



Meeting	The Scrutiny Committee
Date and Time	Wednesday, 23rd November, 2022 at 6.30 pm.
Venue	Walton Suite, Winchester Guildhall

Note: This meeting is being held in person at the location specified above. Members of the public should note that a live audio feed of the meeting will be available from the council's website (www.winchester.gov.uk) and the video recording will be publicly available on the council's YouTube channel shortly after the meeting.

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 working days before the meeting (by 5pm on Thursday, 17 November 2022). Please note that priority will be given to those wishing to attend and address the meeting over those wishing to attend and observe.

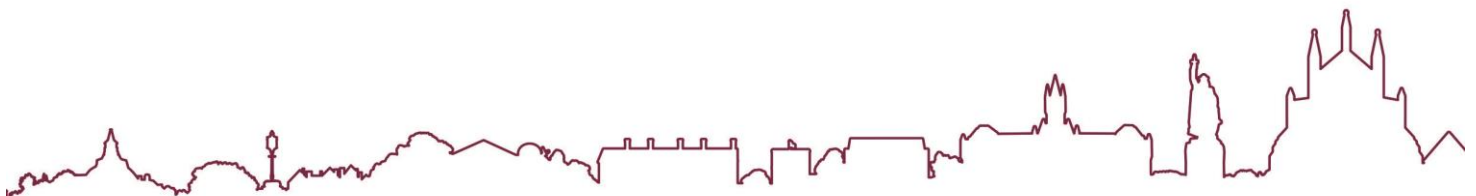
AGENDA

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

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

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

- 3. Chairperson's Announcements**
- 4. Minutes of the meetings held on the 7th September 2022 and 29th September 2022 (Pages 7 - 20)**
That the minutes of the meetings be signed as a correct record.



5. **Public Participation**

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

Members of the public and visiting councillors may speak at Scrutiny, provided they have registered to speak three working days in advance. Please contact Democratic Services by 5pm on 17 November 2022 Thursday, 17 November 2022 via democracy@winchester.gov.uk or (01962) 848 264 to register to speak and for further details.

6. **HRA Business Plan and Budget Options (Pages 21 - 52)**

Further to discussion at Cabinet on the 15 November 2022, the committee are asked to note the following:

1. A clarification to the following paragraph. "13.8 The large increase in costs and in current PWLB interest rates will likely affect the potential viability of individual new build schemes when they are financially evaluated and members may want to consider the trade-off between delivering new Passive House plus developments and rent levels in order to deliver these schemes."

***Clarification.** This referred to the fact that the funding level of new unidentified schemes was based on this investment level, it did not mean to imply that the council had any agreed policy of future Passive House development.*

2. An amendment to the following paragraph. "13.7 This has resulted in a significant increase in the investment requirement within the HRA 30-year Business Plan to deliver the same quantity of new homes as last year. The budgeted cost has increased from £536m to £719m within the plan, an overall increase of £182m or 34%. Table 12.6 over shows the forecast overall change in investment required and how this is to be funded. This shows that a significant part of the funding for this increased cost is coming from increased HRA borrowing, compared to last year there is an increase of 70% or £122m in the borrowing required to fund the programme."

***Amendment.** The reference should be to table 13.8 not 12.6*

RECOMMENDATIONS:

That:

1. It is recommended that the committee comment on the proposals within the attached Cabinet Committee: Housing report, ref CAB3365.
2. It is noted that the committee will be presented with the detailed Housing Revenue Account report at its meeting on the 7th February 2023 prior to Full Council on the 23rd February 2023.

7. **General Fund Budget Options & Medium Term Financial Strategy** (Pages 53 - 90)

The attached report - CAB3374 which was presented to cabinet at its meeting on the 15 November 2022 sets out options for the 2023/24 budget, including anticipated changes and budget proposals.

RECOMMENDATIONS:

That:

1. It is recommended that scrutiny committee comment on the proposals within the attached cabinet report, which can then be considered by cabinet prior to its meeting in February 2023.
2. It is noted that the committee will be presented with an updated General Fund Budget report at its meeting on the 7th February 2023 prior to Full Council on the 23rd November 2023.

8. **Q2 Finance and Performance Monitoring** (Pages 91 - 172)

RECOMMENDATIONS:

That the Scrutiny Committee:

1. Notes that the Performance Panel met on the 7 November 2022 to scrutinise the attached report, CAB3367 and its associated appendices. The minutes of the panel's meeting are included as an appendix of the Cabinet report.
2. Notes that the Chairperson of Performance Panel will provide a verbal update at the Scrutiny Committee.
3. Raises with the Leader or relevant Cabinet member any issues arising from the information in this report, ref CAB3367, which is being presented to Cabinet on the 14 December 2022 and considers whether there are any items of significance to resolve or to be drawn to the attention of Cabinet.

9. **To note the Work Programme for 2022/23** (Pages 173 - 174)

10. **To note the latest Forward Plan of Key Decisions** (Pages 175 - 184)

Laura Taylor
Chief Executive

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15 November 2022

Agenda Contact: Matthew Watson, Democratic Services Officer
Tel: 01962 848 317 Email: mwatson@winchester.gov.uk

**With the exception of exempt items, agendas, reports and previous minutes are available on the Council's Website <https://www.winchester.gov.uk/councillors-committees>*

THE SCRUTINY COMMITTEE – Membership

Chairperson: Councillor: Brook
Vice Chairperson: Councillor Horrill

Committee Members

Cook
Cramoysan
Craske
Cutler
Laming
Westwood

Quorum = 4 Members

Relevant Cabinet Members:

Having regard to the content of the agenda, the Chairperson requests that The Leader and all relevant Cabinet Members attend meetings of the committee

Public Participation

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

To reserve your place to speak, you are asked to **register with Democratic Services by 5pm on Thursday, 17 November 2022** – please see public participation agenda item above 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

This meeting will be recorded and broadcast live on the Council’s website. The decision day may also be recorded and broadcast by the press and members of the public – please see the Access to Information Procedure Rules within the Council’s Constitution for further information, which is available to view on the [Council’s website](#). Please note that the video recording is subtitled, but you may have to enable your device to see them (advice on how to do this is on the meeting page).

Voting:

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

Terms Of Reference

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

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Public Document Pack Agenda Item 4

THE SCRUTINY COMMITTEE

Wednesday, 7 September 2022

Attendance:

Councillors
Brook (Chairperson)

Becker
Cook
Craske

Cutler
Horrill
Laming

Apologies for Absence:

Councillor Westwood

Deputy Members:

Councillor Rutter (as deputy for Councillor Westwood)

Other members in attendance:

Councillors Bolton, Clear, Wallace and Tod

[Audio and video recording of this meeting](#)

1. **APOLOGIES AND DEPUTY MEMBERS**

Apologies for the meeting were noted as above.

2. **DECLARATIONS OF INTERESTS**

No declarations of interest were made.

3. **MINUTES OF THE MEETING OF THE 13 JULY 2022**

RESOLVED:

That the minutes of the previous meeting held on 13 July 2022 be approved and adopted.

4. **PUBLIC PARTICIPATION**

Lin Mellish from Tenants and Council Together (TACT) addressed the committee regarding agenda item 6. She advised that work undertaken by the Housing Team throughout the period of the pandemic had been appreciated and that the report on tonight's agenda highlighted the full extent of that work.

5. **MENTAL HEALTH MATTERS: TASK AND FINISH GROUP FEEDBACK**

Mrs Kirkman introduced the report, ref SC075 which set out proposals for the Mental Health Matters Task and Finish Group Feedback, ([available here](#)). Mrs Kirkman brought members up to date regarding the recommendation of the Task and Finish group which related to ensuring that all customer-facing staff were given the opportunity of undertaking training to help identify those in our community who may need some extra mental health support. The Executive Leadership Board (ELB) had agreed that this forms part of the corporate training provision and was currently being looked at in terms of how best it could be delivered.

The committee was asked to note the work, notes and recommendations of the task and finish group and proceeded to ask questions and debate the report. In summary, the following matters were raised:

1. several questions were asked regarding the recently issued staff mental health training package, including the content, the method of delivery and timescales for response
2. how the councils working arrangements and specifically the council's policy of hybrid working impacted upon staff's mental health
3. whether the council aspired to reduce the % sickness attributed to mental health issues from the current 45% figure
4. whether there was more the council could do with its grants programme in supporting community Mental Health programmes and the targeting of these grants
5. that the mental health wellbeing vulnerability index shown in figure 2 indicated potential issues in rural areas of the district
6. several questions were asked regarding the staff survey, including plans for future surveys, the overall completion rate and engagement with those who did not complete the survey
7. a question was asked regarding the wider issues of the wellbeing of residents and understanding the involvement of the council in supporting residents returning home following a hospital stay.

These points were responded to by Mrs Kirkman, Mrs Taylor, and Mrs Adey accordingly.

RESOLVED:

1. That the work, notes and recommendations of the task and finish group be noted.
2. That officers review whether any of the council grant schemes were or could be directed towards mental health support services.
3. That further examination be undertaken of the vulnerability index map shown in figure 2 regarding the rural areas of the district.
4. That officers respond on the involvement of the council's housing team to residents returning home following a hospital stay.

6. **Q1 FINANCE & PERFORMANCE MONITORING**

Councillor Horrill, Chairperson of the Performance Panel introduced the agenda item including report reference SC076 which set out proposals for the Quarter 1 Finance & Monitoring, ([available here](#)).

Councillor Horrill advised that the panel had agreed to bring a matter to the attention of the scrutiny committee which was recorded in the minutes of the panel's meeting as: "*panel members discussed the ongoing scrutiny of risk registers to ensure they were taking account of new risks such as inflationary pressures. Councillors Cutler, Brook and Horrill to consider options for this and to raise it at the next scrutiny committee meeting for wider discussion*"

Councillor Cutler, Chairperson of the Audit & Governance committee and Councillor Tod, Leader and Cabinet Member for Asset Management contributed to the discussion regarding the review of corporate risks.

RESOLVED:

The committee:

1. Noted that the performance panel met on 22 August 2022 to scrutinise the report, CAB3361 and its associated appendices.
2. Noted the draft minutes of the panel and the verbal update provided by the Chairperson.
3. That Councillors Horrill, Cutler, Brook and appropriate officers would meet to discuss further, the matters raised by the panel concerning the ongoing review of risk registers.

7. **TO NOTE THE WORK PROGRAMME FOR 2022/23**

Councillor Brook updated the committee regarding the next meeting of the committee scheduled for the 22 September which was to be a joint meeting with the Local Plan Advisory Group to scrutinise the draft regulation 18 Local Plan.

Members were also updated regarding an additional meeting on the 16 January 2023 to receive a report on Station Approach project. The annual Community Safety agenda item had been moved from March 2023 to February 2023 and it was anticipated that an update regarding Central Winchester Regeneration would be provided in March, although this was to be confirmed.

Members raised several points regarding the meeting on 22 September, these included;

1. managing the public and member contributions to the meeting,
2. the issues of holding a daytime meeting
3. the processing of the committee's comments to the cabinet
4. understanding the role of the committee within the local plan process
5. the availability of printed copies of the draft local plan.

RESOLVED:

That the latest version of the work programme be noted.

8. **TO NOTE THE LATEST FORWARD PLAN OF KEY DECISIONS**

RESOLVED:

The forward plan of key decisions for September 2022 was noted.

The meeting commenced at 6.30 pm and concluded at 7.40 pm

Chairperson

Public Document Pack

THE SCRUTINY COMMITTEE

Thursday, 29 September 2022

Attendance:

Scrutiny Committee Members

Councillors
Brook (Chairperson)

Cook
Craske
Cutler
Rutter

Horrill
Laming
Westwood

Local Plan Advisory Group Members

Evans
Porter
Tod

Learney
Read
Edwards

Other members in attendance:

Councillors: Clear, McLean, Thompson, Wallace, Gordon-Smith and Ferguson.

[Audio and video recording of this meeting](#)

1. **APOLOGIES AND DEPUTY MEMBERS**

In addition to those noted above; Councillors Rutter and Cutler left the meeting at the end of the morning session and Councillors Read, and Laming left the meeting during the afternoon session.

2. **DECLARATIONS OF INTERESTS**

Councillor Cutler declared a disclosable pecuniary interest in relation to two Strategic Housing & Economic Land Availability Assessment (SHELAA) sites in Denmead. He left the meeting for the duration of the committee's discussion on site allocations.

Councillors Tod and Porter declared a personal (but not prejudicial) interest due to their role as County Councillors, as matters may be discussed which related to Hampshire County Council.

3. **CHAIRPERSON'S ANNOUNCEMENTS**

The Chairperson advised that this was a joint meeting of the Scrutiny committee and Local Plan Advisory Group and clarified the role and purpose of the joint meeting. She advised that as part of the council's local plan-making process, the Regulation 18 local plan needed to be produced alongside an Integrated Impact Assessment (IIA). It was intended that the Cabinet on 18 October 2022, would agree for the plan and the IIA to be published for a six-week consultation between 2 November and 14 December 2022.

The committee would scrutinise the draft local plan policies, site allocations, and ask whether it considered that it was appropriate to proceed to the consultation stage as scheduled. The feedback and any recommendations made by the committee would be reported to Cabinet whose agreement would be sought to consult on the final version of the Regulation 18 plan and IIA.

Officers would capture the key points from the meeting which would fall into one of three categories;

1. comments that were noted but require no action
2. comments that may require the document to be altered and
3. comments that need to be taken away for review before deciding whether adjustments should be made to the plan.

4. **CONSIDERATION OF LOCAL PLAN TOPIC CHAPTERS**

The following contributions were made during the morning public participation session.

1. Mr Hearn on behalf of the City of Winchester Trust whose contributions included the following:

- The need for hooks on policies for the subsequent production of a city-wide plan.
- That there should be a specific policy regarding Development in Winchester Town and Surroundings, and he provided suggested wording for this.
- That within the sustainable travel and active travel section, there should be an additional policy referring to development in very sustainable sites within the city centre and he provided suggested wording for this.

2. Councillor Wallace whose contribution included the following.

- That the climate emergency needed to be at the heart of this plan.
- That it was important that house building methods change to minimise the carbon impact of the building and the ongoing impact of heating them.
- Ensuring that building improvements were updated throughout the life of the plan was vital.

- Addressing biodiversity requirements was crucial.

3. Councillor Bolton whose contribution included the following.

- That 40% of Winchester district planning was governed by the South Downs National Park Authority (SDNPA) and the impact this had on settlements and parishes which straddle both the Winchester District Authority and SDNPA.
- That Winchester City Council and SDNPA were on different timelines for the development of their respective local plan updates and how would the statement of common grounds address this.
- The need to promote food security, especially in current, uncertain times.
- That provision for adequate parking was required where planned developments were designed for families.

4. Councillor Pearson whose contribution included the following.

- The importance that the plan was both usable and readable.
- That we should acknowledge that the design features of housing were going to change.
- That policies should be clear and unambiguous especially when they were used in the determination of planning applications, for example, page 40 and CN5 refers to unacceptable impact and would “unacceptable” be misinterpreted.
- The interchangeability of the terms nitrogen, nitrates, phosphorus and phosphates.
- That he felt that the number of existing gypsy and traveller pitches was incorrect.

The following contributions were made during the afternoon public participation session.

1. Councillor Killeen, Chair of Hursley Parish Council whose contribution included the following.

- That several elements of the Local Plan were uncertain, for example; the requirements of the Partnership for Southern Hampshire (PfSH), the calculations for the “buffer” and issues such as transport.
- That these uncertainties meant that consultation at this stage would be difficult and may lead to changes being required.

2. James Anderson whose contribution included the following.

- That the proposals for South Wonston were contrary to the principles set out in the strategic issues document, “Your Place, Your Plan” in particular, National Planning Policy Framework (NPPF) paragraph 15 regarding a positive vision and NPPF paragraph 82 regarding sustainable economic growth.

- That the proposals for South Wonston were contrary to the Winchester City Council's approach of transitioning to a greener economy, in particular.
 - a) Housing proposals that would be remote from employment areas.
 - b) Housing in an area whose secondary schools and medical services were in other places.
 - c) Housing proposals in an area whose primary school was oversubscribed.

Councillor June Perrins, Chair, South Wonston Parish Council whose contribution included the following:

- That the Parish Council and residents did not agree with the plan for 40 homes at West Hill Road North, that this was a sensitive site, and that development here would create a severe pressure point in the village.
- That Basingstoke & Deane Borough Council had delayed the preparation of its Local Plan because of the uncertainty around planning system reforms.
- That the proposed housing figures were based on outdated information and the 2021 census data would be a more reliable source.
- She questioned the inclusion of 1450 extra homes to cover the possibility of other Southern Hampshire authorities being unable to meet their own housing need in full.
- That the Parish Council had questioned the logic of the settlement hierarchy policy and gave an example of South Wonston scoring the same as Winchester for public transport.

David Baldwin whose contribution included the following:

- South Wonston Parish Council had already rejected all the sites proposed.
- All the properties north of La Frenaye Place were not on mains drainage and it would be expensive to provide mains drainage for this site.
- Water pressure was a problem in the village and the addition of 40 houses would exacerbate that problem.
- That these proposals were contrary to the council's climate emergency objectives.
- That local infrastructure such as shops, schools or GP surgeries were either too far away from the proposed sites or had no capacity for additional residents.
- That local wildlife such as kestrels, red kites and buzzards were regularly seen in the area.
- That vehicle access around West Hill Road North was poor and could be dangerous to pedestrians especially school children on their way to or from school.
- That South Wonston had reached its physical limits due to its topography, layout and infrastructure.

Trevor Salter whose contribution included the following regarding South Wonston:

- That the inclusion of sites at South Wonston ran contrary to the policies of Winchester City Council, in particular around visual intrusion, light pollution and protection of the environment.
- That there was no information regarding the type and size of housing that would be proposed, and he asked that 3-storey housing be ruled out.
- He asked if the brownfield oil site on the A272 been fully assessed as a potential alternative site?
- That local infrastructure such as water supply, shops, schools or GP surgeries required to be assessed.

Chris Rees, Planning Director, Alfred Homes whose contribution included the following;

- That he wished to refer to the “Brownfield first” principle and the Littleton Nursery site that was not a site included in the draft Local Plan.
- That this site was a 2-hectare site, currently used as a storage yard, and close to local services.
- He asked the committee to review whether all of the brownfield opportunity sites had been assessed prior to the plan moving forward.

Councillor Pearson whose contribution included the following.

- He thanked officers for the explanations provided in the site allocation documentation.
- Regarding the allocation of 500 dwellings within SDNP, he questioned whether these dwellings would be away from the village centres and so contrary to the council's “15-minute neighbourhood” principle and gave an example of Land North of Rareridge Lane.
- That many residents need and use a car regularly and that public transport provision was often inadequate.
- That the plan refers to rural lanes but did not contain a definition of what a rural lane was.
- He made particular reference to the site “Morgans Yard” which he believed would be a controversial site for local residents.

These points were responded to by officers and Cabinet Members accordingly. Following further discussion, the committee resolved to refer several matters to the cabinet which directly related to the public and visiting councillor contributions and were listed below.

Officers introduced each of the following topic areas in turn and the committee proceeded to ask questions and debate the topic in detail.

1. Introduction
2. Carbon Neutrality and Designing for Low Carbon Infrastructure

3. High-Quality Well-Designed Places and Living
4. Sustainable Transport and Active Travel
5. Biodiversity and the Natural Environment
6. The Historic Environment
7. Homes for All
8. Creating a vibrant economy
9. Winchester Site Allocations
10. South Hampshire Urban Areas
11. The Market Towns and Rural Area

5. **COMMITTEE RESOLUTION**

The committee agreed that the following comments be reported to the Cabinet:

- A. Following a discussion on the draft Cabinet report, ref CAB3357, the following comments were agreed
1. An explicit and clear statement on why the Council was using the London Energy Transport Initiative (LETI) would be useful.
 2. Could paragraph 14.42 be amended to allow Parish councils to be better briefed and consulted in future stages?
 3. Page 19, under the heading of "Reputation", complete the sentence following the words "It would be necessary".
 4. Page 18, Risk Management to include a specific risk regarding a change in national planning policy.
 5. Could the flexibility in the revised policies around the provision of car parking spaces be misinterpreted and enable a developer to reduce the number of spaces provided?
 6. Paragraph 14.19, consider changing the wording from "may not" to "would not"
 7. That an update be provided in the report to set out the council's work with the Partnership for South Hampshire (PfSH) regarding the Green Belt and housing allocations.
 8. Explain the "buffer" within the cabinet report, its purpose, how it was arrived at etc.
 9. Two sets of page numbering could make the document difficult to follow.
 10. Review the document to strengthen wording i.e., instead of could, should, use will, would etc.
- B. Following discussion of the officer's introduction to the Local Plan, the following comments were agreed.
1. That both the Winchester City Council (WCC) and the South Downs National Park (SDNP) Local Plan timetables be included in either the Local Plan document or the Cabinet Report.
 2. It was noted that some members whose wards included parts of the South Down National Park felt that they did not have all the information required

regarding the SDNP local plan process. Members were advised to take these matters up with officers at the SDNP and Councillor Tod advised that he would take up any specific issues if required.

3. Regarding page 61, policy SP2, it was recommended that an additional comment be included regarding the placement of Sir John Moore Barracks and Kings Barton with the "Winchester Town" allocation.
- C. Following discussion concerning Policy: Carbon Neutrality and Designing for Low Carbon Infrastructure, the following comments were agreed.
1. Put in a specific reference to the use of LETI due to its importance to the plan.
 2. Consider whether policy CN1 could be applied to extensions.
 3. Review how to measure CN3 after the consultation.
 4. Consider whether policy CN5 could be amended; to articulate the balance between the use of land for food production and the use of land for renewable or low carbon energy schemes, that the right metrics were used in grading agricultural land and the enforcement of conditions that were attached to developments such as solar farms.
- D. Following discussion concerning Policy: High-Quality Well-Designed Places and Living Well, the following comments were agreed.
1. Consider greater emphasis and provide additional instruction regarding the importance of community engagement being undertaken much earlier in the design process.
 2. Page 95, the table of characteristics should refer to the "City of Winchester" vision not the "Winchester" vision.
 3. Recommend that conversations continue with the Town Forum regarding policy D1.
 4. Consider whether policy D4 should only refer to "up-to-date" Village Design Statements etc and if so, define what was meant by up to date
 5. Consider whether Conservation Area Appraisals be included in policy D4.
 6. Regarding policy D9, consider whether retrospective measures could be applied under this policy.
 7. Review policy D11 regarding internally lit signs.
- E. Following discussion concerning Policy: Sustainable Transport and Active Travel, the following comments were agreed.
1. Consider a reference in 6.4 to the District Local Cycling and Walking Infrastructure Plan.
 2. Regarding policy T2, recommend that officers review the requirements for visitor parking as part of this policy as these were often used for residential parking.
- F. Following discussion concerning Policy: Biodiversity and the Natural Environment, the following comments were agreed.

1. Policy NE1, review whether Swift towers hedgehog highways etc should be referenced.
2. Policy NE2, whilst the policy advises that a masterplan was expected, any application could not be refused if it were not provided and so vital that communication with organisations takes place in advance.
3. Policy NE7 - could Wickham be added to the first grouping of settlement gaps
4. Review whether the settlement gap relating to Oliver's Battery and Otterbourne be reviewed and extended.
5. Review whether Policy NE12, paragraph 7.94 conflicts with the final paragraph of NE12.
6. Policy NE13. Regarding dog walking, felt that fields being used were becoming a problem with noise, and visual intrusion. It was unclear whether this activity was considered leisure activity or rural economy and whether it should be included as part of paragraph 7.96.
7. Preview policy NE16 and the wider document for the use of the terms “ phosphates/phosphorus and nitrates/nitrogen”

G. Following discussion concerning Policy: The Historic Environment, the following comments were agreed.

1. Policy HE7 refers to the results of investigations that “should” be published, it was suggested that this wording be strengthened.
2. Consider taking a more receptive approach to measures taken on non-designated historic buildings to reduce their carbon footprint.

H. Following discussion concerning Policy: Homes for All, the following comments were agreed.

1. The committee felt that the hierarchy updates could have been done better and consideration should be given to how these could be improved and updated.
2. Page 208, table H3, it was understood that the proposed allocation of 485 for Hursley was not correct. On the same table, Swanmore and Sutton Scotney should be separated out.
3. Policy H5 and dwelling sizes, reconsider criteria three to guard against sites being underused.
4. Policy H5, consider explicitly stating that self-build development should be priced at below-market values
5. Policy H5 separate out custom build and self-build
6. That paragraph 9.36 be amended as follows “be provided by **the council** **or** a Registered Provider”
7. Policy H6 how do we assess whether applicants/developers really could not afford to contribute to affordable housing
8. Policy H7 consider making a specific reference to community support in the bullet points.
9. Policy H13, recommend consistency in either using the term “pitches” or “plots”
10. Policy H13, amend the table on pages 226 and 228 and 9.94 and review the column headings to ensure clarity for example using the word

“Authorised” concerning the number of pitches, also ensure column totals were accurate.

- I. Following discussion concerning Policy: Creating a vibrant economy, the following comments were agreed.
 - 1. Reconsider paragraph 10.133, within policy D8 and review whether the wording could be strengthened to support the continuation of community services.

- J. Following discussion regarding the Winchester site allocations, the following comments were agreed.
 - 1. Page 272, to change the number in the table regarding the Central Winchester Regeneration from 400 to 300.
 - 2. Regarding site W1, Andover Road, confirm allocation details
 - 3. Site W2, bullet point 4, consider providing further clarification of previously developed land and clarify why the green area to the north of the site was not included in the master plan.
 - 4. Site W3 St. Peter's car park, concern that this area floods and so would prevent development
 - 5. Site W5, believed that this site was within the Compton Street local gap (and greenfield land) and so how would the gap be safeguarded?
 - 6. Look at whether site W5 would also impact businesses in areas such as Oliver's Battery.
 - 7. To provide further clarification, add in the adoption date of the Central Winchester Regeneration (CWR) Supplementary Planning Document (SPD).
 - 8. Review the text in paragraph 9.61 and clarify regarding non-residential use of site W10.

- K. Following discussion regarding the South Hampshire Urban Areas allocations, the following comment was agreed.
 - 1. Officers to check the sites within the Havant Borough Council draft Regulation 18 to understand any impacts on the City Council's proposals concerning Newlands and West of Waterlooville developments.

- L. Following discussion regarding the Market Towns and Rural Areas allocations, the following comments were agreed.
 - 1. Site NA1, to note that the documented 50 spaces of public car parking was believed to be 42.
 - 2. Site CC1, paragraph 14.50, instead of “arrangements should be made for safe crossing points”, the word “should” be replaced with “would”.
 - 3. Site KW2, regarding the B3047 having a poor safety record, officers were asked to liaise with Hampshire County Council on this.
 - 4. Site WK4, concerns were expressed about the suitability and sustainability of this site, the lack of footpaths/pavements and the

potential security issues of Ravenswood and the impact on neighbouring housing.

5. Policy O1 is considered to be a sensitive site and recommended that feedback from the Parish Council be considered/included before the consultation.
6. That feedback Sutton Scotney and Boarhunt suggest that they would welcome some local housing but that the infrastructure did not support this at this time.

M. Following public participation, the following comments were agreed.

1. That key documents such as the Movement Strategy and the Winchester Town Vision be attached as an appendix to the Local Plan.
2. That policy CN5 be reviewed to consider whether the term “unacceptable impact” could be better communicated and understood.
3. That data regarding gypsy and travellers be checked for accuracy.
4. How could the council consult on a document or plan that would inevitably change
5. Regarding South Wonston, the following points were made:
 - It doesn't have the Vision and Characteristics etc as advised in National Planning Policy Framework (NPPF)
 - Its allocations contain a site that was outside of the settlement boundary
 - It was unclear why the settlement hierarchy for South Wonston scores the same as Winchester on public transport.
 - That the concerns of South Wonston parish were being ignored.
 - Sought reassurances that 3-story townhouses would not be built.

The meeting commenced at 9.30 am and concluded at 8.10 pm

Chairperson

REPORT TITLE: HOUSING REVENUE ACCOUNT (HRA) BUSINESS PLAN AND BUDGET OPTIONS

23 NOVEMBER 2022

REPORT OF CABINET MEMBER: CLLR PAULA FERGUSON – CABINET MEMBER FOR HOUSING AND DEPUTY LEADER

Contact Officer: Dick Johnson Tel No: 01962 848136 Email djohnson@winchester.gov.uk

WARD(S): ALL

Further to discussion at Cabinet on the 15 November 2022, the committee are asked to note the following:

1. A clarification to the following paragraph. “13.8 The large increase in costs and in current PWLB interest rates will likely affect the potential viability of individual new build schemes when they are financially evaluated and members may want to consider the trade-off between delivering new Passive House plus developments and rent levels in order to deliver these schemes.

Clarification. This referred to the fact that the funding level of new unidentified schemes was based on this investment level, it did not mean to imply that the council had any agreed policy of future Passive House development.

2. An amendment to the following paragraph. “13.7 This has resulted in a significant increase in the investment requirement within the HRA 30-year Business Plan to deliver the same quantity of new homes as last year. The budgeted cost has increased from £536m to £719m within the plan, an overall increase of £182m or 34%. Table 12.6 over shows the forecast overall change in investment required and how this is to be funded. This shows that a significant part of the funding for this increased cost is coming from increased HRA borrowing, compared to last year there is an increase of 70% or £122m in the borrowing required to fund the programme.”

Amendment. The reference should be to table 13.8 not 12.6.

RECOMMENDATIONS:

That:

1. It is recommended that the committee comment on the proposals within the attached Cabinet Committee: Housing report, ref CAB3365.
2. It is noted that the committee will be presented with the detailed Housing Revenue Account report at its meeting on the 7th February 2023 prior to Full Council on the 23rd February 2023.

REPORT TITLE: HOUSING REVENUE ACCOUNT (HRA) BUSINESS PLAN AND BUDGET OPTIONS

15 NOVEMBER 2022

REPORT OF CABINET MEMBER: CLLR PAULA FERGUSION – CABINET MEMBER FOR HOUSING AND DEPUTY LEADER

Contact Officer: Dick Johnson Tel No: 01962 848136 Email
Djohnson@Winchester.gov.uk

WARD(S): ALL

PURPOSE:

The purpose of this report is to update members on the current HRA 30-year Business Plan, and how it has been impacted by unprecedented inflationary pressures and changes in interest rates. In addition, Government intervention to strike a balance between the investment requirements of landlord's business plans and the cost-of-living crisis upon tenants has also had a significant impact on rent setting. These factors have led to increased volatility and uncertainty in the Medium-Term Financial Planning (MTFP) horizon underpinning the business planning process.

The report identifies the likely impact of these pressures and risks upon the delivery of the plan and confirms that the proposed business plan is currently considered to be sustainable and viable over the 30-year period given the underlying key assumptions, but that these need to be kept under review. In addition, it analyses the impact of different proposed HRA rent Ceilings upon the HRA Business Plan.

RECOMMENDATIONS:

That Cabinet:

1. Note that, in light of the absence of any Government confirmation regarding possible rent setting ceilings and the proposed changes to the rent setting mechanism identified elsewhere within the report, at present it is not possible to approve a draft 30-year HRA Business Plan.
2. Note the draft HRA Business 30-year Plan for 2022-23 to 2051-52 as summarised in the Operating Account included as Appendix 1, based upon an assumed 5% rent increase in 2023-24.
3. Note the latest forecast 30-year HRA capital investment programme of £1.086m, an increase of £212m on the present plan, subject to the approval of individual schemes; and subject to the final detailed HRA budget and the 10-year Capital Investment Strategy being approved by Council in February 2022.
4. Note the impact of different rent assumptions upon the viability of the HRA Business Plan as set out in section 16 and that the final rent decision will be subject to the results of the Government consultation on Rent Ceiling's for 2023-24.

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
 - a) Carbon Neutrality measures will be implemented across existing housing stock and include within the design and construction of new properties, and feasibility considered in the purchase of any substitute properties
- 1.3 Homes for all
 - a) Assist with the increase of affordable housing property stock across the Winchester district
- 1.4 Vibrant Local Economy
 - a) Deliver affordable accommodation that allows people to live and work in the community and contribute to the local economy.
- 1.5 Living Well
 - a) The wellbeing of residents is considered within the design of new properties and any substitute properties will be viewed accordingly.
- 1.6 Your Services, Your Voice
 - a) 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.
- 2.2 The Government is currently consulting on proposals to set a maximum cap on rent increases rather than allow rents to increase in April 2023 in line with the previously agreed formula of CPI+1% which would have meant a rent increase of 11.1% (see section 19).

- 2.3 The draft HRA Business 30-year Plan for 2022-23 to 2051-52 set out later in the report and summarised in the Operating Account included as Appendix 1, has been prepared based upon an assumed 5% rent increase in 2023-24. At this level, the draft HRA Business Plan is both viable and sustainable and will support the council's ambitious delivery of 1,000 new affordable homes over the next ten years. The proposed plan provides sufficient funds over the 30 years to deliver over 1,700 new affordable homes in total.
- 2.4 If the Government set a cap below the 5% level, the Plan is likely to be unsustainable and this is set out in more detail later in the report.
- 2.5 This report also sets out the financing required to continue to meet the 1,000-home target as set out in the Council Plan. This requires a 30-year HRA capital investment programme of £1.086m, an increase of £212m on the present plan and an associated long term funding strategy that will see overall borrowing of £463m in year 30, an increase of £122m over the present plan

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 may require an additional staffing resource.

5 PROPERTY AND ASSET IMPLICATIONS

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

6 CONSULTATION AND COMMUNICATION

- 7 The HRA Outturn report was discussed with TACT at its meeting 28 July 2022. At this meeting TACT asked how the dramatic rise in inflation had been factored into the 30-year business plan; about borrowing arrangements and how the 30-year business plan is updated. The HRA Budget Options paper was discussed with TACT at its 22 September 2022 meeting. Tenants asked for another meeting to be arranged and asked for clarity on some of the issues that were covered including the Government rent ceiling proposals. This meeting took place on 26 October 2022 when tenants asked about the judgements being made and whether rent arrears will have an impact on rental income. TACT fed back that the assumptions being applied appeared to be reasonable, although commented that inflation rates used seemed very optimistic.

ENVIRONMENTAL CONSIDERATIONS

- 7.1 The Business Plan takes full account of and includes funding for the Council Homes Retrofit programme approved in 2020. It also sets out the current New Homes programme and highlights the increase in build costs, which takes account of building to very high energy standards.
- 7.2 The retrofitting of the council's own housing stock to reduce both energy consumption and carbon is a key action in the Carbon Neutrality Action Plan and one to which the council has committed to investing £15.7m over 10 years
- 7.3 The Business Plan also funds the provision of a dedicated Retrofit Co-ordinator and part funds an ecologist/biodiversity officer within the planning department. The retrofit co-ordinator is central to the two main council housing stock carbon reduction programmes. Through its fabric first void works and a tenant "retrofit ready" programme to reduce carbon reduction emissions and provide energy savings to tenants.

7.4 All new homes are built to high energy Passivhaus Plus standard. Passivhaus is a low energy building standard which requires the fabric of the building to be extremely efficient and airtight. This reduces the heating requirement and carbon emissions and minimises over-heating as the climate heats up. Building to Passivhaus standards produces healthy homes which are affordable to run with lower energy bills and which are resilient to extreme climate events.

7.5 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 ASSESSEMENT

This document is part of the budget consultation process, and the public sector equality duty is considered alongside any relevant budget options. A full impact assessment will be completed as part of any detailed recommendations brought forward in February 2023.

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.

10 RISK MANAGEMENT

Risk	Mitigation	Opportunities
<i>Property That Council owned dwellings fail to meet decent home standards</i>	An effective programme of future works and sound financial planning ensures that these standards are met and then maintained.	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.

Risk	Mitigation	Opportunities
<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</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>Deliverables Risk that the Council can not deliver the programme of new build and meet the objective of 1000 homes in 10 years as a result of the lack of sites, the cost of development or the cost of financing this development</i>	Members may want to consider that whether the programme should be delayed or re-profiled in light of the availability of these resources	Review the deliverable shape of the programme and its profiled delivery in light of available resources and risk appetite
<i>Staffing resources (not always in Housing) reduce the ability to push forward new schemes at the required pace.</i>	Staffing resources have been reviewed to support the delivery of the enhanced new build programme.	Given the challenging nature of the delivery targets it may be necessary to review the resourcing requirements needed to successfully deliver this programme
<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. 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. In addition, the HRA holds annual minimum levels of	

Risk	Mitigation	Opportunities
	reserves based upon 5% of operating turnover and 10% new build costs.	
<i>Interest rate volatility The economic and fiscal environment for borrowing is both volatile and uncertain making external borrowing decisions difficult to take at present</i>	The HRA has cash reserves that allow it in the short term to effectively borrow from internal resources giving a period of time for interest rates to stabilise and reset and the fiscal environment to be more benign	The use of internal borrowing can help to reduce the short term cost of borrowing as well as delay the need to seek external finance and delivers better overall returns to the HRA
<i>Future Social Rent Policy Uncertainty about long term rental income streams as a result of the end of the current agreement on rent setting in April 2025.</i>	Rental income accounts for 93% of all the HRA annual income, and future potential government intervention and constraint upon this has a significant impact on the size and deliverability of the plan	Sectorial lobbying of Government to seek future certainty will help to support better decision making
<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 has the potential to increase the available supply of affordable housing to support our residents.
<i>Reputation Failure to complete major housing projects due to lack of resources would have a direct impact on both customer satisfaction</i>	Business planning tools with regular updates are utilised to make sure resources are available to complete projects.	

Risk	Mitigation	Opportunities
<i>and the Council's reputation.</i>		
<i>Other – Environmental regulation such as that by Natural England on mitigating Phosphates</i>	This delays the ability to bring forth schemes with planning permission and delays increase the cost and viability of schemes	

11 EXECUTIVE SUMMARY

- 11.1 This is an annual report and is based on a refreshed 30-year HRA business plan that incorporates assumptions on future inflation, interest rates, rents and changes in the number and mix of properties in the HRA. It allows for the maintenance of the housing stock at current decent homes standard and provides funding for the delivery of 1000+ new affordable homes. The Plan assumes a 5% rent increase next year and that the long-term cost of borrowing is 4%, and on this basis is considered to be both sustainable and viable.
- 11.2 The report recognises the increased difficulty, challenge and uncertainty surrounding the current HRA MTFs over the next 3-5 years and how this increases over the life of a 30-year business plan. It identifies the key challenges affecting the delivery of the plan as inflationary pressures, interest rate risk and Government intervention on rents and how these have affected the business plan and its delivery
- 11.3 A material change identified is the 42% increase in the cost of new homes delivery which necessitates an increase in the amount and cost of borrowing. It identifies that this would lead to an increase in the investment required to deliver the programme over 30 years of 24% or £212m, which would require an additional £122m of new borrowing over that assumed last year. In light of this members may want to consider whether the new homes programme should be delayed or re-profiled to reduce the increase in new borrowing. There are implications that would need to be considered if this were the case in terms of the impact on RTB 1-4-1 receipts
- 11.4 The report recognises the current instability and volatility affecting the cost of borrowing, it now assumes that long-term borrowing rates will increase by 1% to 4% from the 3% assumed last year. It identifies that the HRA has the ability and funds available to borrow internally for up to 3 years and thus to delay the need to finance borrowing externally until stability returns to a reasonable normality or rates fall below 4%.
- 11.5 It details the Government consultation on limiting HRA rents to a maximum increase or ceiling of 5% in 2023-24 and identifies that cost inflation in 2023-24 is expected to exceed the amount generated by a 5% increase by c. £300k.

12 BACKGROUND:

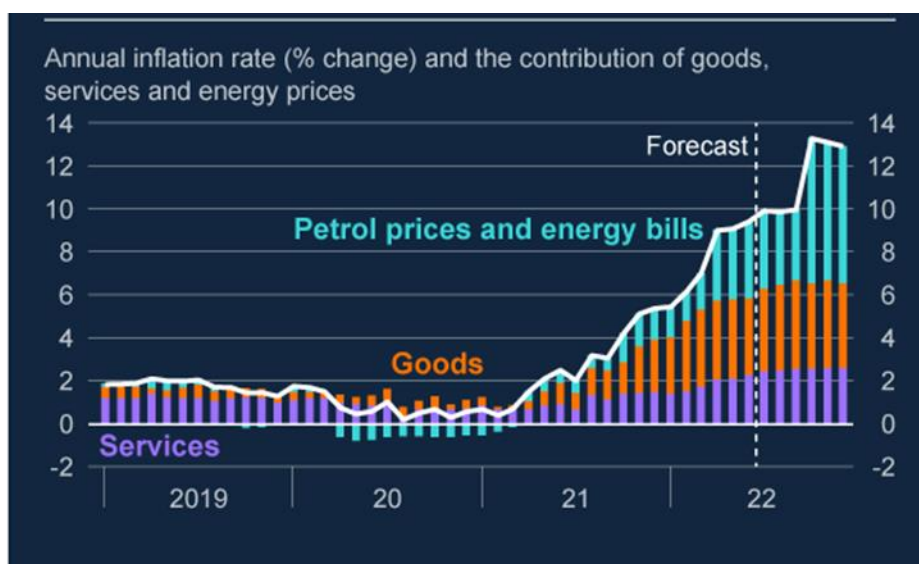
- 12.1 Since the inception of Self-Financing HRAs in 2012, the economic and fiscal environment has been particularly benign and favourable with generally low and stable inflation and historically low and affordable interest rates. Unfortunately, that has now changed dramatically with the combined impact of the Pandemic, the war in the Ukraine, unaffordable and unsustainable increases in the cost of energy, the protracted cost of living crisis, the projected current and medium-term high levels of inflation; coupled with the consequent pressure to dampen inflation by raising interest rates, and the current uncertainty and turbulence in the financial markets caused by the recent government fiscal event. These factors have effectively created a tsunami of unprecedented pressures, risks and uncertainty that impact upon the ability of the council to undertake MTFP. Extending this planning horizon over a longer 30-year period for the HRA is even more challenging and requires judgements to be made about the long-term impact of these factors.
- 12.2 The HRA 30-year Business Plan is based upon a growth strategy financed largely by future borrowing and reinvestment of RTB 1-4-1 capital receipts. In these circumstances it faces an unusual level of uncertainty around both future costs and income as well as inherent interest rate risk.
- 12.3 The HRA, like the General Fund, is currently facing extraordinary levels of anticipated and actual in year cost pressure inflation in both its day-to-day costs for things like staffing, utilities, contracts and building maintenance costs but also in longer term new build construction costs which have significantly increased over the last year and are now forecast be 42% higher than this time last year. This is compounded within the HRA by its reliance upon long-term borrowing to fund future growth which in turn is adversely impacted by increases by the Bank of England in interest rates aimed at reducing inflationary pressure back down to the target of 2% a year, and continuing turbulence in the financial markets
- 12.4 These cost pressures need to be modelled within the HRA 30-year business plan and assumptions made about whether they are likely to continue to increase or will reduce, and whether they will be embedded and ongoing or if costs will return to pre-pandemic levels. This makes business planning much more judgemental, complex and uncertain.
- 12.5 There is also an issue with progressing new build schemes that have yet to receive planning permission as a result of the need to mitigate the impact of phosphates. This has resulted in scheme delays and, consequently, likely increases in both construction and mitigation costs. This has been reflected in profiling and funding the new build programme.
- 12.6 The Government are also concerned about the current impact of the cost-of-living crisis upon tenants. In response to the increased levels of inflation and concern about how this would impact on next year's rents, it has issued a consultation paper that proposes, amongst other things, to limit increases in

rents. It favours a ceiling or limit of 5% for existing tenants in 2023-24 but is also seeking responses on a range of rent ceiling proposals from 3% to 7%. Its stated aim is to strike a balance between both protecting tenants and ensuring the long-term viability of Local Authority HRA and RSL business plans. The current rent setting formula for annual rent increases up to the end of 2024-25 is based upon the September CPI (10.1%) plus 1% indicating a normative likely rent increase of 11.1%. Last year's formula rent increase was 4.1% but was limited to 3.1% by the council exercising its flexibility and judgement.

13 INFLATIONARY PRESSURES

- 13.1 The Bank of England, in its recent August Monetary report, identified the likely impact of inflation and broke its key components down by inflation on goods, services and energy. This clarifies the current inflationary drivers. See Graph 13.1 below

Graph 13.1 the various key components driving the rise in inflation



- 13.2 The Bank also forecasts that it's likely that inflation will fall back reaching the target of 2% by 2025-26, although obviously this is a prediction that is dependant of a number of critical assumptions and is likely to be subject to future change

Graph 13.2 August forecast for CPI



Source BOE Monetary Report August 2022

<https://www.bankofengland.co.uk/monetary-policy-report/2022/august-2022>

- 13.3 The approach taken to HRA business planning this year has been to breakdown the HRA cost base to individual cost drivers and to apply specific inflationary uplifts to both actual and anticipated inflation on these individual elements. The inflationary factors used are in line with those applied to the council's General Fund, both in percentage terms and in duration. This accounts for most of the controllable costs within the HRA but excludes the impact of current capital financing charges (£6.7m) and of new capital investment and its associated financing.
- 13.4 The current assumption in the plan is that inflation will have returned to its normal target level of 2% by 2027/28. This is considered a prudent but reasonable assumption to make. Table 12.3 shows the breakdown of the HRA cost base between individual cost drivers and how much of the cost base they represent. It also shows the aggregate impact of these assumptions both in terms of the annual average cost inflation %age, and the monetary impact of this. It shows that inflation is presumed to peak in 2023-24 at 7.2%, costing the HRA £1.650m, before falling back to 2% in 2027-28.

Table 13.4 – Inflationary cost drivers and the impact of assumed cost inflation over the MTFP

%age of Budget	Cost Driver	2022-23 Amount	22/23	2023.24	2024.25	2025.26	2026.27	2027.28
		£'s	%	%	%	%	%	%
1%	Insurance	156,801	7.00%	12.00%	7.00%	4.00%	4.00%	2.00%
1%	Third party payments	171,000	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
1%	Transport	204,263	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
1%	Grounds Maintenance	217,300	7.00%	12.00%	7.00%	4.00%	4.00%	2.00%
1%	Cleaning	245,600	7.00%	12.00%	7.00%	4.00%	4.00%	2.00%
2%	Rent and Taxes	333,048	7.00%	12.00%	7.00%	4.00%	4.00%	2.00%
2%	Energy	351,600	100.00%	50.00%	6.00%	4.00%	2.00%	2.00%
6%	Supplies and services	1,295,583	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
13%	Support Services	2,750,440	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
22%	Employees	4,743,506	5.50%	5.50%	4.00%	2.00%	2.00%	2.00%
25%	Revenue repairs	5,446,000	5.50%	6.91%	3.94%	3.73%	3.66%	2.00%
26%	Capital major works	5,682,000	5.50%	6.91%	3.94%	3.73%	3.66%	2.00%
	Total Cost Base	21,597,141	22,976,792	24,626,823	25,567,668	26,352,114	27,129,345	27,671,932
	cost of inflation		1,379,651	1,650,031	940,845	784,446	777,231	542,587
	effective aggregate inflation factor		6.4%	7.2%	3.8%	3.1%	2.9%	2.0%

- 13.5 The impact of inflation upon new build tender prices at present is significant and officers have been gathering market intelligence and evidence to establish and support what reasonable level of funds are now likely to be required to enable the construction of the council's target of new build affordable homes; and to ensure that all projected RTB 1-4-1 capital receipts are applied and not returned, with interest, to the Government.
- 13.6 In last year's HRA 30-year Business Plan it was assumed that the overall cost of delivery was £2,800 per square metre including fees, this year's plan allows for £3,978 per square metre including fees, an increase in the required overall funding of £1.178 per square metre or 42%. To put this into perspective, whereas last year we could have commissioned and built a new 2 bed affordable home for £250,000, today this would cost £321,900.
- 13.7 This has resulted in a significant increase in the investment requirement within the HRA 30-year Business Plan to deliver the same quantity of new homes as last year. The budgeted cost has increased from £536m to £719m within the plan, an overall increase of £182m or 34%. Table 12.6 over shows the forecast overall change in investment required and how this is to be funded. This shows that a significant part of the funding for this increased cost is coming from increased HRA borrowing, compared to last year there is an increase of 70% or £122m in the borrowing required to fund the programme,
- 13.8 The large increase in costs and in current PWLB interest rates will likely affect the potential viability of individual new build schemes when they are financially evaluated and members may want to consider the trade-off between delivering new Passive House plus developments and rent levels in order to deliver these schemes.

Table 13.8 – Comparison of the change in the size of investment and how it's funded between last year and this year.

Proposed Capital Investment Programme						
Year	Major Works & Imps £000	Leaseholder £000	Climate Change £000	New Build Development Costs £000	New Build Major Repairs £000	Total Expenditure £000
22-23	305,950		15,703	718,607	46,117	1,086,377
21-22	284,967		15,703	536,110	37,797	874,578
Change	20,982	-	-	182,497	8,320	211,799
Change as a %age	7%		0%	34%	22%	24%
Proposed basis of Funding						
Year	Borrowing £000	RTB 141 Receipts £000	Other RTB Receipts £000	Other £000	MRR £000	Total £000
22-23	296,658	157,162	45,627	142,550	444,380	1,086,377
21-22	174,336	105,618	43,459	136,428	414,738	874,578
Change	122,322	51,543	2,168	6,123	29,642	211,799
Change as a %age	70%	49%	5%	4%	7%	24%

14 INTEREST RATE RISK

- 14.1 The HRA has current externally funded debt of £167m which is fixed rate maturity debt at an average rate of 3.2%. A proportion of this debt will mature and will then need to be refinanced or repaid within the next 5 years - this amounts to £30m. The presumption so far has been that it would be refinanced.

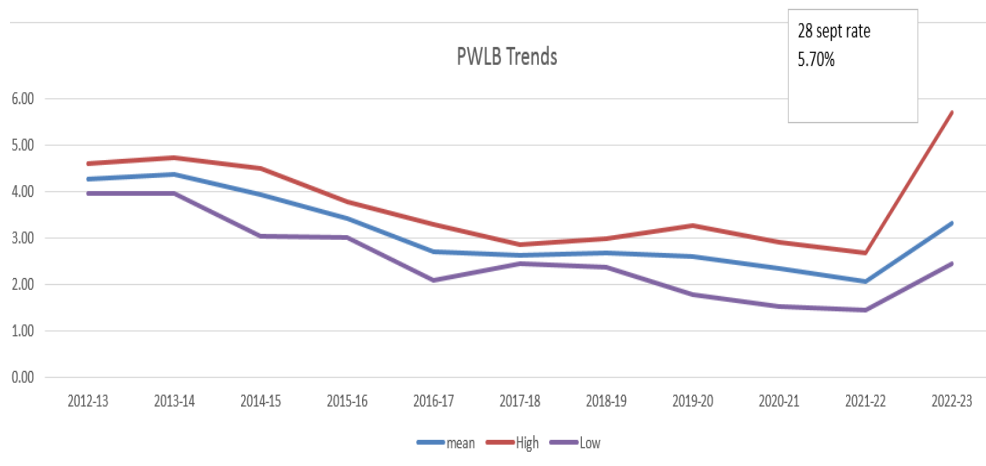
Table 14.1 Schedule of debt maturing over the HRA planning period

Year	PWLB borrowing to be refinanced £ pa	Cummulative amount to refinance £ pa
1 2022.23	5,000,000	5,000,000
2 2023.24	5,000,000	10,000,000
3 2024.25	5,000,000	15,000,000
4 2025.26	5,000,000	20,000,000
5 2026.27	10,000,000	30,000,000
6 2027.28	10,000,000	40,000,000
9 2030.31	10,000,000	50,000,000
10 2031.32	15,000,000	65,000,000
13 2034.35	15,000,000	80,000,000
15 2036.37	10,000,000	90,000,000
20 2041.42	10,000,000	100,000,000
25 2046.47	10,000,000	110,000,000
30 2051.52	10,000,000	120,000,000

- 14.2 Whilst interest rates were low and stable, the re-financing risk was considered low. The recent economic turmoil has increased the risk that this debt will have to be refinanced at an unusually high rate. Whilst it is impossible to predict where interest rates will be at the time of refinancing; officers continue to watch rates to borrow at the best rates available The HRA Business plan strategy is one of growing the HRA by over a 1,000 new affordable dwellings, with the costs of this met through the increased rental income streams that enable the HRA to support a higher level of debt and its associated borrowing costs.
- 14.3 However, the recent volatility and turbulence in the financial markets has resulted in significant falls in the value of government debt and corresponding increases in gilt yields, although the recent market intervention by the BOE has supported debt prices and led to reduced gilt yields.
- 14.4 This directly affects the interest rates at which the council can borrow and as an example of the impact of this volatility the rate of 50-year PWLB debt at the 31/8/2022 was 3.87%, on the 28/9/2022 it was 5.71% and on 30/9/2022 had fallen back to 4.43%. This makes it even more difficult than usual to make long term borrowing decisions.
- 14.5 Table 14.5 shows the range of interest rates applicable to borrowing at 50-year PWLB maturity rates since self-financing began in 2012. As can be seen from the difference between the lowest rate, the highest rate and the average rate each year there has previously been considerable stability within this marketplace. In 2022-23 this has changed and has been exacerbated by the recent fiscal event and the subsequent BOE intervention.

Graph 14.5 – The fluctuation of 50 year PWLB rates since Self-Financing HRAs in 2012.

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
mean	4.25	4.36	3.92	3.42	2.69	2.61	2.66	2.60	2.33	2.04	3.32
High	4.59	4.71	4.48	3.78	3.28	2.84	2.99	3.25	2.90	2.68	5.70
Low	3.96	3.96	3.02	3.01	2.07	2.45	2.36	1.77	1.51	1.45	2.44



14.6 However, the HRA has some capacity to delay and mitigate the decision to go and borrow externally if it borrows from its own resources internally. At present the HRA has accumulated cash backed reserves of £53m at 31.3.2022. It can use these resources to delay the point at which it must finance any new borrowing with external funding. Current forecasts indicate that depending on full delivery of the capital programme, the HRA would need to externally borrow in 2024/25. However, it is the nature of capital expenditure that slippage does occur, particularly in respect to large scale new build projects for which sites are yet to be identified. In reality the HRA may not need to externally borrow until 2025/26 meaning it can 'internally' borrow against its reserve balances thus reducing the external interest cost. In line with the council's borrowing strategy, the HRA may externalise its borrowing earlier to provide certainty where rates are at a level that is viable in the context of the 30-year business plan

15 RENTS AND THE GOVERNMENTS CONSULTATION

Social and Affordable Rents

15.1 The current rent setting regime of CPI+1% was put in place for 5 years by the Regulator of Social Housing and runs from 2020-21 to 2024-25 at the end of which period it is widely assumed rents will return to annual CPI only increases. This framework recognised the need for a stable financial environment to support the delivery of new homes and to enable registered providers to plan ahead. The previous Government had set aside the previous 10-year framework when the Welfare Reform Act imposed 4 years of real 1% cuts in rent levels under from 2016-2020, which adversely affected landlord's business plans and reduced rental growth by some 20%.

15.2 The government has now issued a consultation paper on limiting the flexibility of landlords to set rents under the current system which favours a 5% ceiling on rent increases for all existing tenants for 2023-24 and seeks views on a number of variations around this from 3% to 7% ceilings. This does not currently apply to new lettings but the government is also seeking views extending it to new lets and in extending it for a further year to 2024-25. It seeks to find a balance between protecting tenants from extraordinary rent increases and recognising the impact of inflation on landlord's business plans.

15.3 Social rents are based on a formula rent that was based on relative property value, local earnings levels and the size of individual properties. This is a national objective basis for setting all social rents both Local Authority and Registered Social Landlords and was meant to reduce perceived unjustifiable differences in rents between the sectors. The resulting formula guideline rent is increased annually, at present this is by CPI+1%. In 2023-24 this would lead to average rent increases of 11.1%. The increase would apply equally to both affordable and social housing.

15.4 However, because of the historic application of annual caps and limits upon social rent increases only 4% of current tenants are at the formula guideline

rent. This is the rent that the government believes the property should be let at. In Winchester's case the gap between the average actual rents and the average formula guideline rent is currently £1.82 per week, presenting a potential loss of income to the HRA of £460k a year. Under the consultation proposals the gap between target and actual would increase initially to £8.44 per week, a potential loss of £2.1m a year, before being reduced over future years as new lettings are made at the guideline rent level and reduce the gap. There is therefore a risk to the viability of the business plan if the proposals on limiting rent increases are extended to new lettings as well.

- 15.5 The proposed HRA Business plan is predicated upon an average 5% rent increase both in 2023-24 and in 2024-25 and then assumes annual rent increases of just CPI. It also importantly assumes that over the life of the plan that all new rents will be set at the guideline rent level and that the current projected gap between actual and guideline rents will reduce over time.
- 15.6 The estimated net rental yield in 2023-24 from a 5% rent increase on social and affordable housing is likely to be c. £1,337,000. This compares to the estimated impact of cost inflation on base budgets of £1,650,131, which excludes the impact of increases in new homes tender delivery costs of 42% and the consequent increase in long term borrowing.
- 15.7 The likely change in weekly social and affordable rents under a 5% rent increase are shown below and over. An important difference between social and affordable rents is that social tenants rent is a charge for the occupation of the property and that they pay an additional sum for service charges, whereas these are included in the gross rent of affordable tenants.

Table 15.7.1 Current Social Rents 2022-23

Bedsizes	1	2	3	4	5	6	Total
Number of Properties	1,670	1,628	1,495	69	1	1	4,864
Average Weekly Rent	£92.46	£107.21	£121.83	£130.83	£151.38	£148.79	£106.99
Average Weekly Formula Target Rent	£93.88	£109.29	£123.79	£134.75	£153.01	£149.20	£108.81
Current Gap Actual vs Target rent	£1.41	£2.08	£1.96	£3.92	£1.63	£0.41	£1.82
Potential Lost Income	£122,721	£176,233	£152,131	£14,071	£85	£21	£459,755

Table 15.7.2 Projected Average Social Rents in 2023-24 based on a 5% rent increase.

Bedsizes	1	2	3	4	5	6	Total
Number of Properties	1,670	1,628	1,495	69	1	1	4,864
Average Weekly Rent	£97.09	£112.57	£127.92	£137.37	£158.95	£156.23	£112.34
Average Weekly FormulaTarget Rent	£104.20	£121.32	£137.41	£149.58	£169.84	£165.61	£120.78
Current Gap Actual vs Target rent	£7.12	£8.74	£9.48	£12.20	£10.89	£9.38	£8.44
Potential Lost Income	£617,988	£740,183	£737,143	£43,784	£566	£488	£2,134,040

Table 15.7.3 Current Affordable Rents in 2022-23

bedsizes	1	2	3	4	Total
Number	79	71	38	1	189
Average Net Rent	£134.93	£169.22	£194.38	£228.30	£160.26
Average of Service	£11.28	£6.39	£3.57	£6.09	£7.86
Average Weekly Gross Rent	£146.21	£175.61	£197.95	£234.39	£168.12

Table 15.7.4 Projected Average Affordable Rents in 2023-24 based on a 5% rent increase.

bedsizes	1	2	3	4	Grand Total
Number	79	71	38	1	189
Average Net Rent	£141.68	£177.68	£204.10	£239.72	£168.27
Average of Service	£11.84	£6.71	£3.74	£6.39	£8.26
Average Weekly Gross Rent	£153.52	£184.39	£207.84	£246.11	£176.53

Shared Ownership Rents

- 15.8 The council also currently has around 46 units of shared ownership property with more units likely to be delivered this year and next at both North Whitely and Winnall. Currently the leases between shared owners and the council only allow for upwards only rent increases and are based on September RPI plus 0.5% this would result in a rent increase of 13.1% and is applied to 2.75% of the outstanding equity not owned by the shared owners. Although contractually committed the Council may consider whether it wants to limit the size of these increases.

Service Charges

- 15.9 The presumption with all service charges is that they should be set to recover actual costs. As discussed above, they largely affect social housing tenants and lessees. Reflecting the reallocation and apportionment of estate, block and communal charges for estate-based services, such as grounds maintenance, cleaning, rechargeable repairs, and where applicable buildings insurance. The definition of service charges here doesn't include services to individual homes, such as: heating and hot water, lighting and sewage and water charges. Service charges, except daily living expenses such as fuel, water and meals, are covered by housing benefit if their payment is a condition of occupying the home.
- 15.10 In preparing the 2021-22 budget a comprehensive exercise was undertaken to review service charges actuals and to realign proposed charges with actual costs as over time they had diverged in some instances. The council also took the decision to limit any weekly increase in service charges to £5 a week as a one off in 2022-23.
- 15.11 In reviewing the current position there is very likely to be some significant increases in contractual service costs this year and next such as grounds maintenance, catering, cleaning and insurance. In addition, some 20% of the costs of running the sewage operation are down to electricity costs. This will only be fully identified once we close the 2022-23 accounts next year.
- 15.12 There is also one area that is significantly under-recovering cost and that is sewage treatment. This service is provided to just 371 private residents and costs are currently being under-recovered annually by £103k, this is likely to widen as the costs of increases in electricity feed through. To put this into perspective we are currently charging an average of £264 per resident but the true cost to the HRA is actually around £609 per annum. There are complexities around our ability to recover all of this immediately, but consideration should be given to investigating both the reasons for the high cost of operating this service and the ability of the council to achieve full cost recovery over a transitional period.

16 **ANALYSIS OF DIFFERENT RENT INCREASE OPTIONS**

- 16.1 The range of potential rent options consulted on by the Government suggest that they will set the proposed ceiling on rent increases at either 3%, 5% or 7% actual rent increases in 2023-24, with 5% the most likely rent ceiling or cap.
- 16.2 There is an underlying business need to invest in new affordable housing which is based upon the need to reinvest RTB 1-4-1 capital receipts, and if new build capital investment is reduced it could adversely impact on the councils eligible spend and result in a risk of these capital receipts having to be being paid back to the Government with Interest.

- 16.3 The proposed rent caps were run through the HRA business model to analysis the impact they would have on the viability of the HRA and its capacity for new investment. The impact of different actual rent increases is reduced over time by the impact of letting vacant property at the guideline rent level. The actual difference in monetary terms of different rent options is shown in both Graph 16.3 and table 16.3 over. As can be seen the difference between a 5% and a 7% increase in 23-24 is £525k, a sum sufficient to continue to fund a tenancy sustainment programme for an additional 3 years.

Graph 16.3 Impact of different rent options over 30 years

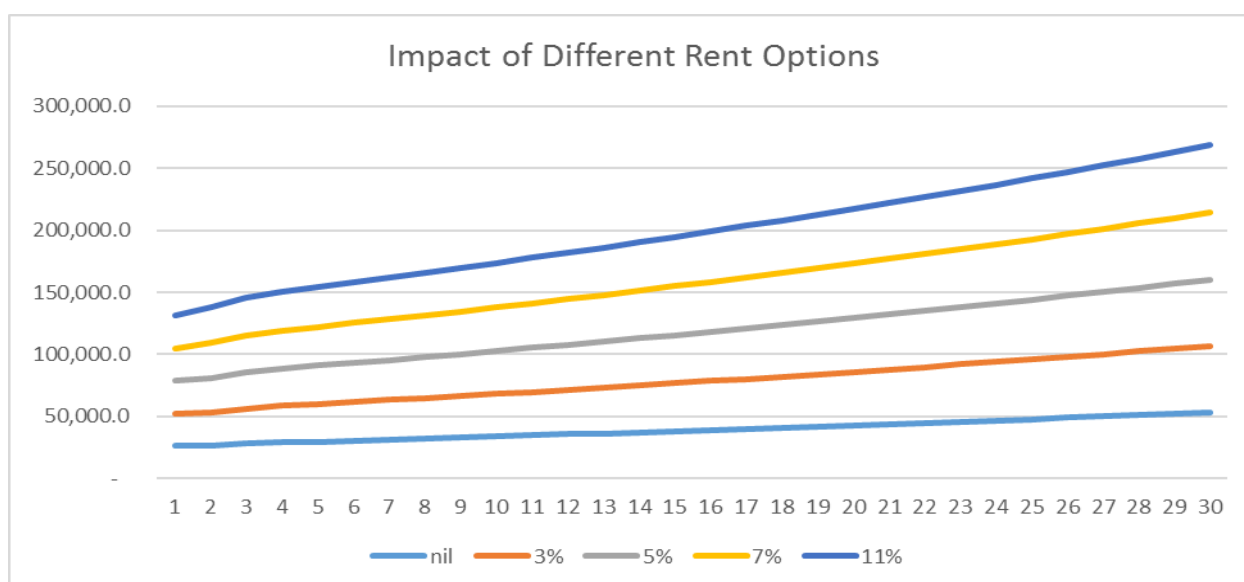


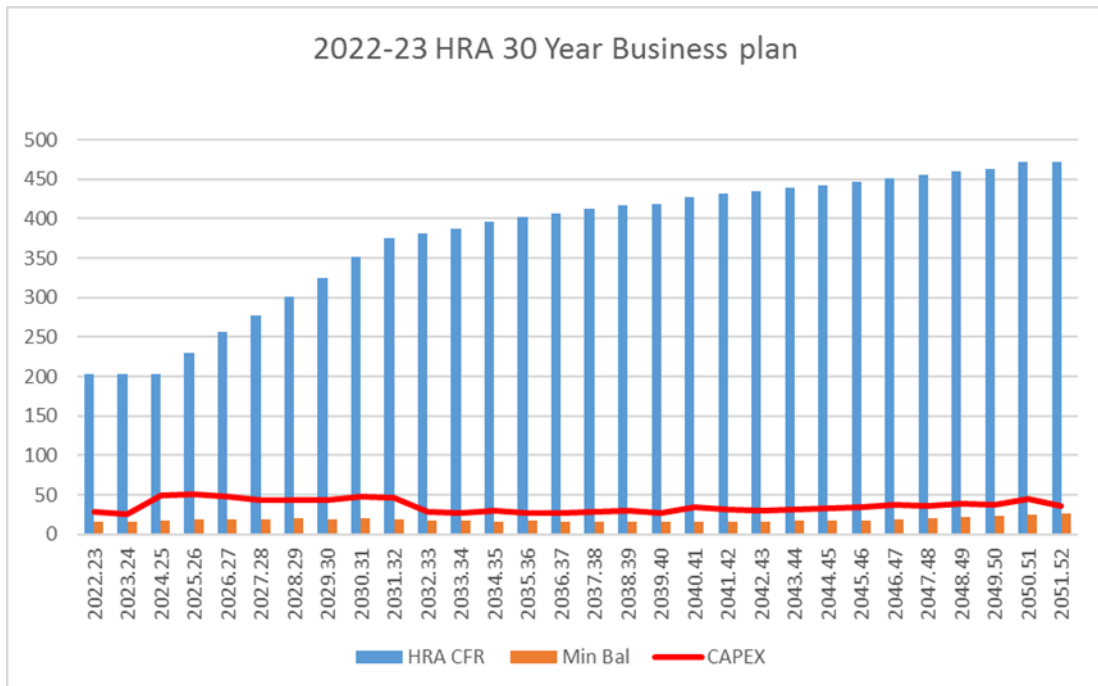
Table 16.3 Nominal Value of different Rent Options in Money terms

Rent Increase	2023-24 £000	change £000	Cumm. Chnage £000	over 30 years £M	change £M	Cumm. Change £M
3%	27,061	788	812	1,183	15	15
5%	27,586	525	1,337	1,193	10	25
7%	28,111	525	1,862	1,203	10	35
11%	29,161	1,050	2,912	1,223	20	55

- 16.4 **A 3% increase** - would result in a £56m capital shortfall from 2031-32, working balances at year 30 of only £7.4m and a reduction in borrowing capacity. It would also make the HRA less resilient to future increases in factors such as interest rates and inflation. This option would result in issues of viability and a need to find material cuts in investment and or management and maintenance.

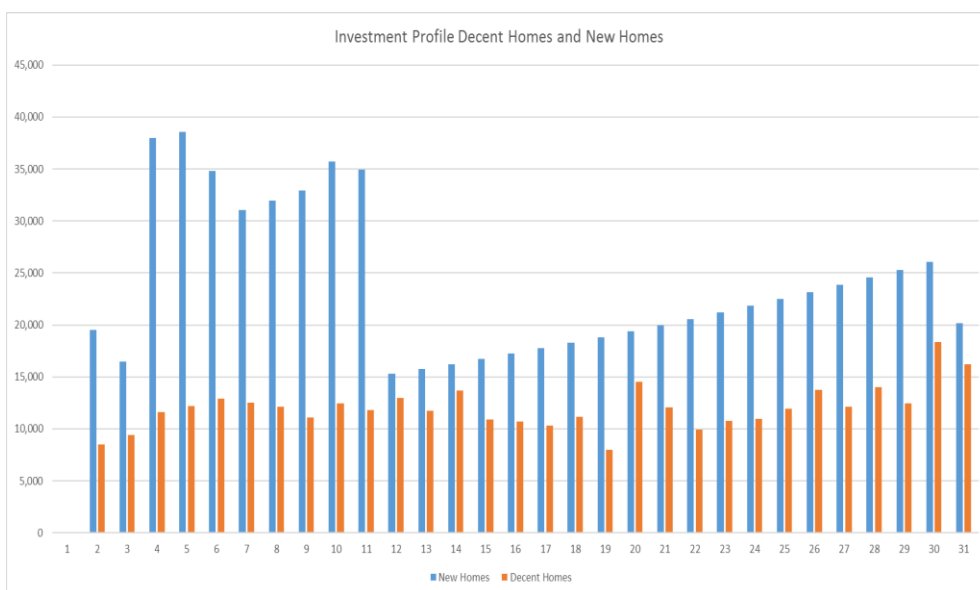
- 16.5 **A 5% Increase** - Although the business plan base modelling has been done assuming a 5% increase, and this would result in a viable HRA, it would not provide much financial resilience if long term interest rates were to be above 4%, or to fund additional costs of retrofitting, or to meet additional costs if decent homes standards are revised upwards. It would however mean no capital shortfall, working balances at year 30 of £13m and sufficient borrowing capacity based on 4% long term interest rates to fund the current business plan. However as can be seen this increase would generate £1.337m of income but would not cover the estimated impact of revenue cost inflation which is forecast to be £1.650m, leaving a shortfall of c. £300k.
- 16.6 **A 7% increase** would also result in no capital shortfall, working balances at year 30 of £18m and a no reduction in borrowing capacity. In addition, it would generate sufficient funding to meet the cost of inflation and over the 30 years would generate an additional resource of £10m with an additional £525k in 2023-24.
- 17 The current housing management system, MRI Housing Enterprise (formally Orchard) is renewed and procured on a fixed term rolling contract at an annual value of £168,191.51. It is proposed that future budgetary provision be allowed for officers to enter in to a 5-year contract with MRI housing Enterprise. This will allow officers to test the market to ensure it is a best for value IT contract. The housing IT management system and contract has been in place for 30 years and so entering into a longer contract with MRI will allow officers to undergo a full best value review of the current system, providing enough time, should it be required, to procure a new IT provider, to migrate 30 years of data, to provide training to staff and to test the new system before going live.
- 18 **THE BASE MODEL**
- 18.1 Taking account of the assumptions above on costs, income and interest rates, the base model is shown below. This shows the impact of continuing to invest in growing the HRA and delivering the 1000+ homes. The base model is predicated upon a 5% rent increase in 2023-24, a 5% rent increase in 2024-25, and 3% in 2025-26: with long term cost inflation and long-term rent increases both at 2%. These are based on reasonable assumptions about the continued operation rent ceiling cap and the level of CPI in 2025-26. It also assumes that the average cost of long-term borrowing is 4% from 2027-28. These assumptions are reviewed annually as part of the HRA business plan refresh. The base operating account is shown in Appendix 4. Shows that overall borrowing will rise to £450m.

Graph 18.1 The draft HRA 30 Year Business Plan 2022-23



18.2 The Profile of capital investment over the 30-year period below in graph 15.2 shows the split between proposed investment in maintaining the stock (shown in brown) and the investment in delivering growth through new homes.

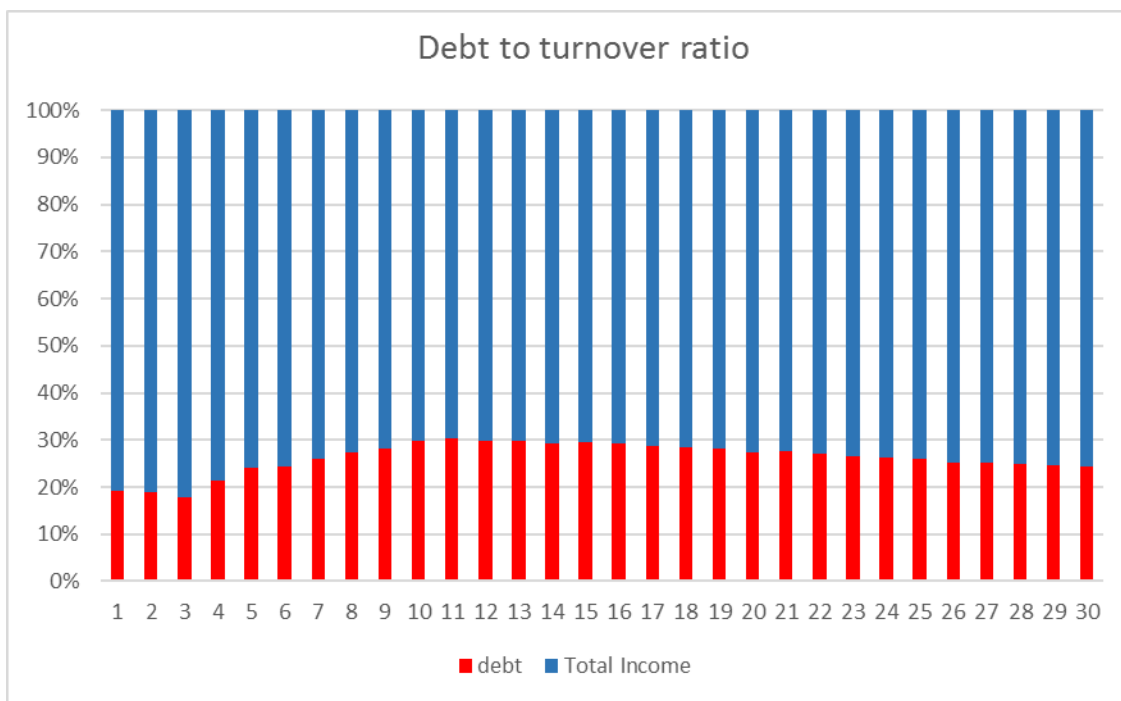
Graph 18.2 the Investment profile of new capital spend split between existing decent homes and new homes



18.3 The financial impact of borrowing an extra £276m, taking total borrowing over the life of the 30-year HRA Business plan to £450m, is to raise the current debt to turnover ratio from 19% in 2022-23 to a peak of 30% in 2031-32 before this falls back to 24% by year 30. At the same time the Operating

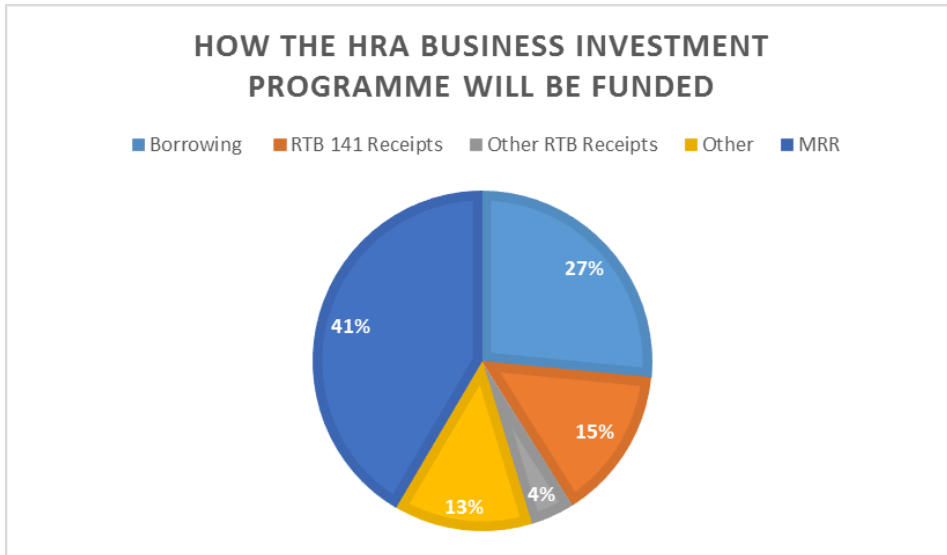
turnover is predicted to increase from the current level of £30.4m to £76.6m. See Graph below.

Graph 18.3 Projected debt to turnover ratio over the planning period.



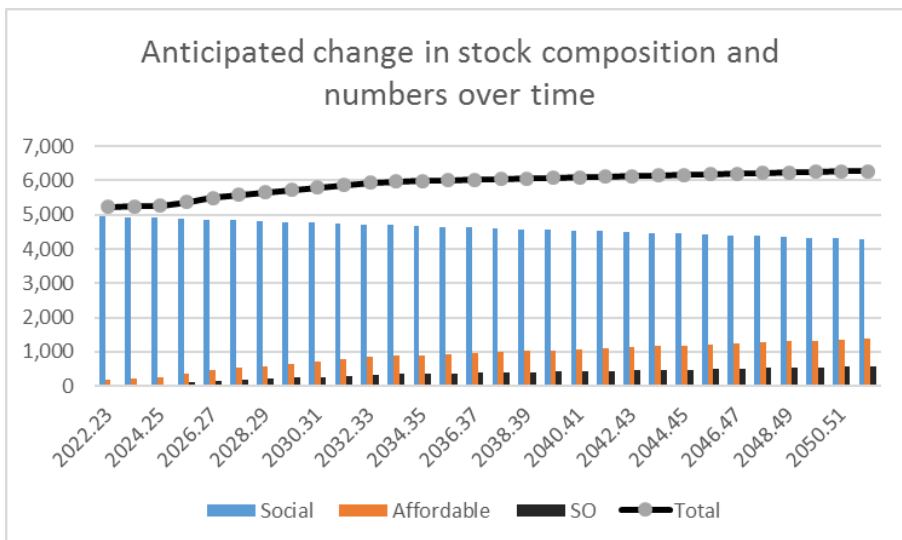
18.4 The funding of the HRA 30-year capital investment programme is made up of the funding streams identified in Table 12.6. or shown graphically in graph 15.4. This shows that 41% of the funding is internally generated through depreciation recycled through the Major Repairs Reserve (MRR), 27% comes from increased borrowing, and 15% from RTB 1-4-1 funding, 13% from Other, largely Shared ownership capital receipts with £17m from s106 funds, the last 4% is the reinvestment of other capital receipts largely the scheduled RTB debt that the Council retains from RTB sales.

Graph 18.4 Funding the proposed HRA Investment Programme

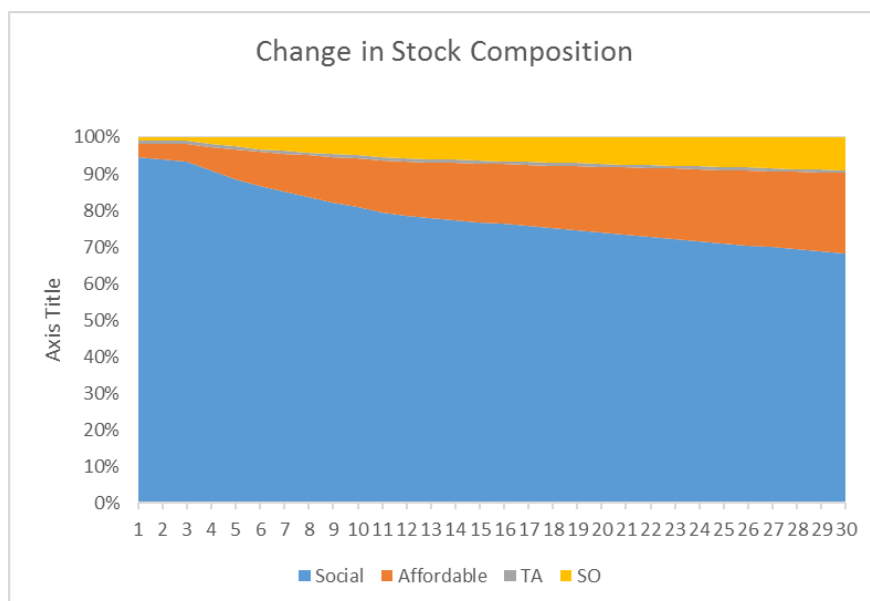


18.5 The HRA itself will grow from a net 5,100 properties to a net 6.200 over the 30-year period. This will see a projected annual loss of an average of 23 social properties per year through the RTB and the anticipated re-provision of over 1200 new affordable properties, and 520 new shared ownership properties

Graph 18.5 Projected net growth in HRA stock numbers over Planning period



18.6 The makeup of the HRA affordable housing offer will also change over this time with the provision of an increasing number of new affordable properties as well as shared ownership properties. This will help offset the increasing cost of debt financing through helping to grow the HRA income stream in real terms.

Graph 18.6 The change in the makeup of the HRA property portfolio over time**19. OTHER OPTIONS CONSIDERED AND REJECTED**

1. A Nil rent increase would not be sustainable or viable for the HRA
2. Not engaging in a new build investment programme is not an option as it will put at risk £160m of 1-4-1 RTB Capital Receipts

BACKGROUND DOCUMENTS:**Previous Committee Reports:**

CAB3325 – HRA Budget 2021-22 and Business Plan 2021-51 23 Nov 2021

CAB3275 – HRA Budget 2020-21 and Business Plan 2020-50 10 Dec 2020

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

CAB3016 (HSG) – HRA Budget 2018/19 & Business Plan 2018/48 – 31 Jan 2018

Other Background Documents:

None

APPENDICES:-

APPENDIX 1 – KEY BUSINESS PLAN ASSUMPTIONS

APPENDIX 2 – THE DRAFT HRA OPERATING ACCOUNT

APPENDIX 1 KEY BUSINESS PLAN ASSUMPTIONS**Business plan Assumptions on rent and SC increases**

	Social Rent Increases	Affordable Rent Increases	Shared Ownership	TA	Service Charges
2022.23	3.1%	3.1%	5.4%	3.1%	3.1%
2023.24	5.0%	5.0%	12.8%	5.0%	5.0%
2024.25	5.0%	5.0%	6.5%	5.0%	5.0%
2025.26	3.0%	3.0%	4.5%	3.0%	4.0%
2026.27	2.0%	2.0%	3.5%	2.0%	3.0%
2027.28	2.0%	2.0%	3.5%	2.0%	3.0%
2028.29	2.0%	2.0%	3.5%	2.0%	2.0%
2029.30	2.0%	2.0%	3.5%	2.0%	2.0%
2030.31	2.0%	2.0%	3.5%	2.0%	2.0%
2031.32	2.0%	2.0%	3.5%	2.0%	2.0%
2032.33	2.0%	2.0%	3.5%	2.0%	2.0%
2033.34	2.0%	2.0%	3.5%	2.0%	2.0%
2034.35	2.0%	2.0%	3.5%	2.0%	2.0%
2035.36	2.0%	2.0%	3.5%	2.0%	2.0%
2036.37	2.0%	2.0%	3.5%	2.0%	2.0%
2037.38	2.0%	2.0%	3.5%	2.0%	2.0%
2038.39	2.0%	2.0%	3.5%	2.0%	2.0%
2039.40	2.0%	2.0%	3.5%	2.0%	2.0%
2040.41	2.0%	2.0%	3.5%	2.0%	2.0%
2041.42	2.0%	2.0%	3.5%	2.0%	2.0%
2042.43	2.0%	2.0%	3.5%	2.0%	2.0%
2043.44	2.0%	2.0%	3.5%	2.0%	2.0%
2044.45	2.0%	2.0%	3.5%	2.0%	2.0%
2045.46	2.0%	2.0%	3.5%	2.0%	2.0%
2046.47	2.0%	2.0%	3.5%	2.0%	2.0%
2047.48	2.0%	2.0%	3.5%	2.0%	2.0%
2048.49	2.0%	2.0%	3.5%	2.0%	2.0%
2049.50	2.0%	2.0%	3.5%	2.0%	2.0%
2050.51	2.0%	2.0%	3.5%	2.0%	2.0%
2051.52	2.0%	2.0%	3.5%	2.0%	2.0%

Occupancy and bad debts levels

	Voids Social	Voids AF	Voids TA	Bad debts Social	Bad debts AF	Bad debts TA
2022.23	1.5%	2.0%	4.0%	0.5%	0.5%	2.0%
2023.24	1.5%	2.0%	4.0%	0.5%	0.5%	2.0%
2024.25	1.5%	2.0%	4.0%	0.5%	0.5%	2.0%
2025.26	1.5%	2.0%	4.0%	0.5%	0.5%	2.0%
2026.27	1.5%	2.0%	4.0%	0.5%	0.5%	2.0%
2027.28	1.5%	2.0%	4.0%	0.5%	0.5%	2.0%
2028.29	1.5%	2.0%	4.0%	0.5%	0.5%	2.0%
2029.30	1.5%	2.0%	4.0%	0.5%	0.5%	2.0%
2030.31	1.5%	2.0%	4.0%	0.5%	0.5%	2.0%
2031.32	1.5%	2.0%	4.0%	0.5%	0.5%	2.0%
2032.33	1.5%	2.0%	4.0%	0.5%	0.5%	2.0%
2033.34	1.5%	2.0%	4.0%	0.5%	0.5%	2.0%
2034.35	1.5%	2.0%	4.0%	0.5%	0.5%	2.0%
2035.36	1.5%	2.0%	4.0%	0.5%	0.5%	2.0%
2036.37	1.5%	2.0%	4.0%	0.5%	0.5%	2.0%
2037.38	1.5%	2.0%	4.0%	0.5%	0.5%	2.0%
2038.39	1.5%	2.0%	4.0%	0.5%	0.5%	2.0%
2039.40	1.5%	2.0%	4.0%	0.5%	0.5%	2.0%
2040.41	1.5%	2.0%	4.0%	0.5%	0.5%	2.0%
2041.42	1.5%	2.0%	4.0%	0.5%	0.5%	2.0%
2042.43	1.5%	2.0%	4.0%	0.5%	0.5%	2.0%
2043.44	1.5%	2.0%	4.0%	0.5%	0.5%	2.0%
2044.45	1.5%	2.0%	4.0%	0.5%	0.5%	2.0%
2045.46	1.5%	2.0%	4.0%	0.5%	0.5%	2.0%
2046.47	1.5%	2.0%	4.0%	0.5%	0.5%	2.0%
2047.48	1.5%	2.0%	4.0%	0.5%	0.5%	2.0%
2048.49	1.5%	2.0%	4.0%	0.5%	0.5%	2.0%
2049.50	1.5%	2.0%	4.0%	0.5%	0.5%	2.0%
2050.51	1.5%	2.0%	4.0%	0.5%	0.5%	2.0%
2051.52	1.5%	2.0%	4.0%	0.5%	0.5%	2.0%

Cost Pressure Assumptions

	R&M	ENERGY	CONTRACT S	EMPLOYEE S	OTHER	New Build cost per sq metre	PWLB Borrowing rate
2022.23	5.5%	100%	7%	5.5%	2%	3,995	1.00%
2023.24	6.9%	50%	12%	5.5%	2%	4,115	1.00%
2024.25	3.9%	6%	7%	4.0%	2%	4,238	1.00%
2025.26	3.7%	4%	4%	2.0%	2%	4,365	5.00%
2026.27	3.7%	2%	4%	2.0%	2%	4,496	5.00%
2027.28	2.0%	2%	2%	2.0%	2%	4,631	4.00%
2028.29	2.0%	2%	2%	2.0%	2%	4,770	4.00%
2029.30	2.0%	2%	2%	2.0%	2%	4,913	4.00%
2030.31	2.0%	2%	2%	2.0%	2%	5,061	4.00%
2031.32	2.0%	2%	2%	2.0%	2%	5,213	4.00%
2032.33	2.0%	2%	2%	2.0%	2%	5,369	4.00%
2033.34	2.0%	2%	2%	2.0%	2%	5,530	4.00%
2034.35	2.0%	2%	2%	2.0%	2%	5,696	4.00%
2035.36	2.0%	2%	2%	2.0%	2%	5,867	4.00%
2036.37	2.0%	2%	2%	2.0%	2%	6,043	4.00%
2037.38	2.0%	2%	2%	2.0%	2%	6,224	4.00%
2038.39	2.0%	2%	2%	2.0%	2%	6,411	4.00%
2039.40	2.0%	2%	2%	2.0%	2%	6,603	4.00%
2040.41	2.0%	2%	2%	2.0%	2%	6,801	4.00%
2041.42	2.0%	2%	2%	2.0%	2%	7,005	4.00%
2042.43	2.0%	2%	2%	2.0%	2%	7,215	4.00%
2043.44	2.0%	2%	2%	2.0%	2%	7,432	4.00%
2044.45	2.0%	2%	2%	2.0%	2%	7,655	4.00%
2045.46	2.0%	2%	2%	2.0%	2%	7,884	4.00%
2046.47	2.0%	2%	2%	2.0%	2%	8,121	4.00%
2047.48	2.0%	2%	2%	2.0%	2%	8,365	4.00%
2048.49	2.0%	2%	2%	2.0%	2%	8,616	4.00%
2049.50	2.0%	2%	2%	2.0%	2%	8,874	4.00%
2050.51	2.0%	2%	2%	2.0%	2%	9,140	4.00%

APPENDIX 2 DRAFT HRA OPERATING ACCOUNT

		Income			Expenditure						Transfer Surplus				
Year	Year	Net rent Income £,000	Misc Income £,000	Total Income £,000	Managt. £,000	Deprec'n £,000	Repairs £,000	Total expenses £,000	Capital Charges £,000	Net Operating (Expenditure) £,000	Transfer (to) Revenue Reserve £,000	Surplus (Deficit) for the Year £,000	Surplus (Deficit) b/fwd £,000	Interest c/fwd £,000	Surplus (Deficit) £,000
1	2022.23	29,449	985	30,434	-10,729	-8,535	-5,571	-24,836	-5,806	-208	-56	-264	16,658	258	16,652
2	2023.24	30,795	1,015	31,809	-11,279	-8,753	-5,927	-25,960	-6,015	-165	-56	-221	16,652	271	16,702
3	2024.25	33,182	1,045	34,227	-11,755	-8,977	-6,137	-26,868	-6,130	1,228	-56	1,172	16,702	184	18,058
4	2025.26	34,418	1,076	35,494	-12,163	-9,258	-6,382	-27,804	-7,614	76	-56	20	18,058	93	18,172
5	2026.27	36,335	1,109	37,443	-12,441	-9,641	-6,621	-28,703	-9,060	-320	-56	-376	18,172	90	17,886
6	2027.28	38,178	1,142	39,319	-12,726	-10,094	-6,823	-29,643	-9,621	56	-56	0	17,886	89	17,975
7	2028.29	39,683	1,176	40,859	-13,017	-10,478	-7,032	-30,527	-10,609	-277	-56	-333	17,975	89	17,731
8	2029.3	41,223	1,211	42,434	-13,315	-10,877	-7,246	-31,439	-11,566	-570	-56	-626	17,731	87	17,192
9	2030.31	43,624	1,248	44,872	-13,621	-11,291	-7,467	-32,379	-12,576	-84	-56	-140	17,192	86	17,138
10	2031.32	44,439	1,285	45,724	-13,934	-11,719	-7,697	-33,351	-13,677	-1,304	-56	-1,360	17,138	82	15,860
11	2032.33	46,117	1,324	47,441	-14,255	-12,171	-7,932	-34,358	-14,375	-1,291	-56	-1,347	15,860	76	14,588
12	2033.34	47,579	1,363	48,943	-14,583	-12,632	-8,149	-35,364	-14,625	-1,046	-56	-1,102	14,588	70	13,556
13	2034.35	48,830	1,404	50,234	-14,919	-13,022	-8,373	-36,314	-14,949	-1,028	-56	-1,084	13,556	65	12,537
14	2035.36	51,069	1,446	52,516	-15,264	-13,424	-8,602	-37,290	-15,332	-107	-56	-163	12,537	62	12,436
15	2036.37	51,405	1,490	52,895	-15,617	-13,839	-8,838	-38,294	-15,561	-961	-56	-1,017	12,436	60	11,479
16	2037.38	52,732	1,535	54,266	-15,979	-14,267	-9,080	-39,325	-15,821	-880	-56	-936	11,479	55	10,598
17	2038.39	54,083	1,581	55,663	-16,349	-14,708	-9,328	-40,385	-16,028	-749	-56	-805	10,598	51	9,844
18	2039.4	55,446	1,628	57,074	-16,728	-15,162	-9,584	-41,474	-16,178	-578	-56	-634	9,844	48	9,257
19	2040.41	56,779	1,677	58,456	-17,117	-15,631	-9,846	-42,594	-16,387	-525	-56	-581	9,257	45	8,721
20	2041.42	59,333	1,727	61,060	-17,515	-16,114	-10,115	-43,745	-16,668	647	-56	591	8,721	45	9,358
21	2042.43	59,677	1,779	61,456	-17,923	-16,612	-10,392	-44,927	-16,894	-365	-56	-421	9,358	46	8,983
22	2043.44	61,172	1,832	63,004	-18,341	-17,125	-10,676	-46,143	-17,034	-173	-56	-229	8,983	44	8,798
23	2044.45	62,696	1,887	64,583	-18,770	-17,654	-10,968	-47,392	-17,183	9	-56	-47	8,798	44	8,795
24	2045.46	64,254	1,944	66,198	-19,209	-18,200	-11,268	-48,676	-17,343	179	-56	123	8,795	44	8,962
25	2046.47	65,845	2,002	67,848	-19,659	-18,762	-11,575	-49,996	-17,548	303	-56	247	8,962	45	9,255
26	2047.48	68,766	2,062	70,829	-20,119	-19,342	-11,892	-51,353	-17,789	1,686	-56	1,630	9,255	50	10,935
27	2048.49	69,127	2,124	71,251	-20,592	-19,940	-12,216	-52,748	-17,977	526	-56	470	10,935	56	11,461
28	2049.5	70,822	2,188	73,010	-21,076	-20,556	-12,550	-54,181	-18,158	670	-56	614	11,461	59	12,134
29	2050.51	72,552	2,254	74,806	-21,572	-21,191	-12,893	-55,655	-18,412	739	-56	683	12,134	62	12,880
30	2051.52	74,321	2,321	76,642	-22,080	-21,845	-13,244	-57,169	-18,678	795	-56	739	12,880	77	13,696

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REPORT TITLE: GENERAL FUND BUDGET OPTIONS AND MEDIUM TERM FINANCIAL STRATEGY

23 NOVEMBER 2022

REPORT OF CABINET MEMBER: Cllr Margot Power, Cabinet Member for Finance and Value

Contact Officer: Liz Keys Tel No: 01962 848226 Email lkeys@winchester.gov.uk

WARD(S): ALL

The attached report - CAB3374 which was presented to cabinet at its meeting on the 15 November 2022 sets out options for the 2023/24 budget, including anticipated changes and budget proposals.

RECOMMENDATIONS:

That:

1. It is recommended that scrutiny committee comment on the proposals within the attached cabinet report, which can then be considered by cabinet prior to its meeting in February 2023.
2. It is noted that the committee will be presented with an updated General Fund Budget report at its meeting on the 7th February 2023 prior to Full Council on the 23rd November 2023.

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REPORT TITLE: GENERAL FUND BUDGET OPTIONS AND MEDIUM-TERM FINANCIAL STRATEGY

15 NOVEMBER 2022

REPORT OF CABINET MEMBER: Cllr Margot Power, Cabinet Member for Finance and Value

Contact Officer: Liz Keys Tel No: 01962 848226 Email lkeys@winchester.gov.uk

WARD(S): ALL

PURPOSE

All councils are facing serious and immediate pressures as a result of global and national issues that have resulted in increased energy costs, inflation running at over 10%, increased interest rates and general economic volatility. No immediate Government support is anticipated, and councils will have to make difficult decisions and to use reserves to achieve a balanced budget for 2023/24 and beyond.

After the emergency revised budget that was approved during the pandemic and a further £3m savings approved in 2021/22, scope to achieve budget reductions has been severely reduced in recent years. However, it is clear that further changes are needed and work is underway to identify strategic changes to service delivery to achieve this by 2024/25.

This report sets out the challenge for 2023/24 and beyond and includes some more immediate proposals to reduce the impact on Council reserves. Subject to changes being approved, it is possible to set a balanced budget although some call on the Exceptional Inflation Reserve approved in July 2022 is required to achieve this. The report also includes the Medium-Term Financial Strategy which sets out the Council's strategic approach to the use and management of its financial resources.

RECOMMENDATIONS:

That Cabinet:

1. Note the projections set out in Appendix A to this report and support the proposal that the Exceptional Inflation Reserve be used if required to address the forecast deficit for 2023/24.

2. That, subject to final Government Spending Review announcements in December 2022, any additional grant award (such as continuation of New Homes Bonus) not included in current forecasts be used to fund the forecast deficit before reserves are used.
3. Approve the Medium-Term Financial Strategy as set out in sections 22-28 of the report.
4. Approve an increase to Garden Waste subscriptions with effect from November 2022 in order to achieve cost recovery, resulting in charges increasing to £43 for small bins and £65 for large bins. For residents in receipt of a council tax reduction, to increase the discount from £10 to £15 on the cost of purchasing the green waste service.
5. Approve that, following consultation, parking charges in Zone 1 (City Centre) car parks be subject to an increase in line with inflation (10%) and that charges and weekday charging periods or times for these car parks be extended to include Sundays and bank holidays with new overnight charging introduced, to be implemented as soon as is practicable. There is no increase to Park and Walk or Park and Ride charging as part of this recommendation.
6. That Sunday on-street parking restrictions within the Winchester Inner Area Parking Permit Zone and on city centre parking meters be added to the Traffic Regulation Order Programme for 22/23. The exact zones to be included will be subject to consultation.
7. Approve that, following consultation, parking charges in “market town” car parks be increased by a 20p flat amount on each chargeable rate; to £2.00 for the daily rate (where charged); and no change to season tickets, to be implemented as soon as is practicable. This change will not apply to the Alresford Station Car Park, where charges were amended recently.
8. Approve that other fees and charges be increased where appropriate in line with the September Consumer Price Index figure (10.1%) to address contractual increases, to achieve cost recovery or to bring a fee in line with the market norm and that the Section 151 officer be authorised, in consultation with the Cabinet Member for Finance and Value and the Cabinet Member responsible for the service, to approve a different fee where appropriate.
9. Approve that £450k of the Transitional Reserve be used to support a council wide transformation challenge programme, incorporating focussed independent reviews of key services over the next 6 months with the clear aim of determining longer term savings or income generation to support the delivery of the Medium-Term Financial Strategy and the Council Plan.
10. Approve that £900k of the existing “Business Rates Retention Reserve” be re-allocated to the “Exceptional Inflation Reserve”.
11. Approve that a detailed budget be prepared for consideration by Council in

February 2023 based on the above assumptions, final spending review announcements and including the following options:

- a. That grants to core housing providers totalling £68,000 be funded from the Homelessness Prevention Fund rather than the General Fund base budget
- b. That, in relation to staffing matters:
 - i. an additional “vacancy management” provision of £200k be included
 - ii. an additional £23k per annum be included to fund an additional tree officer to support the delivery of essential works.
 - iii. £250k be included to fund the outcome from a review of salaries and to maintain reasonable parity with neighbouring councils.
- c. That, in relation to the council’s regeneration programme:
 - i. as the existing contract for strategic development advice will end in early 2023, £150k is included for the next phase of professional advice needed to assist in preparing for the major decisions we will be bringing forward for regeneration projects
 - ii. £130k is included to fund staffing to support the move into delivery phase for our major regeneration projects from 2023 onwards
- d. that, in relation to services:
 - i. the annual transfer to the Asset Reserve be reduced from £250k to £100k in 2023/24 (one year only) and the transfer to the Parking reserve be suspended for one year only
 - ii. an additional £80k per annum be included to address the impact of the “On Street parking” agency ending in 2023
 - iii. an additional £50k per annum be included to fund additional “street scene works”
 - iv. an additional £67k per annum be included to fund essential health and safety related tree works
 - v. £15k per annum for 2 years be included to ensure existing grant funding for the Hampshire Cultural Trust can be maintained
- e. That Council Tax will increase in line with the Government referendum limits (currently a maximum of £5 for a Band D property).

IMPLICATIONS:1 COUNCIL PLAN OUTCOME

- 1.1 The budget approved in February 2022 (CAB3335 refers) directly supported the delivery of all outcomes set out in the Council Plan.
- 1.2 This report sets out a budget proposal aimed at maintaining a focus on key priorities, including the Climate Emergency, the delivery of Central Winchester Regeneration work, supporting the economy, delivering homes and improving the health and wellbeing of all communities.

2 FINANCIAL IMPLICATIONS

- 2.1 These are set out throughout the report. The medium-term financial projections have been updated to take account of inflation pressures. This has resulted in an increased forecast deficit for 2023/24 of £1.7m. This report includes savings proposals of £1.3m and additional growth proposals of £0.8m, resulting in a potential revised forecast of £1.2m. This can be met from the £2m Exceptional Inflation Reserve approved in July 2022. There is also potential for additional Government grant such as New Homes Bonus. Announcements regarding government funding will not be known until late December 2022. This report recommends that if any additional funding is announced in December, this be used to address the forecast deficit before any call is made on Council reserves.

General Fund Revenue (£m)	Forecast	Forecast	Forecast
	2023/24	2024/25	2025/26
Budget Shortfall (Base case)	-1.728	-3.451	-4.133
Total Savings/Parking Strategy Changes	1.268	1.148	1.550
Total Growth Proposals	-0.765	-0.615	-0.615
Forecast Shortfall after savings/growth	-1.225	-2.918	-3.198
Additional Funding Options			
Reserves (or possibly New Homes Bonus)	1.300	1.300	
Strategic Budget Review/service efficiencies		1.750	3.500
Surplus / (Deficit)	0.075	0.132	0.302

- 2.2 A range of sensitivity testing has been completed to assess the impact of inflation running higher for longer and of inflation recovering more quickly than currently forecast. Officers will continue to refine the forecasts through to when the detailed budget is brought forward in February 2023.

3 LEGAL AND PROCUREMENT IMPLICATIONS

- 3.1 Under section 151 of the Local Government Act 1972 a local authority has to make proper arrangements for the administration of its financial affairs. Under s28 of the Local Government Act 2003 a local authority has to 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 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 and 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 report recognises the current challenges in delivering against Council Plan priorities and includes one off resource proposals for additional staff to support regeneration work, project delivery and to address the increased demand on core services in recent months.

5 PROPERTY AND ASSET IMPLICATIONS

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

6 CONSULTATION AND COMMUNICATION

- 6.1 Once budget options have been finalised, proposals will be subject to consultation, including discussions with local business representatives through the business/BID briefing and a briefing at the bi-annual parish liaison meeting.
- 6.2 The council held a Residents Survey in 2022 and the views of a representative sample of over 1700 local residents across the district were sought. In addition to feedback on local priorities, views of emerging policy and the relative perceived importance of council services, questions were

asked on how to balance the budget in order to inform development of the MTFS.

- 74% agreed that the council should maximise use of its assets
- 74% agreed that the council should use reserves as far as possible
- 67% agreed that the council should reduce management costs
- 54% agreed that the council should dispose of council buildings
- 22% agreed that fees and charges should be increased
- 22% agreed that grants to the voluntary sector should be reduced
- 19% agreed that council tax should be increased

6.3 In reality a blended approach to balancing the budget will have to be adopted with the changing macroeconomic position and inflationary costs means that some less favourable options – such as increasing fees and charges – will have to be considered. However, a key part of the budget challenge sessions seek to determine how to make best use of assets and the emerging strategy does include some use of reserves.

7 ENVIRONMENTAL CONSIDERATIONS

7.1 The Council is committed to its Carbon Neutrality targets and in 2019, £800k was included within the revenue budget to support feasibility and programme delivery work. This provision is projected to be fully committed by March 2023. A £200k per annum revenue budget will continue to fund Carbon programme delivery work with effect from April 2023.

7.2 Specific projects are funded through the capital programme, supported in many cases through external grants. Examples include the provision of solar panels to council properties and to local businesses, the installation of EV charging points throughout the district and replacement of windows in the city offices. Further proposals for investment in a significant energy generation project on Council land is currently subject to feasibility review.

8 EQUALITY IMPACT ASSESSEMENT

8.1 The council, in the exercise of all its functions, must have due regard to the public sector equality duty in section 149 Equality Act 2010. This document is part of the budget consultation process, and the public sector equality duty is considered alongside any relevant budget options.

8.2 An equality impact assessment (EqIA) has been undertaken on the decisions recommended within this medium-term financial strategy report. No examples of the changes potentially affecting individuals or communities with protected characteristics differently in a negative way have been identified at this stage. Further EqIAs will be undertaken ahead of the implementation of detailed proposals.

9 DATA PROTECTION IMPACT

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

10 RISK MANAGEMENT

Risk	Mitigation	Opportunities
<p><i>Property</i> Commercial tenants unable to pay rents or subject to business failure</p> <p><i>Slowdown in commercial property investment, meaning that the council's development schemes achieve less interest or less income than expected</i></p>	<p>Close monitoring of rent position by property team with support to tenants through effective working relationships.</p> <p>The council's advisors are reviewing the property investment market and will provide advice as to timing of any marketing.</p>	
<p><i>Legal</i> The council is unable to balance the revenue budget resulting in the issuing of a S114 notice</p>	<p>Proposals set out in this report, including the strategy for management of reserves mitigate against this.</p>	<p>Present a balanced budget in difficult circumstances</p>
<p><i>Timescales</i> Slower than projected economic recovery affecting income received by the council</p>	<p>The council is actively supporting high street recovery through a EM3 LEP grant working with local partners</p> <p>The council has £12m uncommitted revenue reserves available to support further increases to the projected deficit</p>	
<p><i>Financial</i> The council is unable to balance the revenue budget</p> <p><i>Risk of lower than projected demand for income generating services specifically parking</i></p>	<p>Proposals set out in this report, including the strategy for management of reserves mitigate against this.</p> <p>The council has £12m uncommitted revenue reserves available which can be utilised as a last resort as above</p>	

SUPPORTING INFORMATION:

10.1 This report sets out:

- a) An update and forecast in relation to the 2022/23 Budget
- b) A summary of Government funding assumptions
- c) Budget Options for the 2023/24 budget (detail to be considered by Council in February 2023)
- d) General Fund Budget Projections for future years
- e) A proposed Medium Term Financial Strategy to address the projected future deficits and support service delivery

11 Impact of Inflation and Economic Volatility

11.1 The existing budget and Medium-Term Financial Strategy (MTFS) had assumed a broadly balanced position for 2023/24 with any deficits met from reserves. Longer term deficits were to be addressed through the Strategic Budget Review which was to consider options for delivering services at less cost over the medium term.

11.2 However, the exceptional economic pressures referenced in the General Fund Outturn Report in July (CAB3352 refers) have increased throughout this year. In July, Cabinet approved the “Exceptional Inflation Reserve” of £2m to help address pressures in 2023/24.

11.3 Inflation increased to 10.1% in September. The energy price cap will help address concerns of further increases this year, but pressures remain, exacerbated by recent interest rate increases. All public sector bodies are in a similar position and experiencing very significant unplanned and unbudgeted costs, many without the healthy reserves this council has retained in recent years.

11.4 Revised forecasts have been prepared and are summarised in this report and indicate a very significant deficit for 2023/24.

11.5 The very high levels of inflation will set a new baseline for council costs far higher than predicted in February 2022. Government assistance with the challenge will be limited. Healthy general reserves have been retained to support this in the short term. However, decisions need to be made from now to address future shortfalls and options are set out in this report.

11.6 One positive from the economic pressures is the increased return from the council’s investments, which are forecast to be £700k more favourable than had been expected as a result of interest rate rises.

11.7 It is anticipated that much of this benefit will be removed from 24/25 when cash balances reduce in line with projected spend and the council takes on additional planned borrowing to support the delivery of its council plan.

12 2022/23 Budget Update

- 12.1 The latest forecast for the 2022/23 general fund budget was set out in the Quarter 2 Performance Report (CAB3367 refers) which has been reviewed by the Performance Panel and is included on the agenda for the Scrutiny Committee on 23 November 2022. Whilst the increased inflation and energy costs have impacted on the budget, reduced spend and increased income in some areas is expected to result in a balanced budget being maintained by March 2023.

13 Government Funding Assumptions

- 13.1 The promise of a 2-year settlement is now uncertain and the Fair Funding Review is not expected any time soon. Current indications are that Council Tax will remain capped at 2% (or £5) and no other assistance with inflationary pressures is anticipated, with Government encouraging local councils to utilise their reserves to manage through this period of volatility and uncertainty.
- 13.2 Some provision for New Homes Bonus to continue (or something similar) is expected (reserves still held by Govt for this) but there is unlikely to be any clarity on this until the end of December.
- 13.3 With no assistance with inflation pressures and no ability to increase council tax above the 2% or £5 limit, the Council will have to consider inflation linked increases to all fees and charges if it is to fund services in future years.

14 Council Tax

- 14.1 Council tax referendum limits for districts are expected to once again remain at 2% or £5.
- 14.2 The MTFs assumes an annual tax base increase of 2.4% (up from previous estimates of 1.2%). An increase of 2.4% is generating approximately an additional £190k p.a. of Council Tax Income. However, there are additional costs associated with additional properties (Environmental Services Contract cost is specifically increased based on number of additional properties).
- 14.3 The MTFs currently assumes a council tax increase of 2.5% in 2023/24.
- 14.4 Depending on the tax base distribution this could mean a maximum increase of approx. 2.9% for both the town and district, which is below the CPI inflation rate of 10.1% in September 2022. The maximum increase is impacted by the town tax base increase compared to the overall district average increase. If the town tax base increase is higher than the district average then this reduces the maximum precept increases due to the methodology behind the £5 limit.

15 Medium Term Budget Forecast

15.1 The revised forecast indicated in the table below takes account of increased inflation (assumes 10% increase on contracts, 5.5% on pay and 100% on energy costs). The forecast assumes inflation will fall in future years but not reach the Bank of England 2% target at least until 2026.

15.2 In addition to the inflation increases, other pressures, such as reduced parking income, reduced commercial rent income and increased spend on waste collection result in a projected deficit of £1.7m in 2023/24 increasing to over £4m by 2026. Measure to address this deficit are set out later in the report.

Assumptions:

Council Tax Base	2.4%	1.2%	1.2%
Council Tax - Band D £	2.5%	2.5%	2.5%
Contractual Inflation	10.0%	5.0%	4.0%
Pay Inflation	5.5%	4.0%	4.0%
Covid Contingency - Reduction in Income	3.5%	0.0%	
General Fund Revenue (£m)	Forecast	Forecast	Forecast
	2023/24	2024/25	2025/26
Funding			
Winchester District	8.165	8.470	8.786
Winchester Town	1.068	1.081	1.094
Council Tax (excluding Parish Precepts)	9.233	9.551	9.879
Retained Business Rates	6.149	6.272	6.397
New Homes Bonus			
Lower Tier Services Grant			
Services Grant			
Damping Forecast	0.000	0.000	0.000
Other Grants	0.349	0.349	0.349
	15.731	16.172	16.626
Investment Activity	2.505	1.547	1.521
Resources available	18.236	17.719	18.147
Baseline Net Expenditure			
Gross Income	16.035	17.043	17.283
Gross Expenditure	-34.398	-35.768	-36.954
Baseline resource requirements	-18.363	-18.725	-19.671
One-off budgets & Reserve Related Movements	-0.840	-1.045	-1.209
Total net resource requirements	-19.202	-19.770	-20.880
Budget Surplus / (Shortfall)	-0.967	-2.051	-2.733
<i>% of Gross Expenditure</i>	2.8%	5.7%	7.4%
Plus Unavoidable Growth	-0.761	-1.400	-1.400
UPDATED Budget Surplus / (Shortfall)	-1.728	-3.451	-4.133

- 15.3 Unavoidable Growth – The additional budget pressures referred to in paragraph 16.2 above and in the table are summarised in the table below:

Issue	Annual Cost	Description
Existing Parking income – Reduced demand	£1m	City centre parking remains at capacity, but Park and Ride and Commuter parking have not returned. 23/24 still includes an assumption for reduced income (£639k) to offset this. 24/25 assumes full recovery but current indications are that this will not be achieved
Corporate Estate Rental Income	£300k	The current estate generates approx. £4m rental income. Some limited reductions are anticipated from 23/24 due to the economic climate.
Waste Contract Additional spend	£100k	Current budget is not sufficient to meet existing service costs (increased demand re glass collections for example)

16 Reserves

- 16.1 A summary of reserves is also included as appendix 3.
- 16.2 The “Exceptional Inflation Reserve” includes £1.8m to mitigate against the increased 23/24 forecast deficit. The Business Rates Retention reserve include £900k that is not required and that can be used to supplement the inflation reserve.
- 16.3 In addition, the “Transitional Reserve” established 3 years ago is £3.4m. It is proposed to use £450k of this reserve to support “invest to save” reviews of key services with a view to reducing longer term operating costs. The remainder can help mitigate future deficits.
- 16.4 It should be noted that major projects and regen work is usually funded from the Major Investment Reserve. With existing commitments, there is only just over £3m remaining in that reserve and all future business cases for regen work will need to take this into account (a clearer and stronger focus on financial viability). Whilst many costs can be capitalised and funded from borrowing if works proceed, upfront investment has been high for previous projects, arguably with insufficient focus on cost recovery.

17 Budget Options/Proposed Savings

- 17.1 Whilst it was originally planned to fund all 23/24 deficits from reserves, this can no longer be recommended. Some immediate savings totalling over £120k have already been identified from the budget review process and will be applied from April 23. Other proposed budget reductions include:

Proposed Saving	Annual Saving	Description
Budget Review	£120k	Various reductions to budgets where spend now lower than in previous years
Garden Waste Subscription – 10% increase on annual fee Concessionary discount to increase from £10 to £15	£100k	The current subscriptions just cover existing contract costs but not all admin and support costs. Contract costs will increase in line with inflation this year (est. 9.9%). Renewal requests for the Feb 23 service go out shortly. It is recommended that the November report seeks approval for an immediate increase in this charge in line with contract costs (£43 small bins, £65 large bins). This remains in line with lower quartile of 22/23 charges for Hampshire Councils, although many will increase charges further before March. A larger increase (approx. 20%) would be needed to fully recover all operating costs. It is also proposed that the discount offered to residents subject to the council tax reduction scheme be increased from £10 to £15 per annum.
Fees and Charges – 10% average increase	£70k	With Council Tax charges likely to be subject to the existing cap, an inflation linked increase to other fees and charges is recommended. Most charges are set on a “cost recovery” basis and with costs all increasing, fee increases cannot be avoided. As the charging policy for fees is well established (most linked to cost recovery), it is recommended that the S151 be given delegated authority to finalise fees and charges in line with inflation.
Housing Grants	£68k	The Council has two core housing partners (Trinity and Beacon) and provide core grants totalling £68k annually. Rather than this continue to be funded from the core grants budget, it is recommended that this support be met from the annual Homelessness Prevention Grant (Council receives £300k annually to support homelessness).
Vacancy Management	£200k	The budget already includes provision for vacancy management which is achieved naturally with little intervention through staff turnover/recruitment. With staff costs the

Proposed Saving	Annual Saving	Description
		largest single budget, some additional controls are needed to reduce overall spend. This will include a review of all vacant posts, use of agency staff and potential deferral of appointment to some non-essential roles. This will place additional pressures on teams but is a far more sensible short-term measure than direct staff cuts. The budget challenge process will require the council to consider its staffing establishment which may lead to some reduction in overall headcount over the coming years.
Assets/Parking Reserve	£450k	Annual contributions to the two reserves total £600k. for 23/24, rather than use other reserves to maintain this contribution, it is proposed to reduce these transfers pending further analysis on the long term call on these reserves

18 Transformation Challenge Programme/Strategic Budget Review

- 18.1 Detailed budget reviews have highlighted the potential to reduce budgets by at least £120k without any key decisions required to support this. Work on the review to date have also generated the proposals set out in section 18 above above.
- 18.2 However, with longer term savings targets of £2m by 2024/25 and potentially £3m by 2025/26 (assuming some continuation of New Homes Bonus or similar grant scheme), much more detailed work is required to ensure changes are transformational, well targeted, consider all potential options, ensures the Council continues to meet its statutory obligations and takes account of all emerging pressures.
- 18.3 Key areas of work include:
- Review of capital programme, cash flow requirements and timing of future borrowing
 - Future operation/management of Park and Ride services
 - Tourism/Marketing/Visitor Info Centre Provision
 - Digitisation and streamlining of Planning services
 - Management of Public Conveniences
 - Management/operation of off-street parking provision/enforcement

- CCTV Provision and monitoring
 - Customer Services – Investment in Online/app reporting (and reduced postage)
 - Management of Grounds Contracts/Highway Grounds subsidy
 - Grants - Review of programme
 - Management of key corporate assets (asset challenge to be arranged)
 - Commercial operation and use of the Guildhall and Abbey House (previous review work to be refreshed now market is recovering)
- 18.4 Whilst some of these reviews can be completed in house, most will require external and independent support if they are to achieve the objective of reducing core spend.
- 18.5 It is recommended that £450k of the Transitional Reserve be used to fund “invest to save” work in these areas and that the section 151 officer be authorised to approve spend against this provision.
- 18.6 The scope of these reviews is to be determined but it is essential they focus on costs and income generation. It is also recommended that a member board be established to review scope and proposals and to hold officers to account against agreed timelines.
- 18.7 It is essential that the reviews are completed within 6 months to ensure implementation of recommendations can be effective to support the 2024/25 budget setting process.
- 19 Parking Strategy Proposals
- 19.1 With city centre demand relatively unaffected by previous increases but capacity increasing in outer car parks, an inflation linked increase to Zone 1 (City Centre) car parks within the air quality management area AQMA) is recommended to further influence behaviour change.
- 20 To support this, it is also proposed that Sunday on-street parking restrictions within the Winchester Inner Area Parking Permit Zone be added to the Traffic Regulation Order Programme for 22/23. The exact zones to be included will be subject to consultation.
- 20.1 Evening and Sunday demand has been unaffected by charging introduced in 2021 and so it is also proposed that following consultation, charges and weekday charging periods or times for these car parks be extended to include Sundays and bank holidays with a new overnight charge introduced, to be implemented as soon as is practicable. This is a common approach in central car parks in other cities.

- 20.2 Extending the operating period for car park management teams will also be required. Additional investment is included in section 25 below although this will be offset by the additional income generated from the charging proposals.
- 20.3 There is no increase to Park and Walk or Park and Ride charging as part of this recommendation.
- 20.4 It is also proposed that parking charges in “market town” car parks be increased by a 20p flat amount on hourly chargeable rates, to £2.00 for the daily rate, and no change to season tickets, to be implemented as soon as is practicable. This change will not apply to the Alresford Station Car Park, where charges were amended recently.

21 Essential Growth Items

- 21.1 Whilst it is necessary to identify budget reductions to contribute towards funding forecast deficits, there are a number of issues that require attention and budget provision if the Council is to maintain delivery of its key priorities. These are summarised in the table below:

Proposed	Annual Cost	Description
Strategic Development Advice (one off)	£150k	as the existing contract for strategic development advice will end early in 2023, £150k is included for the next phase of professional advice needed to assist in preparing for the major decisions we will be bringing forward for regeneration projects
Regen Project staff	£130k	Capacity to deliver existing and planned future regen projects is not sufficient to manage successful delivery of regeneration work.
Staff salary review	£250k	A full review of salary grades was undertaken in 2017 and a further focussed review indicates that some comparable posts at neighbouring councils attract more favourable terms. This directly impacts on recruitment and retention of staff and therefore service delivery. A more competitive market position could be achieved by uplifting all grades by one spinal column point.
Managing off street parking after Agency ends	£80k	£250k provision to fund the impact of the “On Street Parking” agency ending. This is now projected to be £330k. This will be clarified when a business case will be presented for the new residual service in [December 2022].
Street Scene/Pride in Place spend	£50k	One off provision was included in 22/23 for additional spend in the city centre and market

Proposed	Annual Cost	Description
		towns. Some ongoing provision is required for future years.
Essential Tree Works	£67k	Spend on essential tree works has increased this year as a direct result of issues such as “ash die back”, climate conditions and an improved inspection regime. This is projected to continue and additional budget is needed for this.
Tree Officer	£23k	Additional resource is required to ensure the effective management of council trees.
Hampshire Cultural Trust – Maintain grant	£15k	Existing budget assumes HCT grant reduces in future years. However, operating costs of buildings previously managed directly by the council have increased similar to other services. It is therefore proposed that funding is retained at current levels for a two further years.

22 Medium Term Financial Strategy

- 22.1 The Medium-Term Financial Strategy (MTFS) is intended to set out the Council’s strategic approach to the use and management of its financial resources and provide a framework within which decisions can be made.
- 22.2 The key proposals for achieving long term budget sustainability for the General Fund include:
- a) Utilising the Exceptional Inflation and Transitional Reserves in the short term (up to 24/25) to cover forecast deficits and maintain a balanced budget
 - b) Completing a programme of strategic service reviews with a view to reducing net operating costs by £2m by April 2024, with all measures to be identified and agreed by July 2023.
 - c) The implementation of fee increases and other more immediate budget options set out earlier in this report with effect from April 2023.
- 22.3 Financial projections in Appendix A are shown over a ten-year period to 2030/31 in order to provide insight into the longer-term financial sensitivities and the earmarked reserves strategy.
- 22.4 The budget options set out in this report, if approved in February 2023, contribute towards a balanced budget through to March 2024.
- 22.5 Reserves are projected to reduce significantly over this period. The Transitional reserve and Exceptional Inflation Reserve can be used to

maintain a balanced budget through to 2023/24, with the remainder providing cover for the risk of forecasts being worse than projected in this report.

- 22.6 The existing MTFS includes a specific focus on investment to generate additional future income. Whilst it is proposed to retain this aim within the strategy, it must be noted that scope for strategic investments to make a positive contribution to Council finances is very limited, at least in the short term. Councils that have relied heavily on this strategy in recent years are currently very exposed to economic pressures and announcements of potential failures and issuing of section 114 notices are increasing.
- 22.7 The focus on efficiency and transformation that forms a key element of the existing MTFS has ensured the Council has maintained service provision in a climate of reducing resources. Significant savings and efficiencies have been identified, with £2.4m of budget reductions identified in 2020/21 and a further £3m of operational savings achieved in 2021/22.

23 Medium Term Financial Planning

- 23.1 The existing MTFS grouped the medium-term financial challenge options around six themes; funding, modernising service delivery/Transformation, asset management/regeneration, efficiency, income generation and enabling partnerships. It is proposed to retain these themes and they will be used to establish the brief for more detailed work with the aim to identify options for reducing net operating costs by up to £2m by April 2024 and £3.5m by April 2025. The Strategic Budget Review has already identified budget savings and further proposals for savings are included in this report. However, the more detailed work is required to ensure strategic service changes are properly targeted, take full account of existing demands and exploit opportunities for both savings and income generation.
- 23.2 The Strategic Review will continue to focus on the key themes as set out below:
- a) Funding – Detailed analysis of impact of Spending Review announcements, use of existing and future non-ring-fenced grant funding, scope for accessing additional funding programmes etc
 - b) Modernising service delivery/Transformation – A focus on digital transformation and “channel shift” (but with targeted support where required, a review of the potential for adopting a more commercial approach, removing unintended barriers/blockages between teams/services etc. Specific work will focus on digitisation of planning services, use of technology to modernise the management of off-street parking and the management and monitoring of CCTV services.
 - c) Asset Management/Regeneration – Opportunities have become more challenging in the last year. Increased build costs mean a number of schemes may well have viability challenges. However, the “Asset Challenge” process is ongoing, and consideration will be given to the

potential of asset sales in some circumstances. The proposed disposal of the Bar End Depot site is well advanced, and the option of disposal will be included in all challenge reviews in the next year. Making best use of existing buildings/assets, bringing forward development of existing assets to improve return on investment etc. Whilst some opportunities remain to bring forward regeneration proposals, most opportunities will only contribute to longer term deficits, once developments are completed and operational, which can often take some years. As an example, the revenue impact of disposing of the central Bar End depot site has been included from 2025/26.

- d) Efficiency – The 2021/22 budget process reduced net operating costs by over £3m and scope for further efficiency savings will be limited. However, whilst previous “salami slicing” style targets for budget holders will be of very limited benefit, a coordinated “cross service” efficiency programme can still make an important contribution towards the process

The Council is required to provide a number of services by statute and like many councils offers a range of discretionary services either by itself, or through partners. The council will need to consider how much funding it provides to a range of discretionary services and potentially the level of provision of statutory services. Council services must remain affordable within the overall financial context, and it is proposed to include a focus on discretionary services and statutory service delivery approaches within this programme.

- e) Income Generation - Opportunities to invest which also generate a financial return, either through reductions in cost or income generation, are assessed on a case-by-case basis and scope for this will be included in all Strategic Budget Review work moving forward.
- f) Grants/Partnerships – The Council administers a well-established grants programme which underpins the work of core partners. The Council also operates an effective IT service partnership with Test Valley Borough Council. Scope to switch more existing direct service delivery to shared services through partnerships or partner delivery funded by grant will form part of the Review process.

24 General Fund Capital

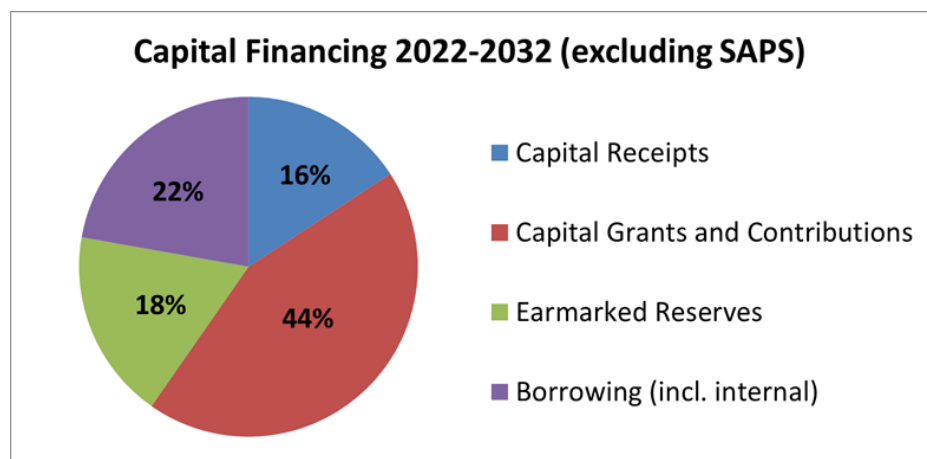
- 24.1 The Council has an ambitious general fund capital programme totalling £63m over the next 10 years. Of this, £20.5m relates to the Strategic Asset Purchase Scheme (SAPS) which will only be spent if suitable assets are identified for purchase in line with the provisions of the scheme. Of the total programme just over £20m has been approved for expenditure, with the remaining projects, including SAPS, subject to appraisal.
- 24.2 The current macroeconomic conditions present significant challenges to the capital programme. Both inflation and borrowing costs have increased

significantly since the Capital Investment Strategy was approved by Council in February this year. The consequences of those challenges, and how to mitigate against them, is being considered as part of the preparation for the Capital Investment Strategy in February 2023 and further detail is provided below.

- 24.3 The impact of on the General Fund capital programme is varied: for example, there is scope in some areas to absorb additional costs and maintain current levels of activity (such as in the Disabled Facilities Grant programme) and in other areas such as play area refurbishment and ongoing capital repairs pragmatic decision making may enable the same, or similar, outcomes to be achieved within the current budget envelope. The council will continue to be in a position to make an impact in communities across the district after successfully obtaining grant funding such as the UK Shared Prosperity and Rural England Prosperity Funds.
- 24.4 There are particular pressures for refurbishment and regeneration projects in the current high inflation/higher borrowing cost environment which mean some projects, such as redeveloping the former Goods Shed, are currently commercially unviable and all are subject to increased risk due to the deteriorating economic situation.
- 24.5 Careful asset management is essential and there are potential opportunities from asset sales where the capital receipt could be used to either finance projects that would otherwise be unaffordable or to reduce the council's outstanding borrowing need which translates to annual revenue cost savings.

Capital financing

- 24.6 Excluding SAPS (funded by borrowing if suitable purchases are identified), the proposed financing of the programme is as follows:



- 24.7 The main sources of finance for capital projects are as follows:

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

- 24.8 Where possible, the most restricted funding sources should be used before using earmarked reserves or revenue contributions. Capital grants and contributions typically are for either specific projects or types of expenditure, and capital receipts from the sale of assets can only be used to finance new capital expenditure or reduce unfinanced capital expenditure (borrowing) from prior years. Revenue reserves are not restricted to capital only and can therefore fund expenditure that is not capital in nature and can be used to fund day to day expenditure should there be either an unplanned shortfall in income or unexpected additional expenditure.
- 24.9 Local authorities may also incur borrowing for capital projects in line with the Prudential Code as long as the capital programme overall is “affordable, sustainable, and prudent”. General Fund capital projects funded by prudential borrowing will incur an annual revenue cost over the life of the asset – a minimum revenue provision (MRP), which is equivalent to the principal repayment, and external interest/opportunity cost. There is not a requirement to apply MRP in respect of the HRA. Where a project does not provide additional income or savings in excess of the annual borrowing cost, it may be necessary for the council to make further savings elsewhere. Typically, the council funds projects from borrowing where the income and/or savings exceed the cost of borrowing.
- 24.10 Where the council has existing resources (e.g. reserves) it is able to “internally” borrow and so delay the need to externalise its borrowing requirement; this reduces interest costs in the short term. The council’s Capital Financing Requirement (CFR) up to 31 March 2022, which represents unfinanced capital expenditure in prior years, is shown in the table below. The CFR is increased when a new capital project isn’t financed from other resources and is reduced by the annual MRP. The council can also elect to reduce the CFR by making a “voluntary” provision above the MRP. This will reduce the amount of MRP in future years and, if funded by a new capital receipt, will also reduce the need to externally borrow and therefore interest savings can be made. In 2021/22, the GF voluntary provision was made following the receipt of a grant in respect of Durngate flood prevention scheme thus reducing the CFR in respect of that scheme.

Capital Financing Requirement	General Fund £000	Housing Revenue Account £000	Total £000
Capital Financing Requirement at 1 April 2021	71,628	178,177	249,805
Unfinanced capital expenditure - in year	2,437	8,615	11,052
Minimum revenue provision (MRP)	(876)	0	(876)
Voluntary provision for the financing of capital	(377)	(787)	(1,164)
Capital Financing Requirement at 31 March 2022	72,812	186,005	258,817
Made up of:			
External borrowing	0	166,722	166,722
Internal borrowing	72,812	19,283	92,095

Challenges

- 24.11 The council's capital programme must be "affordable, sustainable, and prudent" as required by the Prudential Code. Both inflation and the cost of borrowing have increased significantly since the Capital Investment Strategy was approved by Council in February. This has impacted negatively on the commercial viability of some refurbishment and regeneration schemes where a surplus after the cost of borrowing had been anticipated, and on the affordability of the capital programme overall.

Inflation

- 24.12 The September Consumer Prices Index (CPI) was 10.1%. However, inflation differs between products and sectors. For example, inflation in construction materials increased significantly between July 2021 and July 2022: repairs and maintenance +21.9%, new housing + 21.2%, and other new work +27.7%. Encouragingly all showed a small decrease between July 2022 and August 2022 though it's too early to know if this is the beginning of a trend (source: [Monthly Statistics of Building Materials and Components - data.gov.uk](https://www.data.gov.uk/dataset/monthly-statistics-of-building-materials-and-components)). In addition, construction experienced the highest rate of salary growth of all sectors between February and July due to a shortage of workers. As economic activity slows it may well be that costs such as materials fall back in the medium term.

Borrowing

- 24.13 Since the budget was set in February, the cost of borrowing to the council has increased significantly. Local authorities can borrow from the Public Works Loans Board (PWLB) which is typically the cheapest and easiest source of borrowing. Lending rates are based on UK gilts (government borrowing) plus a margin of 0.8%. Early in the year, the council's treasury advisors and market implied future rates indicated small increases in the cost of borrowing in the short to medium term. On 1st February, the 40-year annuity rate was 2.3% but a week after the "mini-budget" on 28th September had increased to 5.8%. Since the reversal of the mini-budget and intervention by the Bank of England

rates have still fallen but the 40-year PWLB rate remains elevated above 4% at the time of writing.

- 24.14 Significant changes in the cost of borrowing can impact on the commercial viability of refurbishment or regeneration projects and on the affordability of the capital programme overall. For example, for a £5m project with a 30-year life the annual cost of borrowing (MRP (principal repayment) and interest) is £240,000 per annum (4.8%) at an interest cost of 2.5% and is £325,000 (6.5%) at an interest cost of 5%. The gross yield for commercial viability needs to be in excess of the total MRP and interest cost.

Use of reserves

- 24.15 Several items in the capital programme are financed from earmarked reserves. Any increase in the use of reserves reduces the council's ability to respond to unexpected events and to finance work in respect of major projects that cannot be capitalised. In addition, it would reduce the council's overall cash position which would mean that more of the council's CFR (borrowing need) will need to be externalised sooner when rates may still be high. A reduction in the use of reserves will have the opposite effect.

Impact on capital programme and mitigations

- 24.16 In preparing the 2023-2033 Capital Investment Strategy (to be approved by Council in February 2023) officers will consider the capital programme in detail. Given an evolving situation with respect to inflation and the cost of borrowing any assumptions now can and will change. It is also important to bear in mind that projects approved in February will need to be appraised prior to committing expenditure and their viability may change. This section considers key items in the capital programme, how they are affected, and how the effects of inflation and increased borrowing costs can be mitigated.

Grants

- 24.17 The Council has an annual budget of around £1.2m for **Disabled Facilities Grants** which is based on the amount allocated to Winchester. Annual expenditure varies each year but typically in the last couple of years has been around 80% of the amount received and the council has in excess of £1m unapplied from previous years in addition to the current budgets. As such, the DFG programme has some capacity to absorb increased costs. However, if the grant received from central government doesn't increase in line with inflation, there is a risk in later years that the programme may need to be reduced in terms of total grants awarded.
- 24.18 The programme of **CIL funded community grants** totals just under £1.6m of which £300,000 is unallocated. £350,000 of the £1.6m had been paid over by the end of Q2. Of the remainder, there is a risk that those who were awarded grants find that costs have increased somewhat since the grant was originally awarded and projects may become unviable and/or further grant funding is

requested. This risk has been noted and addressed in CAB3360 which delegated authority to the Cabinet Member for Place and the Local Plan to approve supplementary capital estimates and expenditure, via a Decision Day, to existing projects for which additional funding is required due to inflation and which in total should not exceed £500,000 in. The CIL team is reviewing the strategic approach to CIL and will be reporting to a policy committee before March 2023.

Capital repairs and equipment refresh budgets

- 24.19 The Town Forum has a 5-year **play area refurbishment programme** of just over £1m which the Town finances with the exception of Abbey Gardens. Equipment and works costs are increasing due to inflation. However, officers have visited the sites in the current programme to consider where savings can be made. They have identified that some equipment in good condition could be retained rather than a wholesale removal of existing equipment. This not only has the potential to allow works to proceed within the current budget envelope but also helps with sustainability by avoiding disposal of equipment in good working order. Consideration also needs to be given as to whether certain sites continue to be fit for purpose and meet community needs.
- 24.20 In addition, the Town Forum is funding the **resurfacing of the tennis courts at River Park** for which there is a £150,000 budget. Indications now are that it may cost up to £200,000. However, officers are considering other options and may be able to complete the works within budget.
- 24.21 The 10-year programme includes roughly £2m from the **car parks major works programme** (including provisional sums in the later years) as well as £820,000 in respect of works to **Chesil car park**. If costs increased by say 20% then this would add additional pressure on the car parks reserve of almost £600,000 over the 10 years. Officers are reviewing the programme and considering the timing and the likely cost of works. There is potential to delay some works; for example, it may be possible to extend the life of some assets such as resurfacing works which would reduce the pressure. It is also possible that materials costs may fall in the future during recession which will relieve the pressure on future budgets.
- 24.22 The IMT programme totals around £2m over the next 10 years. Due to the rapidly changing nature of IT solutions, forecasts beyond the near term are subject to significant change. Asset replacement costs are increasing and the move to hybrid working has required additional equipment investment which has enabled staff to work more flexibly and continue to provide, and improve, the services the council offers while embracing a new way of working. Laptops will need replacing more frequently due to increased use but these increased costs are partially offset by the reduction in the number of desks in use. The move to cloud services for both hardware and software will increase the pressure in years 5 to 10 on operating budgets but will reduce the demand on capital. Officers are working on refreshing the forecast budget requirements as part of the budget setting process.

Refurbishment and regeneration projects

- 24.23 There are a number of projects in the capital programme, subject to appraisal, to refurbish or redevelop existing assets. These projects are funded by borrowing on the basis that new income generated will cover the annual cost of borrowing and deliver a surplus to the council. Both inflation and higher borrowing costs, as well as an increased risk of void periods in a recession, impact on the viability of these schemes.
- 24.24 The current estimated cost of works at the **former Goods Shed** are in the region of £5m and, at current borrowing rates, would deliver a large annual loss to the council (circa £80,000+ per annum or £2.4m over its useful life assuming no void periods). As such the scheme is likely to be paused and alternative meanwhile uses considered.
- 24.25 A provisional budget of £500,000 was included for works to **158-159 High Street**. Those works are now estimated at least £800,000 and with the current cost of borrowing would also deliver an annual loss to the council. A budget of £550,000 has been allocated for refurbishment works at **59 Colebrook St** and £700,000 for works to the **Casson Block**. If costs increased by 20% then Colebrook Street is commercially unviable with a small annual loss but based on the estimated income assumptions Casson Block would still provide a surplus. In both cases more detailed updated costings are required and the increased risk of void periods as well as the level of rent achievable in the current economic climate needs to be considered prior to deciding whether to proceed with the scheme.
- 24.26 A budget of £800,000 is included in the Plan to fund the provision of a replacement community/sports **pavilion at North Walls**. The project has been well supported by the local community who had secured over £200k towards the build costs (included within the total £800k). Original plans were not taken forward when tenders came in well above the available budget and the scheme has been redesigned and is currently awaiting Planning approval. However, in light of the increase in construction costs, price estimates are now well above £1m for the build and additional funding will be required to deliver the project. With the time taken to bring this scheme forward, some grant funding is no longer available, and the community funding pledges have also reduced.

Other projects

- 24.27 There are a number of projects on the horizon that are not in the programme but may be affected. These include the **North Walls Park Plan** for example for which the scope may need to be scaled back in the near term, and a possible **solar farm** for which feasibility will need to be reconsidered to take account of increased borrowing costs. Identifying potential grant funding assist in making projects viable that otherwise may not be and the council has

successfully obtained grants recently for a number of projects including for solar PV and for the City Offices decarbonisation works.

Asset sales

- 24.28 As well as refurbishing existing assets, the council considers the possible sale of assets as part of its asset challenge programme. While there may be reasons not to dispose of particular assets the benefit of a sale is that it produces a capital receipt that can be used to fund capital expenditure for which alternative funding is not available or where high borrowing costs would make a project unviable. It could be used to fund expenditure that would have been funded by revenue reserves thus releasing those reserves for other purposes.
- 24.29 A new capital receipt can also be used to reduce prior year unfinanced capital expenditure and deliver annual revenue savings by reducing MRP (principal repayment) and interest costs. The actual saving would depend on the life of the asset concerned and on the interest costs at the time. The following table illustrates the estimated annual saving made on an asset with a life of 40 years:

Revenue saving by applying £1m capital receipt to unfinanced project with 40 year life				
	5.5%	4.5%	3.5%	2.5%
Annual saving (£'000)	62	54	47	40
Cumulative saving (40 yrs) (£'000)	2,493	2,174	1,873	1,593

25 MTFS Forecast Assumptions and Sensitivity Analysis

- 25.1 The tables below show the main assumptions used in the MTFP. These are central case assumptions based on the best knowledge available at the time of publishing, further updates will be made later in the process for example when the finance settlement is confirmed.

Base Case (Used for forecasts included in report and appendices:

Council Tax Base	1.2%	2.4%	1.2%	1.2%	1.2%
Council Tax - Band D £	2.7%	2.5%	2.5%	2.5%	2.0%
Contractual Inflation	7.0%	10.0%	5.0%	4.0%	2.0%
Pay Inflation	5.5%	5.5%	4.0%	4.0%	2.0%
Utility Inflation	100.0%	10.0%	5.0%	4.0%	2.0%
Covid reduction in Income	7.0%	3.5%	0.0%		
General Fund Revenue (£m)	Forecast	Forecast	Forecast	Forecast	Forecast
	2022/23	2023/24	2024/25	2025/26	2026/27
Budget Shortfall (Base case)	-1.185	-1.728	-3.451	-4.133	-5.391

More Pessimistic (inflation higher for longer)

Council Tax Base	1.2%	2.4%	1.2%	1.2%	1.2%
Council Tax - Band D £	2.7%	2.5%	2.5%	2.5%	2.0%
Contractual Inflation	7.0%	12.0%	10.0%	8.0%	4.0%
Pay Inflation	6.0%	7.0%	5.0%	5.0%	4.0%
Utility Inflation	100.0%	50.0%	20.0%	10.0%	5.0%
Covid reduction in Income	7.0%	3.5%	0.0%		
General Fund Revenue (£m)	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25	Forecast 2025/26	Forecast 2026/27
Budget Shortfall (high inflation for longer)	-0.408	-1.807	-3.716	-5.050	-6.889

More Optimistic (assuming a faster recovery)

Council Tax Base	1.2%	2.4%	1.2%	1.2%	1.2%
Council Tax - Band D £	2.7%	2.5%	2.5%	2.5%	2.0%
Contractual Inflation	7.0%	6.0%	4.0%	2.0%	2.0%
Pay Inflation	5.5%	5.0%	3.0%	3.0%	2.0%
Utility Inflation	60.0%	-20.0%	-20.0%	4.0%	2.0%
Covid reduction in Income	7.0%	3.5%	0.0%		
General Fund Revenue (£m)	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25	Forecast 2025/26	Forecast 2026/27
Budget Shortfall (high inflation for longer)	-0.043	0.048	-0.581	-0.873	-2.131

25.2 The highest risk assumptions are those outside of the control of the council such as government funding and contract inflation.

- I. There is a great deal of uncertainty around the finance settlement which has made medium term forecasting very difficult and therefore increasing the risk of either a favourable or adverse outcome. As there is less risk around the long-term projections it is anticipated that the timing of transformation and savings plans will need to be agile enough to be brought forward should that be required.
- II. CPI has increased from 3% in mid-2021 to over 10% by September 2022 and is expected to remain volatile in the short-term. The council has a number of high value contracts, such as environmental services, which means the MTFP is sensitive to spikes in inflation. A forecast of 10% has now been included in projections for 2022/23 but reducing to 5% from 2024/25. If inflation does remain high past 2023/24, or even

continues on an upward trajectory, then forecasts will need to be revisited bearing in mind that each 1% increase has a baseline cost of £109k per annum.

26 Strategic Reserves

- 26.1 The Council holds strategic reserves for specific purposes which are consistent with corporate priorities. These reserves are a key source of funding, helping to support specific service strategies and plans. They are also critical to our ability to fund the transformation of services and ability to invest in order to generate the necessary savings to balance the budget over future years. This includes one-off costs in relation to service and staffing reviews as well as investing in systems to help develop digital service delivery.
- 26.2 Whilst the Council started in April 2020 with a healthy overall balance of earmarked reserves, there are significant existing budget commitments particularly in relation to major projects such as the new Winchester sport and leisure centre and central Winchester regeneration. In particular the Major Investment reserve, which has historically been the main reserve used to support revenue expenditure for major projects, is forecast to reduce from £7.6m in April 2020 to £3.7m by March 2024.
- 26.3 The creation of a new Transitional Reserve was approved by Cabinet in October 2019 (CAB3178). The purpose of this reserve is to both support the significant financial risks faced by the Council in relation to Government and other funding reductions and also to enable investment in the Council Plan (for example supporting the Climate Emergency).
- 26.4 In summary, reserves are used to support:
- a) Funding of the capital programme
 - b) Investment in transformation
 - c) Funding one-off costs associated with staffing reviews and organisational development work.
 - d) Providing one-off support for service budgets (such as the local plan)
 - e) Community infrastructure plans
 - f) Council Plan support
 - g) Asset management plans, IT strategy, Car parking strategy
 - h) Winchester town account (notably major refurbishment and replacements of play areas.)
- 26.5 It is important to note that reserves are finite and can therefore only be used to fund one-off expenditure. One-off expenditure can include projects which span a number of financial years but cannot include recurring expenditure such as utilities.

26.6 Total General Fund earmarked reserves, before proposals in this paper, are forecast to reduce from £38.0m at 01 April 2022 to £24.8m at 31 March 2024. The forecast closing balances (31 March 2024) of key earmarked reserves are summarised below;

- a) Operational reserves (£4.4m), 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 (£7.1m), such as business rates retention, are available to mitigate risks faced by the Council. The overall levels are reviewed each year in line with the medium-term financial strategy.
- c) Asset reserves (£3.7m), 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 (£9.7m), 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.

26.7 A summary of earmarked reserves is included at Appendix B. These have all been reviewed as part of the budget process and the levels are considered to be appropriate.

27 Balances / risk reserves

27.1 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 funding over the medium-term projections.

27.2 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.

28 Adequacy of reserves and robustness of estimates

28.1 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.

28.2 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.

- 28.3 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.
- 28.4 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.

29 OTHER OPTIONS CONSIDERED AND REJECTED

- 29.1 Scope for additional savings in 23/24 to reduce the use of reserves does exist but would have a very significant and direct impact on service levels and service quality. With the uncertainty that exists regarding future funding, the recommended balance between savings and use of reserves to achieve a balanced budget is considered reasonable.
- 29.2 However, it is essential that work to identify longer term savings through the Strategic Budget Review as set out in this report is critical to ensure the Council can meet its obligation to set a balanced budget in 2024/25.

BACKGROUND DOCUMENTS:

Previous Committee Reports:

CAB3318 - General Fund Budget Options and Medium-Term Financial Strategy dated 20 October 2021

CAB3335 - General Fund Budget 2022/23 dated 17 February 2022

CAB3332 - Capital Investment Strategy 2022-2032 dated 17 February 2022

CAB3352 - General Fund Outturn 2021/22 dated 19 July 2022

Other Background Documents:

None

APPENDICES:

1. Medium Term Financial Projections
2. Summary of all Revenue Proposals
3. Summary of Reserves

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Council Tax Base	1.2%	2.4%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%
Council Tax - Band D £	2.7%	2.5%	2.5%	2.5%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Contractual Inflation	7.0%	10.0%	5.0%	4.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Pay Inflation	5.5%	5.5%	4.0%	4.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Reduction in Income	7.0%	3.5%	0.0%							
General Fund Revenue (£m)	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25	Forecast 2025/26	Forecast 2026/27	Forecast 2027/28	Forecast 2028/29	Forecast 2029/30	Forecast 2030/31	Forecast 2031/32
Funding										
Council Tax (excluding Parish Precepts)	8.822	9.233	9.551	9.879	10.176	10.481	10.797	11.122	11.457	11.803
Retained Business Rates	5.596	6.149	6.272	6.397	3.916	3.974	4.029	4.138	4.043	4.096
New Homes Bonus	2.327									
Lower Tier Services Grant	0.100									
Services Grant	0.154									
Dampening Forecast		0.000	0.000	0.000	1.368	0.185				
Other Grants	0.349	0.349	0.349	0.349	0.349	0.349	0.349	0.349	0.349	0.349
	17.348	15.731	16.172	16.626	15.808	14.989	15.175	15.609	15.850	16.248
Investment Activity	2.160	2.505	1.547	1.521	1.632	1.610	1.587	1.563	1.539	1.515
Resources available	19.508	18.236	17.719	18.147	17.441	16.599	16.762	17.172	17.389	17.763
Baseline Net Expenditure										
Gross Income	14.339	16.035	17.043	17.283	17.242	17.324	17.334	17.340	17.336	17.321
Gross Expenditure	-31.305	-34.398	-35.768	-36.954	-37.426	-37.946	-38.645	-39.359	-40.086	-40.829
Baseline resource requirements	-16.967	-18.363	-18.725	-19.671	-20.184	-20.622	-21.312	-22.019	-22.750	-23.507
One-off budgets & Reserve Related Movements	-2.542	-0.840	-1.045	-1.209	-1.248	-1.078	-0.631	-0.627	-0.627	-0.480
Total net resource requirements	-19.508	-19.202	-19.770	-20.880	-21.432	-21.700	-21.942	-22.647	-23.377	-23.987
Budget Surplus / (Shortfall)	-0.000	-0.967	-2.051	-2.733	-3.991	-5.101	-5.180	-5.475	-5.988	-6.224
<i>% of Gross Expenditure</i>	0.0%	2.8%	5.7%	7.4%	10.7%	13.4%	13.4%	13.9%	14.9%	15.2%

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Summary of all Revenue Proposals

General Fund Revenue (£m)	Forecast 2023/24	Forecast 2024/25	Forecast 2025/26
Budget Shortfall (Base case)	-0.967	-2.051	-2.733
Unavoidable Growth - compared to base case			
Car Parking Income	-1.000	-1.000	-1.000
Less Covid Contingency	0.639		
Investment Property Income	-0.300	-0.300	-0.300
Waste Contract Growth (e.g. ad-hoc's)	-0.100	-0.100	-0.100
Base Case Updates	-0.761	-1.400	-1.400
Surplus / (Deficit) Inc. Unavoidable Growth	-1.728	-3.451	-4.133
Budget Options			
Garden Waste Subscription @ Oct CPI (10%)	0.100	0.100	0.100
Central Parking charges @ CPI (Oct start)	0.175	0.350	0.450
Market Town parking charges @ CPI	0.005	0.010	0.012
Central Parking - 7 day week charges (Oct start)	0.100	0.200	0.200
Outer ring/P&R - No increase?			
Fees and Charges average @ 10% (current budg	0.070	0.070	0.070
Core Hsg Grants funded from Prevention Grant	0.068	0.068	0.068
Asset Reserve - suspend annual contribution	0.100		
Parking Reserve - Adjust annual contribution	0.350	0.150	0.150
Vacancy Management	0.200	0.200	0.200
Bar End Depot			0.300
Strategic Budget Review/service efficiencies	0.100		
Total Budget Options	1.268	1.148	1.550
Surplus / (Deficit) inc. all Budget Options	-0.460	-2.303	-2.583
Other Growth Proposals			
Parking agency impact	-0.080	-0.080	-0.080
HCT Freeze	-0.015	-0.015	
Regen Project staffing	-0.130	-0.130	-0.130
Salaries - Increment Increase	-0.250	-0.250	-0.250
Strategic development adviser (one off)	-0.150		
Street scene/Pride of Place	-0.050	-0.050	-0.050
Essential Tree works	-0.067	-0.067	-0.067
Tree Officer	-0.023	-0.023	-0.023
Total Growth Proposals	-0.765	-0.615	-0.600
Surplus / (Deficit) inc. all savings & growth	-1.225	-2.918	-3.183
Additional Funding Options			
Reserves or New Homes Bonus	1.300	1.300	
Strategic Budget Review/service efficiencies		1.750	3.500
Surplus / (Deficit)	0.075	0.132	0.317

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REPORT TITLE: Q2 FINANCE AND PERFORMANCE MONITORING

23 NOVEMBER 2022

REPORT OF CABINET MEMBER: CLLR TOD – THE LEADER AND CABINET MEMBER FOR ASSET MANAGEMENT

Contact Officer: Dawn Adey Tel No: 01962 848 308 Email: dadey@winchester.gov.uk

WARD(S): ALL

RECOMMENDATIONS:

That the Scrutiny Committee:

1. Notes that the Performance Panel met on the 7 November 2022 to scrutinise the attached report, CAB3367 and its associated appendices. The minutes of the panel's meeting are included as an appendix of the Cabinet report.
2. Notes that the Chairperson of Performance Panel will provide a verbal update at the Scrutiny Committee.
3. Raises with the Leader or relevant Cabinet member any issues arising from the information in this report, ref CAB3367, which is being presented to Cabinet on the 14 December 2022 and considers whether there are any items of significance to resolve or to be drawn to the attention of Cabinet.

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REPORT TITLE: Q2 FINANCE AND PERFORMANCE MONITORING

14 DECEMBER 2022

REPORT OF CABINET MEMBER: CLLR TOD – THE LEADER AND CABINET MEMBER FOR ASSET MANAGEMENT

Contact Officer: Dawn Adey Tel No: 01962 848 308

Email: dadey@winchester.gov.uk

WARD(S): ALL

PURPOSE

This report and Appendix 1 provide a summary of the council's progress during the period July to September (Q2) 2022 against the five priorities in the refreshed Council Plan 2020-25, adopted by Council on 24 February 2021.

Appendix 2 provides a financial update for both the General Fund and Housing Revenue Account (HRA) as of 30 September 2022.

Appendix 3 provides the data, where available, for Q2 against each of the Strategic Key Performance Indicators (KPIs).

Appendix 4 includes highlight reports for each of the Council's 'Tier 1' programmes and projects.

Appendix 5 are the action notes of the Performance Panel meeting that took place on 7 November 2022.

RECOMMENDATIONS

That Cabinet notes the progress achieved during Q2 of 2022/23 and endorses the contents of the report.

IMPLICATIONS:1 COUNCIL PLAN OUTCOME

This report forms part of the framework of performance and financial monitoring in place to report the progress being made against the projects and programmes supporting delivery of the priorities included in the Council Plan 2020-25 (annual refresh adopted by Council on 24 February 2021).

2 FINANCIAL IMPLICATIONS

There are no direct financial implications arising from the contents of this report. Almost all the programmes and projects undertaken to deliver the priorities included in the Council Plan will have financial implications, some significant and these are agreed and reported separately before the commencement and during the project life cycle.

3 LEGAL AND PROCUREMENT IMPLICATIONS

Key Performance Indicators (KPIs) and performance reporting must be fit for purpose, monitored and managed to ensure effective council governance. KPIs enable evidence based quantitative management reporting and highlight when performance falls below agreed targets for improvement plans including remedial actions to be agreed and implemented.

There are no legal and procurement implications arising directly from this report, though individual projects are subject to review by Legal Services and Procurement as and when necessary and where they require consideration of the council's Financial Procedure Rules, Contract Procedure Rules and Public Contracts Regulations 2015 (PCR2015).

4 WORKFORCE IMPLICATIONS

There are no workforce implications directly, but staff are engaged and actively working across all projects.

5 PROPERTY AND ASSET IMPLICATIONS

There are no property asset implications directly, but council assets are used to deliver this work.

6 CONSULTATION AND COMMUNICATION

Cabinet members, Executive Leadership Board, corporate heads of service and service leads have been consulted and have input into the content of this report.

This report and appendices were reviewed and discussed by Performance Panel on behalf of Scrutiny Committee on 7 November 2022. Appendix 5 are the action notes from this meeting.

A verbal update from the Chairman of the Performance Panel was given at The Scrutiny Committee meeting held 23 November 2022.

7 ENVIRONMENTAL CONSIDERATIONS

Many of the activities detailed in this report actively protect or enhance our environment and support the council and district to reduce its carbon impact. These will be considered as part of each detailed business justification case.

8 EQUALITY IMPACT ASSESSEMENT

None arising from the content of the report; however, officers will need to consider the council's Public Sector Equality Duty and if required complete an Equality Impact Assessment on any specific recommendations or future decisions to be made. This report is not making any decisions and is for noting and raising issues only.

9 DATA PROTECTION IMPACT ASSESSMENT

None required.

10 RISK MANAGEMENT

Risk	Mitigation	Opportunities
<u>Community Support</u> - Lack of consultation and community engagement on significant projects that affect residents and can cause objections and lead to delay.	Regular consultation and engagement with stakeholders and residents regarding projects or policy changes.	Positive engagement and consultation can bring forward alternative options that might not have otherwise been considered.
<u>Timescales</u> - Delays to project delivery can lead to increased cost and lost revenue.	Regular project monitoring undertaken to identify and resolve slippage.	Improve subsequent forward planning and identify bottle necks.
<u>Project capacity</u> - Availability of staff to deliver projects.	Resources to deliver projects are discussed at the project planning stage and agreed by the project board and monitored by the Programme and Capital Strategy Board.	Opportunities present themselves for staff to get involved in projects outside their normal role enabling them to expand their knowledge and skills base as well as working with others.
<u>Financial exposure</u> - Budget deficit or unforeseen under or overspends.	Regular monitoring of budgets and financial position including forecasting to year end to	Early notification of unplanned under/overspends through regular

Risk	Mitigation	Opportunities
	avoid unplanned over/underspends. To include consideration of impact on rise in inflation.	monitoring allows time for plans to be put in place to bring the finances back into line with budget forecast.
<u>Exposure to challenge.</u>	Legal resources are discussed with project leads.	Opportunity for the use of in-house resources able to input through the life of a project with local Winchester and cross council knowledge.
<u>Innovation -</u> Improvement in service delivery.		KPIs used to evidence the need for innovation to improve service delivery.
<u>Reputation -</u> Ensuring that the council delivers the outcomes as set out in the Council Plan.	Regular monitoring and reporting of the progress the council is achieving against its priorities included in the Council Plan, including this report.	Work with communications team on press releases to promote and celebrate successes.
<u>Achievement of outcome.</u>	Through the quarterly monitoring report, officers and members can monitor the progress of the priorities in the Council Plan.	Benefits of lessons learned from previous projects that have been completed.
<u>Other – none</u>		

11 SUPPORTING INFORMATION:

This report provides an update on the council's progress achieved against the priorities included in the Council Plan 2020-25 and KPIs. Information is also provided in the form of highlight reports (Appendix 4) that set out the progress of the council's 'Tier 1' projects. All information and data are as at the end of Q2 (30 September 2022).

The strategic key performance indicators included in Appendix 3 were approved by Cabinet at its meeting on 21 May 2020 (Report CAB3230 refers). The purpose of the indicators is to demonstrate the progress achieved against the five priorities included in the Council Plan.

The data for several of the performance indicators is provided by organisations external to the council and due to the pandemic, there has been a delay to the publication or availability of some of the data.

Over the coming months officers will be working with Cabinet Members to refresh the Council Plan for the 2023/24 year and at the same time review the strategic key performance indicators to ensure that they are fit for purpose, ensuring the future availability of the relevant data. The refreshed Council Plan and agreed KPI's is due to be available on 6 December 2022.

12 OTHER OPTIONS CONSIDERED AND REJECTED

None.

BACKGROUND DOCUMENTS: -

Previous Committee Reports: -

CAB3361 – Q1 Finance and Performance Monitoring dated 22 September 2022

Other Background Documents: -

None

APPENDICES:

Appendix 1 Council Plan 2020-25 progress update – Q2 July to September 2022

Appendix 2 Financial update to 30 September 2022

Appendix 3 Strategic Key Performance Indicators Q2 update

Appendix 4 Programme and Project Management – Tier 1 project highlight reports
Q2 update

Appendix 5 Notes from Performance Panel meeting 7 November 2022

COUNCIL PLAN 2020–25

Q2 2022/23 PROGRESS UPDATE

PRIORITY – TACKLING THE CLIMATE EMERGENCY AND CREATING A GREENER DISTRICT

The climate crisis remains a significant long-term challenge to all of us in the coming years and decades and there is a growing ecological crisis too. Winchester City Council has committed to playing its part to tackle this global challenge and hand our district to our children and grandchildren in a better state than it is now.

What we want to achieve:

- Winchester City Council to be carbon neutral by 2024
- The Winchester district to be carbon neutral by 2030
- Reduced levels of waste and increased recycling, exceeding national targets
- Clean air, more ambitious than national targets
- Everything most residents need should be in reach by foot, bike or public transport
- Our district's extensive natural habitats safeguarded and enhanced

Over the last quarter we have achieved the following:

- **Carbon neutrality to continue to be central to everything we do**

The second stage of energy efficiency works to city offices will see the installation of an air source heat pump which will reduce emissions further through replacement of the gas boiler. We are in the process of procuring this, which will be funded from existing budgets, being part of the same Public Sector Decarbonisation Scheme grant as the window replacement.

Consultants WSP have progressed work to develop a roadmap to decarbonisation of the district. The consultants presented at Health and Environment Policy Committee in July and the finished document will be considered by the Policy Committee in December. This work will provide direction for the council's role in bringing about a reduction in carbon emissions by residents, businesses and all stakeholders across the district. In acknowledgement that BEIS data on district emissions has a two-year reporting lag, the roadmap will be used to supplement KPI TCE08 to provide more timely data on the reduction of emission achieved by intervention.

A Carbon Literacy training session in September 2022 saw training delivered to a further 13 members of staff. This brings the number of staff trained to 128 (plus 15 elected members). To date a total of 67 officers and elected members have been certified as Carbon Literate, though recent staff changes mean that only 49 remain at the council. Steps are being taken to get more certified and bring the council closer to achieving Carbon Literate silver accreditation, an accreditation that only two councils in the country have achieved to date.

A highlight report for Q2 for the Carbon Neutral programme is included at Appendix 4.

- **Positive Local Plan policies which promote low carbon development, sustainable travel and increased biodiversity**

Information gathered from a specialised carbon neutrality virtual information event and feedback from the Strategic Issues & Priorities consultation document have been used to inform the next stage of the Local Plan (Regulation 18 – draft Local Plan).

The draft Local Plan includes policies to promote and assist with low carbon development, sustainable travel and increased biodiversity which will all be consulted on in the draft Regulation 18 Local Plan.

The draft Local Plan also includes Policy CN3 (Energy efficiency to reduce carbon emissions). This is based on the energy efficiency standards for residential development that have been developed by the London Energy Transformational Initiative (LETI).

Key elements of the LETI next generation energy standard for residential homes are:

- *The need for low energy use in new buildings,*
- *A low carbon energy supply with no use of fossil fuels for heating, hot water and cooking*
- *Opportunities for on-site renewable electricity is maximised.*

In the case of non-residential developments, proposals will need to demonstrate that the design process has used the energy hierarchy (Policy CN3) and can meet at least BREEAM1 certificate Excellent standard by an accredited assessor.

A highlight report for Q2 for the Local Plan is included at Appendix 4.

- **Encourage renewable energy generation and support start-ups and businesses in green energy and green technology**

The council's solar PV panels on three buildings at Marwell Zoo and the Winchester depot (Biffa waste collection service) generated more than 52,000 kWh during the 3-month period from July to September 2022, saving more than 12 tCO₂e. They have now saved more than 27 tCO₂e since installation in December 2021.

The solar PV panels at Winchester Sport & Leisure Park generated 27,460 kWh during the period July to September 2022.

The next stage of the Local Plan (Regulation 18 – draft Local Plan) also includes Local Plan policies to promote and encourage increased renewable energy generation, which will be consulted on in the draft Regulation 18 Local

Plan. Research has been undertaken to better understand the solar capacity of the district for both utility scale ground-based energy generation (solar farms) and roof mounted solar energy.

Hampshire County Council's Solar Together registration phase closed in late September and 1,574 registrations came from Winchester residents, which represented more than 11% of the total number. All registrants will be sent their personal recommendation during October, and they will have until late November to decide if they wish to accept their offer.

- **Work with and enable businesses, organisations and residents to deliver the Carbon Neutrality Action Plan throughout the district**

The council hosted its third Carbon Neutrality Open Forum (CNOF) event in September 2022, as part of the Green Week programme of activity. The subject was food and climate change and an audience of 37 heard speakers from the Winchester Food Partnership and BIFFA discuss the implications of food production, consumption and waste on our carbon footprints.

Winchester City Council has secured funding from Low Carbon Across the South & East (LoCASE) to assist business owners undertake low carbon and energy efficiency adaptations to their businesses. A total of £53,399 was secured for Winchester. The majority of this contributes to staff time spent on the project and the cost of the business support service operated for the council by Meercat Associates, which provides advice to local businesses and makes referrals to LoCASE advisors. Business can access grants up to a value of £10,000 to invest in carbon reduction measures. More details can be found in the Vibrant Local Economy section.

A consortium of local authorities including the council secured funding from the government's Sustainable Warmth funding competition. The funding will support the implementation of measures to improve the energy efficiency of homes within the Winchester district. The scheme will be operated by AgilityEco, is available until March 2023 and can support households with an EPC rating of E, F or G for insulation, solar PV panels and air source heat pumps.

To improve understanding and awareness of the options that exist, we have improved the information that it is available on the website. This has been done alongside the launch of the programme of Cost of Living support, recognising the close link between the two. All schemes signposted on the website are recognised and credible.

- **Work towards a more sustainable food waste collection system and reduce food waste**

We are waiting for formal guidance from the government on the introduction and funding of a food waste collection system which is their preferred direction of travel and will be made mandatory across every household by 2023.

Once funding is confirmed, we plan to introduce a food waste collection system across the district at the earliest opportunity rather than running a pilot scheme as this will provide much greater benefits in terms of carbon reduction and it was felt that a pilot would only provide information which is already available to the project team through other work undertaken elsewhere.

- **Continue to work with Hampshire County Council to deliver the City of Winchester Movement Strategy and prioritise walking, cycling and public transport throughout the district**

A highlight report for Q2 for this programme is included at Appendix 4.

- **Deliver the actions in our Biodiversity Action Plan**

The year 2 action plan has been published, which includes 75 actions of which 11 have already been completed and another 52 have started, 30 of which are progressing well and a further 22 are making progress. A large proportion of these actions are ongoing throughout the year and will not be completed until the end of the year. Given the number of actions progressing well we are on target to complete 80% of actions by December 2022. 50

Key actions include

At Topfield in Kings Worthy, the path improvement work has been completed and picnic tables and benches installed. A public engagement event took place in July to update residents on plans for the open space. A full ecological appraisal has been completed on Topfield and this will feed detail into the Management Plan of the site, including the management of Invasive Non-Native Species (INNS).

The road verge project has seen a more frequent monitoring programme implemented. With the assistance of New Leaf Alresford group, we are now undertaking monthly fixed-point photography surveys, so we have a record of how the verges are looking/changing throughout the season and across years. We recorded a variety of botanical species within the pilot verges and New Leaf Alresford group fed back very positively. A report on the project will be presented to the Health and Environment Policy Committee in October.

The annual survey reports and updates on the progress of the Biodiversity Action Plan will be published on the council's website in December.

A Technical Advice Note (TAN) on Biodiversity Net Gain has been through internal senior officer consultation with a draft guide being presented to a Joint Planning team meeting on 12 October 2022.. Plan.

As part of the estates work, with the WCC Property Services Team and in partnership with the Hampshire Swifts charity, 8 Swift nest boxes were erected on Test and Meon House in Highcliffe to offer further nesting opportunities for this species.

The Biodiversity Action Plan will be reviewed at an all members' briefing early in 2023. This will replicate the successful briefing that took place earlier this year.

- **Work with other public authorities to expand the range of materials we recycle as solutions become available**

Hampshire County Council hope to achieve planning permission for the single Material Recycling Facility (MRF) in Eastleigh. An update will be available in Q3.

We are working to develop the timetable to increase access to a wider range of recycling, for example pots, tubs, trays and cartons as soon as the MRF is built and opened. This is scheduled for 2025.

These are signification changes for our residents, and we will be engaging on key decisions to ensure we develop a system which offers the best carbon reduction, highest resident satisfaction and lowest overall cost.

We have introduced bin hangers to help advise residents on what they can do to minimise contamination, along with new services for batteries, Waste, Electrical and Electronic Equipment (WEEE) and cartons. We are reviewing options for additional collections with BIFFA and will bring forward options where they are low cost and high impact.

PRIORITY – LIVING WELL

We want all residents to live healthy and fulfilled lives. We recognise that our residents are living longer and want to ensure the district offers the right mix of facilities to support good physical and mental health for all ages and abilities.

What we want to achieve:

- Reduced health inequalities
- A wide range of physical and cultural activities for all ages and abilities
- Increased opportunities for active travel
- A wider diversity of residents and businesses involved in ensuring that our services work for all, especially for residents who need more help to live well
- Attractive and well-used public facilities and green spaces with space for relaxation and play

Over the last quarter, we achieved the following:

- **Focus our activities on the most disadvantaged areas, communities and groups, supporting a greater diversity of residents**

The council announced the launch of a cost-of-living intervention to support households in the Winchester district who are struggling with the rapidly rising cost of living. The £200,000 package of measures will provide help and support to those who need it most, including:

- *A cost-of-living Emergency Grant Fund that will be used to provide additional support to partner organisations who can provide advice and practical support to residents – this includes help to reduce and manage energy bills, help to access benefits and grants, help to access food and other types of emergency support.*
- *Calling a local Cost of Living Summit, to bring together partner organisations from across the Winchester District to discuss how we can best work together to coordinate and maximise our efforts and our impact which will include understanding the potential need to provide a network of warm, safe spaces this winter.*
- *Setting up a dedicated webpage to help people find the information they need quickly and easily, with direct links to available support; and*
- *Ensuring, where appropriate, that the council's own services are focused on offering targeted cost of living support.*

A further 38 Ukrainian families (88 individuals) moved to Winchester district bringing the total to 196 families (363 individuals). Community support hub sessions at the Guildhall moved to monthly, with staff from the council and partner agencies continuing to provide confidential advice, guidance and support on housing, employment opportunities, information about benefits and financial aid initiatives as well as more general support. 165 visits were made

by Ukrainians or their hosts during the period, meaning 353 visits in total since the sessions started. One-off sessions were also held in other settlements across the district, with a combined total of 53 visits made to sessions in New Alresford, Kings Worthy, Bishops Waltham, Wickham and Denmead.

Five new posts were created to support the ongoing work with Ukrainian families and their hosts. Four housing officers and one community officer are employed for 12 months, funded by the Homes for Ukraine scheme. Two briefing sessions have been scheduled for hosts during October - a Q&A regarding housing options and a session on bridging the cultures.

Rematching of the Ukrainians to new hosts is now underway. 948 potential hosts who initially expressed an interest have been contacted and 37 have responded to say that they would still be interested in being a host. We have supported 3 further rematches, 6 in total. A further 69 Ukrainians have been provided with housing advice in quarter 2 and 7 more households have approached the council because they are believed to be threatened with homelessness.

We continue to provide core grant support to key voluntary sector organisations supporting our more vulnerable residents. One example is Citizens Advice (CA), who support some of the most vulnerable residents across the district and reports that support with cost-of-living issues is continuing to escalate, especially for certain groups, such as disabled people/those with long-term health conditions, older people, social tenants and single people (and especially those who fit within several of these categories). They are seeing an increasing number of people at crisis point – in August 2022 they saw more than 200 clients, compared to less than 90 in August 2021.

Six organisations ran successful crowdfunding campaigns during the period. The £10,000 paid in match funding grants by the council enabled the organisations to raise over £24,000 collectively for their activities. Examples include Olive Branch Counselling to provide additional free/low-cost counselling sessions and Design Junction to support disadvantaged people through art projects.

Demand for our district small grants has been higher this quarter than previous years and applications total £9,327 at the end of September (50% of the budget). In recognition of the impact the cost-of-living crisis is having on voluntary and not for profit organisations across the district, the criteria for the small grant and crowdfunding grants have been temporarily relaxed and the maximum small grant increased from £500 to £1,000 from October. Competition for these grants is expected to be high over the next six months and priority will be given to organisations whose work supports the most vulnerable people in our communities.

The Active Lifestyle programme of classes and bespoke activities for people with long-term health conditions continues to grow in the hands of Winchester City Primary Care Network (PCN) and Everyone Active (EA). During the last

quarter there were 67 referrals made to the PCN, and 55 made to EA, meaning that since the opening of the new leisure centre there have been 512 referrals made. Community classes for people with long-term health conditions have attracted 456 attendees during the 3-month period, with a total of 918 during the year to date.

- **Offering a wide range of accessible facilities for all to enjoy at the new Winchester Sport and Leisure Park**

WSLP continued to perform well, with health and fitness membership up slightly over the three months at 4,824 and swim only membership also up to 396. The number of children that are having swimming lessons has remained stable at around 1,300 a month, despite continuing challenges in staffing levels. The overall monthly attendance remained high, with the quarterly visitor number of 189,247 being the highest quarterly total since opening.

Everyone Active launched free memberships to the following groups: cared for children / care experienced young people, Ukrainian refugees and individuals with Parkinson's. WSLP has provided an additional 18 Ukrainian memberships, taking the total to 247 (one of the highest numbers in the South region) and now has 24 memberships for individuals with Parkinson's.

WSLP welcomed the Queen's Baton Relay as it passed through the district on 6 July ahead of the Commonwealth Games, as part of its 254-day journey spanning the Commonwealth totalling more than 140,000 kilometres. Schoolchildren and local residents lined the approach as the Baton was greeted. The council, Everyone Active and the University of Winchester, organised a Commonwealth Games themed sports festival with over 100 children involved from seven local primary schools – All Saints, Stanmore, Weeke, Winnall, Owslebury, Harestock and St Peters – at which the children sampled a range of Commonwealth sports and followed the Baton on a processional lap around the athletics track.

WSLP also hosted the council's annual Paralympic Personal Bests event – 10 years on from the first event, which celebrated the London 2012 Paralympic Games. The event saw 150 children and adults with learning and physical disabilities take part in swimming, squash, rugby, circuits, athletics, football, and cricket. Local groups, sports clubs and the University of Winchester provided 50 volunteers to support the event.

- **Supporting communities to extend the range of sports and cultural facilities across the district, notably the upgraded Meadowside Leisure Centre at Whiteley agreed and planned for later this year**

The tender for construction of a new pavilion at KGV playing fields in Highcliffe resulted in a budget increase, with the project now estimated to cost £3.3M. Additional CIL funding was approved by Cabinet to add to a grant of £450,000 secured from the Football Foundation. A contractor has been appointed and work is expected to start on site by early 2023.

At West of Waterlooville, footpath applications have been submitted to planning that will progress the town park application.

At North Whiteley, eight allotments are under construction with a further 21 allotments and seven raised beds for disabled users commencing during October. A new play area has been completed and will be opened in November, with planning permission granted for another play area

New Alresford was given £20,000 from CIL for the construction of a new outdoor gym. This has now been completed and is in popular use. The town has also received £20,000 towards new allotments. These amount to 0.35ha, (close to an acre.) Planned to open in 2023.

- **Enable and promote safe cycleways and pathways to make it safer and more appealing for our residents to cycle and walk to their destination**

The draft Local Cycling and Walking Infrastructure Plan (LCWIP) for Winchester which has been developed as part of the City of Winchester Movement Strategy which has now been subject to consultation. Results of the consultation and a progress report was presented to the Health and Environment Policy Committee on 6 July 2022. Work on preparing a district wide LCWIP will begin in Q3.

Also see project highlight report for Q2 included at Appendix 4.

- **Maintain and enhance the open spaces and parks**

The planned refurbishment of Abbey Gardens play area began in September. The works will be completed in two phases, with the first phase seeing play area equipment already removed and replacement path, surfacing and seating due to be completed in November. Phase two quotes are due back in late October and the site will be empty until the expected start of work in January 2023 on the installation of new play equipment, surfacing and seating.

A tender for the replacement of the North Walls play area is due to be issued imminently.

Open space at Erskine Road in Winchester has been transferred to the council and will now be managed within our maintenance contract.

- **Develop Local Plan policies that promote healthy lifestyles in healthy surroundings**

Information gathered from a specialised Living Well virtual information event along with feedback from the Living Well topic in the Strategic Issues & Priorities consultation document have been used to inform the next stage of the Local Plan (Regulation 18 – draft Local Plan). The draft Local Plan includes a number of Local Plan policies in a new design topic on living well and creating healthy lifestyles, A key component of the draft Local Plan is that it needs to address all of the identified housing needs in the district whilst ensuring that the right mix of homes is built for all sectors of our society. This

includes affordable housing, older persons and those with difficulties, family households, younger people, students, built to rent, self-build, custom housing and community housing. The draft housing policies that have been included in Regulation 18 Local Plan will be consulted on in early November.

PRIORITY - HOMES FOR ALL

Housing in our district is expensive and young people and families are moving out because they are unable to find suitable accommodation they can afford.

The Winchester district needs homes for all – homes that are affordable and built in the right areas for our changing communities.

What we want to achieve:

- More young people and families working and living in the district
- All homes to be energy efficient and affordable to run
- Diverse, healthy and cohesive communities - not just homes
- No-one sleeping rough except by choice

Over the last quarter we have achieved the following:

- **Building significantly more homes ourselves**

130 new homes were under construction at the end of Quarter 2 at sites in Winnall and Whiteley.

Tenders were returned for the Micheldever Passivhaus pilot project for 6 flats, work is scheduled to commence in early 2023

- **Strengthening our Local Plan to ensure the right mix of homes is built for all sectors of our society, including young people**

Feedback from the Next Generation Winchester project (which explored the challenges faced by younger people aged 18-35) along with the feedback from the Strategic Issues & Priorities consultation document and the three Local Plan Design workshops have been used to inform the next stage of the Local Plan (Regulation 18 – draft Local Plan). The draft Local Plan includes a range of policies in a Homes for All topic which will be consulted on in the draft Regulation 18 Local Plan.

A highlight report for Q2 for the Local Plan is included at Appendix 4.

- **Using the new Winchester Housing Company to deliver a wide range of housing tenures to meet local needs**

The detailed business case for the Winnall Flats proposed development was agreed by council in July 2021 with a preferred option being to deliver a block either through a housing company or through a third party. Build Contract negotiations have now been completed and the Winnall Flats scheme has started on site. A revised business case on the Housing Company is being prepared for consideration by Cabinet Committee in December 2022.

- **Providing support for our homeless and most vulnerable people by working directly and in partnership with the voluntary sector**

Working with partners The Beacon, Two Saints and Trinity to make plans to utilise empty space within existing projects to provide additional emergency beds over the extreme weather periods including that of the heatwave during the summer. Severe Weather Emergency Provision (SWEP) was instigated throughout the second heatwave, 1 resident accessed SWEP throughout the second heatwave.

In June 2022, Hampshire County Council announced a budget cut to their social inclusion services of £360,000 across the eleven district councils. The impact of the cuts for Winchester is that there will be an overall reduction in our social inclusion funding received from HCC of 20%. The cuts will have two impacts for Winchester:

- 1. It will include a reduction to the Beacon's (formerly Winchester Night Shelter) funding, and this will decrease from £62,544 to £24,500.00.*
- 2. The 'outreach' service for Winchester that is currently delivered by Two Saints will not continue past March 2023*

Officers are working with members and the organisations affected to evaluate the impact this will have on service delivery and devise a plan on how to move forward. This work is still undergoing in quarter 2.

HCC's social inclusion tender is due for renewal in March 2023 and will be split into five lots, with Winchester being in a lot on their own. The tender is to commission the support that is delivered at the accommodation that is used to accommodate individuals who are at risk of, or have slept rough, and move on accommodation. For Winchester that is West View and Sussex Street, a total of 42 bed spaces. This process will be started in September 2022 and the Service Lead for Strategic Housing will be part of the panel looking at the tenders throughout November 2022 with a decision being made in December 2022. This will allow officers to review the current outreach service and analyse what a new service could look like.

The annual rough sleepers count (across Hampshire) will take place on the evening on 16 November 2022. There were two rough sleepers as of 30 September 2022.

The Strategic Housing Service have received five expressions of interest from providers to deliver the housing support element of the Housing First model which was part of the council's Rough Sleepers Initiative Bid 2022-2025

- **Move the energy efficiency of new and existing homes towards zero carbon**

The progress against the projects provided below also contribute to the priority of tackling the Climate Emergency and achieving a carbon neutral district by 2030.

Making Homes Carbon Neutral (CAB3293) was presented to Cabinet on 11 March 2021 and the following recommendations were approved: -

- *£1.250m to fund additional insulation (mainly wall and floor insulation) to 100 properties currently subject to an Energy Performance Certificate (EPC) rating of D or below.*

Two properties have now been selected to begin the retrofit pilot. As part of the pilot, an innovative way to measure and pre-cut the internal wall insulation is being trialed and its continued use will be subject to ongoing value for money assessments. The market, and the retrofit market is already very stretched - so arranging the various consultants and achieving the tight deadlines is proving particularly challenging.

The works to the two trial void properties provides a good information gathering opportunity. When they are completed a formal review will take place to assess value for money and subsequent programme acceleration opportunities.

The department for Business, Energy, and Industrial Strategy (BEIS) funding competition was launched on 29 September with a closing date of 18 November 2022 for applications. Unfortunately, latest competition guidance makes clear that both internal wall insulation' (the Council's main proposed energy improvement measure in void houses and bungalows) and external wall insulation (future preferred solution for flats) is not now defined by BEIS as 'value for money.' The bid will therefore now focus on 20 Swedish Cottages and approx. 400/500 loft insulation upgrades.

- *£187,000 to address energy efficiency of communal areas in sheltered/communal housing schemes, including the installation of solar photovoltaic panels where appropriate.*

Options to reduce the heating demand and carbon emissions to Chesil Lodge are being evaluated. The evaluation proposes a 3-phased approach:

- (i) Changes to hot water supply system (complete),*
- (ii) monitor the anticipated reduction in energy use and demand over winter months (review Jan 2023) and*
- (iii) feasibility assessment to switch the combined heat and power (CHP) unit and/or back-up gas boilers to air sourced heat pump (ASHP).*

The council's other sheltered and cared for homes are not managed or monitored in terms of energy usage. A feasibility study will be undertaken to assess the cost vs ease of installing secondary meters and data capturing of these meters. The team have met two specialist companies who can carry out feasibility studies and install secondary meters in appropriate properties.

- *That a member/tenant/officer panel/forum be established to assess progress with national trials, review funding options and bring forward proposals for a long-term programme to replace gas heating systems in council homes, subject to consultation with tenants and the Business and Housing Policy Committee.*

The primary purpose of this group will be to start discussions about options for replacement heating systems to the council housing stock. The panel will consist of tenants, elected members and officers. The first meeting is planned for late January early February 2023.

We currently only have six tenant volunteers. On 18 November 2022, a tenant survey will be sent to all tenants (with an email address) to reach a wider cross section of tenant representatives at panel.

The 'retrofit ready' programme will initially hard target and focus on houses and bungalows as this represents 90% of council properties that have the poorest energy efficiency rating (EPC Band D or below). The energy assessment will focus on basic energy improvement measures that can be improved in advance of future major planned retrofit works. It also helps tenants to reduce their usage and energy bills. The key advanced upgrade measures include loft insulation, cavity wall insulation, kitchen and bathroom extract fans and the replacement of energy inefficient front and back doors and windows.

The deep retrofits on the Swedish property trials are nearing completion with the 20 remaining included in the Social Housing Decarbonisation Fund (SHDF) bid which is due for completion over the next two financial years.

The tenant "Retrofit Ready" invitations have been dispatched with a deadline date of 30 November for return. The subsequent programme of energy assessments will be programmed during December and rolled out during January to March 2023.

The bid for the Social Housing Decarbonisation Fund (SHDF) is progressing with a submission date of 18 November 2022.

An all-Member briefing on Council Homes Retrofit Roadmap and Building Safety is to be delivered on 1 December 2022. Cabinet approved a revised Housing Development Strategy that highlights the council's objective to provide all new affordable housing at highest thermal efficiency levels to help achieve the net zero carbon target.

The Passivhaus development proposals for Micheldever received planning permission in August 2021. This is for the development of a disused garage site to build 4 x 1 bed and 2 x 2 bed flats. Passivhaus building provides a high level of comfort while using very little energy for heating and cooling. They are built with meticulous attention to detail and rigorous design and construction according to the principles developed by the Passivhaus Institute in Germany and certified by a very exacting quality assurance process.

Whilst planning permission has been granted for the scheme, negotiations are on-going with the parish council and Members regarding additional car parking to reduce the impact of the development. Agreement has now been reached and a planning application for additional parking has been approved. The build has been tendered and a total of five proposals have been returned for the scheme, the results of which will be reported to Members at Cabinet (Housing) on the 31 October 2022.

- **Working with developers to ensure that they provide affordable housing and homes at fair market value as part of new developments**

No further discussions have taken place with CALA Homes with regard to the Extra Care Scheme due in part to discussions over other build elements in phase 2B. A project brief has been prepared by the Council and architects appointed to provide a capacity study to ensure site is of sufficient size to meet the S106 requirements. Negotiations have commenced with developers at Whiteley for the construction of an Extra Care scheme on an upcoming phase (as set out in the S106 agreement for the Major Development Area).

PRIORITY - VIBRANT LOCAL ECONOMY

Winchester district is home to a host of successful businesses and enterprises with high levels of employment in both our urban and rural areas. As we look beyond the COVID-19 pandemic, it is vital we restore the vibrancy of our high streets, retain and develop our existing business base and make the Winchester district a place where new businesses want to be located. We also must begin the transition to a greener more sustainable economy.

What we want to achieve:

- Increased opportunities for high-quality, well-paid employment across the district
- A shift to a greener, more sustainable economy
- New offices and workspace meet changing business needs and are located in areas with sustainable transport links
- More younger people choose to live and work in the district
- Our city, market towns and rural communities recover well and have a compelling, competitive visitor offer.
- Winchester district attracts new and relocating businesses and enterprises

Over the last quarter we have achieved the following:

- **Working with our key stakeholders to position Winchester district as a centre for digital, creative, knowledge-intensive networks**

As part of the work to develop recognition of the district's cultural and creative sectors, the council is working with the Winchester Business Awards' organisers (Winchester Business Improvement District, Hampshire Chamber of Commerce and Hampshire Chronicle) to create and sponsor a brand-new category called 'Cultural and Creative' Award to be promoted at a launch event in February 2023.

Focusing on a 'green economy' post COVID-19 and providing tailored, sector specific business support

Work has commenced to develop two new strategies under the Green Economic Development Strategy (GEDS) action plan; sustainable tourism and cultural. The scoping plans for each will be brought to the November and February Policy Committees respectively for consideration.

In terms delivery of the GEDS action plan progress has been made towards housing and transport targets including actions to deliver a significant retrofit campaign, EV infrastructure and the Winchester Movement Strategy. The Warmer Homes campaign provides funding for the retrofit of private housing stock including Home Upgrade Grants (HUG) and Local Area Delivery Grants (LAD). During the last quarter, the council has received 14 applications for HUG grants and 38 applications for LAD grant funding. Considerable progress has also been made on retrofit in council housing stock with the first

live void retrofit completed, an application to the Social Housing Decarbonation Fund and remedial work to the heating system and Chesil Lodge. In Sheltered and Cared for Homes - groundwork for a feasibility study has taken place.

Work has also taken place to deliver a plan for the next phase of EV charging. The revised local plan will include private EV charging facilities in new private sector commercial and housing developments. All new WCC housing developments will now also have EV charging points.

A highlight report for the Winchester Movement Strategy is included at Appendix 4

Supporting business in meeting the challenge of carbon neutrality and encouraging 'green growth'

Following Winchester City Council securing funding from Low Carbon Across the South & East (LoCASE) to assist business owners undertake low carbon and energy efficiency adaptations to their businesses, Meercat were appointed in May 2022 to deliver this targeted business support programme. They are assisting businesses in accessing LoCase funding and supporting them to become zero carbon, reduce energy consumption and carbon emissions. Since the launch in May 44 businesses have accessed the service, either received one to one support or attended five online webinars. One Winchester district business has received funding with six other projects at an advanced stage.

This support is free of charge and a dedicated webpage can be found at www.meercatassociates.com/winchester.

With the council's ongoing support, on Thursday 29 September the Sustainable Business Network held a virtual event on the Circular Economy as part of Winchester Green week. This included speakers from business and academia providing their insights into how businesses could adopt a circular approach and benefit from a different way of purchasing, reducing the resources consumed and saving money at the same time. 27 businesses joined the live event and a further 44 have watched the recording. 83% of businesses surveyed said that they found the event extremely useful.

- **Prioritising the needs of younger people in the redevelopment of central Winchester**

Following the successful bid for £264,000 to the Department of Work and Pension's Flexible Support Fund in partnership with the local councils of Eastleigh, Winchester, New Forest and Test Valley two youth employment hubs were formed at the Carroll Centre and Unit 12, Winnall. These provide specialist help and support to move young people from welfare benefits into employment. In the last quarter 28 young people have received tailored support with one going on to secure permanent employment and 11 being

signposted to access voluntary work or work experience creating a springboard into permanent employment.

An outreach Youth Hub event took place in Wickham Community Centre on 20 July.

- **Working in partnership to strengthen the appeal of the Winchester district by promoting and developing our unique cultural, heritage and natural environment assets**

A new member of staff took up the new post of Culture and Creative Sector Development Officer at the end of August. This post will support and develop the council's programme of work in this sector. As a priority it will support the collaborative development of a district-wide Sustainable Cultural Strategy, a key output on the first two-year Green Economic Development Strategy Action Plan. The officer has already established links with culture and creative networks across Hampshire, including Creative Network South, and met with key partners across the district including Winchester Cathedral, Hampshire Cultural Trust, The Gurkha Museum and Winchester Poetry Festival.

The council will again be supporting businesses and working in partnership to maximise the opportunities the festive period offers. A Christmas in Winchester stakeholder meeting took place in August with key partners including Play to the Crowd, Winchester BID and Winchester Cathedral to ensure a collaborative approach to Christmas in Winchester. Events and activities are currently being added to www.christmasinwinchester.co.uk.

Two editions of Arts News have been issued in this quarter featuring spotlights on local creatives and/or organisations. Features have included opportunities for the creative sector, details of funding available, events, sign up form for the newly re-formed Cultural Networking Group plus an introduction from the Council's new Culture and Creative Sector Development Officer.

A contract has been drawn up between the council and the artist selected to deliver a mural in St Maurice's Covert. A further site visit has taken place and the commission is due to commence week starting 24 October 2022 along with associated PR activity.

In order to recommence work on the West of Waterlooville Arts programme, funded through S106 contributions, a paper has been prepared for the West of Waterlooville Arts Advisory Panel and Forum setting out the resources needed to manage the delivery of a refreshed programme. This paper will be discussed at West of Waterlooville meetings in the next quarter.

The council is taking a lead on co-ordinating activities relating to Jane Austen 2025 celebrations and convened an initial meeting with key partners to discuss marketing and collaborative activities to ensure the opportunities arising from the anniversary of Jane Austen's birth in 1775 are maximised.

Consumer marketing and promotion.

Marketing & Communications

A Local Food and Drink Heroes map featuring producers across the district was launched to coincide with Hampshire Food Festival and Independents Month. The council worked with Hampshire Fare to deliver this map which is available to view at www.visitwinchester.co.uk/food-drink/ (392 page views since launch on 12 July and for the remainder of quarter two).

Three business to consumer (B2C) electronic newsletters were issued with an average open rate in line with previous quarters of 34% and click rate of 1.9% – including features on the new Local Food Heroes Map, St James' Way, ideas for cost-saving and stress-free family days out closer to home during the summer holidays, Hares of Hampshire and shop local during Independent Business Month. One business to business (B2B) e-newsletter was issued in July (37.2% open rate, a 5% increase from last quarter and 4.7% click rate) providing updates on Visit Winchester activity and campaigns (including Independent Business Month) and advertising packages for 2022 and job opportunities. A further B2B e-newsletter was issued in September in response to the passing of HM The Queen with a message from Winchester City Council and National Mourning Guidance (open rate 55% and click rate 6.7%).

Website & Social Media

[Visit Winchester](http://www.visitwinchester.co.uk) website continues to be a key go to platform for visitors and residents to find out information about the district to inform their leisure time and spend decisions with over 100,000 sessions and over 80,000 users this quarter. However, this quarter has seen a slight drop-in website activity compared with the same period in 2021. Intelligence from other destinations across the region suggest a similar pattern. A likely cause could be consumers are faced with more choice as international markets begin to open up post-pandemic.

In addition to the regular '5 things to do this week/weekend' blog posts, further blog posts have been published including:

- Half term and Halloween fun,*
- Follow the St James' Way (marketed in partnership with Visit Reading and other destinations in Hampshire),*
- Stress-free family fun in Winchester this summer*
- two blogs supporting Independents across the district as part of Independent Business Month.*

A further blog was posted – 'There's now twice as many reasons to visit Marwell!' which included details of a free return ticket valid for seven days. This content was also repurposed for the Visit Winchester social media channels along with further content (e.g. save 25% off admission to the

Science Centre in September and ideas for free days out included in the summer holidays blog) to promote cost-saving or 'free' days out in response to the cost-of-living crisis.

PR and press

Through the council's Discover Winchester PR partnership opportunities to position Winchester district continue to be pro-actively sought. For example, a press releases entitled 'Stress-free family fun in Winchester this summer' issued in July was read by 101 journalists on the TravMedia global media network and 'Discover Winchester at Christmas' has been read by 62 journalists so far since it was released in August. Christmas content has been issued in response to media requests from Delicious Magazine and Good Housekeeping, and half term events were issued to Bella Magazine.

A PR ambassadors programme has been developed through which ambassadors will tell the story of Winchester through press, PR and social media, using themes including heritage, cultural, wellness, sustainability, family, food & drink and STEM. The first Discover Winchester Ambassadors Meeting was held in September and a content plan for the first year has been devised.

A press trip organised in March resulted in coverage in New Zealand Herald on the 11 August, featuring locations across Winchester (Cheesefoot Head), villages (Cheriton, West Meon) and pubs (Wykeham Arms, Flowerpots, Black Boy) - (<https://www.nzherald.co.nz/travel/uk-holidays-walking-cricket-and-proper-pubs-on-the-south-downs-way/7WQTL0ML6SYJC5V4XO5FAPGYVQ/> circulation: print over 115,000).



Winter afternoon on the South Downs in West Sussex. Photo / Getty Images

NZ Herald
By Chris Folley

A press release was also issued in response to the Which? Magazine article reporting that Winchester was voted second best city staycation holiday in the UK.

During Q2, Social media was suspended for the period of National Mourning as a tribute to HM the Queen. Taking this into account, Visit Winchester Twitter impressions have still reached 55.6k in the last 90 days, averaging 611 impressions per day. Followers increased by 17 in the last 90 days, the engagement rate has increased to 2% (compared with 1.8% for quarter 1) and further activity has included 120 retweets, 323 likes and 9 replies. Visit Winchester Facebook engagement is up 15.7% at 2k. However Visit Winchester Instagram engagement at 1.2k represents a decrease on the previous quarter.

The top performing organic post for Facebook was the new King Alfred avatar image which was changed to grayscale as a tribute to HM The Queen – this post reached 11,012 more people than the median post (401 people), 510 more reactions than the median (4 reactions) and 17 comments on Facebook.

In recognition that there are opportunities to further develop Visit Winchester's engagement and effectiveness in social media channels providing more support to the visitor economy, a specialist Social Media Consultant has been commissioned to work with the council to deliver a social media audit, content plan and strategy.

The council continues to represent the voice of the visitor economy. Attendance at the Tourism Southeast AGM and Conference and a Destination Management Organisation (DMO) meeting with VisitEngland took place this quarter where intelligence on business recovery, recruitment in the hospitality sector, best practice and collaborative opportunities are considered – in particular, updates on the DMO Review and Sustainability.

High Streets' Priorities Plan 2021 to 2022

The initial High Streets' Priorities Plan, a tactical approach to the immediate challenges brought about by COVID-19 ended on 31 March 2022. It was agreed at the Business & Housing Policy Committee on 21 June 2022 that ongoing activity will be delivered through existing and emerging work programmes resulting from the Green Economic Development Strategy first two-year action plan.

Visits to the market towns and villages (including Denmead, Alresford and Bishop's Waltham) have taken place throughout the quarter to discuss their challenges, priorities and funding opportunities. Topics discussed have included public toilet provision, parking and joint marketing initiatives. Visits to Wickham and Whiteley are planned for the next quarter.

The findings of the district wide Review of Street Markets, funded by the Return to the High Street/Welcome back activity have been shared with market organisers across the district. A number of the recommendations will be taken forward as the council re-tenders the street markets contract for the city.

Shared Prosperity Fund

An investment plan to access £1m of UK Shared Prosperity Fund over the next three years has been created and was submitted to government in July 2022. Developed in partnership with key stakeholders across the district, if approved the fund will support activity and projects around the key themes of Community and Place, Supporting Local Business and People and Skills. Funding is heavily weighted to year three (2024/25) and will consider improvements to town centres and high streets; creation of and improvements to local green spaces; local arts, cultural, heritage and creative activities; community measures to reduce cost of living; supporting decarbonisation and improving the natural environment, increased levels of digital inclusion and essential digital skills.

- **Promoting our independent businesses and supporting start-ups.**

Independent Business Month

During Independents month in July local businesses across the Winchester district were championed via Visit Winchester social media channels and the Visit Winchester B2C e-newsletter (see above under marketing and campaigns). The blog 'Support local during Independent Business Month' encouraged visitors and locals to pick up the market town maps to find listings for local independent shops in Bishop's Waltham, Wickham and Alresford, and the BID independents map to find city centre independent shops. The blog also promoted the destination and market towns guides and the Shop, Eat, Explore Winchester film. The 'Local food and drink heroes' map was also linked to in order to support food and drink producers.

A special independents themed Winchester Business Bulletin was issued. This content was used to create case studies of independent businesses on the corporate website. This information was also published on visitwinchester.co.uk.

P&G Wells, Winchester city centre



Photo by P&G Wells

Situated in one of the most historic parts of Winchester, P&G Wells won the Independent Business Award at the Winchester Business Excellence Awards this year, as well as being a regional finalist in the Independent Bookshop of the Year Awards.

"We are approaching our 300th anniversary, if we can get to 300 years, I will be happy. I am thankful to the whole team for the hard work they put in to keep the business going and to adapt to the current challenges." - Steve Scholey, Manager of P&G Wells

Three Winchester Business Bulletins were issued during the last quarter. The Winchester Business Bulletin has been redesigned and now includes a regular Business of the Month feature which regularly highlights independent businesses.

PRIORITY - YOUR SERVICES, YOUR VOICE

We will continue to provide high quality, good value, resilient services that are continuously improving to address the changing needs and expectations of residents, tenants, visitors, businesses and not-for-profit organisations across our district and are accessible to all whatever their circumstances.

We will give all our residents the opportunity to make their voice heard and be able to understand how the council makes its decisions.

What we want to achieve:

- An open, transparent, inclusive and enabling council
- Improved satisfaction for our services
- Good value compared to other similar authorities
- Continuous improvement in cost-effectiveness
- High accessibility and usage of our services
- Constructive and effective partnerships across the district
- A balanced budget and stable council finances

Over the last quarter we have achieved the following:

- **Continuously improving process that:**
 - ***Involve the public, businesses, stakeholders and ward councillors earlier in the design, deliberation and decision-making process.***

The results from the Resident's and Young Person's surveys are currently being analysed and being used to inform the refresh of the Council Plan. A plan is being drawn up for the communication of the results to staff, members, parish councils and residents during Q3.

The Station Approach consultation took place between 1 August 2022 and 23 October 2022 and over 1000 residents and stakeholders responded. These comments are now being reviewed to help shape proposals.
 - ***Effectively respond to and learn from complaints and feedback to drive service improvement***

In Q2 2022/23 there was an increase of 39% in the volume of complaints closed in the quarter compared to Q1. In comparison to Q2 2021/22, there was a 4% decrease.

The biggest increase was in housing complaints which increased by 55% from 29 in Q1 to 45 in Q2. This is due in the main to Housing staff more consistently logging formal complaints and the team have also done a lot of promoting on how to make a complaint via social media, newsletter and posters/flyers to our customers. The Corporate Head of Service continues to monitor the complaint levels and types of complaints to identify trends and areas for service improvement.

The percentage of closed complaints either partially upheld or fully upheld in Q2 decreased to 48% from 61% in Q1.

- **Embed effective partnership working with the community, voluntary groups and organisations, local businesses, our suppliers and other public bodies**

Regular meetings continue with representatives from the market towns, focussing recently on the Welcome Back Fund and successful reopening of the high streets.

- **Transparent and publicly visible performance measures which drive improved satisfaction and performance**

The member led Performance Panel reviews this performance report and the notes and actions from these meetings are presented to The Scrutiny Committee.

The Strategic Key Performance Indicators in Appendix 3 of this report are also published on the Winchester City Council website [Access to data - Winchester City Council](#). This aligns to the goal of transparency by allowing the public to monitor our progress towards achieving the council priorities and drives performance to meet publicly visible targets.

- **More effective use of technology to make it simpler and easier to deal with the council and its delivery partners while reducing cost**

The council continues to promote 'digital first' and encourage residents to only visit if they have a pre-booked appointment.

The on-line consultation on the Strategic Issue and Priorities (SIPS) document won two Royal Town planning institute awards and in September was shortlisted for a National Award. The final awards will be held in November.

- **Focus on accessibility and inclusiveness to ensure our decision making and services are accessible to and usable by all**

Cabinet at its meeting on 22 June 2022 approved the establishment of a Members' Equality, Diversity and Inclusion Forum to engage and communicate with our communities and local organisations to better understand issues around equality, diversity and inclusion within the district. The date for the first meeting of the Forum is currently being arranged.

- **Investing in our staff and making the most of their skills and talents**

Employees have access to training via our comprehensive range of e-learning tutorials and courses and several colleagues are undertaking formal qualifications using the 'upskilling' option in the government's apprenticeship scheme.

FINANCIAL UPDATE

AS AT 30 SEPTEMBER 2022

This section presents a summary of the council's financial position as of 30 September 2022 with regard to the General Fund and Housing Revenue Account budgets.

General Fund Revenue

Summary

1. A balanced 2022/23 budget was set by Council in February 2022 (CAB3335 refers) alongside a new 'Exceptional Inflation Pressures' earmarked reserve to reflect the considerable risks around contract and pay inflation. This reserve has sufficient balance to cover the forecast increased costs identified below.
2. Inflation has continued to increase beyond expectations, including very significant increases in utility costs. It is now considered prudent to forecast that inflation will remain at higher-than-expected levels for the medium term and therefore forecast costs will increase both in 2022/23 and over the medium term. The key elements relating to 2022/23 are:
 - b) Contract inflation is now forecast to average 7% over 2022/23 (4% was budgeted) which is an additional baseline cost of £326k. This is below current inflation levels because many contract costs for 2022/23 are based at least in part on inflation levels prior to April 2022.
 - c) Pay inflation is now forecast at an overall 5% increase from April 2022 (2% was budgeted) at an additional baseline cost of £508k.
 - d) Utility inflation is forecast to increase by up to 100% on average which would increase 2022/23 costs by c£300k. The majority of the increase relates to electricity costs as the general fund electricity to gas cost ratio is approx. 90:10.
3. Despite the expenditure pressures highlighted above, a number of one-off favourable variances identified below mean that the forecast outturn position is balanced. It is important to note that this is not a formal revision to the 2022/23 budget and forecasts will be kept under review monthly and refreshed for Q3 reporting. The other key variances and full year variance forecasts for Q3 are listed below:
4. monthly and refreshed for Q3 reporting. The other key variances and full year variance forecasts for Q3 are listed below:
 - a) Car Parking income for the full year is forecast at £7.0m against a budget of £8.3m (an adverse variance of £1.3m). Income has been picking up in Q2 which is a positive sign and Q3 will be a crucial quarter considering it is the highest earning quarter of the year. One area of significant reduction

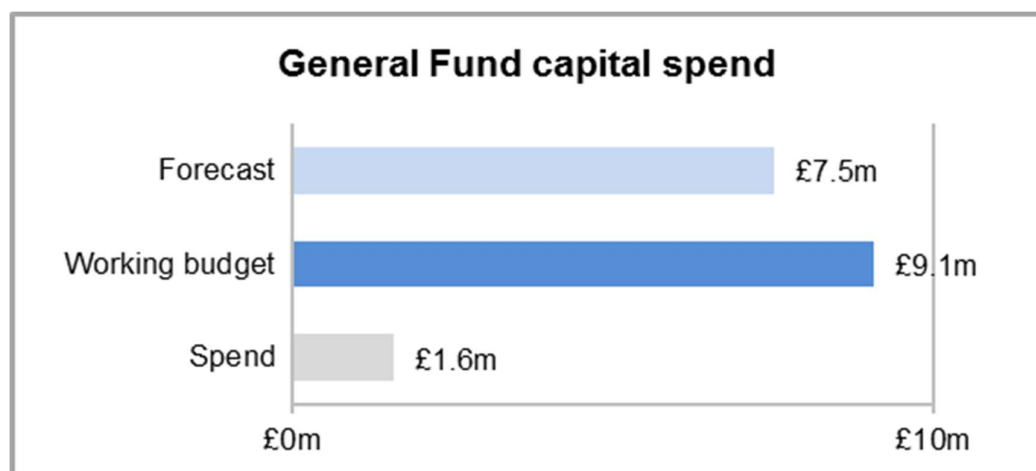
is season tickets, commuters would need to return to Winchester on a daily basis in order to return to previous levels.

- b) A Covid contingency budget of £1.278m offsets a significant proportion of the above adverse forecast. A phased return to budgeted income levels was planned and budgeted over a four-year period ending in 2023/24.
- c) Building Control and Market income are forecast to be a combined £200k lower than budget and will need review as part of the 2023/24 budget process.
- d) Grounds Maintenance and Waste and Recycling budgets are forecast to be overspent by £320k. These budgets will need review as part of the 2023/24 budget process.
- e) Tree works are expected to overspend by c£50k in 2022/23 due to the high volume of works currently being identified.
- f) Funding / Income - Business Rates Retention and other funding is forecast at £1.09m above budget. This revised forecast takes into account 2021/22 outturn and reflects the removal of any previous negative Covid effects. It is instead based on a continual increase in funding as seen in the last few years. The Winchester Sport and Leisure Park income contribution has been increased to reflect the 2022/23 inflationary uplift.
- g) Net interest receivable is forecast to achieve an additional £300k of income above budget. This is mainly resulting from higher than budgeted investment rates due to the recent increases in the base interest rate. The additional income is based on an average rate of 1.1% (excluding LAMIT investments).
- h) Recycling income is forecast to be £150k above budget. This is in line with 2021/22 outturn and reflects the current high rates of return being achieved for glass and MRF.
- i) Bus Subsidy / P&R Bus discount – current estimates of additional government bus subsidy funding and discount relating to the reduced stagecoach bus frequency total £300k favourable to budget.
- j) Legal income – reduced S106 volumes to the end of Q2 mean a revised full year forecast adverse variance of £70k.
- k) Employee agency spend is currently significantly above savings accrued from budgeted vacant established posts. This is mainly within the Planning and Legal departments and results in a forecast employee overspend of £200k for the year.

<u>General Fund Budget Forecast 2022/23 (£000)</u>	<u>Expenditure</u>	<u>Income</u>	<u>NET</u>
Environment	18,344	(11,582)	6,762
Living Well	5,455	(1,009)	4,446
Homes for All	2,844	(284)	2,560
Vibrant Local Economy	1,745	(544)	1,201
Your Services, Your Voice	7,764	(1,886)	5,878
TOTAL before funding	36,153	(15,305)	20,848
TOTAL Funding			(20,842)
FORECAST BUDGET UNDERSPEND			6

General Fund Capital

1. General Fund capital expenditure to the end of September was £1.56m of which the majority relates to four projects: Disabled Facilities grants (£0.45m); CIL funded community grants (£0.36m); KGV Skate Park (£0.12m); and the decked car park at the former Vaultex site (£0.12m). There were small amounts of expenditure (<£0.1m) on a number of other projects. Capital expenditure is typically spread unevenly throughout the year and current forecasts indicate expenditure in the second half of the year will be higher than the first.
2. Capital budgets for 2022/23 were revised for brought forward balances and other changes as part of the General Fund 2021/22 outturn reported to July cabinet and this is reflected in the working budget below.
3. The full year budget and forecast below excludes £20.5m in respect of the Strategic Asset Purchase scheme (SAPS). This budget will only be spent if suitable assets are identified. There have been no SAPS purchases to date in 2022/23.



4. Expenditure on key projects in Q2 of 2022/23:

- **Winchester Sport & Leisure Park** Total Budget: £43.24m

Exp: Prior years £42.887m Q1-Q2 £0.0m Total £42.887m

Work commenced on site in 2019 and, despite the significant challenges presented by Covid-19, the new park officially opened on 29th May 2021. Final contract closure negotiations are anticipated to be completed in 2022/23 and further spend is therefore expected in the second half of the year.

- **Decked car park at Barfield Close** Total Budget: £6.45m

Exp: Prior years £6.4m Q1-Q2 £0.12m Total £6.52m

The former Vaultex site at Barfield Close provides just under 300 spaces to reduce traffic in the city – linking in with the aims of the City of Winchester Movement Strategy and supporting the city council’s pledge to become a carbon neutral council by 2024, with the whole district becoming carbon neutral by 2030. Photovoltaic panels and electric vehicle charging points also feature at the site as well as a green “living wall” which helps improve air quality and minimises the visual impact of the site. The project completed in spring 2022 with final contract payments to be made in 2022/23

• **Disabled Facilities Grants** *Total Budget: £1.23m*

Expenditure: recurring *Q1-Q2* *£0.45m*

During the period 1 April to 30 September £448,000 of grants were paid over.

Such grants enable residents of private and / or social housing who are disabled or have a mobility or other limiting condition to apply for adaptations to be undertaken in their home. Adaptations can include the installation of stair lifts, level access showers, kitchen adaptations or ramping etc. and enable residents to remain in their homes rather than having to move, go into hospital, or into residential care.

Housing Revenue Account

Summary

The HRA revenue budget for 2022-23 was approved in February and is a deficit budget with a budgeted call on HRA Reserves of £606k. The forecast position at period 6 is a positive variance of £1.574m with an anticipated contribution to reserves of £968k, resulting in forecast HRA year-end general reserves increasing from £16.052m to £17.626m. The impact of inflation on repairs and staffing has been taken into account within this forecast.

At Period 6 the following major variances are reported: -

[1] Rent Service Charges and Other - Income is now anticipated to be some £580k more favourable. There are two main reasons contributing to this, the first is the unbudgeted receipt of £142k of insurance income in respect of claims, the second is that with the current emphasis on raising bank base rates to tackle inflation that the HRA is now getting a both a higher rate 1.8% and has more cash backed resources £52m, which has resulted in an anticipated additional income of £538k in 2022-23.

[2] Housing Management and special – This underspend of £131k is largely due to the high level of overall vacancies compared to budget at period 6 and includes the forecast impact of this year's pay award estimated to be £175k.

[3] Repairs (including administration) the budgets for both cyclic repairs £300k and responsive repairs £100k are forecast to overspend this year. The reason for the cyclic repairs overspend is largely due to the additional scope of works required servicing / compliance checks that are now being undertaken and also changes in the associated costs

[4] Interest charges – This is now forecast to underspent by £1.326m and is largely down to the volatility and increases in the cost of PWLB borrowing from the Government, which is linked to gilts trading. As a consequence it is anticipated that any forecast borrowing for 22-23 is likely to be funded initially from internal borrowing. If events change and the cost of long term PWLB debt falls then this position will be reviewed.

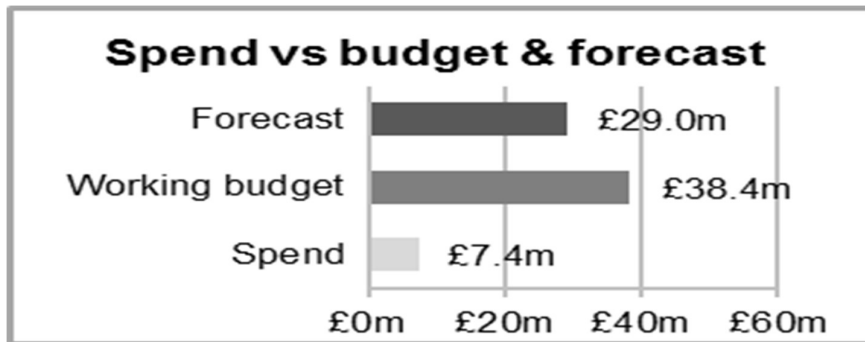
[5] Other income and expenditure – This variance of £56k represents the unbudgeted contribution to the Sinking fund at Chesil and Victoria court, which is an ongoing obligation and for which a budget will be established in next year's budget.

Housing Revenue Account 2022/23

	Housing Revenue Account					Notes
	Budget	Forecast				
	Income	Expenditure	Net contribution / (spend)	Full Year Outturn	Full Year Variance	
£'000	£'000	£'000	£'000	£'000		
Rent Service Charges & Other Income	29,036	0	29,036	29,616	580	1
Housing Management General	164	(5,952)	(5,788)	(5,657)	131	2
Housing Management Special	1,155	(2,993)	(1,838)	(1,793)	45	2
Repairs (including Administration)	101	(6,814)	(6,713)	(7,165)	(452)	3
Interest	0	(6,689)	(6,689)	(5,363)	1,326	4
Depreciation	0	(8,635)	(8,635)	(8,635)	0	
Capital Expenditure Funded by HRA	0	0	0	0	0	
Other Income & Expenditure	29	(7)	21	(35)	(56)	5
	<u>30,485</u>	<u>(31,091)</u>	<u>(606)</u>	<u>968</u>	<u>1,574</u>	
Working Balance at 1 April 2022			<u>16,658</u>	<u>16,658</u>	<u>0</u>	
Add Surplus / (Deficit)			<u>(606)</u>	<u>968</u>	<u>1,574</u>	
Projected Working Balance at 31 March 2023			<u>16,052</u>	<u>17,626</u>	<u>1,574</u>	

HRA Capital Spend

The original HRA Capital budget was approved in February and since then has been revised following the closure of accounts to take account of slippage from closing and to re-profile in light of the expectations of likely spend in the year. The Revised Budget of £28.90m was approved at Cabinet on 19th July 2022. At period 6 spend to date was £7.4m or 19% of the programme.



With the exception of the New Build area of spend managers forecast at period 6 they will largely be on course to spend to budget. Within New Build around 85% of spend is currently committed.

New Build Programme

The largest variance to forecast within the New Build programme area is on North Whitely where it was originally assumed that the site would complete and pass over to the council in 2022-23, this has now been revised and £6.7m of the anticipated spend will now fall into 2023-24. The anticipated spend on Witherbed lane has been revised down by £616k to virtually nil reflecting issues bring the site forward at present. In addition delays in procurement and costs on Southbrook cottages has resulted in a reduced forecast here as £709k of the original budget is slipped in 2023-24. There is also a variance on the sum allocated for new homes unallocated sites £699k (which represents a budget virement to Southbrook cottages of funding towards the additional spend required there). Further work to establish likely spend on Winnall in 2022-23 from the EA is currently being undertaken but at present indications are that spend will be £588k lower than expected..

Housing Revenue Account

Capital 2022/23

HRA Capital Programme				
	Budget	Forecast Outturn	Variance	Notes
	£'000	£'000	£'000	
Housing Major Works	(5,672)	(5,672)	0	
Improvements and Conversions	(553)	(579)	(26)	
Other Capital Spend	(2,324)	(2,120)	204	
New Build Programme	(29,820)	(20,618)	9,202	
	(38,369)	(28,990)	9,380	

STRATEGIC KEY PERFORMANCE INDICATORS

The following table presents an update against the strategic key performance indicators that were approved by cabinet on 21 May 2020 (report CAB3230 refers).

The availability of the data for each KPI is often from sources external to the council and varies from quarterly, annually and biennially. Where the data is available at annual intervals, this will usually be reported after the end of each financial year. A review of the indicators will take place over the coming months in conjunction with the refresh of the Council Plan.

For ease of reading, the KPIs with quarterly data are in a separate table followed by KPIs with less frequently available data.

A column has been added to capture helpful commentary where applicable for each of the KPIs.

RAG Parameters:

This performance indicator is on target

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

This performance indicator is below target by more than 5%

QUARTERLY KPI's

	REF	What we want to achieve	KPI Definitions	Cabinet Member	Polarity	Previously reported of data	Q2	Q3	Q4	Q1	Q2	RAG Status	KPI Target 2022/23	Comments
							(21/22)	(21/22)	(21/22)	(22/23)	(22/23)			
Tackling Climate Change	TCE02	Reduced levels of waste and increased recycling, exceeding national targets	Percentage of household waste sent for reuse, recycling and composting	Climate Emergency	Higher = better	20/21 audited figure 40.5 % 2nd highest in Hampshire (2019/20) unaudited 38.10%	41.8	38.2	35.6	41.55	37.79		Increase against 2019/20 outturn	Lower percentage in Q2 as very dry summer significantly reduced garden waste collections Monthly figures are subject to a confirmation process at the end of the year but give a good indication of direction of travel.
	TCE03	Reduced levels of waste and increased recycling, exceeding national targets	Kgs of domestic residual waste collected per household	Climate Emergency	Lower = better	449kg (2019/20) audited fig for 20/21 475kg best figure in Hampshire	111	110	111	105	105		Reduction against 2019/20 outturn	Whilst unaudited shows a positive decrease against 2021/22 outturn.

REF	What we want to achieve	KPI Definitions	Cabinet Member	Polarity	Previously reported data	Q2	Q3	Q4	Q1	Q2	RAG Status	KPI Target 2022/23	Comments
						(21/22)	(21/22)	(21/22)	(22/23)	(22/23)			
TCE06	Increased opportunities for active travel	Proportion of visitors using parking sessions in each of three main areas of parking, central, inner, and outer	Climate Emergency	Higher = better	2019/2020 - Centre 63.50% 2020/2021 - Centre 73.50% 2021/22 centre 70%,	Centre 71.9% Inner 17.4% P & R 10.7%	Central - 64% Park & Walk - 16.8% Park & Ride - 19.2%	Centre 69%, Park and Walk 13.4%, Park and Ride 17.6%	Centre 68.2%, Park and walk 17.4%, Park and Ride 14.3%	Centre 69.4%, park and walk 16%, park and ride 14.6%		To be developed	Parking numbers returning to similar numbers before the outbreak of the pandemic in 2020 Monthly figures are subject to a confirmation process at the end of the year but give a good indication of direction of travel.
LW03	A wide range of physical and cultural activities for all ages and abilities	Number of users of the Winchester Sport & Leisure Park	Business & Culture	Higher = better	N/A – new indicator	169,493 (Year to date 223,827)	153,561 (Year to date 377,388)	187,182 (Year to date 564,570)	186,722	189,247 (Year to date 375,969)		500,000	
HA06	Diverse, healthy and cohesive communities - not just homes	No. of new homes started or in progress / completed	Community & Housing	Higher = better	Started 121 Completed 121	Started 0 Completed 0	Started 129 Completed 0	In progress 129 Completed 0	In progress 129 Completed 0	In progress 130 Completed 0		Complete 121 Start 85	
VLE13(a)	Increased opportunities for high quality, well-paid employment across the district	% Of procurement spend with local suppliers – Revenue spend	Business & Culture	Higher = better	21.99% (19/20) 24.50% (20/21)	23.70%	19.50%	26.87%	23.64%	22.73%		Min 25% Revenue	
VLE13 (b)	Increased opportunities for high quality, well-paid employment across the district	% Of procurement spend with local suppliers – Capital spend	Business & Culture	Higher = better	46.60% (19/20)	48.28%	49.72%	81.99%	82.13%	80.64%		Min 25% Capital	

REF	What we want to achieve	KPI Definitions	Cabinet Member	Polarity	Previously reported of data	Q2	Q3	Q4	Q1	Q2	RAG Status	KPI Target 2022/23	Comments
						(21/22)	(21/22)	(21/22)	(22/23)	(22/23)			
YSYV04	Improved satisfaction for our services	Percentage of closed complaints upheld or partially upheld (Total number of complaints closed in Qtr. shown in brackets)	Service Quality	Lower = better	2019/20 - 59% 2020/21 - 51%	42%	66%	76%	61% (67)	49% (95)		58.75% (average for 2021/22)	
YSYV05		No. of valid Ombudsman complaints	Finance and Value	Lower = better	1 -2018/19 2 - 2019/20 0 - 2020/21	0	1	0	0	0		0	
YSYV06	High accessibility and usage of our services	Availability of WCC critical infrastructure services excluding planned downtime - Email - Storage - Telephony - DMS (document Management System)	Finance and Value	Higher = better	<u>2019/20</u> Email - 100% Storage - 100% Telephony - 99.5% DMS - 100% <u>2020/21</u> Email - 100% Storage - 100% Telephony - 98.18% DMS - 100%	Email - 100% Storage - 100% Telephony - 99.52 DMS - 100%	Email - 100% Storage - 100% Telephony - 99.71 DMS - 100%	Email - 100% Storage - 100% Telephony - 98.17 DMS - 100%	Email - 100% Storage - 100% Telephony - 98% DMS - 100%	Email - 99.9 Storage - 100% Telephony - 99.78 DMS - 100%		99.5%	
YSYV07	Improved satisfaction for our services	Efficient waste collection services - missed bin collection report	Finance and Value	Lower = better	AWCQ1 2019/20 68.89 per 100k bin collections AWC Q1 2020/21 57.79 per 100k bin collections	AWC 50 per 100k bin collections	AWC 36/100k bin collections	AWC 60/100k bin collections	AWC 55/100k bin collections	99.96%		99.93% (monthly)	Contractual target changed since contract started in Feb 21 – rather than having a target for missed bins it now relates to service failures (currently a contract limit of 200 service failures a month). A

REF	What we want to achieve	KPI Definitions	Cabinet Member	Polarity	Previously reported of data	Q2	Q3	Q4	Q1	Q2	RAG Status	KPI Target 2022/23	Comments
						(21/22)	(21/22)	(21/22)	(22/23)	(22/23)			
													missed bin counts as a service failure. From Q2 the collection rate will be shown as a percentage.

ANNUAL KPI'S

AREA	REF	What we want to achieve	KPI definition	Cabinet Member	Lead CHoS	Polarity	2019/20	2020/21	2021/22	KPI Target 2022/23	Notes on data availability	Comments
TRACKING CLIMATE EMERGENCY	TCE01	Winchester City Council to be carbon neutral by 2024	WCC carbon emissions	Climate Emergency	Economy & Community	Lower = better	4268 tCO2e (Like for like reduction of 11.7%)	2810 tCO2e (Like for like reduction of 34.2%)	See notes	Target for 21/22 1873 tCO2e Target for 2022/23 1,075 tCO2e (location based)	Data for 2021-22 is expected in Q3 2022	Annual Target reduction of 1,075 tCO2e (location based) or 888 tCO2e/year (market based i.e. taking into account renewable electricity)
	TCE04	Reduced levels of waste and increased recycling, exceeding national targets	Percentage of recycling waste contaminated	Climate Emergency	Regulatory	Lower = better	13.33% contamination from 43 samples. Second best of Hampshire authorities	16.33% from 61 samples. Fifth best in Hants, and below Hampshire average of 17.54%	15.74	Reduction against 2018/19 outturn - 13%		Remains fifth best contamination of Hampshire authorities and remains below Hampshire average..
	TCE05	Everything most residents need should be in reach by foot, bike or public transport	No. bus users	Climate Emergency	Head of Programme	Higher = better	4.2m passenger journeys in the year 2019 in Winchester and surrounding area (Stagecoach figures).	2020 patronage figs severely distorted	2m passenger journeys in the year 2021 in Winchester and surrounding area (Stagecoach figures).	target to be considered in line with WMS and in Liaison with HCC	Data is collected at the end of each calendar year. Figures for 2022 will be reported in January 2023	On-going issues post covid with low (although rising) passenger numbers and operational issues with lack of drivers. HCC unsuccessful with BSIP bid meaning no funding for additional services currently. WMS looks at potential for bus priority schemes as part of the one-way system review. LTP4 'Public Transport' policies will also look to address fares, demand responsive travel and P&R.
	TCE07	Everything most residents need should be in reach by foot, bike or public transport	Traffic movement into Winchester	Climate Emergency	Head of Programme	Lower = better	Average daily traffic flows (HCC source) St Cross Rd 13,500 Stockbridge Rd 7,300 Andover Rd (N) 12,000 St Cross Rd 9300 NB 2020 traffic figs severely distorted	2020 traffic flows severely distorted	Average daily traffic flows (HCC source) St Cross Rd 11,000 Stockbridge Rd 6,130 Andover Rd (N) 9,800	target to be considered in line with WMS and in Liaison with HCC	Data is collected at the end of each calendar year. Figures for 2022 will be reported in January 2023	The WMS looks to reduce traffic levels by 10% through the implementation of all the schemes in the action plan and through the M3J9 works.
	TCE08	The Winchester district to be carbon	District carbon emissions - annual report - year on year reduction	Climate Emergency	Economy & Community	Lower - better	2017/18 617,000 tCO2e (1.9% reduction)	2018/19 603,000 tCO2e (2.3% reduction)	2019/20 See notes	548,182 tCO2e (2020 figures)	Data released annually 2 years in arrears - data for 2019-20 is expected in Autumn 22	The Carbon Roadmap will supplement this national data measure with local detail of carbon reduction from delivery of specific interventions.

AREA	REF	What we want to achieve	KPI definition	Cabinet Member	Lead CHoS	Polarity	2019/20	2020/21	2021/22	KPI Target 2022/23	Notes on data availability	Comments
		neutral by 2030										2023
	TCE09	The Winchester district to be carbon neutral by 2030	Produce Local Plan - plan adoption	Climate Emergency	Regulatory	N/A	N/A – new indicator Evidence base being developed.	Consultation on Strategic Issues and Priorities took place for 8 weeks and closed 12/4/21	The draft Regulation 18 Local Plan has been discussed at Scrutiny/LPAG meeting on the 29 September and at Cabinet on the 18 October. A 6-week public consultation on the draft Regulation 18 Local Plan is due to commence on the 2 nd November for a period of 6 weeks..	Deliver Plan to adoption in accordance with Local Development Scheme which was updated on the 21 July 2021.	Members have now been briefed on the dates of the Reg 18 LP consultation which will now take place between 2 Nov and 14 December 2022.	The dedicated local plan website has been updated to improve its functionality which will enable people to find out more about the local plan, In order to encourage a wide range of people to have their say on the draft Regulation 18 Local Plan there will be radio advertising, advertisements in newspapers and other publications, 6 public drop-in sessions, 2 online specialised events (one on design and one on energy efficiency standards) along with presentations to Parish/Town Councils, Town Forum and the BID. A consultation calendar that outlines all of the different methods of engagement is available on the local plan website. consultation.
	TCE10	Our district's extensive natural habitats safeguarded and enhanced	Deliver 80% of actions in the approved annual action plan - percentage completed	Climate Emergency	Economy & Community	Higher = better	N/A – new indicator	N/A – new indicator	86%	Deliver 80% of actions included in BAP	Data is collected at the end of each calendar year. Figures for 2022 will be reported in January 2023	Year 2 of BAP Action Plan progressing with 16% not yet started; 29% progressing; 40% progressing well and 15% completed. Given the number of actions progressing well or progressing we are on target to complete 80% of actions in December.
	TCE11	Our district's extensive natural habitats safeguarded and enhanced	Number of trees planted per year	Climate Emergency	Economy & Community	Higher = better	N/A – new indicator	398 trees planted	129 trees planted	100 trees planted	Data is collected at the end of each calendar year. Figures for 2022 will be reported in January 2023	Planting season now closed and due to reopen in October 2022
	TCE12	The Winchester district to be carbon neutral by 2030	Number and percentage of all parish councils (Inc. Town Forum) that have local carbon reduction	Climate Emergency	Economy & Community	Higher = better	N/A – new indicator	4%	69%	25%	Updated annually after the end of each financial year	WCC is providing grant support to Winchester Action on Climate Change (WeCAN) in 2022-23 to build capacity.

AREA	REF	What we want to achieve	KPI definition	Cabinet Member	Lead CHoS	Polarity	2019/20	2020/21	2021/22	KPI Target 2022/23	Notes on data availability	Comments
			action groups / campaigns									
	TCE13	The Winchester district to be carbon neutral by 2030	Number of people participating in carbon reduction event per year	Climate Emergency	Economy & Community	Higher = better	N/A – new indicator	2457	8078	2703	Updated annually after the end of each financial year	Includes Winchester Green Week, WeCAN, Climate Open Forum
	TCE14	Clean air, more ambitious than national targets	Improvement trends in nitrogen dioxide and particulates, with the intent of complying with national mandatory standards	Climate Emergency	Regulatory	Lower = better	St Georges St 2018: 41µg/m ³ 2019: 39µg/m ³ (First 6 months only) Chesil St & Romsey Rd 2018: 47.5µg/m ³ 2019: 47.2µg/m ³ (First 6 months only)	2020 Data St Georges St 26.9µg/m ³ Romsey Road 40.8 µg/m ³ (Note: 2020 data is atypical as 'Covid' Year)	Data expected to be validated and informing 2021 ASR in October 22	<i>October 2022, determine whether to review the extent of AQMA in light of 2021 data, or subsequent to the findings within AECOM air quality consultant's report, submitted in June 2022, defer until 2023. Also, to consider whether to adopt more stringent AQ standards taking into account new WHO recommended limits. NB: Government required to amend national PM_{2.5} standards by Oct 2022. November 2022 commence review of Air Quality Action Plan and deliver by March 2023.</i>	Annual Status Report (ASR) to be submitted to DEFRA June 2022. Air Quality Supplemental Planning Document now adopted by Cabinet, will commence active implementation in April 2021.	ASR submitted to and agreed by DEFRA. Cabinet considering next steps on whether to review AQMA now or in late 2023 when it is expected that the 2022 data set will show compliance with air quality standards in most if not all of the AQMA. Cabinet also considering probable and aspirational targets for Winchester by 2027, which will inform local air quality policy over the next 5 years.
LIVING WELL	LW01	Reduced health inequalities	Inequality in life expectancy at birth (male)	Community & Housing	Economy & Community	Lower = better	2018 – 5.8 years 2019 – 5.9 years	2020 – 4.7 years	Data not yet available (checked 28/09/22)	≤ 4.7 years	Data has not been released by ONS. Review date unknown	Relevant data not yet available from ONS.
	LW02	Reduced health inequalities	Inequality in life expectancy at birth (female)	Community & Housing	Economy & Community	Lower = better	2018 – 6.4 years 2019 – 4.6 years	2020 – 3.5 years	Data not yet available (checked 28/09/22)	≤ 3.5 years	Data has not been released by ONS. Review date unknown	Relevant data not yet available from ONS.
	LW06	A wide range of physical and cultural activities for all ages and abilities	Increase participation in the Cultural Network in order to strengthen engagement with and support of the arts and cultural sector	Community & Housing	Place / Economy & Community	Higher = better	23 organisations	23 organisations	30 organisations	+10%	Data collected at the end of each financial year.	Engagement maintained via Arts News. Cultural network meetings paused whilst recruiting a Creative & Cultural sector Officer. Since then virtual network reconvened. On track to meet 22/23 target

AREA	REF	What we want to achieve	KPI definition	Cabinet Member	Lead CHoS	Polarity	2019/20	2020/21	2021/22	KPI Target 2022/23	Notes on data availability	Comments
			working collaboratively to strategically develop the offer									
HOMES FOR ALL	HA01	All homes are energy efficient and affordable to run	% of all WCC homes achieving energy efficiency rating of C or above	Community & Housing	Services / Housing	Higher = better	60%	62%	63%	66%	Data available quarterly	022
	HA02 a	All homes are energy efficient and affordable to run	% all new homes in the district achieving energy efficiency rating of C or above	Community & Housing	Services / Housing	Higher = better	96.48%	96.54%	100%	100%	ONS Data available retrospectively each November. Next update due Nov 2022	
	HA02 b	All homes are energy efficient and affordable to run	% ALL homes in the district achieving energy efficiency rating of C or above	Community & Housing	Services / Housing	Higher = better	New dataset from ONS started 2020	Owner Occupier 34.25% Private Rented 36.82% Social 61.71% Total: 48.10%	Data not yet available	60% by 2028 Improvements should become evident as the law changes for private landlords	ONS Data available retrospectively each November. Next update due Nov 2022	
	HA03	Diverse, healthy and cohesive communities – not just homes	No. of domestic properties in the district, previously No. of households in district (all tenures)	Community & Housing	Services / Finance	Higher = better	54,017	54,584	55923	Trend data for monitoring only	Data collected in March each year. Next update March 2023.	
	HA04	No one sleeping rough except by choice	No. of rough sleepers	Community & Housing	Services / Housing	Lower = better	N/A	7	3	Trend data for monitoring only	Rough Sleepers count was conducted on the 10 November 2021. 3 were found (2 were from out of area).	

AREA	REF	What we want to achieve	KPI definition	Cabinet Member	Lead CHoS	Polarity	2019/20	2020/21	2021/22	KPI Target 2022/23	Notes on data availability	Comments
											All 3 have now been accommodated. The annual Count for 2022 is 16 November.	
	HA05	Diverse, healthy and cohesive communities – not just homes	1000 new homes planned (10-year supply). No. completed each year, commencing 2021/22	Community & Housing	Services / Regulatory	Higher = better	N/A	N/A	To date 121 completed with a further 129 on site	1000 over 10 years	New indicator decided in March 2021. Next update in May 2023	economic downturn and nutrient neutrality targets will impact housing delivery in the short to medium term
	HA07	Diverse, healthy and cohesive communities – not just homes	WCC housing stock, directly owned, housing company	Community & Housing	Services / Housing	Higher = better	N/A – new indicator	0	Data not yet available	Complete 5 new houses	Delay to launch of Housing Company	Completions delayed. Less general fund capital investment in the company.
VIBRANT LOCAL ECONOMY	VLE01	Increased opportunities for high quality, well-paid employment across the district	No. of business enterprises in professional / technical sectors	Business & Culture	Place / Economy & Community	Higher = better	21.3%	21%	20.6%	Trend data for monitoring only	Data collected each January	
	VLE02	Increased opportunities for high quality, well-paid employment across the district	Close the gap between workplace earnings and residents' earnings	Business & Culture	Place / Economy & Community	Lower = better	£105.4	£52.9	£63.6	Trend data for monitoring only	Data collected each January	Economic downturn likely to have an impact
	VLE03	Increased opportunities for high quality, well-paid employment across the district	Productivity measure – gross value added (GVA) per head	Business & Culture	Place / Economy & Community	Higher = better	£39,714	ONS has not released data	See notes	Trend data for monitoring only	Data collected each January	Data £39,714 is the latest data available on the ONS website
	VLE04	New offices and workspaces	Amount of floor space developed in	Business & Culture	Services / Regulatory	Higher = better	Data not available	Data not available	See notes	KPI to be removed – no longer valid	KPI to be removed – no longer valid	Measuring offices and workspaces is no longer a valid measure to demonstrate

AREA	REF	What we want to achieve	KPI definition	Cabinet Member	Lead CHoS	Polarity	2019/20	2020/21	2021/22	KPI Target 2022/23	Notes on data availability	Comments
		meet changing business needs and are located in areas with sustainable transport links	market towns (planning approvals) –									success as many people successfully working from home, and office down-space could mean success in reducing costs and increasing profits and salaries.
	VLE05	More younger people choose to live and work in the district	Percentage of residents aged 25-35 years old	Business & Culture	Place / Economy & Community	Higher = better	ONS Data mid-2018 11.4%	ONS Data mid-2019 12.5%	ONS Data mid 2020 10.6%	Trend data for monitoring only	Checked ONS – no update since June 2021 – next update due Sept 2022	May decrease if fewer job opportunities exist for young people
	VLE06	A shift to a greener, more sustainable economy	No. of businesses engaged on carbon reduction measures/projects	Business & Culture	Place / Economy & Community	Higher = better	Figures not yet available	172 businesses	78 businesses joined events live (virtual and in person) and a further 199 downloaded content at a later date	Baseline to be set when data available	77 businesses engaged in carbon reduction measures and projects	In the last quarter 44 businesses accessed the Zero Carbon Service and a further 27 attended Sustainable Business Network events.
	VLE07	A shift to a greener, more sustainable economy	Crowd funder grants offered for green projects	Business & Culture	Place / Economy & Community	Higher = better	N/A – new indicator	Launched 15/6/20	1 grant of £1500 paid to food recycling project	To be developed	Data will be updated after the end of Q1 and then annually at Year End going forward.	In Q2 we awarded one Crowdfunder match funding grant of £4,000 towards a project to install solar panels on a village hall roof.
	VLE08	Our city, market towns and rural communities recover well and have a compelling, competitive visitor offer	Visitor stay length increasing	Business & Culture	Place / Economy & Community	Higher = better	2.6 days domestic 6.7 days overseas	0.25m bed nights (domestic) 0.13m bed nights (international)	See notes	Trend data for monitoring only	2021 data will be available in Q3 of 2022	Industry intel indicates that 2021 data will continue to show a downturn in activity as a result of the COVID-19 pandemic. Recovery to pre-pandemic levels, particularly in overseas markets, unlikely until at least 2022/23 reports
	VLE09	Our city, market towns and rural communities recover well and have a compelling, competitive visitor offer	Visitors spend increases	Business & Culture	Place / Economy & Community	Higher = better	£263.4m	£87.4m spent by tourists during their visit to the area (2020)	See notes	Trend data for monitoring only	2021 data will be available in Q3 of 2022	See above
	VLE10	Our city, market towns and	Value of tourism to the	Business & Culture	Place / Economy & Community	Higher = better	£339m	£112.8m spent in the local area as	See notes	Trend data for monitoring only	2021 data will be available in Q3 of 2022	See above

AREA	REF	What we want to achieve	KPI definition	Cabinet Member	Lead CHoS	Polarity	2019/20	2020/21	2021/22	KPI Target 2022/23	Notes on data availability	Comments
		rural communities recover well and have a compelling, competitive visitor offer)	economy increases					a result of tourism (2020)				
	VLE11	Our city, market towns and rural communities recover well and have a compelling, competitive visitor offer)	Deliver tourism marketing activities alongside sector and key stakeholder engagement to influence Winchester's competitive position comparative with the Southeast and all of England, strengthening the number of trips to Winchester	Business & Culture	Place / Economy & Community	Higher = better	5.05m trips	3.8m trips (2020)	See notes	Trend data for monitoring only	2021 data will be available in Q3 of 2022 Individual campaign activity impact is contained in narrative of quarterly reports Q1 report will include an annual summary	See above
	VLE12	Increased opportunities for high quality, well-paid employment across the district	Business support service – percentage of businesses using the service seeing an increased turnover, improved efficiency or progression to a more sustainable business module. Service currently contracted to June 2021	Business & Culture	Place / Economy & Community	Higher = better	New outcome based KPI for 2020/21. Previous data collected against different KPI	88%	See notes	50%	88% of businesses using the service saw an increased turnover, improved efficiency or progression to a more sustainable business module over the two years of the contract.	Business support contract with Inclusive ended in June 2021 so no further data available. Meercats are now contracted to provide carbon support service. See VLE06 Therefore this KPI is no longer valid

SIX MONTHLY KPI'S

AREA	REF	What we want to achieve	KPI definition	Cabinet Member	Lead CHoS	Polarity	2019/20	2020/21	2021/22	KPI Target 2022/23	Notes on data availability	Comments
Living Well	LW04	A wide range of physical and cultural activities for all ages and abilities	Percentage of adults participating in 150+ minutes of sport or physical activity per week within the Winchester district	Community & Housing	Economy & Community	Higher = better	June 2018 – May 2019 72.6% Dec 2018 – Nov 2019 71.4%	June 2019 - May 2020 70.5% Dec 2019 – Nov 2020 71.0%	June 2020 - May 2021 71.7% Dec 2020 – Nov 2021 73.7%	71.0%	Data is measured from June to May and from December to November each year. Time lag for receiving data. The next update for year to May 2022 is due in November .	Activity levels have returned to pre-lockdown levels.

BI-ANNUAL KPI'S

AREA	REF	What we want to achieve	KPI definition	Cabinet Member	Lead CHoS	Polarity	2019/20	2020/21	2021/22	KPI Target 2022/23	Notes on data availability	Comments
YOUR SERVICES, YOUR VOICE	YSYV01	Improved satisfaction for our services	Residents' Survey – satisfaction with the way the council runs things	Service Quality	Resources / Strategic Support	Higher = better	79%	N/A	Data not yet available	≥ 79%	Survey fieldwork completed and data to be published end of Q3.	
	YSYV02		Tenants' Survey – satisfaction with the overall service provided by the council	Community & Housing	Services / Housing	Higher = better	87%	N/A	Data not available until Spring 2023 – see notes	≥ 87%	Survey due to carried out in Spring 2023	
	YSYV03	Good value compared to other similar authorities	Residents' Survey – percentage of residents who agreed the council provides value for money	Finance and Value	Resources / Strategic Support	Higher = better	65%	N/A	Data not yet available	≥ 65%	Survey fieldwork completed and data to be published end of Q3.	

TIER 1 PROJECTS for Q2 – July to September 2022

This report provides an update on the progress of the council's Tier 1 projects for Q2 2022/23 (July to September 2022). Below is a summary of each project and their current RAG Status.

Project Name	RAG Status	
	Timeline	Budget
Bar End Depot	Yellow	Green
Carbon Neutral Programme	Yellow	Green
Central Winchester Regeneration	Green	Green
Local Plan	Green	Green
New Home Programme	Yellow	Yellow
Winchester Movement Strategy Programme	Green	Green

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Key

RAG Status	Description
Green	"Normal level of attention". No material slippage. No additional attention needed
Yellow	"Minor concern – being actively managed." Slippage less than 10% of remaining time or budget, or quality impact is minor. Remedial plan in place
Red	"Major concern - escalate to the next level". Slippage greater than 10% of remaining time or budget, or quality severely compromised. Corrective Action not in place, or not effective. Unlikely to deliver on time to budget or quality requirements

Bar End Depot
Highlight Report

Lead Cabinet Member	Tier	Project Sponsor	Project Manager	RAG Status	
				Timeline	Budget
Cllr Martin Tod	1	Dawn Adey	Geoff Coe		

Description and Outcome

Preparation for appointment of Selling Agent and Site Disposal.

Project Update Summary

CAB3268 approved the marketing of the site and gave delegated authority to the Strategic Director in consultation with the Cabinet member to take all appropriate action to initiate and complete the marketing of the Bar End Depot site for best consideration, based on the development framework and planning guidance note appended to the report. A public drop-in event was held on 8th March 2022 to invite the community to feedback on the intention to market the site and comment on the Hobbs proposal. £8k spent on transport planning so far with additional £5k to be incurred in August 2022 for additional advice.

Abortive negotiations with a national retailer have resulted in a delay of approximately 10 months to this project, although this has given time for markets to stabilise following the pandemic.

Vail Williams have completed stage one marketing and secured a long list of 47 Expressions of Interest, with uses including residential, industrial, retail, healthcare, leisure and food and beverage. A further community engagement event is schedule for 21st and 24th November, the results of which will help inform a recommendation for target uses and stage two marketing that will seek formal offers.

Project Gateways

Stage	Duration	Start Date	Planned End Date	Projected End Date	Outcome
Concept					
Feasibility	7	April 2022	June 2022	June 2022	Appointment of Selling Agent completed – Vail Williams
Design					
Plan for Delivery		January 2023	March 2023		Marketing for Formal Bids
Delivery		July 2023	September 2025		Selection of developer(s) and construction completion
Handover & Review					

Upcoming Milestones for Project Stage

Stage	Original Target	Current Target	Milestones and Actions	Outcome
Feasibility		Mar 2022	Public consultation	Positive feedback on Hobb's scheme. A food retail use would be welcome by the community.
Feasibility		Jul 2022	Appointment of Selling Agent	Vail Williams appointed
Transport Feasibility		August 2022	Transport planning advice	Further transport planning advice and pre-app being sought
Market feedback		Sept 2022	Expressions of Interest from market to identify potential market demand have been received. Analysis to be carried out.	An analysis of user mix will be undertaken with recommendations to ELB and Cabinet
Community Engagement		Nov 2022	Community Engagement re mix of uses proposed	Feedback will be factored into next stage of marketing for bids
Formal Marketing		Jan 2023	Request for formal bids	
Preferred Bidder Selection		Mar 2023	Preferred Bidder Selection	
Cabinet		July 2023	Cabinet Approval	
Contract documentation		July 2023	Contract documents issued	
Exchange		Sept 2023	Contract exchange	Purchaser to progress with planning application
Planning Application		March 2024	Submission of planning application	

Planning approval		June 2024	Planning approval	
Legal Completion		June 2024	Legal completion of sale	
Construction		Sept 2024	Construction starts on site	
Project Completion and Close		Dec 2025	Completion of works on site	

Carbon Neutral Programme

Highlight Report

Lead Cabinet Member	Tier	Project Sponsor	Project Lead	Project Manager	RAG Status			On track
					Timeline	Budget	Carbon	30% off track but likely to hit target
Cllr Kelsie Leamey	1	Dawn Adey	Susan Robbins	Steve Lincoln				60% off track and unlikely to hit target

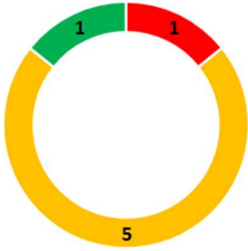
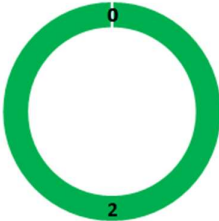
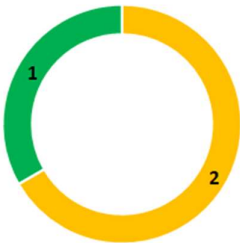
Description and Outcome

In June 2019, the Council declared a 'Climate Emergency' and to commit to the aim of making activities of the City Council carbon neutral by 2024, and the District of Winchester carbon neutral by 2030. In December 2019, the Council approved the Carbon Neutrality Action Plan sets out a number of priority actions that will help address nearly all the Council's carbon emissions by 2024 and contribute to reducing emissions district-wide by 2030.

Carbon Emission Targets	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Council by 2024 Target (tCO₂e)								
Actual	4276.71	2665.27						
District by 2030 Target (ktCO₂e)								
Actual	603.01							

Programme Update Summary

	RAG Project Status	Key Project Deliverables this Quarter			Tasks for Next Quarter	
Transport	<p>Transport</p> <p>■ Red ■ Amber ■ Green</p>	<p>Trial of electric Park & Ride bus is still pending. Use of biodiesel (HVO) is being considered in waste collection vehicles as an interim measure. A costed programme is due to be presented to the CN Board in November 2022.</p>	<p>6 further EV council cars are due to arrive in 2023. Overall, strategy to replace WCC vehicles with EVs and to introduce EV pool cars to replace own staff business travel in petrol/diesel vehicles is on hold until Sustainable Transport Officer is recruited.</p>	<p>Strategy to Implement differential charging for low emission vehicles in council car parks has been developed but is on hold due to current economic circumstances.</p>	<p>Trial of electric Park & Ride bus service is outstanding and trial of HVO in waste vehicles is still in the planning stages. Budget may need to be carried over to next financial year.</p>	<p>WCC needs to recruit a Sustainable Transport Officer to take forward implementation of WCC EV replacement programme and EV Pool Cars to reduce emissions from business travel</p>
Domestic Energy	<p>Domestic Energy</p> <p>■ Red ■ Amber ■ Green</p>	<p>Work is on-going in Chesil Lodge to repair/replace faulty CHP system and hence reduce high gas use and costs.</p>	<p>Social Housing Decarbonisation Fund (SHDF) application - working on the bid which includes 20 Swedish Cottages and approx. 160 Cavity Walled Properties</p>	<p>Regulation 18 consultation on the Local Plan policy is due to commence Nov 2022 for 6 weeks which includes the low carbon LETI standard for all new housing.</p>	<p>Publish SOI for ECO4 on WCC website to allow residents to access this funding stream for low income households; WCC has agreed to act as a trial area for Parity Projects retrofit trial in association with HCC in 2023, some budget may be required.</p>	<p>Energy use is not measured or managed in many council properties and a need has been identified to employ an Energy Manager to remedy this. Solar PV not being measured or FIT payments made due to contract dispute with Ecolution which can also come under this role.</p>

<p>Commercial Energy</p>	<p>Commercial Energy</p>  <p>■ Red ■ Amber ■ Green</p>	<p>PSDS application for Meadowside Leisure Centre submitted for new ASHP and Solar PV which would save 11 tCO2e per annum.</p>	<p>Renewable energy – Council has agreed to source a strategic partner to ensure positive delivery of renewable energy across the district, including operational, financial and engagement advice</p>	<p>LoCASE funding continues to make small contribution towards district carbon reduction.</p>	<p>A quote to sub-meter our Solar PV arrays has been obtained for the following sites: City Offices; Vaultex; Bishops Waltham Depot, Cipher House. If export of electricity is found, WCC will apply for SEG payments.</p>	<p>Indications are that £30k could be made available for a project team to take forward development of Energy Management & Decarbonisation Strategy for WCC's commercial properties. Geoff Coe to confirm.</p>	
<p>Land use & Natural Environment</p>	<p>Land use & Natural Environment</p>  <p>■ Red ■ Amber ■ Green</p>	<p>Target of planting 100 trees per year is being met</p>	<p>Recommendations to continue and expand the verge project agreed at HEP committee.</p>				
<p>Behaviour Change</p>	<p>Behaviour Change</p>  <p>■ Red ■ Amber ■ Green</p>	<p>This is a new addition to the CNAP Dashboard and is under development</p>			<p>A Decarbonisation Roadmap has been produced in Q2 by WSP which will be complete in Nov 2022.</p>		

Upcoming Decisions / Reports	
Publication of District Decarbonisation Roadmap	Nov-22
Tree Strategy to be considered at December Cabinet meeting	Dec-22
Sustainable Tourism Strategy - scope to be considered at Policy	tbc
Regulation 18 6 weeks consultation on the Local Plan policy which includes the LETI standard as well as other low carbon measures	Nov-Dec 2022
Carbon Offsetting Strategy	Spring 2023
WCC Carbon Footprint 2021/22	Dec-22

Central Winchester Regeneration (CWR)

Highlight Report

Lead Cabinet Member	Tier	Project Sponsor	Project Lead	Project Manager	RAG Status	
					Timeline	Budget
Cllr Martin Tod	1	John East	Veryan Lyons	Rachel Robinson / Stewart Pegum		

Description and Outcome

Central Winchester Regeneration (CWR) is a major regeneration project in the centre of the city. The Central Winchester Regeneration Supplementary Planning Document was adopted in June 2018. The vision is for the delivery of a mixed use, pedestrian friendly quarter that is distinctly Winchester and supports a vibrant retail and cultural/heritage offer which is set within an exceptional public realm and incorporates the imaginative re-use of existing buildings.

Development within the Central Winchester Regeneration area should meet the following objectives:

1. Vibrant mixed-use quarter
2. Winchesterness
3. Exceptional Public Realm
4. City Experience
5. Sustainable Transport
6. Incremental Delivery
7. Housing for all
8. Community
9. Climate change and sustainability

Project Update Summary

The CWR Development Proposals were approved at Cabinet on 10th March 2021 (CAB3281) following public consultation. The options for delivery of the CWR site were then explored through the Strategic Outline Case and the preferred delivery option, 'to enter into a contractual agreement with a single development partner across the defined site' was approved at Cabinet on 21 July 2021 (CAB3303) and approval for officers to progress to and develop the Outline Business case was granted.

The Outline Business case was developed alongside the procurement documentation and approved at Cabinet on 22 December 2021. At Full Council on 12 January 2022 authorisation was given to initiate and conduct the procurement process for the selection of a development partner. Work to market the site has been completed and the procurement process is currently underway. A decision on the preferred bidder will be brought to Cabinet in early 2023.

Alongside this, officers are also tasked with the demolition of Friarsgate Medical Centre (FGMC) and replacement interim public space, short term improvements to Kings Walk ground floor and surrounding public realm; and further archaeology investigations across the site.

Project Gateways

Stage	Duration (months)	Start Date	Planned End Date	Projected End Date	Outcome
Roadmap Review	5	Jun 19	Sept 19	Nov-19	Review of CWR project to inform: - Land uses / mix - Delivery options and associated timeline - Key risks, constraints, and opportunities
Scheme Options	6	Sept 10	Jan 20	Mar 20	Test different land uses / mix to determine priorities
Development Proposals	3	Jan 20	Jan 20	Apr 20	Generate development framework (preferred option)
Development Proposals & Delivery Strategy	5	Mar 20	Jul 20	Nov 20	Agree solution for bus operations and carry out soft market testing to further inform the development proposals and delivery strategy
Delivery Strategy	13	May 20	Dec 20	July 21	Assessment of delivery models and appetite for risk and control, refinement of development proposals Approval of delivery strategy
Market Preparation	5/6	July 21	Dec 21	Jan 22	Prepare a marketing and procurement strategy, associated documents, and the Outline Business Case.
Market Launch and Procurement Process	13	Jan / Feb 22	Dec 22	Mar 23	Data room set up, market launch, market engagement with potential developers carrying out the procurement process and appointment of development partner.

Upcoming Milestones for Project Stage

Stage / description	Original Target	Current Target	Milestones and Actions	Outcome
Market Launch and Procurement Process	December 2022	March 2023	Approval of preferred bidder and approval of the Full Business Case	Data room set up, market launch, market engagement with potential developers, carrying out procurement process and appointment of development partner.
Meanwhile Use	June 2021	Nov 2022	Planning permission approved for FGMC demolition and interim public space	Carry out demolition of the old FGMC to enable designs for the interim public space to be implemented. Planning application ref 22/01882/FUL is currently live and scheduled for the November planning committee.
Meanwhile Use	Jan 2022	Q3/4 FY 22/23	Carry out improvements to Kings Walk ground floor and surrounding public realm	Improve the ground floor areas of Kings Walk and surrounding public realm to help create more footfall in the area. Plans also include transforming the loading bay to create events space. Architect appointed and planning application due to be submitted. Procurement of a contractor also underway. Procurement process did not return any results, now progressing with negotiated solution on reduced scope of works.
Archaeology trenching	May 2023	May 2023	<ul style="list-style-type: none"> • Seek approval of required budget • Draft procurement documents • Launch procurement process • Evaluate tenders and appoint winning bidder 	Procure contractor for archaeology trenching to enable progression of further archaeological investigations on the CWR site

Local Plan
Highlight Report

Lead Cabinet Member	Tier	Project Sponsor	Project Lead	Project Manager	RAG Status	
					Timeline	Budget
Cllr Jackie Porter	1	TBC (formerly Simon Finch)	Adrian Fox	Adrian Fox		

Description and Outcome

In accordance with planning legislation, the council must review its Local Plan every 5 years.

The Plan is a key corporate document, as it is a statutory requirement under planning legislation to have an up-to-date development plan with the objective of sustainable development and setting out detailed planning policies for the management and development of land and buildings.

Project Update Summary

Discussions have taken place with parish/town councils regarding the selection of SHELAA sites to meet the council's development strategy.

The shortlisted SHELAA have been tested and a draft Regulation 18 Local Plan has been discussed at a meeting of Scrutiny/Local Plan Advisory Group on 29 September.

The draft Regulation 18 Local Plan is going to be discussed at a Cabinet meeting on the 18 October.

Subject to the views of Cabinet a, 6 week public consultation on the Draft Regulation LP is due to take place from the 2 November to 14 December 2022.

Project Gateways

Stage	Duration	Start Date	Planned End Date	Projected End Date	Outcome
Concept	28	Jul-18	Oct-20		Produce the new Local Plan Evidence base
Feasibility	2	Feb - 2021	April - 2021	Completed April 2021	Consultation on the Strategic Issues and Priorities document took place between Feb and April 2021 for a period of 8 weeks
Design	2	Nov -2022	Dec – 2022		Consultation on the Draft Regulation18 Local Plan
Plan for Delivery	2	Aug - 2023	Sept - 2023		Consultation on the Submission version of the LP (Reg 19)
Delivery	-	July -2024	Aug -2024		Adoption of the Local Plan
Handover & Review	-	Ongoing	Ongoing		Monitoring the Local Plan and start the review process at the appropriate time

Upcoming Milestones for Project Stage

Stage	Original Target	Current Target	Milestones & Actions	Outcome
Consultation on the SIP Document	21/09/2020	Feb 2021		<p>Consultation on the Strategic Issues & Options Document took place from 11 February to midnight on the 12 April 2021. The consultation period was extended to 8 weeks in recognition that it was taking place during a national lockdown. Despite this, there was a really excellent response (over 2,200 representations).</p> <p>All of the feedback that has been received from the Strategic and Priorities consultation is now being used to help inform and develop the new draft Local Plan ('Regulation 18' stage) which will be published for consultation on the new LP website. www.localplan.Winchester.gov.uk</p> <p>An updated Local Development Scheme was agreed at Cabinet on 21 July 2021. We are waiting for further information on the government's proposed changes to the planning system, and this is being monitored as and when further information is published.</p>
Consultation on the draft Reg 18 Local Plan		Nov /Dec 2022		This milestone is based on an updated timetable for preparing the Local Plan and we are currently on track to achieve this milestone.
Consultation on the submission version of the Local Plan (Reg 19)		Aug/ Sept 2023		
Examination of the Local Plan		Feb/ Mar 2024		
Adoption of the Local Plan		Aug 2024		

New Homes Programme

Highlight Report

Lead Cabinet Member	Tier	Project Sponsor	Project Lead	Project Manager	RAG Status	
					Timeline	Budget
Cllr Paula Ferguson	1	Richard Botham	Andrew Palmer	Andrew Palmer		

Description and Outcome

The cost and affordability of housing in Winchester district is a serious problem and there is a genuine shortage of affordable properties in Winchester. Providing affordable housing can help tackle these problems and delivering new homes is a Council priority.

The Council is constructing new affordable Council Homes and also working with Registered Providers (sometimes known as Housing Associations) to provide new affordable housing across the district.

Housing will not be built for profit; it will be to meet the needs of Winchester people who cannot afford a home of their own.

Project Update Summary

Updated summaries are provided against each project below. A total of 130 new homes are currently on-site (at Whiteley and Winnall)

The main risks to the programme are workforce productivity and availability, the supply of materials along with property values and economic outlook, all impacted by COVID-19, Brexit, higher interest rates and war in Ukraine. All are being closely monitored.

Programme Detail

Project Name	No. new homes	Current Project Gateway*	Start Date	Projected End Date	Project Manager	Upcoming Milestone	Comments
The Valley, Stanmore	77	Delivery	Apr-19	Aug-21	Denise Partleton	Completion	Completed
Rowlings Road, Weeke	7	Delivery	Jan-19	Mar-21	Sarah Charlton	Completion	Completed
Dolphin Road, Twyford	2	Delivery	Jun-19	Sept.-20		Completion	Completed
Southbrook Cottages	6	Design	Nov-19	Dec-23		Final Business Case – Cabinet (Housing) 31 st October	Tenders returned, results and recommendations will be considered by Cabinet (Housing).
Woodman Close, Sparsholt	5	Design	Oct-19	Aug-24		approval of planning application – dependant on phosphate solution	Outline business case approved. Planning application submitted, is affected by new Phosphate regulations
Burnet Lane, Kings Worthy	35	Delivery	June 2019	Jul-21	Denise Partleton	Completion	Completed
Winnall Flats	76	Design	Apr-20	Oct-23	Andrew Palmer	Completion	Started on site Dec 21. Completion Oct 23
Dyson Drive, Abbotts Barton	8	Design	Jan-20	Dec-23	Deborah Sunley	Final Business Case	Planning application submitted; determination will be delayed whilst nutrient mitigation solution investigated.
Corner House	6	Design	Jan-20	Nov -24	Duncan Faires	Final Business Case	Planning application submitted determination will be delayed whilst nutrient mitigation solution investigated.

Project Name	No. new homes	Current Project Gateway*	Start Date	Projected End Date	Project Manager	Upcoming Milestone	Comments
Witherbed Lane	4	Design	Sep-19	Mar-23		Approval of planning application	Ecology objection to planning application due to loss of woodland, off-setting options being considered.
Whiteley (CAB3304 refers)	54			Mar-23		Completion	Condition purchase agreement signed Dec 21 – on site. 1 st phase handover in Nov 22.

Moving from one gateway to another is actively managed by Project Teams, escalating if necessary

***Project Gateways**
 Stage 0: Concept
 Stage 1: Feasibility
 Stage 2: Design
 Stage 3: Plan for Delivery
 Stage 4: Delivery
 Stage 5: Handover & Review

Winchester Movement Strategy (WMS)

Highlight Report

Lead Cabinet Member	Tier	Project Sponsor	Project Lead	Project Manager	RAG Status	
					Timeline	Budget
Cllr Kelsie Learney	1	Dawn Adey	Andy Hickman	Lucy Mckeown		

Description and Outcome

The City Council and Hampshire County Council are working together to deliver the aims of a long-term Movement Strategy for Winchester designed to improve all forms of movement in and around the city.

Project Update Summary

A joint HCC/WCC members briefing was held on 27 July 2022 setting out the progress on the study work, the next steps are to update members on the Government's new Bus Strategy and the Active Travel schemes. The Bus Strategy Study is still under development.

The public have been asked for feedback on ten next step proposals for the WMS.

In addition, study work on potential changes to

- the one-way system on Friarsgate,
- improvements for walking and cycling along Worthy Lane and
- the development of Walking Route 1 as detailed in the City LCWIP

have commenced.

PROJECT GATEWAYS

Phase 1 - Identify Options

Phase 2 - Detailed Assessment.

Phase 3 - Engagement with the public

Project Name	Phases	Current Project Gateway*	Start Date	Projected End Date	Internal Resources	Upcoming Milestone	Comments
Cycling and Walking Improvement Plan	Phase 1	Phase 1 study completion	Aug-19	Feb-20	Next stage contained in transport team	Phase 2 study completion Sept	Completed. Phase 1 Summary Report Issued.
	Phase 2	Completion of phase 2	May-20	Nov-20	None required	Review of designs based on engagement with HCC engineers, the walking group and the cycling groups	Completed. Summary Report issued.
Freight & Delivery	Phase 1	Phase 1 study completion	Aug-19	Jan-20	Next stage contained in transport team	Phase 2 study completion Sept	Completed. Phase 1 Summary Report Issued.
	Phase 2	Completion of phase 2	May-20	Oct-20	None required	Comments on Draft Freight and Delivery Plan to be provided	Completed. Summary Report issued.
Bus Provision	Phase 1	Phase 1 study completion	Sep-19	Mar-20	Next stage contained in transport team	Phase 2 study completion Sept	Completed. Phase 1 Summary Report Issued.
	Phase 2	Completion of phase 2	Jun-20	Jan-21	None required	Continued coordination with CWR as design developed	Draft report completed.
Movement and Place	Phase 1	Phase 1 study completion	Sep-19	Mar-20	Next stage contained in transport team	Phase 2 study completion Sept	Completed. Phase 1 Summary Report Issued.
	Phase 2	Completion of phase 2	Jun-20	Dec-20	None required	Engagement with walking and cycling groups	Comments on draft completed. Summary Report issued.

Project Name	Phases	Current Project Gateway*	Start Date	Projected End Date	Internal Resources	Upcoming Milestone	Comments
Park & Ride	Phase 1	Phase 1 study completion	Jul-19	Mar-20	Next stage contained in transport team	Phase 2 study completion Sept	Completed Phase 1. Summary Report Issued.
	Phase 2	Completion of phase 2	May-20	Jan-21	None required	Review of designs based on engagement with HCC engineers	Summary Report issued.
WMS Public Consultation	Phase 3	Underway	Dec 21	May 22	Transport team assisting HCC who are leading	Consultation Report issue May 2022	Consultation Report published
Friarsgate / Union Street One-Way Study	Phase 3	Atkins led Study underway	Oct 21	September 22	Transport Team to input and review study	Study Report August 22	Draft Feasibility Study completed.
Worthy Road / Worthy Lane Study	Phase 3	HCC led Study underway	Oct 21	October 22	Transport Team to input and review study	Study Report September 22	Feasibility study ongoing
W1 Pre-Feasibility Study (section 1) – Upper High Street / Sussex Street	Phase 3	HCC led Study Underway	Oct 21	September 22	Transport Team to input and review study	Study Report September 22	Draft Concept Study competed

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PERFORMANCE PANEL

Monday, 7 November 2022

Attendance:

Councillors
Horrill (Chairperson)

Cook
Cutler

Laming
Cramoysan

Apologies for Absence:

Councillors Craske and Westwood

Other members in attendance:

Councillor(s) Tod, Achwal, Clear, Power and Thompson

1. **DETAILED REVIEW OF DRAFT Q2 FINANCE & PERFORMANCE MONITORING**

Questions that had been pre-submitted had been circulated to panel members ahead of the meeting (these questions were attached in appendix 1.)

The panel reviewed the draft report as follows (any page numbers referenced relate to the page numbers of the panel's report pack.)

Page 4. Further to pre-submitted question number 1, Mrs Adey clarified that the statement in paragraph 5, page 4 of CAB3367 related to the performance report itself and not the individual projects being reported within it.

Page 6. Further to pre-submitted question number 2 regarding judicial reviews, Mrs Adey advised that she was aware of one pre-judicial review case currently.

Page 7. Further to pre-submitted question number 3, Councillor Tod and Mrs Adey advised that the refreshed council plan would be progressed through the cabinet on the 14th of December (papers available on the 6th of December 2022) and then to the January Full Council.

Page 10. It was suggested that the wording under bullet point number 2 be amended so that instead of "funding of food waste" it referred to "funding of food waste collection" also "food waste system" could be altered to "food waste collection system".

Page 10. A question was asked regarding the signposting of help and support for residents during the cost-of-living crisis. Mrs Knight advised that the upcoming “cost of living summit” would be focussed on partnership working to optimise support and avoid duplication. This was scheduled to take place at the end of November and a toolkit of help and support would be published following it. A further question was asked about “hubs” across the district and Mrs Knight advised that officers appreciated how effective local hubs were during the pandemic and were assessing how they could be used to support residents through the cost-of-living crisis.

Page 11. Further to pre-submitted question number 8, it was asked what further actions the council could take to improve its recycling rate or make recycling easier for residents, especially regarding additional communications. Councillor Tod advised on several points including, communications over contaminated waste, the availability of twin sort once the Eastleigh Materials Recycling Facility (MRF) was operational, and food waste. **Action. Officers to advise of any future communication activities to encourage recycling and/or decrease contamination.**

Page 11. Further to the response to question number 8, and references to additional collections with BIFFA, Councillor Tod advised that officers were looking at other options and best practices regarding certain targeted collections and referred to other services such as carton bins, batteries, and small electrical appliances.

Page 17. A question was asked regarding the current thinking and planning for the type of housing provision for older people in the district. Mrs Knight informed that this would be part of the Housing Strategy work due to cabinet in March 2023 and would include an older persons chapter. In response to a follow-up question, Mrs Knight advised that a list of relevant stakeholders connected to older persons had been compiled which included several local providers and charities whose views would be sought in the development of the strategy.

Page 17. Further to pre-submitted question number 11 and the answer provided regarding the Housing Company, it was asked whether a second option was available if the current proposals were not approved in December. Mrs Knight advised that the proposals did contain a range of options that were being worked through and was confident of a report being presented to the cabinet in December as planned.

Page 19. A question was asked regarding the reference to a member/tenant/officer forum in the penultimate paragraph. Mrs Knight advised that this forum would be established as part of the programme to replace gas heating systems. **Action. Officers to review ward member involvement in this programme.**

Page 20. Further to the pre-submitted question number 16, further clarification was sought regarding the void retrofit programme. Mrs Knight provided details of the "fabric first" approach being taken and that officers were currently progressing works on two properties. She gave details regarding the accreditation process, the retrofits on the Swedish properties and the tenant "retrofit ready" programme. A follow-up question was asked regarding managing the potential impact on tenants whilst the works were being undertaken. **Action. Officers to provide clarification on these points to all members as part of a future, planned member briefing.**

Page 33. A question was asked seeking clarification regarding agenda item k) on this page and what actions had been taken regarding this overspend. Mrs Adey advised of a recent review undertaken regarding salary scales and of further actions underway on this point. This particularly focused on planning and legal. A further question was asked regarding agenda item h) and the reasons for this above budget position. Councillor Tod advised that recycling income was above budget due to an increase in volumes collected and an increase in the value of certain materials.

Page 35. Further to question number 20, clarification was sought regarding the Q1/Q2 capital expenditure and the confidence that officers had that expenditure in Q3/Q4 would increase in line with the forecast. Mrs Keys referred to the answer provided to question number 20 and provided further information on specific projects such as Disabled Facilities Grants. Mrs Adey confirmed that the final account to be agreed with Wilmot Dixon remained on track for this financial year.

Page 37. Further to question number 23, additional clarification was sought regarding the sinking fund for Victoria court and Chesil and whether this had been confirmed. Mrs Keys advised that she believed that the contribution identified in the report was a reasonable estimate and would be sufficient if required.

Page 39. Further to question number 25, regarding the HRA capital spend, it was clarified that the two schemes referred to were the North Whiteley and Winnall developments.

Page 46. A question was asked regarding the rollout of the carbon neutrality roadmap. Mrs Adey advised that officers were currently undertaking a final sense check of the roadmap, and this would be rolled out as part of a member briefing. **Action. Officers to confirm the date for the member briefing.**

Page 47. A question was asked regarding rough sleeping (HA04) and whether there was more that the council and its partners could do. Mrs Knight advised that the council was working proactively with partners including the Police and BID rangers in this area, but this remained a difficult, ongoing issue and working with the individuals was vital. Further questions were asked about whether there was a need for further communications around the “Real Change Not Loose Change” theme using posters or car parking tickets and whether the BID Rangers could be a more visible presence on the High Street. Mrs Knight advised of previous communications undertaken and that work in this area was being reviewed in conjunction with other authorities. BID rangers were a useful resource and partner for the council, but all resources were under pressure in this area of work. **Action: Officers to advise when the communications review will be completed**

Page 53. Further to question number 27, the following written response was provided by Mr Coe.

“The 21st November was specifically for local stakeholders and ward members. This had been arranged as a courtesy to the principal stakeholder groups in the ward, ahead of the main engagement event on the 24th of November at the WSLP. Flyers, letters and a press release had gone out today for the 21st and the 24th. Everyone of course was welcome on the 24th and a Friday DSU was being arranged by Ellen to all Members with details of the 24th public event.

As discussed, the event was aimed at asking the community to rank and feedback their thoughts to all of the many different uses that had expressed an interest in the site in response to the Stage One marketing, that was undertaken in the summer. Public engagement feedback would be published after being reviewed by ELB and Cabinet Members ahead of Stage 2 marketing for formal bids. In terms of ‘who carries the weight of opinion’, this would be subject to the conventional Council decision making process and would be considered in the balance with Social, Economic, Financial and S123 Best Consideration Governance factors. As you were aware, final recommendations for preferred bidder(s) would be going back to Cabinet for approval.”

Further questions were asked regarding wider member engagement and the development framework. Councillor Tod advised that a separate member briefing or similar could be organised as part of the process and that the development framework would form part of the decision-making framework.

Action. Officers to advise regarding the member briefing referred to above.

Page 59. Further to question number 28, a question was asked regarding the stated action "a quote to sub-meter solar PV arrays" for several sites and whether this should have been part of the business plan. Mrs Adey advised that she believed that this action would have formed part of the business plan.

Action: Officers to clarify measures

Page 60. It was asked if the date of the publication of the district decarbonisation roadmap was known. Mrs Adey advised that this was scheduled to be discussed at the 6th December 2022 meeting of the HEP committee and that papers for this meeting would be published on 28 November 2022.

Page 66. Further to the response to pre-submitted question number 31, it was asked if the completion date for the Partnership for Southern Hampshire (PfSH) Joint Position Statement was known. **Officers to report back on this timeline.**

Page 69. A question was asked regarding nitrate and phosphate regulations and whether the council was actively pursuing sufficient credits. Mrs Adey advised that the council's position regarding nitrates was currently satisfactory however phosphate credits weren't currently available. In response to a follow-up question regarding phosphates, Mrs Adey advised that whilst resources were being channelled through PfSH some local provision was also being sought. Councillor Tod provided an update on activities he was aware of involving PfSH, DEFRA, OFWAT and local Water companies. **Officers to provide clarification on what a phosphate credit will look like once it has been established.**

Page 83. Regarding question number 22 of the meeting of 22 August 2022 concerning consultancy expenditure, a further update to this response was required. **Action. Officers to update the response to this question to include information for Q2.**

Page 98. Further to the response provided to question 37, Mrs Adey advised that any decisions relating to tier 2,3, or 4 projects were subject to the council's normal decision-making framework.

Page 99. Further to the response provided to a previous question of the meeting of 22 August 2022, it was confirmed that the first meeting of the Cabinet committee: Regeneration was to be arranged in Q4 2022/23 to receive a Central Winchester Regeneration (CWR) update.

Page 99. Further to the panel's previous discussion regarding the scrutiny of risk registers, it was agreed that Councillors Horrill, Cutler, Brook and appropriate officers would meet to discuss further, the matters raised by the panel concerning the ongoing review of risk registers.

2. **MINUTES OF THE PREVIOUS MEETING OF THE 22 AUGUST 2022 (INCLUDING PREVIOUS QUESTIONS AND ACTIONS)**

The notes of the previous meeting were agreed, and no actions were required.

3. **SUMMARY OF ACTIONS ARISING FROM THIS MEETING**

Members of the panel agreed on the actions as outlined in 1. above. It was agreed that any further updates would be circulated to panel members.

The meeting commenced at 4.00 pm and concluded at 5.45 pm

Chairperson

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WINCHESTER CITY COUNCIL – THE SCRUTINY COMMITTEE WORK PROGRAMME

	Item	Lead Officer	Date for Scrutiny	Date for Cabinet
Meeting 23 November 2022				
1	Housing Revenue Account (HRA) Business Plan and Budget Options	Gillian Knight	23 Nov 2022	
2	General Fund Budget Options & Medium Term Financial Strategy	Liz Keys	23 Nov 2022	15 Nov 2022
3	Q2 Finance & Performance Monitoring Report	Simon Howson	23 Nov 2022	14 Dec 2022
Meeting 7 February 2023				
4	Community Safety Partnership Performance Review	Sandra Tuddenham	7 Feb 2023	
5	Capital Investment Strategy 2023-2033	Liz Keys	7 Feb 2023	9 Feb 2023
6	Treasury Management Strategy 2023/24	Liz Keys	7 Feb 2023	9 Feb 2023
7	Housing Revenue Account (HRA) Budget 2023/24	Gillian Knight	7 Feb 2023	9 Feb 2023
8	General Fund Budget 2023/24	Liz Keys	7 Feb 2023	9 Feb 2023
Meeting 27 February 2023				
9	Q3 Finance & Performance Monitoring Report	Simon Howson	27 Feb 2023	16 Mar 2023
10	Central Winchester Regeneration (CWR) Appointment of Development Partner and next steps	Veryan Lyons	27 Feb 2023	16 Mar 2023
Future Items				
11	Update on Station Approach Project (date tbc)	Emma Taylor	June 2023	

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Forward Plan of Key Decisions

December 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 December 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 or by writing to the above



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

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

Cllr Martin Tod

Leader of the Council

31 October 2022

Cabinet Members:	Title
• Cllr Martin Tod	Leader & Cabinet Member for Asset Management
• Cllr Paula Ferguson	Deputy Leader & Cabinet Member for Community & Housing
• Cllr Kathleen Becker	Inclusion & Engagement
• Cllr Russell Gordon-Smith	Service Quality
• Cllr Kelsie Learney	Climate Emergency
• Cllr Margot Power	Finance & Value
• Cllr Jackie Porter	Place & the Local Plan
• Cllr Lucille Thompson	Business & Culture

	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
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Section A

Decisions made by Cabinet

Page 77	1	Tree Strategy	Cabinet Member for Place & Local Plan	Significantly effect on 2 or more wards	All Wards	Susan Robbins	Cabinet report	Cabinet	Dec-22	14-Dec-22	Open
		Parking service 'post transfer of on-street parking back to HCC'	Cabinet Member for Climate Emergency	Significantly effect on 2 or more wards	All Wards	Andy Hickman	Cabinet report	Cabinet	Dec-22	14-Dec-22	Part exempt 1, 2, 4
	3	CCTV monitoring	Cabinet Member for Climate Emergency	Expenditure > £250,000	All Wards	Andy Hickman	Cabinet report	Cabinet	Dec-22	14-Dec-22	Part exempt 3

	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
4	Council Plan 2020-25 refresh	Cabinet Member for Asset Management	Significantly effect on 2 or more wards	All Wards	Simon Howson	Cabinet report	Cabinet	Dec-22	14-Dec-22	Open
Page 178	Q2 Finance & Performance Monitoring Report	Cabinet Member for Asset Management	Significantly effect on 2 or more wards	All Wards	Simon Howson	Cabinet report	Cabinet	Dec-22	14-Dec-22	Open
6	Asset Management Plan	Cabinet Member for Asset Management	Significantly effect on 2 or more wards	All Wards	Geoff Coe	Cabinet report	Cabinet	Dec-22	14-Dec-22	Open
7	Land transaction	Cabinet Member for Asset Management	Expenditure > £250,000	All Wards	Geoff Coe	Cabinet report	Cabinet	Dec-22	14-Dec-22	Part exempt

	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
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Section B

Decisions made by individual Cabinet Members

8	Draft Village Design Statement for Littleton	Cabinet Member for Place & Local Plan	Expenditure > £250,000	Wonston & Micheldever	Steve Opacic	Cabinet member decision report	Cabinet Member for Place & Local Plan Decision Day	Dec-22	5-Dec-22	Open
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Section C

Decisions made by Officers

Page 179	Treasury Management - decisions in accordance with the Council's approved strategy and policy	Cabinet Member for Finance & Value	Expenditure > £250,000	All Wards	Designated HCC Finance staff, daily	Designated working papers	Designated HCC Finance staff, daily	Dec-22	Dec-22	Open
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Notification of addition to the December 2022 Forward Plan

On 4 November 2022, the following additional item was notified for inclusion in the December 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
Section B										
Decisions made by individual Cabinet Members										
Page 181	Extension of Insurance Contract	Cabinet Member for Finance & Value	Expenditure > £250,000	All Wards	Amy Tranah	Cabinet member decision report	Cabinet Member for Finance & Value Decision Day	Dec-22	5-Dec-22	Open

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Notification of addition to the December 2022 Forward Plan

On 14 November 2022, the following additional item was notified for inclusion in the December 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
Section A										
Decisions made by Cabinet										
Page 183	Housing Company	Cabinet Member for Community & Housing	Significantly effect on 2 or more wards	All Wards	Gillian Knight	Cabinet report	Cabinet	Dec-22	14-Dec-22	Open

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