

# Public Document Pack

## **THE SCRUTINY COMMITTEE**

**Thursday, 13 November 2025**

Attendance:

Councillors  
Brook (Chairperson)

Wallace  
Batho  
Laming

Pett  
Power  
Bolton

### **Apologies for Absence:**

Councillors Clear and Murphy

### **Deputy Members:**

Councillor Gordon-Smith (as deputy for Councillor Clear)

### **Other members in attendance:**

Councillors Horrill, Lee, Cutler, Learney, Porter and Reach

[Video recording of this meeting](#)

---

## 1. **APOLOGIES AND DEPUTY MEMBERS**

Apologies for the meeting were noted as above.

## 2. **DECLARATIONS OF INTERESTS**

The following declarations were made:

1. 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.
2. Councillor Pett declared a disclosable pecuniary interest due to his role as a member of the South Downs National Park Authority. However, as there was no material conflict of interest, he remained in the room and spoke under the dispensation granted by the Monitoring Officer.
3. Councillor Batho and Councillor Pett declared an Other Registerable Interest as they were both Non-Executive Directors of Venta Living.

3. **CHAIRPERSON'S ANNOUNCEMENTS**

The Chairperson updated the committee regarding the Planning Enforcement Task and Finish Group. She advised that the group had met, however, due to the timing of the meetings and her work commitments she had been unable to attend. She advised that she would be discussing the findings with officers and that the outcomes from the group would then be compiled and presented to the committee at its meeting in February 2026.

4. **MINUTES OF THE MEETING OF THE 8 SEPTEMBER 2025**

RESOLVED:

That the minutes of the previous meeting held on 8 September 2026 be approved and adopted.

5. **PUBLIC PARTICIPATION**

Councillor Danny Lee addressed the committee regarding items, 6,7,8 and 9. Councillor Caroline Horrill addressed the committee regarding items, 7 and 8. Ian Tait addressed the committee regarding items, 7 and 8.

A summary of the contributions made were captured within the respective agenda item below.

6. **GENERAL FUND BUDGET OPTIONS & MEDIUM TERM FINANCIAL STRATEGY**

Councillor Neil Cutler, Deputy Leader and Cabinet Member for Finance and Transformation introduced the report. The introduction included the following points:

1. The Medium-Term Financial Strategy (MTFS) and budget options paper showed a balanced budget for the next two years, with a relatively small deficit in the years that followed.
2. The full detail of Fair Funding Review 2.0 was expected before the end of the year, with the most significant element being the rebasing of business rates, which would create a significant reduction in the council's revenue.
3. The food waste payment was budgeted at 80% of the full cost, as government confirmation of full funding was still pending.
4. Income from extended producer responsibility came in at £1.6 million, which was higher than the budgeted figure of £800,000.
5. The paper included one-off expenditures for Local Government Reorganisation (LGR) implementation, estimated at over £2 million, and for the community governance review.
6. Savings from the TC25 programme had reached over £1.6 million off the base budget, and the transformation team would now be concentrating on LGR rather than further TC25 savings.

Liz Keys, Director (Finance), provided a further introduction which included the following points:

1. The MTFS showed a more positive and stable financial position for the council compared to previous years.
2. That fewer budget options were presented this year because the move towards LGR resulted in a shorter long-term planning horizon.
3. The report sets out the key assumptions that were being made in preparing the budget for February.

Councillor Danny Lee addressed the committee and raised several points, which could be summarised as follows. He suggested presenting the financial forecasts with best, central, and worst-case scenarios to reflect uncertainties. He asked for clarification on which specific grants were affected by the TC25 community grants reduction and sought a “best-guess” estimate for the costs of LGR. He also enquired whether a provision for legal and valuation costs related to asset transfers under LGR should be included. Further questions were raised regarding the pattern of rental income risk, whether a contingency for the River Park Pavilion project should be included in the MTFS, and whether the council could be more ambitious with an accelerated solar energy programme.

The committee was asked to scrutinise and comment on the proposals within the attached draft cabinet report, ref CAB3522, which was to be considered by the Cabinet at its meeting on 19 November. The committee proceeded to ask questions and debate the report. In summary, the following matters were raised.

1. Clarification was sought on the garage maintenance budget, including whether it applied to garages owned by the Housing Revenue Account (HRA) and its overall cost-effectiveness.
2. A question was asked as to why an increase in garage rental income was classified as a TC25 transformational change and what other income increases were counted in this way.
3. Further detail was requested regarding the planned use of the additional £400,000 for the maintenance and investment in operational assets.
4. A question was raised about how businesses located outside of the Winchester City area were involved in the MTFS consultation process.
5. The recruitment of a permanent Corporate Head of Resources was questioned, given the council's limited lifespan due to LGR.
6. A question was asked about the potential impact of removing the New Homes Bonus on the council's housing delivery targets.
7. Further information was requested regarding the reduction in the employer's pension contribution referred to in the report.
8. A question was raised about the potential for an expanded solar energy programme.
9. Clarification was sought as to why the Community Infrastructure Levy (CIL) reserve balance for Winchester Town was projected to remain static and how expenditure from this reserve was planned.

These points were responded to by Councillor Neil Cutler, Deputy Leader and Cabinet Member for Finance and Transformation, Liz Keys, Director (Finance), and Laura Taylor, Chief Executive accordingly.

RESOLVED:

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

7. **HRA BUSINESS PLAN & BUDGET OPTIONS**

Councillor Mark Reach, Cabinet Member for Good Homes, introduced the report, which set out the 30-year Housing Revenue Account (HRA) business plan. The introduction included the following points:

1. The proposals were designed to ensure a sustainable HRA for the next 30 years and deliver the best value for tenants.
2. The main pressures on the HRA related to macroeconomic factors, particularly higher than expected interest rates for the Public Works Loan Board, which were linked to volatile gilt markets. A prudent assumption on future rates had been made.
3. The HRA had a significant level of borrowing, amounting to around £200 million, making it sensitive to interest rate changes.
4. The report included proposed savings, which would be discussed with the Tenants and Councils Together (TACT) Board before being presented to Cabinet.

Councillor Caroline Horrill addressed the committee and raised several points for the committee to consider which could be summarised as follows. She requested details on asset disposals achieved and planned, and how the capital would be allocated between new homes and the upkeep of current stock. She asked if the business plan could be amended to continue building council properties beyond 2032-33. Further questions were raised regarding the estimated cost of repairing poor retrofit work, the provisional nature of new affordable rent levels, the scope of the £41.9 million for capital works, an update regarding void properties and the expected time frame for cost recovery on sewerage charges. Finally, she enquired how tenant input on the proposed savings would be gathered before the February 2026 budget.

Councillor Danny Lee addressed the committee and raised several points for the committee to consider which could be summarised as follows. He expressed concern about how well the HRA business plan was future proofed against rising costs and climate change. He highlighted the impact on the built environment on carbon emissions and the financial pressures from new regulations and high-emission materials. He recommended the council to be more forthright in adopting Modern Methods of Construction (MMC) and other energy-efficient, low-impact approaches to eliminate the housing performance gap and reduce long-term costs. He also questioned whether the proposed 10% rent increase for

five-bedroom social homes was fair and proportionate and asked what mitigation might be considered.

Ian Tait addressed the committee and raised several points regarding the disposal of surplus HRA assets for the committee to consider. He asked for the current criteria used to determine whether an asset was surplus and should be sold. He questioned whether the policy focused on strips of land or properties, citing the examples of Barnes House and The Corner House. He requested clarity on the rationale behind these disposals and asked if a list of surplus HRA properties existed.

The committee was asked to scrutinise and comment on the proposals within the attached draft cabinet report, Ref. CAB3523, which was to be considered by Cabinet at its meeting on the 19 November 2025. The committee proceeded to ask questions and debate the report. In summary, the following matters were raised.

1. A question was asked about the scope to use alternative financing from financial markets for refinancing, rather than relying solely on the Public Works Loans Board, given the volatility of gilt yields.
2. Clarification was sought as to whether the housing element of Universal Credit would be increased in line with CPI.
3. A question was raised regarding the strategy for wastewater treatment plant upgrades, the use of internal versus outsourced project management, and the review of the current household charging system.
4. An explanation was requested for the proposed 10% rent increase for five-bedroom social homes.
5. A question was asked about the council's long-term plan for adding new homes to the HRA beyond 2031/32.
6. A query was raised concerning the measures being taken to manage and reduce the time properties remained void including details of the team undertaking the work.
7. Clarification was sought on the criteria used to determine that an HRA asset was surplus and ready for disposal.
8. A question was asked to confirm the forecast cost for repairing poor retrofit work.
9. Further information was requested on the expected timeframe to achieve full cost recovery for sewerage charges.
10. Further clarification was requested regarding the use of the word "provisionally" concerning rent increases.
11. A question was raised about how tenant views and priorities would be gathered for the savings proposals listed in Appendix 2.
12. Questions were asked regarding the risk profile and pressures of the HRA including the overall balance position and required savings over the full planning period.
13. It was asked whether the income from nutrient credits could be provided within the report.

These points were responded to by Liz Keys, Director (Finance), Simon Hendey, Strategic Director, and Councillor Mark Reach, Cabinet Member for Good Homes accordingly.

**RESOLVED:**

The committee agreed the following:

1. That the following be provided to the committee:
  - a. the methodology regarding wastewater charges including the issues raised regarding rateable values.
  - b. the rationale for the proposed 10% rent increase for five-bedroom social homes
  - c. the criteria for the disposal of HRA assets and a list of assets intended for disposal.
  - d. Information regarding the income from the sale of nutrient credits.
2. That the cabinet member note the comments of the committee.

8. **HOBBS VIEW, SOUTHBROOK COTTAGES, MICHELDEVER - LESSONS LEARNED**

Councillor Mark Reach, Cabinet Member for Good Homes introduced the report which provided the lessons learned from the construction of six flats at Southbrook Cottages, Micheldever. The introduction included the following points.

1. The project, which began in 2020, had an overspend of approximately 27% on total costs therefore a report to Scrutiny and Cabinet was required.
2. The properties were built to Passivhaus Plus standard as a pilot development in support of the council's Carbon Neutrality Action Plan objectives. The report detailed the reasons for the cost overrun and proposed actions to be considered for future projects.

Councillor Caroline Horrill addressed the committee and raised several points for the committee to consider which could be summarised as follows. She stated that while she was in favour of project reviews, she felt the report lacked the full history of the project. She felt that the decision to build to Passivhaus standard meant that the scheme was over-specified. Councillor Horrill highlighted that the report failed to include the loss of revenue to the Housing Revenue Account (HRA) during rectification works and made no reference to issues experienced by the Parish Council with the contractor. She concluded that the report was a lost opportunity as it had not sought input from ward councillors or the Parish Council.

Councillor Danny Lee addressed the committee and raised several points for the committee to consider which could be summarised as follows. He congratulated the housing team on delivering the project, which supported the council's greener faster priorities. He acknowledged the cost overrun but noted it was a pilot project with a steep learning curve. He argued strongly that full Passivhaus certification was vital for future schemes as it provided quality assurance and eliminated the performance gap between a building's design and actual energy efficiency. He stated that choosing not to certify future Passivhaus projects would be a poor decision and suggested a future comparative analysis could be undertaken against Modern Methods of Construction (MMC).

Ian Tait addressed the committee and raised several points for the committee to consider which could be summarised as follows. He wished to highlight that the final project cost represented a 137% increase against the initial appraisal in 2020. He stated that the figures could not be justified, noting that the cost per square metre was more than double that of a commercial developer. Mr Tait advised the committee that the expenditure was from the HRA, funded by council tenants' rent, and that he felt that tenants wanted more decent homes rather than expensive schemes such as this.

The committee was asked to scrutinise and comment on the content within the attached cabinet report, ref CAB3492, particularly the identified "lessons learned" which would be considered by cabinet at its meeting on 19 November 2025. The committee proceeded to ask questions and debate the report. In summary, the following matters were raised.

1. A question was asked about the contract and why remedial works were not included within its original scope.
2. Clarification was sought on the typical cost uplift from a contractor for a design and build contract where the contractor carried the risk, and how this information informed the council's decision on its own risk appetite.
3. An explanation was requested as to why the project was approved to proceed despite failing its initial viability appraisal.
4. A question was raised about the role of the Clerk of Works, as the report recommended their use as a lesson learned, yet it was understood that one had been employed on this project.
5. A concern was raised as to whether other council projects were exposed to similar risks regarding contractual control.
6. A suggestion was made to review the Woodman Close project upon its completion to assess the impact of implementing the lessons learned from Hobbs View.
7. A point was raised regarding the importance of including feedback from the Parish Council and ward members in the final lessons learned report.

These points were responded to by Councillor Mark Reach, Cabinet Member for Good Homes, Caroline Egan, Service Lead - New Homes, and Laura Taylor, Chief Executive accordingly.

RESOLVED:

1. That the report be noted.
2. The committee asked the cabinet to consider the following points:
  - a. That future projects should include a clear assessment of the council's risk appetite to determine the most appropriate method of delivery and form of contract.
  - b. That upon completion of the Woodman Close project, evaluate the effectiveness of the lessons learned from Hobbs View.
  - c. That the lessons learned should include the views of residents, the Parish Council, and ward members.
  - d. That future lessons learned reports provide a broader evaluation of the entire project, including all objectives, risks, and stakeholder engagement, rather than solely focusing on the constitutional requirement related to budget overspend.
  - e. That a comparison of the ongoing running costs for Hobbs View and Woodman Close properties be undertaken.
3. That cabinet considers the committee's comments raised during the discussion of the item.

9. **Q2 FINANCE & PERFORMANCE MONITORING**

Councillor Neil Cutler, Deputy Leader and Cabinet Member for Finance and Transformation, introduced the report, ref CAB3525, which provided the second quarterly performance report for the 2025/26 financial year. The introduction included the following points.

1. The report focused on progress in delivering the Council Plan for the period 1 July to 30 September 2025.
2. At the committee's request, the report included the rationale for each of the annual targets associated with the relevant strategic key performance indicators.
3. Performance monitoring information was aligned with the six Council Plan priorities.
4. Areas of progress during the quarter included a 96% reduction in scope one and two carbon emissions against the 2017/18 baseline and the revocation of the Air Quality Management Area in Winchester City Centre.
5. Other achievements noted were the delivery of vehicles for the food waste rollout, the endorsement of a new twinning agreement, continued green business support, and the promotion of events for the 250th anniversary of Jane Austen's birth.



Simon Howson, Senior Policy and Programme Manager, updated the committee and advised that the report included the previous quarter's RAG (Red, Amber, Green) status for service plan actions to provide additional context and show the direction of travel.

Councillor Danny Lee addressed the committee and raised several points for the committee to consider which could be summarised as follows. He suggested that the council's climate emergency action plan should make explicit reference to the government's new Carbon Budget Growth Delivery Plan to ensure alignment. He questioned whether the project's status should be shown as red if national net-zero targets were projected to be missed. He also suggested that data from the Department for Energy, Security and Net Zero could be used to assist with tracking carbon savings.

Councillor Lee sought clarification on the status of the Social Housing Decarbonisation Fund and its impact on the council's ability to deliver its programme of installing solar panels and heat pumps. He enquired about the speed of the rollout beyond the initial 195 homes and the total percentage of council housing suitable for such upgrades. He also raised concerns about the potential underperformance of nutrient mitigation schemes, asked for more detail on proposed small-scale renewable energy projects, and questioned whether the Local Area Energy Plan could be progressed earlier to inform the next Local Plan.

The committee was asked to raise with the relevant cabinet member any issues arising from the report, ref CAB3525, and to draw any items of significance to the attention of the cabinet. The committee proceeded to ask questions and debate the report. In summary, the following matters were raised.

1. Clarification was sought as to how nutrient credits generated in Cheriton could be used to mitigate development in Old Alresford.
2. A concern was raised that a lack of available nutrient credits in the Upper Itchen catchment had the potential to prevent Alresford from delivering its housing requirements under the Local Plan.
3. Clarification was sought on whether the council would abandon its net-zero plans for council assets or use alternative methods to achieve its targets.
4. Further clarification was requested on whether phosphate credits for new developments had to be sourced from upstream or just from within the same water catchment area.
5. A question was asked as to whether the delivery date for reducing carbon from the council owned occupied estate should be April 2026 rather than 'ongoing'.
6. A request was made for a members' briefing on the 'Greener Faster' agenda, to cover nutrient credits, biodiversity net gain, and the delivery of offsite credits in perpetuity.

7. An explanation was requested as to why several Healthy Communities key performance indicators such as HC3 and HC4 were rated as green when the data suggested they were behind target.
8. A question was raised as to why the Bar End Depot project was shown with a green status, given that the preferred bidder had withdrawn and a new bidder was being sought.
9. Clarification was sought regarding the 'end of stage report' for the Station Approach project and why the project was not proceeding at this time.
10. A question was asked about what process was in place to address the future and meantime use of assets related to the "paused" Station Approach project.
11. A question was asked about member involvement with the bus options study within the Central Winchester Regeneration project.
12. Further information was requested regarding the "expenditure on use of local suppliers" KPI and how to improve this.
13. An explanation was requested as to why the proportion of housing stock reaching an EPC rating of C had not improved, despite a number of retrofit adjustments having been completed.
14. Clarification was sought as to why no housing retrofits were recorded in the first quarter of the year and whether the council had stopped undertaking works other than solar panel installations.

These points were responded to by Councillor Neil Cutler, Deputy Leader and Cabinet Member for Finance and Transformation, Caroline Egan, Service Lead - New Homes, Simon Hendey, Strategic Director, Simon Howson, Senior Policy and Programme Manager, Laura Taylor, Chief Executive, Liz Keys, Director (Finance), and Councillor Mark Reach Cabinet Member for Good Homes accordingly.

#### RESOLVED:

The committee noted the report and agreed on the following comments and recommendations for Cabinet consideration:

1. That a members' briefing be arranged on the "Greener Faster" priority, to include updates and clarification on nutrient credits, biodiversity net gain (BNG), and carbon targets.
2. That future performance reports should make explicit where major projects are paused, restarted, or significantly altered, such as the Station Approach and Bar End Depot projects.
3. That officers provide a written response to the committee clarifying the data regarding housing stock EPC ratings and the number of retrofits completed (KPIs GH1, GH5, and GH6).
4. That officers provide further information regarding average trends and comparisons concerning local procurement performance.

10. **TO NOTE THE COMMITTEES CURRENT WORK PROGRAMME.**

RESOLVED:

That the latest version of the work programme which included the Planning Enforcement Task & Finish group findings scheduled for February 2026 be noted.

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

RESOLVED

That the latest Forward Plan of Key Decisions be noted.

The meeting commenced at 6.30 pm and concluded at 9.40 pm

Chairperson

This page is intentionally left blank