

Notice of Meeting

Cabinet

Date: Wednesday 15 January 2020

Time: 5.30 pm

Venue: The Annexe, Crosfield Hall, Broadwater Road, Romsey, Hampshire
SO51 8GL

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Legal and Democratic Service

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This is formal notice under The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 that part of this meeting may be held in private because the agenda and reports for the meeting may contain exempt information under Part 1 of Schedule 12A to the Local Government Act 1972 (as amended) and that the public interest in withholding the information outweighs the public interest in disclosing it.

PUBLIC PARTICIPATION SCHEME

If members of the public wish to address the meeting they should notify the Legal and Democratic Service at the Council's Beech Hurst office by noon on the working day before the meeting.

Membership of Cabinet

MEMBER

WARD

Councillor P North (Chairman)

Bourne Valley

Councillor N Adams-King (Vice-Chairman)

Blackwater

Councillor P Bundy

Chilworth, Nursling & Rownhams

Councillor D Drew

Harewood

Councillor M Flood

Anna

Councillor A Johnston

Mid Test

Councillor T Tasker

Andover Romans

Councillor A Ward

Mid Test

Cabinet

Wednesday 15 January 2020

AGENDA

**The order of these items may change as a result of members
of the public wishing to speak**

- 1 Apologies**
- 2 Public Participation**
- 3 Declarations of Interest**
- 4 Urgent Items**
- 5 Minutes of the meeting held on 18 December 2019**
- 6 Recommendations of the Overview and Scrutiny Committee: None**
- 7 Test Valley Local Development Scheme (2020) 5 - 29**

Planning
To consider the timetable for preparing the next Local Plan and the consequent proposal to update the Local Development Scheme.
- 8 Car Parking Proposals 30 - 50**

Planning
To consider the review of the car parking arrangements and the proposed fees and charges in respect of parking matters with effect from 1 April 2020 for approval.
- 9 2020/21 Budget Update 51 - 69**

Finance
To provide an update on the budget setting process for 2020/21 and provide information on proposals to close the budget gap.

10 Council membership of 'iESE Ltd' 70 - 72

Corporate

To consider terminating the Council's membership of iESE Ltd.

11 Exclusion of the Public 73 - 74

The following item is confidential.

12 Property Matters 75 - 84

Planning

To consider a Property Matter.

ITEM 7 Test Valley Local Development Scheme (2020)

Report of the Planning Portfolio Holder

Recommended:

- 1. That the Test Valley Local Development Scheme (2020), as an Annex to the report, be approved.**
- 2. That the Head of Planning Policy and Economic Development, in consultation with the Planning Portfolio Holder, be authorised to make changes of a minor nature to improve the presentation of the Test Valley Local Development Scheme (2020) and correct typographical errors prior to publication.**

Recommendation to Council

SUMMARY:

- The purpose of this report is to seek approval for a revised timetable for preparing the next Local Plan, resulting in the need to update the Local Development Scheme.

1 Introduction

- 1.1 The Local Plan is a key policy document of the Council, setting out the planning framework for the Borough together with implementing the spatial aspects of the Council's priorities, as set out in the Corporate Plan.
- 1.2 The current Local Plan was adopted in January 2016 and covers the period up to 2029. The Council adopted its current Local Development Scheme in 2018, alongside the approval for consultation of an Issues and Options document, as the first stage in the next Local Plan's preparation. This consultation was undertaken between 6 July and 14 September 2018. The responses to this consultation have been published on the Council's website.
- 1.3 The purpose of this report is to consider the reasons for now reviewing the timescale and programme the forthcoming stages for preparing the next Local Plan, and to seek approval for a revised timetable for this, as set out within a new updated Local Development Scheme.

2 Background

- 2.1 It is a legal requirement for the Council to publish a Local Development Scheme setting out the approach and timetable for preparing future Development Plan Documents (DPD) which form part of the Development Plan, and to keep it up to date.

- 2.2 However, since the current Local Development Scheme was adopted in 2018, the context within which preparation of the next Local Plan needs to be undertaken has evolved, such that there are now a number of factors which now lead to a need for a review of the timetable going forward. These factors influence the process, content and proposals for the next Local Plan, some of which are outside of the Council's control.

Nutrient Neutrality

- 2.3 Following Court of Justice of the European Union (CJEU) judgements, Natural England (NE) has provided updated advice on the impact of nutrients from new development on the group of international nature conservation designations (Special Protections Areas (SPA) and Special Areas of Conservation (SAC), within and around the Solent. There are high levels of nitrogen and phosphorous entering the water environment and these nutrients are causing eutrophication, resulting in dense mats of green algae impacting on the protected habitats and species. Due to the uncertainty that new development will not cause further impact, and in order to be precautionary, the recommended approach is for new development to achieve nutrient neutrality, which is a means of ensuring that new development does not add to existing nutrient loading. This issue applies to development management, as well as to both local plans and neighbourhood plans. This applies to the area of the Borough which falls within the catchments of the River Test and River Itchen and their tributaries, which then flow into the Solent, with the exclusion of a small area around Shipton Bellinger and Cholderton, which falls within the catchment of the Hampshire Avon and its tributaries. Work is currently ongoing to seek mitigation solutions, working collectively with the other local authorities affected through the Partnership for South Hampshire (PfSH) and through engagement with other partners including both NE and the Environment Agency.

Housing Requirement and Distribution

- 2.4 Looking forward the Council needs to consider how best to identify the potential level of housing development to plan for, and its distribution within the Borough. This also needs to take account of the potential for growth and regeneration in Andover, through the town centre masterplan. Similarly for Romsey, that which could be delivered through the south of town centre masterplan; and elsewhere, how much should be focused on the rural areas, including potentially to be delivered through neighbourhood plans and community led schemes. Through community planning, our communities can play a key role in planning for their future, including for housing.
- 2.5 The current Government standard methodology figure (using 2014-based household projections and 2018 affordability ratio) is for 556 dwellings per annum (dpa) Borough-wide, compared to 588dpa in the adopted Local Plan. It remains uncertain whether the higher levels of projected household growth within neighbouring authorities would result in any shortfalls in housing need and the scale of any future requests for Test Valley to help meet such shortfalls. Trying to forecast this potential impact is made more complex by the Government announcement in February 2019, that it will review the methodology again within 18 months (by 2020 Q3).

- 2.6 Given the geography and housing market areas of the Borough any potential request for assistance with meeting the housing requirement will come from those neighbouring authorities that form part of the Partnership for South Hampshire (PfSH). PfSH is currently undertaking work on the development and infrastructure requirements and the potential for this to be accommodated, including an updated evidence base, across the area to 2036.
- 2.7 Through this work the PfSH authorities would need to confirm the scale of housing they can meet against their requirement. Any discussions regarding shortfall would be undertaken at a joint authority level. Being part of this discussion is the best way to influence the distribution of how any future shortfall is addressed. Should the Council proceed with the next Local Plan in advance of these discussions this would not reduce the risk of authorities still seeking that Test Valley assists with meeting their shortfall. It may also have implications for satisfying the legal test of the Duty to Co-Operate.

Evidence Base

- 2.8 The content of the next Local Plan will need to be justified by evidence. The Council has commenced on preparing a revised evidence base and studies on: retail, landscape character assessment and existing employment sites have been completed. A study for a future playing pitch strategy and sport and recreation strategy is nearing completion and studies on renewable and low carbon energy, and on town centre conservation areas have been commissioned. Further studies to inform the future mix of housing and the housing needs of particular household groups, gypsies and travellers, and a replacement Strategic Flood Risk Assessment (SFRA), are also intended to be commissioned in the near future.
- 2.9 However, other studies are not now to be undertaken until next year as part of the joint working with PfSH e.g. employment land, including logistics. The Council will also need to have in place a mitigation strategy/solution to address the nutrient neutrality issue affecting the Solent, over the plan period.
- 2.10 The Local Economic Partnerships (LEPs) are commissioning their own economic forecasts and evidence to inform their emerging Local Industrial Strategies (LIS) (due for completion spring 2020) and wider priorities. The next Local Plan will be expected to be in conformity with the LIS regarding future economic forecasts and aspirational targets to plan for regarding employment floorspace requirements and jobs growth. The expected change in labour supply to be assumed also has a consequent impact on housing numbers.
- 2.11 The changing situation requires evidence to be produced. To progress the next local plan without this in place prevents the proposals and policies being drafted on a sound basis.

3 Corporate Objectives and Priorities

- 3.1 The Local Plan is a key policy document for the Council in respect of delivering our corporate objective set out within the Corporate Plan. It will set out the planning policy framework for protecting and enhancing the environment, and making provision for new housing, employment, community facilities and other land uses, to meet the needs of our communities.

4 Consultations/Communications

- 4.1 The Council's proposed approach would look to reinforce its commitment to greater engagement with communities and organisations. The proposed revised timetable would allow for greater time for the next Local Plan to seek to reflect the priorities and aspirations of the community, including those of parish councils and other stakeholders. It would also allow for the ongoing collaboration being undertaken through the Andover Vision and Romsey Future community initiatives to be taken into account, as well as the work in progressing with masterplanning for both Andover town centre and south of town centre, Romsey. The next Local Plan will sit alongside current and future community-led Neighbourhood Plans, in providing the future Development Plan for the Borough.

5 Options

- 5.1 The key consideration is to whether or not in the light of the current circumstances, to approve a revised approach and new timetable for the preparation of the future stages of the next Local Plan within a new updated Local Development Scheme, to be published.

6 Option Appraisal

- 6.1 To not update the Local Development Scheme would mean that the Council is not complying with legislation. The proposed revised timetable is considered appropriate and achievable. The reasons behind why it has been proposed and why is considered appropriate are discussed below.

Proposed Future Timetable

- 6.2 The Council has embarked on two significant strategic masterplanning projects in Andover and Romsey town centres. Both projects will have a critical role in how the next local plan proposals are shaped. This includes influencing the scale, mixture and location of future uses. Both masterplans are due for completion this year and their outcomes will be able to be reflected in the local plan's policies and proposals. It also allows more time for a mitigation solution to the nutrient neutrality issue to be found, which is necessary in order to be Habitats Regulations compliant, and for the evidence base to be completed, including through joint working. The plan can also take into account the outcome of the Government's review of the methodology for setting the housing requirement.

- 6.3 There are risks attached to extending the local plan timetable. The National Planning Policy Framework (NPPF) (para.11) sets out that where the most important policies for determining planning applications are out of date a 'presumption in favour of sustainable development' applies. As the local plan ages and fresh guidance/new case law is produced there may be increased challenge from applicants/developers that the policies are out of date. This risk will remain until post the publication of the Inspector's Report. To reduce this risk the Council is legally required to review its local plan five years from adoption to ensure that policies remain relevant. This does not mean that a new local plan needs to be adopted within five years, but that the review should either be underway or triggered, depending on the issue. A review will need to be undertaken in January 2021. This duty will be complied with under the proposed revised timetable.
- 6.4 Previously the timetable for the local plan has been influenced by the housing land supply for the Borough and the need to manage the risk of speculative planning applications. The Council currently has a healthy five year housing land supply (HLS) (as at April 2019) for both Northern Test Valley (NTV) of 7.24 years, and Southern Test Valley (STV) of 6.68 years, respectively. This may however change over time going forward, depending upon the future performance of sites within the current supply and the flow of new sites coming forward.
- 6.5 Forecasting future supply is complex and there are a number of variables which can affect it, including now the potential impact on delivery of the nutrient neutrality issue (in the absence of a mitigation solution). These variables are often outside the Council's control. Therefore careful monitoring would be required.
- 6.6 Were a potential shortfall in HLS to arise in the future, there are potential options which the Council could consider taking in order to address this. Para.5.103 of the adopted local plan includes a number of measures which could be brought forward by the Council as contingency. This includes assisting with the delivery of neighbourhood plans; keep under review its own land holdings and the potential to release them to the development industry; and work in partnership with Registered Providers (RP) and the development industry. These contingencies would only be triggered if warranted by careful monitoring and forecasting of the land supply position.
- 6.7 Having considered the factors affecting the future timetable, it is proposed that a refined Issues and Options consultation would now take place in 2020, a Regulation 18 preferred approach consultation would be undertaken in 2021, (possibly followed by a further stage), and followed by a Regulation 19 pre-submission consultation in 2022. Submission would take place later in 2023, followed by the examination, with adoption in 2024.

Approach to reviewing the Local Plan

- 6.8 Following the statutory plan preparation process, the next planned consultation stage is the Regulation 18 'Preferred Approach'. At this stage the Council should provide an indication of the amount of development and the locations where that will be delivered, alongside other detailed planning policies. The Council could progress to this stage however, as previously outlined there is a significant degree of uncertainty at present which restricts the ability to make sound decisions on a firm planning strategy going forward. This is compounded by the work, either in progress, or to be undertaken in the near future by PfSH or the LEPs.
- 6.9 The recommended approach is to produce as a stepping stone a 'Refined Options' consultation document. This would build on the Issues and Options document and indicate a direction that the Council is moving towards, such as the broad scale and distribution of housing development, but without identifying specific sites for allocation. This would maintain momentum and demonstrate progress. The Council could suggest possible approaches for new and revised policies required by the NPPF e.g. self build and custom build, sustainable design and construction, housing for older people, and adaption to climate change etc. The intention of this would be to balance progress of the local plan without setting out too much detail in advance of the evidence base being completed. This will require the production of an update Scoping Report (the first stage of the Sustainability Appraisal process) to be completed.
- 6.10 There is the option for a further 'stepping stone' between the Regulation 18 'Preferred Approach' draft and Regulation 19 'Pre-Submission' draft stage. Post Regulation 19 only very minor amendments can be made to the plan, prior to submission and this could provide the opportunity for a significant review and further consultation if a change in approach is considered desirable following the Regulation 18 'Preferred Approach' consultation.
- 6.11 In order to reflect the recommended revised timetable, as required by legislation, the Council would need to update its Local Development Scheme. A new updated Local Development Scheme (2020) to be approved is provided as an annex to this report.
- 6.12 The Council has a responsibility to plan for the housing needs of all residents. The scale, mix and type of housing need to be established in robust evidence. The current Local Development Scheme includes provision for a specific Gypsy and Traveller DPD, to be produced separate to the next Local Plan. Most recently an updated Scoping Report for this DPD, as the first stage in the sustainability appraisal process, was approved December 2018, following consultation October-November 2018. The National Planning Policy for Traveller Sites (NPPTS) requires local planning authorities to have an evidence base to inform the preparation of local plans to meet need through the identification of land for sites, as necessary. The evidence base on this topic was last updated in 2017, in the form of a Gypsy and Traveller Accommodation Assessment (GTAA). Most recently an updated Scoping Report for this DPD, as the first stage in the sustainability appraisal process, was approved December 2018, following consultation October-November 2018.

- 6.13 The evidence base for gypsies, travellers and travelling showpeople community is being reviewed and considered in light of case law. Depending upon the outcome of this review, a decision will be made in due course as to whether to prepare a separate Gypsy and Traveller DPD, or to include provision for this community, within the next local plan.

7 Risk Management

- 7.1 Failure to agree and implement up to date strategic and local planning documents is recorded as a risk in the Council's Corporate Risk Register. A factor affecting this risk is the time frame for consultation on the key documents informing the Local Plan and the establishment of milestones for the production of the draft Local Plan. Approval of a revised timetable and update of the Local Development Scheme would therefore contribute to the mitigation of this risk.

8 Resource Implications

- 8.1 The principal resource in preparing the next Local Plan as identified in the Local Development Scheme is significant time required from officers within the Planning Policy team and the support required from other services. The cost of delivery, including the commissioning of specialist studies required to update the evidence base, will be met from existing resources.

9 Legal Implications

- 9.1 A Local Development Scheme is required under Section 15, Planning and Compulsory Purchase Act 2004 (as amended by Localism Act 2011).

10 Equality Issues

- 10.1 An EQIA is not needed because the issues covered have previously been considered by Councillors at Cabinet.

11 Other Issues

- 11.1 Community Safety – N/A

- 11.2 Environmental Health Issues – N/A

- 11.3 Sustainability and Addressing a Changing Climate – Sustainability is a fundamental element of the planning system and is incorporated within any future planning decision. Both mitigation of the impact of development on climate change, and adaption to the impacts of climate change, will be issues which the next local plan will seek to take into account, as address as relevant.

- 11.4 Property Issues – N/A

- 11.5 Wards/Communities Affected - All

12 Conclusion and reasons for recommendation

- 12.1 The report outlines the reasons for reviewing the timetable for preparing the next Local Plan. In light of these, it proposes an updated timetable to be reflected within an updated Local Development Scheme.

<u>Background Papers (Local Government Act 1972 Section 100D)</u>			
Test Valley Borough Local Plan 2016			
Test Valley Gypsy and Traveller DPD (Regulation 18 consultation draft) 2015			
Test Valley Local Development Scheme, updated 2018			
<u>Confidentiality</u>			
It is considered that this report does not contain exempt information within the meaning of Schedule 12A of the Local Government Act 1972, as amended, and can be made public.			
No of Annexes:	1	File Ref:	pp1
(Portfolio: Planning) Councillor N Adams-King			
Officer:	Graham Smith/David Bibby	Ext:	8141/8015
Report to:	Cabinet	Date:	15 January 2020

ANNEX

Test Valley Borough Council

Local Development Scheme

January 2020

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Glossary of Terms

Authority's Monitoring Reports: Section 113 of the Localism Act (2011) requires that a monitoring report must be published assessing the implementation of policy and progress of the Local Development Scheme. This must be done at least yearly.

Community Infrastructure Levy (CIL): CIL is a levy that local authorities can choose to charge on new development. The charges are related to the size and type of the new development. The money collected can be spent on funding infrastructure which the Council has identified as being required.

Community Plan: Local Authorities are required by the Local Government Act 2000 to prepare these, with the aim of improving the social, environmental and economic wellbeing of their areas. Using the Community Plan, authorities are expected to co-ordinate the actions of public, private, voluntary and community sectors (through the Local Strategic Partnership). The Test Valley Partnership has produced 'Your Test Valley', the Community Plan for the Borough.

Development Management Policies: These will be a suite of criteria-based policies which are required to ensure that all development within the areas meets the spatial vision and spatial objectives set out in the Local Plan.

Development Plan: The Development Plan comprises the Development Plan Documents contained within the Local Development Framework and the Minerals and Waste Plans produced jointly by Hampshire County Council, Portsmouth and Southampton City Councils and the New Forest and South Downs National Park Authorities.

Development Plan Documents (DPDs): Spatial planning documents that are subject to independent examination and will form the development plan for a local authority area for the purposes of the 2004 Act. Individual Development Plan Documents or parts of a document can be reviewed independently of other Development Plan Documents.

Duty to Cooperate: The duty to cooperate was created in the Localism Act (2011). It places a legal duty on local planning authorities, county councils and public bodies to engage constructively, actively and on an ongoing basis on strategic cross boundary matters.

Evidence Base: The evidence and information used to inform Development Plan Documents. It should be as up to date as possible.

Examination in Public (EIP): An inspector appointed by the Secretary of State will carry out an independent examination into the soundness of the Development Plan Document.

Habitats Regulations Assessment (HRA): This is based on a legal requirement through the Conservation of Habitats and Species Regulations 2017 (as amended). It involves assessing the potential effects of land use plans on the conservation objectives of Natura 2000 sites, which are designated for their nature conservation

importance. This includes Special Areas of Conservation (SACs) and Special Protection Areas (SPAs). Guidance also recommends considering the effects on Ramsar sites.

Housing Implementation Strategy: This sets out the proposed approach for managing and maintaining the delivery of a five-year supply of housing land to meet the housing target in Test Valley.

Infrastructure Delivery Plan (IDP): The IDP forms part of the evidence base for the Local Plan. It assesses the capacity and deficits in infrastructure which are needed to deliver the requirements of the Local Plan.

Local Development Scheme (LDS): This sets out the programme for preparing Local Development Documents.

Local Plan: This sets out the long-term spatial vision for the local planning authority area and the spatial objectives and strategic policies to deliver that vision through development management policies and strategic site allocations. The next Local Plan will have the status of a Development Plan Document.

Local Enterprise Partnership (LEP): LEPs are partnerships between local authorities and businesses and play a key role in establishing local priorities to create jobs and support local businesses. The Enterprise M3 LEP includes the Borough of Test Valley.

Local Nature Partnership (LNP): LNPs bring together local organisations, businesses and people who want to improve their local natural environment. Test Valley is covered by the Hampshire & Isle of Wight LNP.

Local Strategic Partnership (LSP): This is a partnership of stakeholders who develop ways of involving local people in shaping the future of their area in terms of how services are provided. They are often single, non-statutory, multiagency bodies which aim to bring together locally the private, public, community and voluntary sectors. The Test Valley Partnership is the LSP for the Borough.

Neighbourhood Development Plan (NDP): Through the Localism Act 2011, parish councils can influence planning decisions in their area and can propose land for development provided that they are in line with the development plan via a neighbourhood development plan.

National Planning Policy Framework (NPPF): The NPPF sets out national planning guidance for the plan making and decision taking. The NPPF was published in 2019.

National Planning Practice Guidance (NPPG): An online resource which provides guidance on how to apply the policies and guidance in the NPPF.

Site Specific Allocations: These include sites for specific or mixed use development contained in Development Plan Documents. Policies will identify any specific requirements for individual proposals.

Statement of Community Involvement (SCI): This sets out the standards which authorities will achieve with regard to involving local communities in the preparation of Local Development Documents and development management decisions. The Statement of Community Involvement is not a Development Plan Document. The Test Valley SCI was adopted in 2017 and can be viewed on the Planning pages of the Council's website.

Strategic Environmental Assessment (SEA): This is a term used to describe environmental assessment as applied to policies, plans and programmes. The European 'SEA Directive' (2001/42/EC) requires a formal environmental assessment of certain plans and programmes, including those in the fields of planning and land use.

Strategic Policies: Those policies within the local plan which are essential to the delivery and successful implementation of the overall strategy. These are listed in Appendix 2.

Supplementary Planning Documents (SPD): These provide supplementary information in respect of the policies in Development Plan Documents. They do not form part of the Development Plan and are not subject to independent examination. The Council has produced a number of SPDs which can be found on the Planning Policy pages of the Council's website.

Sustainability Appraisal (SA): This is a tool for appraising policies to ensure they reflect sustainable development objectives (i.e. social, environmental and economic considerations). There is a requirement in the Planning and Compulsory Purchase Act that sustainability appraisals are undertaken for all Development Plan Documents.

Tests of Soundness: The test of soundness are set out in the NPPF. To be sound, a document should be positively prepared, justified, effective and consistent with national policy. These are assessed by an Inspector appointed to examine in public the Development Plan Documents .

The Regulations: This relates to the Town and Country Planning (Local Development) (England) Regulations 2004 as amended.

Windfall: Windfall sites are those sources of housing land supply which have not been specifically identified but are likely to be brought forward

1 Introduction

- 1.1 The Council is required to prepare and publish a Local Development Scheme (LDS) and to keep it under review. The first LDS was approved in July 2005.
- 1.2 This LDS has been approved by the Council on the XXXX. The Council brought this new LDS into effect from this date.
- 1.3 Copies of the document can be obtained from the Planning Policy and Economic Development Service at the address below. It is also available on the Council's website:
<https://testvalley.gov.uk/planning-and-building/planningpolicy/lds>
- 1.4 If you have any queries please contact the Planning Policy and Economic Development Service on 01264 368000, email planningpolicy@testvalley.gov.uk or write to:

Planning Policy and Economic Development Service
Test Valley Borough Council
Beech Hurst
Weyhill Road
Andover
Hampshire
SP10 3AJ

2 Background

- 2.1 The Planning and Compulsory Purchase Act 2004 established a framework for the preparation of planning policy documents on which the development management decisions of the Council would be based.
- 2.2 The Act (as amended by Section 111 of the Localism Act 2011) states that a Local Development Scheme must specify:
 - The Local Development Documents which are to be Development Plan Documents;
 - The subject matter and geographical area to which each development plan document relates;
 - Which Development Plan Documents, if any, are to be prepared jointly with one or more other local planning authorities;
 - Any matter or area in respect of which the authority has agreed (or proposes to agree) to the constitution of a joint committee [with other Local Planning Authorities]; and
 - The timetable for the preparation and revision of the Development Plan Documents.

- 2.3 The Development Plan for Test Valley currently comprises the Test Valley Borough Revised Local Plan 2011-2029 Development Plan Document (DPD) and the Hampshire Minerals and Waste Local Plan 2013. Additionally, for the designated area (parish) of Goodworth Clatford, the Goodworth Clatford Neighbourhood Plan 2018-2029, also forms part of the Development Plan. The New Forest National Park Local Plan 2016-2036 forms the Development Plan for those parts of the Borough which fall within the New Forest National Park.
- 2.4 The LDS is intended to be a public statement of the Council's programme for the production of DPDs. The Scheme sets out the time lines for production of documents including gathering data, consultation, public scrutiny at an Examination and its adoption.
- 2.5 Within the legislation there is scope to prepare Supplementary Planning Documents (SPDs). They replace Supplementary Planning Guidance (SPGs) such as planning briefs which the Council has produced from time to time. The SPDs do not have the status of DPDs but would be subject to consultation and, once adopted, would form part of the Local Development Framework (LDF). Appendix 3 sets out the supplementary planning guidance and documents which form a material consideration in the decision making process.
- 2.6 Under the Planning Act 2008 there is no need for SPDs to be included within the LDS however the Council will continue to produce SPDs when appropriate.
- 2.7 The involvement of the community in the preparation of Local Development Documents is essential to achieve local ownership and legitimacy. The Council has to prepare a Statement of Community Involvement (SCI). A revised SCI was approved in December 2017. It sets out the Council's policy for involving the community in the preparation and revision of its documents and its involvement in planning applications.

3 The Local Development Scheme for Test Valley

- 3.1 The Test Valley LDS applies to the Borough outside of the New Forest National Park. The New Forest National Park Authority, which came into being in April 2005, is responsible for the planning of the part of the Borough which lies within the Park and will have its own LDS.
- 3.2 The Council has published its Corporate Plan 'Growing our Potential' 2019-2023¹, which focuses on four strategic priorities: town centres, communities, people and the local environment. This is being actioned through the Andover Vision and Romsey Future projects; supporting parishes to undertake neighbourhood planning, and other forms of community planning, and to

¹ Available: <https://testvalley.gov.uk/aboutyourcouncil/corporatedirection/corporate-plan-for-2019-to-2023>

providing opportunities for communities to work closely with the Council in the review of the local plan.

- 3.3 To allow for sufficient time for community engagement the Council has reviewed how the next local plan will be produced.
- 3.4 Appendix 1 provides an overview of the programme of work and sets out in more detail a profile for the next local plan. The timetable for the production of the DPD is considered achievable. Upon submission the rate of progress of the DPDs is dependent on the Planning Inspectorate and outside of the control of the Council.

Development Plan Documents (DPD)

Test Valley Borough Local Plan

- 3.5 The Council adopted its Revised Local Plan in January 2016. This document sets out the vision and broad objectives for the Borough and the policies to deliver them. It draws upon other strategies of the Council, especially the Corporate Plan, and other organisations that have implications for the development and use of land. It identifies the strategic locations for housing and employment based on a settlement hierarchy. The document contains policies which will be used in determining planning applications. The document sets out the boundaries for the settlement hierarchy and town centre boundaries and identifies those areas that prevent coalescence between settlements and areas of local distinctiveness. This document was subject to a mandatory sustainability appraisal to ensure that sustainable development has been promoted.
- 3.6 The Council's approach to actively engaging with the community and encouraging closer collaborative approaches in strategies such as Andover Vision, Romsey Future and the Community Planning Toolkit, has helped to revisit the ways in which the early stages of a local plan review are going to be undertaken. This included undertaking an Issues and Options consultation as the first step in reviewing the local plan. The future local plans content will be informed by the outcome of the consultation, national guidance and evidence collected.

Gypsy and Traveller DPD

- 3.7 The previous Local Development Scheme, included provision for a specific Gypsy and Traveller DPD, to be produced separate to the next Local Plan. Most recently, an updated Scoping report (as the first stage in the Sustainability Appraisal process) was approved in 2018.
- 3.8 The evidence base for gypsies, travellers and travelling showpeople is being reviewed and considered in the light of case law. Depending upon the outcome of this review, a decision will be made in due course as to whether to prepare a separate Gypsy and Traveller DPD, or to include provision for this community, within the next Local Plan.

Hampshire Minerals and Waste Local Plan 2013

3.9 The Minerals and Waste Local Plan forms part of the Development Plan. The plan was adopted by Hampshire County Council and its partner authorities² on 15th October 2013.

Further Development Plan Documents

3.10 It may be necessary to produce further Development Plan Documents for specific areas or topics. The Council will decide whether these are necessary at the appropriate time.

Statement of Community Involvement (SCI)

3.11 The SCI, which was adopted in December 2017, provides the framework within which the public would be consulted on the preparation of individual policy documents and planning applications. The public, by reference to the SCI, would have a clear understanding of what to expect from the Council and of the opportunities they would have to contribute at the outset of the new procedures. It is proposed to update and review the SCI.

Supplementary Planning Documents (SPDs)

3.12 The preparation of Supplementary Planning Documents (SPDs) provides the Council and community opportunities to develop in more detail the policies and proposals set out in Development Plan Documents. The Council has previously prepared, under the superseded legislation, a range of supplementary planning guidance.

3.13 Further SPDs may be produced by the Council as required. The content of these SPDs may require a Strategic Environmental Assessment (SEA) to be produced.

Access Plans

3.14 Access Plans provide a strategy for a shared vision for access to facilities and services within Andover, Romsey and the wider rural area. The access plans identify how access can be improved and how this will be achieved.

3.15 The Council adopted the Test Valley Access Plan, the Andover Town Access (TAP), and the Romsey TAP in 2015. These documents will be the subject of review to ensure they are up to date.

² Portsmouth City Council, Southampton City Council, New Forest National Park Authority and South Downs National Park Authority

Village Design Statements

- 3.16 Village Design Statements (VDS) provide additional guidance with respect to the design policies of the adopted local plan. They are prepared by local communities and play an important role in involving the public in the planning process. As they are led by local communities it is difficult to establish with certainty which villages will undertake a VDS and to what timetable. Appendix 3 lists the adopted Village Design Statements in the Borough. Please contact Planning Policy for updates on the production of VDSs.
- 3.17 Where new VDSs are prepared they would need to be in conformity with the SCI. Existing VDSs would remain as material considerations through the mechanism of identifying them in the LDS.

Neighbourhood Development Plans

- 3.18 The Localism Act created the legal framework for the preparation of Neighbourhood Development Plans (NDP). As Test Valley is fully parished only Parish Councils can produce a NDP. Subject to satisfying the necessary regulation and processes the NDP will, upon adoption, form part of the Development Plan.
- 3.19 The Council's Corporate Plan 'Growing our Potential' 2019-2023 indicates under the communities strategic priority that *"we will support more communities to take part in a range of community planning activities such as neighbourhood planning, community resilience and local action planning."*
- 3.20 Those parishes progressing with a neighbourhood plan are listed in Appendix 4. Please contact the Planning Policy team for updates on the production of NDPs.

Community Infrastructure Levy (CIL)

- 3.21 The Community Infrastructure Levy (CIL) is a charge on development that allows Local Authorities in England to raise funds to support infrastructure requirements as set out in an infrastructure (Regulation 123) list.
- 3.22 CIL is charged per square metre on the gross internal floorspace of the net additional floorspace of development, and is applicable to all residential developments regardless of size, and all development of 100 square metres or over.
- 3.23 The Council has set differential rates of CIL for different intended uses of development based on the economic viability evidence in the CIL Viability Study. For residential development, CIL rates have been set according to four geographical zones. Based on the viability evidence, a nil rate of CIL has been applied to the strategic residential allocations in the Local Plan³. For retail warehouse and supermarket/superstore development, a CIL rate of £180 per square metre has been set.

³ Whitenap, Hoe Lane, Park Farm, George Yard/Black Swan Yard, Picket Piece and Picket Twenty.

- 3.24 The Council adopted the CIL Charging Schedule on 27 January 2016, and has approved the implementation of CIL to take effect on 1 August 2016. The Council may review CIL during the years covered by this LDS.

4 The Relationship between Local Development Documents, the Community Plan and the Corporate Plan

- 4.1 The Council together with its partners formed the Local Strategic Partnership (LSP) and prepared a Community Plan “Your Test Valley”. The Local Plan (2016) was written and designed to show the strongest and most practical relationship with the Community Plan. The partners have been involved in the preparation of the Local Plan and will continue to do so.
- 4.2 The Council’s Corporate Plan for the period of 2019-2023 ‘Growing our Potential’ sets out the vision and priorities for the Council taking into account issues raised by local communities, voluntary sectors and external influences. The Local Plan will help deliver the aspirations of the Corporate Plan.

5 Status of Existing Policy Documents

- 5.1 The New Forest National Park Authority has an adopted local plan and provides the policy guidance for that part of the Borough that falls within the National Park.
- 5.2 Existing Supplementary Planning Guidance (SPG) cannot be saved in the same way as local plans. However Local Planning Authorities are advised to list those which it will treat as a material consideration for development management purposes. Appendix 3 sets out a list of SPG and more recent Supplementary Planning Documents (SPD) which will continue to be used for development management purposes.

6 Evidence Base and Resource Implications

- 6.1 The development of the Local Plan will need to be underpinned by evidence which is up to date. The Council has collected a wide evidence base as part of the local plan process. The evidence is available on the Council’s website: <https://testvalley.gov.uk/planning-and-building/planningpolicy/evidence-base>
- 6.2 An assessment of the scope of the financial resources to produce the policy documents has been undertaken and provision has been made in the Council’s Budgets. The Council will take every opportunity available to minimise the cost of producing the Local Plan.
- 6.3 The preparation of the Local Plan will be led by the Planning Policy and Economic Development Service. The work of the team will be complemented by officers with specialist knowledge from other services who have expertise in particular areas e.g. housing, leisure, transport, environment and health and legal. In addition external resources may be called upon particularly from the County Council, and consultants will be retained for certain projects.

- 6.4 The Council is satisfied at the time of the preparation of the LDS that the appropriate resources are or can be made available to deliver the timetable set out in Appendix 1. In reaching that conclusion the Council has had regard to its experience of delivering policy documents over a number of years. However, it is concerned that its programme is reliant upon the contribution from external agencies and will be influenced by factors beyond its control. It intends through the reviews of the LDS to take account of the change in circumstances which may influence its ability to deliver the proposed programme.

7 Review and Monitoring

- 7.1 The Council will produce an Authority's Monitoring Report (AMR) to assess the implementation of the LDS and the extent to which policies are being achieved. The Council's monitoring report will be produced annually.
- 7.2 The monitoring report will compare progress with the key milestones identified in the timetable set out in Appendix 1. Informed by that process, the Council will consider the need to revise and update the LDS.
- 7.3 The monitoring report will also include an assessment of the impact the Council's policies have in terms of national and local targets and the extent to which those issues policies may need to be revised. The Council will produce a Housing Implementation Strategy. This will include information on housing policy and performance and include housing completions, housing trajectories and housing land supply. This will help the Council assess whether it is satisfying government guidance with regards to housing delivery.

Appendix 1 – Development Plan Document Timetable

	Next Local Plan DPD
2018 Q1	
2018 Q2	
2018 Q3	Issues and Options
2018 Q4	
2019 Q1	
2019 Q2	
2019 Q3	
2019 Q4	
2020 Q1	Refined Options/Stepping Stone document
2020 Q2	
2020 Q3	
2020 Q4	
2021 Q1	Regulation 18 (preferred approach local plan)
2021 Q2	
2021 Q3	Stepping Stone document
2021 Q4	
2022 Q1	
2022 Q2	
2022 Q3	Regulation 19 (pre-submission local plan)
2022 Q4	
2023 Q1	
2023 Q2	
2023 Q3	Submission
2023 Q4	Examination
2024 Q1	
2024 Q2	
2024 Q3	Adoption

Development Plan Document Profile

Document details

Title: Test Valley Borough Local Plan DPD

Geographic coverage: Whole of Borough⁴

Content: It will set out the Council's vision and objectives for the Borough together with the locations for development, including strategic, site allocations and development management policies required to deliver the strategy.

Chain of conformity: General conformity with National Policy. To be prepared in conformity with the Statement of Community Involvement.

Development Plan Document Profile

Arrangements for preparation	Details
• Which organisation/department of the authority will lead the process	Planning Policy and Economic Development Service
• Management arrangements.	Cabinet, LDF project group
• Resources required to produce the document, including specifying resources committed from external stakeholders if appropriate.	TVBC resources allocated via Council Budget process
• Approach to involving stakeholders and the community.	Consistent with the objectives of the Corporate Plan and in conformity with the SCI and Duty to Cooperate

Monitoring and Implementation	Details
• The Monitoring Report will provide the framework for reviewing performance	The Planning Policy and Economic Development Service will lead on the monitoring report

⁴ Except for that part of the Borough within the New Forest National Park.

Appendix 2 – Strategic Policies

The Strategic Policies of the adopted Revised Local Plan (as set out in Annex A of the RLP) are listed below.

Policy SD1: Presumption in Favour of Sustainable Development

Policy COM1: Housing Provision 2011 – 2029

Policy COM2: Settlement Hierarchy

Policy COM3: New Neighbourhood at Whitenap, Romsey

Policy COM4: New Neighbourhood at Hoe Lane, North Baddesley

Policy COM5: Residential Development at Park Farm, Stoneham

Policy COM6: New Neighbourhood at Picket Piece, Andover

Policy COM6A: New Neighbourhood at Picket Twenty, Andover

Policy COM7: Affordable Housing

Policy COM8: Rural Exception Affordable Housing

Policy COM14: Community Services & Facilities

Policy COM15: Infrastructure

Policy LE1: University of Southampton Science Park

Policy LE2: South of Benham Campus, University of Southampton Science Park

Policy LE3: Land at Whitenap, Romsey

Policy LE4: Land south of Brownhill Way, Nursling

Policy LE5: Land at Bargain Farm, Nursling

Policy LE8: Extension to Walworth Business Park

Policy LE10: Retention of employment land and strategic employment sites

Policy LE14: Mixed development at George Yard/Black Swan Yard

Policy E1: High Quality Development in the Borough

Policy E2: Protect, Conserve and Enhance the Landscape Character of the Borough

Policy E3: Local Gap

Policy E4: Residential Areas of Special Character

Policy E5: Biodiversity

Policy E6: Green Infrastructure

Policy E7: Water Management

Policy E9: Heritage

Policy LHW1: Public Open Space

Policy T1: Managing Movement

Policy T2: Parking Standard

Appendix 3 – Supplementary Planning Guidance to be retained and Supplementary Planning Documents

The following supplementary planning guidance and supplementary planning documents will continue to be material considerations in the determination of planning applications.

1. Supplementary Planning Documents

Dean Hill Planning Position Statement
Affordable Housing (March 2008)
Infrastructure & Developer Contributions (February 2009)
Shopfront Design Guide (September 2010)
Test Valley Access Plan (January 2015)
Romsey Town Access Plan (April 2015)
Andover Town Access Plan (July 2015)
Residential Areas of Special Character (RASC) (January 2019)

2. Village Design Statements (adopted)

a) Supplementary Planning Guidance

Abbotts Ann (April 2000)
Goodworth Clatford (April 2000)
The Pentons (Penton Grafton and Penton Mewsey) (April 2000)
Michelmersham and Timsbury (July 2001)
Upper Clatford and Anna Valley (February 2002)
Braishfield (April 2002)
Vernham Dean (January 2003)
Chilbolton (January 2003)
Stockbridge (April 2003)
Longparish (April 2003)
The Wallops (Over Wallop and Nether Wallop) (February 2004)
Monxton (May 2004)
Broughton (July 2004)

b) Supplementary Planning Documents

Thruxton (February 2006)
Chilworth (February 2006)
Amport (January 2008)
Romsey Town Design Statement (January 2008)
Enham Alamein (January 2009)
West Dean (February 2010)
Longstock (June 2010)
Wellow (September 2010)
Appleshaw and Redenham (April 2015)
Sherfield English (April 2015)
Barton Stacey (June 2016)
Ampfield (July 2019) (superseded April 2003 VDS SPG)

Appendix 4 – Parishes progressing with Neighbourhood Plans

Neighbourhood Plans (made)

Goodworth Clatford Neighbourhood Plan 2018-2029 (March 2019)

The following parishes are progressing with the preparation of Neighbourhood Plans:

Awbridge
Charlton
Chilbolton
Houghton
King's Somborne
Longstock
Nether Wallop
Sherfield English
Thruxton
Upper Clatford
Wellow
West Tytherley, Frenchmoor & Buckholt (jointly with West Dean in Wiltshire)

The following parishes are also designated as a neighbourhood area, but are not currently progressing with the preparation of Neighbourhood Plans:

Andover Town	Work is underway on the Andover Vision
Romsey Town & Romsey Extra	Work is underway on Romsey Future

ITEM 8

Car Parking Proposals

Report of the Planning Portfolio Holder

Recommended:

1. **That the schedule of fees and charges proposed with effect from 1 April 2020 shown at Annex 6 to the report be approved.**
2. **That the schedule of car parking tariffs proposed with effect from 1 April 2020 shown at Annex 7 to the report be approved.**

SUMMARY:

- This report proposes new tariff arrangements arising from a review of car parking in the Council's car parks.
- The proposed new tariffs maintain the current position of free parking after 4pm Monday to Saturday and free parking on Sundays and Bank Holidays.
- Changes to the car parking tariffs are proposed with the aim of increasing dwell time in the town centres and, in the case of Andover, introducing a period of free parking in Shepherds Spring Lane car park.
- The report includes details of the current tariff arrangements for comparison purposes.
- There has been no inflationary uplift since charges were last increased with effect from 1 April 2016.
- Car Parking charges were not considered as part of the annual Fees and Charges report, pending the outcome of the review. Aside from the proposed tariff changes contained in this report there are a number of other charges that require approval that would usually have been included in the annual Fees and Charges report. These are shown at Annex 6, are unchanged from the charges for the current year, and are recommended for approval above.

1 Introduction

- 1.1 The Council operates a number of pay and display car parks in Andover and Romsey. Maps of the location of the car parks are shown at Annex 1. Car parks are shown as short, medium or long stay.
- 1.2 Short stay car parks tend to be those located closest to the town centre. In order to prevent these spaces being occupied all day by commuters, maximum stay periods are limited to 2 hours and it is anticipated that an individual parking space will be occupied by several different vehicles in a day. This supports the economy of the town centres.
- 1.3 Medium stay car parks are a bit further from the town centre with long stay car parks a bit further still. All are within walking distance of the town centres.

- 1.4 All day parking is still available in the town centres. The all day car parks closest to the town centres are currently referred to as 'Medium stay' car parks, and our edge of town all day car parks are referred to as 'Long Stay.' The all day tariff is lower in the long stay car parks than in the medium stay car parks reflecting that they are a little further from the town centres. All day parking is permitted in some but not all car parks designated as medium stay. It is planned to revisit these 'labels' to make it clearer to motorists what the car parks actually offer as the labels "Medium" and "Long Stay" do not reflect that you can stay for short periods or all day in both these type of car park, the only difference being the tariff payable.
- 1.5 Car parking tariffs for short, medium and long stay car parks offer different options to serve different groups of users.

2 Background

- 2.1 The Council has developed its strategy in relation to the setting of car park tariffs over many years. One of the core aims of our approach has been to enhance the economic development of both the Andover and Romsey town centres.
- 2.2 Andover and Romsey have their own distinct identities and share a common bond in that they are very near other towns and cities which arguably offer a more extensive retail, commercial and leisure/evening experience.
- 2.3 In response the Council has developed niche policies which have become a key part of the Test Valley "offer". These have included:
- A clear pricing policy which means that we undercut our main competitor towns and cities in pricing terms, generally
 - Free parking after 4pm (Monday to Saturday)
 - Free parking on Sundays and Bank Holidays.
- 2.4 In Romsey the Council also delivered a new parking offer at the Romsey Rapids. Free parking had always been available at the Romsey Rapids car park for a maximum of four hours, but the car park suffered from capacity issues at its busiest times such as school holidays etc. The existing car park was expanded significantly to address this issue and to include the provision of a new long stay car park.

The tariff for all day parking in this new car park was set at a cheaper rate reflecting the distance of the car park from the town centre and intended to make it an attractive option for commuters parking all day.

This was part of a number of changes made to increase the availability of short stay parking in those Council car parks closest to Romsey town centre in order that spaces were available to visitors/shoppers. The approach was that these short spaces would turn over a number of times in the day rather than be occupied all day by town centre workers. This was enabled by those car parks closest to the town centre shopping being designated short stay, those car parks slightly further out becoming medium and/or long stay and the delivery of a new long stay car park at Romsey Rapids.

2.5 In Andover the Andover Summit (2012/13) established a work stream to look at parking in the town. Our core parking offer received a 'clean bill of health' as part of the review and the Test Valley approach was enhanced further by the addition of:

- A 'buy one hour get one hour free' parking incentive scheme to encourage visitors to the town centre to stay for a longer period of time during the Christmas period. (This was also introduced in Romsey car parks at the same time)
- Provision of on street ultra-short stay 'Dash & Go' parking in Andover to encourage impulse shopping in the town, as well as making it easier for people who wish to pop in to the town for a short period to visit one or two shops.
- The introduction of reduced cost Season Tickets at Shepherds Spring Lane car park.
- Provision of 'Pay on Foot' ('Clock in Clock out') parking in the Chantry Centre Car Park. This system has suffered some reliability problems to date and officers are exploring whether there are alternative providers with a more reliable proven track record.

The Summit also recommended that the ticket machines be upgraded to accept card and contactless payments.

2.6 In 2015 as a result of works to improve the facilities at Andover College, special rates were introduced at Shepherds Spring Lane car park for Student Permits.

2.7 In recent weeks the Council has introduced new car parking machines into the pay and display car parks. These machines offer contactless payment facilities including Apple Pay, Android Pay and Google Pay and the initial response to the introduction of these facilities has been extremely positive. There is a transaction charge made by the banks for processing these payments. This is calculated as follows:

Components of transaction charge		Fixed or Variable	Example of Card Charge
Tariff			£1.00
Payment Service Provider Fee <i>A fee applied by the PSP for capturing the card data, and passing it securely to the merchant bank for processing.</i>	£0.03	Fixed	£0.0300

Components of transaction charge		Fixed or Variable	Example of Card Charge
Acquirer Fee	£0.045	Fixed	£0.0450
<i>A fee applied by the Merchant bank for the processing of the payment and settlement of each transaction to TVBC</i>			
*Interchange	0.20%	Variable	£0.0020
<i>A fee applied to all card transactions by the cardholder's issuing bank</i>			
*Scheme	1.23%	Variable	£0.0123
<i>A fee applied to all card transactions by Visa/Mastercard as appropriate</i>			
Total Transaction Charge for £1 tariff			£0.0893

* These percentages vary dependant of the type of card used, and may be changed by the Banks / Card Schemes at any point. The percentages given in this example are for consumer Visa/Debit cards which account for approximately 80% of all card transactions. (Our merchant bank have confirmed our current percentage on parking ticket card use to date is 79.95%)

These 4 components combined make up the total cost to TVBC for processing a transaction.

Annex 2 to this report shows the transaction charges applicable to each of the tariffs, expanding on the £1 example shown in the table above.

Self evidently, the fixed fee element of the transaction charge (7.5p) represents a higher percentage of the lowest price tariffs.

- 2.8 The Council has seen some fluctuation in parking ticket sales and car park occupancy in the last few years. The trend is that our ticket sales and car parking income are decreasing. The rate of decrease is higher in Andover than in Romsey, reflecting perhaps that Andover has lost both Marks and Spencer and Tesco from the town centre.
- 2.9 Andover and Romsey are now involved in town centre masterplanning processes. This will involve a strategic review of the current and future car parking needs in both of the towns.

- 2.10 Pending the outcome of that longer term masterplanning process, the Planning Portfolio Holder has requested a review of the current car parking arrangements and tariffs leading to the proposal considered in this report.
- 2.11 Alongside car parking tariffs in the Council's pay and display car parks, there are a number of other parking related matters that would usually have been considered as part of the annual Fees and Charges report. These include parking penalty charges and season ticket charges. Due to the review of car parking arrangements, these were not considered as part of this year's Fees and Charges report to Cabinet on 6 November 2019 and therefore are dealt with in this report. These are shown at Annex 6, are unchanged from the charges for the current year, and are recommended for approval to come into effect from 1 April 2020.

3 Corporate Objectives and Priorities

- 3.1 The Council has identified as one of its corporate priorities growing the potential of our town centres. This involves responding to the changing face of the High Street and the purpose of town centres in the future.
- 3.2 The towns of Andover and Romsey are increasing in size and new communities are being developed. It is important that new residents are encouraged and enabled to get into an early habit of using their local town centres and one element of that is to offer reasonably priced and accessible car parking.
- 3.3 Initiatives that encourage dwell time will help support the economy of town centre businesses.

4 Consultations/ Communications

- 4.1 The annual consultation with businesses as part of the budget setting process and the review of parking arrangements by the Andover Summit have all informed the current parking offer.
- 4.2 The current town centre masterplanning exercises underway in both Andover and Romsey will consider the longer term strategic issues for car parking provision and help inform future policies for car parking.

5 Option Appraisal

- 5.1 **Proposed Option - changes to the car parking tariffs with the aim of increasing dwell time in the town centres and, in the case of Andover, introducing up to 2 hours of free parking in Shepherds Spring Lane car park.**
 - 5.1.1 The table below sets out the changes in tariff arising from this option. Those tariffs where changes are proposed are shown highlighted in grey.

	All TVBC car parks (except Romsey Rapids and Shepherds Spring Lane)		Shepherds Spring Lane (Andover)		Romsey Rapids	
	Current	Proposed	Current	Proposed	Current	Proposed
Up to 30 mins	50p	Up to 2 hours £1.00	50p	Up to 2 hours free	Up to 4 hours free	Up to 4 hours free
Up to 45 Mins	70p		70p			
Up to 60 mins	£1.00		£1.00			
Up to 2 Hours	£1.60		£1.10			
Up to 3 hours	£2.00	£2.00	£1.20	£1.20		
Up to 4 hours (medium stay car park)	£2.70	£3.00	N/A SSL not a medium stay car park			
Up to 4 hours (long stay car park)	£2.40	£3.00	£2.40	£3.00		
Up to 5 hours (medium stay car parks)	£3.40	£4.00	N/A SSL not a medium stay car park		Over 4 hours £2.10	Over 4 hours £2.10
Up to 5 hours (long stay car parks)	£2.80	£4.00	£2.80	£4.00		
Over 5 hour (medium stay car parks)	£5.90	£5.90	N/A SSL not a medium stay car park			
Over 5 hour (long stay car parks)	£4.40	£4.40	£4.40	£4.40		

5.1.2 Under this proposal the shortest stay ticket available will be up to two hours and the cost of a two hour stay will reduce by 37.5% from £1.60 to £1. This is designed to encourage those people who currently purchase tickets for very short stays to dwell for longer in the town centre. The thinking behind this is that, having purchased a ticket for up to two hours, people may take the opportunity to explore in a shop that catches their eye or have a coffee with a friend they meet in town; their time not being constrained by their 30 minute parking ticket as it may be now.

- 5.1.3 The introduction of a free up to 2 hour stay at Shepherds Spring Lane has the potential to encourage use of this car park which is currently under utilised. Increasing familiarity with this car park may also be of assistance with addressing issues of traffic congestion in the area as customers of The Lights and Andover Leisure Centre seek parking.
- 5.1.4 As well as the loss of income from the Shepherds Spring Lane car park itself, the introduction of two hours free parking may also result in a reduction in car parking income from other car parks in Andover. Motorists may move to Shepherds Spring Lane to take advantage of the free offer there, this is impossible to predict or quantify in terms of the financial impact and is a matter which, if this option is approved, will be closely monitored. It is proposed that a no return in 3 hours period be introduced in order to manage potential abuse of the system by motorists. This can be introduced within the delegations to the Head of Property and Asset Management. This will deter an individual returning to their vehicles to obtain a further two hour free ticket when their first two hour free period expires.
- 5.1.5 The proposed two hour free period for Shepherds Spring Lane in Andover will reflect similar arrangements already offered at Romsey Rapids and, if approved, will result in both towns having a period of free parking available.
- 5.1.6 New car parking machines enabling payment of car parking charges by debit/credit card, Apple Pay, Android Pay and Google Pay have been introduced. It is estimated that approximately 60% of car parking tickets will be purchased in this way when people become used to this facility. There are transaction charges for the Council to bear associated with this payment method and these were estimated and built into the Council's budget at the time the decision was taken to progress with the new machines. The latest estimates for these transaction charges for both the proposed option and the current tariffs are shown in detail at Annex 3 to this report.

The comparable totals are:

	Proposed Option	Current Tariff	Difference
	£	£	
Estimated total transaction fees for payments by Credit/Debit card and Contactless	60,803	61,338	(535)

There is therefore no significant difference in transaction charges between the two options.

- 5.1.7 This option does propose increases to some but not all of the medium/longer stay tariffs in all car parks except for Romsey Rapids where no changes are proposed. This reflects the fact that the car park at Romsey Rapids is on the very outskirts of the town centre and is more akin to a “park and walk” car park. There is no directly comparable car park in Andover.

5.2 Current arrangements for comparison purposes.

- 5.2.1 The table at 5.1.1 above includes the current tariff amounts.

6 Risk Management

6.1 Changes to On-Street Parking Arrangements from April 2020

- 6.1.1 In April 2020 responsibility for the administration and enforcement of on-street parking will revert to Hampshire County Council. For many years this function has been carried out by Test Valley Borough Council on behalf of Hampshire County Council under an agency agreement. The County Council have ended this agency arrangement as part of their T19 change programme.
- 6.1.2 Services provided under this arrangement include the enforcement of maximum stay periods in on-street parking bays in the two town centres, administration and enforcement of resident permit schemes and assistance with resolving car parking issues around schools.
- 6.1.3 At this stage it is not clear how the County Council intend to deliver these services from April 2020 and what impact if any this will have on the use of the Council’s pay and display car parks in the two town centres.

7 Resource Implications

- 7.1 There are currently a number of risk factors that impede officers’ ability to be able to accurately predict car parking income for 2020/21 and future years.

7.2 Ticket sales

- 7.2.1 The financial appraisals contained in this report reflect the actual ticket sales achieved in 2018/19. As set out earlier in this report car parking ticket sales have been declining year on year.
- 7.2.2 It is unlikely that the masterplanning projects underway in the two town centres will result in any changes in the short term that will reverse this trend. In the medium to longer term a more attractive town centre offer may halt or reverse this trend.
- 7.2.3 Any impact is likely to apply to both the proposed and current arrangements.

7.3 Change in parking habits

- 7.3.1 It is impossible to accurately predict what impact if any the changes proposed will have on the parking habits of motorists.

- 7.3.2 The estimates are based on 2018/19 ticket sales. No allowance has been made for any reduction in ticket sales as a result of migration from other car parks to the proposed up to 2 hour free period at Shepherds Spring Lane car park. The extent to which motorists who currently use other car parks may choose to move, attracted by the free up to two hour stay, is impossible to predict with any degree of certainty.

7.4 Proposed Tariff

- 7.4.1 The estimate for the proposed tariffs is compared below to the ticket sales income achieved in 2018/19 and the current assumption for ticket sales income in the budget estimates for 2020/21:

	Actual vs Forecast	Budget vs Forecast
	£	£
Ticket sale income Achieved 2018/19	2,040,670	
Current assumption for ticket sale income in budget estimates for 2020/21		2,169,800
Forecast income for proposed option based on like for like ticket sales as 2018/19	2,008,663	2,008,663
Difference	32,037	161,167

These estimates are based on 100% of motorists who currently purchase a 50p, 70p, £1 and £1.60 all purchasing the new proposed £1 tariff.

A detailed worksheet supporting these estimates is shown at Annex 4.

7.5 Current Tariffs

- 7.5.1 As a point of comparison, the same forecast based on the current tariffs is compared below to the car parking income achieved in 2018/19 and the current assumption for car parking income in the budget estimates for 2020/21:

	Actual vs Forecast	Budget vs Forecast
--	-------------------------------	-------------------------------

	£	£
Ticket sales income Achieved 2018/19	2,040,670	
Current assumption for ticket sales income in budget estimates for 2020/21		2,169,800
Forecast income based on current tariffs and like for like ticket sales as 2018/19	2,040,670	2,040,670
Difference	0	129,130

A detailed worksheet supporting these estimates is shown at Annex 5.

- 7.6 As set out earlier in this report the trend over recent years has been for a year on year decrease in ticket sales and car parking income. This is not reflected in the figures in the table above. No adjustment has been made (in either the proposed option or in forecasting the current arrangements) to the 2018/19 figures when estimating income for 2020/21 in respect of the trend of decreasing ticket sales.
- 7.7 For all of the reasons set out above, forecasting the likely financial impact of the proposed changes to tariffs is speculative as, although there is a direct correlation between income and demand, the demand for car parking depends on much more than price alone. For the purposes of assessing the financial implications of the proposed changes to fees and charges in this report, the following assumptions have been made:
- 60% of all payments will be made by contactless methods and
 - Parking demand will remain constant at 2018/19 levels
- 7.8 **Impact on transaction costs** - When the Council approved the purchase of new car parking ticket machines, it anticipated that there would be a saving in cash collection costs and an increase in banking transaction costs. A net budget pressure of £62,000 was built into the revenue forecasts and this was approved by Council on 25th February 2019 (Minute 279.2.1.2 refers). Current forecasts based on the proposed tariffs are set out in Annex 3 of this report and show a revised net cost of £60,800, a small budgetary saving of £1,200.
- 7.9 **Impact on Income** – The stated policy objective of making these tariff changes is to encourage dwell time in the town centres to support the local economy and it is hoped that there will be an increase in demand that will help to offset the loss of income as a result of reducing charges by nearly 40% in the up to 2 hour range (see scenario 2 below). In order to demonstrate how volatile car parking income is (even with very small changes in demand), a sensitivity analysis has been carried out and the table below shows a range of possible outcomes from the proposed change in tariffs:

<u>Scenario Planner - Possible Financial Impact of tariff changes</u>			
Scenario	Impact (£)	Loss/(Gain)	Assumption
1	32,036	Loss	No change in demand from 2018/19
2	(17,108)	(Gain)	5% increase in demand in £1 tariff band
3	36,484	Loss	10% increase in £1 tariff band and 10% decrease in all other bands
4	233,060	Loss	10% decrease in demand in all bands

7.10 Annex 4 to this report is based on scenario 1 above and is considered a reasonable middle case for forecasting purposes. It is therefore recommended that this anticipated budget pressure of £32,000 is included in the 2020/21 budget forecast and the “cost” is met from the Income Equalisation Reserve. However, it will be important to monitor the position carefully throughout next year and take corrective budgetary action if necessary. From 2021/22, the impact on income should be easier to forecast and the Council will be able to build any shortfall (or surplus) into the base budget at that time.

7.11 **Overall Car Parking Income Budget** – Irrespective of the changes being recommended in this report, it is an opportune time to think about rebasing the Car Parking Income Budget to a more realistic level. The approved estimate for 2019/20 is £2.17M and this was set in the hope that income would recover to previous years’ levels. Regular corporate budget monitoring reports to Cabinet have highlighted this as a problem area, where income regularly falls short of expectations. The last monitoring report to Cabinet on 6th November, 2019, showed a continuing decline and showed that income was £60,000 behind budget profile at the half year point and it is expected that the shortfall may reach £129,000 by the year end. It should be stressed that this is a separate issue to the matters under consideration in this report, but has been included to give contextual information to the overall car parking income budget:

	£000s
2019/20 Budget	2,170
Less: Rebasing	(129)
Less: Tariff Change Impact	(32)
2020/21 Budget Guide	<u>2,009</u>

As we approach the year end for 2019/20, more work will be done on assessing the right level of adjustment that needs to be made to this income budget to ensure that it is both realistic and achievable. This issue will be picked up in the budget report to Council in February 2020.

8 Legal Implications

8.1 The setting of the proposed car parking tariffs for the Council’s pay and display car parks and the associated fees and charges shown at Annexes 6 and 7 are a matter that require approval by Cabinet.

9 Equality Issues

- 9.1 Disabled parking bays are provided in all Council car parks and Blue Badge holders are able to park in these spaces for free (and in standard spaces if no disabled bays are available).

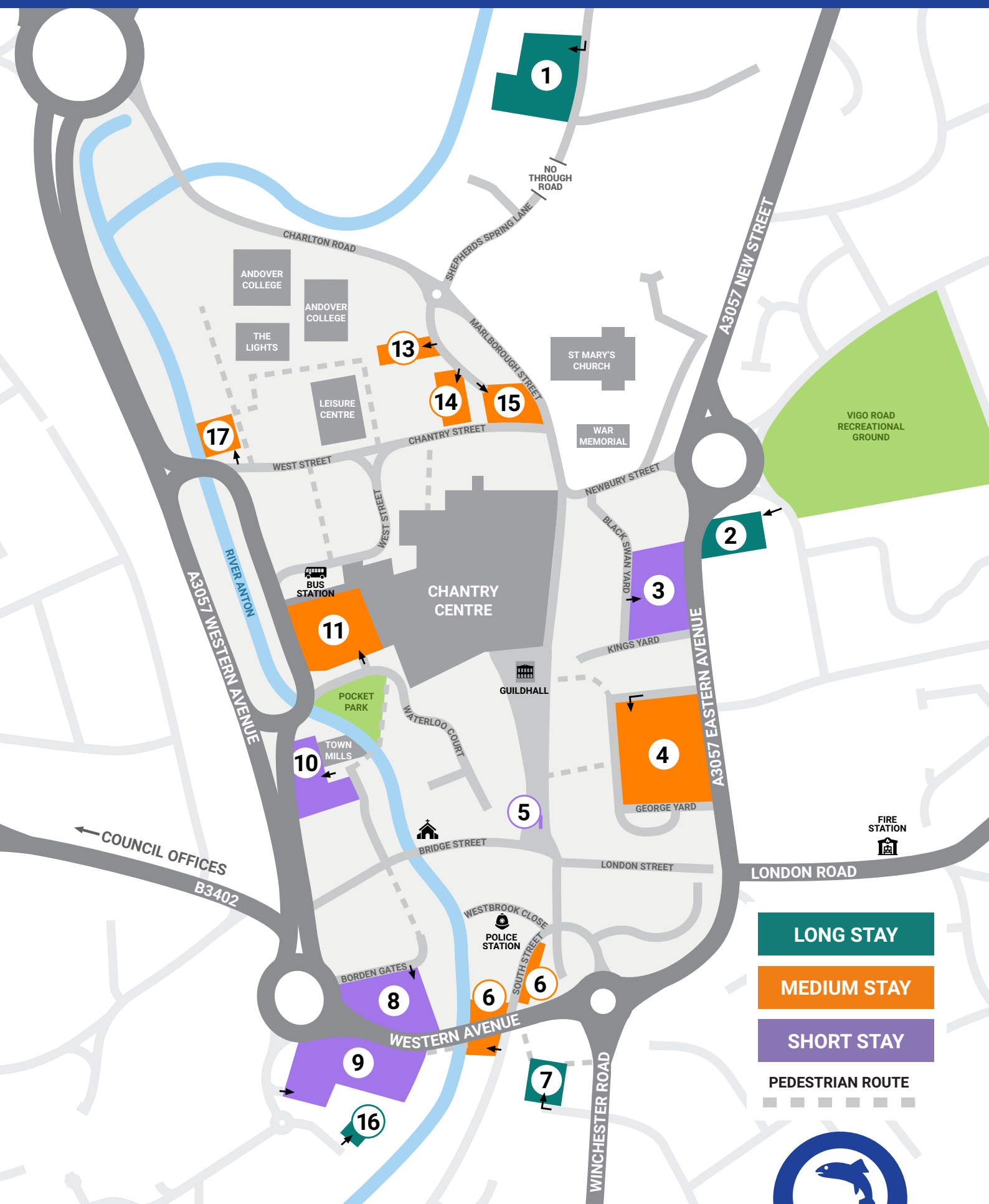
10 Conclusion and reasons for recommendation

- 10.1 Following a review of car parking arrangements, this report sets out proposals for 2020/21 which are intended to support the economy of the two town centres.

<u>Background Papers (Local Government Act 1972 Section 100D)</u>			
None			
<u>Confidentiality</u>			
It is considered that this report does not contain exempt information within the meaning of Schedule 12A of the Local Government Act 1972, as amended, and can be made public.			
No of Annexes:	7	File Ref:	N/A
Annex 1 - Location maps showing car parks in Andover and Romsey town centres Annex 2 – Transaction Charges per tariff for card/contactless payments Annex 3 – Total estimated transaction fees for the proposed option and current tariffs Annex 4 – Proposed Option detailed costing spreadsheet Annex 5 – Current Tariff detailed costing spreadsheet Annex 6 – Schedule of Fees and Charges wef 1 April 2020 for approval Annex 7 – Schedule of Car Parking Tariffs wef 1 April 2020 for approval			
(Portfolio: Planning) Councillor N Adams-King			
Officer:	Carol Moore/Simon Ellis/Steve Raw	Ext:	8721
Report to:	Cabinet	Date:	15 January 2020

Andover Parking Map

Test Valley Borough Council - Cabinet - 15 January 2020



Romsey Parking Map

Test Valley Borough Council - Cabinet - 15 January 2020

ANNEX 1



ANNEX 2**Transaction Fees per tariff for payments by Credit/Debit Card/Contactless**

Tariff	PSP Fee	Acquirer Fee	Interchange	Scheme	Total Card Transaction Fee	Transaction Fee as % of Parking Fee
	£0.03	£0.045	0.20%	1.23%		
0.50	£0.03	£0.045	£0.0010	£0.0062	£0.0822	16.43%
0.70	£0.03	£0.045	£0.0014	£0.0086	£0.0850	12.14%
1.00	£0.03	£0.045	£0.0020	£0.0123	£0.0893	8.93%
1.10	£0.03	£0.045	£0.0022	£0.0135	£0.0907	8.25%
1.20	£0.03	£0.045	£0.0024	£0.0148	£0.0922	7.68%
1.60	£0.03	£0.045	£0.0032	£0.0197	£0.0979	6.12%
2.00	£0.03	£0.045	£0.0040	£0.0246	£0.1036	5.18%
2.10	£0.03	£0.045	£0.0042	£0.0258	£0.1050	5.00%
2.70	£0.03	£0.045	£0.0054	£0.0332	£0.1136	4.21%
2.80	£0.03	£0.045	£0.0056	£0.0344	£0.1150	4.11%
3.40	£0.03	£0.045	£0.0068	£0.0418	£0.1236	3.64%
3.50	£0.03	£0.045	£0.0070	£0.0431	£0.1251	3.57%
4.40	£0.03	£0.045	£0.0088	£0.0541	£0.1379	3.13%
5.90	£0.03	£0.045	£0.0118	£0.0726	£0.1594	2.70%
7.00	£0.03	£0.045	£0.0140	£0.0861	£0.1751	2.50%

The Interchange and Scheme fees percentages vary according to the card type used. The fees above reflect the use of consumer visa/debt cards. These are the type of cards most commonly used and the Council has been advised that it can anticipate that 80% of transaction will be made using this type of card.

ANNEX 3

Current Car Parking Tariffs

Estimated Transaction Charges for payments by Credit/Debit/Contactless/Apple Pay/Google Pay/ Android Pay

Current Car Parking Tariffs		No. of Tickets	No. Paid by Card (Est 60%)	Gross Ticket Sales	Transaction Charge
30 Min	£0.50	257,430	154,458	£128,715	£12,689
45 min	£0.70	101,970	61,182	£71,379	£5,201
1 hour	£1.00	535,362	321,217	£535,362	£28,685
2 hours	£1.60	357,813	214,688	£572,501	£21,014
Subtotal					67,588
3 hours	£2.00	211,896	127,138	£423,792	£13,171
4 hours - medium stay car parks	£2.70	30,928	18,557	£83,506	£2,108
5 hours - medium stay car parks	£3.40	7,226	4,336	£24,568	£536
Over 5 hour - medium stay car parks	£5.90	10,194	6,116	£60,145	£975
4 hours - long stay car parks	£2.40	8,123	4,874	£19,495	£533
5 hours - long stay car parks	£2.80	7,614	4,568	£21,319	£526
Over 5 hour - long stay car parks	£4.40	23,747	14,248	£104,487	£1,965
Shepherds Spring Lane 2 hours	£1.10	6,416	3,850	£7,058	£349
Shepherds Spring Lane 3 hours	£1.20	5,895	3,537	£7,074	£326
Rapids 4 hour	Free				
Rapids Over 4 hour	£2.10	9,761	5,857	£20,498	£615
Up to 5 hours (Coaches)	£3.50	97	58	£340	£7
Over 5 hour (Coaches)	£7.00	115	69	£805	£12
Estimated Total Transaction Charges					£88,712

Summary of costs arising from the introduction of payment of pay and display charges by credit/debit card/contactless etc.

	Current Tariffs	Proposed Tariffs
	£	£
PSP and Bank Charge	88,712	88,124
Cash Collection Saving	(30,698)	(30,645)
Inaparc Back Office System	9,804	9,804
Less Existing Back Office System	(6,480)	(6,480)
Revenue Budget assuming 60% take up	61,338	60,803

The report to Cabinet on 12 June 2019 proposing the introduction of new car parking machines enabling payments by credit/debit/contactless etc. estimated transaction fees of £62,000. That sum has been included in the Council's budget.

Proposed Option

	Proposed New Tariff Structure complete with 2 hours free parking at Shepherds Spring Lane	No. of Tickets Sold 18/19	Gross Annual Revenue, less adjustments	
Car Park Tariffs				
30 Min	N/A			
45 min	N/A			
1 hour	N/A			
2 hours	£1.00	1,177,535	£1,177,535.00	
3 hours	£2.00	241,453	£482,906.00	
4 hours - medium stay car parks	£3.00	40,560	£121,680.00	
5 hours - medium stay car parks	£4.00	14,100	£56,400.00	
Over 5 hour - medium stay car parks	£5.90	38,706	£228,365.40	
4 hours - long stay car parks	£3.00	10,405	£31,215.00	
5 hours - long stay car parks	£4.00	10,874	£43,496.00	
Over 5 hour - long stay car parks	£4.40	54,556	£240,046.40	
Shepherds Spring Lane 2 hours	Free	6,416		
Shepherds Spring Lane 3 hours	£1.20	5,895	£7,074.00	
Rapids 4 hour	Free			
Rapids Over 4 hour (7.5 hours)	£2.10	9,761	£20,498.10	
Coaches (Rapids & SSL)				
Up to 5 hours	£3.50	97	£339.50	
Over 5 hour (7.5 hours)	£7.00	115	£805.00	
TOTAL TICKET SALES Cash, RingGo and POPP		1,610,473	£2,410,360.40	gross
			£2,008,633.67	net of VAT

Adverse/(Favourable)Variance in comparison to 2020/21 Budget Guide of £2,169,800

£161,166.33

Adverse/(Favourable)Variance in comparison to 2018/19 Actuals of £2,040,670

£32,036.33

Note

The estimates are based on 2018/19 ticket sales. No allowance has been made for any reduction in ticket sales as a result of migration from other car parks to the proposed up to 2 hour free period at Shepherds Spring Lane car park.

Current Tariffs

Car Park Tariffs	Current tariff	No. of Tickets Sold 18/19	Gross Annual Revenue, less adjustments
30 Min	£0.50	288,332	£133,025.17
45 min	£0.70	117,241	£76,172.95
1 hour	£1.00	572,710	£505,129.17
2 hours	£1.60	412,085	£534,514.67
3 hours	£2.00	241,453	£482,906.00
4 hours - medium stay car parks	£2.70	40,560	£109,512.00
5 hours - medium stay car parks	£3.40	14,100	£47,940.00
Over 5 hour - medium stay car parks	£5.90	38,706	£228,365.40
4 hours - long stay car parks	£2.40	10,405	£24,972.00
5 hours - long stay car parks	£2.80	10,874	£30,447.20
Over 5 hour - long stay car parks	£4.40	54,556	£240,046.40
Shepherds Spring Lane 2 hours	£1.10	6,416	£7,057.60
Shepherds Spring Lane 3 hours	£1.20	5,895	£7,074.00
Rapids 4 hour	Free		
Rapids Over 4 hour (7.5 hours)	£2.10	9,761	£20,498.10
Coaches (Rapids & SSL)			
Up to 5 hours	£3.50	97	£339.50
Over 5 hour (7.5 hours)	£7.00	115	£805.00
TOTAL TICKET SALES Cash, RingGo and POPP		1,823,306	£2,448,805.15
			£2,040,670.96

gross
net of VAT

Adverse/(Favourable)Variance in comparison to 2020/21 Budget Guide of £2,169,800
Adverse/(Favourable)Variance in comparison to 2018/19 Actuals of £2,040,670

£129,129.04
£0

**PROPERTY & ASSET MANAGEMENT SERVICE
FEES AND CHARGES 2020/21**

PARKING

	CHARGES 2019/20 £	CHARGES 2020/21 £	Increase
Parking Penalties			
Higher Level Tariff Penalty Charge	70.00	70.00	0.00%
Lower Level Tariff Penalty Charge	50.00	50.00	0.00%
Higher Level Tariff Penalty Charge (if paid within 14 days)	35.00	35.00	0.00%
Lower Level Tariff Penalty Charge (if paid within 14 days)	25.00	25.00	0.00%
Higher Level Tariff Penalty Charge (if not paid within 60 days)	105.00	105.00	0.00%
Lower Level Tariff Penalty Charge (if not paid within 60 days)	75.00	75.00	0.00%
Season Tickets			
Annual	680.00	680.00	0.00%
Quarterly	200.00	200.00	0.00%
Romsey Sports Centre			
9 month	96.00	96.00	0.00%
Quarterly	37.00	37.00	0.00%
Andover Shepherds Spring Lane special rate			
Annual	530.00	530.00	0.00%
Quarterly	150.00	150.00	0.00%
Replacement (lost or missing)	30.00	30.00	0.00%
Student Parking Annual 3 day - term time only	120.00	120.00	0.00%
Student Parking Annual 4 day - term time only	160.00	160.00	0.00%
Student Parking Annual 5 day - term time only	200.00	200.00	0.00%
Discount for purchase of 100+ season tickets in single transaction for Shepherds Spring Lane and Chantry Centre car parks only	33% discount	33% discount	

**PROPERTY & ASSET MANAGEMENT SERVICE
FEES AND CHARGES 2020/21**

PARKING

	CHARGES 2019/20 £	CHARGES 2020/21 £	Increase
Parking Tickets			
Ultra Short/Short/Medium term car parks			
30 minutes	0.50	N/A	
45 minutes	0.70	N/A	
1 hour	1.00	N/A	
2 hours	1.60	1.00	-37.50%
3 hours	2.00	2.00	0.00%
4 hours	2.70	3.00	11.11%
5 hours	3.40	4.00	17.65%
Over 5 hours	5.90	5.90	0.00%
Long Stay car parks			
30 minutes	0.50	N/A	
45 minutes	0.70	N/A	
1 hour	1.00	N/A	
2 hours **	1.60	1.00	-37.50%
3 hours **	2.00	2.00	0.00%
4 hours	2.40	3.00	25.00%
5 hours	2.80	4.00	42.86%
Over 5 hours	4.40	4.40	0.00%
** Shepherds Spring Lane, Andover - special rate 2 hours	1.10	Free	-100.00%
** Shepherds Spring Lane, Andover - special rate 3 hours	1.20	1.20	0.00%
The Rapids Romsey			
4 hours	Free	Free	
Over 4 hours	2.10	2.10	0.00%
Coaches/Market Traders at the Rapids and Shepherds Spring Lane			
Up to 5 hours	3.50	3.50	0.00%
Over 5 hours	7.00	7.00	0.00%
** Special Long Term only			

ITEM 9

2020/21 Budget Update

Report of the Finance Portfolio Holder

Recommended:

1. That the savings options, income generation proposals and budget pressures, shown in Annexes 1 – 3 to the report, be noted.
2. That the budget position for 2020/21 and Medium Term Financial Forecast, shown in Annex 4 to the report, be noted.
3. That the feedback from businesses on the budget consultation, shown in Annex 5 to the report, be noted.

SUMMARY:

- This report updates Cabinet on changes to the 2020/21 budget forecast since the budget strategy was presented in November. This includes; the provisional Local Government Finance Settlement, the Local Council Tax Support Scheme, New Homes' Bonus provisional allocations and changes to revenues savings and pressures.
- It also provides an updated Medium Term Financial Forecast covering 2021/22 and 2022/23.
- In order to achieve a balanced budget, it will be necessary to close the remaining gap of £57,600 before figures are finalised in February 2020.

1 Introduction

- 1.1 The initial budget strategy and forecast for 2020/21 were presented to Cabinet on 6 November 2019.
- 1.2 Since that time, work has been carried out to revise the current year estimates, prepare original estimates for 2020/21 and update the Medium Term Financial Forecast.
- 1.3 The purpose of this report is to;
 - Provide the latest available information on the provisional Local Government Finance Settlement and how it affects Test Valley.
 - Provide an update on the latest savings options, income generation proposals and revenue pressures.
 - Update the Medium Term Financial Forecast after considering the above.
 - Outline the remaining stages of the budget process.

- 1.4 Assuming no changes to the figures presented in this report, the Council has to close a gap of £57,600 in order to achieve a balanced budget for 2020/21.

2 2019/20 Revised Forecasts

- 2.1 Work is progressing well in preparing the revised forecasts for 2019/20 but detailed figures are not ready at this stage. However, some of the more significant factors that are being considered in the preparation of the forecasts are explained below.
- 2.2 The original budget for 2019/20 assumed there would be no change in the level of general reserves. This remains the same and general reserves are expected to remain at £2M at the end of the year.
- 2.3 Cabinet received a mid-year budget report on 6 November that highlighted significant budget variances in the first half of the financial year. The report highlighted additional income and savings of £110,000 in Services and £99,000 additional investment income to the end of September.
- 2.4 It is anticipated that any further variances that are identified in setting the revised forecasts for 2019/20 will be shown as a transfer to earmarked reserves. The decision on how to allocate this will be taken at the end of the year once the outturn position is known.

3 2020/21 Budget Forecast

3.1 Savings Options, Income Generation Proposals and Budget Pressures

This report identifies a number of new savings, increased income streams and additional pressures. These have been identified by Heads of Service, budget holders and Service Accountants as the estimates for next year have been progressed.

Annex 1 shows all the savings options that have been proposed. These include new items totalling £95,000 for consideration.

Annex 2 follows the same format as Annex 1 and shows all income generation proposals as at November and also includes some new items of additional income. The net additional income proposals identified in this report total £247,100.

Annex 3 details the budget pressures identified in October along with some new items. Net additional pressures of £314,800 have been included.

3.2 Budget Forecast 2020/21

As with the revised forecast figures for 2019/20, the original estimate figures for 2020/21 are also currently being worked on and there may be further changes.

When the budget forecast was presented in November 2019 there was a balanced budget. The current budget estimates include some major variances with the gap increasing to £57,600. A reconciliation of the movement in this gap is shown in the table below.

	£'000
Budget gap per November report	0
Decrease in business rates baseline funding – Paragraph 3.3	13
Additional savings proposals – Annex 1	(95)
Additional income generation proposals – Annex 2	(247)
Additional pressures – Annex 3	315
Transfer to Chantry Centre Planned Maintenance Reserve	111
Saving on inflation estimate	(39)
Current Budget gap	58

There are a number of factors that will impact on the completion of the estimates for 2020/21 that still retain a degree of uncertainty. These are discussed in the following paragraphs.

3.3 Local Government Finance Settlement

The provisional Local Government Finance Settlement (announced on 20 December 2019) has provided the headline grant figures that the Council can expect to receive in core funding (Settlement Funding Assessment (SFA)) in 2020/21.

After years of reductions, the SFA for 2020/21 shows an increase of 1.6% (£38,177). This is the first increase since 2013.

The Medium Term Financial Strategy presented to Cabinet on 6 November made assumptions about the Finance Settlement. These assumptions were slightly optimistic in forecasting the SFA at £2.394M. The provisional SFA announced by the government is some £13,000 less, at £2.381M.

3.4 Council Tax Increase – Referendum Threshold

When the Budget Strategy was presented in November, it was assumed that the Band D level of Council Tax would increase by £5 from £141.41 to £146.41 for 2020/21. The Government has now released its Referendum Principles Report for 2020/21 confirming that a £5 increase would be allowable and would not trigger a referendum.

When the Cabinet next meets on the 12 February, the final Local Government Finance Settlement figures will have been announced. Members will then have the opportunity to consider options for Council Tax levels to recommend to Full Council on the 26 February.

As in previous years, no Council Tax referendum principles have been applied to parish and town councils.

3.5 Local Council Tax Support Scheme

2019/20 is the sixth year that the Local Council Tax Support (CTS) Scheme has been in operation. During 2019, the Council consulted on a number of changes to the scheme. The consultation received 136 responses. After reviewing the results, the Overview and Scrutiny Committee made the following recommendations to change the Scheme for 2020/21:

- a) That a fixed reduction of £4 per week should be introduced for non-dependent adults living in a property;
- b) That eligibility for the Scheme should be restricted to applicants with less than £6,000 of eligible capital;
- c) That the Second Adult Rebate should be removed from the Scheme, and
- d) That extended payments should be removed from Scheme.

All of these proposed changes were endorsed at the Cabinet meeting of 18 December 2019 and recommended for approval by Council when it next meets on 29 January, 2020.

The changes that have been recommended to the Council's CTS scheme are expected to affect only a small number of households. If approved, it is not anticipated that this will require a change to the budget forecast for 2020/21.

3.6 Localisation of Non-Domestic Rates (NDR)

2013 year saw the introduction of the Business Rate Retention Scheme. This was a significant change for local government that aimed to provide some incentive for local authorities that can achieve business growth, but also carried with it significantly more risk than the previous "pooling" arrangements.

Each year's local government finance settlement builds upon the business rate retention starting position that was established in the 2013-14 local government finance settlement.

The table below shows this starting position compared with the provisional finance settlement figures for 2020/21:

	£	Comments
Area Business Rates	44,475,312	Average collectable over last 2 years
Less: Govt. share	<u>(22,237,656)</u>	Represents 50% of amount collectable
Local Business Rates Baseline	22,237,656	Represents 50% of amount collectable
TVBC BR Baseline	17,790,125	Represents 80% of above figure
Less: Tariff paid to Govt.	<u>(15,709,857)</u>	
TVBC Baseline Funding 2013/14	2,080,268	Retained share of Business Rates
TVBC Baseline Funding 2014/15	2,120,774	Retained share of Business Rates
TVBC Baseline Funding 2015/16	2,161,298	Retained share of Business Rates
TVBC Baseline Funding 2016/17	2,179,309	Retained share of Business Rates
TVBC Baseline Funding 2017/18	2,223,802	Retained share of Business Rates
TVBC Baseline Funding 2018/19	2,290,611	Retained share of Business Rates
TVBC Baseline Funding 2019/20	2,343,104	Retained share of Business Rates
TVBC Baseline Funding 2020/21	2,381,281	Provisional share of Business Rates

Work is still being carried out to estimate levels of income, appeals in the pipeline, likely future appeals, discounts and reliefs, etc. By the end of January 2020, it is hoped that the Council will have a better understanding of the likely financial position compared with the baseline funding announced by the Government shown above.

3.7 Revenue Support Grant

Revenue Support Grant (RSG) is a central government grant given to local authorities which can be used to finance revenue expenditure on any service. The amount of Revenue Support Grant to be provided to authorities is established through the local government finance settlement.

The provisional local government finance settlement shows a continuing and expected reduction in the amounts of grant support given to local authorities with the Government following through on their stated intention to phase out RSG entirely by 2020/21. For this Council, the actual and provisional figures are as follows:

2013/14	£3.127m
2014/15	£2.445m = 21.8% reduction year on year
2015/16	£1.696m = 30.6% reduction year on year
2016/17	£1.012m = 40.3% reduction year on year
2017/18	£0.417m = 58.8% reduction year on year
2018/19	£0.056m = 86.6% reduction year on year
2019/20	£NIL = 100% reduction year on year
2020/21	£NIL

As expected and detailed in the Budget Strategy in November 2019, the Government have eliminated negative RSG with the cost funded by the Government.

3.8 Inflation

The budget forecast assumes a general zero inflation allowance for all expenditure budgets except for contractual obligations and a possible staff pay award.

These figures are estimates of what may occur during the next financial year and may increase or decrease before the budget is set, but currently a saving of £39,000 is estimated.

At its meeting on 18 December 2019, the Bank of England's Monetary Policy Committee (MPC) voted by a majority of 7-2 to maintain Bank Rate at 0.75%. CPI inflation remained at 1.5% in November and core CPI inflation remained at 1.7%, broadly as expected. The headline rate is still expected to fall to around 1.25% by the spring, owing to the temporary effects of falls in regulated energy and water prices.

In terms of prospects for interest rates, monetary policy could respond in either direction to changes in the economic outlook in order to ensure a sustainable return of inflation to the 2% target. The MPC has said that it will, among other factors, continue to monitor closely the responses of companies and households to Brexit developments as well as the prospects for a recovery in global growth.

3.9 Investment Income

The income that the Council earns from its investment portfolio is dependent on three key factors; the prevailing base interest rate, the level above or below the base rate that the Council can invest at and the size of the investment portfolio.

The Council regularly receives interest rate forecasts from two external sources. An interest rate rise of 0.25% to 1% from the current base rate of 0.75% is currently forecast for the first quarter of 2021.

Investments of up to three months currently attract typical interest rates slightly lower than base rate at 0.7%. However, a one-year investment attracts an average return of around 0.9%.

The perceived risk in the banking sector has eased over the past six years and there are now more creditworthy counterparties with which investments for periods of up to one year can be placed. The over-riding priority continues to be the security of investments rather than the return on them.

The investment portfolio is estimated to be between £57M and £68M throughout the year. This comprises the Council's normal cash flow balances and both Capital and Revenue Reserves earmarked for specific purposes.

3.10 New Homes' Bonus

When the Budget Strategy was presented in November, the forecast income from the New Homes' Bonus (NHB) in 2020/21 was £3.375M. The provisional figures for 2020/21 have now been announced and the Council can expect to receive £3.561M – some £186,000 more than forecast.

This grant will be transferred into the New Homes' Bonus reserve where it will be used in accordance with the Budget Strategy.

As assumed in the Budget Strategy, the New Homes Bonus national baseline has not increased from 0.4% with the methodology for calculating New Homes Bonus payments remaining unchanged for 2020/21. However, the future of the scheme beyond next year looks very uncertain.

3.11 Changes in local government funding in 2021/22

It is likely that there will be a number of consultations early next year that will be implemented in 2021/22:

- (a) A consultation on the future of the New Homes Bonus – The Government has announced that it will consult on the future of the housing incentive in the spring as it is not clear that the New Homes Bonus in its current form is focussed on incentivising homes where they are needed most. The consultation will “include moving to a new, more targeted approach that rewards local authorities where they are ambitious in delivering the homes we need, and which is aligned with other measures around planning performance.”
- (b) A consultation on the Fair Funding Review (FFR) – Where the Government is seeking to design a new relative needs assessment methodology that will deliver: simplicity, transparency, sustainability, robustness and stability and will be based on the most up-to-date data available.
- (c) A consultation on reform of the Business Rates Retention Scheme (BRRS) – Where the Government seems minded to have a full baseline reset in 2021: this will have significant financial consequences for high-growth authorities such as this council. A new system is also likely to reward growth more generously (75% retention, with a very limited levy). But the distribution of those rewards could change in two tier areas, with counties possibly getting a larger share than is currently the case.

It is important to recognise that the outcome of the FFR will be a “package”. It needs to be politically acceptable and the outcome cannot be one that threatens the financial viability of individual authorities or classes of authority. In the end ministers will have to make decisions on how all the elements come together, including the FFR, reform of business rates and the Spending Review.

3.12 Other risks affecting the budget process

There are a number of other factors that will affect the budget process to a lesser extent. These include items such as: fee and other income streams that are largely outside the control of the Council, and staff vacancy rates.

In light of the variances identified in 2019/20 to date, Heads of Service have continued to be more optimistic in their approach to setting budgets for fee income. In the event that the actual income does not reach budgeted levels it will be possible to draw from the Income Equalisation Reserve at the end of the year to ensure that there is no negative impact on the General Fund balance.

4 Medium Term Financial Forecast

- 4.1 The Medium Term Financial Forecast has been updated to reflect the above changes and the latest version is shown in Annex 4. The position in respect of 2020/21 is addressed in section 3 above.
- 4.2 The figures for 2021/22 and 2022/23 assume that all savings to close the budget gap for 2020/21 are sustainable and will continue in the medium term.
- 4.3 In order to maintain a balanced budget, current forecasts indicate a deficit of £508,000 in 2021/22. This amount reduces by £204,000 to £304,000 to close the forecast budget gap for 2022/23.

5 External Consultation on the Budget

Consultation with local business

- 5.1 In previous years, the Finance Portfolio Holder, Head of Finance and Economic Development Officer have met with representatives from local businesses. This consultation has produced very few comments or queries on the Council's budget strategy.
- 5.2 In view of this, this year the Economic Development Officer sent copies of the Council's Medium Term Financial Strategy and budget forecast to the Hampshire Chamber of Commerce: Andover & Romsey committees, Stockbridge Business Association, Andover BID Manager, Romsey Town Centre Manager and to the Federation of Small Businesses (FSB) inviting their (and their members) responses by the 3 January, 2020. The comments received are generally positive, especially in relation to: the control of the Council's budget, support for businesses, and new initiatives. All comments received are detailed in Annex 5.

6 The Next Steps in the Budget Process

- 6.1 The Overview & Scrutiny Committee will review the latest budget forecast at its meeting on 22 January 2020. Any recommendations from this meeting will be considered by Cabinet on 12 February when the final budget report will be presented.

- 6.2 The final budget report will be presented to Cabinet on 12 February 2020 for recommendation to Council on 26 February.

7 Risk Management

- 7.1 A risk assessment has been completed in accordance with the Council's Risk management process and has identified some significant (red and amber risks). These are detailed in the Medium Term Financial Strategy report presented to Cabinet on 6 November 2019.

8 Resource Implications

- 8.1 The resource implications of the 2020/21 budget process and the Medium Term Financial Forecast have been discussed throughout the report.

9 Equality Issues

- 9.1 This report is for information purposes, so the Council's EQIA process does not need to be applied.

10 Conclusion and reasons for recommendation

- 10.1 This report provides an update on the budget strategy that was approved in November 2019. It takes into account the latest developments that will affect the budget process and forecasts a budget gap of £58,000 for 2020/21.
- 10.2 The final budget report will be presented to Cabinet on 12 February 2020.

Background Papers (Local Government Act 1972 Section 100D)

1. "Provisional local government finance settlement 2020 to 2021" - MHCLG Consultation December 2019

Confidentiality

It is considered that this report does not contain exempt information within the meaning of Schedule 12A of the Local Government Act 1972, as amended, and can be made public.

No of Annexes:	5	File Ref:	N/A
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(Portfolio: Finance) Councillor Flood

Officer:	William Fullbrook	Ext:	8201
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Report to:	Cabinet	Date:	15 January 2020
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SUMMARY OF CORPORATE CHALLENGE SAVINGS OPTIONS

Service / Ref	Service	Function	Savings Option Proposed	2020/21 £	2021/22 £	2022/23 £
Efficiency Savings:						
IT01	IT	Supplies and Services	Various operational efficiencies re. Vodafone PSN, Network Switch Support and SafeNet.	20,000	20,000	20,000
PPE01	Planning Policy & Economic Development	Supplies and Services	Fund CIL work funded from reserves	13,000	13,000	13,000
REV01	Revenues	Employee costs	Salary savings linked to the implementation of a new service structure.	33,800	33,800	33,800
LD01	Legal and Democratic	Supplies and Services	Reduce subscriptions budget	6,000	6,000	6,000
				72,800	72,800	72,800
Budget Realignment Savings:						
FIN01	Finance	Transfer Payments	Reduce Added Year Pension Budget to align with actual costs	20,000	20,000	20,000
PB01	Planning and Building	Employee costs	Realign mileage budgets to actuals	3,500	3,500	3,500
				23,500	23,500	23,500
Other Non-Corporate Challenge Savings:						
FIN02a	Finance	Transfer Payments	Reduced Employers' pension contributions following triennial Pension Fund Revaluation in 2019.	744,600	744,600	744,600
				744,600	744,600	744,600
Total Saving Options in November Budget Strategy				840,900	840,900	840,900
Transfers to Reserves:						
FIN02b	Reserves	Appropriations	Transfers to Reserves	(744,600)	(744,600)	(744,600)
				(744,600)	(744,600)	(744,600)

SUMMARY OF CORPORATE CHALLENGE SAVINGS OPTIONS

Service / Ref	Service	Function	Savings Option Proposed	2020/21 £	2021/22 £	2022/23 £
Saving Options in this Update:						
CORP01	ALL	Supplies and Services	Savings in photocopier costs following award of new contract	16,800	16,800	16,800
ENV06	Environmental Services	Glass collection costs	Net savings resulting from bringing glass collection in-house	37,000	37,000	37,000
LD01a	Legal and Democratic	Supplies and Services	Reverse reduction in subscriptions budget	(6,000)	(6,000)	(6,000)
REV01a	Revenues	Employee costs	Further salary savings linked to the implementation of a new service structure.	19,700	19,700	19,700
P&B01	Planning & Building	Supplies and Services	Savings in project consultancy to part fund new Ecologist post	27,900	27,900	27,900
CORP02	ALL	Inflation	Saving on unallocated inflation assumption	39,100	39,100	39,100
Total of New Savings Options identified in this Update				134,500	134,500	134,500
Total Saving Options in this Update				975,400	975,400	975,400
Total Saving Options Net of Transfers to Reserves in this Update				230,800	230,800	230,800

SUMMARY OF CORPORATE CHALLENGE INCOME GENERATION PROPOSALS

Service / Ref	Service	Function	Savings Option Proposed	2020/21 £	2021/22 £	2022/23 £
PAM01	Property & Asset Management	Estates	Corporate Properties additional income from rent reviews etc.	146,000	146,000	146,000
PAM02	Property & Asset Management	Project Enterprise	Additional income from new investments	100,000	100,000	100,000
REV02	Revenues	Specific Grants	Reflect likely additional income to be received from Central Government based on previous years	75,000	75,000	75,000
ENV01	Environmental Services	Abandoned Trolleys	Income to be re-aligned with expectation	10,000	10,000	10,000
ENV02	Environmental Services	Private MOT testing	Income to be re-aligned with expectation	5,000	5,000	5,000
ENV03	Environmental Services	Garden Waste Collections	Income to be re-profiled based on expectation	35,000	35,000	35,000
ENV04	Environmental Services	Recycling Income	Income to be aligned based on expectation	15,000	15,000	15,000
LD02	Legal and Democratic	Licensing	Realign Liquor licensing income to budget	8,000	8,000	8,000
Total Income Generation Proposals in November Budget Strategy				394,000	394,000	394,000

Income Generation Proposals in this Update:

ENV03a	Environmental Services	Garden Waste Collections	Further income to be re-aligned with expectation	18,500	18,500	18,500
PAM01a	Property & Asset Management	Estates	Further Corporate Properties additional income from rent reviews etc.	99,200	99,200	99,200
PAM03	Property & Asset Management	Estates	Net additional income from the Chantry Centre	111,100	0	0
P&B01a	Planning & Building	Admin income	New Forest Mitigation income to part fund new Ecologist post	18,300	18,300	18,300

SUMMARY OF CORPORATE CHALLENGE INCOME GENERATION PROPOSALS

Service / Ref	Service	Function	Savings Option Proposed	2020/21 £	2021/22 £	2022/23 £
PAM01	Property & Asset Management	Estates	Corporate Properties additional income from rent reviews etc.	146,000	146,000	146,000
Total of New Income Generation Proposals identified in this Update				247,100	136,000	136,000
<i>Transfers to Reserves:</i>						
PAM03*	Reserves	Appropriations	Transfers to Reserves	(111,100)	0	0
				(111,100)	0	0
Total Income Generation Proposals in this Update				641,100	530,000	530,000
Total Income Generation Proposals Net of Transfers to Reserves in this Update				530,000	530,000	530,000

SUMMARY OF REVENUE PRESSURES

Service / Ref	Service	Item	2020/21 £	2021/22 £	2022/23 £
<i>Pressures previously identified in February 19 Budget Strategy:</i>					
ENV05	Environmental	Incremental cost of additional waste collection coverage re. new properties	20,000	40,000	60,000
			20,000	40,000	60,000

N.B. The above cost has already been included in the budget forecasts as the budget was approved in February 2019

Pressures identified in Budget Strategy:

ALL01	Asset Management Plan	Additional costs in relation to premises, vehicles, plant and IT maintenance and replacement schedules for 2020/21	1,000,000	0	0
ENV05	Environmental Services	Expected reduction in recycling related income as a result of Hampshire County Council's T21 savings options	0	539,000	539,000
			1,000,000	539,000	539,000
Total of New Pressures identified in November Budget Strategy			1,000,000	539,000	539,000

Pressures identified in this Update:

CORP03	ALL	Salary regrades and increments net of vacancy management target adjustment	26,600	26,600	26,600
CEX01	Chief Executives	2/3 of new Communications Officer post financed from the New Homes Bonus	26,700	26,700	26,700

SUMMARY OF REVENUE PRESSURES

Service / Ref	Service	Item	2020/21 £	2021/22 £	2022/23 £
CEX02	Chief Executives	Project Manager post financed from the New Homes Bonus	59,900	59,900	59,900
PPE02	Planning Policy & Economic Development	Project Consultancy costs financed from the Local Development Framework Reserve	40,300	0	0
PAM04	Property & Asset Management	Reduction in car parking income following tariff review	129,000	129,000	129,000
ENV07	Environmental Services	Anticipated reduction in income from dry mixed recycling	113,000	113,000	113,000
P&B01b	Planning & Building	New Ecologist financed from savings in project consultancy and New Forest Mitigation income	46,200	46,200	46,200
HEH01	Housing & Environmental Health	Eight new posts financed from the Homelessness Reserve as approved by Cabinet 13/3/19 and 17/4/19	208,000	0	0
HEH02	Housing & Environmental Health	Homelessness grants & contributions financed from the Homelessness Reserve	100,500	0	0
Total of New Pressures identified in this Update			750,200	401,400	401,400
Draw from reserves to offset pressures:					
CEX01/02*	Chief Executives	Draw from New Homes Bonus re two posts	(86,600)	(86,600)	(86,600)
PPE02*	Planning Policy & Economic Development	Draw from LDF reserve to finance consultancy costs	(40,300)	0	0
HEH01*	Housing & Environmental Health	Draw from Homelessness reserve to finance eight new posts and grants & contributions	(308,500)	0	0
			(435,400)	(86,600)	(86,600)
Total of New Pressures in this Update			1,750,200	940,400	940,400
Total of New Pressures Net of Transfers from Reserves in this Update			1,314,800	853,800	853,800

MEDIUM TERM FINANCIAL PLAN

	Original Estimate 2020/21 £'000	Base Changes £'000	Budget Forecast 2021/22 £'000	Base Changes £'000	Budget Forecast 2022/23 £'000
<u>Service Requirements</u>					
Chief Executive's Office	(23.9)		(23.9)		(23.9)
Community & Leisure	1,871.3	379.8	2,251.1	(371.3)	1,879.8
Environmental Service	5,112.3	20.0	5,132.3	20.0	5,152.3
Finance	13.1		13.1		13.1
Housing & Environmental Health	3,393.9		3,393.9		3,393.9
I.T.	13.4		13.4		13.4
Legal & Democratic	(165.7)		(165.7)		(165.7)
Planning & Building	1,691.8	(5.0)	1,686.8		1,686.8
Planning Policy & Economic Development	845.0		845.0		845.0
Property & Asset Management	(5,510.3)	(64.7)	(5,575.0)		(5,575.0)
Revenues	2,406.9		2,406.9		2,406.9
Inflation	370.9	600.0	970.9	600.0	1,570.9
	10,018.7	930.1	10,948.8	248.7	11,197.5
<u>Other Requirements</u>					
Net Cost of Benefit Payments	(200.0)		(200.0)		(200.0)
Corporate & Democratic Core	2,770.7		2,770.7		2,770.7
Net Cost of Services	12,589.4	930.1	13,519.5	248.7	13,768.2
<u>Corporate Requirements</u>					
Contingency Provision	440.7		440.7		440.7
Depreciation Reversal & Capital Charges	(4,659.8)		(4,659.8)		(4,659.8)
Investment Income	(568.1)		(568.1)		(568.1)
Borrowing Costs	161.7	(5.2)	156.5	(5.2)	151.3
Minimum Revenue Provision	191.2	4.3	195.5	4.4	199.9
Small Business Rate Relief	(1,201.8)		(1,201.8)		(1,201.8)
Other Government Grants	(1,076.5)	819.0	(257.5)		(257.5)
New Homes' Bonus	(3,560.8)	1,985.8	(1,575.0)	774.4	(800.6)
Provision for NDR Levy	2,139.0	(2,139.0)	0.0		0.0
100% retention of NDR from Renewable Energy	(443.0)	(8.0)	(451.0)	(9.0)	(460.0)
Net General Fund Expenditure	4,012.0	1,587.0	5,599.0	1,013.3	6,612.3
Transfer to Earmarked Reserves	3,689.0	(1,513.0)	2,176.0	(774.4)	1,401.6
Transfer to Asset Management Reserves	1,217.1		1,217.1		1,217.1
Transfer to Capital Reserves	2,507.7		2,507.7		2,507.7
Total General Fund Expenditure	11,425.8	74.0	11,499.8	238.9	11,738.7
Revenue Pressures	1,750.2	(809.8)	940.4	0.0	940.4
Savings Options	(936.3)	0.0	(936.3)	0.0	(936.3)
Income Generation Proposals	(641.1)	111.1	(530.0)	0.0	(530.0)
Revised Net Budget	11,598.6	(624.7)	10,973.9	238.9	11,212.8
Draw from NHB to offset cuts in Government Grant	0.0	0.0	0.0	0.0	0.0
FURTHER SAVINGS TO BE IDENTIFIED	(57.6)	(450.7)	(508.3)	204.1	(304.2)
General Fund Requirements	11,541.0	(1,075.4)	10,465.6	443.0	10,908.6

Annex 5

Business Consultation on the Council's Budget 2020/21

1. *Do you think that the Council's approach to managing its finances over the medium term is acceptable?*

The Council has managed its resources well and is very much recognised as a business-supportive Authority. It must be enabled to maintain this strong position to continue the progress made, so as to ensure the development of communities that are well balanced placing businesses at their heart.

Looking through the various documents it is clear that the Council continues to walk a tightrope of keeping charges (Council Tax) at a level acceptable to Councillors and residents whilst at the same time seeing reducing direct grants from Government.

The Council's medium term approach to financial management, its savings and additional income supporting the closing of the deficit gap is particularly welcome at a time when we see some local authorities increasing their deficit without any strategic plan.

We believe the Council's medium term strategy is about the best we can get and we are thankful that it continues to give priority to Town Centres recognising their importance as revenue generators and centres of wellbeing for our residents.

2. *Do you have any comments on the savings/income options and spending plans as set out in the report?*

I think it vital that public realm space in Romsey continues to be maintained to a high standard, I am fearful that putting budget holders under pressure to make savings could see unacceptable reductions in areas such as parks and street cleaning. I suspect I am already noting some changes but would hope the standards will be maintained. I want Romsey to pass the test of a discerning visitor who will compare the Town to other destinations they might visit such as theme parks, country properties etc.

We wish to ensure that Council investment continues into street cleaning, and maintenance of street furniture and that the appearance of floral arrangements is maintained and improved. We will continue to work closely with you in helping to identify possible areas of additional funding and in measuring base line statements.

I note the capital spending policies and would like to see the Council acquire some retail space in Romsey as an investment – there is an underlying demand for facilities like pop-up shops such as those introduced to Chantry Centre, but suspect this may have to wait for the South of Romsey Town Centre scheme to deliver that, although I would make the observation that the Abbotswood development included two medium sized retail units and six small units; a couple of the latter in the Town Centre would have been far more use than lying empty at Abbotswood. I do accept that the Council can only buy when property comes on the commercial market so not easy to achieve.

Andover businesses are delighted with the Council's proactive stance and the recent acquisition of The Chantry Centre which will hopefully ensure that the future of the centre is key to the vitality of the town centre. We applaud your initiatives and short-term success in reducing the number of empty units in the centre and the introduction of a pop-up shop scheme. The strength of Andover's growing independents in the town should be recognised and initiatives to further increase the number of Indies that wish to trade here will require careful management and close partnership working with the Council.

According to the Federation of Small Businesses (FSB) Quarterly Survey, small businesses are pessimistic about the future. There is a lot of uncertainty over Brexit and policies of the new government. In particular retailers face particular challenges as their sector changes, so the FSB welcomed the Council's purchase of the Chantry Centre and hope to see the centre managed for the interests of the tenants and customers alike.

We welcome the focus on the Town Centres as small businesses in these locations are particularly challenged whether they are retailers or just located in a declining environment.

We welcome the recent introduction of contactless parking facilities which again, the businesses have welcomed and we hope that we can work with you on other car parking initiatives aimed at increasing footfall and dwell time.

In terms of your budget commitment, we wholeheartedly support efficiency whilst ensuring the vision which has been agreed for Test Valley is achieved. It is particularly beneficial for businesses to see that work is imminent on the first phase of the town centre redevelopment and the Pocket Park/Town Mills Riverside project. This will help to bring enthusiasm, confidence and a sense that investment has already started in the town centre. The refurbishment of the Chantry Centre toilet facilities has also been welcomed.

3. *Do you think that the Council could do more to help the business community, and if so, what should it be doing?*

In recent years TVBC has demonstrated through its work great commitment to developing partnerships with the business community despite ever-growing funding challenges. There is however a clear need to provide greater levels of relevant, accessible and affordable business support.

The growth in business units across the area has been healthy but has not provided an equivalent growth in productive employment. The blend of town and rural business communities provides particular challenges in supporting modern communications technologies and logistical ease. Andover however is among the larger towns in the EM3 LEP area with some good employment and quality commercial floor space. Although a recognised manufacturing cluster, being to the west of the stronger economic clusters, it could benefit from investment, support, and recognition to achieve higher value/higher productivity jobs mix, cutting edge specialist employment and enhanced modern infrastructure. This is exacerbated by some skills shortages in key sectors and lower proportion of residents in Andover with NVQ4+ level qualifications.

Support to the local market towns and villages across the Test Valley needs improving with mobile coverage and broadband speeds limiting the scope of business innovation and growth. Greater investment in communications, transport and the public realm is needed to attract business investment, and help innovative start-ups to prosper. A post Leader programme needs to be considered to support rural businesses.

It is clear the tax burden on business needs to be reduced with greater support provided to SMEs and growth businesses if the underlying tensions are not to be exacerbated. A new high-level government and business partnership needs to be established. Specifically as has long been demanded the tax burden needs to be re-balanced away from business rates, particularly in town centres, as they are essential to maintain the vibrancy of the local economy.

Andover, like many towns and cities has a number of empty retail premises and with the ever changing consumer environment, there are likely to be more casualties this year. We would like to work closely with the Council in ensuring that as much support as possible can go towards putting pressure on government to reduce business rates and in developing strategies around rent free and rent reduced premises to encourage new and different businesses to experience town centre occupancy.

In Romsey the retail vacancy rates, at historic low levels, suggests that Business Rates are less of a problem here than in other towns – However, retail managers and owners still suggest it is an issue and they would like to see size of exempt premises increased, the introduction of a scheme that links Business Rates to profit or a scheme similar to that for rural pubs where a particular shop is seen as essential to a particular retail centre.

ITEM 10 Council membership of “iESE Ltd”

Report of the Corporate Portfolio Holder

Recommended:

1. That the Council’s Membership of iESE Ltd is terminated.
2. That the Head of Legal and Democratic Services be authorised to execute the documents necessary to give effect to the termination.

SUMMARY:

- In 2012 the Council became a formal Member of iESE Ltd.
- Due to changes to iESE’s required governance arrangements it is now desirous for the Council (along with others) to terminate its membership of the company.

1 Introduction

- 1.1 In 2012 Test Valley Borough Council became a member of iESE Ltd. Due to iESE’s current governance requirements, it is now desirous for Test Valley Borough Council (along with seventeen other Councils) to terminate its membership of iESE Ltd.
- 1.2 This will not prevent the Council re-joining the company in the future and/or being involved in a capacity other than a formal member.

2 Background

- 2.1 South East Regional and Efficiency Partnership was one of the regional and efficiency partnerships (RIEPs) established as part of the local government improvement programme initiated and grant funded by central government. The purpose of RIEPs was to *“help councils and their partners to deliver better services by supporting them in their efforts to become more efficient, innovative and engaged with citizens”*.
- 2.2 When central government funding ceased in 2012 the former South East Regional and Efficiency Partnership transitioned from a grant funded body to a company based on a not-for-profit charging model, iESE Ltd. The objects of the company are to *“advance the improvement and/or efficiency of local public services”*.
- 2.3 Test Valley Borough Council (along with twelve other Councils) entered into a Members Agreement with iESE Ltd dated 29th February 2012.
- 2.4 Under this Agreement each Member Council agrees to ensure a core number of Directors and is entitled to appoint and remove one Director to the iESE Board. The Board has responsibility for the supervision and management of iESE and its business.

- 2.5 Test Valley Borough Council has not held a seat on the iESE Board of Directors since 23 June 2015. It would appear that the position is similar for the other Member Councils.
- 2.6 It is no longer appropriate for iESE's governance purposes to have inactive Council members. Accordingly, iESE now wishes to terminate the membership of those thirteen original Councils (along with others who have subsequently been appointed) and move forward with such other governance arrangements as the company sees fit and appropriate.
- 2.7 iESE has provided a draft Deed of Termination for the Council's consideration.

3 Options

- 3.1 The options are:
- 3.2 **Option 1.** Not to terminate the Council's membership of iESE.
- 3.3 **Option 2.** To terminate the Council's membership.

4 Option Appraisal

- 4.1 Was the Council not to voluntarily terminate its membership of iESE, company governance arrangements would be compromised which is clearly not desirable. The company would be entitled to invoke dispute resolution, arbitration or court proceedings if the member Councils did not agree to voluntary termination of membership. As stated above this Council has not held a seat on the Board for over four years in any event.
- 4.2 The recommended option is option 2, to terminate the Council's membership.

5 Risk Management

- 5.1 An evaluation of the risks indicate that the existing controls in place mean that no significant risks have been identified at this time.

6 Resource Implications

- 6.1 There are no resource implications of the recommended option.

7 Legal Implications

- 7.1 There are no legal implications of the recommended option, save that in terminating the Council's Membership, the Council's liability to make payment (albeit of a nominal sum) on liquidation of iESE is also discharged.
- 7.2 The Head of Legal and Democratic Services has considered the draft Deed of Termination and is satisfied with its content.

8 Equality Issues

8.1 No equality issues are identified in relation to the recommended option.

9 Other Issues

9.1 No other issues are identified.

10 Conclusion and reasons for recommendation

10.1 For the reasons set out above it is recommended that Cabinet resolves to terminate the Council's membership of the iESE Ltd.

<u>Background Papers (Local Government Act 1972 Section 100D)</u>			
None			
<u>Confidentiality</u>			
It is considered that this report does not contain exempt information within the meaning of Schedule 12A of the Local Government Act 1972, as amended, and can be made public.			
No of Annexes:	None	File Ref:	N/A
Portfolio: Corporate Councillor T Tasker			
Officer:	Karen Dunn	Ext:	8401
Report to:	Cabinet	Date:	15 January 2020

ITEM 11

Exclusion of the Public

Recommended:

That, pursuant to Regulation 4 of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012, the public be excluded from the meeting for the consideration of the following report(s) on the following matters on the grounds that they involve the likely disclosure of exempt information as defined in the following Paragraphs of Part 1 of Schedule 12A of the Local Government Act 1972, as amended, indicated below. The public interest in maintaining the exemption outweighs the public interest in disclosing the information for the reason given below:

Property Matters

Paragraph 1 and 3

It is considered that this report contains exempt information within the meaning of paragraph 1 and 3 of Schedule 12A of the Local Government Act 1972, as amended. It is further considered that the public interest in maintaining the exemption outweighs the public interest in disclosing the information because the information relates to the financial or business affairs of the Council and third parties who are necessarily identified, which information is commercially sensitive and which by its disclosure would have an adverse effect upon the interests of those third parties and the Council as they seek to settle agreed terms of business.

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