of cost to be achieved without suffering a cost of carry in the intervening period.

- 15.7 In addition, the council may borrow further short-term loans (normally for up to one month) to cover unplanned cash flow shortages.

#### Sources of borrowing

- 15.8 The approved sources of long-term and short-term borrowing are:

- HM Treasury's PWLB lending facility (formerly the Public Works Loan Board)
- Any institution approved for investments
- Any other bank or building society authorised to operate in the UK
- Any other UK public sector body
- UK public and private sector pension funds (except Hampshire Pension Fund)
- Capital market bond investors
- UK Municipal Bonds Agency plc and other special purpose companies created to enable local Council bond issues

#### Other sources of debt finance

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

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

#### Short-term and variable rate loans

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

#### Debt rescheduling

- 15.11 The PWLB allows authorities to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current

interest rates. The council may take advantage of this and replace some loans with new loans, or repay loans without replacement, where this is expected to lead to an overall cost saving or a reduction in risk. Currently the cost of premiums charged by the PWLB for repaying loans prior to maturity outweighs the cost of repaying at maturity.

## 16 Treasury Investment Strategy

- 16.1 The council holds invested funds representing income received in advance of expenditure plus balances and reserves held. In the past 12 months, the council's treasury investment balance has ranged between £26.1m and £64.6m.

### Objectives

- 16.2 The CIPFA Code requires the council to invest its treasury funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.

### Ethical investments

- 16.3 The council declared a Climate Emergency in June 2019 and as a consequence will not make equity investments either directly or indirectly (via pooled funds) in companies directly involved in the fossil fuel industry. It will continuously review its ethical stance as part of the annual Treasury Management Strategy setting process taking into account its other objectives stated above with regard to security, liquidity, and yield.

### Negative interest rates

- 16.4 The COVID-19 pandemic increased the risk that the Bank of England would set its Bank Rate at or below zero, which would likely have fed through to negative interest rates on all low risk, short-term investment options, and in some instances negative interest rates were being seen. As the Bank of England has started to raise Bank Rates this eventuality is now not an immediate concern, however in the event of negative rates, since investments cannot pay negative income, negative rates will be applied by reducing the value of investments. In this event, security will be measured as receiving the contractually agreed amount at maturity, even though this may be less than the amount originally invested.

### Strategy

- 16.5 Given the increasing risk and very low returns from short-term unsecured bank investments, the council aims to continue to hold investments that provide diversification through greater security and/or higher yielding asset

classes. This is especially the case for the estimated funds that are available for longer-term investment.

- 16.6 At 31 December 2021 approximately 42% of the council's investment balances were invested so that they were not subject to bail-in risk as they were invested in Government investments, pooled property funds, and secured bank bonds.
- 16.7 Of the 58% of investment balances that were subject to bail-in risk, 68% were held in cash plus funds and overnight money market funds which are subject to a reduced risk of bail in due to the high level of diversification within these investments, and 17% were held in overnight bank call accounts for liquidity purposes. In addition 13% of investment balances held subject to bail-in risk were held in very short term notice accounts providing a comparatively favourable rate of interest in exchange for a short notice period within the 100 day maximum recommended by Arlingclose and the remainder were held in short term certificates of deposit which are saleable.
- 16.8 Unfortunately, the availability of appropriate longer term investment opportunities has been reduced in comparison to previous years due to an uncertain economic market, very low interest rates and the local authority market has been much reduced due to the amount of funding that has been supplied to the sector from Central Government in relation to the pandemic.
- 16.9 The council made a payment of £2.525m on 1 April 2021 to prepay its employer's LGPS pension contributions for one year. By making this payment in advance the council was able to generate an estimated saving of £0.054m over the year on its pension contributions. Subject to any unforeseen cash flow requirements the council plans to prepay its employer's LGPS pension contributions for one year again on 1 April 2022 and expects to make a similar saving.
- 16.10 Further detail is provided at Appendix B and this diversification represents a continuation of the strategy adopted in 2015/16.

#### Business models

- 16.11 Under the new IFRS 9 standard, the accounting for certain investments depends on the 'business model' for managing them. The council aims to achieve value from its internally managed treasury investments through a business model of collecting the contractual cash flows and therefore, where other criteria are also met, these investments will continue to be accounted for at amortised cost.

#### Investment targeting higher returns

- 16.12 In order to minimise the risk of receiving unsuitably low investment income, the council has continued to invest a proportion of steady core balances in an externally managed pooled fund investing in pooled property. This allows

diversification into an asset class other than cash without the need to own and manage the underlying assets.

- 16.13 The fund, which is operated on a variable net asset value (VNAV) basis, offers diversification of investment risk, coupled with the services of a professional fund manager and also offers the potential for enhanced returns over the longer term but is likely to be more volatile in the short-term. The council's pooled fund investment is in the fund's distributing share class which pays out the income generated.
- 16.14 The CIPFA Code requires the council to invest its funds prudently and to have regard to the security and liquidity of its investments before seeking the highest yield. As a result, the council's investment targeting higher yields has been made from its most stable balances and with the intention that it will be held for at least the medium term. This means that the initial costs of any investment and any periods of falling capital values can be overcome and mitigates the risk of having to sell an asset for liquidity purposes, helping to ensure the long-term security of the council's investment.
- 16.15 The council's investment in the pooled property fund fell considerably in value when the coronavirus pandemic hit world markets but has since recovered well. This recovery means these investments are now worth more in aggregate than the initial sums invested, as shown in Table 3, demonstrating the importance of taking a longer term approach and being able to ride out periods of market volatility, ensuring the council is not a forced seller at the bottom of the market.

**Table 3: Higher yielding investments - market value performance**

	Amount invested	Market value at 31/12/2021	Gain/(fall) in capital value	
			Since purchase	One year
	£m	£m	£m	£m
Pooled property fund	5.0	5.9	0.9	0.6
<b>Total</b>	<b>5.0</b>	<b>5.9</b>	<b>0.9</b>	<b>0.6</b>

- 16.16 Money can usually be redeemed from this pooled fund after a short notice period of 90 days, however this investment must be viewed as a long-term investment from core balances not required for immediate liquidity requirements. This ensures that even in times of market volatility, the council will not be a forced seller and will not crystallise any capital losses.
- 16.17 The IFRS 9 accounting standard that was introduced in 2018/19 means that annual movements in the capital values of investments need to be reflected in the revenue account on an annual basis, although a five year statutory override was put in place for local authorities that exempts them from complying with this requirement.



- 16.18 The council's long-term investment in this pooled property funds is expected to bring benefits to the revenue budget through higher yields than can be achieved on cash investments. As shown in Table 4, without the allocation to the fund the weighted average return of the council's cash investments would have been 0.10%. By investing in the pooled fund, the weighted average return at 31 December 2021 was 0.48%, meaning the allocation to higher yielding investments has added 0.38% to the average interest rate earned by the remainder of the portfolio.
- 16.19 This benefit to the revenue budget is demonstrated in Table 4, using cash balances and average returns at 31 December 2021. It should be noted that this is a snapshot at a particular point in time and balances and returns do not remain constant over the course of a year.

**Table 4: Estimated annual income returns**

	<b>Cash balance at 31/12/2021</b>	<b>Weighted average return</b>	<b>Estimated annual income return</b>
	<b>£m</b>	<b>%</b>	<b>£m</b>
Short-term and long-term cash investments	45.8	0.10	0.04
Investments targeting higher yields	5.0	3.97	0.20
<b>Total</b>	<b>50.8</b>	<b>0.48</b>	<b>0.24</b>

- 16.20 The performance of this investment and its suitability in meeting the council's investment objectives are monitored regularly and discussed with Arlingclose.

Investment limits

- 16.21 The maximum that will be lent to any one organisation (other than the UK Government) will be £7m, which is an increase in comparison to the previous TMSS due to the possibility of temporarily increased investment balances. Although over the longer term it is expected that the council's cash balances will reduce and new external borrowing will need to be taken, due to world transportation and supply issues the delivery of elements of the agreed capital programme has been delayed, which may result in raised investment balances for a short time. Increased limits allow the flexibility to ensure that all of the council's cash can be invested in accordance with this TMSS.

A group of entities under the same ownership will be treated as a single organisation for limit purposes. Limits are placed on fund managers as shown in Table 5.

**Table 5: Investment limits**

	<b>Cash limit</b>
Any single organisation, except the UK Central Government	£7m each
UK Central Government	Unlimited
Any group of pooled funds under the same management	£17.5m per manager

Approved counterparties

16.22 The council may invest its surplus funds with any of the counterparty types in Table 6, subject to the limits shown.

**Table 6: Sector and counterparty limits**

<b>Sector</b>	<b>Time limit</b>	<b>Counterparty limit</b>	<b>Sector limit</b>
The UK Government	30 years	Unlimited	n/a
Local authorities & other government entities	25 years	£7.0m	Unlimited
Secured investments *	25 years	£7.0m	Unlimited
Banks (unsecured) *	13 months	£3.5m	Unlimited
Building societies (unsecured) *	13 months	£3.5m	£7.0m
Registered providers (unsecured) *	5 years	£3.5m	£17.5m
Money market funds *	n/a	£7.0m	Unlimited
Strategic pooled funds	n/a	£7.0m	£35.0m
Real estate investment trusts	n/a	£7.0m	£17.5m
Other investments *	5 years	£3.5m	£7.0m

This table must be read in conjunction with the notes below.

\* Minimum credit rating

16.23 Treasury investments in the sectors marked with an asterisk will only be made with entities whose lowest published long-term credit rating is no lower than A-. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant known factors including external advice will be taken into account.

16.24 For entities without published credit ratings, investments may be made where external advice indicates the entity to be of similar credit quality.

### Government

- 16.25 Loans, bonds and bills issued or guaranteed by national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is generally a lower risk of insolvency, although they are not zero risk. Investments with the UK Government are deemed to be zero credit risk due to its ability to create additional currency and therefore may be made in unlimited amounts for up to 30 years.

### Secured investments

- 16.26 Investments secured on the borrower's assets, which limits the potential losses in the event of insolvency. The amount and quality of the security will be a key factor in the investment decision. Covered bonds and reverse repurchase agreements with banks and building societies are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used. The combined secured and unsecured investments with any one counterparty will not exceed the cash limit for secured investments.

### Banks and building societies (unsecured)

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

### Registered providers (unsecured)

- 16.28 Loans and bonds issued by, guaranteed by or secured on the assets of registered providers of social housing and registered social landlords, formerly known as housing associations. These bodies are regulated by the Regulator of Social Housing (in England), the Scottish Housing Regulator, the Welsh Government and the Department for Communities (in Northern Ireland). As providers of public services, they retain the likelihood of receiving government support if needed.

### Money market funds

- 16.29 Pooled funds that offer same-day or short notice liquidity and very low or no price volatility by investing in short-term money markets. They have the advantage over bank accounts of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a small fee. Although no sector limit applies to money market funds, the Council will take care to diversify its liquid investments over a variety of providers to ensure access to cash at all times.

### Strategic pooled funds

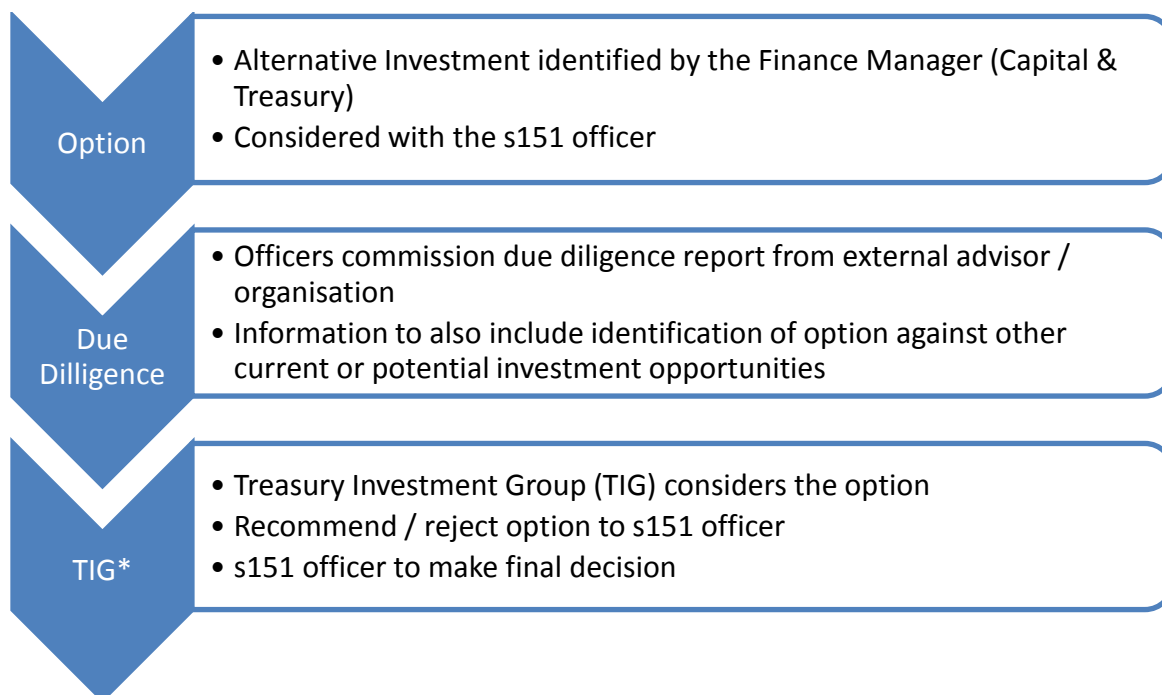
- 16.30 Shares or units in diversified investment vehicles consisting of bond, equity and property investments. These funds offer the potential for enhanced returns over the longer term but are more volatile in the short term and allow the council to diversify into asset classes other than cash without the need to own and manage the underlying investments. This sector also includes cash plus funds which are also a type of pooled fund, but are used for short-term funds, with a lower risk appetite. Because strategic pooled funds have no defined maturity date, but are available for withdrawal after a notice period; their performance and continued suitability in meeting the council's investment objectives will be monitored regularly.

### Real estate investment trusts (REITs)

- 16.31 Shares in companies that invest mainly in real estate and pay the majority of their rental income to investors in a similar manner to pooled property funds. As with property funds, REITs offer the potential for enhanced returns over the longer term, but are more volatile especially as the share price reflects changing demand for the shares as well as changes in the value of the underlying properties.

### Other investments

- 16.32 This category covers treasury investments not listed above, for example unsecured corporate bonds and company loans. Non-bank companies cannot be bailed-in but can become insolvent placing the council's investment at risk.
- 16.33 Where a counterparty does not have a credit rating and to ensure there is a clear process for external scrutiny specifically around these alternative investments, the governance structure detailed below was approved in the Treasury Management Mid-Year Review 2017/18 in order for the council to consider such investment opportunities in a timely manner and ensure that there has been effective scrutiny over the proposed decisions. The S151 officer will consult with this group on these types of investment prior to making the final decision.



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

- Finance Manager (Capital & Treasury)
- Cabinet Member for Finance and Risk
- One other Cabinet member
- Chair of the Audit & Governance Committee
- Shadow Cabinet Member for Finance
- S151 officer

#### Operational bank accounts

16.34 The council may incur operational exposures, for example through current accounts, to any UK bank with credit ratings no lower than BBB- and with assets greater than £25 billion. These are not classed as investments but are still subject to the risk of a bank bail-in, and balances will therefore be kept low. The council's operational bank account is with National Westminster and aims to keep the overnight balances held in current accounts as positive, with a maximum of £500,000. The Bank of England has stated that in the event of failure, banks with assets greater than £25 billion are more likely to be bailed-in than made insolvent, increasing the chance of the Council maintaining operational continuity.

### Risk assessment and credit ratings

- 16.35 Credit ratings are obtained and monitored by the council's treasury advisers, who will notify changes in ratings as they occur. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:
- no new investments will be made;
  - any existing investments that can be recalled or sold at no cost will be; and
  - full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.
- 16.36 Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as "negative watch") so that it may fall below the approved rating criteria, then only investments that can be withdrawn on the next working day will be made with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.

### Other information on the security of investments

- 16.37 The council understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential government support and reports in the quality financial press and analysis and advice from the council's treasury management adviser. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may otherwise meet the above criteria.
- 16.38 When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008 and 2020, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the council will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the council's cash balances, then the surplus will be deposited with the UK Government, via the Debt Management Office or invested in government treasury bills for example, or with other local authorities. This will likely lead to investment returns falling but will protect the principal sum invested.

### Liquidity management

- 16.39 The council has due regard for its future cash flows when determining the maximum period for which funds may prudently be committed. Historic cash

flows are analysed in addition to significant future cash movements, such as payroll, grant income and council tax precept. Limits on long-term investments are set by reference to the council's medium term financial position (summarised in Table 1) and forecast short-term balances.

- 16.40 The council will spread its liquid cash over at least four providers (e.g. bank accounts and money market funds) to ensure that access to cash is maintained in the event of operational difficulties at any one provider, except in cases of extreme market stress whereby the council will be able to invest all of its liquid cash in one provider only, being the Debt Management Office.

## 17 Treasury Management Indicators

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

### Interest rate exposures

- 17.2 The following indicator shows the sensitivity of the council's current investments and borrowing to a change in interest rates. Fixed rate investments maturing during the year are assumed to be variable for the remainder of the year.

**Table 7: Interest rate risk indicator**

	<b>31 December 2021</b>	<b>Impact of +/-1% interest rate change</b>
	<b>£m</b>	<b>£m</b>
Sums subject to variable interest rates:		
- Investment	50.8	+/- £0.5m
- Borrowing	0.0	+/- £0.0m

### Maturity structure of borrowing

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

**Table 8: Refinancing rate risk indicator**

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

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

Principal sums invested for periods longer than a year

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

**Table 9: Price risk indicator**

	2022/23	2023/24	2024/25
Limit on principal invested beyond year end	£20m	£18m	£15m

18 Prudential Indicators – Borrowing

Gross Debt and the Capital Financing Requirement

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



**Table 10: Debt**

	<b>31/03/22 Revised £m</b>	<b>31/03/23 Estimate £m</b>	<b>31/03/24 Estimate £m</b>	<b>31/03/25 Estimate £m</b>
Borrowing	(166.7)	(166.7)	(166.7)	(166.7)
New borrowing	(2.2)	(67.5)	(118.0)	(134.7)
Finance leases	-	-	-	-
<b>Total Debt</b>	<b>(168.9)</b>	<b>(234.2)</b>	<b>(284.7)</b>	<b>(301.4)</b>

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

#### Operational Boundary for External Debt

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

**Table 11: Operational Boundary**

	<b>2021/22 Revised £m</b>	<b>2022/23 Estimate £m</b>	<b>2023/24 Estimate £m</b>	<b>2024/25 Estimate £m</b>
Borrowing	282.6	337.0	389.9	391.6
<b>Total Debt</b>	<b>282.6</b>	<b>337.0</b>	<b>389.0</b>	<b>391.6</b>

#### Authorised Limit for External Debt

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

**Table 12: Authorised Limit**

	<b>2021/22 Limit £m</b>	<b>2022/23 Limit £m</b>	<b>2023/24 Limit £m</b>	<b>2024/25 Limit £m</b>
Borrowing	299.5	353.9	406.8	408.5
<b>Total Debt</b>	<b>299.5</b>	<b>353.9</b>	<b>406.8</b>	<b>408.5</b>

## 19 Related Matters

- 19.1 The CIPFA Code requires the council to include the following in its treasury management strategy.

### Financial derivatives

- 19.2 Local authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (e.g. interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (e.g. LOBO loans and callable deposits). The general power of competence in Section 1 of the Localism Act 2011 removes much of the uncertainty over local authorities' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment).
- 19.3 The council will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the council is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. Embedded derivatives, including those present in pooled funds and forward starting transactions, will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.
- 19.4 Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria, assessed using the appropriate credit rating for derivative exposures. An allowance for credit risk calculated using the methodology in the Treasury Management Practices document will count against the counterparty credit limit and the relevant foreign country limit.
- 19.5 In line with the CIPFA Code, the council will seek external advice and will consider that advice before entering into financial derivatives to ensure that it fully understands the implications.

### Housing Revenue Account

- 19.6 The council has adopted the "two pool approach" whereby each of its long-term loans are split into General Fund and HRA pools. In the future, new long-term loans borrowed will be assigned in their entirety to one pool or the other. Interest payable and other costs/income arising from long-term loans (e.g. premiums and discounts on early redemption) will be charged/credited to the respective revenue account. Differences between the value of the HRA loans pool and the HRA's underlying need to borrow (adjusted for HRA balance sheet resources available for investment) will result in a notional cash balance which may be positive or negative. This balance will be measured each month and interest transferred between the General Fund and HRA applying the following rates:

- The PWLB 3 month variable loan rate is applied to a deficit balance

- The risk free Debt Management Office rate is applied to a surplus balance.

#### Investment training

- 19.7 The needs of the council's treasury management staff for training in investment management are assessed annually as part of the staff appraisal process, and additionally when the responsibilities of individual members of staff change.
- 19.8 Staff regularly attend training courses, seminars and conferences provided by Arlingclose and CIPFA. Relevant staff are also encouraged to study professional qualifications from CIPFA, and other appropriate organisations.
- 19.9 CIPFA's Code of Practice requires that the council ensures that all members tasked with treasury management responsibilities, including scrutiny of the treasury management function, receive appropriate training relevant to their needs and understand fully their roles and responsibilities. All members were invited to a workshop presented by Arlingclose on 15 November 2021, which gave an update of treasury matters. A further Arlingclose workshop is planned for 2022.

#### Investment advisers

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

#### Investment of money borrowed in advance of need

- 19.11 The council may, from time to time, borrow in advance of need, where this is expected to provide the best long-term value for money. Since amounts borrowed will be invested until spent, the council is aware that it will be exposed to the risk of loss of the borrowed sums, and the risk that investment and borrowing interest rates may change in the intervening period. These risks will be managed as part of the council's overall management of its treasury risks. The total amount borrowed will not exceed the authorised borrowing limit of £353.9m.

#### Markets in Financial Instruments Directive

- 19.12 The council has opted up to professional client status with its providers of financial services, including advisers, brokers and fund managers, allowing it access to a greater range of services but without the greater regulatory protections afforded to individuals and small companies. Given the size and range of the council's treasury management activities, the s151 Officer believes this to be the most appropriate status.

## 20 OTHER OPTIONS CONSIDERED AND REJECTED

- 20.1 The Council could elect to bring all treasury management activity back in-house. This option has been rejected as the arrangement with Hampshire County Council's Investments and Borrowing team provides significant resilience and economies of scale.
- 20.2 The CIPFA Code does not prescribe any particular treasury management strategy for local authorities to adopt. The Section 151 Officer believes that the above strategy represents an appropriate balance between risk management and cost effectiveness. Some alternative strategies, with their financial and risk management implications, are listed in Table 13.

**Table 13: Alternative strategies and their implications**

<b>Alternative</b>	<b>Impact on income and expenditure</b>	<b>Impact on risk management</b>
Invest in a narrower range of counterparties and/or for shorter times	Interest income will be lower	Lower chance of losses from credit related defaults, but any such losses may be greater
Invest in a wider range of counterparties and/or for longer times	Interest income will be higher	Increased risk of losses from credit related defaults, but any such losses may be smaller
Borrow additional sums at long-term fixed interest rates	Debt interest costs will rise; this is unlikely to be offset by higher investment income	Higher investment balance leading to a higher impact in the event of a default; however long-term interest costs may be more certain
Borrow short-term or variable loans instead of long-term fixed rates	Debt interest costs will initially be lower	Increases in debt interest costs will be broadly offset by rising investment income in the medium term, but long-term costs may be less certain
Reduce level of borrowing	Saving on debt interest is likely to exceed lost investment income	Reduced investment balance leading to a lower impact in the event of a default; however long-term interest costs may be less certain

BACKGROUND DOCUMENTS:-

Previous Committee Reports:-

[AUD119: Treasury Management Practices, 22 June 2015](#)

CAB3282: Treasury Management Strategy 2020-21, 9 February 2021

AG0057: Treasury Management Outturn 2020/21, 22 July 2021

AG065: Treasury Management Mid-Year Monitoring Report 2021/22, 16 December 2021

Other Background Documents:

None

APPENDICES:

Appendix A – Arlingclose Economic & Interest Rate Forecasts October 2021

Appendix B - Existing Investment & Debt Portfolio Position at 31 December 2021

## Appendix A – Arlingclose Economic & Interest Rate Forecast December 2021

### Underlying assumptions:

- The global recovery from the pandemic has entered a more challenging phase. The resurgence in demand has led to the expected rise in inflationary pressure, but disrupted factors of supply are amplifying the effects, increasing the likelihood of lower growth rates ahead. The advent of the Omicron variant of coronavirus is affecting activity and is also a reminder of the potential downside risks.
- Despite relatively buoyant activity survey data, official Gross Domestic Product (GDP) data indicates that growth was weakening into Quarter 4 of 2021. Other data, however, suggested continued momentum, particularly for November. Retail sales volumes rose 1.4%, and the labour market continued to strengthen. The end of furlough did not appear to have had a significant impact on unemployment. Wage growth is elevated.
- The Consumer Price Index (CPI) rate rose to 5.1% for November and will rise higher in the near term. While the transitory factors affecting inflation are expected to unwind over time, policymakers' concern is persistent medium term price pressure.
- These factors prompted the Monetary Policy Committee (MPC) to raise Bank Rate to 0.25% at the December 2021 meeting. Short term interest rate expectations remain elevated.
- The outlook, however, appears weaker. Household spending faces pressures from a combination of higher prices and tax rises. In the immediate term, the Omicron variant has already affected growth – activity for Quarter 4 of 2021 and Quarter 1 of 2022 could be weak at best.
- Longer-term government bond yields remain relatively low despite the more hawkish signals from the Bank of England (BoE) and the Federal Reserve. Investors are concerned that significant policy tightening in the near term will slow growth and prompt the need for looser policy later. Geo-political and coronavirus risks are also driving safe haven buying. The result is a much flatter yield curve, as short-term yields rise even as long-term yields fall.
- The rise in Bank Rate despite the Omicron variant signals that the MPC will act to bring inflation down whatever the environment. It has also made clear its intentions to tighten policy further. While the economic outlook will be challenging, the signals from policymakers suggest their preference is to tighten policy unless data indicates a more severe slowdown.

### Forecast:

- The MPC will want to build on the strong message it delivered this month by tightening policy despite Omicron uncertainty.
- Arlingclose therefore expects Bank Rate to rise to 0.50% in Quarter 1 of 2022, but then remain there. Risks to the forecast are initially weighted to the

upside, but becoming more balanced over time. The Arlingclose central forecast remains below the market forward curve.

- Gilt yields will remain broadly flat from current levels. Yields have fallen sharply at the longer end of the yield curve, but expectations of a rise in Bank Rate have maintained short term gilt yields at higher levels.
- Easing expectations for Bank Rate over time could prompt the yield curve to steepen, as investors build in higher inflation expectations.
- The risks around the gilt yield forecasts vary. The risk for short and medium term yields is initially on the upside but shifts lower later. The risk for long-term yields is weighted to the upside.

	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24
<b>Official Bank Rate</b>													
Upside risk	0.00	0.00	0.25	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Arlingclose Central Case	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Downside risk	0.00	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25
<b>3-month money market rate</b>													
Upside risk	0.05	0.05	0.25	0.35	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Arlingclose Central Case	0.25	0.55	0.55	0.60	0.60	0.60	0.60	0.65	0.65	0.65	0.65	0.65	0.65
Downside risk	0.00	-0.25	-0.25	-0.30	-0.30	-0.30	-0.30	-0.35	-0.35	-0.35	-0.35	-0.35	-0.35
<b>5yr gilt yield</b>													
Upside risk	0.00	0.35	0.45	0.55	0.55	0.55	0.55	0.55	0.55	0.50	0.50	0.45	0.45
Arlingclose Central Case	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.65	0.70	0.75	0.75
Downside risk	-0.10	-0.20	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.30	-0.35	-0.40	-0.40
<b>10yr gilt yield</b>													
Upside risk	0.10	0.25	0.35	0.40	0.45	0.50	0.50	0.50	0.50	0.50	0.55	0.55	0.55
Arlingclose Central Case	0.80	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.90	0.90	0.95	0.95
Downside risk	-0.10	-0.25	-0.30	-0.35	-0.35	-0.35	-0.35	-0.35	-0.35	-0.40	-0.40	-0.40	-0.40
<b>20yr gilt yield</b>													
Upside risk	0.30	0.40	0.45	0.45	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Arlingclose Central Case	1.00	1.05	1.10	1.10	1.10	1.10	1.15	1.15	1.15	1.20	1.20	1.20	1.20
Downside risk	-0.15	-0.30	-0.35	-0.40	-0.40	-0.40	-0.40	-0.40	-0.40	-0.45	-0.45	-0.45	-0.45
<b>50yr gilt yield</b>													
Upside risk	0.25	0.30	0.40	0.45	0.45	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Arlingclose Central Case	0.70	0.75	0.80	0.85	0.90	0.95	1.00	1.05	1.05	1.10	1.10	1.15	1.15
Downside risk	-0.15	-0.30	-0.35	-0.40	-0.40	-0.40	-0.40	-0.40	-0.40	-0.45	-0.45	-0.45	-0.45

PWLB Standard Rate (Maturity Loans) = Gilt yield + 1.00%

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

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

## Appendix B - Existing Investment & Debt Portfolio Position at 31 December 2021

### Treasury investment position

Investments	30/09/2021 Balance £m	Net movement £m	31/12/2021 Balance £m	31/12/2021 Income return %	31/12/2021 Weighted average maturity years
<b>Short term investments</b>					
Banks and building societies:					
- Unsecured	7.1	2.4	9.5	0.07	0.08
- Secured	3.2	2.0	5.2	0.09	0.24
Money Market Funds	18.6	0.5	19.1	0.05	0.01
Government:					
- Local authorities	0.0	1.5	1.5	0.06	0.4
- UK Treasury bills	0.0	3.0	3.0	0.15	0.32
- Debt Management Office	4.4	0.1	4.5	0.09	0.38
Cash plus funds	1.0	-	1.0	0.55	0.02
	<b>34.38</b>	<b>9.5</b>	<b>43.7</b>	<b>0.08</b>	<b>0.08</b>
<b>Long term investments</b>					
Banks and building societies:					
- Secured	2.0	-	2.0	0.42	1.03
	<b>2.0</b>	<b>-</b>	<b>2.0</b>	<b>0.42</b>	<b>1.03</b>
<b>Long term investments - higher yielding strategy</b>					
Pooled property fund*	5.0	-	5.0	3.97	n/a
	<b>5.0</b>	<b>-</b>	<b>5.0</b>	<b>3.97</b>	<b>n/a</b>
<b>TOTAL INVESTMENTS</b>	<b>41.3</b>	<b>9.5</b>	<b>50.8</b>	<b>0.48</b>	<b>0.17</b>

\* The rate provided for the pooled property fund investment is reflective annualised income returns over the year to 31 December 2021 based on the market value of investments 12 months earlier.

### Treasury management position

	31/12/2021 Balance £m	31/12/2021 Rate %
External borrowing:		
- PWLB	(166.7)	(3.22)
Investments		
- Total investments	50.8	0.48
<b>Net (Debt) / Investments</b>	<b>(116.0)</b>	





**Strategic Director:** City Offices  
**Resources** Colebrook Street  
Winchester  
Hampshire  
SO23 9LJ  
Tel: 01962 848 220  
Fax: 01962 848 472  
**email** [ngraham@winchester.gov.uk](mailto:ngraham@winchester.gov.uk)  
**website** [www.winchester.gov.uk](http://www.winchester.gov.uk)

## Forward Plan of Key Decisions

March 2022

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

This is the Forward Plan prepared for the period **1 - 31 March 2022** and will normally be replaced at the end of each calendar month.

The Plan shows the Key Decisions likely to be taken within the above period. Key Decisions are those which are financially significant or which have a significant impact. This has been decided, by the Council, to be decisions which involve income or expenditure over £250,000 or which will have a significant effect on people or organisations in two or more wards.

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

The Plan has been set out in the following sections:

**Section A** – Cabinet

**Section B** - Individual Cabinet Members

**Section C** - Officer Decisions

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



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

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

**Cllr Lucille Thompson**  
Leader of the Council

31 January 2022

<b>Cabinet Members:</b>	<b>Title</b>
• Cllr Lucille Thompson	Leader & Cabinet Member for Partnerships
• Cllr Neil Cutler	Deputy Leader & Cabinet Member for Finance & Service Quality
• Cllr Angela Clear	Communities & Wellbeing
• Cllr Russell Gordon-Smith	Built Environment
• Cllr Kelsie Learney	Housing & Asset Management
• Cllr Hannah Williams	Climate Emergency
• Cllr Martin Tod	Economic Recovery

	Item	Cabinet Member	Key Decision	Wards Affected	Lead Officer	Documents submitted to decision taker	Decision taker (Cabinet, Cabinet Member or Officer)	Date/period decision to be taken	Committee Date (if applicable)	Open/private meeting or document? If private meeting, include relevant exempt paragraph number	
<b>Section A</b> Decisions made by Cabinet											
Page 139	1	Car parks improvement programme	Cabinet Member for Economic Recovery	Expenditure > £250,000	All Wards	Andy Hickman	Cabinet report	Cabinet	Mar-22	9-Mar-22	Open
		Parking charges review	Cabinet Member for Economic Recovery	Expenditure > £250,000	All Wards	Andy Hickman	Cabinet report	Cabinet	Mar-22	9-Mar-22	Open
	3	WCC Landscape Character Assessment - response to consultation	Cabinet Member for Built Environment	Significantly effect on 2 or more wards	All Wards	Simon Finch	Cabinet report	Cabinet	Mar-22	9-Mar-22	Open

	Item	Cabinet Member	Key Decision	Wards Affected	Lead Officer	Documents submitted to decision taker	Decision taker (Cabinet, Cabinet Member or Officer)	Date/period decision to be taken	Committee Date (if applicable)	Open/private meeting or document? If private meeting, include relevant exempt paragraph number
Page 140	Risk Management Policy 2022/23	Deputy Leader and Cabinet Member for Finance and Service Quality	Significantly effect on 2 or more wards	All Wards	Amy Tranah	Cabinet report	Cabinet	Mar-22	9-Mar-22	Open
	Land transaction	Cabinet Member for Housing and Asset Management	Expenditure > £250,000	All Wards	Geoff Coe	Cabinet report	Cabinet	Mar-22	9-Mar-22	Part exempt 3

**Section B**

**Decisions made by individual Cabinet Members**

6	Great Minster Street and The Square Experimental Traffic Regulation Order	Cabinet Member for Economic Recovery	n/a	St Michael	Andy Hickman	Cabinet member decision report	Cabinet Member for Economic Recovery Decision Day	Mar-22	7-Mar-22	Open
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	Item	Cabinet Member	Key Decision	Wards Affected	Lead Officer	Documents submitted to decision taker	Decision taker (Cabinet, Cabinet Member or Officer)	Date/period decision to be taken	Committee Date (if applicable)	Open/private meeting or document? If private meeting, include relevant exempt paragraph number
7	The Broadway Sunday Experimental Traffic Regulation Order	Cabinet Member for Economic Recovery	n/a	St Michael	Andy Hickman	Cabinet member decision report	Cabinet Member for Economic Recovery Decision Day	Mar-22	7-Mar-22	Open
8	Refurbishment of 16 Tower St ,Winchester: Final Business Case	Cabinet Member for Housing and Asset Management	Expenditure > £250,000	St Bartholomew	Andrew Palmer	Cabinet member decision report	Cabinet Member for Housing & Asset Management Decision Day	Mar-22	7-Mar-22	Part exempt 3
9	West of Waterlooville Major Development Area (MDA) Transfer of land to Newlands Parish Council	Cabinet Member for Housing and Asset Management	Expenditure > £250,000	Denmead	Sue Croker	Cabinet member decision report	Cabinet Member for Housing & Asset Management Decision Day	Mar-22	7-Mar-22	Open

	Item	Cabinet Member	Key Decision	Wards Affected	Lead Officer	Documents submitted to decision taker	Decision taker (Cabinet, Cabinet Member or Officer)	Date/period decision to be taken	Committee Date (if applicable)	Open/private meeting or document? If private meeting, include relevant exempt paragraph number	
Page 42	10	Designated Protected Area Waiver	Cabinet Member for Housing and Asset Management	n/a	Whiteley & Shedfield	Andrew Palmer	Cabinet member decision report	Cabinet Member for Housing & Asset Management Decision Day	Mar-22	7-Mar-22	Open
		Open Space Strategy	Cabinet Member for Built Environment	Significantly effect on 2 or more wards	All Wards	Sue Croker	Cabinet member decision report	Cabinet Member for Built Environment Decision Day	Mar-22	7-Mar-22	Open

**Section C**

Decisions made by Officers

12	Treasury Management - decisions in accordance with the Council's approved strategy and policy	Deputy Leader and Cabinet Member for Finance and Service Quality	Expenditure > £250,000	All Wards	Designated HCC Finance staff, daily	Designated working papers	Designated HCC Finance staff, daily	Mar-22	Mar-22	Open
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**Notification of additions to the March 2022 Forward Plan**

On 8 February 2022, the following additional items were notified for inclusion in the March 2022 Forward Plan:

	Item	Cabinet Member	Key Decision	Wards Affected	Lead Officer	Documents submitted to decision taker	Decision taker (Cabinet, Cabinet Member or Officer)	Date/period decision to be taken	Committee Date (if applicable)	Open/private meeting or document? If private meeting, include relevant exempt paragraph number
<b>Section A</b>										
Decisions made by Cabinet										
Page 143	King George V (KGV) Pavilion Funding	Cabinet Member for Housing and Asset Management	Expenditure > £250,000	All Wards	Susan Robbins	Cabinet report	Cabinet	Mar-22	9-Mar-22	Part exempt 3

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