

THE SCRUTINY COMMITTEE

Tuesday, 4 February 2025

Attendance:

Councillors
Brook (Chairperson)

Wallace
Achwal V
Batho
Laming

Pett
Reach
Bolton

Apologies for Absence:

Councillors Clear

Deputy Members:

Councillor Power (as deputy for Clear)

Other members in attendance:

Councillors Cutler, Tod and Westwood

[Video recording of this meeting](#)

1. **APOLOGIES AND DEPUTY MEMBERS**

Apologies for the meeting were noted as above.

2. **DECLARATIONS OF INTERESTS**

Councillor Wallace declared a disclosable pecuniary interest due to his role as a Hampshire County Councillor. However, as there was no material conflict of interest, he remained in the room and spoke under the dispensation granted by the Audit and Governance committee.

3. **CHAIRPERSON'S ANNOUNCEMENTS**

No announcements were made.

4. **MINUTES OF THE MEETING OF THE 12 NOVEMBER 2024**

RESOLVED:

That the minutes of the previous meeting held on [12 November 2024](#) be approved and adopted.

5. **PUBLIC PARTICIPATION**

Ian Tait and Councillor Caroline Horrill addressed the committee regarding agenda item 6 (Housing Revenue Account Budget 2025 – 2026) and a summary of their contributions were captured within the agenda item.

6. **HOUSING REVENUE ACCOUNT (HRA) BUDGET 2025 - 2026**

Councillor Chris Westwood, Cabinet Member for Housing introduced the report, ref CAB3490 which set out proposals for the Housing Revenue Account budget 2025 - 2026, ([available here](#)). The introduction included the following points.

1. Despite continuing budget challenges, including increased costs due to high inflation, higher interest rates, and energy costs, the report proposed a HRA budget for 2025/26 and a business plan to achieve the Council's policy objectives.
2. These objectives included going greener faster, addressing the cost of living crisis, and maintaining the commitment to deliver 1,000 new homes.
3. The housing service had several areas competing for available funding, including:
 - a) An updated new home strategy to move towards buying as well as building.
 - b) Funding to go greener faster to improve energy efficiency and promote decarbonisation of council homes.
 - c) A capital programme provision for major repairs and refurbishment of existing housing stock to a decent home standard.
 - d) Modernising customer service through the development of a digital-first customer journey.
 - e) Moving to full cost recovery for housing service charges and water treatment service charges over a period.
4. The Council sets its rents in line with the rent standard and the regulator's rent-setting guidelines. A 2.7% rent increase for all tenants was proposed, based on September CPI plus 1%.
5. A budget gap of approximately £2,000,000 was identified between anticipated income and the cost of delivering housing services and had been discussed in a previous HRA budget options paper.
6. The balanced budget was achieved by identifying approximately £2,000,000 of savings in the 2025/26 budget with minimal impact on service delivery.
7. The Tenants and Council Together (TACT0 board had agreed to the proposed rent increase and identified cost savings at a meeting on the 27th of January 2025.

Ian Tait addressed the committee regarding the proposed development of the Corner House, a property the City Council had agreed to purchase in 2020. He highlighted the cost of the proposed conversion into six flats and asked whether a business case had been produced relating to the development. He also asked regarding the possibility of the property reverting back to a community asset.

Councillor Caroline Horrill addressed the committee and highlighted several points that could be summarised as follows. Councillor Horrill congratulated the housing team and asked about the HRA budget risk assessment, as she felt that it did not fully address some issues such as fire and gas safety. Councillor Horrill stressed the importance of tenant communication, noting the low response rate to the budget consultation. She also requested more detail on chart 11.42 and asked for better inclusion of feedback from tenants and councillors in the final budget decision. She welcomed the consideration of Barnes House for renovation.

These points were responded to by Councillor Westwood, Cabinet Member for Housing, and Councillor Tod, Leader and Cabinet Member for Asset Management accordingly.

The committee was asked to comment on the proposals within the attached cabinet report, ref CAB3490, which was to be considered by the Cabinet on 12 February 2025.

The committee proceeded to ask questions and debate the report. In summary, the following matters were raised.

1. The process for developing business cases for property purchases.
2. Further information regarding the £2,000,000 forecast underspend.
3. Whether feedback from the Cabinet Committee: Housing would be included in the report.
4. Further information regarding the £82 million that required refinancing.
5. A wider rollout of Photovoltaics across the district.
6. The tenant service charges and whether the charges were clear and transparent.
7. When moving to full cost recovery, were tenants aware of what that's likely to mean for them?
8. The right to buy changes and the number of properties that have been proposed to be bought by tenants.
9. The future employment of a quantity surveyor at the Council.

These points were responded to by Councillor Westwood, Cabinet Member for Housing, Councillor Tod, Leader and Cabinet Member for Asset Management, Laura Taylor, Chief Executive, Simon Hendey, Strategic Director and Liz Keys, Director (Finance) accordingly.

RESOLVED

1. That the report be noted.
2. That the table concerning service charges (11.42) be updated/annotated to provide further clarification.
3. That the Cabinet Member review the points raised regarding the Corner House property and if required provides further feedback to the committee.
4. That the Cabinet Member considers whether relevant, recent feedback from TACT and/or the Cabinet Committee: Housing be made available to the cabinet when it meets on 12 February 2025.
5. That cabinet considers the committee's comments raised during the discussion of the item.

7. **GENERAL FUND BUDGET 2025- 2026**

Councillor Neil Cutler, Cabinet Member for Finance and Performance introduced the report, ref CAB3494 which set out proposals for the General Fund budget 2025- 2026, ([available here](#)). The introduction included the following points.

1. The budget paper was prepared based on the medium-term financial strategy (MTFS) and budget options presented to the committee in November 2024.
2. The Government settlement had been confirmed with significant changes, resulting in a £230,000 reduction in the forecast of government funding.
3. Updated baseline figures since November 2024 included a forecast 2024/25 surplus of £1.46 million. £1m of the surplus was due to the release of surplus non-domestic rates.
4. TC-25 savings had increased from £250,000 to £682,000, giving total savings of £1.3 million across the two years.
5. The updated MTFS showed a balanced budget for 2025/26 and 2026/27, with a £1.197 million deficit in 2027/28, rising to £4.45 million in 2029/30.
6. Changes in the budget proposal since the draft included a proposal to increase District Council tax by 2.7%, which was an increase of £4.30 on band D properties.
7. Changes to the Council tax reduction scheme, to operate in line with universal benefit increases, and to increase support to various groups were proposed.
8. An additional £15,000 to the Exceptional Hardship Fund to replenish it to its original level of £50,000 was also proposed.
9. A 100% Council tax premium would apply to empty and second homes from April 2026.
10. Significant transfers from two risk reserves were proposed, including the transition reserve and the exceptional inflation reserve to top up operational reserves. Also £200,000 additional resources were to be allocated to planning enforcement .
11. The council was committing significant sums to its Council plan priorities, particularly greener faster, food waste collection, good homes for all, and additional investment in temporary accommodation.
12. That recommendation 6c of the cabinet report was to be removed.

The committee was asked to comment on the proposals within the attached cabinet report, ref CAB3494, which was to be considered by the cabinet at its meeting on 12 February 2025. The committee proceeded to ask questions and debate the report. In summary, the following matters were raised.

1. The use of the property portfolio to drive additional income sources.
2. Investment in the parking reserve.
3. The cost of the Guildhall per resident or council taxpayer.
4. The financing of the food waste service without government funding, given that the consultation showed 69% of people were in favour of the service with government funding.

5. How to "turbocharge" the TC-25 programme.
6. How the £11m of CIL (Community Infrastructure Levy) funding could be spent on capital projects.
7. Where the interest received on CIL funds was reflected in the budget.

These points were responded to by Councillor Cutler, Cabinet Member for Finance and Performance, Councillor Tod, Leader and Cabinet Member for Asset Management, and Liz Keys, Director (Finance) accordingly.

RESOLVED

1. That the report be noted.
2. That the cabinet member considers whether the asset and parking information could be made more publicly accessible.
3. That cabinet considers the committee's comments raised during the discussion of the item.

8. **CAPITAL INVESTMENT STRATEGY 2025 - 2035**

Councillor Neil Cutler, Cabinet Member for Finance and Performance introduced the report, ref CAB3495 which set out proposals for the Capital Investment Strategy 2025 - 2035, ([available here](#)). The introduction included the following points.

1. The report set out the Council's capital spending programme and the principles which underpinned it to deliver the desired outcomes, as set out in the Council plan.
2. It detailed the overall programme for the next 10 years, how it was financed, the governance around it, the appetite for risk, and the impact on the Council's medium-term financial strategy.
3. The capital programme totalled £421.1 million over the next 10 years, of which £37.9 million was general fund and £383.2 million related to the HRA.
4. Appendix A provided capital programmes by project divided into "Approved" and "Subject to appraisal". Key projects were also detailed in the report.
5. The strategy set out the approval process and project programme management protocols.
6. The report included several prudential indicators as required by the CIPFA Prudential Code and the Ministry for Housing Communities and local governments' statutory investment guidance.

Liz Keys, Director (Finance) provided the committee with an update which included the following:

1. The report included potential indicators required under the Prudential Code and the statutory investment guidance.
2. The code required the Council's Chief Financial Officer to consider the affordability and risk associated with the capital programme.
3. The proposed programme was affordable, sustainable and prudent, based on the Council's history of managing its capital assets.

The committee was asked to comment on the proposals within the attached cabinet report, ref CAB3495, which was to be considered by the cabinet at its meeting on 12 February 2025.

The committee proceeded to ask questions and debate the report. In summary, the following matters were raised.

1. A question was asked regarding why the general fund capital expenditure tailed off over the next few years.
2. Whether there were any plans to sell more Council assets to fund further priority investments.

These points were responded to by Councillor Cutler, Cabinet Member for Finance and Performance, and Liz Keys, Director (Finance) accordingly.

RESOLVED

1. That the report be noted.
2. That cabinet considers the committee's comments raised during the discussion of the item.

9. **TREASURY MANAGEMENT STRATEGY 2025 - 2026**

Councillor Neil Cutler, Cabinet Member for Finance and Performance introduced the report, ref CAB3496 which set out proposals for the Treasury Management Strategy 2025 - 2026, ([available here](#)). Councillor Cutler advised that the Treasury Management Strategy dealt with the investments and borrowings for the Council and was managed by Hampshire County Council. Gemma Farley, on behalf of Hampshire County Council was present and provided the committee with an update which included the following:

1. The Treasury management strategy covered the next three financial years as required under the CIPFA code.
2. The main changes in the new Treasury Strategy were that the balance sheet forecast and liability benchmark indicated that the Council might need to secure additional external borrowing in 2025/26 to meet the full delivery of its capital programme.
3. The Chief Finance Officer would monitor the situation with Arling Place and Hampshire Investments and the Borrowing team and secure additional borrowing when required.
4. Changes were made to reflect the reducing cash balances and the maximum maturity date that could be assigned to investments.
5. This change should ensure that Winchester City Council was not forced to borrow ahead of time due to outstanding investments.

The committee was asked to comment on the proposals within the attached cabinet report, ref CAB3496, which was to be considered by the cabinet at its meeting on 12 February 2025.

The committee reviewed the report, and a question was asked about how the strategy was managed when there was a shared undertaking which was responded to by Gemma Farley, Hampshire County Council accordingly.

RESOLVED

1. That the report be noted.
2. That cabinet considers the committee's comments raised during the discussion of the item.

10. **TO NOTE THE LATEST WORK PROGRAMME.**

RESOLVED:

That the latest version of the work programme (which can be found here

<https://democracy.winchester.gov.uk/mgPlansHome.aspx?bcr=1>) be noted.

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

RESOLVED

1. That the March 2025 to May 2025 [Forward Plan of Key Decisions](#) be noted.

The meeting commenced at 6.30 pm and concluded at 8.05 pm

Chairperson