

Decisions taken by the Cabinet on Wednesday, 20 November 2024

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

<p>A8</p>	<p>General Fund Budget Options & Medium Term Financial Strategy</p>	<ol style="list-style-type: none"> 1. That the assumptions set out in respect of Government funding, council tax, inflation rates and fees and charges (set out in full in section 13 of report CAB3483) and the projections set out in Appendix 1 be noted. 2. That the Medium-Term Financial Strategy be approved as set out in sections 13 to 17 of report CAB3483. 3. That a detailed budget be prepared for consideration by Council in February 2025 based on the 	<p>Local Government continues to face significant financial challenges – particularly in the areas of social care, children’s services and temporary accommodation to prevent homelessness. Future funding remains very uncertain and local authorities are also facing significant challenges as demand increases for critical services.</p> <p>Winchester City Council has been in the position to date of being less affected by these pressures than some other councils although there are increasing pressures from homelessness in the district. Alongside our careful</p>	<p>Scope for additional savings in 25/26 to reduce the use of reserves does exist but would have a 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.</p> <p>However, it is essential that work to identify longer term savings through the Transformation Challenge 2025 programme as set out in this report is critical to ensure the Council can meet its obligation to set a</p>
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		<p>assumptions set out in this MTFS; final spending review announcements; and including the following options shown in Appendix 2 and Section 14 of the report:</p> <p>a. That, in relation to Greener Faster and carbon reduction priorities:</p> <p>i. An additional £135,000 per annum be included for the ongoing costs of providing the food waste collection service.</p> <p>ii. An additional one-off budget of £460,000 be included to fund the phased roll out of the food waste service from</p>	<p>and prudent financial management there have been several factors that have softened the impact of the pressures on the council; such as the retention of additional business rates from positive economic growth in the district and the previous government’s delay to the expected business rates reset; and extra revenue from the increased number of new homes. Despite these pressures, the council has delivered well against the Council Plan, particularly against the Greener Faster priority.</p> <p>This Medium Term Financial Strategy (MTFS) forecasts the council’s likely income and expenditure position over the medium-term and reflects detailed analysis and</p>	<p>balanced budget in in the future</p>

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		<p>October 2025, without government funding.</p> <p>b. That, in relation to the Homes for All priority:</p> <p>i. Additional estimates, shown in Appendix 2, of c£300,000 per annum be included to fund increased demand for temporary accommodation to prevent homelessness.</p> <p>c. That, in relation to services:</p> <p>i. A reduction of £300,000 per annum to the energy benchmarking budget in relation to the operation of the leisure centres.</p> <p>ii. An additional £50,000 per annum</p>	<p>advice from a range of specialist, external economic, treasury and policy advisers. However, in addition to several significant unknown variables such as inflation, interest costs, pay awards, service demand etc., forecasting exactly when and how much the council's deficit may be is extremely difficult. The Medium Term Financial Plan (MTFP) in Appendix 1 shows projections of balanced budgets for 2025/26 and 2026/27. However, due to several years of single year funding settlements with annual delays to the expected business rates reset (which is expected to significantly reduce the council's income from business rates as and when it occurs) the projected</p>	

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		<p>be included to fund additional pressures on council contracts.</p> <p>d. That, in relation to service income annual budgets, amendments be made as follows, in response to revised estimates:</p> <p>i. An increase of £30,000 per annum to Garden Waste income to reflect increased subscriptions (although partly off-set by increased contract costs of delivering the service to more households, already assumed in the MTFS).</p> <p>ii. A reduction of £200,000 per annum of planning fee</p>	<p>budget deficits in the medium term have annually been pushed further away.</p> <p>The election of a new government and their pledge to move towards multi-year funding settlements to provide long-term financial stability is expected to bring some more certainty to budget planning however, a review of local government finance is not anticipated to benefit Winchester. It is unlikely the overall funding envelope for local government will increase in real terms, and councils such as Winchester that are better off relative to others are expected to see their funding fall at the same rate as pressures continue to increase. The Government has made clear that future</p>	

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		<p>income to reflect the current reduced levels of applications received.</p> <p>e. In relation to management of the council’s property assets:</p> <p>i. An additional £250,000 per annum be set aside into the Property Reserve for the maintenance of and investment in operational assets.</p> <p>ii. A reduction of £500,000 per annum to reflect estimates of future rental income on investment properties.</p> <p>4. That a risk reserve of £1m for homelessness prevention be</p>	<p>local government funding allocation will take a ‘deprivation based’ approach.</p> <p>We are putting in place robust measures that seek to address the challenge. Cabinet has initiated an organisation-wide transformation programme to seek out and to deliver transformational changes to the way we deliver services which also targets an efficiency saving of £3m a year to meet future budget challenges. ‘<i>Transformation Challenge 2025</i>’ has secured in the region of £850,000 of budget reductions as part of the first phase. Delivery of the remaining Transformation Challenge 2025 (TC25) programme is essential to meet the dynamic budget challenges in the medium</p>	

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		<p>established by transferring existing risk reserve funds from the Exceptional Inflation Risk Reserve.</p> <p>5. That maintaining the concessionary price of the Garden Waste collection service at £29 and increasing the prices for small and large bin collections by the waste collection contract inflationary increase with effect from March 2025 be approved, resulting in charges of £46 for small bins and £70 for large bins.</p> <p>6. That a capital budget of up to £190,000 be approved to enable a grant of developer</p>	<p>term and details of this are set out in section 11 of this report.</p> <p>As part of TC25, the council has strong ambitions for digital transformation. The goal is to provide our customers with intuitive and easy to use digital solutions to access our services at their convenience, and out officers to have the tools to support them to work efficiently and effectively.</p> <p>The council will support and encourage our customers to go “digital first” when making contact, enabling the prioritisation of face to face and telephone contacts for those who need them as part of the council’s inclusive customer offering.</p> <p>This Medium Term Financial Strategy (MTFS) sets out the</p>	

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		<p>contributions, under 'Section 106' agreements monies to be made to Wickham Parish Council for a replacement pavilion at Wickham Recreation Ground.</p> <p>7. That the council's application to participate in the Hampshire Business Rates Pool for 2025/26 be noted.</p>	<p>organisational approach for managing financial resources to protect our council services and enable delivery of the Council Plan priorities and transformation ambitions going forward. It provides an overview of the existing financial position for the council and a forecast outlook over the medium term, four-to-five-year, planning period.</p> <p>Report CAB3483 looks to explain the cost drivers, cost pressures, planning assumptions, risks and opportunities that may impact the council's financial position in future. It describes how we plan to respond to the major financial challenges ahead and the principles we will adopt in managing and using</p>	

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			<p>our financial resources to get the most out of the limited funds we have available.</p> <p>As noted above, projections used for the MTFP are subject to a high degree of uncertainty. As a result, this MTFS uses assumptions based on the best knowledge available at this time to set out proposals to address both the existing and emerging budget pressures set out in this report.</p>	
A9	HRA business plan & budget options	<ol style="list-style-type: none"> 1. That the draft HRA Business 30-year Plan for 2024-25 to 2053-54 metrics shown in Appendix 3 and current 5 year projection at Appendix 1 be noted. 2. That the business plan pressures identified in 	Despite continuing budget challenges faced by the council’s housing service, report CAB3478 offers budget options to maintain the council’s policy objectives to go greener faster, address the cost-of-living crisis and maintain the commitment to deliver 1000 new homes.	The council could consider investing less in customers’ homes than is required to achieve the regulatory requirement of EPC C by 2030. This is not recommended as it would breach the regulatory requirements and in addition would not support the

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		<p>the 2024/25 business planning exercise as outlined in paragraphs 11.26 and 11.36 of report CAB3478, totalling £1.986m be noted.</p> <p>3. That the budget options outlined within report CAB3478 and detailed at Appendix 2 be approved as a basis for consultation to inform the February budget setting.</p> <p>4. That the reallocation of £0.25m from the one off investment budget set in the previous business plan be approved to meet actions arising from our self assessment of our consumer standards compliance and service improvements identified.</p>	<p>Continuing inflationary building supply and construction pressures, and stubbornly high Public Works Loan Board (PWLB) interest rates mean that new homes viability remains challenging. To address this significant rise in building costs and maintain the commitment to delivering 1000 new homes, the previous business plan was rebalanced with a new homes acquisition strategy to prioritise purchase of new homes from developers, where costs are currently significantly lower, and to continue to develop schemes where the business case is proven to be viable and demand for the new homes exists.</p> <p>Further budgetary pressures</p>	<p>council’s policy objective of being greener faster.</p> <p>The council could also seek increased revenue savings than those identified in the report so as to provide investment capacity in the HRA. At this time the level of revenue savings identified are achievable and will not lead to a reduction in the quality of service delivered. Investment in improving the digital access to services may generate efficiencies in the future that can be realised without detriment to services. Therefore, increased revenue savings are not recommended at this time.</p>

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		<p>5. That the continuing strategy for New homes based upon a mixture of actively acquiring s106 affordable housing directly from developers alongside future development with grant funding and using Right to Buy resources be noted.</p> <p>6. That the current financial viability assessment for new build from para 11.15 to 11.25 of the report be noted.</p> <p>7. That it be noted that a revenue savings target of £2m has been set to assist with bridging the forecast gap in financing future capital expenditure.</p>	<p>arising, particularly around repairs & maintenance, have put further pressure on the HRA budget.</p> <p>The budget options contained in report CAB3478 support the council's commitment to increase investment in customers' homes to go greener faster and to deliver the 1000 new homes programme by 2032/33.</p> <p>To achieve these policy objectives and set a viable and sustainable HRA business plan, several budget options have been identified for consideration, development and consultation with customers. Subject to the development and consultation those options will be decided by</p>	

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		<p>8. That the proposed timescale for asset disposals be noted, and that Barnes House disposal has been reconsidered for proposed use as Temporary Accommodation.</p> <p>9. That it be noted that based on the September 2024 CPI figure of 1.7% that the average formula rent increase for 2025-26 for all affordable and social housing will be 2.7%.</p> <p>10. That it be noted that the budget in October announced a consultation for future rent settlement between now and December, which indicates</p>	<p>Cabinet when the Housing Revenue Account budget is considered in February 2025.</p>	

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		<p>preference for CPI+1 for 5 years into the future, and approve the application of this principle in the business plan model to mitigate the cost of new build developments and reduce long term debt burden to the HRA once the outcome of the consultation is known.</p> <p>11. That continuing full cost recovery in tenant service charges in 2025/26 be approved and it be noted that charges will generally reduce following a softening of energy prices.</p> <p>12. That it be noted that there is an ongoing workstream on the re-</p>		

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		procurement of the repairs and maintenance contract. The Business plan provides for this to happen over the following two years at a provisional one-off cost of £0.4m in 2024/25, and estimated £0.3m in 2025/26.		
A10	Housing procurement of HRA repairs & maintenance term contract	That the following be agreed: 1) To procure, award and enter into a contract / contract(s) to undertake retrofit, cyclical, planned, voids and reactive works to Winchester City Council owned housing properties within the parameters set out in this report and to delegate authority to the Strategic Director to conduct the procurement	Report CAB3463 seeks consideration of an approach to the procurement of the repair and maintenance of the Council's housing stock that will drive improvements in customers' satisfaction and efficiency of delivery. It is proposed to include a number of budgets into one contract over a 10 year period so as to reduce procurement costs whilst generating a volume of work	Doing nothing is not an option due to existing contracts expiring in July 2026, the need to achieve value for money and to ensure the council complies with the prevailing public procurement regulations (PCR 2015). There is an option to develop an in-house contractor (DLO – Direct Labour Organisation) in line with other Local Authorities such

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		<p>exercise and to finalise and agree the terms of the contract(s).</p> <p>2) To incorporate and design a dialogue phase(s) within the procurement procedure as permitted under the Public Contract Regulations 2015 (PCR 2015).</p> <p>3) To use the Competitive Dialogue Procedure under PCR 2015 to carry out the procurement.</p> <p>4) To ensure best value, adopt a 60:40 (quality:price) evaluation model with a quality bias (60%).</p> <p>5) To commission following the satisfactory completion of the procurement exercise a Term Alliance Contract to be awarded to a single</p>	<p>that will attract significant interest from the market. The Council will be able to rely upon that procurement process for work over the life of the contract but will not be obliged to use it for all elements It is recommended that the Council seeks a lead contractor who will directly employ staff as well as sub contract some elements. It is expected that contractors will be able to bring digital solutions to the customer experience so that it will be possible to provide a better service to customers. The form of contract recommended between the Council and contractor will encourage and support continuous improvement and partnership working. Nevertheless, the Council's and customers interest are</p>	<p>as New Forest DC. However, this has been rejected. Establishing a DLO is a significant undertaking. The level of up-front capital investment is considerable with no certainty as to when a break-even point will be reached. Many of the work streams within the repairs service and capital works programme may not be delivered by directly employed staff. This might require the DLO to sub-contract elements of the capital works programme, the gas servicing, electrical and part of the voids work streams which would bring the business plan for operating a DLO into question.</p> <p>There is also an option to break up the requirements</p>

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		<p>provider for an initial term of up to 10 years with an option to extend for a further 5 years.</p> <p>6) To agree to evaluate tendered prices using the Optimum Price model rather than a lowest price model.</p> <p>7) To approve the use of the Term Alliance Contract TAC-1 (as amended) form of contract for the HRA repairs and maintenance contract.</p>	<p>protected in the contract by the ability of the Council to terminate the contract with six months notice in the face of contract failures or twelve months by the Contractor. Reflecting the importance of this service to customers it is recommended that the proposals from contractors are assessed on the basis of 60% quality and 40% cost.</p>	<p>into multiple contracts (lots) for each workstream or trade. Whilst this might offer the maximum opportunity for some specialist suppliers, this approach has been rejected as it would introduce several new issues for the council to address (based on live and documented experience by other Local Authorities) not limited to but to include the following:</p> <ul style="list-style-type: none"> a) Dilution of any cost benefits obtained (leverage) b) Difficulty in getting market interest for some lots (unfulfilled works) c) An increase in suppliers to manage (impact on officer time) d) A more complex and longer procurement (impact on officer time) e) A deterioration of

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				<p>interfacing and standardisation</p> <p>f) More systems to interface with and programme manage</p> <p>g) Harder to manage performance (see Report to the Executive for Decision - (Director of Planning and Development) -20 April 2015 (fareham.gov.uk))</p> <p>This approach would limit the council's ability to provide a highly flexible and joined up service across all trades.</p> <p>The full options appraisal developed by the project team and discussed with HRA officers can be found in the appendices to the report.</p>
A11	Future of Waste and Recycling; new food waste collections & recycling	1. That a new food waste collection and recycling service be implemented	The council is committed to tackling the climate emergency and creating a	Food Waste Recycling start date and rollout method

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	service	<p>in line with the requirements of Simpler Recycling through the Council's contractor, Biffa, at a forecast cost of £1.611m per annum.</p> <p>2. That additional baseline revenue budget of £0.211m per annum for the ongoing cost of the food waste service be approved, in addition to the £1.4m previously agreed in February 2024 (CAB3444 refers).</p> <p>3. That it be agreed to start collecting food waste from October 2025 on a phased roll out basis at a total forecast cost in 25/26 of £457k. An additional one-off budget of £317k is required in 25/26 to be funded by the</p>	<p>greener district. The proposals detailed in report CAB3475 will provide an opportunity for the council to significantly increase its recycling, reduce waste and improve its carbon performance, while adhering to the national timetable set by Government under its Simpler Recycling programme.</p> <p>The report sets out the necessary next steps to establish a new food waste collection and recycling service on a six-month phased rollout for residential properties across the district from October 2025 to ensure that it will be fully operational ahead of the Government's deadline of 31 March 2026.</p> <p>The introduction of food</p>	<p>The council considered starting food waste collections in October 2025, February 2026 and April 2026 on a 'big bang' approach (full service implemented from the start) and / or a phased basis. These alternative options were rejected due to difficulties with operational complexity, cost to the council, delayed environmental impact and in some cases, risk of non-compliance with Government implementation deadlines.</p> <p>Additional depot space for food waste Several options were explored and rejected; these are listed below:</p> <p>Operating the new services</p>

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		<p>major investment reserve.</p> <p>4. That the additional baseline budget of £105k per annum from 25/26 be agreed for the relocation of the grounds maintenance contractor to enable Biffa full use of the depot at Barfield Close from which to operate the new food waste service. A part year supplementary budget of £50k is required for 24/25 to enable the new lease to start in December 2024.</p> <p>5. That the contract with the Council's contractor, Biffa, be varied to include the new food waste collection service.</p>	<p>waste recycling has the potential to reduce the district's carbon footprint by c 1,900 tonnes of CO2e per year by recycling this waste to generate clean green energy and nutrient dense soil improver. Roughly one third of the residual (black bin) household waste is food waste that could be recycled into useful byproducts. In real terms this means that the introduction of food waste recycling could see the city council achieving a 50% recycling rate for the first time and significantly reducing the overall amount of waste produced.</p> <p>It is proposed that the new food waste collection and recycling service is incorporated into the existing waste collection service</p>	<p>from the existing depot with IDV and Biffa. The option to remove staff car parking and try to fit the new vehicles and crews into the existing depot was explored. This has been rejected on health and safety grounds as it would not be possible to operate the service safely with the high numbers of vehicle and pedestrian interactions.</p> <p>Other Locations Several alternative locations were considered for operating the new food waste service, but each had significant drawbacks. Most notable is the old Goods Shed next door to the current waste and recycling depot. This option would have resulted in a loss of income to the council of £60k per</p>

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		<p>6. That the capital budget for this project be increased by £159k, to be funded by borrowing, to allow for the additional costs, outlined in Appendix 1 of report CAB3475.</p> <p>7. That the required bins and caddies with associated branding necessary to start food waste collections be procured, with authority delegated to the Strategic Director in consultation with the Cabinet Member for Climate Change to agree assessment criteria and conclude the process, including use of an approved framework, in line with the forecast cost of £429k as outlined in Appendix 1 of the</p>	<p>operated by Biffa, the Council’s current waste collection contractor.</p>	<p>annum and would have required planning permission which may have been difficult to obtain due to the neighbouring residential properties. Other locations were discounted due to the length of time these would have taken to secure and gain planning permission as well as prohibitive security costs due to a lack of existing infrastructure.</p>

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		<p>report, from this project's approved capital allocation in 25/26.</p> <p>8. That authority to incur expenditure of up to £853k for identified revenue costs and up to £604k for identified capital costs be agreed as set out in Appendix 1 of the report, (Stage 1 – Revenue and Stage 1 – Capital).</p> <p>9. That authority to agree the detail of the new food waste service be delegated to the Strategic Director in consultation with the Cabinet Member for Climate Emergency.</p>		
A12	Acquisition of affordable homes at Kings Barton, Winchester (less exempt	1. That the allocation and expenditure of the New Build Unallocated Capital	Report CAB3485 seeks approval for the allocation and expenditure of the New	Not to purchase the homes – this would compromise the ability of the council meeting

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	appendix)	<p>Budget be approved as set out in the confidential appendix to report CAB3485 to purchase land and 146 new affordable properties at Kings Barton, Winchester.</p> <p>2. That the Corporate Head of Asset Management be authorised in consultation with the Section 151 Officer to:</p> <p>a) negotiate and agree the terms and conditions of the transaction and enter into a land agreement and a build agreement to acquire land and the 146 homes to then be built on that land from Cala Management Ltd</p>	<p>Build Unallocated Capital Budget for the purchase of land and 146 new affordable properties in Kings Barton, Winchester.</p> <p>The purchase will help meet housing need and support the Council Plan Homes for All priority.</p>	<p>its ‘Homes for All’ priority and new council homes target. The Housing Strategy and HRA Business Plan identify the acquisition of S106 units as a key approach to delivering the new council homes, alongside other methods, such as directly commissioned development.</p>

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		<p>for the purchase price as set out in the confidential appendix.</p> <p>b) enter into any planning and/or legal agreements required to purchase the land and 146 homes.</p>		
A13	Q2 Finance & Performance Monitoring	That the progress achieved during Q2 of 2024/25 be noted and the contents of report CAB3476 be endorsed.	<p>The Council Plan sets out the priorities of the council and this report provides a summary of the progress achieved during the period 1 July 2024 to 30 September 2024.</p> <p>Included within report CAB3476 are the delivery highlights from the period and a progress update against significant business plan actions that support delivery of the Council Plan</p>	This is a report for Cabinet to review the performance of the council during the 3 month period; July to September 2024.

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			<p>priorities. Data for the period is given against the strategic key performance indicators and a summary of the progress achieved against the tier 1 projects along with details of actions for the forthcoming quarter. An update is also provided on the council’s financial position for both revenue and capital for the General Fund and Housing Revenue Account.</p>	