

## Decisions taken by the Cabinet on Wednesday, 19 November 2025

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

A8	General Fund Budget Options & Medium Term Financial Strategy	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 CAB3522) and the projections set out in Appendix 1 of the report be noted.	This Medium Term Financial Strategy (MTFS) sets out the organisational approach for managing financial resources to protect our core council services and enable delivery of the Council Plan priorities going forward. It provides an overview of the existing financial position for the council and a forecast outlook over the medium term planning period.  Report CAB3522 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	Scope for additional savings in 26/27 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.  However, it is essential that work to identify longer term savings through the Transformation Challenge 2025 programme as set out in report CAB3522 is critical to ensure the Council can meet its obligation to set a
		2. That the Medium-Term Financial Strategy be approved as set out in sections 13 to 17 of the report.		
		3. That the following one-off revenue budget growth requests be approved;  i. An additional £0.3m revenue budget,		

## Winchester City Council – Decisions taken by the Cabinet on Wednesday, 19 November 2025

Agenda Item No	Topic	Decision	Reasons	Alternative Options
		<p>funded by the transitional reserve, towards the Community Governance Review.</p> <p>ii. A revenue budget of £2.280m, funded by the transitional reserve, towards the Local Government Review.</p> <p>iii. A revenue budget of £0.03m in 2025/26, to be funded by higher than budgeted Parking income, towards additional Parking Enforcement overtime costs.</p> <p>iv. A revenue budget of £0.05m in 2025/26, funded by the property reserve, for fees to design and plan works</p>	<p>the major challenges ahead, such as Local Government Reorganisation, and the principles we will adopt in managing and using our financial resources to get the most out of the limited funds we have available.</p> <p>The MTFS gives us clarity over what financial resources we have at our disposal to deliver the priorities from the Council Plan. In particular, balancing the delivery of core council services with the Council Plan's areas of enhanced focus around the following six priorities; thriving places, good homes for all, healthy communities, greener faster, listening and learning and efficient and effective.</p> <p>Projections used for the</p>	<p>balanced budget in in the future.</p>

# Winchester City Council – Decisions taken by the Cabinet on Wednesday, 19 November 2025

Agenda Item No	Topic	Decision	Reasons	Alternative Options
		<p>to the Guildhall.</p> <p>4. That a detailed budget be prepared for consideration by Council in February 2026 based on the 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 services:</p> <p>i. Forecast increase in utility costs of £0.15m per annum.</p> <p>ii. Forecast annual savings of £0.3m per annum due to a reduction in the employer's pension scheme contribution</p>	<p>MTFP are subject to a high degree of uncertainty; particularly as the provisional settlement has not yet been released and is expected to contain major changes in distribution resulting from the funding review. 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 the report.</p>	

**Winchester City Council – Decisions taken by the Cabinet on Wednesday, 19 November 2025**

Agenda Item No	Topic	Decision	Reasons	Alternative Options
		<p>from 18.0% to 15.9%.</p> <p>iii. An additional baseline £0.115m revenue budget for the permanent recruitment of a Corporate Head of Resources.</p> <p>b. That, in relation to other annual budgets:</p> <p>i. Forecast increase in democratic costs of £0.085m</p> <p>ii. Increase in garage maintenance budgets of £0.120m per annum.</p> <p>c. In relation to management of the council's property assets:</p> <p>i. An additional £400,000 per annum</p>		

**Winchester City Council – Decisions taken by the Cabinet on Wednesday, 19 November 2025**

Agenda Item No	Topic	Decision	Reasons	Alternative Options
		<p>be set aside into the Property Reserve for the maintenance of and investment in operational assets.</p> <p>ii. An additional £100,000 per annum baseline revenue budget, for new requirements highlighted by the latest Asset Management plan and uplifts to existing maintenance budgets.</p> <p>5. That the following regarding Car Parking fees from October 2026 be approved:</p> <p>a. Freeze on park and walk and market town car park fees</p> <p>b. CPI increase to all central parking and</p>		

**Winchester City Council – Decisions taken by the Cabinet on Wednesday, 19 November 2025**

<b>Agenda Item No</b>	<b>Topic</b>	<b>Decision</b>	<b>Reasons</b>	<b>Alternative Options</b>
		<p>overnight charges, generating an additional £150,000 per annum (£85,000 in 2026/27)</p> <p>6. That a capital budget of £100,000 be approved, funded by the Homelessness risk reserve, for the conversion of Stable Yard, to the rear of 59 Colebrook St, for temporary accommodation. This is subject to a business case and subsequent approval of expenditure under Financial Procedure Rule 7.4.</p>		
<b>A9</b>	Housing Revenue Account (HRA) business plan & budget options	1. That the draft HRA Business 30-year Plan for 2025-26 to 2055-56 metrics shown in Appendix 3 and current 5	The purpose of report CAB3523 is to offer budget options to maintain the council's policy objectives to go greener faster, address	The council could consider investing less in customers' homes than is required to achieve the regulatory requirement of EPC C by

## Winchester City Council – Decisions taken by the Cabinet on Wednesday, 19 November 2025

Agenda Item No	Topic	Decision	Reasons	Alternative Options
		<p>year projection at Appendix 1 of report CAB3523 be noted.</p> <p>2. That the business plan pressures identified in the 2025/26 business planning exercise as outlined in paragraphs 11.41 to 11.51 of the report be noted, totalling £1.26m one off pressures and £1.2m ongoing pressures.</p> <p>3. That the budget options outlined within the report and detailed at Appendix 2 be approved, as a basis for consultation to inform the February budget setting, including potential options for rent convergence in line with government proposals.</p>	<p>the cost-of-living crisis and maintain the commitment to deliver 1000 new homes while maintaining a sustainable financial business plan.</p> <p>Continuing uncertainty surrounding Public Works Loan Board (PWLb) interest rates, and in particular the increases in borrowing costs in Summer of 2025 means that new homes viability continues to be challenging, and budgetary pressures arising from a tighter compliance regime continue to put pressure on the HRA budget.</p> <p>However, there have been developments in the legislative environment which have been designed to promote the government's</p>	<p>2030. This is not recommended as it would breach the regulatory requirements and in addition would not support the council's policy objective of being greener faster.</p> <p>The council could reduce investment in major repairs of existing properties. However, doing so would risk failing to meet decent homes standards, and risks underinvestment in the stock, increasing pressure on reactive repairs and voids within the revenue budget.</p> <p>The council could delay the implementation of 1000 homes programme to spread the investment cost over a longer period, reducing pressure on the business plan in the short term.</p>

## Winchester City Council – Decisions taken by the Cabinet on Wednesday, 19 November 2025

Agenda Item No	Topic	Decision	Reasons	Alternative Options
		<p>4. That the allocation of £0.12m per annum to support upgrades to the asset and property management systems be approved, including reprofiling £0.02m from the one-off investment budget set in the 2023/24 business plan to cover initial preparatory costs in 2025/26, with clearer estimates of project management costs for 2026/27 to be included in the February budget report.</p> <p>5. That a change in the calculation of interest on internal borrowing and lending between the General Fund and HRA be approved, namely to equalise the interest rate at the PWLB 3 month</p>	<p>wider agenda to deliver over 1m houses, which have helped ease some of these pressures in the longer term, and these are explored in this report.</p> <p>The budget options contained in the report 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</p>	<p>However, there is a commitment to deliver by 2031 and therefore this has been discounted.</p> <p>The council could also seek increased revenue savings than those identified in this report 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>



**Winchester City Council – Decisions taken by the Cabinet on Wednesday, 19 November 2025**

<b>Agenda Item No</b>	<b>Topic</b>	<b>Decision</b>	<b>Reasons</b>	<b>Alternative Options</b>
		<p>variable loan rate for both borrowing and lending as outlined at paragraphs 11.34 to 11.36 of the report.</p> <p>6. That the assumption in the business plan for New homes to be aligned to the Housing Development Strategy be noted.</p> <p>7. That the current financial viability assessment for new build from paragraph 11.16 to 11.22 of the report be noted.</p> <p>8. That it be noted that quantified revenue savings of £0.892m, and capital savings of £0.25m outlined in Appendix 2 of the report, have been identified to assist with bridging the forecast gap</p>	<p>and consultation those options will be decided by Cabinet when the Housing Revenue Account budget is considered in February 2026.</p>	

**Winchester City Council – Decisions taken by the Cabinet on Wednesday, 19 November 2025**

<b>Agenda Item No</b>	<b>Topic</b>	<b>Decision</b>	<b>Reasons</b>	<b>Alternative Options</b>
		<p>in annual HRA budgets.</p> <p>9. That the proposed assumptions and timescale for asset disposals outlined in paragraphs 11.62 to 11.64 of the report be noted.</p> <p>10. That it be noted that based on the September 2025 CPI figure of 3.8% that the average formula rent increase for 2025-26 for all affordable and social housing will be 4.8%.</p> <p>11. That it be noted that the government is consulting on rent convergence criteria which indicates preference to increase rents above CPI+1% for social rent tenants below</p>		

**Winchester City Council – Decisions taken by the Cabinet on Wednesday, 19 November 2025**

<b>Agenda Item No</b>	<b>Topic</b>	<b>Decision</b>	<b>Reasons</b>	<b>Alternative Options</b>
		<p>formula rent levels, with announcement expected as part of the wider Budget on 26 November 2025.</p> <p>12. That the principle of full cost recovery in tenant service charges (other than sewage treatment works) in 2026/27 be approved.</p> <p>13. That it be noted that following implementation of options, the draft HRA Business 30-year Plan is viable and sustainable and has the capacity to support the council's ambitious delivery of 1,000 new affordable homes by the end of 2031/32</p>		

## Winchester City Council – Decisions taken by the Cabinet on Wednesday, 19 November 2025

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A10	Housing Development Strategy 2025-2032	<ol style="list-style-type: none"> <li>1. That the Housing Development Strategy 2025-2032 be adopted.</li> <li>2. That the Service Lead – New Homes be authorised to make non-material amendments to the Housing Development Strategy 2025-2032 from time to time, in consultation with the Cabinet Member for Good Homes.</li> </ol>	<p>Report CAB3527 seeks approval to adopt the council's updated Housing Development Strategy for the period 2025-2032.</p> <p>This is an update of the existing Housing Development Strategy 2021-2030. This update is required as a result of macroeconomic changes over the past 5 years. These include significant build cost inflation, interest rate rises, and a reluctance from some Affordable Housing Providers to acquire affordable housing via S106 planning obligations.</p> <p>The priority focus of this strategy is the delivery of additional affordable housing throughout the Winchester district, directly by the council</p>	<p>Continue to use the existing Housing Development Strategy 2021-2030. This has been rejected as an updated Strategy is required to respond to macroeconomic changes over the past 5 years including significant build cost inflation, interest rate rises, and a reluctance from some Affordable Housing Providers to acquire affordable housing via S106 planning obligations.</p>

# Winchester City Council – Decisions taken by the Cabinet on Wednesday, 19 November 2025

Agenda Item No	Topic	Decision	Reasons	Alternative Options
			and by supporting delivery by other Affordable Housing Providers (including Registered Providers, charities and trusts).	
<b>A11</b>	Hobbs View, Southbrook Cottages, Micheldever - Lessons Learned	That the reasons for the project overspend are noted, along with the points that Cabinet was asked to consider by the Scrutiny Committee, and that procurement and management of future projects seeks to learn from this pilot scheme.	<p>Report CAB3492 advises on key outcomes, project costs, and lessons learned following completion of the pilot Passivhaus Plus project at Hobbs View, Southbrook Cottages, Micheldever.</p> <p>The Constitution provides that any variation to a building contract (with a value in excess of £1m) that results in the total cost of the scheme exceeding the approved estimate by 10% is subject to an updated financial appraisal to be reported to the Overview and Scrutiny Committee and Cabinet explaining the</p>	There are no other options presented. The report is required as the overspend on the project meets the threshold for a formal review of process in Cabinet.

# Winchester City Council – Decisions taken by the Cabinet on Wednesday, 19 November 2025

Agenda Item No	Topic	Decision	Reasons	Alternative Options
			<p>reasons for the cost increase.</p> <p>This project was identified as an Action Plan priority in the <i>Winchester Climate Emergency Carbon Neutrality Action Plan 2020 to 2030</i>. The Action Plan identified the project as a suitable pilot to develop a Passivhaus Plus development to support and inform future policy and development decisions.</p> <p>The flats at Hobbs View have been completed by the contractor, Ascia Construction Ltd, and were formally handed over to the council on 29 October 2024.</p> <p>This project review has identified the following six lessons learned which can</p>	

**Winchester City Council – Decisions taken by the Cabinet on Wednesday, 19 November 2025**

<b>Agenda Item No</b>	<b>Topic</b>	<b>Decision</b>	<b>Reasons</b>	<b>Alternative Options</b>
			<p>be applied to future new build council schemes:</p> <ul style="list-style-type: none"> <li>• Consider removing certification requirements for any future proposed Passivhaus Plus developments</li> <li>• Identify the availability of Passivhaus Suppliers before the procurement of Passivhaus Plus developments</li> <li>• Consider a Design and Build Contract for price certainty</li> <li>• Appoint a Clerk of Works for future projects</li> <li>• Increase contingency and professional fees for traditional build contracts</li> </ul>	

## Winchester City Council – Decisions taken by the Cabinet on Wednesday, 19 November 2025

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			<ul style="list-style-type: none"> <li>Exclude off site projects from the main building contract.</li> </ul>	
<b>A12</b>	Grounds Maintenance and Street Cleansing Contract Procurement (less exempt appendix)	<ol style="list-style-type: none"> <li>That following pre-market engagement, the procurement of a new Grounds Maintenance and Street Cleansing contract be approved for an initial term of up to 8 years, with an extension option of up to a further 8 years and within existing budgets.</li> <li>That authority be delegated to the Strategic Director with responsibility for grounds maintenance and street cleansing, in consultation with the appropriate Cabinet Member and the Section 151 Officer, to conduct a competitive</li> </ol>	<p>To seek Cabinet approval for the procurement strategy and route to market for a new Grounds Maintenance and Street Cleansing Contract, ensuring continuity of service, legal compliance, and alignment with the Council Plan 2025-2030. The contract will reflect the Council's strong commitment to valuing and enhancing Winchester's public realm and street scene - recognising their vital role in shaping the character, pride and liveability of our places.</p> <p>The aim is to secure a modern, flexible contract that supports the delivery of high-quality services for residents,</p>	<p>In developing the procurement strategy, several alternative delivery models were explored. These included: extending the current contract as a temporary holding arrangement; letting separate contracts for grounds maintenance and street cleansing; utilising existing framework agreements; and exploring options to bring the service in-house or deliver it through a shared service or partnership arrangement.</p> <p>Although the current contract has reached its maximum allowable extension period, Winchester City Council</p>



# Winchester City Council – Decisions taken by the Cabinet on Wednesday, 19 November 2025

Agenda Item No	Topic	Decision	Reasons	Alternative Options
		<p>and compliant procurement and award the contract within the existing budget, with flexibility to adjust the contract term within a range of 3 to 16 years total duration as informed by pre-market engagement and value for money assessment.</p> <p>3. That the financial implications, risk management measures and timetable be noted as set out in report CAB3528.</p>	<p>delivers best value for money, and drives continuous improvement in service standards. It will also underpin the Council's long-term environmental and community objectives, contributing to cleaner, greener, and more attractive neighbourhoods across the district.</p>	<p>could, in principle, seek a further extension by invoking the exceptional circumstances provisions contained within the relevant procurement legislation. This could allow for a short-term extension to enable the successor authority to review and determine future service delivery arrangements, subject to agreement with the incumbent contractor.</p> <p>However, this option was discounted due to several inherent risks: the potential for legal challenge to the validity of the extension; the lack of clarity around what duration of extension would be considered reasonable and proportionate under the circumstances; and the risk that pursuing a non-competitive extension could</p>

# Winchester City Council – Decisions taken by the Cabinet on Wednesday, 19 November 2025

Agenda Item No	Topic	Decision	Reasons	Alternative Options
				<p>undermine the Council's commitment to best value, market engagement, and compliance with procurement principles of transparency and equal treatment.</p> <p>Separate contracts were discounted due to the risk of inefficiencies, duplication of management effort, and potential service fragmentation.</p> <p>In-house delivery was also assessed but ruled out due to the significant upfront investment required in fleet, equipment, and staffing, alongside the complexity of managing TUPE transfers and operational risk. While this model could offer greater direct control in the long term, the council does not currently have the internal capacity or infrastructure to</p>

# Winchester City Council – Decisions taken by the Cabinet on Wednesday, 19 November 2025

Agenda Item No	Topic	Decision	Reasons	Alternative Options
				<p>deliver this service effectively without substantial organisational change and resource commitment.</p> <p>The council also considered the implications of current Local Government Reorganisation proposals, which could result in Winchester City Council being replaced by a larger successor authority. While a longer contract term could be perceived as limiting the flexibility of any future authority, a shorter-term contract may be unattractive to the market and could result in fewer bidders, higher costs or reduced service quality. It is therefore essential to strike a balance between future flexibility and the need to secure high-quality, uninterrupted</p>

# Winchester City Council – Decisions taken by the Cabinet on Wednesday, 19 November 2025

Agenda Item No	Topic	Decision	Reasons	Alternative Options
				<p>services for Winchester's residents during the transition period.</p> <p>This is in line with the "Financial decisions before local government reorganisation" guidance published by the Ministry of Housing, Communities and Local Government in July 2025, which stated "The expectation is that councils continue to operate in accordance with their agreed medium term financial plans and planned actions for the period and defer the implementation of any significant changes to service delivery other than where this would cause a gap or cessation of a key service. Decisions that are necessary to ensure service delivery should not be delayed".</p>

# Winchester City Council – Decisions taken by the Cabinet on Wednesday, 19 November 2025

Agenda Item No	Topic	Decision	Reasons	Alternative Options
				The recommended approach, a single, integrated contract procured through a competitive process informed by pre-market engagement, offers the best balance of value for money, service continuity, and flexibility. This will also allow for appropriate review points or break clauses to ensure that any future changes in local government structure can be accommodated without compromising service delivery.
<b>A13</b>	Q2 Finance & Performance Monitoring	That the progress achieved during Q2 of 2025/26 be noted and the contents of report CAB3525 be endorsed.	The Council Plan sets out the priorities of the council and the report provides a summary of the progress achieved during the period 1 July 2025 to 30 September 2025.	None.