

Decisions taken by the Cabinet on Thursday, 9 February 2023

Agenda Item No	Topic	Decision	Reasons	Alternative Options
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Part A – Items considered in public

A8	Housing Revenue Account (HRA) Budget 2023/24	<p><u><i>That it be recommended to Council*</i></u></p> <ol style="list-style-type: none"> 1. That the 2023/24 Housing Revenue Account budget be approved, as detailed in Appendices 1 and 2 to report CAB3387. 2. That the 10-year indicative HRA capital programme be approved, as set out in Appendices 3 and 4 to report CAB3387. 3. That capital expenditure in 2023/24 of £9.530m for the Maintenance, Improvement and Renewal programme be approved as detailed in 	<p>Winchester City Council is committed to providing secure, well designed, well maintained, greener homes for our tenants and continues to invest to make tenants' homes safer, warmer, more energy efficient and healthier. It is also committed to ensuring that it can continue to provide the quality tenant services that our tenants rightfully expect.</p> <p>Report CAB3387 requests approval for the proposed HRA revenue budget for 2023/24, as detailed in Appendices 1 and 2.</p> <p>The report also requests</p>	<p>A 6% rent increase was considered but was rejected because this would not have provided enough financial headroom to meet the inflationary related cost increases (an additional £1.449m) and the budget growth options detailed in section 13.1. It would also have resulted in a loss of £6.02m to the HRA over the business planning period, or £3.8m NPV at today's price base. It is considered that the financial resilience of the HRA will be undermined by setting another below guideline increase whilst there remain a key number of future uncertainties and volatility around future</p>
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		<p>Appendix 3 of the report, in accordance with Financial Procedure Rule 7.4.</p> <p>4. That the proposed budget in 2023-24 for new homes of £20.518m be approved as detailed in Appendix 4 of the report, subject to individual scheme approvals</p> <p>5. That the proposed indicative funding for the HRA Capital Programme be approved as detailed in Appendix 5 of the report.</p> <p>6. That the HRA Financial Plan operating account extract, including annual working balances, be noted as detailed in Appendix 6 of the report.</p>	<p>approval for the capital programme budget proposal for 2023/24 and the 10-year plan to 2032/33. These figures are detailed in Appendices 3 and 4, taking account of the funding shown in Appendix 5.</p> <p>The report proposes a 7% increase in rent to ensure the HRA Budget remains sustainable and viable over the 30-year period given significant inflationary and other cost pressures, and to allow for an additional revenue investment of £0.400m in HRA services as detailed within the report, which include</p> <ul style="list-style-type: none"> • funding additional fire and building safety compliance measures 	<p>interest rate levels, construction and energy inflation, rent setting framework and potential increased investment requirements.</p>

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		<p>7. That the proposal to fund £0.400m for the new initiatives detailed in section 13.1 of the report be supported, which includes funding for additional staff resources to support the actions identified and the creation of a new disrepairs claims budget of £0.100m.</p> <p>8. That it be agreed to continue the provision of the Welfare Support budget of £0.215m and to refocus this on measures to support vulnerable tenants to maintain their tenancies during this period of unprecedented cost pressures.</p> <p>9. That a rent increase of 7% from April 2023 for</p>	<p>- making homes safer;</p> <ul style="list-style-type: none"> • bringing forward the 'Retrofit Ready Programme' which tenants would like to see implemented quickly - making homes warmer, more energy efficient and reducing tenants' energy bills; • allowing for additional investment in a preventative rather than reactive programme to address issues related to condensation, damp and mould – making tenants' homes healthier; <p>A draft HRA Business plan 2022/23 to 2051/52 was</p>	

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		<p>Social and Affordable housing within the HRA for existing tenants be approved.</p> <p>10. That a cap on the average overall increase for tenant service charges in 2023-24 of 7% be approved.</p> <p>11. That in recognition of the Cost-of-Living crisis, a discretionary 7% cap on the annual rent increase for Shared Owners be approved, in line with the increase in social and affordable rents to existing tenants as opposed to 13.1% increase that would have been applied.</p> <p>12. That in principle to the HRA funding</p>	<p>reported to Cabinet in November. The revised Business Plan in this report incorporates growth of £0.400m as detailed above, and an annual welfare support budget of £0.215m and is now in alignment with inflationary assumptions used in the General Fund budget. The updated Business Plan which incorporates all of these proposed changes is considered to be both viable and sustainable. A summary extract of the latest 30-year revenue operating account is included in Appendix 6 of the report.</p>	

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		<p>approximately £3.5m from the unallocated New Homes budget be approved, in order to meet any grant requirements to acquire 17 properties in accordance with the Local Authority Housing Fund (LAHF) grant conditions, as detailed in Section 19.5 of the report.</p> <p><i>*NB recommendations to Council are not subject to call-in.</i></p>		
A9	General Fund Budget 2023/24	<p><u>That it be recommended to Council*:</u></p> <p>1. That the level of General Fund Budget for 2022/23 be agreed, and recommend the summary as shown in Appendix A of report</p>	<p>The purpose of report CAB3388 is to consider and recommend to Council the 2023/24 General Fund revenue budget, which proposes the Council Tax at Band D for the City Council be £155.29, an increase of £4.00 and reflecting an</p>	<p>Consideration has been given to not increasing Council tax in 2022/23. However, it should be noted that the Government settlement and additional resources allocated to the Council is a one-year announcement and forecasts</p>

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		<p>CAB3388.</p> <p>2. That the creation of and transfers to reserves (detailed in section 13.13 of this report) be approved to support the delivery of the key priorities in the Council Plan, including:</p> <ul style="list-style-type: none"> a. Greener Faster (£250k) b. Future of Waste (£500k) c. Pride in Place (£150k) d. Digital Transformation (£400k) e. Regeneration (£300k) f. Cost of Living/Living Well (£170k) g. Transitional Reserve (additional £230k) 	<p>average Council tax increase of 2.65%.</p> <p>The budget report details the options and investment proposals for the year ahead to deliver the priorities in the Council Plan and to support core council services. It details the use of reserves to ensure the council has a sustainable financial footing as well as allocating revenue funding to deliver the Capital Strategy (CAB3389).</p> <p>Despite a more favourable than expected local government settlement announcement in December, the council is facing some of the most challenging financial conditions in recent years and to arrive at a balanced budget for 2023/24, £338k of savings proposals</p>	<p>still indicate increasing deficits in future years and therefore this cannot be recommended.</p> <p>The proposals set out in report CAB3388 do result in increasing base budget costs in future years. Consideration has been given to not taking forward the proposals in light of this. However, they are considered to be essential to support the delivery of the Council Plan</p>

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		<p>3. That the Pride in Place investment proposals set out in section 13.5 of this report be supported, including:</p> <p>a. To increase the regeneration budget by £130k per annum to provide capacity to deliver the council’s regeneration programme.</p> <p>b. To increase the Town Forum bus shelter replacement programme by £10k per annum from 2023/24</p> <p>c. To freeze the proposed grant funding reductions to Hampshire Cultural Trust and maintain pre-2022/23 funding levels until the end of 2024/25, at a cost of £43k per</p>	<p>have been recommended. The settlement included an unexpected further year of New Homes Bonus. Whilst this does not assist the council to address longer term funding pressures, the report does recommend transferring £2m to reserves during the year to fund “one off” areas of known and uncertain future financial pressures.</p> <p>Following approval of the refreshed 2023 edition of the Council Plan, this budget report includes proposals to set aside funding to enhance services in the following priority areas:</p> <p>Greener Faster (£250k) – having declared a Climate Emergency in June 2019, the council is committed to</p>	

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		<p>annum.</p> <p>d. Extend the current one-off budget funding street scene works under the Pride in Place priority by £50k per annum</p> <p>e. Increase the tree works budget by £78k per annum to fund ongoing essential works to the Council's trees across the district</p> <p>f. Increase the Natural Environment and Recreation Team budget by £23k per annum to fund a tree officer post to manage the council's trees.</p> <p>4. That the proposed increase to the salary budget of £175k per annum to fund all grades being uplifted by one</p>	<p>becoming a carbon neutral local authority by 2024; and is aiming for the wider district to be carbon neutral by 2030. Recent roadmap work to inform how the ambitious carbon neutrality targets will be met, has indicated that significant work is required by the council to reduce its carbon footprint sufficiently. It is recommended to create a Greener Faster Reserve to support the council's ambitions to become carbon neutral.</p> <p>This reserve will enable the council to expand renewable energy; explore the use of council assets for carbon and nutrient offsetting, reduce energy demand in council-owned buildings, lower the carbon footprint of council and contractor vehicles; as</p>	

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		<p>increment on the existing pay scales be approved, in accordance with Appendix G of report CAB3388, to give Winchester a more competitive market position for recruitment and retention of staff.</p> <p>5. That a discretionary 7% cap for 2023/24 on the annual increase in rent for Partnered Home Purchase scheme property owners be approved, in line with the increase in social and affordable rents to existing tenants in the HRA.</p> <p>6. That the sum of £1,186,879 be treated as Special Expenses under Section 35 of the Local</p>	<p>well as enhance active travel provision (for instance secure bike parking options). In addition the Future Waste Reserve will enable the Council to roll out improved doorstep recycling including food waste collection at the earliest point practicable.</p> <p>Future of Waste (£500k) - new services for food waste and other changes to waste and recycling collection will be introduced in early 2025. Whilst the government has committed to new burdens funding for collection authorities, the amount is unknown and we expect the new burdens funding to require supplementing if we are to follow the corporate strategy and require the new vehicles to be low carbon or zero carbon producing. This</p>	

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		<p>Government Finance Act 1992 in respect of the Winchester Town area as set out in section 16 and Appendix D of report CAB3388.</p> <p>7. That the Council Tax for the Special Expenses in the Winchester Town area at Band D for 2022/23 be increased by 5.5% to £80.93, an increase of £4.22.</p> <p>8. That the surplus balance on the Council Tax Collection Fund for distribution to this Council, calculated in January 2023 of £39,724.63, be approved.</p> <p>9. That the level of Council Tax at Band D for City</p>	<p>reserve will support the transition to these new services.</p> <p>Pride in Place (£150k) – the Council Plan gives enhanced focus on making a visible difference to the district to improve the experience of those living in or visiting it. This reserve will be used to develop a ‘toilet strategy’ working with parish councils to ensure Winchester is providing safe, clean, appropriately maintained and accessible public conveniences. The reserve will also support the public conveniences upgrade programme and the higher levels of investment and work being undertaken due to anti-social behaviour, vandalism and fly-tipping in the district. This is in</p>	

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		<p>Council services for 2022/23 be increased to £155.29, an increase of £4.00 reflecting an average Council tax increase of 2.65%</p> <p>10. That the new Council Tax Reduction scheme income bands be approved (set out in appendix E of CAB3388) that ensure claimants continue to receive the same level of support after the increase in Universal Credit from April 2023.</p> <p>11. That the distribution of the Government's £150,512 Council Tax Support Fund through a reduction to Council Tax balances be approved, in line with the</p>	<p>addition to extending the current one-off budget funding street scene works under the Pride in Place priority by £50k per annum.</p> <p>Digital Transformation (£400k) – the council's service to customers is of critical importance and the drive to increase digital platforms to offer 24/7 services continues. The council aspires to make services as easy as possible for customers to access. Work to transform the digital customer experience is needed in various services. This reserve will support the introduction of 'spatial data visualisation' for the Planning service – by procuring a tool to digitally map places, we can help people visualise planning applications,</p>	

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		<p>Government’s guidance and additional local criteria, detailed in paragraph 17 of report CAB3388.</p> <p><i>*NB recommendations to Council are not subject to call-in.</i></p>	<p>regeneration schemes and the design of wider areas.</p> <p>Other digital transformation work includes a review of the council’s website and Your Winchester app; which both allow customers to report issues, check information and self-serve 24 hours a day, 7 days a week.</p> <p>Regeneration (£300k) – further to the additional budget requirements for Central Winchester Regeneration (paragraphs 13.5 and 13.8, work to explore whether a viable scheme can be brought forward in the Station Approach area is underway. It is envisaged that a strategic case will be submitted to Cabinet in June 2023. If this leads to master-</p>	

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			<p>planning for the area, seed funding for the consideration and consultation of this will be required.</p> <p>Cost of Living/Living Well (£170k) – without doubt, many residents are facing financial pressures and the council has worked over the year to support those in greatest need. As well as extending the existing Exceptional Hardship Fund that benefits those council tax payers most in need of financial assistance; this reserve will be used to continue the council’s commitment to the principles of the City of Sanctuary (meaning we will continue to support those who arrive from peril) and further support the cost of living initiatives (e.g. through</p>	

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			<p>advice services and the business support programme).</p> <p>In addition, this paper confirms the other spending proposals agreed as a basis for the budget in the Medium Term Financial Strategy report in November (CAB3374).</p>	
A10	Capital Investment Strategy 2023-2033	<p><u><i>That it be recommended to Council*:</i></u></p> <p>1. The Capital Investment Strategy be approved including:</p> <ul style="list-style-type: none"> • the Capital Programme and Capital Programme Financing (Appendices A and B to report CAB3389); • the Minimum Revenue 	<p>The Capital Investment Strategy sets out the council's capital spending programme and the principles which underpin this in order to deliver the desired priorities as set out in the Council Plan.</p> <p>It details the overall programme for the next 10 years, how this will be financed, and the impact of the programme on the</p>	<p>The council could elect to have no capital programme at all or to plan for an alternative programme. Both these options have been rejected as the council would no longer be able to meet its objectives.</p>

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		<p>Provision (MRP) Policy Statement (Appendix E);</p> <ul style="list-style-type: none"> • the Flexible Use of Capital Receipts Strategy (Appendix G); and • the prudential indicators detailed in the report and Appendix F. <p><u>That Cabinet:</u></p> <p>2. Subject to Council approval of the capital programme, approves</p> <p>a) IMT equipment and software expenditure (£120,000 in 2023/24) as detailed in paragraph 11.8.7; and</p>	<p>council’s Medium Term Financial Strategy. At a time when financial resources are under pressure, careful decisions must be made when considering capital investments in order for the council to deliver the objectives of the council plan, and to achieve the best outcomes possible for its citizens.</p> <p>It includes several prudential indicators as required by the CIPFA Prudential Code for Capital Finance and the Department for Levelling Up, Housing and Communities (DLUHC) Statutory Investment Guidance and, in addition to outlining how the council ensures it has access to the right knowledge and skills (internal and external), it details how it ensures</p>	

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		<p>b) up to £320,000 of additional expenditure for the demolition of Friarsgate Medical Centre in respect of the overage payable as detailed in paragraph 11.2.4.</p> <p>3. Delegate authority to the Corporate Head of Service: Economy & Communities, in consultation with the S151 officer, to incur capital expenditure in accordance with the requirements of the UK Shared Prosperity Fund as detailed in paragraph 11.2.4 of report CAB3389.</p> <p>4. Notes the requirement to ensure Members have the right knowledge and skills to undertake their</p>	<p>elected Members have sufficient knowledge and skills to undertake their governance role.</p>	

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		<p>governance role and that the ongoing support and training offered to members is continued and enhanced as required.</p> <p><i>*NB recommendations to Council are not subject to call-in.</i></p>		
A11	Treasury Management Strategy 2023/24	<p>That it be recommended to Council*:</p> <ol style="list-style-type: none"> 1. That the Treasury Management Strategy Statement which includes the Annual Treasury Investment Strategy for 2023/24 (and the remainder of 2022/23) is approved; 2. That authority is delegated to the Section 151 Officer 	<p>Report CAB3390 sets out the proposed Treasury Management Strategy Statement, including the Annual Investment Strategy for the council for 2023/24.</p> <p>Following the council's declaration of a Climate Emergency in June 2019 the Investment Strategy (Section 16) includes a commitment not to make equity investments either directly or indirectly (via pooled funds) in companies directly</p>	<p>The Council could elect to bring all treasury management activity back in-house. This option has been rejected as the arrangement with Hampshire County Council's Investments and Borrowing team provides significant resilience and economies of scale.</p> <p>The CIPFA Code does not prescribe any particular treasury management strategy for local authorities to adopt. The Section 151</p>

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		<p>to manage the council's high yielding investments portfolio and long-term borrowing according to the Treasury Management Strategy Statement as appropriate; and</p> <p>3. That authority is delegated to the Section 151 Officer, who in turn discharges this function to Hampshire County Council's Director of Corporate Operations, as agreed in the Service Level Agreement, to manage all council investments (other than the high yield portfolio) and short-term borrowing according to the Treasury Management Strategy</p>	<p>involved in the fossil fuel industry.</p> <p>In addition, following changes to the Public Works Loans Board (PWLB) lending criteria which precludes a local authority from borrowing from PWLB for any purpose if it plans to purchase assets primarily for yield, the Borrowing Strategy (section 15) confirms the council has no such plans.</p>	<p>Officer believes that the above strategy represents an appropriate balance between risk management and cost effectiveness. Some alternative strategies, with their financial and risk management implications, are listed in Table 13 at paragraph 20.2 of report CAB3390.</p>

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		<p align="center">Statement as appropriate</p> <p><i>*NB recommendations to Council are not subject to call-in.</i></p>		