

Notice of Meeting

Council

A meeting of the Test Valley Borough Council will be held on

Date: Thursday 29 February 2024

Time: 5.30 pm

Venue: Upper Guildhall, High Street, Andover, Hampshire SP10 1NT

when your attendance is required to consider the business set out in the agenda.



Head of Legal and Democratic Services

For further information or enquiries please contact:

Emma Silverton - 01264 368000

esilverton@testvalley.gov.uk

Legal and Democratic Service

Test Valley Borough Council,
Beech Hurst, Weyhill Road,
Andover, Hampshire,
SP10 3AJ

www.testvalley.gov.uk

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.

Council

Thursday 29 February 2024

AGENDA

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

- 1 Prayers**
- 2 Apologies**
- 3 Public Participation**
- 4 Declarations of Interest**
- 5 Minutes of the previous meeting 4 - 12**

To approve as a correct record the minutes of the meeting of the Council held on 17 January 2024.
- 6 Mayor's Announcements**
- 7 To receive and adopt Committee reports 13 - 100**

To receive and, where necessary, adopt reports of Committees.
- 8 To adopt a resolution relating to the Council Tax for 2024/2025 101 - 109**

To consider the Council Tax resolution for 2024/25.
- 9 Questions under Rule 11.1**
- 10 Questions under Rule 11.2**

- | | | |
|-----------|---|------------------|
| 11 | <u>Regeneration Programme and Financial Strategy</u> | 110 - 126 |
| | To consider projects recommended to be delivered as part of the masterplans for Andover and Romsey and set out a strategy for funding the initial delivery phase. | |
| 12 | <u>Broadcasting Committee Reports</u> | 127 - 134 |
| | To consider the work of the Member and Community Development Group in respect of options for broadcasting committee meetings. | |
| 13 | <u>Pay Policy Statement 2024/25</u> | 135 - 140 |
| | To approve the Pay Policy Statement for 2024/25. | |
| 14 | <u>Notice of Motion - Rule 12</u> | 141 |
| | To consider a motion proposed by Councillor Drew. | |

ITEM 5

Minutes of the Council
of the Test Valley Borough Council
held in Main Hall, Crosfield Hall, Broadwater Road, Romsey
on Wednesday, 17 January 2024 at 5.30 pm

Attendance:

Councillor P Lashbrook (Chairman) **Councillor G Bailey (Vice-Chairman)**

Councillor N Adams-King
Councillor I Andersen
Councillor C Borg-Neal
Councillor Z Brooks
Councillor J Budzynski
Councillor P Bundy
Councillor J Burnage
Councillor D Cattell
Councillor G Cooper
Councillor M Cooper
Councillor C Donnelly
Councillor A Dowden
Councillor C Dowden
Councillor D Drew
Councillor K Dunleavey
Councillor M Flood
Councillor A Ford
Councillor S Gidley
Councillor A Gillies

Councillor L Gregori
Councillor N Gwynne
Councillor I Jeffrey
Councillor A Johnston
Councillor R Kohli
Councillor L Lashbrook
Councillor M Leech
Councillor N Lodge
Councillor S MacDonald
Councillor L Matthews
Councillor J Neal
Councillor K North
Councillor P North
Councillor J Parker
Councillor J Sangster
Councillor T Swain
Councillor A Warnes
Councillor S Yalden

396

Prayers

Prayers were led by the Chief Executive.

397

Apologies

Apologies for absence were received from Councillors K Brooks, N Daas, S Hasselmann and R Hughes.

398

Public Participation

Mr Burley had registered to speak in accordance with the Council's Public Participation Scheme under item 13 – Notice of Motion – Rule 12.

399

Declarations of Interest

Councillor Gidley wished it to be noted that she was a publicly elected governor for the University of Southampton Hospital and that her son worked at Winchester Hospital; however, she was satisfied that this did not represent an interest in Motion 1 under agenda item 13; Notice of Motion – Rule 12.

Councillor Linda Lashbrook declared a Personal Interest in respect of Motion 2 under agenda item 13; Notice of Motion – Rule 12 as she had an association with an organisation owned by Aster.

Councillor Philip Lashbrook declared a Personal Interest in respect of Motion 2 under agenda item 13; Notice of Motion – Rule 12 as his wife had an association with an organisation owned by Aster.

400

Minutes of the previous meeting

The minutes of the Council meeting and Special Council meeting held on 25 October 2023 were proposed by Councillor Adams-King and seconded by Councillor Flood.

Resolved:

That the minutes of the meetings of the Council and Special Council held on 25 October 2023 be confirmed and signed as a correct record.

401

Mayor's Announcements

The Mayor reflected on a number of community events he and the Mayoress had been privileged to attend over recent weeks to celebrate cultural festivals.

The Mayor invited councillors to attend his Mayoral Charity Dinner which would be held in May. Councillor Katie Brooks was helping to facilitate the event and would be able to provide more information to those who wished to attend.

402

To receive and adopt Committee reports

Minutes of Meetings

The minutes of meetings were proposed by Councillor Phil North and seconded by Councillor Adams-King.

Resolved:

That the minutes of the following Committees and Cabinet meetings be received:

Overview and Scrutiny Committee - 11 October 2023
Northern Area Planning Committee - 12 October 2023
General Purposes Committee - 16 October 2023
Southern Area Planning Committee - 17 October 2023
Southern Area Planning Committee - 7 November 2023
Licensing Committee - 9 November 2023
Cabinet - 15 November 2023
Overview and Scrutiny Committee - 22 November 2023
Northern Area Planning Committee - 23 November 2023
Southern Area Planning Committee - 28 November 2023
Audit Committee - 12 December 2023
Northern Area Planning Committee - 14 December 2023
Southern Area Planning Committee - 19 December 2023
Cabinet - 20 December 2023

To adopt recommendations from the following:

Cabinet – 15 November 2023

Asset Management Plan.

Resolved:

- 1. That the revised 2023/24 and original 2024/25 Asset Management Plan, as shown in Annexes 1 and 2 to the report, be approved.**
- 2. That the Head of Finance and Revenues, after consultation with the Finance and Resources Portfolio holder and Head of Service responsible for any project, be authorised to amend the Asset Management Plan during the year, as discussed in paragraph 7.3 to the report.**

Capital programme Update.

Resolved:

- 1. That the new capital schemes with a total cost of £2,009,000, as shown in Annex 2 to the report, be added to the 2023/24 to 2025/26 Capital Programme.**
- 2. That the revised estimates and financing for the 2023/24 to 2025/26 Capital Programme, as shown in Annex 1 to the report, be approved.**

Cabinet – 20 December 2023

Council Tax Support Scheme 2024/25.

Resolved:

- 1. That the Council Tax Support scheme for 2024/25, as shown in the Annex to the report, be approved.**
- 2. That the Head of Finance and Revenues, in consultation with the Finance and Resources Portfolio Holder, be authorised to make any necessary changes to the Scheme that are required by the Council Tax Reduction Schemes (Prescribed Requirements) Regulations 2024 when they are confirmed by the Department for Levelling Up, Housing and Communities.**
- 3. In the event that any new government initiatives are introduced that result in receipt of a grant or an increase in Universal Credit or other government benefits, that the Head of Finance and Revenues, in consultation with the Finance and Resources Portfolio Holder, be authorised to disregard these awards as income in accordance with government guidelines.**

Authority to Spend for New Theatre/Cultural Hub Architectural Services.

Resolved:

- 1. That £3.74M be added to the Capital Programme to deliver the project outlined in the report, to be funded from the Capital Receipts Reserve.**
- 2. That the transfer of £1M to the Capital Receipts Reserve for the reasons set out in paragraphs 7.4 and 7.5 of the report, be approved.**

403

Questions under Rule 11.1

Councillor Mark Cooper asked a question in relation to the minutes of the Overview and Scrutiny Committee meeting held on 22 November 2023, minute number 320 – Water Pollution Infrastructure.

Councillor Mark Cooper asked whether such issues as recently experienced in Romsey and the surrounding areas in relation to loss of water pressure, sewerage as a result of the recent extreme rain, and water supply and sewerage capacity for new planned dwellings would form part of the conversation with Southern Water when they attended a future Overview and Scrutiny Committee meeting?

Councillor Jeffrey, Chairman of the Overview and Scrutiny Committee, responded to confirm that he noted the comments made by Councillor Mark Cooper and that they would be actioned.

404

Questions under Rule 11.2

No questions on notice had been submitted by Councillors.

405 Test Valley Borough Local Plan - Regulation 18 Stage 2 Public Consultation

Consideration was given to a report of the Planning Portfolio Holder which sought approval for public consultation on the Council's proposed Local Plan 2040 Regulation 18, Stage 2 document.

The Local Plan was a key policy document for the Council setting out the policies and principles by which planning decisions would be made, and development undertaken up to 2040, across the Borough.

The plan balanced the requirements of development required to provide jobs and sustainable housing for residents, with the need to provide the necessary supporting infrastructure, and at the same time protect the countryside and the environment.

A public consultation would be held for a period of eight weeks on the draft Local Plan from early February.

Councillor Bundy proposed an alteration to the motion to include additional wording at the end of recommendation 1 in reference to the replacement wording for paragraph 3.43 and insert map 47 of the Local Plan, as set out in Annex 3 to the report which had been circulated. The meeting's consent was signalled without discussion.

The recommendations were proposed by Councillor Bundy and seconded by Councillor Phil North.

Councillor Gwynne proposed that a recorded vote be undertaken which was supported by more than 10 councillors present at the meeting. Councillors voted as follows:

For	Against	Abstained
Adams-King	Burnage	
Andersen	G Cooper	
Bailey	M Cooper	
Borg-Neal	A Dowden	
Z Brooks	C Dowden	
Budzynski	Dunleavey	

For	Against	Abstained
Bundy	Ford	
Cattell	Gidley	
Donnelly	Gregori	
Drew	Gwynne	
Flood	Kohli	
Gillies	Parker	
Jeffrey	Sangster	
Johnston	Warnes	
L Lashbrook	Yalden	
P Lashbrook		
Leech		
Lodge		
MacDonald		
Matthews		
Neal		
K North		
P North		
Swain		

Resolved:

- 1. That the Test Valley Borough Local Plan 2040 Regulation 18 Stage 2, attached as Annexes 1 and 2 to the report, be published for public consultation, subject to the replacement of paragraph 3.43 and Inset Map 47 of the draft with the amendments tabled as Annex 3 to the Report.**
- 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, or to improve the presentation in Annexes 1 and 2 to the report prior to publication.**

406

Polling District Review

Consideration was given to a report of the Democracy and Governance Portfolio Holder which set out details of a review of all polling districts and polling places within Test Valley.

Most polling districts, polling places and polling stations had been in place for many years with most of the buildings currently used as polling stations considered to be fit for purpose, accessible to the majority of the electorate which the venue served, and accessible for those with a disability.

A public consultation had been undertaken, with a Councillor panel established to consider representations received from the public. A number of recommendations were proposed for changes as set out in the report.

Councillor Lodge proposed an alteration to the motion to provide for an update to proposals for polling district UA. The meeting's consent was signalled without discussion.

The recommendations were proposed by Councillor Lodge and seconded by Councillor P North.

Resolved:

- 1. That the changes to polling districts for Test Valley Borough, as set out in the Annex to the report ((Acting) Returning Officer's Recommendations), be approved, save that the words "Split polling district into UA and UA1 (see attached map)" for polling district UA be deleted.**
- 2. That an order pursuant to Section 18A of the Representation of the People Act 1983 be made to amend the polling districts in Test Valley Borough in accordance with the approved changes.**

407

Reporting of Urgent Decision

Consideration was given to a report of the Democracy and Governance Portfolio Holder which set out details of an urgent decision taken by the Chief Executive in consultation with the Leader to benefit from a grant award and planting of trees across the borough.

The recommendation was proposed by Councillor Lodge and seconded by Councillor Phil North.

Resolved:

That the urgent decision set out in the Annex to the report, which was taken by the Chief Executive, in consultation with the Leader, be noted.

408

Notice of Motion - Rule 12

Councillor Gidley proposed an amendment to the first motion as set out in the agenda. The meeting signalled its consent to the amendment without discussion.

Council considered the following motion moved by Councillor Gidley and seconded by Councillor Gregori:

This council notes that the Hampshire and Isle of Wight Integrated Care Board (ICB) is consulting on proposed changes to acute hospital services in and around Basingstoke and Winchester.

The favoured Option is to provide a new specialist acute hospital near Junction 7 of the M3 and changes to the services currently provided by Winchester Hospital.

Given the significant impact on many of the residents of Test Valley, this Council makes representations to the ICB, outlining the concerns of Test Valley residents, including longer travel times, downgrading of Winchester A and E dept and the reduced birthing choices available.

Each political group is invited to nominate two councillors to assist the CEO in formulating a response.

Upon being put to the vote the Motion was carried.

Having declared a Personal Interest in the second motion Councillors L Lashbrook and P Lashbrook left the room for consideration of the next motion.

Deputy Mayor, Councillor Bailey took the chair for the remainder of the meeting.

In accordance with the Council's Public Participation Scheme, Mr Burley made a statement on the second motion as set out in the agenda.

Council considered the following motion moved by Councillor Adams-King and seconded by Councillor Mark Cooper:

This Council notes:

- *At the time of Large Scale Voluntary Transfer of Council Housing in 2000, Test Valley Borough Council transferred its housing stock to Testway Housing Association (later Aster Housing Association).*
- *At this time approximately 350 homes at 19 locations in Test Valley where sewerage was provided through communal sewerage treatment plants were included in the transfer. Of these 263 are privately owned, where the owners are required to pay a proportionate amount toward the cost of maintenance and management of the sewerage treatment plants.*
- *At the time of transfer all communal sewerage treatment plants were in working order and were compliant with environmental warranty standards.*
- *Concerns about lack of maintenance and consequently rising costs were raised by Alderman Tony Ward, when a councillor between 2009 and 2014. Aster at this point agreed to resolve these issues in return for TVBC relinquishing any nomination rights to the Aster Communities Board. Work was undertaken to independently assess the work needed to resolve the issue, resulting in reports on the condition of each site being commissioned through Ridge Consultants.*
- *The recommendations of the Ridge reports do not appear to have been implemented.*
- *In 2021 Aster let a new contract for management of their sewerage services to Willow Pumps Ltd, based in Kent, who charge on an hourly basis for their work - resulting in significantly higher costs than those charged by local sewerage contractors.*
- *At this point in time none of the sewerage treatment plants are working as they should. Most are stoppered off and waste is being removed from them by tanker. As a result costs have increased exponentially in the last three years, resulting in monthly charges as high as £496.36 being levied to home owners. Conversely, Aster tenants are charged around £60 per month (with Aster paying any additional amounts on the tenants' behalf).*

- *The owners of the 263 former council homes include single parents, young families, widowed residents living on single person state pension, carers; their income levels are not greatly different and in many cases less than Aster's tenants.*

Therefore, this Council calls upon Aster to:

- *Recognise its responsibility to both tenants and homeowners and also to the wider community by addressing their failing sewerage treatment plants as a matter of urgency.*
- *Re-tender its sewerage treatment service contract for Test Valley, appointing a contractor whose costs are comparable to those charged by local suppliers.*
- *Review the charges made to homeowners since 2015, identifying where costs have been higher than might reasonably be expected had the recommendations of the 2015 Ridge reports been implemented.*
- *Create a plan to bring all sewerage treatment plants into fully working, environmentally compliant, order. The cost of which should recognise their failure to maintain the plants or plan for their replacement, and not place undue financial burdens on homeowners and tenants alike.*

Furthermore Council requests the Chief Executive write to Mr B Howard, CEO of Aster Group:

- *Requesting detail of the maintenance and management of the Sewerage Treatment Plants at all 19 Test Valley locations between 2000 and 2023.*
- *Reminding him of their 2016 statement that Aster will be investing to improve and maintain assets.*
- *Expressing this Council's dismay that, after almost ten years, the solution has not been identified and passing on the outcomes noted by this motion and reserving this Council's position in relation to any future action.*

Upon being put to the vote the Motion was carried.

(The meeting terminated at 7.25 pm)

ITEM 7 To receive minutes and, where necessary, adopt reports of Committees

(Some reports may involve the disclosure of exempt information. If the Council wishes to debate them, for each individual case the Council will need to adopt a suitable motion).

7.1 To receive the minutes of the following meetings:

- 7.1.1 [Overview and Scrutiny Committee](#) – 3 January 2024
- 7.1.2 [General Purposes Committee](#) - 8 January 2024
- 7.1.3 [Northern Area Planning Committee](#) - 25 January 2024
- 7.1.4 [Southern Area Planning Committee](#) - 30 January 2024
- 7.1.5 [Cabinet](#) - 31 January 2024
- 7.1.6 [Overview and Scrutiny Committee](#) – 7 February 2024

7.2 To adopt recommendations from the following:

- 7.2.1 [Cabinet – 28 February 2024](#)
- 7.2.1.1 [Capital Programme Update – 2023/24 to 2025/26 – Appendix A](#)

Recommended to Council:

That the revised estimates and financing for the 2023/24 to 2025/26 Capital Programme, as shown in the Annex to the report, be approved.

- 7.2.1.2 [Revenue Budget and Council Tax Proposals 2024/25 – Appendix B](#)

Recommended to Council:

- 1. That the Forecast for 2023/24, as set out in Column 3 of Annex 1 to the report, be noted.**
- 2. That the Income Generation Proposals, Savings Options and Revenue Pressures, as set out in Annexes 2 and 3 to the report, be approved.**
- 3. That the transfers to or from reserves, as detailed in paragraph 4.34 of the report, be approved.**
- 4. That subject to recommendations 2 and 3 above and taking due regard of the Head of Finance and Revenues' comments in Annex 7 to the report, the budget for 2024/25, as set out in Column 6 of Annex 1 to the report, be approved.**

5. That subject to recommendations 2, 3 and 4 above, the revenue estimates for each Service contained in Annex 6 to the report be approved.
6. That a Council Tax Requirement for 2024/25 of £11,012,693 be approved.
7. That a Special Expenses Levy of £343,604 be made in respect of the area of Andover to cover the cost of providing burial grounds, sports grounds and playgrounds.
8. That a general precept of £8,532,991 be levied for the year 2024/25.
9. That the Medium Term Forecast, contained in Annex 5 to the report, be noted.
10. That a Band D Council Tax, excluding Parishes and Special Expenses, of £163.91 in 2024/25 be approved.

7.2.1.3 Treasury Management Strategy Statement and Annual Investment Strategy 2024/25 – Appendix C

Recommended to Council

1. That the Treasury Management Strategy Statement and the Annual Investment Strategy for 2024/25, as set out in the report, be approved.
2. That the Minimum Revenue Provision policy, as shown in paragraph 4.5 of the report, be approved.
3. That the Prudential Indicators, as set out in Annex 1 to the report, be approved.

7.2.1.4 Capital Strategy Update 2023/24 – 2028/29 – Appendix D

Recommended to Council

That the Capital Strategy 2023/24 to 2028/29 be approved.

**APPENDIX A
Report**

Capital Programme Update – 2023/24 to 2025/26

Report of the Finance and Resources Portfolio Holder

Recommended:

That the revised estimates and financing for the 2023/24 to 2025/26 Capital Programme, as shown in the Annex to the report, be approved.

Recommendation to Council

SUMMARY:

- This report updates Councillors on the progress of the existing 2023/24 Capital programme and includes forecast changes to its timescale and total cost.
- It also provides an update on projects where the timetable has changed from that currently approved, in particular where projects are expected to slip from the current year.
- One new project, related to depot reconfiguration is recommended to be added to the Capital Programme.

1 Introduction

- 1.1 The progress of the Capital Programme is reported to Councillors each year usually in May, November, and February.
- 1.2 The last update was presented on 15 November 2023 and gave details of the overall expenditure and financing of the Capital Programme for 2023/24 to 2025/26.
- 1.3 This report provides an update on the Capital Programme presented to that meeting and recommends that one new project is added. It also examines how the costs of the updated programme will be financed.

2 Background

- 2.1 It is always difficult to assess accurately the cost, timescale and progress of a project when an initial bid is made. This is exacerbated by the fact that bids are often made a year before a project is expected to commence and before exact costs have been agreed.
- 2.2 As a result of this, the timing and total cost of the Capital Programme is constantly changing.
- 2.3 All capital budget holders have been asked to review the projects under their control. The objective is to provide an up to date assessment of the latest

APPENDIX A Report

estimate for the total cost and timescale for each project.

- 2.4 Major changes to schemes need to be reported in accordance with the schedule of limits in the Council's Financial Regulations.

3 Existing Capital Programme

- 3.1 The following paragraphs summarise the main changes to the Capital Programme since the November report. A full breakdown of each Service's Capital Programme and a summary of the Capital Programme financing are shown in the Annex.
- 3.2 It is anticipated that Council will receive a report on 29 February that considers approval of a financial strategy for the next delivery phase of the regeneration programmes in Andover and Romsey. This is also expected to recommend approval for additional capital costs that are not included in this report. The Capital Programme will be updated to reflect any decisions made at that Council meeting.
- 3.3 The table below analyses the movement in the capital programme since the November 2023 update.

	£'000
2023/24 to 2025/26 capital budget per December report	35,975.2
Changes to Community & Leisure Projects	(2.3)
Increase in budget to Charlton Leisure Centre car park upgrade	100.0
Remove East Anton Sports Hall project	(690.5)
Public Sector Decarbonisation Scheme at Bourne House	(250.4)
Changing Places Toilet Facilities	(30.0)
Multi-Storey Car Park – Lighting Refurbishment	14.3
Project Enterprise – Projects yet to be identified	(1,000.0)
Professional and Architectural fees for theatre development	3,740.0
Housing Grants	103.0
Waste Service Changes	(1,552.5)
Depot Expansions	334.7
2023/24 to 2025/26 capital budget per Annex	36,741.5

APPENDIX A Report

3.4 The paragraphs below provide details of the reasons for the above changes to budgets and also identifies projects that are expected to slip from 2024/25 to 2025/26.

3.5 Asset Management Projects

The Asset Management Plan (AMP) was presented to Cabinet on 15 November 2023 and subsequently approved by Council on 17 January 2024.

The report identified a number of projects that fall into one of three main categories; land and buildings, vehicles and plant and IT equipment. Some of these projects are revenue in nature whilst others represent capital expenditure.

The total cost of the capital items is summarised by category in the Annex. The detailed expenditure across all AMP projects will be reported at the end of the financial year.

3.6 Community and Leisure

Fishlake Meadows – there has been some re-profiling of the budget due to contractor availability. This will extend the project into 2024/25.

It was reported previously that the Picket Twenty Pavilion/Pitch scheme will slip to 2024/25. This has not changed but the budget profiling has been adjusted to reflect the latest development programme.

The Charlton Leisure Centre car park upgrade has slipped to 2024/25 due to delays in delivering the BMX flood lighting and track improvement works, which are now complete. An initial review of the framework that will be used to procure the surfacing works suggests that there is considerable volatility in the potential cost of delivery. It is not yet possible to confirm the total cost; however, it is possible that a further £100,000 may be needed to complete the works. It is therefore recommended that the maximum potential cost be added to the Capital Programme to prevent further delays. Section 106 contributions are available to fund this additional cost.

In 2022, Council approved a capital project to increase the sports facility provision at East Anton's southern local centre. This sum will no longer be required in the capital programme, and the developer will be submitting their scheme for Planning Permission in the coming months, as per the approved s106 agreement (subject to planning and other statutory permissions).

3.7 Property & Asset Management

In the November report, it was reported that the council had been awarded £145,000 from the Department of Levelling Up, Housing & Communities for the installation of three changing places toilets. The total cost of the installations was anticipated to be £200,000, with the shortfall of £55,000 to be funded from the New Homes Bonus Reserve.

APPENDIX A Report

This scheme has now been costed at £170,000 and will be spent across 2023/24 and 2024/25. It is anticipated that the external funding will be reduced by a similar amount, though officers will continue to seek the maximum amount of contribution possible for the project.

Public Sector Decarbonisation Scheme – Bourne House was reported in November at a cost of £435,400, to be part-funded by a grant of £221,900, with other contributions of £177,000 from Special Projects and £40,800 from Asset Management Plan reserves.

Following a detailed tendering exercise, the total cost of the scheme has now been reduced to £185,000. There is no longer the requirement to draw from Asset Management Plan Reserves and the draw from Special Projects has been reduced to £50,000.

The remaining budget for the Land at Bury Hill project relates to improving access across the site for users and will be delivered in 2024/25.

3.8 Project Enterprise

The New Street properties refurbishment has slipped and will now be delivered in 2024/25.

No Investment Properties have been identified to be purchased in 2023/24 so the forecast of £1M is now zero for the current year.

3.9 Planning Policy and Economic Development

One new project has been added in respect of professional and architectural fees for the new theatre that was approved by Council on 17 January 2024. The scheme will be started in 2024/25 and run throughout the construction phase of the theatre.

3.10 Housing and Environmental Health

There has been an increase in budget in the current year for Affordable Housing Grants. These grants are funded by S106 Affordable Housing Contributions and therefore there is no impact to the overall financing of the Capital Programme.

An additional £120,000 has been received from DLUHC via HCC for Disabled Facilities Grants.

3.11 Environmental Service

The requirements of national waste reform and the introduction of weekly food waste collections will require an increase in capacity for a new fleet of vehicles at both depot sites. Therefore, it is necessary and timely to undertake work at each depot to expand the space within the confines of the yards and increase car parking availability for new staff.

APPENDIX A Report

The costs of required changes to Portway and Bourne House depots are estimated to cost £335,000 and are recommended to be funded from the Environment Act Reserve.

Related to the introduction of food waste collection, the government has recently announced the first funding allocations to support the implementation of the new system. This council's allocation is £1.33M, which is broadly in line with the forecast cost of vehicle and bin purchases, though does not cover bin delivery nor depot changes. Officers will seek clarification on whether these latter two areas will attract funding in a later phase.

Whilst the Council is in a position to progress towards readiness for the implementation of food waste collection, there has been a change in national policy with regard to the wider collection of recyclable materials from the kerbside. Accordingly, it is recommended that the capital expenditure that was approved in April 2023 for twin-stream collections be removed from the Capital Programme. An updated approval will be sought once the national picture becomes clearer.

4 Resource Implications

- 4.1 The Capital Strategy is based on the principle that the Capital Programme will be self-financing over the medium to long-term. The strategy permits expenditure ahead of receiving capital receipts which may create a temporary deficit on the programme.
- 4.2 The forecast balance on the Capital Receipts Reserve at 31 March 2025 is expected to be £5.2M. This is a reduction of £2.1M from the level of the forecast in November 2023.
- 4.3 Some budgetary re-profiling within a Capital Programme is entirely normal. Expenditure can be delayed for many reasons and this is frequently outside the Council's control.
- 4.4 The reasons for any change to forecast cost profiling have been explained in the paragraphs above and previous reports to Cabinet.

5 Financing the Capital Programme.

Capital Receipts Reserve

- 5.1 The balance on the Capital Receipts Reserve as at 1 April 2023 was £7.929M.
- 5.2 The maximum use of grants and contributions from external bodies and other internal reserves has been taken into account in the proposed financing of the Capital Programme.
- 5.3 The following table shows the level of capital receipts available to allocate to capital projects after considering the implications of past years' expenditure and the recommendations of this report.

APPENDIX A Report

Existing Capital Programme	November 2023 £'000	February 2024 £'000
Capital Receipts Reserve (CRR) as at 1 April 2023	7,929.7	7,929.7
Total Capital Expenditure 2023/24 – 2025/26	(34,475.2)	(36,741.5)
Total Capital Financing 2023/24 – 2025/26	33,781.6	33,975.4
Capital Receipts Reserve as at 31 March 2026	7,236.1	5,163.6

6 Revenue Consequences of the Capital Programme

- 6.1 The ongoing revenue impact of the projects recommended for inclusion in the Capital Programme have also been considered and built into the budget for 2024/25.

7 Corporate Objectives and Priorities

- 7.1 The capital programme enables capital investment to support the Council's priorities and to maintain its assets so that services may continue uninterrupted in the future.

8 Risk Analysis

- 8.1 Each individual project will have specific risks attached to it. These will be identified by the responsible officer at the start of each project.
- 8.2 The Capital Programme presented for approval takes into account all known future capital receipts. If there are no further sources of capital receipts, there is a risk that the Council will not be able to fund a sustainably financed Capital Programme in the future.

9 Equality Issues

- 9.1 No equalities issues have been identified in the preparation of the report and no potential for unlawful discrimination or negative impact has been identified, therefore a full EQIA has not been carried out.

10 Consultations

- 10.1 Portfolio Holders, Heads of Service and project managers were consulted in the update of the 2023/24 to 2025/26 Capital Programme.

11 Conclusion and reasons for recommendation

- 11.1 The report provides an update on the existing approved Capital Programme.

**APPENDIX A
Report**

There are changes to the previous update that was approved in November 2023.

<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:	1	File Ref:	N/A
(Portfolio: Finance and Resources) Councillor M Flood			
Officer:	Karen Green	Ext:	8238
Report to:	Cabinet	Date:	28 February 2024

CAPITAL PROGRAMME AND FINANCING

Approved Projects

	November 2023				February 2024			
	2023/24 £'000	2024/25 £'000	2025/26 £'000	Total £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	Total £'000
CAPITAL EXPENDITURE								
Asset Management Projects	2,088.0	2,510.1	0.0	4,598.1	2,088.0	2,510.1	0.0	4,598.1
Community & Leisure	1,029.8	2,406.1	686.2	4,122.1	789.2	2,360.9	379.2	3,529.3
Community Infrastructure Levy funded projects	327.5	1,832.9	250.0	2,410.4	304.4	1,856.0	250.0	2,410.4
Property & Asset Management	1,057.1	64.4	0.0	1,121.5	361.6	493.8	0.0	855.4
Project Enterprise	2,934.0	0.0	0.0	2,934.0	186.0	2,748.0	0.0	2,934.0
Planning Policy & Economic Development	1,649.5	4,294.6	3,300.0	9,244.1	1,649.5	6,794.6	4,540.0	12,984.1
Housing & Environmental Health	3,545.0	1,750.0	0.0	5,295.0	3,648.0	1,750.0	0.0	5,398.0
Environmental Service	0.0	1,697.5	1,552.5	3,250.0	9.4	2,022.8	0.0	2,032.2
IT	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	12,630.9	14,555.6	5,788.7	32,975.2	9,036.1	20,536.2	5,169.2	34,741.5
CAPITAL FINANCING								
Capital Grants	3,907.1	2,294.6	0.0	6,201.7	4,007.5	3,695.3	0.0	7,702.8
Capital Receipts	510.0	500.0	0.0	1,010.0	610.0	600.0	600.0	1,810.0
Internal Borrowing	300.0	600.0	600.0	1,500.0	0.0	0.0	0.0	0.0
Capital Contributions	7,462.9	13,415.8	5,691.2	26,569.9	7,739.2	12,891.7	3,831.7	24,462.6
Total	12,180.0	16,810.4	6,291.2	35,281.6	12,356.7	17,187.0	4,431.7	33,975.4
Contribution (to) / from balances	450.9	(2,254.8)	(502.5)	(2,306.4)	(3,320.6)	3,349.2	737.5	766.1
Total Financing	12,630.9	14,555.6	5,788.7	32,975.2	9,036.1	20,536.2	5,169.2	34,741.5

CAPITAL PROGRAMME AND FINANCING

Schemes yet to be identified

	November 2023				February 2024			
	2023/24 £'000	2024/25 £'000	2025/26 £'000	Total £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	Total £'000
CAPITAL EXPENDITURE								
Project Enterprise	1,000.0	1,000.0	1,000.0	3,000.0	0.0	1,000.0	1,000.0	2,000.0
Total	1,000.0	1,000.0	1,000.0	3,000.0	0.0	1,000.0	1,000.0	2,000.0
CAPITAL FINANCING								
Capital Grants	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital Receipts	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital Contributions				0.0				0.0
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Contribution from balances	1,000.0	1,000.0	1,000.0	3,000.0	0.0	1,000.0	1,000.0	2,000.0
Total Financing	1,000.0	1,000.0	1,000.0	3,000.0	0.0	1,000.0	1,000.0	2,000.0

**ASSET MANAGEMENT PROJECTS
CAPITAL PROGRAMME**

Ref	Scheme	November 2023				February 2024			
		2023/24 £'000	2024/25 £'000	2025/26 £'000	Total £000	2023/24 £'000	2024/25 £'000	2025/26 £'000	Total £000
1	Land and Property Projects	748.0	1,587.9		2,335.9	748.0	1,587.9		2,335.9
2	Vehicle and Plant Projects	1,081.6	842.2		1,923.8	1,081.6	842.2		1,923.8
3	IT Equipment Projects	258.4	80.0		338.4	258.4	80.0		338.4
Total AMP Capital Programme		2,088.0	2,510.1	0.0	4,598.1	2,088.0	2,510.1	0.0	4,598.1

COMMUNITY & LEISURE
CAPITAL PROGRAMME

Ref	Scheme	November 2023				February 2024			
		2023/24 £'000	2024/25 £'000	2025/26 £'000	Total £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	Total £000
1	Community Asset Fund - New projects	250.0	250.0		500.0	250.0	250.0		500.0
1A	Community Asset Fund - previously approved projects	341.3			341.3	336.0			336.0
2	St Mary's Cemetery Uplighting	5.3			5.3	5.3			5.3
3	Fishlake Meadows	55.2			55.2	23.2	32.0		55.2
4	Picket Twenty - Pavilion/pitch changes	10.0	686.2	686.2	1,382.4	3.2	1,000.0	379.2	1,382.4
5	Picket Twenty - Phase 4 &5 play areas		282.3		282.3		282.3		282.3
6	Charlton Leisure Centre Car Park upgrade	169.5			169.5		269.5		269.5
7	Picket Twenty Public Art	29.0			29.0	29.0			29.0
8	Town Centre Public Art		32.6		32.6		32.6		32.6
9	Queen's Platinum Jubilee Public Art	130.5	66.5		197.0	110.5	86.5		197.0
10	Andover BMX floodlights	29.0			29.0	32.0			32.0
11	Vigo Road play area	10.0	340.0		350.0		350.0		350.0
12	East Anton Sports Hall		690.5		690.5				0.0
13	Romsey FMC		58.0		58.0		58.0		58.0
Total Community & Leisure Capital Programme		1,029.8	2,406.1	686.2	4,122.1	789.2	2,360.9	379.2	3,529.3

COMMUNITY INFRASTRUCTURE LEVY/S106 - COMMUNITY PROJECTS
CAPITAL PROGRAMME

Ref	Scheme	November 2023				February 2024			
		2023/24 £'000	2024/25 £'000	2025/26 £'000	Total £000	2023/24 £'000	2024/25 £'000	2025/26 £'000	Total £000
1	Plaza Theatre Stage House Rebuild		300.0		300.0		300.0		300.0
2	Stockbridge Travel to School		85.2		85.2		85.2		85.2
3	King John's House and Signage		28.9		28.9		28.9		28.9
4	Trojan Sports Club	17.0	333.0		350.0	17.0	333.0		350.0
5	Monxton Village Hall		345.0		345.0	47.3	297.7		345.0
6	Broughton Sports Pavilion		200.0		200.0		200.0		200.0
7	Abbotts Ann Clubhouse			250.0	250.0			250.0	250.0
8	Kings Somborne Traffic Calming	2.1			2.1	2.1			2.1
9	Valley Park Orchard Trail	19.9			19.9	19.9			19.9
10	Nether Wallop Playing Fields		101.0		101.0	101.0			101.0
11	Over Wallop Sports Pavilion		269.8		269.8		269.8		269.8
12	Bury Dene Playing Fields	33.1			33.1	33.1			33.1
13	Viney Ave to Cupernham School Pedestrian Works		13.5		13.5		13.5		13.5
14	St Mary's GP Surgery extension	84.0	156.5		240.5	84.0	156.5		240.5
15	North Baddesley PC - Sports Pitch Drainage	171.4			171.4		171.4		171.4
Total Community Infrastructure Levy/ S106 Capital Programme		327.5	1,832.9	250.0	2,410.4	304.4	1,856.0	250.0	2,410.4

PROPERTY AND ASSET MANAGEMENT SERVICE
CAPITAL PROGRAMME

Ref	Scheme	November 2023				February 2024			
		2023/24 £'000	2024/25 £'000	2025/26 £'000	Total £000	2023/24 £'000	2024/25 £'000	2025/26 £'000	Total £000
1	Hampshire Community Bank	125.0			125.0		125.0		125.0
2	Multi Storey Car Park Lighting Refurbishment	60.7			60.7	75.0			75.0
3	Land at Bury Hill	234.4			234.4		234.4		234.4
4	Town Mills - phase 2	1.6	64.4		66.0	1.6	64.4		66.0
5	Public Sector Decarbonisation Scheme - Bourne House	435.4			435.4	185.0			185.0
6	Changing Places Toilet Facilities	200.0			200.0	100.0	70.0		170.0
Total Property & Asset Management Capital Programme		1,057.1	64.4	0.0	1,121.5	361.6	493.8	0.0	855.4

PROJECT ENTERPRISE
CAPITAL PROGRAMME

Ref	Scheme	November 2023				February 2024			
		2023/24 £'000	2024/25 £'000	2025/26 £'000	Total £000	2023/24 £'000	2024/25 £'000	2025/26 £'000	Total £000
1	Walworth Business Park Investment	150.0			150.0	150.0			150.0
2	New Street Properties refurbishment	159.0			159.0	11.0	148.0		159.0
3	Fleming Avenue Property refurbishment	25.0			25.0	25.0			25.0
4	Walworth Business Park Investment 2	2,600.0			2,600.0		2,600.0		2,600.0
Total Approved Projects		2,934.0	0.0	0.0	2,934.0	186.0	2,748.0	0.0	2,934.0
	Purchase of Investment properties - yet to be identified	1,000.0	1,000.0	1,000.0	3,000.0		1,000.0	1,000.0	2,000.0
Total Project Enterprise Capital Programme		3,934.0	1,000.0	1,000.0	5,934.0	186.0	3,748.0	1,000.0	4,934.0

PLANNING POLICY AND ECONOMIC DEVELOPMENT
CAPITAL PROGRAMME

Ref	Scheme	November 2023				February 2024			
		2023/24 £'000	2024/25 £'000	2025/26 £'000	Total £000	2023/24 £'000	2024/25 £'000	2025/26 £'000	Total £000
1	UK Shared Prosperity Fund Projects	121.0	609.0		730.0	121.0	609.0		730.0
2	Nitrate Credits	300.0	600.0	600.0	1,500.0	300.0	600.0	600.0	1,500.0
3	Western Avenue Riverside Park	1,100.0	2,700.0	2,700.0	6,500.0	1,100.0	2,700.0	2,700.0	6,500.0
4	Professional and Architectural fees for theatre development				0.0		2,500.0	1,240.0	3,740.0
5	Rural England Prosperity Fund	128.5	385.6		514.1	128.5	385.6	0.0	514.1
Total Planning, Policy & Economic Development Capital Programme		1,649.5	4,294.6	3,300.0	9,244.1	1,649.5	6,794.6	4,540.0	12,984.1

**HOUSING & ENVIRONMENTAL HEALTH SERVICE
CAPITAL PROGRAMME**

Ref	Scheme	November 2023				February 2024			
		2023/24 £'000	2024/25 £'000	2025/26 £'000	Total £000	2023/24 £'000	2024/25 £'000	2025/26 £'000	Total £000
1	Renovations and Minor Works Grants	100.0	100.0		200.0	70.0	100.0		170.0
2	Disabled Facilities Grants/Loans	750.0	900.0		1,650.0	870.0	900.0		1,770.0
3	Discretionary Grants/Loans	400.0	400.0		800.0	400.0	400.0		800.0
4	Affordable Housing Grants	150.0	350.0		500.0	0.0	350.0		350.0
5	Local Authority Housing Fund phase 1	1,817.0			1,817.0	1,980.0			1,980.0
6	Local Authority Housing Fund phase 2	328.0			328.0	328.0			328.0
Total Housing & Environmental Health Capital Programme		3,545.0	1,750.0	0.0	5,295.0	3,648.0	1,750.0	0.0	5,398.0

ENVIRONMENTAL SERVICE
CAPITAL PROGRAMME

Ref	Scheme	November 2023				February 2024			
		2023/24 £'000	2024/25 £'000	2025/26 £'000	Total £000	2023/24 £'000	2024/25 £'000	2025/26 £'000	Total £000
1	Waste Service Changes		1,697.5	1,552.5	3,250.0		1,697.5		1,697.5
2	Portway Depot Expansion				0.0	5.9	160.3		166.2
3	Bourne House Expansion				0.0	3.5	165.0		168.5
Total Environmental Service Capital Programme		0.0	1,697.5	1,552.5	3,250.0	9.4	2,022.8	0.0	2,032.2

**APPENDIX B
Report**

Revenue Budget and Council Tax Proposals 2024/25

Report of the Finance and Resources Portfolio Holder

Recommended:

1. That the Forecast for 2023/24, as set out in Column 3 of Annex 1 to the report, be noted.
2. That the Income Generation Proposals, Savings Options and Revenue Pressures, as set out in Annexes 2 and 3 to the report, be approved.
3. That the transfers to or from reserves, as detailed in paragraph 4.34 of the report, be approved.
4. That subject to recommendations 2 and 3 above and taking due regard of the Head of Finance and Revenues' comments in Annex 7 to the report, the budget for 2024/25, as set out in Column 6 of Annex 1 to the report, be approved.
5. That subject to recommendations 2, 3 and 4 above, the revenue estimates for each Service contained in Annex 6 to the report be approved.
6. That a Council Tax Requirement for 2024/25 of £11,012,693 be approved.
7. That a Special Expenses Levy of £343,604 be made in respect of the area of Andover to cover the cost of providing burial grounds, sports grounds and playgrounds.
8. That a general precept of £8,532,991 be levied for the year 2024/25.
9. That the Medium Term Forecast, contained in Annex 5 to the report, be noted.
10. That a Band D Council Tax, excluding Parishes and Special Expenses, of £163.91 in 2024/25 be approved.

Recommendation to Council

SUMMARY:

- This report presents proposals for the final Revenue Budget and Council Tax for the financial year 2024/25.
- The report takes into account the previous budget information and options for changes in service delivery that were presented to Cabinet in October 2023 and January 2024.
- The headline financial figures in the report are :-
 - ◆ Band D Council Tax (excluding Parishes and Special Expenses) to be increased by £5.00 to £163.91.

APPENDIX B Report

- ◆ Income generation and revenue savings proposals totalling £1.204M – Annex 2.
- ◆ Additional spending pressures on services of £539,000 – Annex 3.
- The final recommendations arising from this meeting for the Budget and Council Tax for 2024/25 will be considered by Council on 29 February 2024.

1 Introduction

- 1.1 Cabinet considered the Budget Strategy for 2024/25 in October 2023. The report showed a best, middle and worst case scenario of the budget gap the Council expected to face for 2024/25.
- 1.2 An update of the budget forecast was presented to Cabinet in January 2024, in light of the provisional Local Government Finance Settlement and further work that had been carried out to identify the savings necessary to balance the budget for 2023/24.
- 1.3 This report presents the proposals for the 2024/25 revenue budget and Council Tax to be considered at this meeting before a final recommendation is made to Council.

2 Background

- 2.1 This report deals with the overall revenue budget and council tax for the Borough for the 2024/25 financial year. The key issue that needs to be considered is how to set a balanced budget with due regard to:-
 - The estimated cost of providing existing services at their current levels
 - Uncertainty as to future levels of inflation
 - The level of savings to be taken into account in setting the budget
 - The availability and use of balances to support revenue spending
 - The level of Council Tax to be set
 - The impact on budget projections for the medium term
- 2.2 It is impractical to examine every possible permutation of the items set out above. Therefore, this report sets out a specific budget proposal for debate that incorporates all of these items and takes into account discussions that have been held with the Leader and Portfolio Holders.
- 2.3 The following sections provide more detailed information on the final budget proposals that have been put forward. They compare the figures to those presented to Cabinet on 31 January 2024.

3 2023/24 Revised Forecast

Service estimates

- 3.1 Detailed work on the revised forecasts for all services has been finalised, and show an estimated £941,000 positive variance, primarily from salary savings and additional investment income.

APPENDIX B Report

3.2 This report does not make any recommendations about the possible utilisation of budget variances expected to arise in the current financial year. This will be covered in more detail in the Revenue Outturn report that is expected to be received by Cabinet in July.

4 2024/25 Budget Proposals

4.1 Annex 1 sets out the proposed budget for 2024/25. The figures shown take into account changes in the detailed estimates arising from the budget process together with the savings options and budget pressures set out in the annexes to this report.

4.2 The Net Cost of Services shown in Annex 1 includes some items of expenditure, such as depreciation and capital grants, that do not form part of the Council Tax calculation. These charges can vary significantly and distort the figures shown against each Service. Annex 4 shows the same figures as Annex 1 with these items removed.

4.3 Annex 6 sets out a summary of the estimates by main service area. The figures in Annex 6 exclude capital financing charges and are reconciled to the summary shown in Annex 4.

Overall Budget

4.4 All of the changes outlined in this report are reflected in the figures shown in Annex 1 which represents the proposed budget before the Cabinet. The Net General Fund Requirement is £19.227M and the Council Tax Requirement is £11.013M.

4.5 The January budget update showed a closed budget gap. Since then, there have been a small number of movements, but the gap remains closed. A summary of the movements is shown in the following table.

	£'000
Budget Gap per January report	0
Additional pressures (see Annex 3)	35
Draw from Capacity Building reserve to offset one-off cost of payroll system	(20)
Reduce contingency	(15)
Additional investment income (see para 4.15 – 4.17)	(429)
Additional government grant (see para 4.13 – 4.14)	(144)
Transfer to Regeneration reserve (see paras 4.14 and 4.17)	573

Final Budget Position – Balanced Budget	0
--	----------

Council Tax Charge in 2024/25

- 4.6 The Council's Medium Term Financial Strategy aims to keep Council Tax at a comparatively low level, taking into account spending priorities and central government funding. This is set in the context of the government's core spending power calculations which include Council Tax and an expectation that Councils will apply Council Tax increases to sustain their existing spending power.
- 4.7 The current level of Council Tax at £158.91 is still very low when compared to district council tax levels across the country. The Council's ability to sustain this low level means that it is one of only 28 district councils where a £5 increase will be allowable and not trigger a referendum. In 2023/24 the average charge was 27th lowest out of 164 district councils in England and £43 (21%) lower than the average charge.
- 4.8 The Council has ambitious plans to regenerate both Andover and Romsey town centres. With interest rates rising rapidly over the past year, the cost of borrowing is more expensive, and there is a need for the Council to build capacity to ensure that the regeneration plans can be delivered in an affordable manner. The recommended increase in Council Tax levels will help to maintain income levels and support our delivery of those key infrastructure projects.
- 4.9 Looking towards the medium term, the Council faces a number of risks. The Local Government Finance Settlement is for one year only. There is the potential to lose accumulated growth from the business rates retention scheme in a national re-set, and the impact of inflation on expenditure remains a risk. Annex 5 shows a potential budget gap of some £2.1M for 2026/27 which takes each of these risks into account. Some reserves are held to partly mitigate this loss of income, but the Council must sustain its controllable income levels to be able to safeguard frontline services in the medium term.
- 4.10 Against this background, it is recommended that the Band D Council Tax charge is increased by £5.00 from £158.91 to £163.91 for the 2024/25 financial year. This is an increase of 3.14%, which is lower than the current CPI inflation level of 4.0%.
- 4.11 The Council approved its Council Tax Support scheme for 2023/24 at its meeting on 17 January 2024. This scheme helps to protect the most vulnerable households from the full effect of the Council Tax charge. The Council continues to offer up to 100% support for pensioner households and those in receipt of certain benefits. Up to 90% support is available for most working-age households.
- 4.12 Under delegated authority, the Head of Finance and Revenues sets the Council Tax base for the forthcoming financial year. The Council Tax Resolution is reported directly to Council for consideration with the budget proposals.

APPENDIX B Report

Local Government Finance Settlement

- 4.13 During the period of consultation on the provisional local government finance settlement, the Secretary of State announced that a further £600M would be added to the total distribution.
- 4.14 The final Local Government Finance Settlement figures were confirmed on 7 February. An additional £143,800 is to be received from the Funding Guarantee grant and the Services grant. As this funding is not guaranteed beyond the coming financial year, it is recommended to transfer this additional income to the Regeneration Reserve.

Investment Income

- 4.15 The Bank of England Monetary Policy Committee voted to hold the base rate at 5.25% on 1 February. Current forecasts are that rates will start to reduce in the 2nd half of 2024.
- 4.16 A detailed review of the council's forecast cashflow, taking into account changes to the capital programme for 2024/25, interest rate forecasts and interest to be received from existing investments, has yielded an additional £429,000 of investment income to include in the budget.
- 4.17 As set out in the MTFs, additional income from investments is recommended to be transferred to reserves to reduce the risk of over-reliance on this income stream. This additional income is recommended to be transferred to the Regeneration Reserve to support the regeneration plans for Andover and Romsey.

Project Enterprise

- 4.18 Project Enterprise was established in 2014 to increase the income generated by the Council from its investments and reduce its reliance on the Government's Revenue Support Grant.
- 4.19 Since 2014, the Council has invested in a number of properties that have sought to generate additional revenue income. This additional income has been generated by investing the cash reserves held by the Council in projects that will yield greater returns than the current cash investment portfolio.
- 4.20 The amount of investment in completed projects is currently £38.278M. Net rental income from these completed investments is forecast to be £2.985M in 2024/25. This represents an average return on investment of 7.8%.
- 4.21 In contrast, the Council's cash investment portfolio is forecast to generate an average return of 4.22% in 2024/25. Had the Council not purchased the additional properties and left the investment in cash reserves, this would be expected to generate £1.615M in 2024/25.
- 4.22 Income from Project Enterprise investments is therefore expected to be £1.370M greater than would have been achieved by retaining the balances in cash. This differential is smaller than in previous years due to the increases in interest rates in 2022/23 and 2023/24.

APPENDIX B Report

- 4.23 Some of the income generated from the completed investments is used to replenish the Capital Receipts Reserve over the lifetime of the investment. For 2024/25, £641,000 is included within the Transfer to Capital Balances line in Annex 1 for this purpose. The remainder of the income will be used to support Council services.

Business Rates Retention Scheme

- 4.24 The Head of Finance and Revenues has delegated authority (in consultation with the Finance and Resources Portfolio Holder) to approve the annual National Non Domestic Rates returns to Central Government. In so doing, this effectively sets the initial shares of income to be allocated to the main preceptors and the government from the Collection Fund.
- 4.25 The government introduced the Business Rates Retention Scheme in 2013. It is a complex scheme with baseline assessments, top ups and tariffs, levy payments and safety nets.
- 4.26 If this was not complicated enough, the government has introduced a further layer of complexity in awarding grants to offset the impact of policies aimed at protecting small businesses and the retail, hospitality and leisure sector. This can create apparent surpluses or deficits in both the Collection Fund and General Fund and volatility in yearly cashflows.
- 4.27 A national business rates revaluation took effect from 1 April 2023 which led to increases in the estimates for the income that the Council expected to receive for 2023/24. Assumptions were built in for transitional payment protection and levels of reliefs but there was a level of uncertainty around the figures and there was little expectation that it would be a continuing increase in income.
- 4.28 However, updated estimates for 2023/24 and initial forecasts for 2024/25 now show that these increased levels of income are expected to continue in 2024/25, and provisionally into 2025/26 which is expected to be the last year of the current ratings list. The final confirmation of these additional levels of income will take three financial years to feed through into the General Fund, with net income relating to 2024/25 being reconciled in the outturn workings in June 2025 and being built in budget forecasts for 2026/27.
- 4.29 It is recommended that this volatility in Collection Fund accounting for business rates is mitigated by transferring surpluses and deficits arising from these timing differences to an earmarked reserve, the Collection Fund Equalisation Reserve, until there is reasonable certainty that the income can be retained.
- 4.30 The Collection Fund Equalisation Reserve therefore serves two purposes:
- To mitigate against volatility in income during the lifecycle of the current rating list, to allow for successful appeals by ratepayers and / or timing differences in cashflows caused by, for example, new reliefs.

APPENDIX B Report

- To build capacity against a potential loss of all retained income when a re-set of the business rates accounting arrangements takes place. This will enable any losses to be tapered in over several years, reducing the need for major budgetary overhaul in one financial year.

4.31 It is estimated that income due to the Council in each of the next 3 years will be as per the following table:

	2024/25 £'000s	2025/26 £'000s	2026/27 £'000s
Business rates income	6,987	6,987	3,586
Section 31 grants	5,437	5,437	0
2022/23 surplus on collection fund	3,237	0	0
Provision for levy payable to government	(3,876)	(3,876)	0
Renewable energy rates 100% retained	984	984	984
Draw from Collection Fund Equalisation Reserve to mitigate against loss of growth	0	0	1,106
Total income from business rates retention scheme	12,769	9,532	5,676
Less income from business rates retention scheme included in January report	5,675	5,675	5,476
Increase in retained income from business rates retention scheme	7,094	3,857	200

- 4.32 The assumption built into the table above is that a full re-set of the business rates financing mechanism is implemented ahead of the 2026/27 financial year. This removes the Council's share of accumulated growth in rates income since 2013 (£4.401M) and instead assumes that the baseline income forecast of £2.586M plus £1.0M in transitional or damping support and local retention of rates from renewable energy schemes (£984,000) only are built into the ongoing base budget.
- 4.33 This income is built into the Medium Term Forecast. It is extremely vulnerable to both the level of appeals that may occur as a result of the 2023 revaluation exercise and the potential re-set of the Business Rates Retention Scheme which has been delayed until at least 2026/27.

APPENDIX B Report

Transfers to / from Reserves

- 4.34 The following table details the recommended transfers to or from reserves. Draws from reserves are expected to be for one-off or specific expenditure.

Reserve	Transfer to / (from) £'000s
Regeneration reserve (net of £1.473M to and £178,000 from)	1,295
New Homes Bonus reserve (net of £1.2M to and £166,000 from)	1,034
Leisure contract equalisation reserve	318
Environment Act reserve (net of £688,000 to and £228,000 from)	460
Chantry Centre planned maintenance reserve	192
Borough elections reserve	75
Housing reserves	(662)
Local Development Fund reserve (net of £500,000 to and £419,000 from)	81
Collection Fund equalisation reserve	7,094
Other earmarked reserves*	(38)
Total transfers to earmarked reserves	9,849
Transfer to Asset Management Plan reserve	2,000
Transfer to Capital Receipts reserve	3,643

* includes small draws from reserves including the capacity building reserve and budget carry forward reserve.

Robustness of Estimates and Adequacy of Revenue Reserves

- 4.35 Section 25 of the Local Government Act 2003 requires the Chief Financial Officer (Head of Finance and Revenues) to report on the robustness of the budget estimates and adequacy of reserves at the time the Council is deciding the level of Budget Requirement and Council Tax for the forthcoming year. This is shown in full detail in Annex 7.

Andover Special Expenses Levy

- 4.36 The background to the Andover Special Expenses Levy was detailed in the 2023/24 budget report to Cabinet on 22 February 2023. The calculation is reviewed on a triennial basis.

APPENDIX B Report

- 4.37 The last recalculation of the Andover Special Expenses Levy was undertaken as part of the budget setting for 2023/24 in February 2023 (see Annex 9 to the budget report, Cabinet 22 February 2023).
- 4.38 For 2024/25, it is recommended to be increased by £0.15 per Band D property from £19.70 to £19.85.
- 4.39 The overall income to be generated by the Levy in 2024/25 will be £343,604, which is a minimal reduction on the £343,667 in 2023/24.
- 4.40 The reason that the charge has gone up whilst the overall cost has stayed virtually the same is due to a decrease in the tax base in the special expenses levy area.

5 Medium Term Forecast and Beyond

- 5.1 Annex 5 sets out the Medium Term Forecast for the General Fund budget up to the 2026/27 financial year. The figures shown in Annex 5 are reconciled to the revenue summary shown in Annex 4.
- 5.2 In order to maintain a balanced budget, current forecasts indicate a deficit of £321,900 in 2025/26 increasing by £1.8M to a deficit of £2.122M in 2026/27. This is the level of cumulative savings needed to close the forecast budget gap and assumes a full reset of business rates takes place from April 2026 in which all accumulated growth is lost.
- 5.3 Work to identify options for Councillors to consider meeting these savings targets will begin in the summer. An initial forecast for 2025/26 based on a best, middle and worst case scenario will be presented to Cabinet in October 2024 as part of the update Medium Term Financial Strategy.
- 5.4 Many external factors will have an effect on this longer term view, e.g. uncertainty over interest rates, inflation, government policy on local government finance. Cabinet is encouraged to keep this longer term uncertainty in mind when recommending a sustainable level of Council Tax for 2024/25 to Council.

6 Corporate Objectives and Priorities

- 6.1 The Budget encompasses all elements of the Council's activities and therefore contributes to all the Council's Corporate Objectives and Priorities.

7 Consultations

- 7.1 Consultation on the Budget has been carried out with the Leader, Deputy Leader, individual Portfolio Holders, Overview and Scrutiny Committee, local business groups (as detailed in the report to Cabinet in January 2024) and Heads of Service.

8 Risk Management

- 8.1 A risk assessment was undertaken in accordance with the Council's Risk Management methodology as part of the preparation of the Medium Term Financial Strategy.

**APPENDIX B
Report**

8.2 The risks identified in that report remain relevant. No additional risks have been identified in the preparation of this report.

9 Equality Issues

9.1 No equalities issues have been identified in the preparation of the report and no potential for unlawful discrimination or negative impact has been identified, therefore a full EQIA has not been carried out.

10 Conclusion and reasons for recommendation

10.1 This report is the culmination of a process that started in the summer of 2023. It shows the savings and additional income that have been identified to enable the Council to propose a balanced budget for 2024/25.

10.2 If approved, the recommendations of this report will be considered by Council on 29 February 2024.

<u>Background Papers (Local Government Act 1972 Section 100D)</u>			
Final local government finance settlement 2024/25			
<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
(Portfolio: Finance and Resources) Councillor M Flood			
Officer:	Jenni Carter	Ext:	8236
Report to:	Cabinet	Date:	28 February 2024

GENERAL FUND REVENUE SUMMARY

(1) Actual Spend 2022/23 £'000	(2) Original Estimate 2023/24 £'000	(3) Forecast 2023/24 £'000		(4) Gross Expend. 2024/25 £'000	(5) Gross Income 2024/25 £'000	(6) Original Estimate 2024/25 £'000
			Service Requirements			
(0.1)	0.0	0.0	Chief Executive's Office	962.6	(962.6)	0.0
3,752.8	3,479.1	4,528.6	Community & Leisure	8,022.2	(4,439.7)	3,582.5
7,104.6	6,464.2	6,630.6	Environmental Service	13,326.5	(5,984.7)	7,341.8
2,156.1	1,866.6	2,049.1	Finance & Revenues	4,435.3	(2,479.0)	1,956.3
1,718.2	3,231.9	4,896.4	Housing & Environmental Health	9,128.1	(4,607.2)	4,520.9
64.8	0.0	0.0	I.T.	1,947.9	(1,868.9)	79.0
0.0	0.0	4.9	Legal & Democratic	2,371.1	(2,373.1)	(2.0)
3,605.3	2,645.0	2,770.7	Planning & Building	4,594.9	(1,954.4)	2,640.5
2,400.6	2,346.4	2,491.4	Planning Policy & Economic Development	2,924.1	(252.1)	2,672.0
(5,869.8)	(5,961.8)	(6,020.7)	Property & Asset Management	11,857.6	(18,378.8)	(6,521.2)
0.0	0.0	0.0	Strategy & Innovation	1,001.9	(943.9)	58.0
14,932.5	14,071.4	17,351.0		60,572.2	(44,244.4)	16,327.8
			Other Requirements			
100.0	0.0	339.9	Net Cost of Benefit Payments	17,544.5	(17,449.4)	95.1
1,734.1	2,144.3	2,143.1	Corporate & Democratic Core	7,467.7	(5,269.9)	2,197.8
16,766.6	16,215.7	19,834.0	Net Cost of Services	85,584.4	(66,963.7)	18,620.7
			Corporate Requirements			
0.0	861.1	279.7	Contingency Provision	497.1	0.0	497.1
(3,852.3)	(5,180.9)	(7,842.6)	Depreciation Reversal and Deferred Charges	0.0	(5,864.3)	(5,864.3)
(2,087.0)	(2,753.9)	(4,365.2)	Investment Income	0.0	(4,178.2)	(4,178.2)
150.7	145.9	145.9	Borrowing Costs	140.4	0.0	140.4
199.9	204.4	204.4	Minimum Revenue Provision	208.9	0.0	208.9
(4,765.6)	(5,873.2)	(5,775.8)	Small Business Rate Relief & other S31 grants	0.0	(5,437.4)	(5,437.4)
(713.4)	(1,600.5)	(1,704.6)	Other Government Grants	0.0	(2,915.1)	(2,915.1)
(2,104.7)	(1,199.8)	(1,199.8)	New Homes' Bonus	0.0	(229.8)	(229.8)
2,234.9	3,119.8	5,024.2	Provision for NDR surplus 'levy'	3,875.9	0.0	3,875.9
(393.8)	(505.1)	(505.1)	100% Retention of NDR from Renewable Energy	0.0	(983.9)	(983.9)
(17.8)	0.0	0.0	Year End Write Offs	0.0	0.0	0.0
5,417.5	3,433.5	4,095.1	Net General Fund Expenditure	90,306.7	(86,572.4)	3,734.3
2,913.3	6,206.2	5,396.1	Transfer to Earmarked Reserves	13,335.0	(3,485.9)	9,849.1
1,250.8	2,000.0	1,346.8	Transfer to Asset Management Reserve	2,000.0	0.0	2,000.0
3,740.3	3,645.0	4,765.0	Transfer to Capital Balances	3,643.2	0.0	3,643.2
(3,946.0)	0.0	0.0	Transfer to Pension Reserve	0.0	0.0	0.0
0.0	0.0	0.0	Transfer to / (from) General Reserves	0.0	0.0	0.0
9,375.9	15,284.7	15,603.0	General Fund Requirements	109,284.9	(90,058.3)	19,226.6
0.0	0.0	0.0	Revenue Support Grant	0.0	0.0	0.0
(3,079.5)	(4,524.0)	(4,842.3)	Business Rates Retained	21,797.9	(28,784.6)	(6,986.7)
1,847.8	1,983.4	1,983.4	Parish Precepts	2,136.1	0.0	2,136.1
(108.2)	(167.0)	(167.0)	Surplus on Previous Years' Collection Fund - Ctax	0.0	(126.7)	(126.7)
2,053.1	(1,991.8)	(1,991.8)	(Surplus)/Deficit on Previous Years' Collection Fund - NDR	0.0	(3,236.6)	(3,236.6)
10,089.1	10,585.3	10,585.3	Council Tax Requirement	133,218.9	(122,206.2)	11,012.7
(7,901.4)	(8,258.2)	(8,258.2)	Test Valley Borough Council precept	0.0	(8,533.0)	(8,533.0)
(1,847.8)	(1,983.4)	(1,983.4)	Parish Precepts	0.0	(2,136.1)	(2,136.1)
(339.9)	(343.7)	(343.7)	Andover Special Expenses Levy	0.0	(343.6)	(343.6)
(10,089.1)	(10,585.3)	(10,585.3)	Summary of Council Tax Requirement	0.0	(11,012.7)	(11,012.7)

SUMMARY OF SAVINGS & INCOME GENERATION PROPOSALS

Service	Function	Income Generation Option Proposed	2024/25 £'000	2025/26 £'000	2026/27 £'000
Prop & Asset Mgmt	Car Parks	Additional income from car park charges based on last year's actuals and profile variance to date in current year	93	93	93
Prop & Asset Mgmt	Rental Income	Additional income from property rents across the whole portfolio.	178	213	218
Legal & Dem	Legal Fee Income	Additional income based on previous years	5	5	5
Fin & Rev	Employee costs	Shared service & post regrade	15	15	15
Fin & Rev	Finance	Increase in government grant for transparency disclosures	8	8	8
Env Serv	EST Technical	Sale of glass and dry mixed recycling. Additional income in line with current market expectations	90	0	0
Env Serv	Waste Collection	Non-packaging income share from HCC	0	111	111
Env Serv	Garden Waste	Increase in income due to increase in number of subscriptions	10	10	10
Plan & Build	Planning	Expectation that fees for planning applications will increase by between 25-35% in 2024/25. This additional income takes into account current income levels being below amounts included in the budget	100	100	100
Comm & Leis	The Lights	Creation of Performing Right Society Fee charge to recover PRS costs	8	8	8
Comm & Leis	Sports Facilities	Increase in income from sports facilities	40	40	40
Various	Various	Various small savings across services	16	16	16
Total Budget Savings and Income Generation Proposals in Medium Term Financial Strategy			563	619	624

SUMMARY OF SAVINGS & INCOME GENERATION PROPOSALS

Service	Function	Income Generation Option Proposed	2024/25 £'000	2025/26 £'000	2026/27 £'000
Env Serv	EST Technical	Sale of glass and dry mixed recycling. Additional income in line with current market expectations for additional year due to changes to waste strategy	40	80	0
Env Serv	Waste Collection	Non-packaging income share from HCC to be moved on by one year due to changes to waste strategy	0	(111)	0
Env Serv	Garden Waste	Increase in income due to increase in subscription fees	19	19	19
Fin & Rev	Revenues	Court fee income	20	20	20
Plan & Build	Planning	Additional income from planning fees	100	100	100
Prop & Asset Mgmt	Rental Income	Additional income from property rents across the whole portfolio.	314	314	314
Prop & Asset Mgmt	Car parking	Savings from service charge & cleaning	21	21	21
Various	NNDR	Savings to business rate costs following the 2023 revaluation	85	85	85
Various	Various	Various small savings across services	42	32	32
Total Budget Savings and Income Generation Proposals identified in January update			641	560	591
TOTAL BUDGET SAVINGS AND INCOME GENERATION PROPOSALS			1,204	1,179	1,215

SUMMARY OF REVENUE PRESSURES

Service	Function	Item	2024/25 £'000	2025/26 £'000	2026/27 £'000
Strat & Innov	Project Management	Making a temporary Project Support Officer post permanent.	38	38	38
IT	Shared Service	Net salary pressure arising from additional resource in the IT shared service across both TVBC and WCC.	79	69	69
Strat & Innov	Communications	Increase in hours of a Communications Officer post to make full-time.	20	20	20
Comm & Leis	Events	Additional budget required to make Events Officer post full time.	25	25	25
Total Pressures identified in Medium Term Financial Strategy			162	152	152
Chief Executive's	Human Resources	Payroll system contract renewal	8	8	8
Comm & Leis / Env Service	Ganger Farm	Reduced draw from s106 commuted sum to reflect expected cost profile for managing the site over twenty years.	56	56	56
Housing & Env Health	Housing options	Net additional costs for bed & breakfast provision	18	18	18
IT	Project consultancy	Additional budget to enable delivery of corporate software projects including telephony, virtual private networks and cloud migration as part of the IT Shared Service	10	10	10
Plan & Build	Planning	Additional budget required for Compliance Officer post (difference between grade 5 & grade 8)	15	15	15
Plan Pol & Ec Dev't	Regeneration	Budget for additional post to support the delivery of regeneration programme. Estimated at grade 5.	33	33	33
Prop & Asset Mgmt	Public Conveniences	Additional maintenance costs for three new changing places toilets and twice daily clean.	56	56	56
Finance & Revenues	External audit fees	Required increase following national tendering exercise managed by Public Sector Audit Appointments.	51	51	51
Finance & Revenues	Benefits	Reduction in subsidy / recovery income from Housing Benefit overpayments	95	95	95
Total Pressures identified in January update			342	342	342

SUMMARY OF REVENUE PRESSURES

Service	Function	Item	2024/25 £'000	2025/26 £'000	2026/27 £'000
Chief Executive's	Human Resources	Additional cost for payroll system contract renewal	28	8	8
Various	Various	Various small pressures across services	7	7	7
Total Pressures identified in this update			35	15	15
TOTAL BUDGET PRESSURES			539	509	509

GENERAL FUND REVENUE SUMMARY

(1) Actual Spend 2022/23 £'000	(2) Original Estimate 2023/24 £'000	(3) Forecast 2023/24 £'000		(4) Gross Expend. 2024/25 £'000	(5) Gross Income 2024/25 £'000	(6) Original Estimate 2024/25 £'000
			Service Requirements			
(151.3)	0.0	0.0	Chief Executive's Office	962.6	(962.6)	0.0
2,000.8	1,580.3	2,231.8	Community & Leisure	6,152.8	(4,439.7)	1,713.1
5,367.4	5,624.3	5,826.3	Environmental Service	12,415.0	(5,984.7)	6,430.3
1,640.0	1,866.6	2,049.1	Finance & Revenues	4,435.3	(2,479.0)	1,956.3
1,332.2	3,242.5	2,732.0	Housing & Environmental Health	8,638.7	(4,607.2)	4,031.5
(168.0)	(124.2)	(79.4)	I.T.	1,824.3	(1,868.9)	(44.6)
(231.9)	0.0	4.9	Legal & Democratic	2,371.1	(2,373.1)	(2.0)
3,005.4	2,645.0	2,770.7	Planning & Building	4,594.9	(1,954.4)	2,640.5
2,009.2	2,346.4	2,491.4	Planning Policy & Economic Development	2,924.1	(252.1)	2,672.0
(6,311.0)	(6,905.2)	(7,013.2)	Property & Asset Management	10,772.4	(18,378.8)	(7,606.4)
(168.5)	0.0	0.0	Strategy & Innovation	1,001.9	(943.9)	58.0
8,324.3	10,275.7	11,013.6		56,093.1	(44,244.4)	11,848.7
			Other Requirements			
100.0	0.0	339.9	Net Cost of Benefit Payments	17,544.5	(17,449.4)	95.1
1,919.5	2,134.6	2,133.4	Corporate & Democratic Core	7,458.0	(5,269.9)	2,188.1
10,343.8	12,410.3	13,486.9	Net Cost of Services	81,095.6	(66,963.7)	14,131.9
			Corporate Requirements			
0.0	861.1	279.7	Contingency Provision	497.1	0.0	497.1
(2,087.0)	(2,753.9)	(4,365.2)	Investment Income	0.0	(4,178.2)	(4,178.2)
150.7	145.9	145.9	Borrowing Costs	140.4	0.0	140.4
199.9	204.4	204.4	Minimum Revenue Provision	208.9	0.0	208.9
(4,765.6)	(5,873.2)	(5,775.8)	Small Business Rate Relief & other S31 grants	0.0	(5,437.4)	(5,437.4)
(713.4)	(1,600.5)	(1,704.6)	Other Government Grants	0.0	(2,915.1)	(2,915.1)
(2,104.7)	(1,199.8)	(1,199.8)	New Homes' Bonus	0.0	(229.8)	(229.8)
2,234.9	3,119.8	5,024.2	Provision for NDR surplus 'levy'	3,875.9	0.0	3,875.9
(393.8)	(505.1)	(505.1)	100% Retention of NDR from Renewable Energy	0.0	(983.9)	(983.9)
(17.8)	0.0	0.0	Year End Write Offs	0.0	0.0	0.0
2,847.0	4,809.0	5,590.6	Net General Fund Expenditure	85,817.9	(80,708.1)	5,109.8
2,913.3	6,206.2	5,396.1	Transfer to Earmarked Reserves	13,335.0	(3,485.9)	9,849.1
1,250.8	2,000.0	1,346.8	Transfer to Asset Management Reserve	2,000.0	0.0	2,000.0
2,364.8	2,269.5	3,269.5	Transfer to Capital Balances	2,267.7	0.0	2,267.7
0.0	0.0	0.0	Transfer to General Reserves	0.0	0.0	0.0
9,375.9	15,284.7	15,603.0	General Fund Requirements	103,420.6	(84,194.0)	19,226.6

MEDIUM TERM FINANCIAL FORECAST

	Original Estimate 2024/25 £'000	Base Changes £'000	Budget Forecast 2025/26 £'000	Base Changes £'000	Budget Forecast 2026/27 £'000
<u>Service Requirements</u>					
Chief Executive's Office	0.0	(20.0)	(20.0)	0.0	(20.0)
Community & Leisure	1,713.1	162.3	1,875.4	1,140.1	3,015.5
Environmental Service	6,430.3	560.0	6,990.3	(66.8)	6,923.5
Finance & Revenues	1,956.3	0.0	1,956.3	0.0	1,956.3
Housing & Environmental Health	4,031.5	(662.1)	3,369.4	0.0	3,369.4
I.T.	(44.6)	(16.7)	(61.3)	0.0	(61.3)
Legal & Democratic	(2.0)	0.0	(2.0)	0.0	(2.0)
Planning & Building	2,640.5	0.0	2,640.5	0.0	2,640.5
Planning Policy & Economic Development	2,672.0	(505.6)	2,166.4	(11.4)	2,155.0
Property & Asset Management	(7,606.4)	333.5	(7,272.9)	5.9	(7,267.0)
Strategy & Innovation	58.0	(11.7)	46.3	0.0	46.3
Inflation	0.0	800.0	800.0	800.0	1,600.0
	11,848.7	639.7	12,488.4	1,867.8	14,356.2
<u>Other Requirements</u>					
Net Cost of Benefit Payments	95.1	0.0	95.1	0.0	95.1
Corporate & Democratic Core	2,188.1	(100.0)	2,088.1	0.0	2,088.1
Net Cost of Services	14,131.9	539.7	14,671.6	1,867.8	16,539.4
<u>Corporate Requirements</u>					
Contingency Provision	497.1	0.0	497.1	0.0	497.1
Investment Income	(4,178.2)	1,178.2	(3,000.0)	451.1	(2,548.9)
Borrowing Costs	140.4	(5.7)	134.7	(5.8)	128.9
Minimum Revenue Provision	208.9	4.7	213.6	4.8	218.4
Small Business Rate Relief & other S31 grants	(5,437.4)	0.0	(5,437.4)	5,437.4	0.0
Other Government Grants	(2,915.1)	1,331.6	(1,583.5)	1,331.7	(251.8)
New Homes' Bonus	(229.8)	229.8	0.0	0.0	0.0
Provision for NDR Levy	3,875.9	0.0	3,875.9	(3,875.9)	0.0
100% Retention of NDR from Renewable Energy	(983.9)	0.0	(983.9)	0.0	(983.9)
Net General Fund Expenditure	5,109.8	3,278.3	8,388.1	5,211.1	13,599.2
Transfer to / (from) Earmarked Reserves	9,849.1	(5,468.4)	4,380.7	(6,055.4)	(1,674.7)
Transfer to Asset Management Reserves	2,000.0	(48.9)	1,951.1	(451.1)	1,500.0
Transfer to Capital Reserves	2,267.7	(500.0)	1,767.7	0.0	1,767.7
Transfer to General Reserves	0.0	0.0	0.0	0.0	0.0
Total General Fund Expenditure	19,226.6	(2,739.0)	16,487.6	(1,295.4)	15,192.2
FURTHER SAVINGS TO BE IDENTIFIED	0.0	(321.9)	(321.9)	(1,800.4)	(2,122.3)
General Fund Requirements	19,226.6	(3,060.9)	16,165.7	(3,095.8)	13,069.9

GENERAL FUND REVENUE ACCOUNT

SUMMARY ESTIMATES

	Final Outturn 2022/23 £'000	Original Estimate 2023/24 £'000	Forecast 2023/24 £'000	Original Estimate 2024/25 £'000
Service Requirements				
Chief Executive's Office	(151.3)	0.0	0.0	0.0
Community & Leisure	2,000.8	1,580.3	2,231.8	1,713.1
Environmental Service	5,367.4	5,624.3	5,826.3	6,430.3
Finance & Revenues	1,640.0	1,866.6	2,049.1	1,956.3
Housing & Environmental Health	1,332.2	3,242.5	2,732.0	4,031.5
IT	(168.0)	(124.2)	(79.4)	(44.6)
Legal & Democratic	(231.9)	0.0	4.9	(2.0)
Planning & Building	3,005.4	2,645.0	2,770.7	2,640.5
Planning Policy & Economic Development	2,009.2	2,346.4	2,491.4	2,672.0
Property & Asset Management	(6,311.0)	(6,905.2)	(7,013.2)	(7,606.4)
Strategy & Innovation	(168.5)	0.0	0.0	58.0
	8,324.3	10,275.7	11,013.6	11,848.7
Other Requirements				
Net Cost of Benefit Payments	100.0	0.0	339.9	95.1
Corporate & Democratic Core	1,919.5	2,134.6	2,133.4	2,188.1
Net Cost of Services	10,343.8	12,410.3	13,486.9	14,131.9

CHIEF EXECUTIVE'S OFFICE

SUMMARY ESTIMATES

Principal Activities	Final Outturn 2022/23 £'000	Original Estimate 2023/24 £'000	Forecast 2023/24 £'000	Original Estimate 2024/25 £'000
Chief Executive's Office	(59.3)	0.0	0.0	0.0
Human Resources Service	(115.0)	(44.7)	(62.7)	(46.4)
Human Resources Function	23.0	44.7	62.7	46.4
Net Total Expenditure / (Income)	(151.3)	0.0	0.0	0.0

COMMUNITY & LEISURE SERVICE

SUMMARY ESTIMATES

	Final Outturn 2022/23 £'000	Original Estimate 2023/24 £'000	Forecast 2023/24 £'000	Original Estimate 2024/25 £'000
Principal Activities				
Leisure Management	(38.4)	0.0	0.0	0.0
Parks, Countryside & Sport				
Managed Sports Facilities	(1,861.4)	(1,979.9)	(2,006.7)	(1,977.2)
Outdoor Sports Facilities	412.8	464.7	634.4	513.5
Playgrounds	76.1	37.5	61.7	38.0
Sports Development	26.4	18.4	17.6	18.2
Cemeteries	(45.1)	(61.6)	47.9	(58.3)
Grounds Maintenance	308.0	90.3	329.5	38.7
Nature Reserves	176.7	151.3	179.7	153.5
Urban Parks & Open Spaces	475.6	498.2	562.7	592.2
Total - Parks, Countryside & Sport	(430.9)	(781.1)	(173.2)	(681.4)
Community Development				
Community Engagement	1,447.8	1,460.8	1,496.3	1,438.6
Total - Community Development	1,447.8	1,460.8	1,496.3	1,438.6
Arts & Culture				
Andover Summit Events	250.4	209.3	225.0	253.0
Arts Function	88.3	34.1	34.3	34.9
The Lights	683.5	656.7	648.9	667.5
Heritage	0.1	0.5	0.5	0.5
Total - Arts & Culture	1,022.3	900.6	908.7	955.9
Net Total Expenditure	2,000.8	1,580.3	2,231.8	1,713.1

ENVIRONMENTAL SERVICE

SUMMARY ESTIMATES

Principal Activities	Final Outturn 2022/23 £'000	Original Estimate 2023/24 £'000	Forecast 2023/24 £'000	Original Estimate 2024/25 £'000
Grounds Maintenance	1,494.9	1,466.2	1,561.9	1,645.6
Waste Collection	2,454.6	2,581.3	2,599.0	2,968.7
Green Waste Collection	(215.3)	(255.5)	(192.4)	(237.9)
Street Cleansing	1,080.2	1,130.8	1,140.5	1,248.2
Vehicle Workshop	167.3	164.3	169.6	197.8
ES Technical	456.5	517.3	525.2	578.7
Depot costs	(70.8)	19.9	22.5	29.2
Net Total Expenditure	5,367.4	5,624.3	5,826.3	6,430.3

FINANCE & REVENUES SERVICE

SUMMARY ESTIMATES

	Final Outturn 2022/23 £'000	Original Estimate 2023/24 £'000	Forecast 2023/24 £'000	Original Estimate 2024/25 £'000
Principal Activities				
Finance	(150.3)	0.0	0.0	(23.0)
Customer Services Unit	(95.8)	(6.2)	7.8	6.2
Revenues				
Local Taxation Services	1,154.9	1,064.0	1,087.3	1,078.8
Council Tax Support Administration	407.2	519.3	610.3	588.6
Housing Benefit - Rent Allowances Administration	324.0	289.5	343.7	305.7
Total Revenues	1,886.1	1,872.8	2,041.3	1,973.1
Net Total Expenditure	1,640.0	1,866.6	2,049.1	1,956.3

HOUSING & ENVIRONMENTAL HEALTH SERVICE

SUMMARY ESTIMATES

Principal Activities	Final Outturn 2022/23 £'000	Original Estimate 2023/24 £'000	Forecast 2023/24 £'000	Original Estimate 2024/25 £'000
Housing Management	(41.2)	0.0	0.0	0.0
Housing Options	(295.2)	1,583.2	443.7	2,160.3
Hampshire Home Choice	5.9	0.6	0.0	0.0
Housing Development	199.2	253.7	208.2	273.6
Housing Total	(90.1)	1,837.5	651.9	2,433.9
Pest Control	132.4	122.7	132.5	111.4
Environmental Protection	431.4	395.4	402.3	439.3
Housing Standards	285.2	281.2	942.0	396.3
Animal Welfare	94.3	98.9	106.1	108.4
Health Protection	520.2	506.8	497.2	542.2
Environmental Health Total	1,463.5	1,405.0	2,080.1	1,597.6
Net Total Expenditure	1,332.20	3,242.5	2,732.0	4,031.5

I.T. SERVICE**SUMMARY ESTIMATES**

Principal Activities	Final Outturn 2022/23 £'000	Original Estimate 2023/24 £'000	Forecast 2023/24 £'000	Original Estimate 2024/25 £'000
Management	(1,531.5)	(1,301.6)	(1,453.7)	(1,248.9)
Service Desk	160.6	140.2	255.8	85.2
Infrastructure	489.5	530.4	524.9	583.0
Corporate Services	712.5	495.7	592.6	534.5
Cloud Services	0.9	11.1	1.0	1.6
Net Total Income	(168.0)	(124.2)	(79.4)	(44.6)

LEGAL & DEMOCRATIC SERVICE

SUMMARY ESTIMATES

Principal Activities	Final Outturn 2022/23 £'000	Original Estimate 2023/24 £'000	Forecast 2023/24 £'000	Original Estimate 2024/25 £'000
Legal				
Legal Service	(426.8)	(490.5)	(384.0)	(217.7)
Land Charges	(50.4)	(66.6)	(74.4)	(63.9)
Legal Total	(477.2)	(557.1)	(458.4)	(281.6)
Democratic				
Council Elections	179.4	485.1	394.7	199.0
Registration of Electors	78.7	88.5	75.9	87.0
Lotteries, Amusements and Gaming Permits	(1.9)	(3.2)	(1.4)	(1.6)
Alcohol and Entertainment Licensing	(18.7)	(27.4)	(25.3)	(23.0)
Scrap Metal Dealers	1.5	1.6	2.3	2.5
Hackney Carriages and Private Hire Vehicles	6.3	12.5	17.1	15.7
Democratic Total	245.3	557.1	463.3	279.6
Net Total Expenditure / (Income)	(231.9)	0.0	4.9	(2.0)

PLANNING & BUILDING SERVICE**SUMMARY ESTIMATES**

Principal Activities	Final Outturn 2022/23 £'000	Original Estimate 2023/24 £'000	Forecast 2023/24 £'000	Original Estimate 2024/25 £'000
Development Control & Enforcement	2,811.7	2,565.4	2,596.4	2,530.2
Building Control	193.7	79.6	174.3	110.3
Net Total Expenditure	3,005.4	2,645.0	2,770.7	2,640.5

PLANNING POLICY & ECONOMIC DEVELOPMENT SERVICE

SUMMARY ESTIMATES

Principal Activities	Final Outturn 2022/23 £'000	Original Estimate 2023/24 £'000	Forecast 2023/24 £'000	Original Estimate 2024/25 £'000
Planning Policy	1,171.1	1,500.7	1,527.2	1,750.9
Local Development Framework	229.1	399.9	407.0	581.5
Climate Change	24.3	20.0	20.0	20.0
Total Planning Policy	1,424.5	1,920.6	1,954.2	2,352.4
Economic Development and Promotion	38.7	111.4	97.1	88.5
Promotion of Tourism	154.0	157.5	153.8	160.3
Total Economic Development and Promotion	192.7	268.9	250.9	248.8
Town Centre Management	9.5	20.8	32.8	20.8
Regeneration	382.5	136.1	253.5	50.0
Net Total Expenditure	2,009.2	2,346.4	2,491.4	2,672.0

PROPERTY & ASSET MANAGEMENT SERVICE

SUMMARY ESTIMATES

Principal Activities	Final Outturn 2022/23 £'000	Original Estimate 2023/24 £'000	Forecast 2023/24 £'000	Original Estimate 2024/25 £'000
Estates Support Unit	(99.0)	58.7	62.6	130.6
Rental Income				
Andover Market	107.3	89.1	98.1	94.9
Business Park Development	(5,922.3)	(6,440.9)	(6,346.9)	(7,215.1)
Union Street	(37.9)	(48.5)	(20.6)	(16.8)
Chantry Centre	(482.2)	(262.7)	(409.0)	(224.1)
Investment Properties	(1,099.8)	(1,130.8)	(1,105.9)	(1,143.3)
Corporate Properties	(135.9)	(314.2)	(271.8)	(282.3)
Total - Rental Income	(7,570.8)	(8,108.0)	(8,056.1)	(8,786.7)
Premises Management				
Public Halls	404.3	293.0	286.5	248.7
Leisure Facilities	141.4	0.0	6.1	0.0
Public Conveniences	158.6	163.9	179.2	231.8
Office Accommodation	73.9	76.3	67.9	76.1
Andover Magistrates Court	(61.0)	1.1	1.3	0.8
Depot Costs	30.8	(89.3)	(106.2)	(154.3)
Andover Bus Station	164.5	134.1	137.1	141.9
Building Maintenance	195.2	229.2	206.0	244.2
Building Cleaning	121.6	122.5	121.9	124.2
Maintenance Works	0.0	257.7	153.7	257.7
Total - Premises Management	1,229.3	1,188.5	1,053.5	1,171.1
Transport				
Engineers	257.2	172.3	274.3	201.8
Highways	12.4	36.7	37.4	35.4
Parking	(188.4)	(308.4)	(424.9)	(408.6)
Community Transport	48.3	55.0	40.0	50.0
Total - Transport	129.5	(44.4)	(73.2)	(121.4)
Net Total Income	(6,311.0)	(6,905.2)	(7,013.2)	(7,606.4)

STRATEGY & INNOVATION**SUMMARY ESTIMATES**

Principal Activities	Final Outturn 2022/23 £'000	Original Estimate 2023/24 £'000	Forecast 2023/24 £'000	Original Estimate 2024/25 £'000
Strategy & Innovation	(168.5)	0.0	0.0	58.0
Net Total Income	(168.5)	0.0	0.0	58.0

NET COST OF BENEFITS PAYMENTS**SUMMARY ESTIMATES**

Principal Activities	Final Outturn 2022/23 £'000	Original Estimate 2023/24 £'000	Forecast 2023/24 £'000	Original Estimate 2024/25 £'000
Council Tax Benefits	(8.3)	0.0	0.0	0.0
Housing Benefit - Rent Allowances	108.3	0.0	339.9	95.1
Net Total Income	100.0	0.0	339.9	95.1

CORPORATE & DEMOCRATIC CORE
SUMMARY ESTIMATES

Principal Activities	Final Outturn 2022/23 £'000	Original Estimate 2023/24 £'000	Forecast 2023/24 £'000	Original Estimate 2024/25 £'000
Corporate Management				
Corporate Management	360.8	638.2	607.2	671.2
Delivering Public Services Electronically	24.3	25.5	25.5	25.5
Corporate Public Relations, Information and Consultation	23.5	20.3	24.0	23.3
Best Value & Performance	53.5	14.0	16.0	17.0
Emergency Planning	47.9	38.3	37.9	38.3
Total - Corporate Management	510.0	736.3	710.6	775.3
Democratic Representation and Management				
Councillors	493.7	547.1	549.2	590.7
Councillor Meetings	296.3	354.5	357.7	377.8
Mayoral Office	47.5	46.4	45.2	49.0
Civic Ceremonies	14.7	10.5	13.0	11.5
Subscriptions	30.3	30.0	31.8	33.0
Representing Local Interests				
Other Democratic Activities	25.1	26.8	27.4	28.0
Total - Democratic	907.6	1,015.3	1,024.3	1,090.0
Allocated Central Overheads	250.0	128.3	143.9	41.6
Non-Distributable Costs	251.9	254.7	254.6	281.2
Net Total Expenditure	1,919.5	2,134.6	2,133.4	2,188.1

Statement on the Robustness of Estimates **and Adequacy of Revenue Reserves**

1. Introduction

- 1.1 There are a range of safeguards in place to help prevent local authorities over-committing themselves financially. These include:
- the balanced budget requirement of the Local Government Finance Act 1992
 - the chief finance officer's duty to report on robustness of estimates and adequacy of reserves (under section 25 of the Local Government Act 2003) when the authority is considering its budget requirement (England and Wales)
 - legislative requirements for each local authority to make arrangements for the proper administration of their financial affairs and that the chief finance officer (CFO) / proper officer has responsibility for the administration of those affairs (section 151 of the Local Government Act 1972)
 - the requirements of the Prudential Code
 - auditors' consideration of whether audited bodies have established adequate arrangements to ensure that their financial position is soundly based, in the context of auditors' statutory responsibility to satisfy themselves that the body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources (the value for money conclusion).
- 1.2 These requirements are reinforced by section 114 of the Local Government Finance Act 1988 which requires the CFO in England and Wales to report to all the authority's councillors, in consultation with the Monitoring Officer, if (in broad terms) there is or is likely to be unlawful expenditure or an unbalanced budget.

Local Government Act 2003

- 1.3 The 2003 Local Government Act places specific responsibilities on Chief Finance Officers in England and Wales. The Act requires the CFO to report on the robustness of the budget and the adequacy of proposed financial reserves. This statement meets this statutory requirement and the Council is required to have regard to this report when it sets the budget.

2. Robustness of Estimates

- 2.1 The financial implications of all known variables have been assessed during the preparation of the detailed estimates. Where appropriate, this has included a sensitivity analysis in respect of estimates that are prone to material change or factors beyond the Council's control (e.g. interest rate levels).
- 2.2 Various budget assumptions have been made including allowances for inflation, estimates on the level and timing of capital receipts, the treatment of demand-led pressures, the treatment of planned efficiency savings and levels of income, financial

risks inherent in any new arrangements, capital developments and the availability of funds to deal with unforeseen items of expenditure. In each of these areas, the Council's financial standing, management and track record has been considered in order to prepare robust budget proposals.

- 2.3 The accountancy team, working with individual budget holders, have undertaken a detailed analysis of budget variances arising in prior years to ensure that budgets are set based on realistic forecasts of likely income and expenditure. This exercise identified several areas where additional income has been built into the budget for the coming year.
- 2.4 The preparation of the detailed estimates has also identified savings / additional income proposals together with areas where essential cost growth is known to be needed. These items have been set out more fully in Annexes 2 and 3.
- 2.5 The budgeting processes followed are sound, well-established and very similar to those that have produced robust estimates in the past. The Council has also demonstrated that it has a sound system of internal control in place.
- 2.6 I am therefore satisfied that the draft budgets are sufficient to meet the expenditure commitments, of which I have been made aware, for next year and are adequate for the purpose of setting the council tax rate for 2024/25.
- 2.7 Budgets will continue to be regularly monitored throughout the year with variances reported to Members in line with the existing budgetary cycle.

3. Adequacy of Revenue Reserves

- 3.1 Reserves are an integral part of the annual and medium term financial planning process and are held for three main purposes:
 - To help cushion the impact of uneven cash flows and unexpected, unbudgeted costs that may arise in year or that may arise in the medium term. These reserves are sometimes known as equalisation reserves.
 - A means of building up funds to meet known or predicted future liabilities. These can be considered as being equivalent to a savings account preparing for a future expenditure.
 - A method of carrying forward funds held for a specific purpose from one year to the next.
- 3.2 The General Fund reserve held a balance at the end of 2022/23 of £2.6M. The forecast for the next three-year period does not include any draws or addition to this balance. I consider that it represents a prudent level of working balances.
- 3.3 I have also reviewed the Council's estimated earmarked reserves to assess their adequacy and appropriateness over the medium term. The largest risks to the Council's medium term forecast are the potential for investment income levels to drop as interest rates decrease and in the event of a national re-set of retained income from business rates.

- 3.4 Having sufficient capacity in reserves to ameliorate the impact of those variables is essential to be maintained the financial stability of the Council.
- 3.5 The Council currently has a range of earmarked revenue reserves with balances and projected balances as follows:

<i>Earmarked Revenue Reserves:</i>	At 31/3/23 £000s	Forecast at 31/3/27 £000s
<u>Equalisation Reserves</u>		
Budget Equalisation Reserve	1,345	821
Investment Equalisation Reserve	350	650
Income Equalisation Reserve	300	300
Pension Fund Equalisation Reserve	500	745
Collection Fund Equalisation Reserve	2,799	6,000
Total – Equalisation Reserves	5,294	8,516
<u>Reserves Held For Future Growth</u>		
New Homes Bonus	12,057	9,392
Rejuvenation Projects Reserve	2,629	1,110
Capacity Building Reserve	345	243
Special Projects Reserve	177	127
Enterprise and Innovation Reserve	315	315
Total – Reserves Held For Future Growth	15,523	11,187
<u>Reserves Held For Specific Purposes</u>		
Asset Management Plan	2,728	500
* Developer Commuted Sums	6,722	6,722
* Chantry Centre Planned Maintenance Reserve	1,916	1,916
* Local Development Framework	592	592
Environment Act delivery	300	0
Housing Reserve	1,042	1,126
Community Support Reserve	1,463	1,150
Other Earmarked Reserves	1,487	683
Total – Other Earmarked Revenue Reserves	16,250	12,689
Total:	37,067	32,392

* The reserves marked with an asterisk are used to support ongoing activities with unpredictable levels of expenditure and compensating income. It is therefore impossible to accurately assess what the reserve levels will be in 2027. Therefore, the current balance has been included as a comparator. The forecast calls on these reserves over the medium term have been reviewed and I am satisfied that the balances shown are adequate for their respective purposes over this period.

- 3.6 The forecast balance on the Collection Fund Equalisation Reserve at March 2027 is significant. However, in the context of retained growth of c£4M per annum which could be lost, it will be necessary to have a sizeable contingency to offset the impact of potential losses, should they arise. The forecast level on this reserve will be

continually monitored and updated when more information on a potential re-set is known.

- 3.7 The medium term financial strategy has identified that the balances held in the remaining equalisation reserves is adequate to meet anticipated need. After approved transfers into the reserves in 2023/24 have been made, no further transfers will be necessary.
- 3.8 All of the “equalisation” reserves will be available to smooth the impact of volatility from key income streams and will be reviewed ahead of the next medium term financial strategy update in autumn 2024.
- 3.9 Other earmarked reserves, such as the Asset Management Plan reserve and the Chantry Centre Planned Maintenance reserve also have an important role to play as they have been set up to ensure that the Council has adequate financing available for planned maintenance and renewal of assets.
- 3.10 The balance of the New Homes Bonus will continue to be important to the Council, not only as a source of financing for the Community Asset and Revenue Funds, but also for financing other appropriate community-based schemes in the Capital Programme. Its future is far from certain and therefore no future receipts have been built into the forecast for this reserve beyond 2024/25.
- 3.11 I am satisfied that the earmarked revenue reserves are adequate for their particular purposes. However, to ensure they remain suitable in the context of a balanced budget, the importance of the following points is emphasised:
- achieving all of the savings options put forward for 2024/25
 - continuing with the systematic review of all budget areas as part of the annual estimates process
 - exploring different ways of working, in particular taking advantage of the opportunities presented by more agile working and ways of enabling services to be delivered online.
 - keeping financial forecasts up-to-date in order to plan and adapt to changing circumstances, and
 - maintaining firm budgetary control and effective monitoring processes.

Carl Whatley FCCA
Head of Finance & Revenues
February 2024

**Treasury Management Strategy Statement and Annual
Investment Strategy 2024/25**

Report of the Finance and Resources Portfolio Holder

Recommended:

- 1. That the Treasury Management Strategy Statement and the Annual Investment Strategy for 2024/25, as set out in the report, be approved.**
- 2. That the Minimum Revenue Provision policy, as shown in paragraph 4.5 of the report, be approved.**
- 3. That the Prudential Indicators, as set out in Annex 1 to the report, be approved.**

Recommendation to Council

SUMMARY:

- This report presents for approval the Treasury Management and Annual Investment Strategies of the Council which have been produced in accordance with the latest statutory requirements and relevant codes of practice.
- Borrowing costs are currently limited to the interest payable on long-term borrowing on PWLB loans. There is no additional borrowing expected in the period covered by this strategy.
- The major objectives of the Treasury Management Strategy for 2024/25 are:
 - To manage effectively and control the risks associated with treasury management activities.
 - To invest prudently having regard to the security and liquidity of investments and the predictability of returns.
 - To achieve the optimum return on investments commensurate with the proper levels of security, liquidity and protection of capital.

1 Introduction

- 1.1 This report introduces the annual update of the Treasury Management and Investment strategies.
- 1.2 These documents are updated annually ahead of the start of each new financial year.

APPENDIX C Report

2 Background

- 2.1 The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Council's low risk appetite, providing adequate liquidity before considering investment return.
- 2.2 Another function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council; the longer term cash flow planning; and to ensure that the Council can meet its capital spending obligations. On occasion, when prudent and economic, any debt previously drawn may be restructured to meet Council risk or cost objectives.
- 2.3 The contribution the treasury management function makes to the authority is critical, as the balance of debt and investment operations ensure the ability to meet spending commitments as they fall due, either on day-to-day revenue or for larger capital projects. Treasury operations manage the balance of the interest costs of debt and the investment income arising from cash deposits affecting the available budget. Since cash balances generally result from reserves and balances, it is paramount to ensure adequate security of the sums invested, as a loss of principal will in effect result in a loss to the General Fund balance.
- 2.4 Whilst any commercial initiatives or loans to third parties will impact on the treasury function, these activities are generally classed as non-treasury activities, (arising usually from capital expenditure), and are separate from the day-to day treasury management activities.
- 2.5 The Chartered Institute of Public Finance and Accountancy (CIPFA) defines treasury management as:
- “The management of the local authority’s borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”

3 Reporting Requirements

3.1 Treasury Management Reporting

- 3.1.1 The Council is required to receive and approve, as a minimum, three main reports each year, which incorporate a variety of policies, estimates and actual figures.
- (a) **Prudential and treasury indicators and treasury strategy** (this report) – The first, and most important report is forward looking and covers:

APPENDIX C Report

- the capital plans (including prudential indicators);
 - a minimum revenue provision (MRP) policy (how residual capital expenditure is charged to revenue over time);
 - the treasury management strategy (how the investments and borrowings are to be organised) including treasury indicators;
 - and an investment strategy (the parameters on how investments are to be managed).
- (b) **A mid-year treasury management report** – this is primarily a progress report and will update Councillors with the progress of the capital programme, amending prudential indicators as necessary, and whether any policies require revision. The expectation is that this will form part of the quarterly budget monitoring and reporting process.
- (c) **An annual treasury report** – this is a backward looking review document and provides details of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

3.2 Treasury Management Strategy for 2024/25

3.2.1 The strategy for 2024/25 covers two main areas:

- (a) **Capital issues**
- The capital expenditure plans and the associated prudential indicators;
 - The minimum revenue provision (MRP) policy.
- (b) **Treasury Management issues**
- The current treasury position;
 - Treasury indicators which limit the treasury risk and activities of the Council;
 - Prospects for interest rates;
 - The borrowing strategy;
 - Policy on borrowing in advance of need;
 - Debt rescheduling;
 - The investment strategy;
 - Creditworthiness policy; and
 - The policy on use of external service providers.

3.2.2 These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, DLUHC MRP Guidance, the CIPFA Treasury Management Code and DLUHC Investment Guidance.

3.3 Training

3.3.1 The CIPFA Treasury Management Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training in treasury management. This especially applies to

APPENDIX C Report

members responsible for scrutiny.

3.3.2 The Head of Finance and Revenues, supported by the Democratic Services Manager and Principal Accountant (Technical), will ensure that adequate and appropriate training is provided to all Councillors and staff involved in treasury management activities.

3.3.3 Training opportunities for all Councillors are included in the Members' bulletins when suitable courses are identified.

3.4 Treasury Management Consultants

3.4.1 The Council uses Link Asset Services, Treasury Solutions as its external treasury management advisors.

3.4.2 The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon the services of the external service providers. All decisions will be undertaken with regards to all available information, including, but not solely, our treasury advisers.

3.4.3 It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the method by which their value will be assessed are properly agreed and documented, and are subject to regular review.

4 Prudential Indicators, Treasury Limits and MRP Statement

The Capital Prudential Indicators 2024/25 – 2026/27

4.1 The Council's capital expenditure plans are the key driver of treasury management activity. Capital expenditure plans are reflected in the prudential indicators, which are designed to assist Members' overview and that capital expenditure is affordable.

4.2 Capital Expenditure

4.2.1 This prudential indicator is a summary of the Council's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle.

Capital expenditure £000	2022/23 Actuals	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate
Services	4,292	8,850	17,788	5,169
Commercial activities / non-financial investments	2,863	186	3,748	1,000
Total	7,155	9,036	21,536	6,169

APPENDIX C Report

The table below summarises the above capital expenditure plans and how these plans are being financed by capital or revenue resources. Any shortfall of resources results in a funding borrowing need.

Financing of capital expenditure £000	2022/23 Actuals	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate
Capital receipts reserve	1,013	-2,711	4,949	2,338
Government grants	1,223	4,008	3,695	0
External Contributions	407	1,155	2,531	379
Own Reserves	2,147	3,314	8,093	1,700
Revenue Contributions	2,365	3,270	2,268	1,752
Net financing need for the year	7,155	9,036	21,536	6,169

4.3 The Council's borrowing need (the Capital Financing Requirement)

4.3.1 The second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR reflects the total historic outstanding capital expenditure which has not yet been accounted for through either revenue or capital resources. This may happen where, for example, internal borrowing is selected as a temporary form of financing a project until a capital receipt is realised. The strategy anticipates all future capital expenditure will be fully financed in the year of expenditure; therefore, it is not expected that there will any significant movement in the CFR over the reporting period.

4.3.2 The CFR is offset by the minimum revenue provision (MRP), which is a statutory annual revenue charge (similar to the capital repayment element of a mortgage). It broadly reduces the CFR in line with each asset's life, and so charges the economic consumption of capital assets as they are used.

4.3.3 The CFR includes any other long-term liabilities (e.g. finance leases). Whilst these increase the CFR, and therefore the Council's borrowing requirement, these types of scheme include a borrowing facility by the lease provider and so the Council is not required to separately borrow for these schemes. The Council currently has no such schemes within the CFR.

4.3.4 It is recommended that the CFR projections shown in Annex 1 are approved.

4.3.5 A key aspect of the regulatory and professional guidance is that elected members are aware of the size and scope of any commercial activity in relation to the authority's overall financial position. The capital expenditure figures shown in para 4.2.1 and the details above demonstrate the scope of this activity.

4.4 Liability Benchmark

4.4.1 A third and new prudential indicator for 2024/25 is the Liability Benchmark (LB). The Authority is required to estimate and measure the LB for the forthcoming financial year and at least the following two financial years.

4.4.2 There are four components to the LB: -

APPENDIX C Report

1. **Existing loan debt outstanding:** the Council's existing loans that are outstanding at the year-end. The Council currently has two PWLB loans and therefore the existing loan debt outstanding will be equal to the remaining balance on these loans.
2. **Loans CFR:** this is calculated in accordance with the loans CFR definition in the Prudential Code and projected into the future based on approved prudential borrowing and planned MRP.
3. **Net loans requirement:** this shows the Council's gross loan debt, less treasury management investments at the last financial year-end, which is then projected into the future based on approved prudential borrowing, planned MRP and any other major cash flows forecast. The Council's net loan requirement is negative which means that it does not need to borrow to meet its future resource and capital intentions.
4. **Liability benchmark (or gross loans requirement):** this equals net loans requirement plus short-term liquidity allowance.
 - 4.4.3 The Liability Benchmark is effectively the Net Borrowing Requirement of a local authority plus a liquidity allowance.
 - 4.4.4 As the Council's net loan requirement is negative across the entire forecast period, the Council's liability benchmark is also negative across the forecast period, indicating that there is no present need to borrow based on the Council's current resources and capital intentions.
 - 4.4.5 The Benchmark calculation and graph can be found in Annex 3.
- 4.5 **Minimum Revenue Provision (MRP) Policy Statement**
 - 4.5.1 MRP is the statutory requirement to make a charge to the Council's General Fund providing for the repayment of capital debt and other credit liabilities (such as finance leases).
 - 4.5.2 The key principle of this system and accompanying guidance is that an authority's debt liability should be repaid over a similar period to that which the asset associated with the capital expenditure provides benefits. Local authorities are required by the Secretary of State "to prepare an annual statement of their policy on making MRP for submission to their full Council".
 - 4.5.3 The type of approach intended by the MRP guidance is clearly to enable local circumstances and discretion to play a part, as the guidance contains a set of recommendations rather than representing a prescriptive process. The guidance makes it clear that councils can follow an alternative approach, provided they still make a prudent provision.
 - 4.5.4 The Council borrowed £5.9M in 2018/19, to part fund the construction of the new Andover Leisure Centre. In 2019/20 further borrowing of £1.55M was taken to purchase property in Andover Town Centre. At the time the borrowing was taken out, the principles established in the Prudential Code of

APPENDIX C Report

prudence, affordability and sustainability were followed.

- 4.5.5 It is recommended that Members approve the following MRP policy to be applied from 2024/25, which is the same as that currently being applied:
- In respect of capital expenditure incurred in 2024/25 and subsequent financial years the MRP policy will be to use the Asset Life Method. MRP will be charged based on the estimated life of the associated assets, calculated on an annuity basis.
 - Repayments included in any finance leases will be applied as MRP in accordance with the terms of the agreement.

5 Borrowing

- 5.1 The treasury management function ensures that the Council's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet its daily transactional requirements.
- 5.2 This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions and the annual investment strategy.
- 5.3 **Portfolio position as at 31 December 2023**

Treasury Portfolio	31/12/2022	31/12/2023
Treasury Investments – Specified	£'000	£'000
Callable on Demand	15,453	6,108
Callable Deposits (10 to 100 days' notice)	15,368	432
Investments maturing in the current financial year	30,000	19,950
Investments maturing in the next financial year	25,000	57,000
Treasury Investments – Non Specified		
Investments maturing in the next financial year	0	10,000
Investments maturing in the following financial years	20,000	12,500
Total Investment Portfolio	105,821	105,990
Treasury External Borrowing		
Public Works Loan Board (PWLB)	6,639	6,396
Total External Borrowing	6,639	6,396
Net Treasury investments	99,182	99,594

APPENDIX C Report

- 5.4 The change in the proportion of longer-term investments reflects market views that peak investment rates have been reached and that there is advantage in securing longer-term income.
- 5.5 Within the range of prudential indicators there are a number of key indicators to ensure that the Council operates its activities within well-defined limits. One of these is that the Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2024/25 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue or speculative purposes.
- 5.6 The Head of Finance and Revenues reports that the Council complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes into account current commitments, existing plans, and the proposals in this report.
- 5.7 **Treasury Indicators: limits to borrowing activity**
- 5.7.1 **The operational boundary.** This is the limit beyond which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt and the ability to fund under-borrowing by other cash resources.
- 5.7.2 **The authorised limit for external debt.** This is a key prudential indicator and represents a control on the maximum level of borrowing. This represents a legal limit beyond which external debt is prohibited, and this limit needs to be set or revised by the full Council. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.
- 5.7.3 This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all councils' plans, or those of a specific council, although this power has never been exercised.
- 5.7.4 It is recommended that Council approves the authorised limit stated in Annex 1.
- 5.8 **Prospects for interest rates**
- 5.8.1 The Council has appointed Link Asset Services as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. Annex 2 draws together a number of current forecasts together with the Link central view, for short term bank rate and longer fixed interest rates.
- 5.9 **Borrowing Strategy**
- 5.9.1 The CFR is currently fully funded and no further borrowing is expected in the strategy

APPENDIX C Report

5.9.2 When borrowing, the Head of Finance and Revenues will;

- ensure the ongoing revenue liabilities to be created, and the implications for future plans and budgets have been considered.
- evaluate the economic and market factors that might influence the manner and timing of any decision to borrow.
- consider the merits and demerits of alternative forms of funding and consider the alternative interest rate bases available, the most appropriate periods to fund and the repayment profiles to use.

5.9.3 In normal circumstances the main sensitivities of the economic forecast are likely to be the two scenarios noted below. Council officers, in conjunction with the treasury advisers, will continually monitor both the prevailing interest rates and the market forecasts, adopting the following responses to a change of interest rate forecast:

- *if it was felt that there was a significant risk of a sharp FALL in long and short term rates, (e.g. due to a marked increase of risks around relapse into recession or of risks of deflation), then long term borrowings will be postponed, and potential rescheduling from fixed rate funding into short term borrowing will be considered.*
- *if it was felt that there was a significant risk of a much sharper RISE in long and short term rates than that currently forecast, for example due to an increase in world economic activity, or a sudden increase in inflation risks, then the portfolio position will be re-appraised. Most likely, fixed rate funding will be drawn whilst interest rates are lower than they are projected to be in the next few years.*

5.9.4 Against this background and the risks within the economic forecast, caution will be adopted with the 2024/25 treasury operations. The Head of Finance and Revenues will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances.

5.10 Policy on borrowing in advance of need

5.10.1 The Council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates, and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds.

5.10.2 In determining whether borrowing will be undertaken in advance of need the Council will ensure that there is a clear link between the capital programme and maturity profile of the debt portfolio which supports the need to take funding in advance of need.

5.11 Debt rescheduling

APPENDIX C Report

Rescheduling of current borrowing in our debt portfolio may occur in the near term. The Head of Finance and Revenues will present options to Cabinet if it is deemed beneficial to reschedule debts.

6 ANNUAL INVESTMENT STRATEGY

Investment Policy – management of risk

- 6.1 DLUHC and CIPFA have extended the meaning of ‘investments’ to include both financial and non-financial investments. This report deals solely with financial investments, (as managed by the treasury management team). Non-financial investments, essentially the purchase of income yielding assets, are covered in the Capital Strategy.
- 6.2 The Council's investment policy has regard to the following: -
- DLUHC's Guidance on Local Government Investments (“the Guidance”)
 - CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2021 (“the Code”)
 - CIPFA Treasury Management Guidance Notes 2021
- 6.3 The Council's investment priorities will be security first, portfolio liquidity second and then yield.
- 6.4 When investing the Council will consider the benefits of Environmental, Social and Governance investments and will seek to invest in them where it is possible and beneficial to do so.
- 6.5 The above guidance from DLUHC and CIPFA place a high priority on the management of risk. This authority has adopted a prudent approach to managing risk and defines its risk appetite by the following means: -
- Minimum acceptable **credit criteria** are applied in order to generate a list of highly creditworthy counterparties. This enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the short term and long-term credit ratings.
 - **Other information:** ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To achieve this consideration the Council will engage with its advisors to maintain a monitor on market pricing and overlay that information on top of the credit ratings.
 - **Other information sources** used will include the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.
 - This authority has defined the list of **types of investment instruments** that the treasury management team are authorised to use. There are two lists below under the categories of ‘specified’ and ‘non-specified’

APPENDIX C Report

investments.

- **Specified investments** are those with a high level of credit quality and subject to a maturity limit of one year or have less than a year left to run to maturity if they were originally classified as non-specified investments solely due to the maturity period exceeding one year.
- **Non-specified investments** are those with less high credit quality, may be for periods in excess of one year, and / or are more complex instruments which require greater consideration before being authorised for use.

6.6 Specified Investments

6.6.1 All such investments will be sterling denominated, with maturities up to maximum of 1 year, meeting the minimum rating criteria where applicable.

	Minimum Credit Criteria	Limits
Debt Management Agency Deposit Facility	--	No Limit
Term deposits – local authorities	--	£20M total investment per Counterparty
Term deposits / bonds – banks and building societies	Per Link colour code (see 6.8.2)	£20M total investment per Counterparty
Term deposits – banks backed by UK Government Guarantees	--	£20M total investment
Money Market Funds	Long term AAA	£20M total investment per fund
UK Government Gilts / Treasury Bills	UK Sovereign Rating	£20M total investment
Ultra Short dated bond fund	Per Link colour code (see 6.8.2)	£20M total investment per fund
Bonds issued by multilateral development banks	Long term AAA	£20M total investment
Bonds issued by a financial institution which is guaranteed by the UK government*	UK Sovereign Rating	£20M total investment

- If forward deposits are to be made, the forward period plus the deal period will not exceed one year in aggregate.

6.6.2 Whilst these requirements are in place to ensure the safety of the Council's investments it does present an operational difficulty for managing short term (up to one week) funds as these types of accounts are only available from major banks. The following criteria are proposed for investment accounts for balances held for up to seven days.

	Minimum 'High' Credit Criteria	Limits
On Call accounts	Short-term F1, Long-term	£20M total

APPENDIX C Report

	A Individual C, Support 1	investment per Counterparty
Term deposits – maximum of 7 days	Short-term F1, Long-term A Individual C, Support 1	£20M total investment per Counterparty

6.7 Accounting treatment of investments

The accounting treatment may differ from the underlying cash transactions arising from investment decisions made by the Council. To ensure that the Council is protected from any adverse revenue impact which may arise from these differences, the accounting implications of new transactions will be reviewed before they are committed.

6.8 Non-Specified Investments

- 6.8.1 These are investments which do not meet the Specified Investment criteria. A maximum of 50% will be held in aggregate in non-specified investments with no more than £5M to be held with any one counterparty (excluding other local authorities).

	Minimum Credit Criteria	Max. maturity period
Term deposits – local authorities	--	60 months
Term deposits – banks	Per Link colour code (para 6.9.2)	24 months
Fixed term callable deposits with variable rate and variable maturities	Per Link colour code (see para.6.8.2)	24 months
Certificates of deposits issued by banks	Short-term F1+, Long-term AA- Individual B, Support 2	24 months
UK Government gilts	UK Sovereign Rating	60 months
Bonds issued by multilateral development banks	AAA	60 months
Bonds issued by a financial institution which is guaranteed by the UK government	AAA	60 months
Sovereign bond issues (i.e. other than the UK govt)	AAA	60 months
Short dated bond fund	--	No maximum
Multi asset income fund	--	No maximum
Property fund	--	No maximum

- 6.8.2 There may be occasions when the counterparty limit will be exceeded as a result of credit interest being applied to deposit balances. Where this occurs, it will be permitted without the need to immediately withdraw the amount by

which the gross balance exceeds the counterparty limit.

6.9 Creditworthiness Policy

6.9.1 The Council applies the creditworthiness service provided by the Link Group. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moody's and Standard and Poor's. The credit ratings of counterparties are supplemented with the following overlays: -

- Credit watches and credit outlooks from credit rating agencies;
- Credit default swap (CDS) spreads, which are used to give early warning of likely changes in credit ratings;
- Sovereign ratings to select counterparties from only the most creditworthy countries.

6.9.2 This modelling approach combines credit ratings, credit watches, credit outlooks and CDS spreads in a weighted scoring system which is then combined with an overlay of CDS spreads for which the end product is a series of colour code bands which indicate the relative creditworthiness of counterparties. These colour codes are also used by the Council to determine the duration for investments and are referred to as durational bands. The Council will therefore use counterparties within the following durational bands.

- Yellow 5 years
- Purple 2 years
- Blue 1 year (only applies to nationalised or semi-nationalised UK banks)
- Orange 1 year
- Red 6 months
- Green 100 days
- No colour not to be used

6.9.3 The Link creditworthiness service uses a wider array of information other than just primary ratings. Furthermore, by using a risk weighted scoring system, it does not give undue preponderance to just one agency's ratings.

6.9.4 Typically, the minimum credit ratings criteria the Council use will be a short term rating (Fitch or equivalents) of F1 and a long term rating of A-. There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances, consideration will be given to the whole range of ratings available, or other topical market information, to support their use.

6.9.5 All credit ratings will be monitored daily. The Council is alerted to changes to ratings of all three agencies through its use of the Link creditworthiness service.

APPENDIX C Report

- If a downgrade results in the counterparty / investment scheme no longer meeting the Council's minimum criteria, its further use for new investments will be withdrawn immediately.
- In addition to the use of Credit Ratings, the Council will be advised of information in movements in Credit Default Swap spreads against the iTraxx European Financials benchmark and other market data on a daily basis. Extreme market movements may result in downgrade of an institution or removal from the Council's lending list.

6.9.6 Sole reliance will not be placed on the use of this external service. In addition, the Council will also use market data and market information, information on government support for banks and the credit ratings of that government support.

6.9.7 Country risk

The Council has determined that it will only use approved counterparties from countries with a minimum sovereign credit rating of AA- from Fitch Ratings (or equivalent from other agencies if Fitch does not provide).

7 Investment Strategy

- 7.1 The Council will continue to manage its investment portfolio using internal resources. Investments will be made with reference to the core balance and cash flow requirements and the outlook for interest rates. Where cash sums can be identified that could be invested for longer periods, and where it is appropriate to do so, the value to be obtained from longer-term investments will be carefully assessed.
- 7.2 Reports on investment performance will be presented to Cabinet as part of the normal budget monitoring updates. A final report, summarising investment activity in the year, will be presented to Cabinet as part of the Treasury Management Outturn.

Investment returns expectations

- 7.3 The current interest rate forecast is shown in Annex 2.
- 7.4 The current suggested budgeted investment earnings rates for returns on investments placed for periods up to three months during each financial year are as follows.
- 2024/25 4.7%
 - 2025/26 3.2%
 - 2026/27 3.0%
 - 2027/28 3.25%
 - Later years 3.25%

8 Investment performance / risk benchmarking

APPENDIX C Report

- 8.1 The Council will use an investment benchmark to assess the performance of its investment portfolio using the 6 month compounded SONIA (Sterling Overnight Index Average). SONIA is based on actual transactions and reflects the average of the interest rates that banks pay to borrow sterling overnight from other financial institutions and other institutional investors.

Role of the Section 151 Officer

- 8.2 The S151 officer is responsible for:
- Recommending treasury management policy / practices for approval, reviewing the same regularly, and monitoring compliance
 - Submitting regular treasury management policy reports
 - Submitting budgets and budget variations
 - Receiving and reviewing management information reports
 - Reviewing the performance of the treasury management function
 - Ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function
 - Ensuring the adequacy of internal audit, and liaising with external audit
 - Recommending the appointment of external service providers.
 - Ensuring that due diligence has been carried out on all treasury and non-financial investments and is in accordance with the risk appetite of the authority
 - Ensuring that members are adequately informed and understand the risk exposures taken on by an authority
 - Ensuring that the authority has adequate expertise, either in house or externally provided, to carry out the above

9 Risk Management

- 9.1 Whilst the protection of the authority's capital and the pursuit of reasonable returns are two vital features of effective treasury management, there is also a need to address other treasury risks. The main treasury management risks have been identified as;
- Liquidity Risk – the risk that cash will not be available when it is needed.
 - Interest Rate risk – the risk that changes in the rates of interest create an unexpected or unbudgeted burden on the Council's finances.
 - Inflation Risk – the risk that growth in the authority's investment income, does not keep pace with the effects of inflation on its expenditure.
 - Credit Risk – the risk that a counterparty defaults on its obligations.
 - Operational Risk – the risk of loss through fraud, error, corruption, system failure or other eventualities in treasury management dealings, and failure to maintain effective contingency management arrangements.
- 9.2 Techniques and procedures to manage these risks are in place and include:

APPENDIX C Report

- Reliable cash flow forecasting and monitoring;
- Maintaining an earmarked reserve to offset the impacts of an unexpected drop in interest rates on the Council's budget;
- Access to reliable and informed sources of information concerning both economic developments and the likely future course of interest rates;
- Managing exposure to interest rates;
- A sound diversification policy for investments;
- Rigorous assessment of credit-worthiness of counterparties;
- Crime insurance;
- Suitable treasury management policies, including back-up measures for system failures and staff absences.

9.3 Despite these measures, there is a risk of a financial institution collapsing and not repaying a loan to the authority. The current arrangements are designed to reflect this level of risk and reduce the authority's exposure. However, a residual risk remains, which cannot be fully mitigated, as the authority must undertake a level of Treasury Management activity with its cash surpluses.

10 Resource Implications

There are no direct resource implications arising from this report. However, the restrictions on the types of investment that can be used identified in this report will have an effect on the return on investments that the Council can expect to achieve in the year.

11 Equality Issues

There are no equality matters arising from this report.

12 Consultation

The Council's treasury advisors, Link Asset Services, have been consulted in the preparation of this report.

13 Conclusion and reasons for recommendation

13.1 This report presents the Council's Treasury Management strategy for 2024/25. This strategy is prepared in accordance with the 2021 Prudential Code. The strategy sets out the criteria within which cash surpluses can be invested and how external borrowing will be managed should the Council choose to take on debt in the year.

13.2 The report and annexes show how the Council plans to minimise its risks to the current economic climate by stipulating creditworthiness requirements on lenders and limiting the maximum amount available to be invested at any one time.

<u>Background Papers (Local Government Act 1972 Section 100D)</u>

None

APPENDIX C Report

<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:	3	File Ref:	N/A
(Portfolio: Finance and Resources) Councillor M Flood			
Officer:	Simon Skeates	Ext:	8817
Report to:	Cabinet	Date:	28 February 2024

PRUDENTIAL INDICATORS

PRUDENTIAL INDICATOR	2022/23	2023/24	2024/25	2025/26	2026/27
EXTRACT FROM BUDGET	£'000	£'000	£'000	£'000	£'000
	Actual	Forecast	Estimate	Estimate	Estimate
Capital Expenditure	7,155	9,036	21,536	6,169	3,500
Ratio of financing costs to net revenue stream	20.7%	27%	21%	17.4%	15.9%
Capital Financing Requirement (CFR) b/f	6,199	5,999	5,795	5,586	5,372
Minimum Revenue Provision	(200)	(204)	(209)	(214)	(218)
Internal Debt in year					
Capital Financing Requirement (CFR) c/f	5,999	5,795	5,586	5,372	5,527
Gross debt <= CFR actuals + 3 years					
Gross debt		6,298			
CFR + 3 years movement		<u>5,999</u>			
Difference		-299			

PRUDENTIAL INDICATORS

PRUDENTIAL INDICATOR	2022/23	2023/24	2024/25	2025/26	2026/27
TREASURY MANAGEMENT PRUDENTIAL INDICATORS	£'000	£'000	£'000	£'000	£'000
	Actual	Forecast	Estimate	Estimate	Estimate
Authorised Limit for external debt	20,000	20,000	20,000	20,000	20,000
Operational Boundary for external debt	20,000	20,000	20,000	20,000	20,000
Upper limit for fixed interest rate exposure					
Net principal re fixed rate borrowing / investments	100 %	100 %	100 %	100 %	100 %
Upper limit for variable rate exposure					
Net principal re variable rate borrowing / investments	50 %	50 %	50 %	50 %	50 %
Upper limit for total principal sums invested for over 364 days (amount shown subject to being not more than 50% of the portfolio size at the time the investment is placed)	£35,000	£35,000	£35,000	£35,000	£35,000
Maturity structure of fixed rate borrowing during 2024/25	Upper limit		Lower limit		
Less than 1 year	100 %		0 %		
1 year to less than 2 years	100 %		0 %		
2 years to less than 5 years	100 %		0 %		
5 years to less than 10 years	100%		0 %		
10 years or longer	100%		0 %		

PROSPECTS FOR INTEREST RATES

Link Group Interest Rate View 07.11.23													
	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26
BANK RATE	5.25	5.25	5.25	5.00	4.50	4.00	3.50	3.25	3.00	3.00	3.00	3.00	3.00
3 month ave earnings	5.30	5.30	5.30	5.00	4.50	4.00	3.50	3.30	3.00	3.00	3.00	3.00	3.00
6 month ave earnings	5.60	5.50	5.40	5.10	4.60	4.10	3.60	3.40	3.10	3.10	3.10	3.10	3.10
12 month ave earnings	5.80	5.70	5.50	5.20	4.70	4.20	3.70	3.50	3.30	3.30	3.30	3.30	3.30
5 yr PWLB	5.00	4.90	4.80	4.70	4.40	4.20	4.00	3.80	3.70	3.60	3.50	3.50	3.50
10 yr PWLB	5.10	5.00	4.80	4.70	4.40	4.20	4.00	3.80	3.70	3.70	3.60	3.60	3.50
25 yr PWLB	5.50	5.30	5.10	4.90	4.70	4.50	4.30	4.20	4.10	4.10	4.00	4.00	4.00
50 yr PWLB	5.30	5.10	4.90	4.70	4.50	4.30	4.10	4.00	3.90	3.90	3.80	3.80	3.80

Financial Year End	£'000	£'000	£'000	£'000
	Opening Balance	2023/24	2024/25	2025/26
PWLB Loans	6,543	6,298	6,047	5,790
Existing Loan Debt Outstanding	6,543	6,298	6,047	5,790
Opening Loan Debt	6,543			
Less: opening treasury investments	(93,522)			
Plus: planned prudential borrowing		0	0	0
Less: MRP & Capital Receipts set aside		(204)	(209)	(214)
+/- other forecast cashflows				
Net Loans Requirement (forecast net loan debt)	(86,979)	(87,183)	(87,392)	(87,606)
Opening Loans CFR	5,999			
Plus: planned Prudential Borrowing		0	0	0
Less: MRP & Capital Receipts set aside		(204)	(209)	(214)
Loans CFR	5,999	5,795	5,586	5,372
Liquidity allowance above net debt (liquidity buffer)	10,000	10,000	10,000	10,000
Liability Benchmark (Gross Loans Requirement)	(76,979)	(77,183)	(77,392)	(77,606)
Forecast Investments	10,000	10,000	10,000	10,000

Capital Strategy Update 2023/24 – 2028/29

Report of the Finance and Resources Portfolio Holder

Recommended:

That the Capital Strategy 2023/24 to 2028/29 be approved.

Recommendation to Council

SUMMARY:

- The Capital Strategy sets out the framework within which all Council capital expenditure is approved, monitored and financed. The CIPFA Prudential Code requires that it be updated annually.
- This report provides an update of the existing Capital Strategy and includes forecast changes to its timescale and total cost.

1 Introduction

1.1 The approval of a Capital Strategy is an annual requirement under the revised CIPFA Prudential Code 2021. The Code requires that councils have in place a strategy that sets out the long term context in which capital expenditure and investment decisions are made, giving due consideration to both risk and reward and the impact resulting from those decisions.

1.2 As local authorities become increasingly complex and diverse it is important that those charged with governance understand the long term context in which investment decisions are made and the financial risks to which the council is exposed.

1.3 The objectives of the Capital Strategy are to:

- Provide an overview of the governance process for approval and monitoring of capital expenditure.
- Provide a longer term view of planned capital expenditure.
- Provide expectations around debt and use of internal borrowing to support capital expenditure.
- Define the council's approach to commercial activities including due diligence and risk appetite.
- Define the available knowledge and skills of the council in relation to capital investment activities.

APPENDIX D

2 Background to the Capital Strategy

- 2.1 The Capital Strategy was last updated for the period 2022/23 to 2027/28 in February 2023.
- 2.2 The Capital Strategy demonstrates how the Council takes capital expenditure and investment decisions in line with service objectives and properly takes account of stewardship, value for money, prudence, sustainability and affordability.
- 2.3 The Capital Strategy addresses in detail the following key areas:
- Linking together capital requirements related to corporate priorities for new projects and the ongoing capital need to maintain / repair existing assets through the Asset Management Plan.
 - Managing the approved Capital Programme in an affordable, financially prudent and sustainable way.
 - The process of how new bids are introduced to the Capital Programme.
 - Monitoring progress against approved budgets.
 - Financing capital expenditure, including borrowing requirements and Minimum Revenue Provision (MRP).
 - Knowledge and skills.
- 2.4 The Capital Strategy does not allocate resources. This is included in the decision-making process in setting the three-year rolling capital programme as part of the annual budget-setting process.
- 2.5 The Capital Strategy is written to give a broad view of anticipated spending in the longer term and how it will be financed. This includes estimates of potential capital expenditure towards delivery of the regeneration programmes, which is expected to be debated by Council on 29 February.
- 2.6 All capital receipts and expenditure identified in this document are subject to the Council's Financial Regulations and the authority limits contained therein.

3 Definition of Capital Expenditure

- 3.1 In order to qualify as capital expenditure an item must meet the following three criteria:
- Have a total cost greater than £10,000.
 - Have a useful economic life greater than one year.
 - Expenditure must be for the purchase of new land / equipment that can be separately identified on the asset register OR
Materially lengthen the expected useful economic life of an asset OR
Add value to the asset being modified.

APPENDIX D

- 3.2 All other expenditure on the routine maintenance and repair of assets will be treated as revenue expenditure.

4 Corporate Objectives and Priorities

- 4.1 The objective of the Capital Strategy is to ensure that the overall strategy, governance procedures and risk appetite are clear to Councillors.
- 4.2 The Council's Corporate Plan sets out the Council's strategic aims over the period 2023 – 2027 and details five priority areas.
- 4.3 The Capital Strategy enables delivery of projects within the Corporate Action Plan to deliver these priority areas. Some examples of projects in the current Capital Programme that contribute to meeting these priorities are given below.

Sustainability – delivery lasting benefits for our Communities

- 4.4 Over £2.4M has been approved from accumulated Community Infrastructure Levy payments towards delivery of fifteen projects across the borough. These projects will help to ensure the ongoing sustainability of the communities using those various facilities.

Prosperity – economic growth that impacts positively on our communities

- 4.5 Over £1M is approved for the delivery of interventions in respect of the UK Shared Prosperity Fund and the Rural England Prosperity Fund.

Inclusion – working together to create opportunities for our communities

- 4.6 The Council continues to operate an extensive grants scheme providing adaptations to homes to enable residents to continue living independent lives for as long as possible.
- 4.7 In the current year, nearly £2M has been spent delivering fourteen new homes for families new to Test Valley who have been displaced from their homes in Ukraine.

Connection – building upon the identity, strengths and ambitions of our communities

- 4.8 The next phases of the ambitious regeneration plans for both Andover and Romsey will be delivered over a period beyond the life of this strategy.
- 4.9 These programmes will be of significant importance in taking forward the ambitions and opportunities for the people using our town centres.

Environment – a greener borough for our communities

- 4.10 A commitment has already been approved in the Capital Programme for the purchase of vehicles and bins necessary to implement food waste collections across the borough. Works are also planned to prepare the depots to manage the increased size of the vehicle fleet and staff parking provision.

APPENDIX D

5 Capital Expenditure required to maintain Council Assets

- 5.1 In addition to the above, the Council also has the responsibility of maintaining its existing asset base.
- 5.2 The Asset Management Plan (AMP) for 2024/25 was approved by Council on 17 January 2024. The plan identifies a combination of both revenue repairs and capital replacements for assets owned by the Council.
- 5.3 Whilst the AMP is a key document in planning future capital expenditure requirements, funding for the identified projects is only approved for current year and 2024/25 projects.
- 5.4 The Council has an earmarked reserve for Asset Management expenditure, which covers both revenue and capital expenditure. The balance on this reserve was £2.728M at 31 March 2023. Currently, it is forecast to have a balance of £459,000 remaining by the end of March 2025.

The Council's strategy is to fund the AMP in three ways:

- Through ongoing contributions from the revenue budget. This is recommended to be £2.0M in 2024/25.
 - An allocation of any revenue surpluses at the end of the year can be used to top-up the reserve.
 - Use of earmarked reserves or other sources of income to finance specific projects. For example, some community based projects are regularly funded by New Homes Bonus receipts in the year.
- 5.5 The level of the contribution to the Asset Management Reserve is reviewed annually as part of the budget setting process.

6 The Council's Capital Expenditure and Financing 2023/24 to 2028/29

Current Asset Portfolio as at 31/3/23

- 6.1 The Council holds an investment property portfolio that supports both its operational activities and non-operational activities from which it receives an element of rental income. For 2023/24 the value was £8.177M which represents a gross yield of 4.9%.

Asset Category	Valuation 31/03/23 £'000	Rental Income £'000
Investment Properties	166,245	8,177
Operational Assets		
Land & Buildings	109,802	
Vehicles, Plant & Equipment	3,822	

APPENDIX D

Community Assets	12,821	
Infrastructure Assets	604	
Surplus Assets	315	
Total Operational Assets	127,364	
Total Assets	293,609	

The rental income the Council receives is used to support General Fund services.

Investment Property (Non-Operational)

- 6.2 These assets include Business Parks, commercial property investments and land held solely for capital appreciation and rental income.

Land and Buildings

- 6.3 These are operational properties, land, infrastructure and community assets that are used to deliver council services and include Council offices and car parks.

Vehicles, Plant & Equipment

- 6.4 These assets are used in the delivery of Council services and include all council owned vehicles, IT equipment, play equipment and green spaces equipment.

Community Assets

- 6.5 These assets include parks and open spaces.

Infrastructure Assets

- 6.6 These assets include footpaths and cycle ways.

Surplus Assets

- 6.7 These are assets that are not being used to deliver services, but which do not meet the criteria to be classified as either investment properties or assets for sale.

- 6.8 Capital Expenditure Forecast

Details of capital expenditure form one of the prudential indicators (these show the affordability of capital expenditure). The table below shows the capital expenditure for 2022/23 to 2028/29 based on the approved Capital Programme; estimated costs of regeneration projects in Andover and Romsey; continuation of ongoing schemes (such as disabled facilities grants); and estimates from services of other new schemes that may come forward in the future.

APPENDIX D

Any amounts included beyond the period of the current capital programme (to 2025/26) are not yet approved by Council and are subject to change. It is also very likely that further capital expenditure will be approved that is not reflected in the table below.

It should, therefore, be seen as a forecast of the Council's potential capital commitments over the next five year period, rather than a set programme.

Capital Expenditure	2022/23 Actuals	2023/24 Forecast	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate	2028/29 Estimate
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Asset Management Plan	1,702	2,088	2,510	1,500	1,500	1,500	1,500
Community Assets	1,764	4,825	4,728	2,312	2,000	2,220	2,000
Infrastructure Assets	14	1,533	7,315	6,300	1,200	1,000	
Investment Properties	2,850	186	1,148	1,000	1,000	1,000	1,000
Vehicles, Plant & Equipment	34	260	1,649				
Total Capital Expenditure	7,155	9,261	25,313	26,731	20,200	11,470	13,500

The main sources of funding capital expenditure are set out in paragraph 10. The funding for all capital projects is identified at the time the expenditure is approved to ensure that the Council does not enter into unaffordable capital commitments.

7 Managing the Capital Programme

- 7.1 A Capital Working Group (CWG) which includes the Deputy Chief Executive, together with representatives from Finance & Revenues and other Services with capital expenditure requirements is responsible for assessing new capital bids against a range of criteria, and considering the available capital financing options.
- 7.2 The Capital Programme is updated and reported to Cabinet three times per year. Bids for new expenditure are generally included in the autumn report (see para 8.1). Each update contains details of approved projects together with the budget profile of each project.
- 7.3 The process for adding new projects to the Capital Programme is detailed below.

APPENDIX D

8 Adding new projects to the Capital Programme

- 8.1 The timetable for new bids to be prepared and assessed before being presented for approval is as follows:

July/August – CWG reviews bids together with draft business cases and options appraisals. All bids are subject to an objective scoring exercise. Bids are prioritised according to the score attained.

October – Management review of scored bids.

November – The proposed Capital Programme is considered by Cabinet.

January – The Capital Programme is considered by Council for final approval.

- 8.2 In order to ensure the most efficient use of capital resources, an objective scoring methodology is used. The scoring system gives priority to bids that meet the Council's Corporate Plan objectives or improve efficiency in service delivery whilst considering other key factors such as the Climate Emergency.

9 Monitoring Progress against the Capital Programme

- 9.1 The Capital Programme contains details of approved projects together with the budget profile of each project. Where budget variances or potential slippage are identified, they are reported to Cabinet as part of the Capital Programme reporting process.

- 9.2 Cabinet receives three updates per year on the progress of the Capital Programme. On each occasion, the progress of each project is assessed and if any change is required to the budget or timing of the project, the reasons are explained and the necessary approvals sought.

10 Financing the Capital Programme

- 10.1 Consideration of the financing of capital projects is integral to the governance procedures outlined above.

- 10.2 In general, the Council finances capital expenditure from existing resources including reserves and capital receipts or from specific grant funding sources. There is also a revenue contribution to capital included within the substantive Council budget.

- 10.3 As at February 2024, the forecast balance of the Capital Receipts Reserve used for the financing of the approved Capital Programme at 31 March 2026 was £5.2M.

Resource Streams to fund the Capital Programme

- 10.4 The Council has five main sources of income generation to fund future capital expenditure:

- Proceeds from the sale of assets

APPENDIX D

- Grants and contributions for specific projects, including New Homes Bonus and developers' contributions
- Contributions from the Revenue Budget
- Use of existing balances
- Borrowing

10.5 This strategy recommends a sustainable approach to capital investment by placing maximum emphasis on utilising the first three options. Use of existing balances will only be used for the reasons discussed in paragraph 10.19-23. Borrowing will only be used for funding where there is a good business case for doing so.

Sale of redundant / obsolete assets

- 10.6 The Property and Asset Management Service monitors the useful economic life of the Council's land and buildings assets. Where it is determined that an asset is surplus to Council requirements or is not economically advantageous to retain it will be considered for disposal.
- 10.7 Disposals will not be for less than the best consideration that can reasonably be obtained unless there are exceptional circumstances (e.g. discounted disposal for affordable housing).
- 10.8 In considering whether an asset is surplus to requirements, the following will all be considered; the Council's ability to control future uses of the property, the net income foregone by disposal and the costs of making good or creating a suitable replacement of the asset sold.
- 10.9 The Head of Property and Asset Management will periodically produce a list of properties considered appropriate for potential disposal and, if required, report to Cabinet accordingly.

Grants and Contributions

- 10.10 Certain projects will attract grants from the Government or other bodies. Where these grants are available, the Council will seek to fully utilise them, having due consideration to ongoing revenue costs that will have to be borne following the removal of the grant. The level of external funding available is considered when approving bids to be added to the Capital Programme.
- 10.11 The Council also uses income received under the New Homes Bonus scheme to contribute to new capital expenditure. For example, receipts from this source are used to fund playground replacements through the AMP.
- 10.12 Part funding is available on some projects from partners (e.g. Hampshire County Council). Where such contributions are available, they will be applied against approved capital expenditure.

APPENDIX D

- 10.13 As part of the terms of certain planning consents, developers are required to make contributions to local infrastructure in areas such as affordable housing, open space, green travel, highways improvements etc. (often referred to as section 106 agreements). Where these contributions are available they will be applied against the total cost of relevant projects.
- 10.14 The S106 regime is supplemented by the Community Infrastructure Levy (CIL).

Revenue Contributions

- 10.15 The annual revenue budget includes contributions to capital reserves for specific projects as well as a general contribution towards future capital spending.
- 10.16 Additional revenue contributions may be made in the event of revenue surpluses at the end of each year. However, the allocation of any underspend will be decided by Cabinet and cannot be relied upon as a sustainable source of financing for the capital programme.
- 10.17 Where the Council has existing reserves, these balances could be considered for transfer to the Capital Programme. However, reserve balances are one-off in nature and do not provide an ongoing funding option.
- 10.18 In light of recent increases in the base interest rate, the Council forecasts generating additional income from its cash investments over the medium term. The Medium Term Financial Strategy allows for a transfer from revenue to allocate some of this income to capital expenditure.

Use of Existing Balances

- 10.19 At 1 April 2023 the Council had £7.929M of useable capital receipts.
- 10.20 The strategy allows for the use of accumulated capital reserves for the delivery of new capital expenditure. However, it is recommended that the forecast balance not be taken below £1.5M at any time to ensure there is capacity to deliver an ongoing capital programme that meets the needs of the Council.
- 10.21 Use of balances or internal borrowing will also be considered appropriate as a short term measure where expenditure is made before expected capital receipts are generated. There is some risk with this approach as expenditure will be incurred before assets are sold and income is realised.
- 10.22 The current Capital Programme is fully financed and can be delivered with available resources.

Borrowing

- 10.23 The Council borrowed £5.9M in 2018/19 to part fund the redevelopment of Andover Leisure Centre. In April 2019 a further £1.55M was borrowed to fund the purchase of property in Andover. The Council, as an eligible local authority, has accessed funds from the Public Works Loan Board (PWLB).

APPENDIX D

- 10.24 The Prudential Indicators, annexed to the Treasury Management Strategy Statement and Annual Investment Strategy report elsewhere on this agenda, set out the maximum borrowing limits for the Council and show the affordability of the borrowing in the context of the Council's overall budget.

Minimum Revenue Provision (MRP) Policy Statement

- 10.25 Councils have a statutory duty to set aside revenue funds to repay borrowing. Minimum Revenue Provision (MRP) is the revenue charge that the Council is required to make for the repayment of debt, as measured by the underlying need to borrow, rather than actual debt.
- 10.26 The underlying debt is needed to finance capital expenditure which has not been fully financed by revenue or capital resources. As capital expenditure is generally expenditure on assets which have a life expectancy of over one year it is prudent to charge an amount for the repayment of debt over the life of the asset or a similar proxy figure (this can be compared to the capital repayment element of a mortgage).
- 10.27 The Local Authorities (Capital Financing and Accounting) regulations require local authorities to calculate for the financial year an amount of MRP which is considered to be 'prudent'. There are two methods available for calculating this.
- 10.28 Asset Life method - where capital expenditure on an asset is financed wholly or partly by borrowing or credit arrangements, MRP is to be determined by reference to the useful life of the asset.
- 10.29 Depreciation method – MRP is deemed to be equal to the provision required in accordance with depreciation accounting in respect of the asset on which expenditure has been financed by borrowing or credit arrangements. This should include any amount for impairment charged to the income and expenditure accounts.
- 10.30 For this purpose standard depreciation accounting procedures should be followed, except in the following respects:
- MRP should continue to be made annually until the cumulative amount of provision made is equal to the expenditure originally financed by borrowing or credit arrangements. Thereafter the Council will cease to make MRP.
 - On disposal of the asset, the charge should continue in accordance with the depreciation schedule as if the disposal had not taken place. This does not affect the ability to apply capital receipts or other funding sources at any time to repay all or part of the outstanding debt.
- 10.31 Where the percentage of the expenditure on the asset financed by borrowing or credit arrangements is less than 100%, MRP should be equal to the same percentage of the provision required under depreciation accounting.

APPENDIX D

- 10.32 There is no requirement to charge MRP where the Capital Financing Requirement (CFR) is nil or negative at the end of the preceding year, nor is a charge required until the financial year after an asset becomes operational.
- 10.33 The Council's MRP Policy is elsewhere on this agenda, as part of the Treasury Management Strategy Statement and Annual Investment Strategy.

11 Commercial Property Investment

- 11.1 This strategy sets out that the Council will remain compliant with guidance from central government and CIPFA regarding commercial property acquisitions.
- 11.2 This guidance has changed considerably in the past two years from a position of commercialisation being encouraged to generate income to one where investment for commercial reasons is discouraged.
- 11.3 Therefore, this strategy sets out that the only purely commercial activities that will be undertaken will be those that help to achieve best value on assets already owned by the Council; for example, development of currently unused land.
- 11.4 Commercial investments will be funded through use of reserves, capital receipts and internal borrowing. Any external borrowing required needs to be made in accordance with the Prudential Code. The latest edition of this code states an authority must not borrow to invest primarily for financial return.
- 11.5 Assets created through these investments, and any associated liabilities will be consolidated in the Council's balance sheet and treated in accordance with the code of Practice on Local Authority Accounting in the United Kingdom, which is supported by the International Financial Reporting Standards.

12 Knowledge and Skills

Financial Assets

- 12.1 Treasury Management Activity is undertaken by the Principal Accountant (Technical) and a Service Accountant. They are managed by the Accountancy Manager. These three posts are filled by qualified CIMA/CIPFA accountants.
- 12.1.1 The team is experienced in treasury management activity and has demonstrated its skills by enabling the Council to opt-up to Professional status under the MiFID II (EU law - Markets in Financial Instruments Directive) reforms.
- 12.2 The CIPFA Code requires the Chief Financial Officer to ensure that Members and Officers are adequately trained in treasury management. Training is arranged as required and is regularly reviewed.

APPENDIX D

Non-Financial Assets

- 12.3 The Council's investment property portfolio is managed by the Property and Asset Management Service. The team includes qualified chartered surveyors and a building surveyor all of whom have extensive experience of property dealings within both the public and private sectors. This experience includes dealing with a mix of property types and professional work including professional services, landlord and tenant statutory valuations, acquisitions and disposals, commercial and residential property management.
- 12.4 The team also work with external agents where specialist expertise is required to deal with particular properties or if resource is not available to deal with matters in a timely way. Examples of where external advice is used include agency, valuation, building surveying and planning work. The Council also has internal building surveying resource in Property and Asset Management to advise on construction, repair and maintenance and statutory compliance matters across its investment and operational properties.
- 12.5 The Council's asset valuations for its financial statement are prepared by internal and external valuers with an agreed rolling programme of valuations for the whole Council property portfolio. All investment properties are valued on an annual basis.

13 Conclusion and reasons for recommendation

- 13.1 The Capital Strategy sets out the extent of the Council's forecast capital expenditure over the next five years.
- 13.2 The main drive of the strategy is to ensure that future capital expenditure is prudent, sustainable and affordable. The current forecast for future capital expenditure can be fully financed from known or anticipated balances without the need for further borrowing.
- 13.3 Regular reviews will be carried out to identify potential assets for disposal in order to generate capital receipts.

APPENDIX D

<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: Finance and Resources) Councillor M Flood			
Officer:	Karen Green	Ext:	8204
Report to:	Cabinet	Date:	28 February 2024

ITEM 8 To adopt a resolution relating to the Council Tax for 2024/2025

Recommended:

1. That approval is noted of the revised revenue forecast for the year 2023/2024 and the revenue estimates for the year 2024/2025, together with the revised capital programme for the year 2023/2024 and the capital programme for the year 2024/2025.
2. That for the purposes of Section 35(2) (d) of the Local Government Finance Act 1992, as amended (the Act), the sum of **£343,604**, being the aggregate sum of expenses in relation to burial grounds, sports grounds and playgrounds incurred by the Council in performing in the parish of Andover the functions not performed by the Town Council, shall be treated as Special Expenses and any expenditure other than the **£343,604** herein specified shall be treated as general expenses. The Special Expenses sum equates to an amount of £19.85 per Band D Council Tax.
3. That it be noted that the Head of Finance & Revenues has calculated the Council Tax Base for 2024/2025 for the whole Borough area as 52,059 (Item T in the formula in Section 31B(1) of the Act) and, in those parts of its area to which a Parish/Town precept relates, as per the table below:

Parish of	Tax Base	Parish of	Tax Base
Abbots Ann	637	Lockerley	370
Ampfield	915	Longparish	351
Amport	562	Longstock	225
Andover Town	17,310	Melchet Park & Plaitford	132
Appleshaw	274	Michelmersh & Timsbury	456
Ashley	42	Monxton	140
Awbridge	555	Mottisfont	150
Barton Stacey	405	Nether Wallop	415
Bossington	23	North Baddesley	2,531
Braishfield	371	Nursling & Rownhams	2,692
Broughton	568	Over Wallop	814
Bullington	64	Penton Grafton	354
Charlton	865	Penton Mewsey	179
Chilbolton	535	Quarley	77
Chilworth	731	Romsey Town	8,330
East Dean	93	Sherfield English	349
East Tytherley	94	Shipton Bellinger	512
Enham Alamein	254	Smannell	153
Facombe	47	Stockbridge	349
Fyfield	136	Tangley	301

Parish of	Tax Base	Parish of	Tax Base
Goodworth Clatford	419	Thrupton	290
Grateley	265	Upper Clatford	643
Houghton	246	Valley Park	2,987
Hurstbourne Tarrant	393	Vernham Dean	285
Kimpton	167	Wellow	1,570
King's Somborne	743	West Tytherley, Frenchmoor & Buckholt	303
Leckford	69	Wherwell	252
Linkenholt	25	Total	52,059
Little Somborne	41		

4. That the following amounts be now calculated by the Council for the year 2024/2025 in accordance with Sections 31, 34 and 35 of the Act and subsequent regulations:
- 4(a) **£133,218,927** being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act taking into account all precepts issued to it by Parish/Town Councils.
- 4(b) **£122,206,234** being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act.
- 4(c) **£11,012,693** being the amount by which the aggregate at 4(a) above exceeds the aggregate at 4(b) above, calculated by the Council in accordance with Section 31A(4) of the Act as its Council Tax requirement for the year (Item R in the formula in Section 31B(1) of the Act).
- 4(d) **£211.54** being the amount at 4(c) above (Item R), divided by 3 above (Item T), calculated by the Council in accordance with Section 31B of the Act, as the basic amount of its Council Tax for the year (including Parish/Town precepts).
- 4(e) **£2,479,722** being the aggregate amount of all special items (the amount at 2 above and Parish/Town precepts) referred to in Section 35(1) of the Act.
- 4(f) **£163.91** being the amount at 4(d) above less the result given by dividing the amount at 4(e) above by 3 above (Item T), calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no Parish/Town precept relates.

4(g) Part of the Council's area:

Parish of	£	Parish of	£
Abbotts Ann	231.81	Melchet Park & Plaitford	192.70
Ampfield	212.84	Michelmersh & Timsbury	211.06
Amport	211.95	Monxton	221.05
Andover Town	226.17	Mottisfont	218.91
Appleshaw	218.65	Nether Wallop	268.37
Awbridge	188.50	North Baddesley	222.25
Barton Stacey	219.45	Nursling & Rownhams	190.66
Braishfield	227.59	Over Wallop	215.51
Broughton	216.48	Penton Grafton	206.28
Bullington	209.22	Penton Mewsey	230.95
Charlton	210.15	Quarley	204.82
Chilbolton	219.61	Romsey Town	223.59
Chilworth	211.79	Sherfield English	195.43
East Dean	201.54	Shipton Bellinger	226.41
East Tytherley	211.09	Smannell	191.23
Enham Alamein	198.04	Stockbridge	233.59
Fyfield	230.09	Tangley	213.74
Goodworth Clatford	239.06	Thruxton	224.25
Grateley	201.65	Upper Clatford	225.73
Houghton	241.15	Valley Park	177.30
Hurstbourne Tarrant	210.98	Vernham Dean	213.03
Kimpton	223.79	Wellow	218.55
King's Somborne	256.10	West Tytherley, Frenchmoor & Buckholt	214.41
Lockerley	225.14	Wherwell	205.58
Longparish	221.73	All other parts of the Council's area	163.91
Longstock	203.91		

being the amounts given by adding to the amount at 4(f) above, the amounts of the special item or items relating to dwellings in those parts of the Council's area mentioned above divided in each case by the Council Tax Base for that part of the Council's area, calculated by the Council in accordance with Section 34(3) of the Act as the basic amounts of its Council Tax for the year for dwellings in those parts of its area to which one or more special items relate.

4(h) Part of the Council's area:

Valuation Bands

Band	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
Parish of								
Abbots Ann	154.54	180.30	206.06	231.81	283.32	334.84	386.35	463.62
Ampfield	141.89	165.55	189.19	212.84	260.13	307.44	354.73	425.68
Amport	141.30	164.85	188.40	211.95	259.05	306.15	353.25	423.90
Andover Town	137.54	160.48	183.39	206.32	252.16	298.02	343.86	412.64
Appleshaw	145.76	170.07	194.36	218.65	267.23	315.83	364.41	437.30
Awbridge	125.66	146.62	167.56	188.50	230.38	272.28	314.16	377.00
Barton Stacey	146.30	170.69	195.07	219.45	268.21	316.98	365.75	438.90
Braishfield	151.72	177.02	202.30	227.59	278.16	328.74	379.31	455.18
Broughton	144.32	168.38	192.43	216.48	264.58	312.69	360.80	432.96
Bullington	139.48	162.73	185.98	209.22	255.71	302.21	348.70	418.44
Charlton	140.10	163.45	186.80	210.15	256.85	303.55	350.25	420.30
Chilbolton	146.40	170.81	195.21	219.61	268.41	317.22	366.01	439.22
Chilworth	141.19	164.73	188.26	211.79	258.85	305.92	352.98	423.58
East Dean	134.36	156.76	179.15	201.54	246.32	291.11	335.90	403.08
East Tytherley	140.72	164.19	187.64	211.09	257.99	304.91	351.81	422.18
Enham Alamein	132.02	154.04	176.04	198.04	242.04	286.06	330.06	396.08
Fyfield	153.39	178.96	204.53	230.09	281.22	332.35	383.48	460.18
Goodworth Clatford	159.37	185.94	212.50	239.06	292.18	345.31	398.43	478.12
Grateley	134.43	156.84	179.25	201.65	246.46	291.27	336.08	403.30
Houghton	160.76	187.57	214.36	241.15	294.73	348.33	401.91	482.30
Hurstbourne Tarrant	140.65	164.10	187.54	210.98	257.86	304.75	351.63	421.96
Kimpton	149.19	174.06	198.93	223.79	273.52	323.25	372.98	447.58
King's Somborne	170.73	199.19	227.65	256.10	313.01	369.92	426.83	512.20
Lockerley	150.09	175.11	200.13	225.14	275.17	325.20	375.23	450.28

Band	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
Parish of								
Longparish	147.82	172.46	197.10	221.73	271.00	320.28	369.55	443.46
Longstock	135.94	158.60	181.26	203.91	249.22	294.54	339.85	407.82
Melchet Park & Plaitford	128.46	149.88	171.29	192.70	235.52	278.35	321.16	385.40
Michelmersh & Timsbury	140.70	164.16	187.61	211.06	257.96	304.87	351.76	422.12
Monxton	147.36	171.93	196.49	221.05	270.17	319.30	368.41	442.10
Mottisfont	145.94	170.27	194.59	218.91	267.55	316.20	364.85	437.82
Nether Wallop	178.91	208.74	238.55	268.37	328.00	387.65	447.28	536.74
North Baddesley	148.16	172.87	197.56	222.25	271.63	321.03	370.41	444.50
Nursling & Rownhams	127.10	148.30	169.48	190.66	233.02	275.40	317.76	381.32
Over Wallop	143.67	167.62	191.57	215.51	263.40	311.29	359.18	431.02
Penton Grafton	137.52	160.44	183.36	206.28	252.12	297.96	343.80	412.56
Penton Mewsey	153.96	179.63	205.29	230.95	282.27	333.60	384.91	461.90
Quarley	136.54	159.31	182.06	204.82	250.33	295.85	341.36	409.64
Romsey Town	149.06	173.91	198.75	223.59	273.27	322.96	372.65	447.18
Sherfield English	130.28	152.01	173.72	195.43	238.85	282.29	325.71	390.86
Shipton Bellinger	150.94	176.10	201.26	226.41	276.72	327.04	377.35	452.82
Smannell	127.48	148.74	169.98	191.23	233.72	276.22	318.71	382.46
Stockbridge	155.72	181.69	207.64	233.59	285.49	337.41	389.31	467.18
Tangley	142.49	166.25	189.99	213.74	261.23	308.74	356.23	427.48
Thrupton	149.50	174.42	199.34	224.25	274.08	323.92	373.75	448.50
Upper Clatford	150.48	175.57	200.65	225.73	275.89	326.06	376.21	451.46
Valley Park	118.20	137.90	157.60	177.30	216.70	256.10	295.50	354.60
Vernham Dean	142.02	165.69	189.36	213.03	260.37	307.71	355.05	426.06
Wellow	145.70	169.99	194.27	218.55	267.11	315.68	364.25	437.10

Band	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
Parish of								
West Tytherley, Frenchmoor & Buckholt	142.94	166.77	190.59	214.41	262.05	309.70	357.35	428.82
Wherwell	137.05	159.90	182.74	205.58	251.26	296.95	342.63	411.16
All other parts of the Council's area	109.27	127.49	145.70	163.91	200.33	236.76	273.18	327.82

being the amounts given by multiplying the amounts at 4(g) above by the number which, in the proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which, in that proportion, is applicable to dwellings listed in valuation band D, calculated by the Council in accordance with Section 36(1) of the Act as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands.

5. That in accordance with Section 52ZB of the Act, the Council's basic amount of Council Tax for the year 2024/2025 is not excessive.
6. That the following details in respect of precept authorities are noted. These figures are based on anticipated budget amounts that will be approved by the various preceptors between the publication of this agenda and the Council meeting. Any changes to the figures below will be reported accordingly.

6(a) For the year 2024/2025, the **Hampshire County Council** have stated the following amounts in precepts issued to the Council, in accordance with the requirements of the Act, for each of the categories of dwellings shown below:

Valuation Bands

A	B	C	D	E	F	G	H
£	£	£	£	£	£	£	£
1,022.16	1,192.52	1,362.88	1,533.24	1,873.96	2,214.68	2,555.40	3,066.48

6(b) For the year 2024/2025, the **Police and Crime Commissioner for Hampshire** has stated the following amounts in precepts issued to the Council, in accordance with the requirements of the Act, for each of the categories of dwellings shown below:

Valuation Bands

A	B	C	D	E	F	G	H
£	£	£	£	£	£	£	£
174.31	203.36	232.41	261.46	319.56	377.66	435.77	522.92

- 6(c) For the year 2024/2025, the **Hampshire and Isle of Wight Fire and Rescue Authority** have stated the following amounts in precepts issued to the Council, in accordance with the requirements of the Act, for each of the categories of dwellings shown below:

Valuation Bands

A	B	C	D	E	F	G	H
£	£	£	£	£	£	£	£
55.23	64.43	73.64	82.84	101.25	119.66	138.07	165.68

7. That having calculated the aggregate in each case of the amounts at 4(h) and 6(a), 6(b) and 6(c) above, the Council, in accordance with the requirements of the Act, hereby sets the following amounts as the amounts of Council Tax for each of its areas for the year 2024/2025 for each of the categories of dwellings shown below:

Valuation Bands

Band	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
Parish of								
Abbotts Ann	1406.24	1640.61	1874.99	2109.35	2578.09	3046.84	3515.59	4218.70
Ampfield	1393.59	1625.86	1858.12	2090.38	2554.90	3019.44	3483.97	4180.76
Amport	1393.00	1625.16	1857.33	2089.49	2553.82	3018.15	3482.49	4178.98
Andover Town	1389.24	1620.79	1852.32	2083.86	2546.93	3010.02	3473.10	4167.72
Appleshaw	1397.46	1630.38	1863.29	2096.19	2562.00	3027.83	3493.65	4192.38
Awbridge	1377.36	1606.93	1836.49	2066.04	2525.15	2984.28	3443.40	4132.08
Barton Stacey	1398.00	1631.00	1864.00	2096.99	2562.98	3028.98	3494.99	4193.98
Braishfield	1403.42	1637.33	1871.23	2105.13	2572.93	3040.74	3508.55	4210.26
Broughton	1396.02	1628.69	1861.36	2094.02	2559.35	3024.69	3490.04	4188.04
Bullington	1391.18	1623.04	1854.91	2086.76	2550.48	3014.21	3477.94	4173.52
Charlton	1391.80	1623.76	1855.73	2087.69	2551.62	3015.55	3479.49	4175.38
Chilbolton	1398.10	1631.12	1864.14	2097.15	2563.18	3029.22	3495.25	4194.30
Chilworth	1392.89	1625.04	1857.19	2089.33	2553.62	3017.92	3482.22	4178.66
East Dean	1386.06	1617.07	1848.08	2079.08	2541.09	3003.11	3465.14	4158.16
East Tytherley	1392.42	1624.50	1856.57	2088.63	2552.76	3016.91	3481.05	4177.26

Band	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
Parish of								
Enham Alamein	1383.72	1614.35	1844.97	2075.58	2536.81	2998.06	3459.30	4151.16
Fyfield	1405.09	1639.27	1873.46	2107.63	2575.99	3044.35	3512.72	4215.26
Goodworth Clatford	1411.07	1646.25	1881.43	2116.60	2586.95	3057.31	3527.67	4233.20
Grateley	1386.13	1617.15	1848.18	2079.19	2541.23	3003.27	3465.32	4158.38
Houghton	1412.46	1647.88	1883.29	2118.69	2589.50	3060.33	3531.15	4237.38
Hurstbourne Tarrant	1392.35	1624.41	1856.47	2088.52	2552.63	3016.75	3480.87	4177.04
Kimpton	1400.89	1634.37	1867.86	2101.33	2568.29	3035.25	3502.22	4202.66
King's Somborne	1422.43	1659.50	1896.58	2133.64	2607.78	3081.92	3556.07	4267.28
Lockerley	1401.79	1635.42	1869.06	2102.68	2569.94	3037.20	3504.47	4205.36
Longparish	1399.52	1632.77	1866.03	2099.27	2565.77	3032.28	3498.79	4198.54
Longstock	1387.64	1618.91	1850.19	2081.45	2543.99	3006.54	3469.09	4162.90
Melchet Park & Plaitford	1380.16	1610.19	1840.22	2070.24	2530.29	2990.35	3450.40	4140.48
Michelmersh & Timsbury	1392.40	1624.47	1856.54	2088.60	2552.73	3016.87	3481.00	4177.20
Monxton	1399.06	1632.24	1865.42	2098.59	2564.94	3031.30	3497.65	4197.18
Mottisfont	1397.64	1630.58	1863.52	2096.45	2562.32	3028.20	3494.09	4192.90
Nether Wallop	1430.61	1669.05	1907.48	2145.91	2622.77	3099.65	3576.52	4291.82
North Baddesley	1399.86	1633.18	1866.49	2099.79	2566.40	3033.03	3499.65	4199.58
Nursling & Rownhams	1378.80	1608.61	1838.41	2068.20	2527.79	2987.40	3447.00	4136.40
Over Wallop	1395.37	1627.93	1860.50	2093.05	2558.17	3023.29	3488.42	4186.10
Penton Grafton	1389.22	1620.75	1852.29	2083.82	2546.89	3009.96	3473.04	4167.64
Penton Mewsey	1405.66	1639.94	1874.22	2108.49	2577.04	3045.60	3514.15	4216.98
Quarley	1388.24	1619.62	1850.99	2082.36	2545.10	3007.85	3470.60	4164.72
Romsey Town	1400.76	1634.22	1867.68	2101.13	2568.04	3034.96	3501.89	4202.26
Sherfield English	1381.98	1612.32	1842.65	2072.97	2533.62	2994.29	3454.95	4145.94
Shipton Bellinger	1402.64	1636.41	1870.19	2103.95	2571.49	3039.04	3506.59	4207.90
Smannell	1379.18	1609.05	1838.91	2068.77	2528.49	2988.22	3447.95	4137.54
Stockbridge	1407.42	1642.00	1876.57	2111.13	2580.26	3049.41	3518.55	4222.26
Tangley	1394.19	1626.56	1858.92	2091.28	2556.00	3020.74	3485.47	4182.56

Band	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
Parish of								
Thrupton	1401.20	1634.73	1868.27	2101.79	2568.85	3035.92	3502.99	4203.58
Upper Clatford	1402.18	1635.88	1869.58	2103.27	2570.66	3038.06	3505.45	4206.54
Valley Park	1369.90	1598.21	1826.53	2054.84	2511.47	2968.10	3424.74	4109.68
Vernham Dean	1393.72	1626.00	1858.29	2090.57	2555.14	3019.71	3484.29	4181.14
Wellow	1397.40	1630.30	1863.20	2096.09	2561.88	3027.68	3493.49	4192.18
West Tytherley, Frenchmoor & Buckholt	1394.64	1627.08	1859.52	2091.95	2556.82	3021.70	3486.59	4183.90
Wherwell	1388.75	1620.21	1851.67	2083.12	2546.03	3008.95	3471.87	4166.24
All other parts of the Council's area	1360.97	1587.80	1814.63	2041.45	2495.10	2948.76	3402.42	4082.90

ITEM 11 Regeneration Programme and Financial Strategy

Report of the Strategic Regeneration and Partnerships (North) Portfolio Holder and the Finance and Resources Portfolio Holder

Recommendations:

- 1. To approve the regeneration priority projects as identified in section 3 of the report.**
- 2. To approve the funding strategy for the regeneration programme, as outlined in section 4 of the report.**
- 3. That £2M be added to the Capital Programme for architectural services for the Romsey Bus Station redevelopment, as set out in paragraph 7.5 of the report, to be funded from the Capital Receipts Reserve and that officers be authorised to procure the works set out in paragraph 3.13 of the report to deliver this.**
- 4. That £3M be added to the budget for the creation of the linear riverside park at Western Avenue, as set out in paragraph 7.3 of the report, to be funded from the Capital Receipts Reserve.**
- 5. That the funding sources identified in paragraph 4.30 be approved for delivery of the regeneration projects identified in the report, in respect of:**
 - Levelling Up Funding**
 - Capital receipts from the disposal of assets**
 - Use of Capital Receipts Reserve balances**
 - Use of Regeneration Reserve balances**
 - Use of Community Infrastructure Levy contributions**

SUMMARY:

- The purpose of this report is to set out the priorities and funding strategy for the delivery of the regeneration programme for Romsey and Andover town centres.**
- The report sets out the background of the masterplans approved for both town centres and explains why the four priority projects have been identified.**
- The report considers the financial resources available to the Council to meet the forecast cost of these projects and sets out a range of potential funding delivery mechanisms.**

1 Introduction

- 1.1 In making the regeneration of Romsey and Andover town centres one of its highest priorities, the Council has embarked on an ambitious programme that will demand significant resources and will take more than a decade to deliver.
- 1.2 In 2020, two separate masterplans were adopted by the Council for both Andover and Romsey town centres. The masterplans were developed through intensive and innovative community engagement. This work set out the social, economic, and environmental objectives for the community of delivering this regeneration programme. It is vital that these objectives remain the focus of delivery.
- 1.3 In a commercial environment where the investment and development sector are being ultra-cautious and has little appetite for schemes that do not show a significant guaranteed return, the Council will need to intervene to deliver some elements directly and to de-risk elements where commercial investment is required, in order to make them attractive to the market. The delivery of the Council's regeneration ambitions has required careful planning to ensure that the social, economic, and environmental objectives articulated by the community are realised without placing unnecessary strain on the Council's financial resources.
- 1.4 The masterplans and the individual development projects contained within them have subsequently been subject to exhaustive professional and commercial advice to determine their affordability and deliverability. This report sets out to collate that advice and recommend a way forward, focussing resources on the next tranche of projects.

2 Background

- 2.1 The regeneration programme was initiated in 2018 to identify and bring forward development opportunities in Romsey and Andover town centres. Masterplans for each centre were developed according to the individual towns' needs and aspirations following extensive consultation with the community and stakeholders.

South of Romsey Town Centre Masterplan

- 2.2 The [South of Romsey Town Centre Masterplan](#) (SoRTC) (adopted by Council on 2 September 2020) was developed following aspirations set out in the Test Valley Borough Revised Local Plan (2016) and created a strategic vision for the south of Romsey town centre.
- 2.3 Work on the masterplan commenced in 2018 and was led by the Romsey Future Partnership. For a period of two years there was extensive public consultation with residents, businesses, interest groups and other stakeholders with regard to each element of the future regeneration for the area as the plans were prepared by planning consultants, Nexus Planning and Perkins + Will Architects.

- 2.4 An important milestone during the development of the Masterplan was the opportunity for Test Valley Borough Council to hold a Citizens' Assembly which focused on the regeneration of the area. In May 2019, the Government launched a pilot programme called Innovation in Democracy. Test Valley Borough Council was one of three local authorities from across the country selected to arrange a Citizens' Assembly as part of the pilot. The south of Romsey Town Centre was its focus. Over a 4-day period a cohort of Romsey residents heard from experts and examined evidence. The outcome of the Citizens' Assembly was a set of recommendations for improving the area around Crosfield Hall and the Bus Station to deliver the maximum benefit to Romsey and these recommendations influenced how the final Masterplan emerged.
- 2.5 Romsey Masterplan focuses on two development opportunities within the town centre that are within Test Valley Borough Council ownership – the bus station site and Crosfield Hall, in addition to public realm improvements. Whilst both facilities are important to the wider community, the approved Masterplan sets out that it would be possible to re-provide these existing facilities whilst providing additional uses and improving the town centre through the redevelopment of these sites.
- 2.6 The vision for Romsey, as outlined within the masterplan, states:
- “Romsey is a resilient and vibrant place and a destination that people are compelled to visit. The contribution that the South of Romsey Town Centre has made has been very significant. In itself it is a beautifully designed new part of the town but it also adds so much more.*
- 2.7 *The new mobility hub has paved the way for a greater number of people to access and use the centre in a sustainable way and created the possibility of reduced car parking if desirable in the future.*
- 2.8 *New uses have added another dimension to the town, creating greater footfall with people staying for longer. The residents that now live here and the new shops and restaurants have added to the town's vitality and evening economy. The new flexible community space forms part of a comprehensive town-wide plan that improves on previous facilities. This has boosted the strong sense of community within the town and the flexibility that was provided during the early planning has paid dividends, allowing new and surprising uses to take hold.*
- 2.9 *The new public spaces and introduction of much more greenery and water has underpinned the transformation and has had many benefits. It has made the town centre a more attractive place to visit, it has boosted people's health and wellbeing and it is having positive environmental benefits and has allowed nature back in. The area and new routes that run through it forms an integral part of a comprehensive walking route that links the town up and which has been energised through public art. All of this has been achieved in a way that has enhanced the best of Romsey's unique character.”*

Andover Town Centre Regeneration Masterplan

- 2.10 The [Andover Masterplan](#) (adopted by Council on 28 September 2020) was developed following a number of strategic property acquisitions by the Council in Andover town centre. This included the remainder of the headlease of the Chantry Centre and Former Magistrates Court (FMC). The Andover Masterplan identifies several opportunities to enhance the town centre and surrounding areas.
- 2.11 Significant public and stakeholder consultation took place in conjunction with the Andover Vision. Starting in July 2019 Hemingway Design and NEW Masterplanning worked with the Council to prepare a Vision and Spatial framework for Andover town centre. Meetings and workshops were held with a range of businesses, residents' groups, students and other stakeholders. The first public survey received nearly 3,000 responses. Events were held at Andover Carnival and the Council-run Four Fun Fridays. An exhibition was held in December 2019 in a unit on Bridge Street.
- 2.12 The Vision for Andover, as outlined within the masterplan, focuses around four key areas and states:

“Andover town centre will be:

Social and Inclusive. A town centre that is relevant to its local community. That is accessible to all, by foot, wheelchair, cycle, bus, rail or car. With a range of health services and community facilities to meet the needs of all its residents. With an affordable and diverse housing mix suitable for the elderly, young people and families.

Green and Ethical. A town centre that addresses the climate emergency, helping to increase its biodiversity and eliminate its carbon footprint. That recognises the importance of ethical and local trading. That prioritises walking and cycling and encourages electric vehicles.

Creative and Enterprising. Improved facilities and a modern campus for Andover College. A new and improved Lights Theatre in the centre of town, promoting local arts and creative organisations and supporting the evening economy. Sustainable workspace for small businesses and new office space for Simplyhealth.

Unique and Independent. A town centre that values its heritage assets, placing the Guildhall and St Mary's Church at the centre of civic and community life. That provides affordable space and support for start-up businesses. That 'curates' local markets and events and designs bespoke stalls, seating and public art.”

- 2.13 Work has already commenced on the delivery of the Andover Masterplan through the high-quality public realm improvements at the pocket park and river park adjacent to Town Mills. A former service road and a neglected area of green space that was the focus of anti-social behaviour have been transformed into vibrant and bustling spaces for community activity.

- 2.14 The creation of a new linear riverside park at Western Avenue was approved by Council on 23 February 2023 and a £5.5M budget was allocated from Council funds towards the delivery of the project. In addition, Hampshire County Council (HCC) are contributing £1m in section 106 transport contributions towards the project.

Test Valley Borough Council Corporate Plan

- 2.15 Growing the potential of Andover and Romsey town centres was identified as a priority within the previous iteration of the Council's Corporate Plan (2019-2023) and their regeneration remains a priority. The Council's new Corporate Plan, 'A Place for Everyone – Supporting our Communities to Thrive', is about taking the next important step forward. It is about making the wider opportunities for our communities a reality, progressing long-term strategic projects such as the regeneration of town centres and the Council's approach to climate change, and being able to influence our partners so that together we can deliver the best outcomes and quality of life across Test Valley.
- 2.16 The new Corporate Plan outlines five strategic priorities that will provide the focus of the Council's activities over the next four years. These are prosperity, sustainability, connection, inclusion and the environment. As part of the Council's ongoing commitment to work in a way that recognises the varying needs of our borough communities the Council's approach will be tailored where needed. The Corporate Plan sets out how the council will deliver these priorities through a community focus. For Andover and Romsey this means:
- Working proactively with key partners to enhance the economic, social and cultural prosperity of both Andover and Romsey. We will promote our towns as great places to visit that are welcoming, safe and attractive, in a way that draws upon their strengths and identities as communities.
 - Delivering projects that bring forward the regeneration of Andover town centre and south of Romsey town centre, as set out in the community-led masterplans for each of these towns. This will involve playing our part to support the changing nature of town centres and investing in new public realm, cultural initiatives and events, alongside major redevelopment schemes.
 - Focusing on meeting future needs that result from changing and growing populations within both Andover and Romsey. Through our strategic plans we will make sure that a range of homes, including affordable, and related infrastructure, is provided. Access to the services people need, both now and in the future, will be planned for, delivered, and tailored to the needs of each town.
 - Working creatively with Andover Vision and Romsey Future, as the community partnerships for these towns, to support the delivery of their local strategies and action plans. We will help strengthen connections across local communities and provide the catalyst for working together to deliver priorities that are shaped by local people. This will include finding

opportunities to support improved health and wellbeing, so that people can live well within their communities for longer, make the most of the assets and facilities within the towns, support local businesses to thrive and play their part in addressing climate change.

- Continuing to invest in the range of open and accessible green spaces that exist within both Andover and Romsey, recognising the important benefits to wellbeing they provide for local communities. We will enable people to take part in sport and recreation opportunities within their local community and create links to access the countryside, so that people can enjoy the benefits of the natural environment in a sensitive and sustainable way.

Design and Feasibility Work

- 2.17 In both town centres, the masterplans were broken into discrete projects that could be delivered independently, where possible, and design and feasibility work for each of these projects has been undertaken.
- 2.18 In Romsey, the work undertaken is as follows:
- Concept design work and initial costings were undertaken for Holbrook Stream and Stirling walk.
 - Feasibility work has been undertaken on the Bus Station site.
- 2.19 In Andover, the work undertaken is as follows:
- Feasibility work has been undertaken for the redevelopment of the Chantry Centre.
 - Design and feasibility work is underway for the development of the new theatre.
 - Costed concept designs have been developed for a number of the public realm schemes specified in the Andover Masterplan.
 - Work was undertaken on a Public Realm Design Guide. This will be used to set quality standards for third-party developers in Andover Town Centre. The Public Realm Design Guide was adopted as a Supplementary Planning Document by Cabinet in February 2023.

3 Priority Projects

Riverside Park at Western Avenue and New Theatre, Andover

- 3.1 In the summer of 2022, TVBC submitted a bid to round 2 of the Department for Levelling Up, Housing and Communities (DLUHC)'s Levelling Up Fund (LUF). Members will be aware that, as part of this funding bid, the Council needed to identify projects which would realise the most benefit and represented best value for money to improve the chances of the bid being successful. Council approved the submission of a bid of up to £20M to contribute towards the delivery of the Andover Town Centre Masterplan in June 2022.

- 3.2 The Council's final bid was for £18.3M towards the delivery of four of the regeneration projects in Andover. The suite of projects included in the bid were:
- The creation of a new linear riverside park at Western Avenue.
 - The development of a new multi-purpose theatre.
 - Public realm improvements alongside the river south of Bridge Street.
 - Options appraisal for, and demolition of the former magistrates' court.
- 3.3 These schemes were selected based on three criteria following professional advice from Cadence Innova who were appointed to assemble the Council's bid:
- Ability to meet the objectives of the LUF criteria.
 - Affordability within the constraints of the LUF criteria.
 - Deliverability by 31st March 2025.
- 3.4 The Council was unsuccessful in its bid for Round 2 of LUF but in November 2023 it was announced that TVBC had been awarded £18.3M from Round 3 of LUF on the basis of the content of the original bid. Round 3 of LUF requires funding to be spent by March 2026 which extends the deadline by an additional year. The LUF award is subject to the completion of an 'onboarding' process which is currently underway.
- 3.5 This validation process is a standard approach used by Government for LUF funded projects where every successful council provides a detailed precis of the projects' status and whether there are any changes to the original bid. The ability to review how the grant is spent, both in terms of the principles of which projects to fund and to what proportion, is permitted by DLUHC as part of the onboarding process. Whilst the Council has been awarded the full bid originally sought, because of the price increase/ inflation between LUF2 and LUF3 to those projects and the work the Council has undertaken, there is a need to review how the LUF allocation is best used.
- 3.6 Since the bid submission, the Council, along with HCC have committed funds of £6.5m towards the delivery of the riverside park at Western Avenue. This was agreed by Council in February 2023. Since that time more detailed work has been undertaken with HCC. This has identified that total project costs are likely to increase, with the most recent estimate now being £9.5M.
- 3.7 When the Council agreed to fund Western Avenue, the report identified the risks attached to the budget at that time given the early stage in the design of the project. This included high construction inflation and the potential for unanticipated costs etc. The latest budget estimates indicate a significant budget increase for the highway elements of the project due to the difference in estimates of the scope of the highway works that would be required from initial concept design to optioneering. This includes additional costs for a more sophisticated junction where Western Avenue meets West Street, additional changes to West Street to allow bus manoeuvrability two-way and greater uplifts for contingencies, preliminaries, traffic management, professional fees and drainage and utilities changes.

- 3.8 The Council (January 2024) has also approved the commitment of up to £3.74M of expenditure on architectural and technical services relating to the delivery of a new theatre. To inform anticipated costings and to make progress, consultants were commissioned to provide the most recent projected capital construction cost estimate for the new theatre, which based on a concept design is £25M (excluding professional fees). As highlighted in the December 2023 Cabinet report, this figure is based on currently available information and is subject to change.
- 3.9 Whilst the Council has continued to make progress on the technical elements of both projects, what the projections identify is the significant change in estimated costs for both projects from that contained in the original bid.
- 3.10 Having reviewed the benefit-cost ratio analysis (BCR) of those schemes included in the original bid against the DLUHC methodology it confirms that there is minimal impact from excluding the demolition of the former Andover Magistrates' Court and the south of Bridge Street public realm improvements scheme. Whilst these two projects are important, their removal from the LUF funded scheme does not critically impact on the fundamental aspects of the masterplan. Due to this, coupled with the updated estimated cost of works, it is proposed (subject to DLUHC confirmation) to focus the LUF grant on the delivery of the riverside park at Western Avenue and the new theatre. Given the estimated costs of the two larger schemes and the economic, social and environmental benefits that would be secured, it is considered more appropriate to use the LUF fund to support their delivery in order to achieve a greater benefit to Andover.
- 3.11 As such, due to the award of £18.3M of funding from LUF Round 3 and the review of the benefit-cost ratio of the projects included in the original bid the riverside park and new theatre have emerged as the priority regeneration projects for Andover.

Romsey Bus Station and Community Facility Provision

- 3.12 The Council's thoughts have turned towards the delivery phase of these regeneration projects outlined in the SoRTC Masterplan and, in particular, the resources that will be required to assist in that process. The medium-term plan (3-5 years) of the masterplan includes the redevelopment of the bus station site. The bus station site is proposed to be redeveloped to provide a new and improved mobility hub and a mixed-use development comprising community, commercial and residential uses. The mobility hub would become the new central public transport focus of the area and provide uses that would complement the town centre offering.
- 3.13 It is recommended that a budget is committed to progress the redevelopment of the bus station site. The work to be tendered is for the detailed architectural design from concept stage through to the completion of the development. This will be based on the principles contained within the masterplan and feasibility work that has been undertaken and reviewed along with other guidance.

- 3.14 As work is progressed, it will need to be undertaken in tandem with a review of public car parking provision and how best to meet future demand taking account of the impact from the loss at Broadwater Road and Bus Station car parks.
- 3.15 The Masterplan also envisages that the current Crosfield Hall site will be developed for retail or residential use. It indicates that a review of community hall type provision should be undertaken to understand the scale and size of community facilities that are required to meet the needs of Romsey now and in the future.
- 3.16 Whilst the facilities that the hall provides are important to the local community, the building itself represents a challenge because of its design and configuration and this has implications for how best to meet the future needs for a growing town. To progress the next steps in the masterplan, further work needs to be undertaken to understand what the requirements are for community facility provision and how this can be accommodated.
- 3.17 The regeneration of the Romsey bus station and the opportunity to realise the maximum potential of the Crosfield Hall site to provide improved community facility provision are identified as the two redevelopment projects in the SoRTC Masterplan. Therefore, they naturally emerge as priority projects in the regeneration programme for Romsey town.
- 3.18 There is no specific request at this stage for the allocation of funds for the reprovision of community facilities in the south of Romsey. This will come to Council as a separate report once a detailed options appraisal is ready for consideration.

Summary

- 3.19 In summary, the four priority regeneration projects can be summarised as follows:

Andover

- The creation of a riverside park at Western Avenue.
- The creation of a new theatre.

Romsey

- Regeneration of Romsey bus station to create a new mobility hub and mixed-use development.
- Improved community facility provision in Romsey town.

4 Financing Strategy

Introduction to Financial Strategy

- 4.1 This report has identified four principal regeneration projects which are recommended to form the Council's focus for the initial delivery phase.

- 4.2 This section focuses specifically on those options. There will be further phases needed to achieve the full masterplan objectives in Andover and Romsey; however, those elements are not specifically costed as part of this strategy and will be considered when they move closer to implementation.
- 4.3 Initial funding for the riverside park was approved by Council on 23rd February 2023. Reasons for the increase in the total cost of this project to £9.5M are set out in paragraphs 3.6 and 3.7. That additional funding requirement is considered in this section as part of the overall regeneration financing strategy.
- 4.4 It is necessary to make a number of assumptions in assessing the requirements of the four recommended projects as there is still considerable work to be done to establish full costs and matters, such as detailed design work and planning requirements, for each project to be resolved.
- 4.5 The costs shown are indicative, based on the work of technical consultants as part of the feasibility work in developing the documents that support the delivery of the masterplans.
- 4.6 This strategy, therefore, considers a forecast based on current estimates and specific scenarios for overall costs. The recommendations for specific budget approval relate to:
- Preliminary costs for the Romsey Bus Station project.
 - An update to the forecast total cost of the riverside park project at Western Avenue.
- 4.7 More detail about the specific nature of these approvals is shown in section 7 of the report.

Forecast budget requirements of the recommended projects

- 4.8 The estimated gross cost of the four projects identified for this phase of the regeneration programme are:

	£M
Riverside Park at Western Avenue	9.5
New theatre in Andover	28.7
Provision of an improved community facility in Romsey	8.0
Romsey Bus Station	15.0
Total Estimated Cost of Development	61.2
Contingency allowance (15%)	9.2
Total Cost to be Financed	70.4

- 4.9 Each individual project will be subject to separate reports as they come forward, at which time all the relevant factors affecting project cost; financing; revenue implications and the underlying business case will be explored in more detail.
- 4.10 The following section estimates potential funding linked directly to each project and the other options available to the Council to fund remaining deficit.

Forecast level of resources available to fund the projects

- 4.11 The options available to the Council to fund the projects are summarised below:
- i. External funding from the Levelling Up Fund
 - ii. Disposal of surplus assets to generate capital receipts
 - iii. Use of existing capital receipts or other earmarked reserves
 - iv. External funding / CIL top-slice
 - v. Internal borrowing
 - vi. External borrowing
- 4.12 Given the overall forecast cost, timescale and complexity of the projects, it is likely that a mix of most of the above funding options will be required.
- 4.13 The extent and purpose of the LUF grant has been discussed extensively throughout the report. This will add £18.3M to the available funding total.
- 4.14 The Head of Property and Asset Management has identified that land at Bailiff's Bottom is surplus to requirements and suitable for disposal. Cabinet has recently (31st January 2024) approved a budget for surveys and professional fees related to the disposal of this land which may contribute to the overall financing of the regeneration programme.

Capital Receipts

- 4.15 The balance on the Council's Capital Receipts Reserve as at 31st March 2023 was £7.93M (this includes the £1.25M approved as part of the initial £6.5M for the riverside park project at Western Avenue from extra interest income in 2022/23). The funds held in this reserve are required to deliver the Council's Capital Programme, however, some of the balance can be used to fund regeneration projects.
- 4.16 A further commitment of £3.74M from this reserve was approved by Council January 2024 for architectural and professional fees linked to the theatre project. This contribution has been offset by a £1M contribution from additional investment income achieved in 2023/24.
- 4.17 The latest forecast unallocated balance on the reserve at March 2026 is c£5.2M. It is recommended that no more than £3.7M is allocated from this source in order to ensure sufficient resources are maintained to continue delivering a full capital programme outside of regeneration priorities.

Regeneration Reserve

- 4.18 In anticipation of needing to fund the ambitions of the masterplans, an earmarked reserve for funding of regeneration projects was created. The balance on this reserve at 31st March 2023 was £2.629M, of which £1M has already been committed to the riverside park project at Western Avenue.
- 4.19 The Medium Term Financial Forecast includes an assumption of ongoing further contributions into the reserve up to 2026/27. After taking into account the £1M already committed to the Western Avenue project, the forecast balance on the reserve at 31st March 2027 is £5.1M.
- 4.20 It is recommended that up to £4M of this balance be allocated to the funding of the initial phases of the regeneration programme. This will leave approximately £1M available for preparatory works related to further stages of the regeneration programme.

Grants and Contributions

- 4.21 Wherever possible, funding from external sources, such as grants or third party contributions, and from ring-fenced s106 contributions will be used to provide funding.
- 4.22 The Council has a policy of collecting Community Infrastructure Levy contributions from new developments in the borough. A proportion of the amounts collected are ring-fenced for regeneration projects. After allowing for the amount committed to Western Avenue, approximately £750,000 is currently held. Forecasts suggest that a further £1.5M will be received over the next three years. It is therefore recommended that £2M be included in the financing of the projects identified in this report.

Revenue Budget Contributions

- 4.23 It is inevitable that there will be some variances arising between the revenue budget that is set each year and the actual amount of expenditure incurred / income generated. Any surpluses could be transferred to the Regeneration Reserve to increase the amount of funding available. However, this cannot be guaranteed and is therefore not included as part of the anticipated funding of the regeneration projects.
- 4.24 The revenue budget strategy has identified two key income streams where a maximum base budget exposure limit has been set. This relates to investment income and business rates retained income.
- 4.25 The mitigation for this is to transfer to reserves any amount above the 2023/24 baseline level. All such transfers have already been included for 2024/25; however, it is likely that there will be surpluses in both areas in 2025/26 and beyond that could be used for this purpose.
- 4.26 Whilst not certain at this stage, an estimate of £3M has been included in this strategy in respect of these surpluses.

Borrowing

- 4.27 Internal borrowing is a mechanism for short-term funding capital need where a future capital receipt is expected. It is recommended only as a short-term measure, for example, to cover timing differences between project expenditure and a receipt from the sale of surplus assets.
- 4.28 External borrowing is a potential long-term method of financing capital expenditure. Undertaking any long-term borrowing will have a direct impact on the Council's revenue budget in terms of both annual interest charges and the requirement to set aside Minimum Revenue Provision for the repayment of the loan at its maturity. The decision to undertake any external borrowing will be taken in consideration of future expected interest rate trends. Where rates are expected to drop, as is currently the case, borrowing will be delayed to enable opportunities to obtain the most competitive rates possible.

Availability of Funding

- 4.29 A £6.5M budget and financing of the riverside park project at Western Avenue has already been approved by Council, on 23 February 2023, plus a further £3.74M for initial costs related to the new theatre in January 2024.
- 4.30 The following analysis takes into account the above commitments that have already been made.

	£M
Levelling Up Funding	18.3
Asset disposals	23.0
Funding approved for the riverside park at Western Avenue	6.5
Capital Receipts Reserve	7.4
Regeneration Reserve	4.0
CIL regeneration top-slice	2.0
Other Revenue Contributions	3.0
Total forecast funding available	64.2
Total estimated cost of development (from above)	70.4
Deficit in funding	6.2

- 4.31 The funding deficit, based on forecast costs and expected resource levels, is £6.2M. Other reserves, such as the New Homes Bonus reserve, may be able to meet this deficit or it could be closed through additional transfers to reserves over the next three years. Alternatively, it could be met from external borrowing over a relatively short period of time.
- 4.32 Given the number of variables that remain to be confirmed, including final costings for projects and estimates for capital receipts, the deficit is considered to be small enough that it does not need to be fully addressed at this time. There is capacity to identify sources to fully fund this initial phase of regeneration projects.
- 4.33 It is recommended that the resources identified above are committed to the delivery of the regeneration programme. This is necessary to ensure that there is sufficient capacity in the Capital Programme financing available to meet the commitments of the four projects identified in this report.
- 4.34 DLUHC have sought assurance from the Council, as part of the LUF onboarding process, that there is a clear commitment to funding the difference between the LUF funding available and the total forecast cost of the riverside park and theatre projects. Approving the above resources will help provide the assurances that DLUHC require in concluding the on-boarding work.
- 4.35 With so many areas uncertain with regards to resource levels and projected costs, it is recommended that an updated regeneration finance strategy be reported to Council in 12 months' time.

Timing of Project Cashflows

- 4.36 There will be a revenue implication arising from utilising accumulated reserves. These reserves form part of the cash balances that are managed by the Council on a day-to-day basis and therefore spending them will reduce the balances available to invest.
- 4.37 The forecast long-term average return on cash investments is lower than currently being experienced. It is assumed that an average rate of return of 3.5% per annum will be earned.
- 4.38 The above sections have focused on the absolute values of the forecast capital expenditure and the resources available to finance them. A second, and equally important, factor is the timing within which the respective items of income and expenditure will be incurred.
- 4.39 Where initial expenditure exceeds the resources available, any required funding will be met from short-term internal borrowing. This is on the basis that the overall future capital receipts are expected to be of sufficient value to be at least equal to the total of costs incurred (or forecast to be incurred).

5 Options

- 5.1 Approve the strategy as set out in this report.

- 5.2 To not approve the strategy.
- 5.3 To approve a strategy in some other form.

6 Options Appraisal

- 6.1 This strategy comes forward as a result of the cost benefit analysis and aims to deliver the objectives identified in the Romsey and Andover Masterplans. Is based on the best information available at this time.
- 6.2 Proceeding with the strategy, as recommended, would be consistent with the Council's Corporate Plan and Corporate Action Plan as well as the two adopted masterplans.
- 6.3 Given the materiality and short time-frames related to the LUF funding for the progress of projects in the LUF application, agreeing to any other projects at this time is not recommended. Adding any further projects to the strategy would dilute capacity to deliver and lead to further financial pressure in identifying funding.
- 6.4 On the basis of the above it is recommended that the strategy be approved.

7 Resource Implications

- 7.1 To take forward the projects identified in this report, recommendations are made in respect of budget approval for two projects.

Western Avenue

- 7.2 As identified earlier in the report, the forecast cost estimate of the Western Avenue project has increased from £6.5M to £9.5M. The latest budget estimates indicate a significant budget increase for the highway elements of the project due to the difference in estimates of the scope of the highway works that would be required from initial concept design to optioneering. This includes additional costs for a more sophisticated junction where Western Avenue meets West Street, additional changes to West Street to allow bus manoeuvrability two-way and greater uplifts for contingencies, preliminaries, unknowns, traffic management, professional fees and drainage and utilities changes.
- 7.3 It is recommended that the additional budget requirement of £3M be added to the Capital Programme to enable this project to be fully funded in order that detailed design works and implementation can be progressed.

Romsey Bus Station

- 7.4 Council has recently approved a budget of £3.74M for architectural and professional fees related to the new theatre project in Andover. This report recommends a similar budget approval for professional fees to prepare detailed designs, a planning application and to oversee the works that are eventually approved.

- 7.5 To enable this to happen, a budget of £2M is recommended to be approved. This is based on a calculation of 15% of the total build cost, in accordance with the RIBA fee calculator (i.e. £13M + 15% = £14.95M, which is rounded to a £15M total budget).

8 Risk Management

- 8.1 There is potential for project costs to be greater than forecast in this report. This will be mitigated as far as possible by working with the architects to ensure that cost control is integrated in every stage of the design process and that regular costings based on up-to-date rates are carried out.
- 8.2 There is a small risk that the Council is not successful in the DLUHC onboarding process for the LUF funding. This is low risk as DLUHC have given early indications that they are happy with the evidence provided and progress made to date. If the Council is not successful however, the consequences would be significant, potentially resulting in the loss of some or all of the LUF funding.
- 8.3 There is a risk that the inclusion of sustainable development requirements and carbon net-zero requirements could add additional costs to developments. The costs and benefits of such factors will be considered by Councillors before construction begins.
- 8.4 There is potential for construction inflation to be higher than forecast. The Council will carry out regular reviews and forecasts and ensure that cost control is embedded into the design and construction process on all projects.
- 8.5 Whilst the Council has a good working relationship with external bodies and their commitment has been agreed, we do not have control over their timescales and resources. This is mitigated as far as possible by seeking a clear indication of the level of commitment from partners.

9 Conclusion and reasons for recommendation

- 9.1 A significant amount of work has gone into the development of the masterplans and bringing projects forward for delivery in a prudent and sustainable way. The Council has been successful in securing Levelling Up funding. As a result, the recommendations are that the Council proceeds with the four projects set out in the report to meet the Council's aspirations.

[Background Papers \(Local Government Act 1972 Section 100D\)](#)

[Andover Town Centre Regeneration Masterplan](#)

[Andover Town Centre Vision and Masterplan](#)

[Full Council approval to submit bid for Levelling Up Round 2](#)

[Full Council approval of funding for architectural services relating to a new theatre in Andover](#)

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:	None	File Ref:	N/A
----------------	------	-----------	-----

(Portfolio: Strategic Regeneration and Partnerships (North)) Councillor P North
 (Portfolio: Finance and Resources) Councillor M Flood

Officer:	Paul Ramshaw and Carl Whatley	Ext:	8511 / 8540
----------	-------------------------------	------	-------------

Report to:	Council	Date:	29 February 2024
------------	---------	-------	------------------

ITEM 12

Broadcasting Committee Meetings

Report of the Democracy and Governance Portfolio Holder

Recommended:

- 1. That the work undertaken by the Member and Community Development Group to investigate the implications of broadcasting the Council's Democratic meetings as set out in the report be noted.**
- 2. That the majority recommendation of the Member Community Development Group that the Council does not proceed with broadcasting of democratic meetings at this time due to the implications as set out in the report be approved; and that further consideration of the practical and financial implications of broadcasting the Council's democratic meetings be reviewed in 2 years' time.**

SUMMARY:

- Following a motion agreed at Council on 7 September 2022, work has been undertaken to consider options available to broadcast the Council's schedule of Democratic meetings live to the public.
- The report sets out details of options available to Council for broadcasting and their associated implications.

1 Introduction

1.1 At its meeting on 7 September 2022 Council resolved that:

'This Council agrees to investigate ways by which it can improve democracy and accountability by live streaming and recording all Council meetings that are held in public. It further asks that the cross-party Member and Community Development Group (MCDG) look into the practical and financial implications of doing so and report back its findings without delay.'

1.2 The MCDG, which comprises cross-party membership, considered the principles and requirements for a broadcasting system for the democratic meetings of the Council.

1.3 The following principles for broadcasting democratic meetings were supported by the MCDG.

1.4 A broadcasting system:

- Should include both audio and visual capabilities.
- Include the ability to share and broadcast visual presentations.
- Should allow footage to remain online for later viewing by the public.

- 1.5 Work was undertaken to consider what systems were available and how these would meet the requirements of the Council's schedule of democratic meetings which are held across a range of venues.

2 Background

- 2.1 The Council has not previously visually broadcast its democratic meetings to the public. Whilst all democratic meetings are open to members of the public to attend (where items of business are not exempt) there has been no facility in place for members of the public to access meetings without attending them in person.
- 2.2 Following the introduction of temporary legislation; The Local Authorities (Coronavirus) (Flexibility of Local Authority Meetings) (England) Regulations 2020, which came into force on 4 April 2020 the Council operated its committee meetings virtually via Microsoft Teams.
- 2.3 During the pandemic, temporary legislation was put in place to allow the democratic meetings to take place virtually. During this time, a live audio only stream of committee meetings was available to allow members of the public to listen to meetings taking place where they were otherwise unable to do so due to social distancing restrictions. This allowed the Council to fulfil its legal obligations in relation to public access to democratic meetings. The audio was only available as a live stream and not available following the end of the meeting.
- 2.4 With the end of the temporary legislation on 7 May 2021 and the end of the requirement for social distancing on 19 July 2021, there was no longer a legal obligation or need to broadcast meetings as members of the public were able to attend meetings in person and therefore the audio stream ended.
- 2.5 Broadcasting of democratic meetings across local authorities is commonplace with local authorities using a range of systems which allow members of the public to watch meetings 'live' online and subsequently watch them as saved recordings.
- 2.6 Whilst the Council's meetings are accessible and always open to the public, (apart from when legal exemptions apply), broadcasting democratic meetings is seen to further increase accessibility and promote openness and transparency in decision making.
- 2.7 Of the 10 other district authorities in Hampshire, 6 currently broadcast their democratic meetings. Hampshire County Council, Portsmouth City Council and Southampton City Council all broadcast democratic meetings.
- 2.8 Test Valley Council has a number of unique circumstances that need to be taken into account when considering any broadcasting system.
- 2.9 The Council holds its democratic meetings (an average of around 60 meetings a year) across a range of venues both in the north and south of the borough rather than in a single fixed chamber. This makes it easier for members of the public to attend meetings in person but makes broadcasting much more expensive than in many other comparable authorities.

- 2.10 Some of the meeting venues are flexible spaces open for community use outside of council meetings and therefore any system would need to be able to accommodate the range of venues and have flexibility around other uses of the space.

3 Corporate Objectives and Priorities

- 3.1 The openness and accessibility of the Council's democratic meetings and decision-making processes are a core principle underpinning the way in which the Council operates in meeting its legal obligations and providing democratic accountability for decision taken to support corporate objectives and priorities.

4 Consultations/Communications

- 4.1 The MCDG have been consulted in developing the principles for a broadcasting system and have been involved in discussion around the options developed for consideration.
- 4.2 In considering the options set out in the report there were a range of views expressed by the MCDG. Whilst all members of the group were supportive of the principle of broadcasting meetings to further increase openness and transparency of decision making, it was considered by some, that the associated financial implications, given the Council's current meeting schedule and associated venues, meant that it was not, at the current time, financially viable to implement a broadcasting system.
- 4.3 It was suggested that the position could be reviewed at a future date, potentially in two years' time, to see if changes in technology and potential changes to meeting venues would mean that the cost and other implications associated with installing a broadcasting system were more viable.
- 4.4 Officers from across Council services including democratic services, property and asset management and IT have been involved with discussions and initial site visits with suppliers to understand possible requirements and implications of broadcasting systems.

5 Options and Option Appraisal

5.1 Option 1 – to install broadcasting equipment in current meeting venues used for democratic meetings.

- 5.1.1 Democratic meetings are usually held in Conference Room 1, Beech Hurst, The Guildhall, Andover and in the Main Hall and Annexe of Crosfield Hall Romsey.

- 5.2 In considering the options available for a broadcasting system that meet with the principles set out by the MCDG, officers liaised with a number of suppliers to understand what systems were available and how these could operate in the Council's meeting venues.

- 5.3 Typically, there are two main types of system available to provide a broadcasting solution, these being a portable solution which can be moved between venues and a fixed solution which is installed in the meeting space on a permanent basis.
- 5.4 Following initial site visits and discussion, suppliers did not recommend the consideration of a portable solution to meet the Council's needs.
- 5.5 A portable solution was likely to require a significant amount of resource from officers in relation to set up and understanding the technical aspects of the system. Additional time and knowledge would be needed to set up a portable system ahead of each meeting. A portable solution would require set up of tables, chairs and broadcasting equipment in the exact same fixed positions. Due to the amount and size of equipment, several officers and a van would be required to transport equipment to meeting venues. It was advised that regular travel, set up and take down of equipment could result in damage.
- 5.6 Given the issues as advised above, the potential solutions set out in this report only consider a fixed solution at meeting locations.
- 5.7 All the potential solutions outlined provide the technology and software to control and deliver live streaming in real time to a platform of the Council's choosing. It should be noted that the potential solutions outlined in the report are based on initial site visits and discussion with providers. The report sets out an overview of options and likely financial and other resources implications. Further details, resource requirements and other implications would be considered as part of the procurement process.
- 5.8 Given the expected value, a procurement exercise would be required in line with the Council's Contract Standing Orders.
- 5.9 The solutions would be likely to include, in varying capacity, three or four cameras in each room that are able to connect to the current audio equipment and are triggered by live audio to then pan to or zoom in on the current speaker.
- 5.10 Broadcasting would be likely to require officer resource to start, stop and pause meetings from a control device during the meeting. Meeting agendas, topics and councillor names can be programmed to be displayed to the public during the live streams.
- 5.11 The Council's committee management system, Modern.Gov, can integrate with the main webcasting providers, giving the ability for meeting webcasts to be made available directly on the relevant meeting web pages.
- 5.12 Each room would require pre-set table and seating layouts however several layouts can be saved to the system and can vary from room to room.
- 5.13 The following paragraphs set out an overview of solutions and likely costs for the installation of a broadcasting system in current meeting venues. The options are set out for installation in all four current locations and installation at a reduced number of venues.

- 5.14 All potential suppliers indicated that the solutions installed could be used to provide hybrid meeting facilities. Whilst democratic meetings cannot be currently held in a hybrid way due to legislative requirements, it is recommended that the procurement of any solution include the requirements for use of the system for hybrid meetings. This would enable non-democratic meetings to make use of this technology and ensure the system is future proofed as far as it can be so that should legislation change and allow democratic meetings to operate in a hybrid manner, it is able to do so. An additional financial amount of £10,000 has been included for this provision based on estimates from suppliers.
- 5.15 Whilst on site visits, the suppliers and Council IT officers recommended that Crosfield Hall and the Guildhall would require improvements to the current internet capabilities to maintain a high-quality stream without interruption, this would require additional ongoing cost which would be confirmed once a procurement exercise has been undertaken and the solution requirements are known.
- 5.16 *Installation of a system in all four current meeting venues*
- 5.16.1 The following sets out information about systems that could be supplied to provide a full audio and visual broadcasting system across all four of the Council's current democratic meeting sites This would allow for democratic meetings to be broadcast from a flexible range of venues both in the north and the south of the borough and would have minimal impact on the current ordinary calendar of meetings and the way meetings are currently undertaken.
- 5.16.2 The solutions available vary across suppliers in terms of the equipment provided for broadcasting however all systems would allow for pan, zoom and tilt of cameras, allow a view of the meeting as a whole as well as close up visuals individuals speaking.
- 5.16.3 Depending on the supplier, the physical equipment provided may be on a lease basis which would require re-procurement of new equipment at the end of the lease period or a purchase basis which would mean the Council would own the physical equipment and would only have to renew the support and maintenance and webcasting contract.
- 5.16.4 Across the suppliers, the average cost for providing a broadcasting system for a four-year period across all four meeting venues that would meet the need of all the Council's democratic meetings ranged from approximately £170,000 to £260,000.
- 5.16.5 It should be noted that this information is indicative and does not provide finalised costings. A full tender process would be before a solution could be selected and final costs known.
- 5.17 *Installation of a system in two current meeting venues*
- 5.17.1 This would allow for democratic meetings to be broadcast from a single venue in both the north and the south of the borough.

- 5.17.2 This will reduce the flexibility of democratic meeting spaces however it still allows for more than one meeting space to be equipped with the ability to broadcast and is a lower cost option.
- 5.17.3 Based on discussions and site visits and surveys from potential suppliers the draft proposals set out below include indicative costs for two options:
- CR1, Beech Hurst and the Main Hall, Crosfield Hall
and
 - The Guildhall Andover and the Main Hall, Crosfield Hall.
- 5.17.4 Across the suppliers, the average cost for providing a broadcasting system for a four-year period for Conference Room 1, Beech Hurst and the Main Hall, Crosfield Hall that would meet the need of all the Council's democratic meetings ranged from approximately £128,000 to £134,000.
- 5.17.5 Across the suppliers, the average cost for providing a broadcasting system for a four-year period for The Guildhall, Andover and the Main Hall, Crosfield Hall that would meet the need of all the Council's democratic meetings ranged from approximately £129,000 to £133,000.
- 5.18 Option 2 – to install an audio only solution in all 4 current meeting venues.
- 5.19 During the pandemic, a temporary solution was put in place to allow the audio only 'live' stream of democratic meetings.
- 5.20 The installation of audio streaming does not allow for the full audio/visual experience for members of the public as identified as part of the principles for broadcasting however it does provide a cost effect solution that allows members of the public to listen to democratic meetings in 'real time'.
- 5.21 The system limits the ability of those accessing the meeting via the audio recording to fully understand what may be taking place in the room. They would not have access to or be able to see any PowerPoint presentations given at the meeting and may find it difficult to know who is speaking.
- 5.22 Whilst detailed investigation has not taken place for this option due to it not providing a wholly accessible solution, a typical solution is likely to cost in the region of £5,000 per annum which would include unlimited live streaming and archived playback.
- 5.23 Option 3 – to not broadcast the Council's democratic meetings.
- 5.23.1 The Council does not currently broadcast any of its democratic meetings and there have been no public requests for meetings to be broadcast.
- 5.23.2 Given the requirements for a system to be available across a range of flexible spaces rather than a single fixed chamber and the associated financial and practical implications of doing so, as set out in the report, it was suggested by some members of the MCDG that the financial costs were such that it would not be appropriate to put in place a broadcasting system at this time.

5.23.3 Given the Council's regeneration plans, which may mean that the current spaces used for democratic meetings could change in the medium-term, the ability to broadcast meetings could be incorporated into the regeneration programme of work as appropriate projects come forward. The requirement to allow for broadcasting of democratic meetings would be incorporated into the design requirements of any new community venues or council facilities in Andover and Romsey

5.23.4 As the timescales for regeneration projects coming forward is unknown, it was suggested by some members of the MCDG that proposals for broadcasting be reviewed in two years' time.

5.23.5 Whilst this option does mean that broadcasting of democratic meetings is not likely to take place in the short term, it does allow for future review of the options available and the potential for future meeting locations to be designed to accommodate democratic meetings, with appropriate hardware and software capabilities for broadcasting to take place.

6 Risk Management

6.1 The report provides options for the broadcasting of the Council's democratic meetings. Should Council decide to proceed with procurement of a broadcasting system an evaluation of risks would be undertaken ahead of procurement. No significant risks have been identified at this time.

7 Resource Implications

7.1 Should Council decide to proceed with the procurement of an audio and visual broadcasting system, this would result in a capital requirement estimated to be between £128,000 and £260,000.

7.2 Should Council decide not to proceed with broadcasting at this time, there are no resource implications.

7.3 Should Council decide to proceed with an audio broadcasting system, there would be a revenue budget pressure of around £5,000, subject to procurement.

8 Legal Implications

8.1 There is no legal requirement to broadcast the Council's democratic meetings and therefore there are no legal implications associated with the options set out in the report.

9 Equality Issues

9.1 There are no equality issues triggered associated with the options set out in the report.

10 Other Issues

10.1 Community Safety – none.

- 10.2 Environmental Health Issues – none.
- 10.3 Sustainability and Addressing a Changing Climate.
- 10.4 Property Issues.
- 10.5 Wards/Communities Affected – all.

11 Conclusion and reasons for recommendation

- 11.1 The report considers the options available to the Council in respect of broadcasting democratic meetings.

<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: Democracy and Governance) Councillor N Lodge			
Officer:	Emma Silvertton	Ext:	8001
Report to:	Council	Date:	29 February 2024

ITEM 13

Pay Policy Statement 2024/25

Report of the Leader

Recommended:

That the Pay Policy Statement, attached at the Annex to the report, be approved.

SUMMARY:

- The Council is required in accordance with section 38 of the Localism Act 2011 to prepare and publish an annual Pay Policy Statement.
- Attached to this report is the statement for 2024/25 for approval.

1 Introduction

- 1.1 Section 38 (1) of the Localism Act 2011, requires English and Welsh local authorities to produce and publish a Pay Policy Statement for each financial year. As a minimum, the Pay Policy Statement must set out the Council's policies for the financial year relating to:
- The remuneration of its chief officers
 - The remuneration of its lowest paid employees
 - The relationship between the remuneration of its chief officers and the remuneration of its employees who are not chief officers
- 1.2 All decisions on pay and reward (including severance) of chief officers must comply with the current Pay Policy Statement. This includes all remuneration decisions made during recruitment and appointment of all chief or other officers during that year.
- 1.3 The Council's Pay Policy Statement was first published in March 2012 following approval at full Council. These Statements must be approved by full Council in their open meeting by the end of March each year (it cannot be delegated to a sub-committee). Statements may be updated during the year. They are to be accessible to local taxpayers so they can take an informed view on whether local decisions on all aspects of remuneration are fair and make the best use of public funds.
- 1.4 The information contained within the Pay Policy Statement should link with data published under the Local Government Transparency Code 2015 which aims to increase the transparency of how taxpayers' money is used. Data on senior salaries higher than £50,000 is published each year in the Council's annual accounts.

2 Background

- 2.1 The Pay Policy Statement for 2023/4 was approved by Council on the 23 February 2023.
- 2.2 The Pay Policy Statement for 2024/25 is attached at the Annex updates the 2023/4 statement and sets out to meet the requirements of Section 38. Once again, the Statement does not contain anything 'new', but rather it gathers the information required by the Act into a single document from a number of the Council's existing approved policies and decisions.

3 Legal Implications

- 3.1 The requirement to prepare an annual Pay Policy Statement is a statutory requirement placed upon the Council by the Localism Act 2011.

4 Conclusion

- 4.1 The Pay Policy Statement at the Annex assembles the required statutory information from the Council's existing policies and presents them as a single document to meet the requirements of the Localism Act.

<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:	1	File Ref:	N/A
(Portfolio: Leader) Councillor P North			
Officer:	Alex Rowland	Ext:	8251
Report to:	Council	Date:	29 February 2024

Pay Policy Statement 2024/5

1. INTRODUCTION

- 1.1 This is the statement for Test Valley Borough Council
- 1.2 The Localism Act 2011 requires each council to produce and publish annually a pay policy statement. The statement must be approved by 31 March each year, by a meeting of the full Council, and must then be published on their website. The pay policy statement may be amended during the year by further resolution of the Council.
- 1.3 The pay policy statement must as a minimum include details of the Council's policy on:
 - the remuneration of its chief officers
 - the remuneration of its lowest-paid employees
 - the relationship between the remuneration of its chief officers and other officers.
- 1.4 For the purposes of the Localism Act 2011 and this statement, the term "chief officers" is defined by Section 2 of the Local Government and Housing Act 1989. For this Council, the term "chief officers" refers to the Chief Executive, Deputy Chief Executive and Heads of Service. These officers make up the Council's Management Team.
- 1.5 Test Valley Borough Council recognises that our employees make a critical contribution towards the realisation of the Council's vision – to be an organisation of excellence committed to improving the quality of life of all the people of Test Valley. The Council needs to have flexibility and capability to be able to adapt to change and meet the needs of our customers. Our approach to rewarding staff aims to ensure fairness, equity and transparency and to retain good staff by sensible and proportionate pay and reward strategies appropriate for their role.
- 1.6 Each council has the autonomy to make decisions on pay that are appropriate to their local circumstances and which deliver value for money to local taxpayers. The Localism Act ensures local authorities are open about their local policies and how these decisions are made.

2. REMUNERATION OF CHIEF (AND OTHER) OFFICERS

- 2.1 Decisions on pay and reward for all employees including Chief Officers are made in an open and accountable way through the General Purposes Committee. The Committee comprises elected Councillors and has responsibility for local terms and conditions of employment for staff.

- 2.2 The Council's pay framework, implemented prior to 1991, is based on locally agreed pay arrangements for all employees. Remuneration levels are approved by the General Purposes Committee. The Council's pay framework is based on the Hay Job Evaluation Scheme where the grade for each role is determined by a fair and consistent job evaluation process. There are 15 grades in total in the pay framework, grade 3 being the lowest and grade CE being the highest. With the exception of apprentices and employees on protected spot salaries each employee will be on one of the grades based on the evaluation of their role. Employees can progress to the salary grade maximum of their grade subject to assessment of their performance and in accordance with the Council's remuneration policy.
- 2.3 The annual cost of living pay award is considered for all employees in conjunction with the recognised trade unions, UNISON, UNITE and GMB. Any cost of living award is approved by the General Purposes Committee who take account of national and local considerations in making their decision including the national joint council (NJC) pay award, inflation, earnings growth, and salaries in the comparable market. Local and national pay benchmarking is undertaken to provide comparison and assurance of both value of remuneration and competitiveness within the comparable market. In 2023/4 all employees received a cost of living award of 6% with the exception of the Chief Executive who received a cost of living award of 3.5%.
- 2.4 Chief Officer salaries are detailed in the table below and their earnings are published each year in the Council's Statement of Accounts along with details of senior staff earning over £50,000.

Role	Salary Range from 01 April 2023
Chief Executive (1)	£126,154 - £138,551
Deputy Chief Executive (1)	£108,141 - £118,718
Head of Service (9)	£74,046 - £91,211

- 2.5 The salaries remunerate Chief Officers for their full range of duties and hours of work. The Council does not offer performance related pay to any employee. Chief Officers have the option of either a lease car or a cash alternative. A small number of other officers have entitlement to either a lease car or cash alternative and some officers have historic entitlement to an essential car user allowance. Some non-chief officer roles, have use of a Council vehicle where there is a regular and essential driving requirement as part of the role. All officers, where there is a requirement for their role, have paid membership of a relevant professional body and are reimbursed for business mileage at the relevant HMRC rate.
- 2.6 Any allowance or other payment made to chief and other officers will only be made to an employee in connection with their role or the pattern of hours they work and must be in accordance with the Council's employment policies and individual contractual requirements.

- 2.7 Honoraria are paid when an officer undertakes all or some of the duties of a higher graded post. This is a temporary arrangement and their total pay inclusive of the honorarium cannot exceed the rate for the post they are covering if promoted to it. The Council operates a recognition scheme which provides a one-off recognition payment for outstanding performance of up to £1000. A manager may recommend an employee for a recognition payment where they have demonstrated outstanding performance which is in excess of what can be reasonably expected from the employee or when an employee has demonstrated outstanding performance in undertaking additional projects or tasks which clearly fall outside the scope of their post.
- 2.8 The Council operates a small range of flexible benefits to all staff including a salary sacrifice bicycle scheme and the option to pay into a health cash plan to help with medical and dental costs.
- 2.9 The Council may consider the use of market supplements for specific posts in the event of recruitment difficulties. Supplements will be time limited and subject to the provision of objective market evidence to support payment.
- 2.10 All employees, with a contract of more than 3 months, are automatically enrolled in the local government pension scheme when they join the Council, they may opt out if they wish. All employees' contributions are determined by their salary and the rules of the scheme. The Council made a pension contribution of 17.7% of pensionable pay in 2023/4 towards the pension for each member of the scheme. More comprehensive details of the scheme are available from the Hampshire Pension Service website. The Council policy on discretionary aspects of the scheme is available, on request.
- 2.11 All chief officers are subject to the same performance management process as other employees. Targets and objectives are set and performance is assessed through a performance review process.
- 2.12 For nationally advertised posts above Grade 9, a payment may occasionally be offered to new employees moving within 20 miles of the Council offices to take up a position. Payments are detailed in the Council's relocation policy.
- 2.13 The Chief Executive has been appointed as the Council's Returning Officer. He may employ other officers to support him in his work. Any fees for elections are paid separately. The amount of the fee is not fixed and is based on electorate/postal votes and the type of election. Any fees payable are calculated in accordance with the statutory rules and recommendations of the Hampshire and Isle of Wight Election Fees Working Party for all local government elections and by Central Government for Parliamentary and other national elections.
- 2.14 The Council has an agreed approach to organisational change which it applies to all employees without differentiation. In cases of redundancy those employees with 2 or more years' continuous service have an entitlement to a redundancy payment.

- 2.15 The Council does not normally provide any additional payment to employees leaving the Council's employment other than in respect of accrued leave which by agreement is untaken at the date of leaving.
- 2.16 In exceptional circumstances the Council may agree for an employee's employment to come to end by way of a Settlement Agreement which may involve the payment of severance pay. In calculating any severance package the Council will take into account any contractual and statutory entitlements and value for money and the Statutory guidance on the making and disclosure of Special Severance Payments by local authorities in England (May 2022).
- 2.17 It is not normal practice for the Council to re-employ or re-engage a chief officer following a severance or redundancy payment on either a new contract of employment or a contract for services. Where the Council employs a chief or other officer following receipt of a redundancy payment from an organisation covered under the National Modification Order we would ensure the rules of the Order are applied.

3. REMUNERATION OF THE LOWEST-PAID EMPLOYEES

- 3.1 The lowest paid employees refer to those staff employed on grade 3 of the Council's pay framework. The definition has been adopted because grade 3 is the lowest grade on which employees are paid within the Council's pay framework. The lowest paid employees do not include apprentices for whom there are separate pay arrangements.
- 3.2 Pay scale for Grade 3 ranges from £23,363 to £24,658. The Council has agreed to pay a minimum salary of £23,363 or £12.11 an hour from 01 April 2023. Any pay award from 01 April 2024 has yet to be agreed.

4 REMUNERATION OF CHIEF OFFICERS COMPARED WITH OTHER OFFICERS

- 4.1 The Council is required to publish the pay multiple defined as the ratio between the highest paid taxable earnings for the given year including variable pay, allowances and the cash value of any benefits in kind compared with the median earnings of the whole of the Council's workforce.
- 4.2 The median earnings for all officers is £31,215. The Chief Executive's total remuneration is 4.5 times the median earnings of the whole of the workforce.
- 4.3 Please note the Council does not set the remuneration of any individual or group of posts by reference to a multiple of another post or group of posts. Pay multiples do not capture the complexities of a dynamic and highly varied workforce in terms of job content and skills required. In terms of overall remuneration packages the Council has a local pay framework which is fair and equitable where roles are evaluated using the HAY job evaluation framework to ensure pay levels reflect differences in roles and responsibilities.

ITEM 14

Notice of Motion – Rule 12

Councillor Drew will move that:

This Council strongly opposes Southern Water pumping wastewater into the River Test or its tributaries. The Council is therefore calling on Southern Water to fix the problem by improving its infrastructure more widely and at greater speed, and work with OFWAT and the Environment Agency to enable the required investment funding to be released. In addition, we are calling on all parties to inform and closely engage with affected communities and relevant agencies. Water quality must be monitored and transparency must be maintained by publishing all testing data promptly.

Councillor Hasselmann will second the motion