

Notice of Meeting

Cabinet

Date: Wednesday 28 February 2024

Time: 5.30 pm

Venue: Conference Room 1, Beech Hurst, Weyhill Road, Andover SP10 3AJ

For further information or enquiries please contact:

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Legal and Democratic Service

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

PUBLIC PARTICIPATION SCHEME

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

Membership of Cabinet

| MEMBER | WARD |
|---|--------------------------------|
| Councillor P North (Chairman) | Bourne Valley |
| Councillor N Adams-King (Vice-Chairman) | Blackwater |
| Councillor P Bundy | Chilworth, Nursling & Rownhams |
| Councillor D Drew | Harewood |
| Councillor M Flood | Anna |
| Councillor A Johnston | Mid Test |
| Councillor N Lodge | Andover Downlands |
| Councillor T Swain | Chilworth, Nursling & Rownhams |

Cabinet

Wednesday 28 February 2024

AGENDA

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

- 1 Apologies**
- 2 Public Participation**
- 3 Declarations of Interest**
- 4 Urgent Items**
- 5 Minutes of the previous meeting 5 - 8**

To approve, as a correct record, the minutes of the meeting held on 31 January 2024.
- 6 Recommendations of the Overview and Scrutiny Committee: None**
- 7 Corporate Equality Objectives 9 - 13**

Community, Leisure and Tourism
To set out proposals for the Council's Corporate Equality Objectives.
- 8 Member Champion Appointment 14 - 17**

Leader
To provide an overview of the Member Champion Scheme to date and propose the appointment of 2 Member Champions.
- 9 Revenue Budget and Council Tax Proposals 2024/25 18 - 52**

Finance and Resources
To recommend the Council's revenue budget and Council Tax proposals for 2024/25.

- | | | |
|-----------|--|------------------|
| 10 | <u>Capital Programme Update - 2023/24 to 2025/26</u> | 53 - 69 |
| | Finance and Resources To provide an update on the Capital Programme. | |
| 11 | <u>Capital Strategy Update 2023/24 - 2028/29</u> | 70 - 81 |
| | Finance and Resources To consider the Capital Strategy 2023/24 to 2028/29. | |
| 12 | <u>Small Revenue Funding 2024/25</u> | 82 - 85 |
| | Community, Leisure and Tourism To approve a small revenue funding for the charity and voluntary sector. | |
| 13 | <u>King John's House Grant 2024/25</u> | 86 - 89 |
| | Community, Leisure and Tourism To explain the rationale to award King John's House grant funding for the 2024/25 financial year. | |
| 14 | <u>Preventing Homelessness and Rough Sleeping Strategy 2024-2027</u> | 90 - 154 |
| | Housing and Environmental Health To recommend a new Preventing Homelessness and Rough Sleeping Strategy. | |
| 15 | <u>Treasury Management Strategy Statement and Annual Investment Strategy 2024/25</u> | 155 - 174 |
| | Finance and Resources To present the Council's Treasury Management Strategy for 2024/25. | |

Councillor N Adams-King (Vice-Chairman)

Councillor N Lodge
Councillor T Swain

426 **Apologies**

Councillor D Drew arrived at 5:46pm, he did not participate in decision making.

427 **Public Participation**

There was no public participation.

428 **Declarations of Interest**

There were no declarations of interest.

429 **Urgent Items**

There were no urgent items.

430 Minutes of the previous meeting

The minutes of the Cabinet meeting held on 20 December 2023 were proposed by Councillor Adams-King and seconded by Councillor Flood.

Resolved:

That the minutes of the meeting held on 20 December 2023 be confirmed and signed as a correct record.

431 **Recommendations of the Overview and Scrutiny Committee**

There were no recommendations to consider from the Overview and Scrutiny Committee.

432 **Land Disposal Options**

Consideration was given to a report of the Finance and Resources Portfolio Holder which set out options available to the Council for the disposal of two pieces of land that the Head of Property and Asset Management considered to be surplus to requirements.

It was recommended that funding be approved to enable disposal options to be compiled for Bailiff's Bottom, Andover and Bunny Lane, Romsey. Both potential disposals would contribute positively towards the Councils financial position, housing and improve Gypsy and Traveller site provision.

Having considered the options and for the reasons set out in the report, the recommendations were proposed by Councillor Flood, seconded by Councillor Adams-King and Cabinet agreed to the following:

Resolved:

- 1. To the extent that such actions fall outside existing delegations, that the Head of Property and Asset Management in consultation with the Finance and Resources Portfolio Holder, the Head of Legal and Democratic Services and the Head of Finance and Revenues be authorised to appoint professional advisors to assist in establishing options for the disposal of the assets set out in this report.**
- 2. That the funding, set out in paragraph 7.1 of the report, for the professional fees required to finalise disposal options be approved, and be financed from the Regeneration Reserve.**

433 **Corporate Financial Monitoring**

Consideration was given to a report of the Finance and Resources Portfolio Holder which reviewed the Council's revenue spending for the three quarters to the end of December of the 2023/24 financial year.

Overall, net expenditure to 31 December 2023 was £1.416M lower than budgeted for the stage of the year. The favourable variance comprised additional income and savings of £936,000 due to service related activities and £480,000 more income from the Council's investing and borrowing activities.

Having considered the options and for the reasons set out in the report, the recommendations were proposed by Councillor Flood, seconded by Councillor Adams-King and Cabinet agreed to the following:

Resolved:

1. **That the financial position for each Service and the key revenue areas contained in the Annex to the report be noted.**
2. **That the Treasury Management Update in paragraph 4 of the report be noted.**

434

2024/25 Budget Update

Consideration was given to a report of the Finance and Resources Portfolio Holder which provided an update on changes to the 2024/25 budget forecast since the Medium Term Financial Strategy was presented in October 2023.

The report set out the impact of the provisional Local Government Finance Settlement, saving options, income generation proposals and revenue pressures. The report also provided an updated Medium Term Financial Forecast covering 2024/25 to 2026/27.

Assuming no changes to the figures presented in the report, the Council was in a position to set a balanced budget for 2024/25. The final budget report would be presented to Cabinet at its meeting on 28 February 2024.

Having considered the options and for the reasons set out in the report, the recommendations were proposed by Councillor Flood, seconded by Councillor Adams-King and Cabinet agreed to the following:

Resolved:

1. **That the savings options, income generation proposals and budget pressures, shown in Annexes 1 and 2 to the report, be noted.**
2. **That the Medium Term Financial Forecast, shown in Annex 3 to the report, be noted.**

435

Exclusion of the Public

The recommendation for exclusion of the public was proposed by Councillor Adams-King and seconded by Councillor Flood.

Resolved:

That, pursuant to Regulation 4 of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012, the public be excluded from the meeting for the consideration of the following report on the grounds that it involves the likely disclosure of exempt information as defined in the following Paragraphs of Part 1 of Schedule 12A

of the Local Government Act 1972, as amended, indicated below. The public interest in maintaining the exemption outweighs the public interest in disclosing the information for the reason given below:

Contractual Matters

Paragraph 3

It is considered that this report contains exempt information within the meaning of paragraph 3 of Schedule 12A of the Local Government Act 1972, as amended because the information relates to the financial or business affairs of any person (including the authority holding that information. It is further considered that the public interest in maintaining the exemption outweighs the public interest in disclosing the information as it relates to commercially confidential information.

436

Contractual Matters

Consideration was given to a report of Community, Leisure and Tourism Portfolio Holder which considered contractual matters.

Having considered the options and for the reasons set out in the report, the recommendation was proposed by Councillor Swain, seconded by Councillor Adams-King and Cabinet agreed to the following:

Resolved:

That officers be authorised to take the actions detailed within paragraph 5 of the report.

(The meeting terminated at 5.54 pm)

ITEM 7

Corporate Equality Objectives

Report of the Community, Leisure and Tourism (including Diversity and Inclusion)
Portfolio Holder

Recommended:

That the Corporate Equality Objectives, set out at paragraph 3.1 of the report, be approved.

SUMMARY:

This report presents a set of new Corporate Equality Objectives for consideration.

1 Introduction

- 1.1 This report presents a new set of draft Corporate Equality Objectives for consideration. The Equality Objectives underpin the Council's work, including the Council's Corporate Plan priorities, contributing to the Council's vision to work collaboratively to deliver high quality services that support all communities in Test Valley to thrive.
- 1.2 The Council's current Equality Objectives were adopted in 2019 and were re-adopted in 2023. Following the Council's approval of the new Corporate Plan 2023-27 the opportunity has been taken to draft new Equality Objectives for consideration.

2 Background

- 2.1 The Equality Act 2010 section 149 sets out (amongst other things) the Public Sector Equality Duty ('PSED') this includes the following:

"Public Sector Equality Duty

- (1) A public Authority must, in the exercise of its functions, have due regard to the need to –*

- a. eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act;*
- b. advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;*
- c. foster good relations between persons who share a protected characteristic and persons who do not share it."*

- 2.2 Alongside this, under The Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2011, Councils are required to publish at least one equality objective no less than every four years. Section 5 of the Regulations provides as follows:

“Equality objectives

- (1) Each public authority listed in Schedule 2 to these Regulations must prepare and publish one or more objectives it thinks it should achieve to do the things mentioned in paragraphs (a) to (c) of section 149 (1) of the Equality Act.*
- (2) The objectives must be published –*
 - (a) not later than 30 March 2018; and*
 - (b) subsequently at intervals of not greater than four years beginning with the date of last publication.*
- (3) An objective published by a public authority in compliance with paragraph a. must be specific and measurable*

2.3 Originally adopted in 2019, the Council’s current equality objectives are:

- (a) Objective 1- To strengthen the Council’s evidence-led methodology for developing new policy and strategy by developing a suite of engagement tools and clear process that will enable the needs and views of people who share a protected characteristic to be understood.
- (b) Objective 2 – To strengthen the Council’s approach to understanding the experience people have of the services they receive. We will develop ways in which the views of people who share a protected characteristic are sought as part of reviewing how services are provided.

2.4 Following the launch of the 2023-27 Corporate Plan “A place for everyone – Supporting our communities to thrive” consideration has been given to revisiting and renewing those objectives in light of the new priorities of the new Corporate Plan.

2.5 A set of new draft Equality Objectives has been prepared which reflect the Council’s new priorities, as well as supporting delivery of its equality ambitions and duties.

3 Draft Equality Objectives:

3.1 Supported by engagement with staff and drawing upon the learning from the extensive community engagement undertaken to develop the Council’s corporate priorities, four new proposed objectives have been drafted. These are to:

- Understand who uses our services and how, so we can better provide for all.
- Promote opportunities for our communities, by working with partners to tackle wider inequalities.

- Empower our workforce so that they have the skills, behaviours & values to support our communities.
 - Champion different perspectives, experiences, and ideas.
- 3.2 The objectives have been drafted to support delivery of the Council's work, including the Corporate Plan 2023-2027 priority of 'Inclusion', to be inward and outward facing, accessible to the lay person, meaningful and measurable.
- 3.3 A comprehensive evidence base was used, including the Local Government Association's (LGA) Equality Framework for Local Government, and an analysis of the themes that emerged from the deliberative workshops with our communities to develop the Council's Corporate Plan.
- 3.4 The equality objectives have been developed in consultation with colleagues in the staff Equality Diversity and Inclusion (EDI) network to ensure a wide range of perspectives and critical challenge were included throughout the process.
- 3.5 Throughout the development of the draft objectives, it was noted that the opportunity existed to test the objectives more widely and to report delivery against the objectives and/or any other objective related developments under the 'Inclusion' priority of the Corporate Action Plan.

4 Corporate Objectives and Priorities

- 4.1 The Council is required to have at least one Equality Objective under the Equality Act 2010 (Specific Duties and Public Authorities) Regulations.
- 4.2 Inclusion emerged as a key theme throughout the extensive consultation and engagement for the Corporate Plan and is now one of the five corporate priorities for 2023-27. The Equality Objectives will help the council in delivering against this priority and underpin the Council's longstanding commitments to empower its communities and ensure all voices are heard as part of our policy and service development.
- 4.3 The Council's Corporate Objectives and Priorities are as follows:
- 4.3.1 Sustainability – delivering lasting benefits for our communities.
 - 4.3.2 Connection – building on the identity, strengths, and ambitions of our communities.
 - 4.3.3 Environment – a greener borough for our communities.
 - 4.3.4 Inclusion - working together to create opportunities for our communities.
 - 4.3.5 Prosperity- economic growth that impacts positively on our communities.
- 4.4 The Equality, Diversity and Inclusion agenda touches on and underpins the effective fulfilment of each of the Council's Corporate Priorities and Objectives.

5 Consultations/Communications

- 5.1 The draft Equality Objectives have been developed using a detailed and thorough evidence base. This includes statistical data, a review of feedback from public consultation and engagement, LGA guidance and consultation with the Council's officer EDI network.
- 5.2 To develop the 2023-2027 Corporate Plan, the Council undertook a significant programme of public consultation and engagement. Over 1600 people were consulted with a variety of engagement methods, including a survey available online, engaging and surveying people attending local events, and the delivery of deliberative engagement workshops.

This engagement provided a detailed insight of what matters to local people to be gained and has informed the development of the Equality Objectives.

6 Options

- 6.1 The options available to Cabinet are:
- a. to approve the Equality Objectives;
 - b. to approve some other iteration of Equality Objectives; or
 - c. not approve the Equality Objectives

7 Option Appraisal

- 7.1 The Council is required to have at least Equality Objective under the Equality Act 2010 (Specific Duties and Public Authorities) Regulations. It would be open to Cabinet to approve the draft Objectives contained in this report, to reject them or Cabinet could resolve to adopt some other form of Equality Objective/s. However, as set out in the preceding paragraphs, the draft objectives set out in this report have been drafted by professional officers informed by the findings of the significant community Corporate Plan engagement and after consultation with the Council's officer EDI network. It is for this reason that option a. above is the recommended option.

8 Resource Implications

- 8.1 There are no resource implications – monitoring of progress of the new objectives can be contained within existing budgets.

9 Risk Management

- 9.1 An evaluation of the risks indicate that no significant risks attach to the recommendation.

10 Legal Implications

- 10.1 The Council is required by law to prepare and publish one or more objectives it thinks it should achieve to do the things mentioned in paragraphs (a) to (c) of section 149 (1) of the Equality Act.

11 Equality Issues

- 11.1 The recommendation gives rise to no significant Equality, Diversity, or Inclusion concerns. Approval and publication of a new set of up-to-date, evidence-based objectives will help advance equality in all the Council's activities.

12 Conclusion

- 12.1 It is recommended that the draft Equality Objectives set out in this report are approved. If approved, the Objectives will be published, and they will become the Council's new formally adopted Equality Objectives.

| | | | |
|---|---|-----------|------------------|
| <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: Community, Leisure and Tourism Community, Leisure and Tourism (including Diversity and Inclusion)) Councillor T Swain | | | |
| Officer: | Leoni Roberts/ Karen Dunn/ Salena Mulhere | Ext: | 8134 |
| Report to: | Cabinet | Date: | 28 February 2024 |

ITEM 8 Member Champion Appointments

Report of the Leader

Recommended:

That the Councillors, as set out below, be appointed to the following Member Champions roles for 2023/24.

Armed Forces

Councillor I Jeffrey

Community Safety and Resilience

Councillor P Lashbrook

Summary:

The report provides an overview of the Member Champion Scheme to date and proposes the appointment of two Member Champions for the remainder of the 2023/24 municipal year.

1 Introduction

- 1.1 In 2017 Cabinet approved the introduction of a Member Champions scheme in order that it could benefit from the experience, knowledge and interests of non-Cabinet members, in particular thematic areas.
- 1.2 The role of a Member Champion is to act in an advisory capacity to Cabinet in respect of specific areas of responsibility and, in particular, in the development of ideas that will help deliver the aims of the Council's Corporate Plan and Corporate Action Plan.
- 1.3 It was agreed that Cabinet would commission Member Champions on an annual basis within their particular area of responsibility to:
 - Research good practice in other Councils and organisations
 - Liaise with external bodies such as the Local Government Association (LGA) to identify relevant research and ideas that could help further the Council's corporate aims.
 - Consider what impact any proposed changes to Council policy and or, services might have on their specific area of responsibility. This might involve liaising with relevant groups within the Borough.
- 1.4 Cabinet members, in consultation with their Cabinet colleagues, have the ability to request that a Member Champion undertakes work, as described in paragraph 1.3 above, on behalf of Cabinet.
- 1.5 If a Member Champion wishes to instigate a piece of work, the matter will be first discussed with the Leader and the relevant Portfolio Holder. If they are in support of the proposal, the Portfolio Holder will discuss the merits of the proposal with the Head of Service and then present the idea to Cabinet members for consideration and discussion.

- 1.6 If endorsed by Cabinet Members the Member Champion, Portfolio Holder and relevant Head of Service will meet to discuss a way forward.
- 1.7 The Member Champions roles were established specifically to support Cabinet although the champions themselves need not necessarily come from the ruling group.
- 1.8 The roles should not encroach on the independent scrutiny role of the Overview and Scrutiny Committee or indeed into the role of Cabinet members. Member Champions do not have the authority to commit resources on behalf of the Council or to instruct officers to undertake work on their behalf.
- 1.9 The Member Champions are appointed by Cabinet on an annual basis. The role does not attract a Special Responsibility Allowance.

2 Background

- 2.1 In June 2022 the following Member Champions were appointed:

- | | |
|--------------------------|---|
| • Councillor Matthews | Armed Forces |
| • Councillor Gwynne | Climate Emergency |
| • Councillor P Lashbrook | Community Safety and Resilience |
| • Councillor Baverstock | Culture and Heritage |
| • Councillor Hamilton | Equality and Diversity |
| • Councillor Donnelly | Member Development/Community Councillor |
| • Councillor Andersen | Voluntary and Third Sector |

- 2.2 During the year 2022/23, Member Champions actively participated in work in respect of their particular areas of responsibility to help in the development of ideas and to contribute to particular projects.
- 2.3 During the 2023/24 year Member Champions were not reappointed in order to allow time for consideration of appropriate areas of focus in light of the new corporate plan.

3 Corporate Objectives and Priorities

- 3.1 The role of a Member Champion is to act in an advisory capacity to Cabinet in respect of specific areas of responsibility and, in particular, in the development of ideas that will help deliver the aims of the Council's Corporate Plan and Corporate Action Plan.

4 Options

- 4.1 To not appointment Member Champions for the year 2023/24.
- 4.2 To appoint the two Member Champion positions as identified in the report for the remainder of the year 2023/24.

- 4.3 Following consultation with Cabinet Members and in light of the development of the new Corporate Plan, Member Champion roles were not appointed to at the start of 2023/24 in order to allow consideration of appropriate areas of focus with a view to appointments being made in 2024/25.
- 4.4 The two areas of specialism identified below as Member Champion positions, are ongoing areas that contribute to and support the Council's corporate priorities on an ongoing basis.
- 4.5 In order to continue to provide continued knowledge and expertise in two specific areas it is suggested that the following appointments be made for the remainder of 2023/24:-

4.5.1 Armed Forces Member Champion

This role has been key in the Council's work liaising with the military and veteran communities in the borough. The role in chairing meetings of the Civilian Military Forum in particular has been an important one allowing the continued strengthening of the relationship between the military and the borough's communities.

4.5.2 Community Safety and Resilience Member Champion

This role has been successful in providing an ambassadorial role for the area, in bringing communities together and facilitating nationally recognised work in particular for community resilience. The Council is involved in pilot work as part of the Hampshire response to the Civil Contingencies Act with this member champion role being key to facilitating the ongoing work across our communities.

5 Option Appraisal

- 5.1 Member Champions provide valuable insight into their thematic areas providing advice and support to Cabinet Members in particular areas of work and helping to shape and develop projects.
- 5.2 Member Champions ensure that non-Cabinet Members who have specialist knowledge and experience are able to contribute to policy development.
- 5.3 Is it proposed that the two Member Champions identified in the report be appointed for the remainder of the 2023/24 year to allow the continued contribution of knowledge and experience from non-Cabinet Members.

6 Risk Management

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

7 Resource Implications

- 7.1 There are no resourcing implications arising from this report.

8 Legal Implications

8.1 There are no legal implications arising from this report.

9 Equality Issues

9.1 No equality issues have been identified.

10 Other Issues

10.1 Community Safety -None

10.2 Environmental Health Issues - None

10.3 Sustainability and Addressing a Changing Climate – None

10.4 Property Issues - None

10.5 Wards/Communities Affected - None

11 Conclusion and reasons for recommendation

11.1 The introduction of Member Champions has involved more members in the process of policy development and at the same time has allowed Cabinet to benefit from the experience, knowledge and interests of non-Cabinet members.

11.2 It is proposed that the two Member Champions be appointed for the remainder of 2023/24 to allow the continued contribution of knowledge and experience from non-Cabinet Members.

11.3 Should other champion roles be identified there is the ability to make additional appointments as necessary.

Background Papers (Local Government Act 1972 Section 100D)

[Member Champion Cabinet Report 18 October 2017](#)

[Minutes from Cabinet on 22 June 2022](#)

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: Leader) Councillor P North

Officer:

Emma Silverton

Ext:

8001

Report to:

Cabinet

Date:

28 February 2024

ITEM 9 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.

- ◆ 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.

- 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 17th 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.

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.

- 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 1st 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.

- 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.

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.

- 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.

- 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.

Background Papers (Local Government Act 1972 Section 100D)

[Final local government finance settlement 2024/25](#)

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: | 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 |
|--|---|-------------------------------------|--|---|--|---|
| | | | <u>Service Requirements</u> | | | |
| (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 |
| | | | <u>Other Requirements</u> | | | |
| 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 |
| | | | <u>Corporate Requirements</u> | | | |
| 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 |
|--|---|-------------------------------------|---|---|--|---|
| | | | <u>Service Requirements</u> | | | |
| (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 |
| | | | <u>Other Requirements</u> | | | |
| 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 |
| | | | <u>Corporate Requirements</u> | | | |
| 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

| Principal Activities | Final Outturn 2022/23 £'000 | Original Estimate 2023/24 £'000 | Forecast 2023/24 £'000 | Original Estimate 2024/25 £'000 |
|---|--------------------------------------|--|------------------------------|--|
| 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**

| Principal Activities | Final Outturn 2022/23 £'000 | Original Estimate 2023/24 £'000 | Forecast 2023/24 £'000 | Original Estimate 2024/25 £'000 |
|---|--|--|---------------------------------------|--|
| 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**

| | Final Outturn 2022/23 £'000 | Original Estimate 2023/24 £'000 | Forecast 2023/24 £'000 | Original Estimate 2024/25 £'000 |
|-----------------------------|--|--|---------------------------------------|--|
| Principal Activities | | | | |
| 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

ITEM 10 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 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 29th 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 |

- 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.

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.

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.

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

Background Papers (Local Government Act 1972 Section 100D)

None

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: | 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 |

ITEM 11 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.

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.

- 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.

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 | |

| | | |
|---------------------------------|----------------|--|
| 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.

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.

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
- 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.

- 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).

- 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.

- 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.

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.

| | | | |
|--|-------------|-----------|------------------|
| <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 12

Small Revenue Funding 2024/25

Report of the Community, Leisure and Tourism (including Diversity and Inclusion)
Portfolio Holder

Recommended:

To extend the current funding to Youth in Romsey, Age Concern, King Arthur's Way Community Association and Mind, as set out in the report, for a further year.

SUMMARY:

- The funding environment for charitable organisations continues to be extremely challenging, a situation which has been compounded by ongoing high cost of living impacting demand on funded organisations and the charity and voluntary sector generally.
- Whilst a relatively small amount, targeted use of this funding can nonetheless make a significant difference to the organisation or organisations which receive it.
- The report recommends maintaining current funding for a further year for four organisations whose current funding offer was due to end in March 2024.

1 Introduction and Background

- 1.1 In February 2022, Cabinet approved a three-year cycle of funding under the revenue funding programme (2022-2025). The purpose of this fund is to support and develop the community and voluntary sector in order to increase the quality of life of residents in Test Valley, whilst also reducing demand on public services.
- 1.2 Within the same report, Cabinet also approved a recommendation that smaller funding awards made to five organisations should be made for two years (22/3 and 23/24), and that a review should be undertaken in time for the 24/25 financial year, to make the fund more open and accessible, and to better encourage innovation and collaboration in the sector.
- 1.3 The proportion of the funding within the scope of this recommendation currently funds Youth in Romsey, Age Concern, King Arthur's Way Community Association (KAWCA), Relate and Mind to a combined annual total of £27,374 (in 23/24 – see table below).

| Organisation | 2022/23 | 2023/24 |
|-----------------------|---------|---------|
| Youth in Romsey | £9,500 | £9,975 |
| Age Concern Hampshire | £5,830 | £6,122 |

| Organisation | 2022/23 | 2023/24 |
|------------------------------|----------------|----------------|
| KAWCA | £5,000 | £5,250 |
| Relate | £3,240 | £3,402 |
| Mind | £2,500 | £2,625 |
| Project Funding Total | £26,070 | £27,374 |

2 Wider Context

- 2.1 Since the report in 2022, the new Corporate Plan has further emphasised the importance that Test Valley Borough Council places on supporting communities and enabling residents. In the same period, the increasing cost of living has impacted the lives of people across the borough, in particular in respect to how likely they are to need to access support provided by these organisations, and the complexity of their needs when they do.
- 2.2 The general funding environment has changed since the Cabinet recommendations of 2022, with a range of funders either reducing or withdrawing their funding streams. This has led to stiffer competition for remaining funding streams, as more organisations look to expand their funding horizon.
- 2.3 Therefore, the Council must carefully consider the impact on existing grant recipients, against potential benefits of other ways of it being allocated.

3 Options and Options Appraisal

- 3.1 Options
- (a) To present an alternate funding model
 - (b) To allocate funding for a further year to existing grant recipients
- 3.2 Considering the challenging funding environment and acute demand on services from members of our community who are particularly vulnerable, it is recommended to extend the current grant payment arrangements to Youth in Romsey, Age Concern, KAWCA, and Mind for a further year, to the end of the current three-year funding cycle (ending March 25).
- 3.3 Relate only used about a third of their grant in 2022/23 and the Council has withheld their grant for 2023/24 until they have used up their previous allocation. Therefore, this option would be likely to deliver a small underspend of £3k - £6k across the three-year cycle, which the Council could use to provide some inflationary increase to the other grant recipients in 2024-25.
- 3.4 This approach would provide continuity and surety and would also enable a 'whole programme' approach to be taken to the review at the end of the funding cycle, which will place a particular emphasis that funded organisations will contribute directly and proportionately to the Council's strategic priorities.

4 Corporate Objectives and Priorities

- 4.1 The Council's Corporate Plan 2023-27 puts a significant emphasis on working with and empowering local communities. The smaller revenue funding provides important support to organisations who share that emphasis. In particular, it supports the priorities of sustainability, connection and inclusion.

5 Consultations / Communications

- 5.1 No formal external consultation has been undertaken on the options presented in this report.

6 Resource Implications

- 6.1 The £27,374 referred to in this report is contained in existing budgetary provision for 2024/25.

7 Legal Implications

- 7.1 There are no legal implications for the Council in the recommendations Save that the Council will be reasonably expected to deliver in accordance with its resolution.

8 Equality Issues

- 8.1 An EQIA screening had been completed in accordance with the Council's EQIA methodology and no potential for unlawful discrimination or negative impact has been identified, therefore a full EQIA has not been carried out.

9 Other Issues

- 9.1 Community Safety – none.
- 9.2 Environmental Health – none.
- 9.3 Sustainability and addressing climate change – none.
- 9.4 Property issues – none.
- 9.5 Wards / communities affected – all, but Youth in Romsey is particularly focused at communities in and around Romsey, and KAWCA is particularly focused on the Harroway ward.

10 Conclusion

- 10.1 It is recommended to extend the current funding to Youth in Romsey, Age Concern, KAWCA and MIND for a further year.

| | | | |
|--|---------------|-----------|------------------|
| <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: Community, Leisure and Tourism (including Diversity and Inclusion)) Councillor T Swain | | | |
| Officer: | Dave Growcott | Ext: | 8606 |
| Report to: | Cabinet | Date: | 28 February 2024 |

ITEM 13

King John's House Grant 2024/25

Report of the Community, Leisure and Tourism (including Diversity and Inclusion)
Portfolio Holder

Recommended:

That the King John's House grant of £48,107 be extended for one year to cover 2024/25.

SUMMARY:

- In 2022 King John's House (KJH) applied for a three-year grant. They were awarded a one year grant with provision to fund a further two years, in order to align more closely with the wider review of the tourism sector needs of the Borough.
- This Review has taken place and as the implications of the Review are considered, the support for KJH will enable them to carry out the actions to enable them to become self-sustaining.
- Therefore, the grant for 2024/25 will support staffing as per the original application but maintain the flexibility agreed at Cabinet on 15 November 2023 to help support the transition activities identified in their Strategic Action Plan.

1 Introduction

- 1.1 The purpose of this report is to explain the rationale to award King John's House the final year of grant funding, 2024/25.

2 Background

- 2.1 King John's House and Tudor Cottage Trust exists to preserve the medieval house for the benefit of future generations and to share the house in an educational context. The Council has provided grant funding to support KJH to position themselves at the centre of a developing regional tourism market in active collaboration with the Visitor Information Centre in Romsey, Tourism South East and other local attractions to meet the needs of the whole Borough, whilst also developing the house and gardens as an attraction in its own right, creating a more engaging experience which broadens its current narrow demographic of visitor.
- 2.2 In 2022, KJH applied for a three-year grant under Community and Leisure's Revenue Grant Programme to support the salaries of the General Manager and Deputy Manager (combined 1.8 FTE). At that time, they were awarded a one year grant but with provision to fund for a further two years in order to align more closely with the wider tourism activity and a future Test Valley Tourism Review to inform how best to meet the tourism sector needs of the Borough. Responsibility for this grant was transferred from Community and Leisure Service to Planning Policy and Economic Development Service.

- 2.3 The Test Valley Tourism Review took place in the autumn of 2023. As the implications of the Review are considered, the support for KJH will enable them to carry out the actions to enable them to help them become self-sustaining.
- 2.4 KJH have a Strategic Action Plan which outlines the steps they need to go through to move to a self-sustaining model. They have already started carrying out these actions, which include building capacity in areas such as fund raising on the Trustee Board. They attended the Romsey Volunteer Fair seeking Trustees to fill identified skills gaps as well as volunteers for KJH.
- 2.5 The 2024/25 grant will give them the capacity to carry out these actions during the year and TVBC will work closely with them to help achieve this ambition.
- 2.6 Consequently, they are requesting the same flexibility to the grant that was agreed at Cabinet on 15 November 2024 [Summary of the decisions taken at the meeting \(moderngov.co.uk\)](#). This allowed them to use the grant for the original purpose which was to fund staff but to also allow them to use the grant to investigate and implement a different operating model should it be required, e.g. employing a funding consultant to assist with funding applications to external bodies.
- 2.7 They provided a Business Plan and associated budget plan that covered the period up to 31st March 2025. In that they requested a grant of £48,107 which is based on the 2023/24 grant level plus an allowance for inflation.
- 2.8 The budget for 2024/25 is currently not confirmed but there is sufficient identified to meet the amount of grant requested (plus £1,428 to cover parking permits)

3 Corporate Objectives and Priorities

- 3.1 The recommendation within this report links to the corporate objective of Prosperity by supporting King John's House's investigation into its future viability.

4 Consultations/Communications

- 4.1 Officers have undertaken informal and without prejudice discussions with representatives of KJH Trustees. Subject to the outcome of this decision, communication will be continued with King John's House and its trustees.

5 Options

- 5.1 Options to be considered include:
- Approving the award of the 2024/25 grant to King John's House (recommended).
 - Approving a lower amount of grant for 2024/25.
 - Not approving any grant for 2024/25.

6 Option Appraisal

- 6.1 King John's House and Tudor Cottage Trust (KJH) exists to preserve the medieval house for the benefit of future generations and to share the house in an educational context.
- 6.2 King John's House has seen an impact on their visitor numbers not returning to pre pandemic levels. In June 2023 the Council were informed that the Trust was undertaking a Strategic Review of its operating model to best secure its future. This Strategic Review includes an Action Plan to guide them to sustainability. It also identifies the need to bring in external expertise, both paid and to build the capacity of the Trustees. They have started on these actions which will continue through 2024/25.
- 6.3 In order to support the Trust with these actions the recommended option is to allow the same flexibility as agreed for part of the 2023/24 grant (Cabinet, 15th November 2023) for the 2024/25 grant. This would allow them to use the grant for its original purpose, staffing costs, but also give them flexibility for it to be used to cover potential costs associated with this actions within their Action Plan.
- 6.4 If the Council were not to provide the Trust with the funds to support them whilst they carry out the actions necessary to transition to self-sustaining model including any possible grant submission it would limit their opportunity to help secure their future. For this reason, this option is not preferred.

7 Risk Management.

- 7.1 An evaluation of the risks associated with the matters in this report has previously been reported to Members (Item 9, Cabinet, 22nd February 2023)

8 Resource Implications

- 8.1 The remaining grant, together with an inflationary allowance can be managed within existing budgets.
- 8.2 This grant payment is paid in two equal instalments, one at the beginning of the financial year and the second six months later.

9 Legal Implications

- 9.1 There are no legal implications arising from this report.

10 Equality Issues

- 10.1 An EQIA screening had been completed in accordance with the Council's EQIA methodology as part of the February 2022 Cabinet report and no potential for unlawful discrimination or negative impact had been identified, therefore a full EQIA had not been carried out. The considerations within this report reflect that earlier decision.

11 Other Issues

11.1 Property Issues

11.1.1 King John's House Gardens are under the ownership of TVBC and leased to King John's House

11.2 Wards/Communities Affected

11.2.1 Romsey but also wider Test Valley

12 Conclusion

12.1 This report recommends that the King John House's grant to cover 2024/25 is approved. This would support the Trust in carrying out the actions within their Action Plan as they seek to become fully sustainable.

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|--|--------------------------|-----------|------------------|
| Background Papers (Local Government Act 1972 Section 100D) | | | |
| Report and Minutes for Cabinet 23 February 2022 | | | |
| Report and Minutes for Cabinet 22 February 2023 | | | |
| <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: Community, Leisure and Tourism (including Diversity and Inclusion)) Councillor T Swain | | | |
| Officer: | Graham Smith/Jennie Pell | Ext: | 8309 |
| Report to: | Cabinet | Date: | 28 February 2024 |

ITEM 14 Preventing Homelessness and Rough Sleeping Strategy 2024 – 2027

Report of the Housing and Environmental Health Portfolio Holder

Recommended:

That the Preventing Homelessness and Rough Sleeping Strategy 2024 – 2027 and associated Delivery Plan, shown at Annex 1 and Annex 2 to the report, be approved.

SUMMARY:

- The Homelessness Act 2002 ('the Act') places a duty, on local housing authorities, to undertake periodic reviews of homelessness, and to develop strategies for preventing and tackling homelessness based on the outcomes of those reviews.
- The Act requires the outcomes of homelessness reviews to be made available publicly, and that before adopting or modifying a homelessness strategy, the local authority must carry out consultation.
- The Act further requires local housing authorities to publish the resulting homelessness strategies, and that these strategies must be reviewed periodically (but not longer than every 5 years).
- The Council must have regard to its Allocations Policy and its Tenancy Strategy when formulating a new homelessness strategy.
- The Housing and Environmental Health Service completed a comprehensive Evidence Based Review of Homelessness during 2023. This included consultation with stakeholders in the form of surveys and in person forums and consultation with current and recent service users, including those who have a history of experiencing rough sleeping.
- All legal requirements have been met in the context of developing a new strategy for tackling homelessness in the borough, including a robust Equalities Impact Assessment.
- Preventing homelessness must remain a priority issue for Test Valley, this strategy has been developed not only to comply with our legal obligations but to ensure our residents have access to effective and efficient services to enable them to thrive in their communities.
- The Council is committed to preventing and resolving all forms homelessness and the new draft Preventing Homelessness and Rough Sleeping Strategy 2024 – 2027 reflects this commitment.
- The Preventing Homelessness and Rough Sleeping Strategy 2024 – 2027 has been developed around four key themes and will be monitored and reviewed on an ongoing basis.

1 Introduction

1.1 The recommended Preventing Homelessness and Rough Sleeping Strategy 2024 – 2027 will deliver initiatives designed to meet locally identified need. It sets out that the Council will:

- Empower and support people to overcome their housing challenges, building on their strengths to secure the right accommodation at the right time and to provide help when needed.
- Work together to maintain strong local partnership connections that contribute to the prevention and relief of homelessness in a holistic and timely way.
- Provide good quality support services and information to communities to enable them to thrive and sustain accommodation.
- Work in collaboration to ensure rough sleeping is prevented wherever possible or to ensure it is rare, brief and non-recurring.

2 Background

2.1 Since the last Preventing Homelessness and Rough Sleeping Strategy there have been minor changes to primary legislation and guidance, this has not impacted how we work on a day-to-day basis. However, the biggest impacts have been around national policy and challenges such as; Covid 19 Pandemic, humanitarian responses to provide assistance to those fleeing Afghanistan and Ukraine, as well as the declared Cost of Living Crisis.

2.2 The strategy has been developed considering the national direction of travel and any potential opportunities or pressures that may arise from future changes.

2.3 Tackling homelessness remains part of a constantly moving policy agenda and funding sources, therefore, it is important the plan for delivering the strategy is reviewed and adjusted accordingly to remain up to date.

3 Corporate Objectives and Priorities

3.1 The Preventing Homelessness and Rough Sleeping Strategy has been developed in light of the Corporate Plan 'A Place for Everyone – Supporting Our Communities to Thrive' and with consideration to the outcomes of the extensive consultation undertaken in 2022.

4 Consultations/Communications

4.1 The Preventing Homelessness and Rough Sleeping Strategy has been drafted using the results of research, data analysis and a wide range of consultations with staff, service users, elected members and stakeholders.

4.2 This is demonstrated in the Evidence Based Review of Homelessness 2023 (Annex 3).

5 Options

5.1 The options for consideration are:

- 5.2 Option 1 to adopt the proposed Preventing Homelessness and Rough Sleeping Strategy and Guidance.
- 5.3 Option 2 – not to adopt the Strategy and Guidance
- 5.4 Option 3 – to adopt some other iteration of the Strategy and/or Guidance.
- 5.5 In light of the legal requirement, there is no argument for the Council not to adopt a Strategy.

6 Option Appraisal

- 6.1 It is a legal requirement set out in The Homelessness Act 2002 for local housing authorities to publish a strategy, setting out its plans for preventing and tackling homelessness in its borough.
- 6.2 Should the Council fail to develop and publish a homelessness strategy it would be at risk of legal challenge. Dissatisfied applicants could challenge the Council's decision making under the statutory homelessness framework, on the basis it did not have a current homelessness strategy in place.
- 6.3 Failure to publish a homelessness strategy would be at odds with the Council's corporate plan and values. Preventing homelessness within the borough, amongst our residents, is key to achieving the corporate priorities and ensuring our communities can thrive.
- 6.4 The proposed strategy, annexed to this report, has been developed following an in-depth review of homelessness, through evidence that has been developed in partnership, and through detailed analysis. The Review of Homelessness has considered the views of service users, and it has looked at what has been successful and what could be improved in the local network of services.
- 6.5 The proposed Preventing Homelessness and Rough Sleeping Strategy draws on the successful growth and developmental work undertaken by the Council's Housing Services and through significant investment in front line service delivery. It meets all legal requirements and represents a best practice strategic plan that will inform the local approach to preventing and relieving homelessness for the next 3 years.
- 6.6 Whilst some local authorities have opted to combine their Preventing Homelessness Strategies within their overarching Housing Strategy, the Homelessness Strategy remains a standalone legal requirement. There is merit to ensuring it stands alone among local policies and plans to ensure that it can be consulted on in a focused way and that homelessness remains a visible high priority, not only for the Council, but for the wider system of public services in the local area.
- 6.7 It is therefore recommended that the proposed Preventing Homelessness and Rough Sleeping Strategy and associated Delivery Plan are approved. Option 1 above is therefore the recommended option.

7 Risk Management

- 7.1 A risk assessment has been completed in accordance with the Council's risk management process, 2 amber risks and 1 red risk have been identified.
- 7.2 All risks are outside of the Council's immediate control and relate to:
 - 7.2.1 The future funding decisions that may be taken by DLUHC (amber)
 - 7.2.2 The future funding decisions that may be taken by Hampshire County Council (red)
 - 7.2.3 The potential for economic factors leading to an increased demand on statutory services. (amber)
- 7.3 The plan to deliver the Strategy includes actions to support risk management in this context.

8 Resource Implications

- 8.1 There are no additional resource requirements arising from the approval of the strategy. All immediate activity set out in the strategy is provided for within existing budgets. Any additional activity identified as part of the Delivery Plan will be considered for feasibility within the normal yearly budgeting activity.
- 8.2 The Housing and Environmental Health Service will continue to seek to make use of central government funding opportunities as they may arise to deliver robust local services that meet identified need.

9 Legal Implications

- 9.1 The Council has a range of statutory duties relating to homelessness. The proposed strategy meets all legal requirements as set out in the Homelessness Act 2002, The Housing Act 1996, Part 7, as amended and The Homelessness Reduction Act 2018.

10 Equality Issues

- 10.1 The strategy will impact positively on significant numbers of individuals in housing need by preventing and relieving homelessness and rough sleeping.
- 10.2 An EIA has been completed, no potential for discrimination or adverse impact were identified. All opportunities to promote equality have been taken.

11 Other Issues

- 11.1 Community Safety – the strategy will directly contribute to social cohesion and sustainability.
- 11.2 Environmental Health Issues – the strategy includes actions that will minimise homelessness and experiences of rough sleeping which will in turn have a positive impact on environmental protection services.

- 11.3 Sustainability and Addressing a Changing Climate – this strategy will contribute to the delivery of the overarching Housing Strategy 2020 – 2025, which, includes actions to ensure homes are built to a high standard and are as energy efficient as possible. The plan to deliver the strategy includes actions to review EPC's when assisting applicants into new homes and to work with landlords to ensure their homes are as energy efficient as possible.
- 11.4 Property Issues – the strategy has actions around the Council's use of temporary accommodation. Temporary accommodation is provided via our Registered Providers, some of whom lease the Council's own properties for use as temporary accommodation. The Housing Service will liaise with both Registered Providers and Property and Asset Management colleagues on any matters arising.
- 11.5 Wards/Communities Affected – All Wards.

12 Conclusion

- 12.1 The Preventing Homelessness and Rough Sleeping Strategy 2024 to 2027 has been carefully developed through an inclusive process to ensure it has, as far as possible, taken into account a range of views and the results of considerable evidence and analysis.
- 12.2 The strategy is a key document that details the Council's priorities for enabling residents to remain in their homes or to help them secure a new one.
- 12.3 The Delivery Plan will directly support the Council to meet the aims of both the Housing Strategy 2020 to 2025 and the aims of its Corporate Plan.

| | | | |
|--|---------------|-----------|------------------|
| <u>Background Papers (Local Government Act 1972 Section 100D)</u> | | | |
| Housing Strategy 2020-2025 | | | |
| <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: Housing and Environmental Health) Councillor N Adams King | | | |
| Officer: | Samantha Hall | Ext: | 8610 |
| Report to: | Cabinet | Date: | 28 February 2024 |

Test Valley Borough Council's Preventing Homelessness and Rough Sleeping Strategy 2024 - 2027

Foreword by Cabinet member for Housing & Environmental Health, Councillor Nick Adams-King

- To be finalised in Mar 2024 after approval and before publication

Introduction

The Homelessness Act 2002 introduced a requirement for local housing authorities to undertake periodic reviews of homelessness in their areas, and publish strategies based on those reviews. The minimum review period is 5 years, however in Test Valley we have chosen to do a review every 3 years to ensure our Strategy and Delivery Plan are fit for purpose and relevant. This is the best way we can support our residents and prevent homelessness within the Borough.

The last strategy was adopted just as the Covid-19 pandemic broke, which immediately changed the priorities and the ability to deliver the action plan. However, partnership working strengthened throughout the pandemic, and the council fulfilled a new role and delivered services in a different way, reaching beyond its usual boundaries to support residents, keep them safe and prevent them from experiencing homelessness. The council supported over 100 single people with accommodation under the Government's Everyone In initiative. Not only did it provide emergency accommodation, but it also supported rough sleepers to move onto settled accommodation.

This strategy is an opportunity to build on the positive work over the lifetime of the previous strategy and allow us to revisit some of the actions that were unable to be delivered due to social distancing and periods of national lockdown.

Building on the Corporate Plan consultation which, during the summer of 2022, engaged over 2000 people and listened to their views, the council has, more recently, developed a comprehensive evidence base review of homelessness. The detailed results of this review can be viewed via the Council's website here: www.testvalley.gov.uk

This strategy sets out the key priorities for tackling homelessness and rough sleeping in Test Valley over the next 3 years. It has a deliberate focus on preventative measures, multi-agency working and supporting people in the local area with appropriate and effective services. The strategy is accompanied by a detailed delivery plan against which progress can be measured. It is ambitious and it will be delivered in partnership with other stakeholders.

Policy and Context

The Preventing Homelessness and Rough Sleeping Strategy will ensure the council delivers excellent homelessness services in Test Valley. This includes early prevention work before residents are threatened with homelessness, as well as quick and early intervention should anyone become threatened with homelessness, and practical support to help people secure a new home when needed.

The strategy has been produced against the backdrop of a complex network of both established and emerging national and local policy, and with regard to a range of legal duties and powers.

Whilst the national housing agenda has been summarised in the Evidence Based Review of Homelessness, there are 2 Acts of Parliament in addition to the Homelessness Act 2002, as referenced above, that are key to the council's role in providing homelessness services:

1. Part 7 Housing Act 1996, as amended, remains the primary legislation setting out how local housing authorities must respond to statutory homelessness and the rights of people entitled to statutory support.
2. The Homelessness Reduction Act 2017 which came into force in April 2018 radically changed how local authorities must deliver services and raised the threshold of homelessness from 28 days to 56 days, placing an emphasis on prevention rather than crisis resolution. In addition, it introduced a new duty for public bodies to refer those at risk of experiencing homelessness to the local authority for intervention; this is known as Duty to Refer.

There are other Acts of Parliament that we must consider when delivering services, such as, Housing & Regeneration Act 2008 and the Localism Act 2011, however the acts referenced herein represent the most significant primary legislation affecting the way councils respond to homelessness in their areas.

The Housing Act 1996 and Homelessness Act 2002 set out criteria around Priority Need. Legislation sets out that councils have stronger duties to those categories of people who fall within a priority need category. This means that not all single people will be owed long term duties or even an offer of emergency accommodation when they find themselves without a home. This can be a cause of single people experiencing rough sleeping for the first time or returning to rough sleeping. In Test Valley we have a local commitment that no local person will have to sleep rough without first receiving an offer of accommodation, regardless of priority need. This goes above and beyond the requirements of the law. This local pledge allows Test Valley to keep its number of people experiencing rough sleeping low, and provides a quick intervention should it occur. During April 23 – September 2023 the council supported 23 single people who, without the local pledge, could have experienced rough sleeping in the borough.

This strategy aims to continue Test Valley's positive track record of investing in front line housing services and its positive approach to preventing and relieving homelessness effectively. The economic market is challenging, and the pressure on the public purse is forever tightening with funding streams and services having to reduce or close completely. Many more households could face homelessness across the borough over the next 3 years. This strategy sets out how we will intervene before it happens, how we will work with people to prevent them from becoming homeless, and what actions we will take if households experience a risk of homelessness or become homeless.

This strategy will directly contribute to the success of the council's Housing Strategy and in doing so, it will support the council to achieve the aims of the Corporate Plan, 'A Place for Everyone – Supporting Communities to Thrive'.

Defining Homelessness

The Housing Act 1996, as amended, defines homelessness as a person who has no accommodation in the UK or elsewhere, which is available for their occupation, and which that person has a legal right to occupy. A person is also homeless if they have accommodation but cannot secure entry to it, or their accommodation is a moveable structure and there is nowhere it can lawfully be placed in order to provide accommodation.

A person is threatened with homelessness if they are likely to experience one of the above within 56 days. This includes a valid Section 21 notice.

Prior to the Homelessness Reduction Act 2018, 'threatened with homelessness' occurred at just 28 days. Whilst the Act doubled the threshold in which local housing authorities have to carry out prevention work, 56 days is still a relatively short period of time. This time is extremely stressful for customers who worry for their families, and who need to quickly search for a new home that is affordable and close to their schools, places of work and their family and friends.

The definition of homelessness is more than just those without a home. It includes those without a home that is legally theirs, homes that are unsuitable, homes that can't be accessed, and it recognises that not all homes are traditional fixed structures.

A wide definition is good because it means local authorities will have to work with a wide range of customers in need, however the definition means that the council's duties extend across a larger customer group, adding further pressures to the service.

The evidence base review shows that demand to the housing options service has been increasing year on year, despite the positive work carried out in Test Valley to prevent and relieve homelessness. This means that there is more to be done to ensure our residents do not have to experience homelessness.

National and Local Challenges

Like many councils Test Valley is working hard to navigate many challenges both nationally and locally. Below are some of the key challenges currently being experienced:

Private Rented Sector – We know that the private rented tenure is one of the top 3 property tenures in Test Valley. Over 700 households with an active housing register application live in a privately rented home and one of the top causes of homelessness is the loss of private rented accommodation. Yet one of the top ways of resolving homelessness is to help people to secure a new home in the private rented sector.

Working with private landlords is very important to us, and the council has chosen to invest in staff to work with landlords and tenants to provide services to help sustain tenancies and to help customers access homes in the private rented sector. The development of Test Valley Lettings, the council's in-house estate agent, has been successful in achieving these goals.

The Renters Reform Bill received its second reading in October 2023. Whilst it is now on hold, the changes the Bill is proposing to introduce will have an impact on the private rented sector and our landlords.

Local Housing Allowance (LHA) – The gap between the Local Housing Allowance and market rent has been growing, making the affordability of a private home for those with a low income more and more challenging. Test Valley welcomes announcements in the Chancellor's Autumn Statement 2023 that LHA levels will be increased from April 2024, however this only aims to restore rates to the 30th percentile, making just 3 in 10 private homes affordable.

Slowdown in the delivery of affordable housing – Test Valley has enjoyed high levels of new affordable housing delivery over the past 5 years due to large-scale strategic developments providing a mix of affordable homes for rent and for low-cost home ownership. We temporarily enter a slightly more uncertain period where development in the local area is unlikely to deliver the same levels as previous years due to the lack of large strategic sites coming forward until the new Local Plan is further advanced. This will have a direct impact on the number of properties available to let through the housing register.

Homes for Ukraine – Test Valley is extremely proud of its residents to have hosted close to 300 Ukrainian nationals since the invasion of Ukraine by Russia. Many have been displaced from their homes but supported by local residents acting as hosts. In response to this the council formed a Refugee Support Team to work with guests and hosts to prevent homelessness and to ensure community integration. The Autumn Statement 2023 brought welcomed news that the Homes for Ukraine Scheme will continue for a third year, and the team will continue their work to minimise homelessness for this client group.

Uncertainty on funding streams – The housing options services is largely funded by annual grants and bidding opportunities from DLUHC. Each year the council receives an allocation of Homelessness Prevention Grant. This only a 12-month funding stream which makes planning and delivering services on a long term basis challenging. In addition, a large part of the service, working with single people with complex needs, is funded by both RSI (Rough Sleeper Initiative) and RSAP (Rough Sleeper Accommodation Programme). Both funding streams run until the end of March 2025, and at the time of writing this strategy there is no update on further funding becoming available.

Future of Social Inclusion Services – Hampshire County Council support homelessness services by providing funding for social inclusion services. This fund is topped up to provide 42 x 1 bedspaces for single people who also require support. Due to increasing budget pressures Hampshire County Council have been forced into a position to review its funding of non-statutory services, and social inclusion services may be reduced or stopped altogether. If this funding reduces or ceases, the impact to single people in Test Valley would be quite significant. Test Valley will work with the county council and local partners to protect as many bedspaces as possible.

Cost of Living Crisis – As the country slowly moved out of the Covid-19 pandemic we found that the cost of everyday items such as fuel, utilities and food increased. This has led to a Cost of Living Crisis which has placed a financial pressure on all households in terms of purchasing the basic needs for their households. This has

led to additional pressures to pay rent, meet mortgage costs and continue with any debt commitments. In addition the increase in interest rates has had an impact on mortgage deals, and new fixed term mortgage rates are higher than the country has experienced over recent years. These factors have added additional financial pressures to households. Test Valley has provided additional support by making as much of the Household Support Fund available as possible to those who need it by a mix of allocations via the Housing Options team, and via open application schemes.

Dispersal accommodation – The Home Office is currently sourcing dispersal accommodation throughout the UK in an effort to move away from housing asylum seekers in hotels. Test Valley has had a contingency hotel in its areas which closed in December 2023, however the Home Office is looking to procure other types of accommodation to provide suitable housing for those waiting for their asylum applications to be determined. This adds competition for those looking for property available in the private rented sector, as landlords may be tempted to lease their properties to the Home Office, thereby reducing the availability of homes for local residents.

Strategic Ambition

The council adopted a new Corporate Plan in 2023, 'A Place for Everyone – Supporting Our Communities to Thrive'.

Within the Corporate Plan five strategic priorities were identified for our communities which are made up of:-

- Villages and rural communities
- Andover
- Romsey
- North Baddesley, Valley Park, Nursling and Rownhams and Chilworth.

The priorities identified are:

Sustainability – Delivering lasting benefits for our communities.

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

Environment – A greener borough for our communities.

Inclusion – Working together to create opportunities for our communities.

Prosperity – Economic growth that impacts positively on our communities.

The priorities set out in the Corporate Plan will run through this strategy.

High levels of homelessness could prevent the priorities set out in the Corporate Plan from being achieved. Communities will not be sustainable if its members experience homelessness, and people cannot connect if they are displaced from their community because of homelessness. The environment will be impacted if we have high levels of people experiencing rough sleeping, and economic growth will slow if residents are unable to sustain employment due to homelessness.

Inclusion and creating opportunities for our communities will be an important factor in the prevention of homelessness.

Those that do experience homelessness and may need emergency or temporary accommodation must still remain part of their community and not be disadvantaged due to their housing challenges.

This approach also reflects the Council's Values.

Our Priorities

1. Empower and support people to overcome their housing challenges, building on their strengths to secure the right accommodation at the right time and to provide help when needed.
2. Work together to maintain strong local partnership connections that contribute to the prevention and relief of homelessness in a holistic and timely way.
3. Provide good quality support services and information to communities to enable them to thrive and sustain accommodation.
4. Work in collaboration to ensure rough sleeping is prevented wherever possible or to ensure it is rare, brief and non-recurring.

Delivering the Strategy

A Delivery Action Plan supports this strategy, setting out a number of actions under each of the identified priorities to help tackle homelessness, and to ensure that there is a supply of accommodation and the right support services in the Borough.

Monitoring and delivery of the Strategy

The Test Valley partnership will be invited to form the basis of a Steering Group to review and monitor the delivery plan over the lifetime of the Strategy.

The Evidence Base Review of Homelessness and Key Findings

- The population in Test Valley is increasing, with nearly one third of the population over 65 years old.
- Home ownership remains the highest property tenure followed by rented accommodation in both the private and social sector.
- The ethnicity of residents in Test Valley is not as diverse as the rest of England. 93.1% of residents are White British.
- Over 60% of residents are economically active with weekly gross pay being higher in Test Valley compared to the average across Hampshire.
- The delivery of new affordable housing has temporarily reduced in the past 12 months compared with being above target for each of the previous 3 years.
- Repossessions by social landlords have reduced by 59% since 2018.

- Repossessions by private landlords have increased by 166% since 2018.
- Mortgage repossessions and claims have also decreased since 2018.
- The number of households on the housing register has increased by 11% since 2020 to 2353 households at the beginning of 2023.
- 1 bedroom needs account for nearly half of the housing register, followed by 2, then 3 and then 4 bed needs.
- Nearly one third of those on the housing register live in private rented accommodation and 20% live with family and friends.
- Overcrowding, unable to afford to rent or buy, asked to leave by family and friends are the top 3 reasons for customers joining the housing register.
- Over 700 housing register applications per year are started but not completed.
- An average of 550 properties have been let per year over the lifetime of the 2020-2023 strategy.
- Approaches to the housing options service has increased by 15% over the lifetime of the 2020-2023 strategy.
- Approaches from single person households made up 69% of total approaches in 2022/2023.
- The top reasons for homelessness in Test Valley are: friends/family unable to accommodate, domestic abuse, non-violent relationship breakdowns, end of private rented accommodation.
- Homelessness is relieved by relying on securing rented homes in the private and social sectors.
- Partner agencies view homelessness prevention as a shared responsibility.
- Partner agencies value and demand strong working relationships to tackle homelessness together.
- Providing the right support to customers to enable them to sustain their tenancies and not experience homelessness is valued by all.
- 70% of customers found it easy to make contact with the housing service, with 90% finding the service to be friendly and approachable.
- 40% of customers found levels of on-going contact and updates from the service were not enough and wanted more.
- 70% of customers found the information given was clear, and understood what housing options were available to them, however 30% did not.
- Those experiencing rough sleeping rated the services received from the team higher than those who were threatened with experiencing homelessness.

Preventing Homelessness & Rough Sleeping Delivery Plan 2024 – 2027

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| Priority Theme 1 | Empower and support people to overcome their housing challenges, building on their strengths to secure the right accommodation at the right time and to provide help when needed. |
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| | Actions | Resource Required | Responsible Officer/s | Target Date | Measures of Success |
|-----|---|---|--|--------------------|--|
| 1.1 | Ensure Housing Options Officers are trained and highly skilled to deliver an asset-based model and all the legal aspects of Housing Act 1996 as amended. | Finance for training and development | Housing Needs Manager | April 2025 | <ul style="list-style-type: none"> • Housing Options Officers' knowledge regarding the Part 6 legislation • Customers have clear advice that they understand • Customers feel they have the tools to resolve their housing situation • Customers have a clear understanding of their housing options |
| 1.2 | Ensure all Housing Options Officers receive strengths-based training, including refreshers. | Finance for training and development | Housing Needs Manager | April 2025 | <ul style="list-style-type: none"> • Every housing options assessment is conducted recognising that every customer has talent and skills • Each assessment considers the customer's positive attributes and how to build on these |
| 1.3 | Ensure all personalised housing plans delivered by the Housing Options team are truly personalised. | Officer time Knowledge on Personal Housing Plans (PHP) Finance for training and development | Housing Needs Manager | Sept 2024 | <ul style="list-style-type: none"> • Personalised housing plans are not duplicated, copied, or standardised for each customer • Each customer's plan is relevant and reflects their individual circumstances • Increase in positive resolutions at Prevention and Relief stage • Reduction in numbers requiring emergency or temporary accommodation |
| 1.4 | Ensure those in temporary forms of accommodation have Personalised Housing Plans to support them with move-on and their ability to secure a settled home. | Officer time Knowledge on PHPs Finance for training and development | Housing Needs Manager Senior Officers | Sept 2024 | <ul style="list-style-type: none"> • Every household in Temporary Accommodation (TA) has a move-on plan • Every household in TA is clear regarding their move-on options • The average length of time spent in TA per household is reduced |

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| 1.5 | Ensure temporary accommodation options are appropriate for those who require such accommodation. | Availability of suitable properties for use as temporary accommodation Partnership working with Registered Providers | Head of Housing & EH Housing Needs Manager | April 2025 | <ul style="list-style-type: none"> • Suitable accommodation can be made available for every customer who requires it, when they require it. • Suitable accommodation can be made available for customers regardless of any protected characteristics. • Suitable accommodation includes the accommodation being of a good and safe standards to ensure customers do not live in poor quality accommodation. |
| 1.6 | Enable access to the Private Rented Sector to enable people to secure and retain homes. | Test Valley Lettings staff Landlord incentives and support | Housing Needs Manager Accommodation & Move on Team Leader | April 2026 | <ul style="list-style-type: none"> • Increase in cases whose homelessness is successfully prevented by securing private rented accommodation through the prevention and relief duties • Increase in the number of cases whose homelessness acceptance is discharged using Private Rented Sector Offer. |
| 1.7 | Increase the use of compulsory Private Rented Sector Offers (PRSOs) to end the Council's main homelessness duty in accordance with the Housing Act 1996 Part 7 (as amended by the Localism Act 2011) | Availability of private rented accommodation | Housing Needs Manager Housing Options Officers | Sept 2026 | <ul style="list-style-type: none"> • Increase in the number of cases whose homelessness acceptance is discharged using Private Rented Sector Offer. |
| 1.8 | Minimise, and eliminate where possible, the use of bed and breakfast accommodation. | Suitable alternative accommodation options | Head Of Housing & EH Housing Needs Manager | April 2025 | <ul style="list-style-type: none"> • Reduction in the number of households placed into bed and breakfast • Reduction in the length of time a household spends in bed and breakfast • Overall reduction in the cost of bed and breakfast to the Council |
| 1.9 | Review the TVBC Scheme of Allocations during the life of the strategy. | Staff time to conduct a review of the allocations policy | Housing Needs Manager Hampshire Home Choice Manager | Sept 2026 | <ul style="list-style-type: none"> • A review of the allocations policy has commenced • The development of a fit for purpose allocation policy • A policy that customers can understand and use to assess for themselves where and how their applications are banded |
| 1.10 | Work with those accommodated under the Homes for Ukraine Scheme to access their own accommodation, should their hosting arrangement come to an end. | Staff Time Partnership working | Housing Needs Manager | March 2025 | <ul style="list-style-type: none"> • Low to no Ukrainian nationals to require emergency or temporary accommodation • Ukrainian nationals develop the skills to live independently in the UK |

ANNEX 2

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| | | | | | <ul style="list-style-type: none">• Low levels of homeless presentations from Ukrainian nationals |
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| Priority Theme 2 | Work together to maintain strong local partnership connections that contribute to the prevention and relief of homelessness in a holistic and timely way. |
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| | Actions | Resources Required | Responsible Officer | Target Date | Measures of Success |
|-----|---|--|---|--------------------|--|
| 2.1 | Work with partners to encourage and increase the use of Duty to Refer (DTR) to prevent homelessness. | Officer time to promote DTR | Housing Needs Manager Partner Agencies | Sept 2026 | <ul style="list-style-type: none"> • Increase in the number of Duty to Refers' received by TVBC each month • Increase in the range of agencies submitting a Duty to Refer • Increase in successful prevention for customers in the prevention and relief duties |
| 2.2 | Develop a Strategy Steering Group to monitor, review and update the delivery plan during the life time of the strategy. | Officer Time Test Valley Partnership | Head of Housing and Environmental Health | May 2024 | <ul style="list-style-type: none"> • Actions contained within this delivery plan are completed • The delivery plan is reviewed and updated annually to reflect and changes required and to take account of any new priorities. |
| 2.3 | Partnership working to meet identified mental health needs including undiagnosed mental health needs. | Officer time Multi agency working with mental health teams and primary care | Housing Needs Manager | Sept 2026 | <ul style="list-style-type: none"> • Customers threatened with or experiencing homelessness can easily access and engage with mental health services where needed. • Improved mental health services provided to customers who experience homelessness. |
| 2.4 | Develop robust pre-eviction protocols with accommodation providers in the social and supported sector. | Officer time Good partnerships with social and supported landlords | Housing Needs Manager | Sept 2026 | <ul style="list-style-type: none"> • A written agreement, developed by TVBC in collaboration with social and supported housing landlords, which sets out a process that each partner will follow prior to the eviction of any customer. • A reduction in evictions by social housing and supported housing providers. • Better support and clarity provided to customers who find themselves at risk of homelessness. • An agreement that partners are committed to following. |
| 2.5 | Work with private landlords whose tenants are failing to maintain their tenancy. | Officer time Promotion of Test Valley Lettings | Housing Needs Manager | April 2025 | <ul style="list-style-type: none"> • Increase in the number of private landlords who work with the council and engage with Test Valley lettings. • A reduction in the number of customers who become homeless from private rented accommodation due to poor tenancy management |

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| | | | | | <ul style="list-style-type: none"> • An increase in the number of new tenancies created by Test Valley Lettings. |
| 2.6 | Work with Hospital and Prison services to develop protocols for discharge from hospital and prison. | Officer time Good partnerships with agencies | Housing Needs Manager Senior Officers | Sept 2026 | <ul style="list-style-type: none"> • Reduce the number of people requiring emergency accommodation upon discharge from Hospital or Prison • Housing options team to work with those in hospital and prison, who have no safe accommodation, prior to them being discharged • Those in hospital or prison to have suitable accommodation available to them upon discharge. |
| 2.7 | Review data to identify places within the Borough that experience higher levels of homelessness, and target prevention work to those places. Analyse data to understand the causes of homelessness and what prevention work is needed. | Officer time GIS mapping | Head of Housing & EH Housing Needs Manager | April 2025 | <ul style="list-style-type: none"> • Ability to identify areas of the borough where people are most likely to experience homelessness and target prevention work to those areas to reduce the • number of households becoming homeless. • Reduce homelessness in the places/areas identified. |
| 2.8 | Use GIS mapping and other data to identify trends and specific hotspot locations, to inform design and identify co-location sites. | Officer time IT support | Housing Needs Manager | April 2025 | <ul style="list-style-type: none"> • Identify specific places within the borough to target homeless prevention services • Reduction in homeless presentations from the areas identified • Better and quicker access to information for customers |
| 2.9 | Work with agencies to provide outreach support for those affected by domestic abuse in the Romsey area. | Support from Finding Freedom | Housing Needs Manager Finding Freedom | Sept 2025 | <ul style="list-style-type: none"> • An increase in the number of customers engaging with support and assistance around domestic abuse, leading to a lower number presenting as homeless. |
| 2.10 | Multi agency pop up hubs as part of place based activity. | Officer time Partnership agencies | Housing Needs Manager | April 2026 | <ul style="list-style-type: none"> • Reduction in homeless presentations from the areas identified • Better and quicker access to information for customers |
| 2.11 | Work with partners to upskill people to live in their own homes and sustain their tenancies, including options for pre-tenancy training. | Finances Support services | Housing Needs Manager Yellow Brick Road | Sept 2026 | <ul style="list-style-type: none"> • Reduction in evictions due to rent arrears and anti-social behaviour. • Reduction in the number of households who lose their homes in the rented sector |
| 2.12 | Take advantage of any potential funding streams for future service delivery or support voluntary sector | Officer time | Head of Housing & Environmental Health | April 2027 | <ul style="list-style-type: none"> • Funding secured to deliver suitable services to those who are, or at risk of experiencing homelessness • Good services, including support services are provided to residents in Test Valley |

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| | partners in their bids for funding to prevent or tackle homelessness | | | | |
| 2.13 | Create a directory of services that enables partners to stay up to date on who can offer what service and support. | Officer time | Housing Needs Manager Community Manager | April 2025 | <ul style="list-style-type: none"> • Partner agencies to be better informed of the services available in test Valley to better support those at risk of homelessness • Increased multiagency working • Increased number of duty to refers received by Test Valley |
| 2.14 | Hold x 2 Homeless Forums per year, bringing partners together to discuss key challenges and identify solutions whilst strengthen partner relations and working practices. | Officer Time | Housing Needs Manager | March 2027 | <ul style="list-style-type: none"> • Increased partnership working, including sharing of knowledge and ideas • Improved services provided to customers • Reduction in numbers in emergency and temporary accommodation |

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| Priority Theme 3 | Provide good quality support services and information to communities to enable them to thrive and sustain accommodation. |
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| | Actions | Resources Required | Responsible Officer | Target Date | Measures of Success |
|-----|--|---|---|--------------------|--|
| 3.1 | Continuous and active promotion of the housing service at TVBC | Officer time Support from comms team | Housing Needs Manager | April 2027 | <ul style="list-style-type: none"> Customers and partners know where and how to seek support and advice regarding housing and homelessness Customer approach the service for help at an early stage rather than when in crisis All customers threatened with or concerned about homelessness access and know how to access the service |
| 3.2 | Explore and understand the reasons why people approach the service but disengage before their housing problem is suitably resolved. | Officer time | Housing Needs Manager Senior Officers | Sept 2025 | <ul style="list-style-type: none"> Reduce the number of cases closed as 'lost contact' Increase the number of people continuing to engage with the service following their initial contact to ensure their homeless is resolved positively |
| 3.3 | Explore why people start applications to join Hampshire Home Choice but fail to complete them or provide the documentation to activate their application. | Officer time | Housing Needs Manager Accommodation and Move on Team Leader | Sept 2024 | <ul style="list-style-type: none"> Reduction in the number of applications started but not followed through Customers successfully able to join the housing register |
| 3.4 | Conduct case audits quarterly using a sample of cases from across the service, and produce performance management reports including time-bound recommendations to be implemented to ensure continuous service improvement. | Officer time | Head of Housing and Environmental Health Housing Needs Manager | April 2027 | <ul style="list-style-type: none"> All cases meet a minimum standard in terms of advice given, depth of housing assessment and quality of personalised housing plans. Customers receive a minim standard to ensure they have all the tools needed to resolve their housing situation Reduction in those being placed in emergency and temporary accommodation |
| 3.5 | Work closely with the Council's Housing Development team to ensure that new affordable housing | Officer time | Housing Needs Manager | April 2027 | <ul style="list-style-type: none"> A balanced and sustainable mix of new affordable homes to accommodate all customer groups. |

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| | delivery meets a range of needs, and to ensure that local communities are well informed on the issues around homelessness and housing supply. | | Housing Development & Standards Manager | | <ul style="list-style-type: none"> An increased awareness of housing needs within local communities. |
| 3.6 | Review written advice and information available for customers to ensure information is clear and easily accessible. | Officer Time | Housing Needs Manager Senior Officers | April 2025 | <ul style="list-style-type: none"> Customers have access to clear and easy to understanding housing information Better access to a range of advice and information |
| 3.7 | Develop housing advice videos to be available via the website as a further advice and information tool. | Officer Time Support from comms | Housing Needs Manager Senior Officers | Sept 2025 | <ul style="list-style-type: none"> A range of ways customers can access and receive housing advice and information Increase awareness of customer rights Increase in the information customers can access |
| 3.8 | Work with partners to develop pre tenancy training for those new to holding a tenancy and managing their own home, in the private rented sector. | Funding Partnership working | Housing Needs Manager Accommodation and Move on Team Leader | Sept 2024 | <ul style="list-style-type: none"> Increase accessibility to the private rented sector for customers. Increase in the number of tenancies sustained within the private rented sector. |
| 3.9 | Proactively advise customers of all housing options available to them, regardless of a homelessness status, to ensure customers are well informed and can access alternative housing. | Officer Time Comms support | Housing Needs Manager | April 2025 | <ul style="list-style-type: none"> Increase customer knowledge regarding all types of housing available Reduce the number of households joining the housing register Reduce the number of households presenting as homeless |
| 3.10 | Proactively work with and educate those on the housing register who live in private rented accommodation. | Officer Time | Housing Needs Manager Senior Officers | April 2023 | <ul style="list-style-type: none"> Reduce those losing their homes in the private rented sector Educate and inform those in the private rented sector of their tenancy rights and responsibilities and their alternative housing options |
| 3.11 | Work with partner agencies to ensure appropriate support services are accessible to those who require them, with a focus on the identified support needs that our customers have. | Officer Time Partnership working Government funding | Head of Housing & Environmental Health | April 2027 | <ul style="list-style-type: none"> Customers are support to sustain accommodation Reduction in customer losing their accommodation due to tenancy breaches Reduction in the numbers of customers who need emergency or temporary accommodation |

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| Priority Theme 4 | Work in collaboration to ensure rough sleeping is prevented wherever possible or to ensure it is rare, brief and non-recurring. |
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| | Actions | Resources Required | Responsible Officer | Target Date | Measures of Success |
|-----|--|---|---|--------------------|--|
| 4.1 | Keep the Housing Led project under review, adapting and changing to ensure the scheme remains fit for purpose. | On going external finance | Housing Needs Manager Senior Options Officer | March 2027 | <ul style="list-style-type: none"> Continued availability of single person accommodation with support Maintaining low to no people sleeping rough Single people sustaining tenancies and not returning to rough sleeping |
| 4.2 | Regular outreach work to known rough sleeper hot spots to deliver resettlement support | Officer Time | Senior Options Officers | March 2027 | <ul style="list-style-type: none"> Maintain low levels of rough sleeping Identify new rough sleepers quickly and provide them an offer of off-street accommodation |
| 4.3 | Consider the use of the Making Every Adult Matter (MEAM) approach. | Officer time Partnership working | Housing Needs Manager | April 2025 | <ul style="list-style-type: none"> Provide single people holistic service meeting all of their needs Maintain low levels of rough sleeping |
| 4.4 | Continue to bid for any funding available via Rough Sleeper Initiative (RSI) or Rough Sleeper Accommodation Programme (RSAP), and any other new funding streams. | Officer Time Partnership working | Head of Housing & Environmental Health | March 2027 | <ul style="list-style-type: none"> Maintain service level Continue to deliver current housing projects, including Housing Led Maintain low levels of rough sleeping |
| 4.5 | Create an operational multi-agency “Single person Homeless Reduction Board” to have a multi agency approach to working with complex cases. | Officer Time Partnership working | Housing Needs Manager | Sept 2025 | <ul style="list-style-type: none"> Those high risk of rough sleeping have a multiagency action plan wrapped round them to prevent rough sleeping Maintain low levels of rough sleeping Reduction in levels of single people needing emergency accommodation |
| 4.6 | Review and look to improve the off-the-street offer available to those experiencing rough sleeping. | Officer time Partnership working | Head of HEH Housing Needs Manager | Sept 2025 | <ul style="list-style-type: none"> Those who experience rough sleeping, accept offers of off the street accommodation Off street accommodation offers are fit for purpose, local and provides support |

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| 4.7 | Support all single people, regardless of priority need, to access accommodation options. | Officer time Housing options to offer | Housing Needs Manager | March 2027 | <ul style="list-style-type: none"> • Reduction in the number of single people who require emergency or temporary accommodation • No single person to experience rough sleeping for the first time in Test Valley • Maintain low levels of rough sleeping |
| 4.8 | Promote the national Street Link service to ensure residents, businesses and agencies are actively reporting rough sleeping. | Officer time Comms support | Housing Needs Manager | March 2027 | <ul style="list-style-type: none"> • Maintain low levels of rough sleeping • Identify new rough sleepers quickly and provide them an offer of off street accommodation |
| 4.9 | Provide light touch check in support to those who were former rough sleepers who have now settled into their own accommodation, and those who have been through a homelessness pathway and settled into their own accommodation. | Officer time | Housing Needs Manager Senior Options Officers | March 2027 | <ul style="list-style-type: none"> • Maintain low levels of rough sleeping • No one to return to rough sleeping in Test Valley • Former rough sleepers able to sustain and maintain a home |

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Introduction

Executive Summary

The evidence base review of homelessness represents a body of work that will underpin the council's Preventing Homelessness and Rough Sleeping Strategy 2024 - 2027. It supports the council to meet the legal requirements of the Homelessness Act 2002, and to develop an evidence-led policy that benefits local communities and targets locally identified priorities.

The review of homelessness demonstrates there is much to be proud of in Test Valley and we should celebrate the council's proactive approach to delivering services, while investing in local communities.

Yet with a positive record of delivering new affordable housing, an innovative approach to preventing and relieving homelessness, and with evidence there are considerable levels of affluence in Test Valley; there sadly remains pockets of significant deprivation and those who are left behind.

Like so many areas in southern England, the local housing market locks large numbers of people out of the realistic prospect of home ownership, and many more struggling to afford to rent accommodation in the private rented sector.

Preventing and Relieving homelessness remains a key priority for us, and this evidence base review highlights where our future strategies should focus so that we are able to build on our success, making Test Valley a place for everyone and supporting our communities to thrive.

The evidence base review considers a wealth of data and evidence, leading to a set of key priorities that will inform both Test Valley's future Housing Strategy and a new Preventing Homelessness & Rough Sleeping Strategy, 2024-2027.

Test Valley Borough Council's Corporate Plan

In April 2023 Test Valley Borough Council adopted its new Corporate Plan 2023 – 2027. Entitled “A Place for Everyone – Supporting Our Communities To Thrive” the plan was developed through extensive consultation and community engagement involving a diverse mix of residents across the borough, and the elected Members. Consultation was carried out through a resident survey and through deliberative engagement events involving around 100 residents, leading to comprehensive feedback on what residents of Test Valley feel is most important to them and their wider communities.

A key theme that emerged from the consultation related to the importance of building thriving communities, ensuring that residents have a sense of belonging, and can be involved in shaping their local community.

Valuing and celebrating inclusivity and diversity and creating a welcoming environment for people to take part in was central to this consultation.

As a result, the Corporate Plan sets out 5 main priorities:-

Sustainability – delivering lasting benefits for our communities

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

Inclusion – working together to create opportunities for our communities

Prosperity – economic growth that impacts positively on our communities

Environment – a greener borough for our communities

The Preventing Homelessness and Rough Sleeping Strategy will be developed alongside the Corporate Plan and Corporate Action Plan to contribute to meeting these key strategic priorities.

Aims of the Review

The review has set out to understand the local housing market and economic activity within the borough, and to recognise the challenges affecting residents in the area, particularly around access to suitable housing. Consultation has been carried out with a range of stakeholders, including service users, to explore the key challenges.

As part of the consultation process our key stakeholders have been challenged to identify what works well and what could be done better, and to explore ways that partnership working can improve services to those who most need support, using a strengths based approach.

The review will lead to the formation of priorities that will feed into the Preventing Homelessness and Rough Sleeping Strategy 2024-2027.

By carrying out this review it has helped us to:-

- Identify new challenges that have arisen since the last review, in particular bearing in mind the impacts of the Covid-19 pandemic, and the Cost of Living crisis which has affected many residents over the last few years.
- Identify the challenges that have arisen as a result of an increase in the number of port of entry asylum seekers, as well as Afghan nationals arriving under resettlement schemes set up during the withdrawal of British troops from Afghanistan, and Ukrainians arriving through visa schemes set up as a result of the Russian invasion of Ukraine.
- Better understand current trends and emerging priorities.
- Identify key causes of homelessness.
- Consider emerging legislation that may impact on the demands of the service.
- Identify the resources available across a range of stakeholders to prevent and relieve homelessness.

- Better understand the needs of our customers and stakeholders and identify the key areas where services need to be more focused.
- Identify the benefits achieved as a result of targeted funding to particular workstreams, and to identify ways to mitigate against the loss of that funding in future.
- Identify where customers may become 'lost' to the service, and to explore ways of ensuring that everyone who approaches the service receives appropriate advice and assistance.
- Identify how to deliver services to the places in the borough that need them the most.

National Agenda and Policy Links

The priorities set out in the new strategy are set within the council's broader strategic objectives and in the context of other national and local strategies, plans and legislation.

National Agenda

Below are the key legislation, strategies and guidance changes since our last strategy adopted in 2020.

- End Rough Sleeping for Good Strategy – DLUHC, September 2022
- Landlord and Tenants Fees Act 2019
- The Electrical Safety Standards in the Private Rented Sector (England) Regulations 2020
- Updates to the Homelessness Code of Guidance 2018
 - June 2020 – update to the priority need categories to reflect the Covid-19 virus
 - December 2020 – update to eligibility
 - April 2021 – updates to The Duty to Refer, Priority Need, Local Connection and applications, decisions and notifications
 - July 2021 – amendments made to chapters 2, 7, 8, 9, 10, 11, 16, 17, 18, 21, 23 and 25
 - September 2021 – updates made to Eligibility
 - October 2021 – updated made to Priority Need
 - March 2022 – updates made to Eligibility
 - June 2022 – updates made to chapters 4, 7, 14, 17 and 23
 - January 2023 – updates made to Eligibility and Victims of Violence
 - May 2023 – updates made to Eligibility and Suitability of Accommodation
 - October 2023 – updates made to Eligibility
- Domestic Abuse Act 2021
- Renters Reform Bill – second reading in October 2023
- Social Housing (Regulations) Act 2023
- Supported Housing (Regulatory Overview) Act 2023

Local Policy Links

In terms of local policy, the evidence base review has been developed in the context of, and with due regard to, the following policies and strategies:

- The Corporate Plan, “*A Place for Everyone – Supporting Communities to Thrive*” 2023-2027
- The Local Plan, including related Affordable Housing Policies and the adopted Affordable Housing Supplementary Planning Document
- The Housing Strategy 2020 to 2025 (including updated Delivery Plan)
- The Private Rented Sector Offer Policy
- The Allocations Policy & Hampshire Home Choice Based Lettings Process
- The Core Values
- The Test Valley Partnership
- The Climate Emergency Declaration and associated work streams

The council recognises that meeting housing need, and preventing and relieving homelessness, are responsibilities that fall across a range of council services.

Moreover, they can only be addressed with wider support from the broader network of public and voluntary services, and through engagement with and support from local communities and relevant stakeholders.

Approach to the Review of Homelessness 2023

This review has been conducted over a period of at least 12 months and during a period where challenging situations such as the legacy of the Covid-19 pandemic, the Cost of Living crisis, and worldwide events, have added to the pressures placed upon the council to meet an ever growing range of needs.

During the period of the review the council has consulted with a range of stakeholders and service users, building upon the consultation that was carried out for the council’s new Corporate Plan in 2022.

A range of approaches were used to ensure that stakeholders had various opportunities to contribute towards the Review of Homelessness. During 2023 a number of partnership events were held to review the way the service was working with partners and its customers, with a view to identifying opportunities to improve and build stronger relationships across other services. These events formed part of this overall review.

The following lists the specific consultation events that were delivered, together with timelines for finalising and publishing the strategy:

Data captured in relations to applications for Household Support Fund – January 2022 and January 2023

Partner consultation at Test Valley Partnerships meetings – August 2022

Feedback from Rapid Process Improvement workshop – Mental Health Led – September 2022

Feedback from Private rented sector landlords forum – November 2022

Partner consultation: Frontline Workers Forum & workshops – February 2023

Partner consultation: Homelessness Forum - March 2023

Consultation with OSCOM – March 2023

Data analysis – May 2023

Consultation with former rough sleepers – May 2023

Partnership consultation via online survey – May 2023

Housing Team consultation – May 2023

DLUHC Rough Sleeper Advisor visit and feedback – June 2023

Association of Town & Parish Councils Annual Conference – June 2023

Customer consultation – June 2023

New member updates – June 2023

Management Team consultation – July 2023

DLUHC Homeless Advice and Support Team visit – August 2023

Portfolio Group Consultation – August 2023

Preventing Homelessness Forum – September 2023

Test Valley Partnership Consultation – October 2023

Test Valley Management Team – December 2023

Portfolio Group – January 2024

Consultation and consideration of EIA with staff – January 2024

Cabinet consideration – Feb 2024

Commence delivery of new Preventing Homelessness and Rough Sleeping Strategy – April 2024

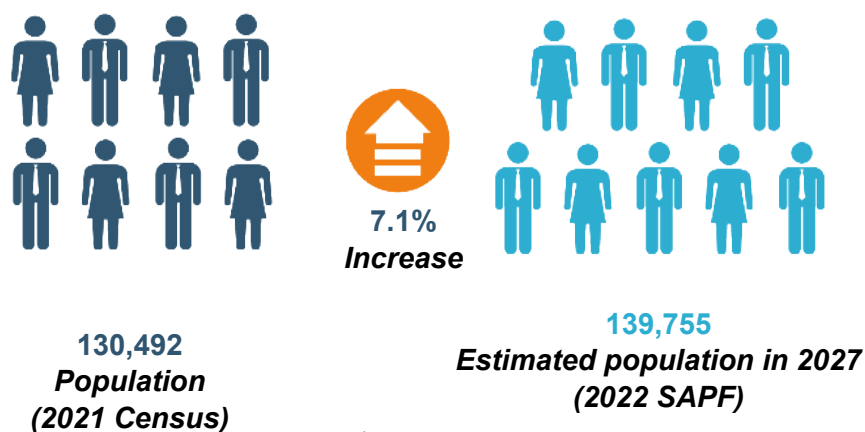
The outcomes of the consultation process are explained in more detail later in the document.

Demographics of Test Valley

Introduction to Test Valley

Test Valley is an area covering approx. 62,758 hectares on the western side of Hampshire. It borders with Southampton in the South and Newbury in the North. Test Valley contains 20 different wards with 2 key town centres, Andover in the North and Romsey in the South with vast amounts of rural areas in between.

Population of Test Valley



1

Gender split



The 2021 Census showed that Test Valley had a population of 130,500 in 2021, which represents an increase of 1.9% from the 2018 population figure of 127,996, and an increase of 12.1% from the 2011 figure of 116,400. This is higher than the overall increase for England (6.6%) and represents the fifth highest population growth area in the South East.² As can be seen from the graphic above, the Small Area Population Forecast estimates that the population in Test Valley in 2027 will have grown by a further 7.1% to 139,755.³

There has been a clear increase in the population of Test Valley from 2011 to 2021, with numbers estimated to increase further within the lifetime of this strategy. This is likely to have an impact on demand for housing in the borough.

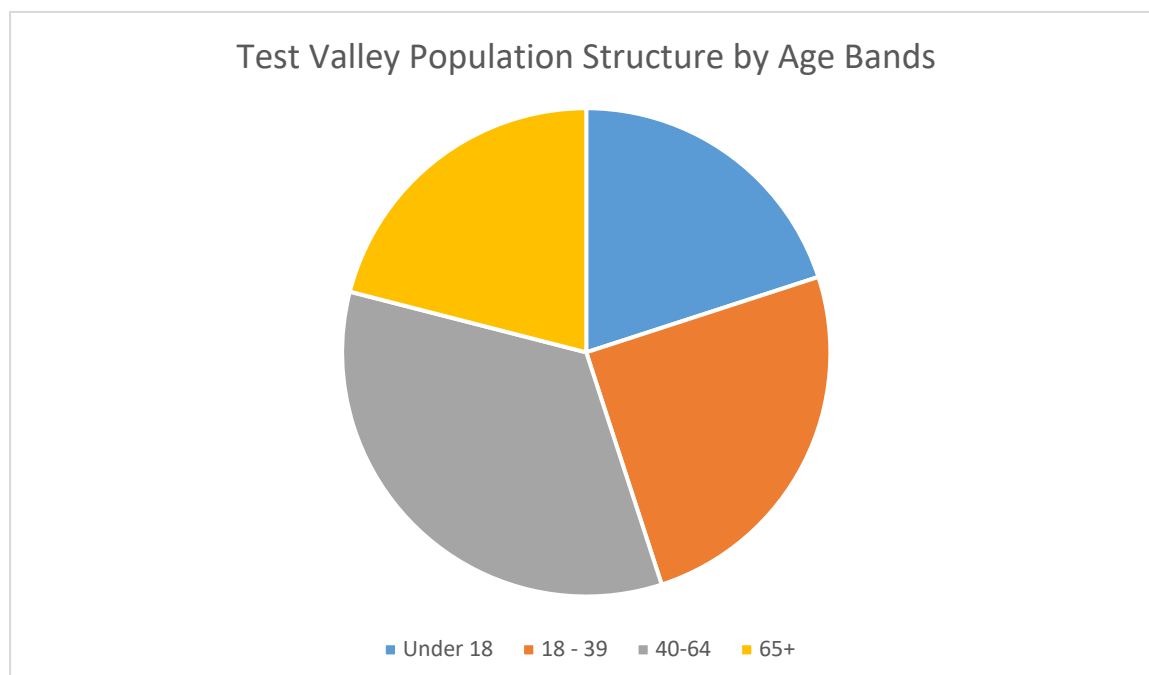
¹ Hampshire Small Area Population Forecast, accessed March 2022- Hampshire County Environment Department's 2018 based Small Area Population Forecasts

² [Test Valley population change, Census 2021 – ONS](#)

³ [Population estimates and forecasts | Hampshire County Council \(hants.gov.uk\)](#)

Population by age bands

The population structure by age bands as identified by the 2021 Census are shown below:-

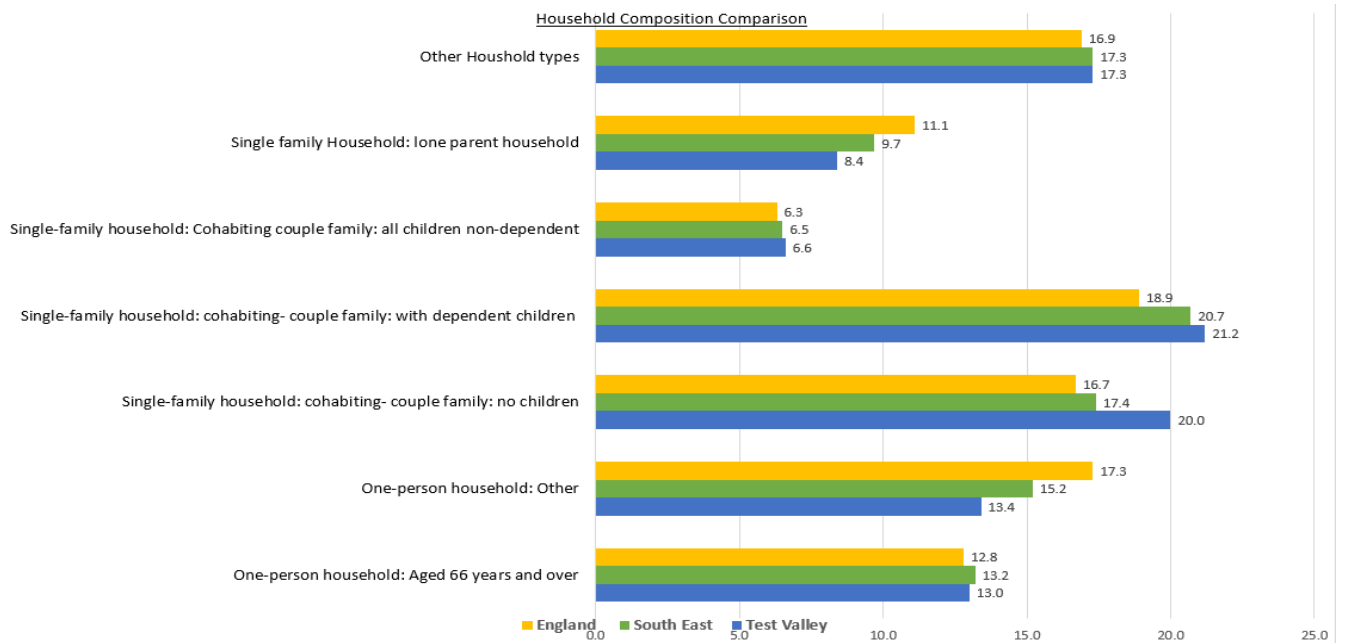


Since 2011 in Test Valley there has been an increase of 29.5% in people aged 65 years and over. This compares with a 20.1% increase in that age group across England. There has also been an increase of 7.7% in people aged 15 to 64 years, and an increase of 9.2% in children aged under 15 years.⁴

Household Composition in Test Valley

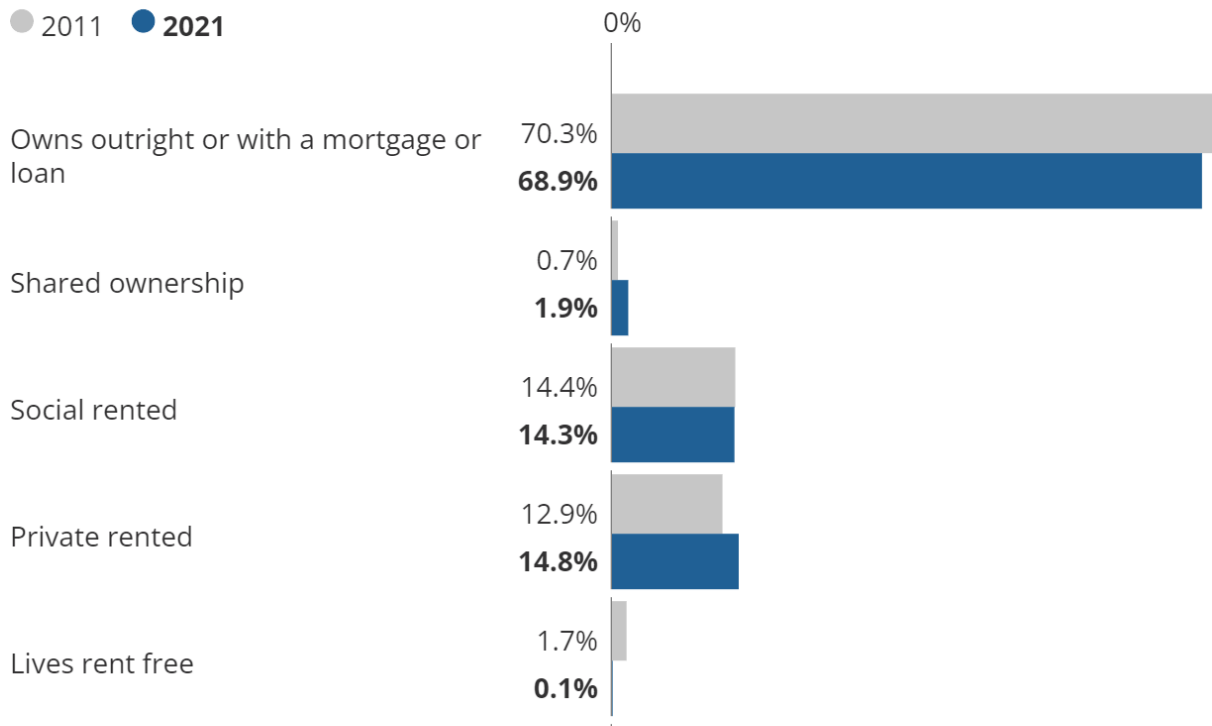
As can be seen from the chart below, there have been no significant changes in household composition since the 2011 Census, with the largest percentage of households across the borough comprising of co-habiting couples without dependent children, and co-habiting couples with dependent children. It is noted that those figures have reduced slightly since 2011, and there has been a small increase in single person households across all age groups. This aligns with the figures for the South East and for England as a whole, with the figures for England showing a higher prevalence of single person households when compared with Test Valley and the South East.

⁴ [Test Valley population change, Census 2021 – ONS](#)



Housing Tenures in Test Valley

Percentage of households by housing tenure, **Test Valley**



Source: Office for National Statistics – 2011 Census and Census 2021

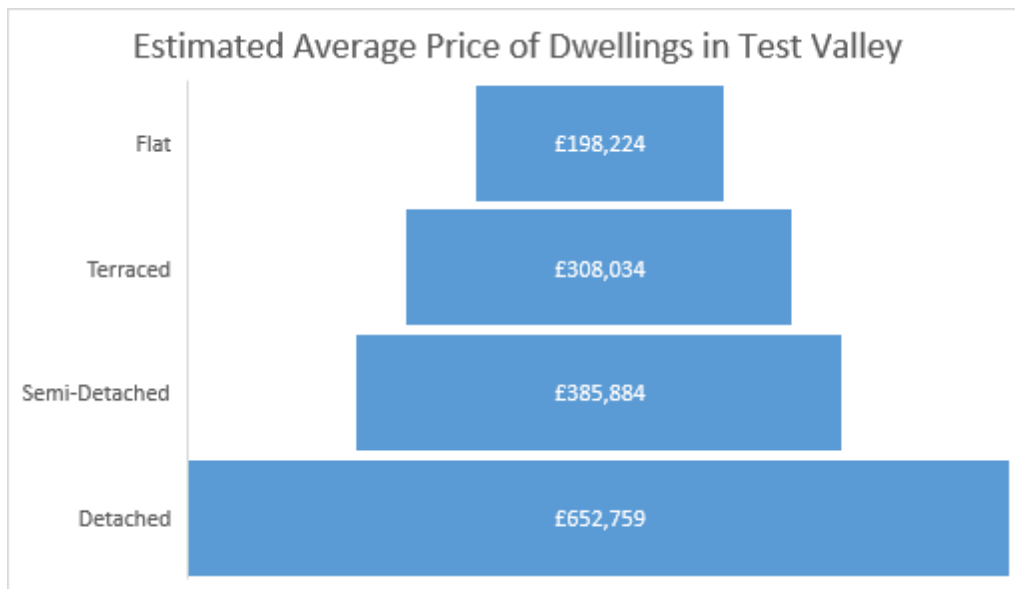
The above graph shows that 68.9% of Test Valley residents owned their home in 2021; a reduction from 70.3% in 2011.

In 2021, just over one in seven households (14.8%) rented privately, compared with 12.9% in 2011. The percentage of Test Valley households that lived in a socially rented property decreased from 14.4% to 14.3%.

The decrease in the percentage of households that owned their home was greater across the South East (2.0 percentage points, from 67.6% to 65.7%) than in Test Valley (1.4 percentage points). Across England, the percentage fell by 2.0 percentage points, from 63.3% to 61.3%.

House Prices in Test Valley

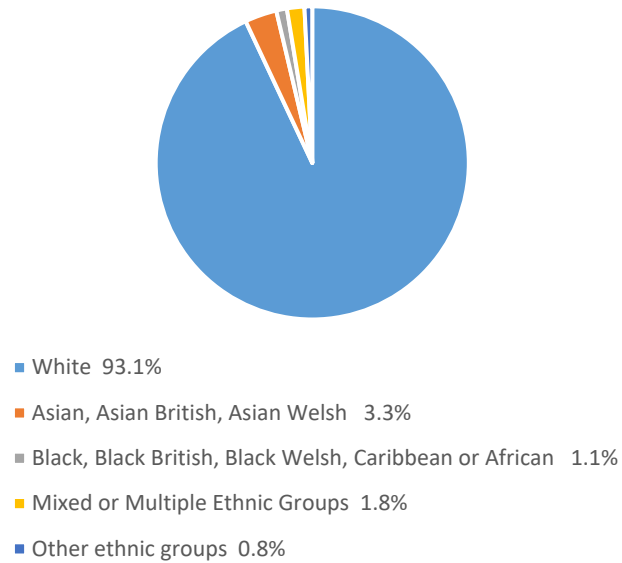
According to the HM Land Registry, the average value of a property in Test Valley in 2021 was £404,110. This represents an increase of 4.3% over the previous year. In Hampshire, the average price of a property in 2021 was £383,066 whilst in Southeast England, the average was £393,057 and nationally it was £303,321.



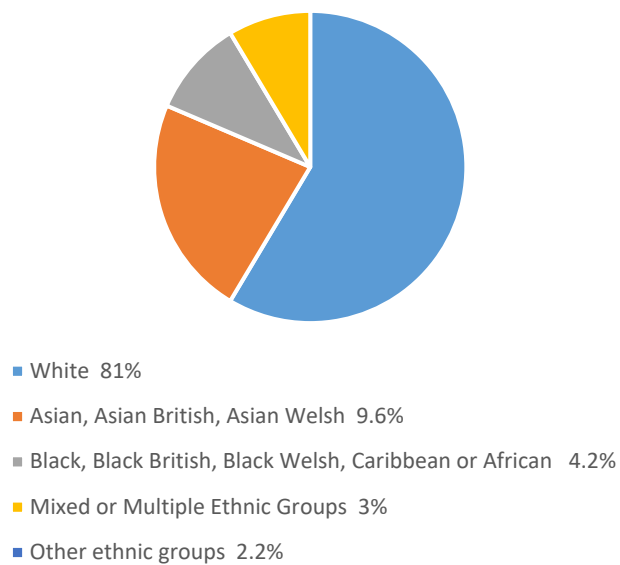
Ethnicity in Test Valley

The proportion of Test Valley resident population classified as White according to the 2021 Census was 93.1%. This includes those describing their ethnicity as English, Welsh, Scottish, Northern Irish, British or White Other. Those in other ethnic groups increased marginally from 4.1% in 2011 to 6.9% in 2021. By comparison, the proportion of residents across England classified as White was 81%.

Ethnicity in Test Valley 2021



Ethnicity in England 2021

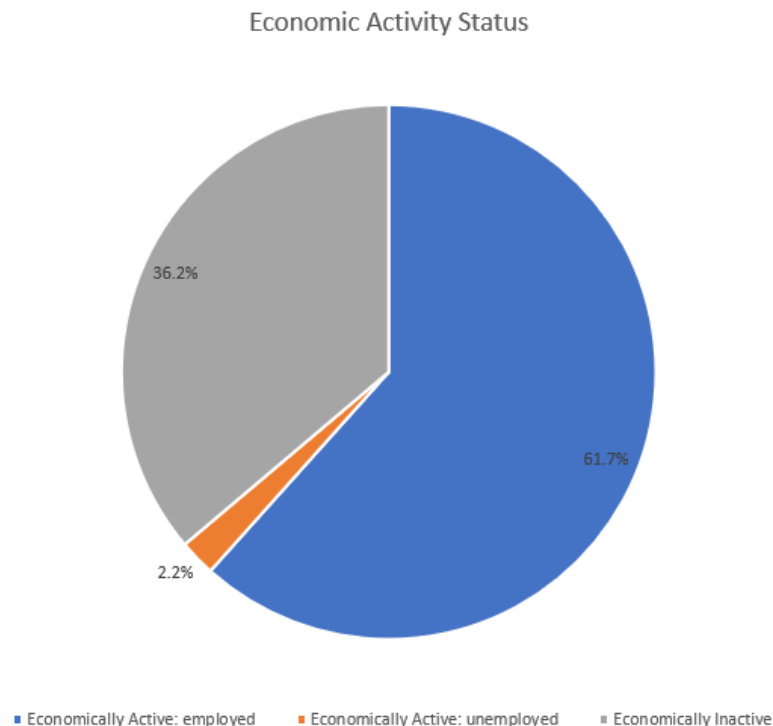


Source: Office for National Statistics – 2011 Census and Census 2021

Economics**Economic Activity**

According to the 2021 Census, 61.7% of residents in Test Valley aged 16+ were classed as Economically Active: Employed. 36.2% were classed as Economically Inactive, and 2.2% were classed as Economically Active: Unemployed.

Economic Activity Status in Test Valley 2021

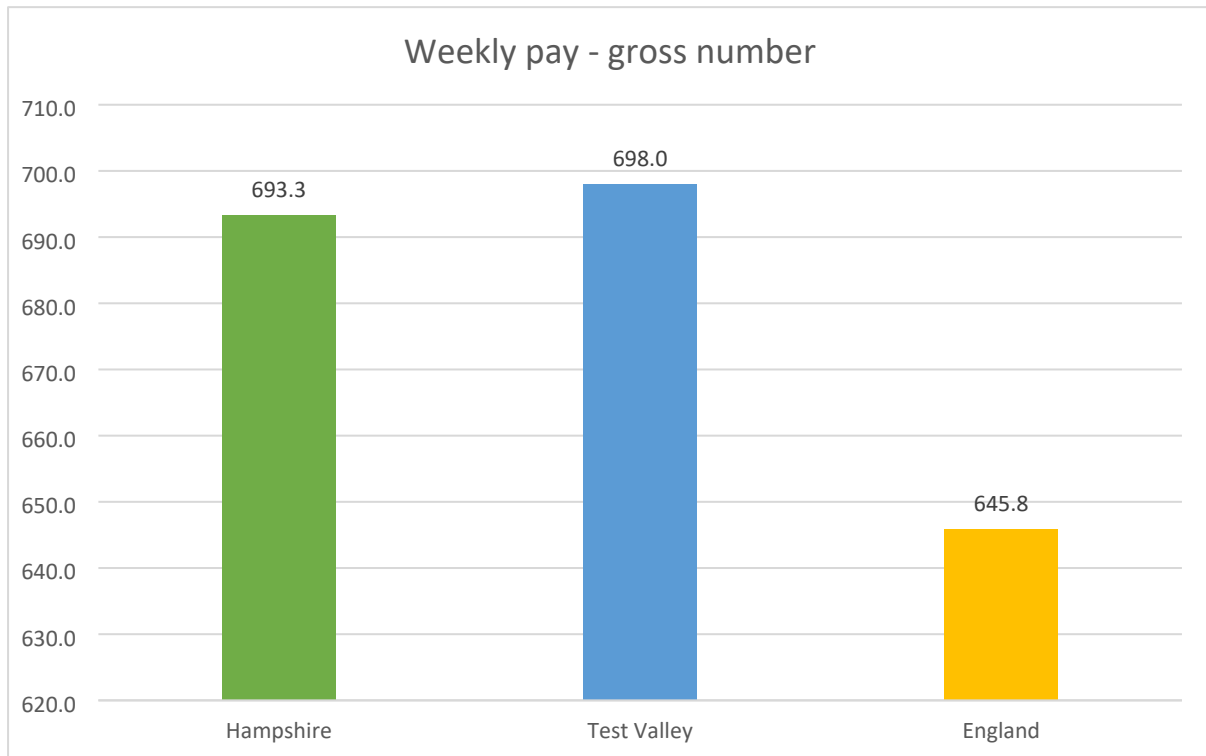


Of those who were not in employment, 12.3% had worked in the last 12 months, 71.1% had not worked in the last 12 months, and 16.6% had never worked. ⁵

Earnings in Test Valley

The average gross weekly earnings in Test Valley as at December 2022 were £698.00 representing average gross annual earnings of £36,296. This compares closely to the Hampshire average, but is noticeably above the England average of £645.80 per week, which equates to average gross earnings of £33,581. Test Valley continues to be an attractive place to live for London commuters, who command higher wages and hence drive up the average earnings for the area.

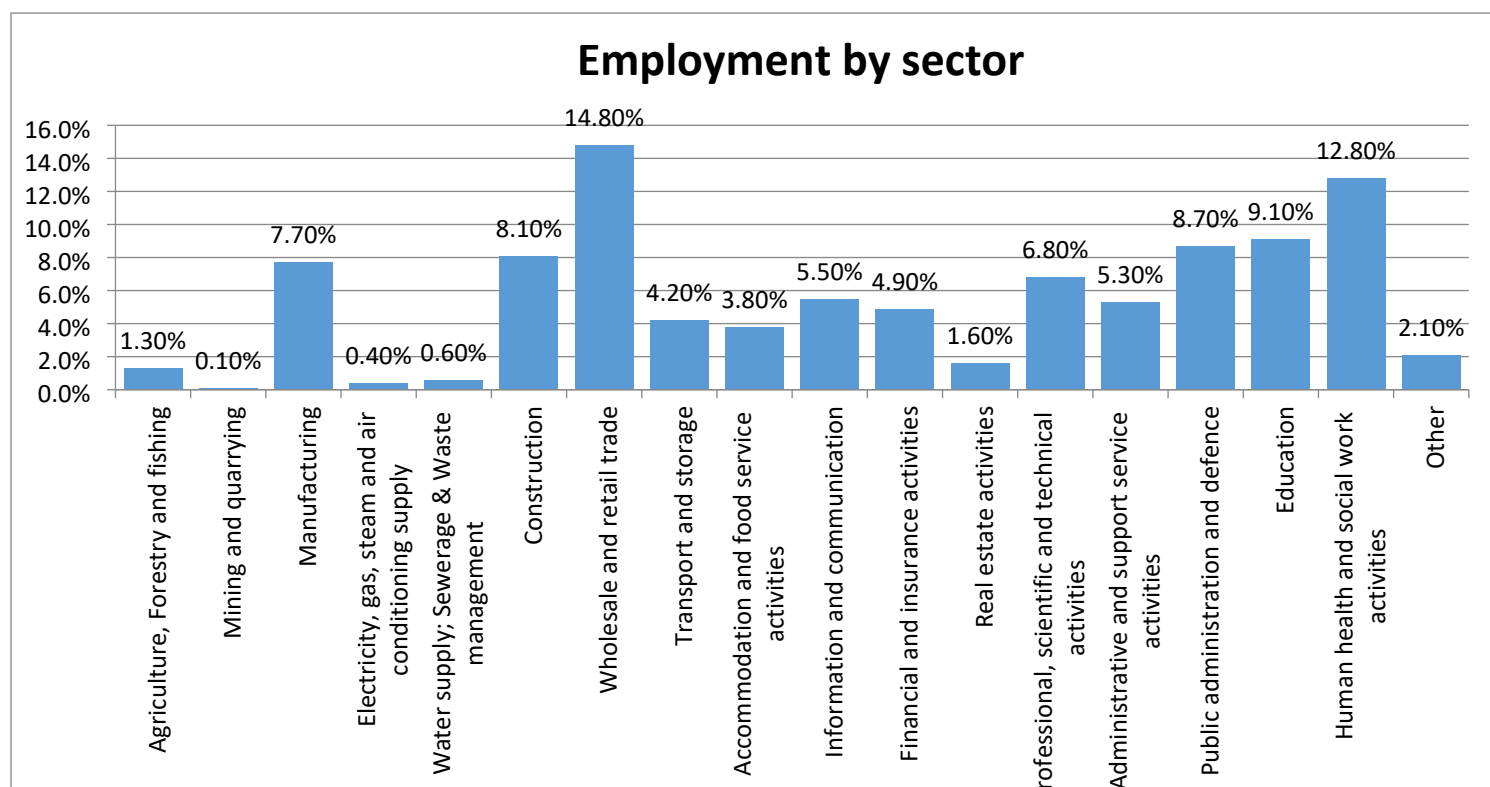
⁵ TS066 - Economic activity status, ONS Crown Copyright Reserved. All usual residents aged 16 years and over

Gross weekly earnings in Test Valley

Annual survey of hours and earnings - resident analysis, ONS Crown Copyright Reserved

Employment by Sector

The graph below shows the type of employment carried out by residents in Test Valley. Wholesale and retail trade continues to be the most represented trade, but the number of residents working in human health and social work activities is in a much closer 2nd place in comparison with figures in 2017, overtaking manufacturing as the second most represented trade. Notably manufacturing is now the 6th most represented trade, having also been overtaken by education, public administration and defence, and construction. The lowest represented trade is 'Electricity, gas, steam and air conditioning supply' as well as mining and quarrying, the latter of which is reflective of the characteristics of Test Valley.



TS060 – Industry. ONS Crown Copyright Reserved. All usual residents aged 16 years and over in employment the week before the census.

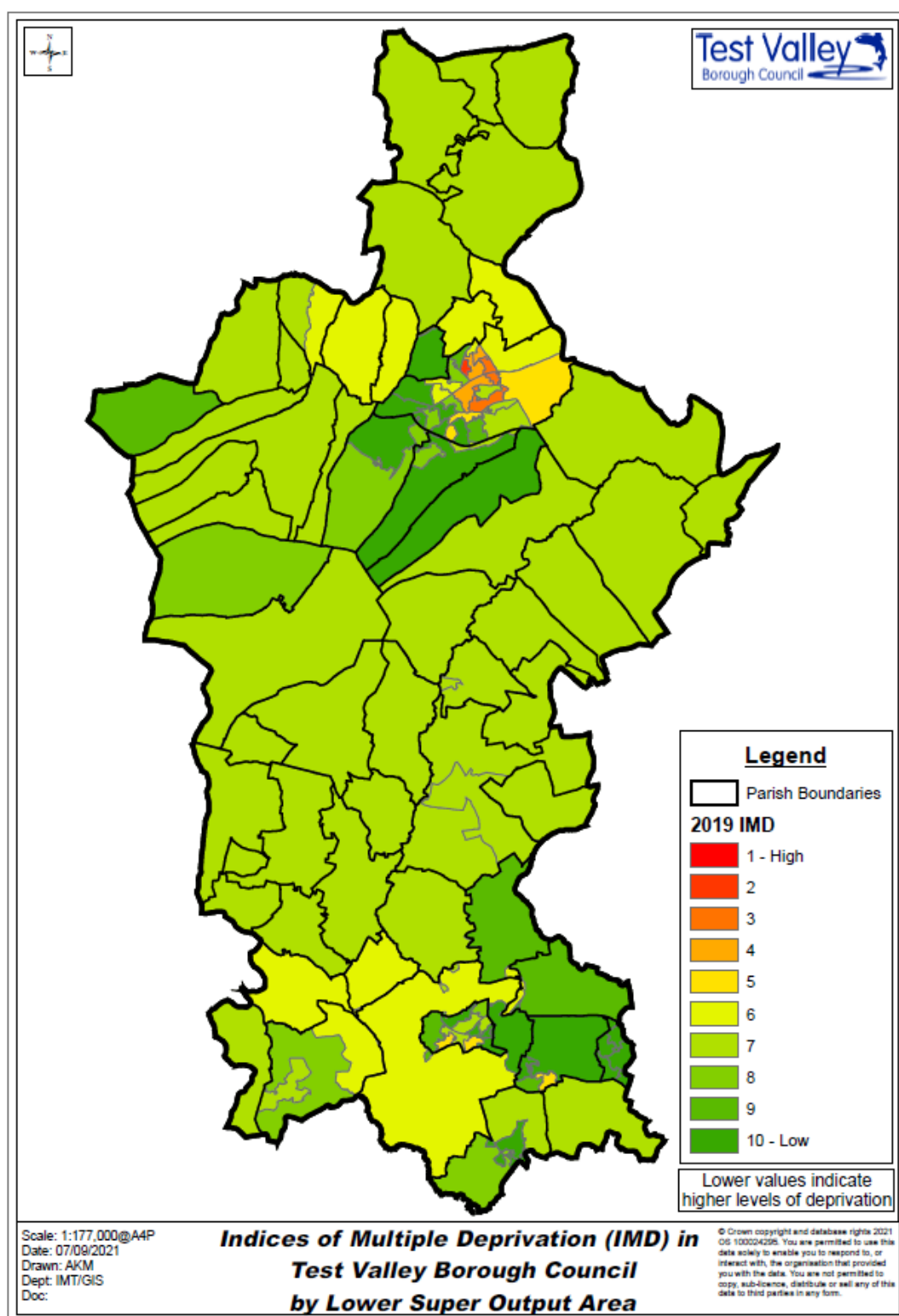
Deprivation

The English Index of Multiple Deprivation 2019 is designed to identify areas where communities lack resources and are in need. To do this, seven factors are considered. These are:-

- Income deprivation
- Employment deprivation
- Education, skills and training deprivation
- Health deprivation and disability
- Crime
- Barriers to housing and services
- Living environment deprivation

Areas are scored on each of these factors and ranked nationally from least deprived to most deprived.

Indices of Multiple Deprivation in Test Valley by Lower Super Output Area



The map above shows the deprivation scores for the whole Borough. Test Valley is made up of 71 different Lower Super Output Areas; these are geographies created by the Office for National Statistics that include an average of 1,500 people.

As the map shows, the Output Areas that make up Test Valley vary widely in their deprivation rankings. Parts of the borough seen in dark green are among **the top 10%**

of least deprived areas of the country. However, there are some areas, seen in orange, that are within **the top 30% most deprived areas** in the country. This includes parts of Andover, Enham and Charlton, with parts of Romsey and North Baddesley falling into the mid range deprivation rankings.

Further information about the Ministry of Housing, Communities and Local Government 2019 English Indices of Deprivation is available online at:
<https://www.gov.uk/government/statistics/english-indices-of-deprivation-2019>

Affordable Housing Supply, Housing Repossessions and Affordable Housing Demand

Affordable Housing Supply

Affordable Housing Delivery in Test Valley over the last 5 years

| Year | Social Rent | Affordable Rent | Shared Ownership | Discount Market Sale | Shared Equity | Total |
|-------------|--------------------|------------------------|-------------------------|-----------------------------|----------------------|--------------|
| 2018/19 | 22 | 89 | 108 | 31 | | 250 |
| 2019/20 | 4 | 140 | 106 | 21 | 2 | 273 |
| 2020/21 | 60 | 119 | 106 | 11 | 0 | 296 |
| 2021/22 | 20 | 213 | 153 | 22 | 0 | 408 |
| 2022/23 | 13 | 106 | 18 | 3 | 0 | 140 |

The council has a target to deliver 200 new affordable homes per annum. Whilst the annual delivery has in most cases exceeded the target, there will sometimes be challenges and conflicting priorities which result in delivery levels dropping below target, and we must use our best endeavours to maximise the delivery of new affordable homes to meet the needs of the most vulnerable residents in the borough. This is reflected in the council's Corporate Plan, with a focus on working collaboratively with partners to tackle homelessness within communities.

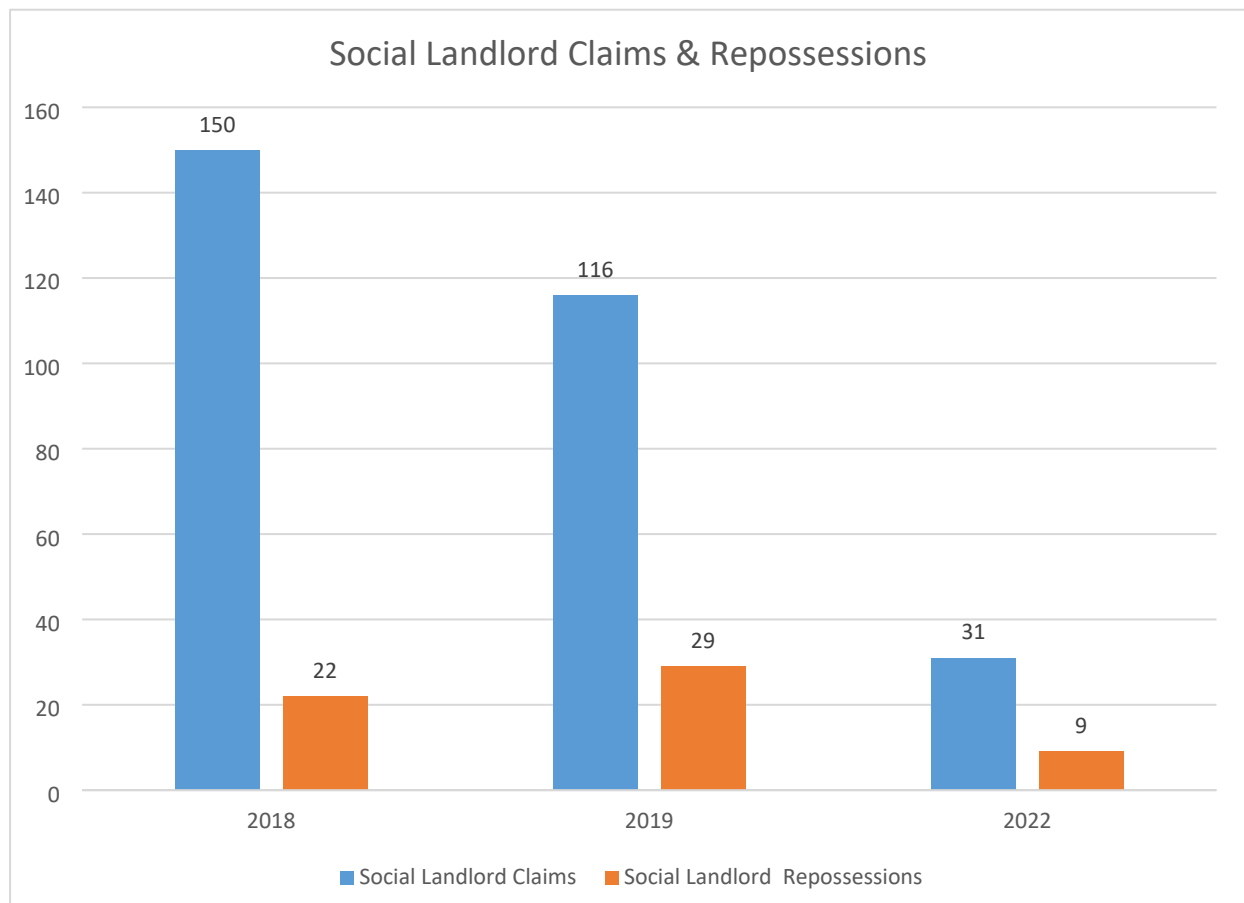
Housing Repossession Data

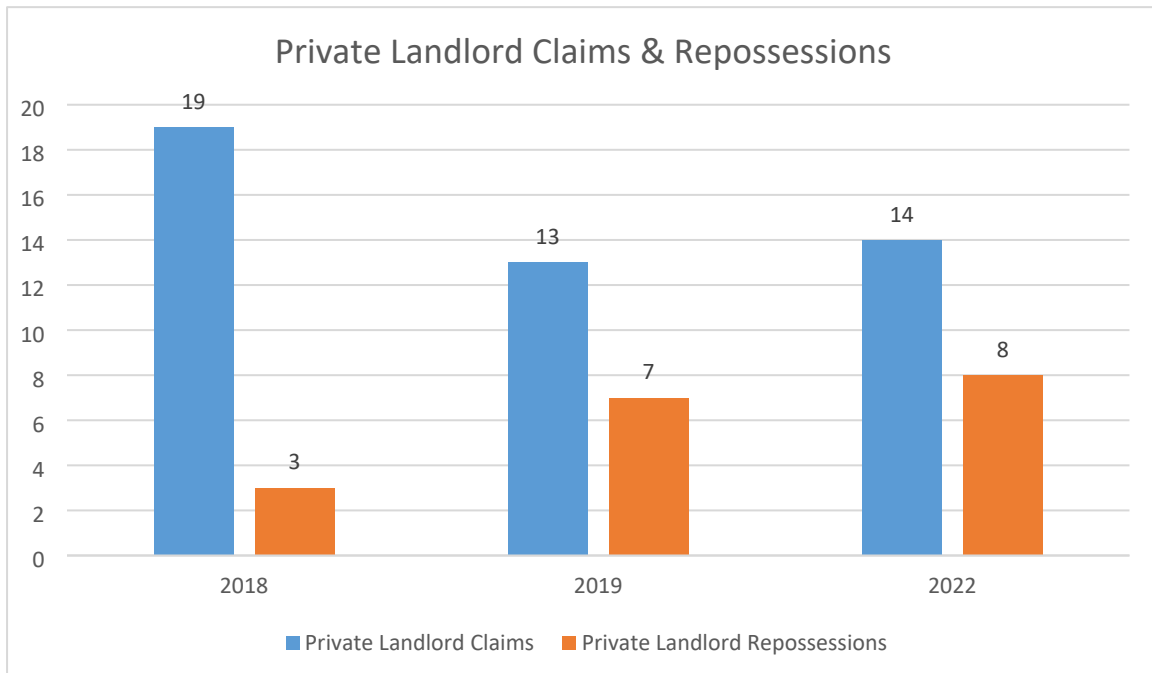
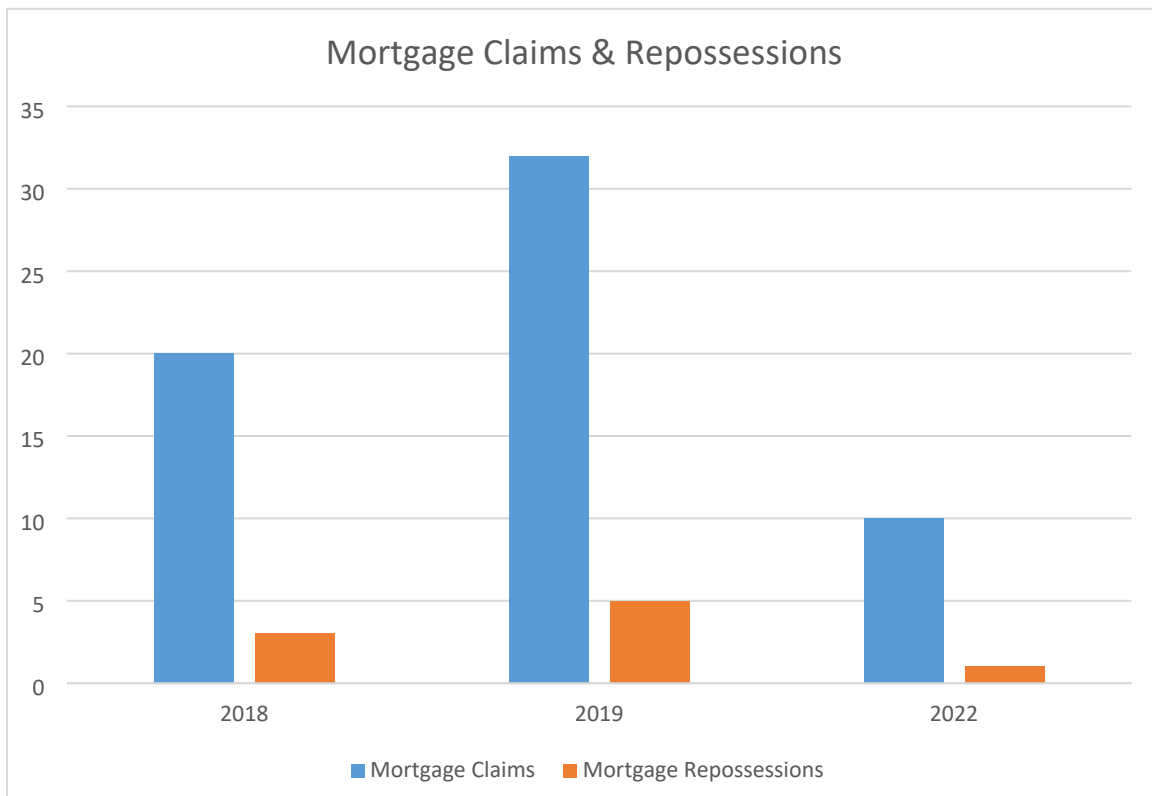
Data from the Ministry of Justice indicates that in 2022 the number of repossessions in Test Valley from owner occupied properties and social housing had reduced since the pandemic, although repossessions from private rented accommodation remained consistent with pre-pandemic levels. In particular there had been a noticeable reduction in the number of repossessions from social housing.

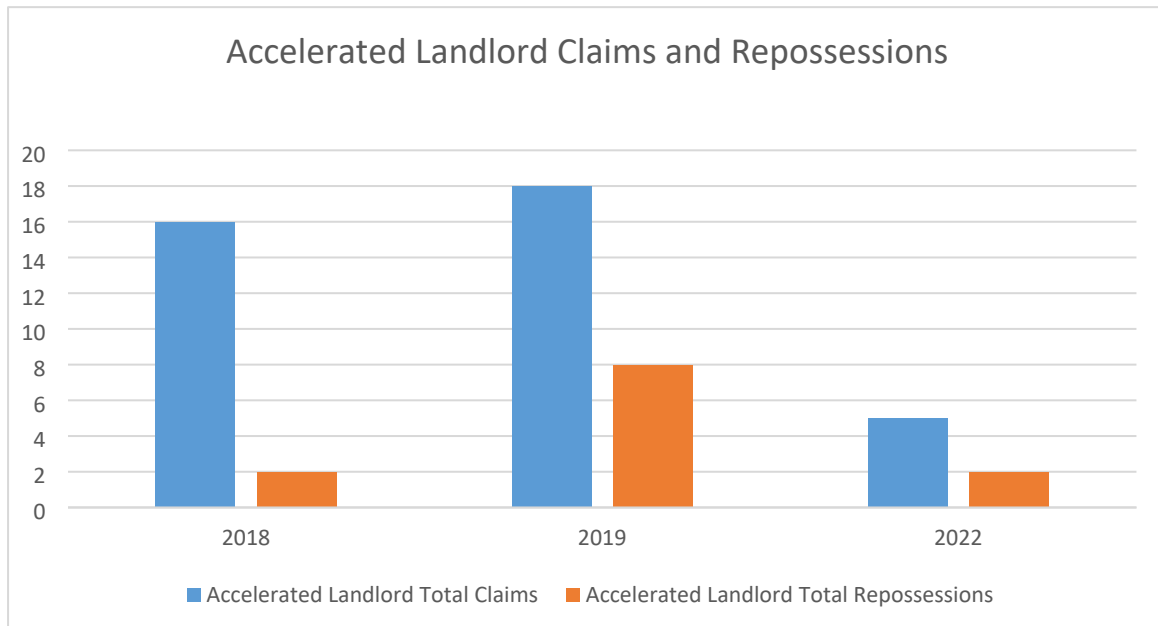
The figures (in the table) show the pre-pandemic level of claims and possessions in 2018 and 2019 and the post-pandemic figures for 2022. During 2020 and 2021 the restrictions on eviction proceedings meant that data from those two years were not an accurate comparison.

It is encouraging to see that the additional resources targeted by social landlords in preventing claims and repossessions during the pandemic have continued beyond the pandemic, and we continue to see a reduction in the number of residents losing their homes, indicating that those prevention measures are working more effectively than they may have done in the past. Of those cases where possession claims were made in 2022, the percentage that resulted in actual repossession ranged from 10% for mortgage repossessions, to 57% for private rented repossessions, indicating a return of no-fault S21 evictions which had been restricted during the pandemic. Repossessions involving social housing represented 29% of the possession claims that were made for that tenure in 2022, indicating that whilst a lower number of residents of social housing were subject to a possession claim, the cases that did lead to a repossession were the most severe, and were cases where other preventative measures had been exhausted, and limited options were available to the landlord.

Social Landlord Claims & Repossessions



Private Landlord Claims & Repossessions**Mortgage Claims & Repossessions**

Accelerated Landlord Claims & Repossessions**Housing Demand**

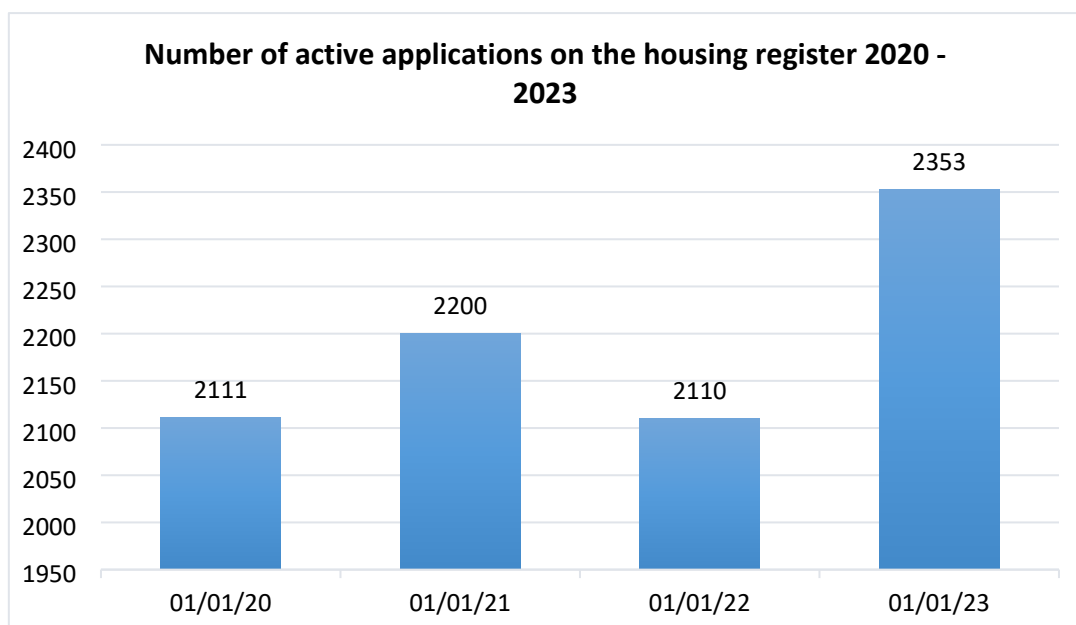
Test Valley Borough Council is part of a sub-regional Housing Register known as Hampshire Home Choice. Hampshire Home Choice has a shared Allocations Policy and Test Valley has its own Scheme of Allocations.

Test Valley Borough Council is no longer a stock holding authority. A Large Scale Voluntary Transfer in 2000 saw the stock transferred to the landlord currently known as Aster, who are one of the several Registered Providers (social housing landlords), operating within Test Valley.

The Allocations Policy sets out the criteria for joining the housing register, how applications are assessed, and where additional priority can be given. The Policy sets out customers' rights to request reviews on decisions made, and where senior managers have discretion.

Applicants on the Housing Register

The number of active applications on the Housing Register has increased over the lifetime of the current Preventing Homelessness and Rough Sleeping Strategy.

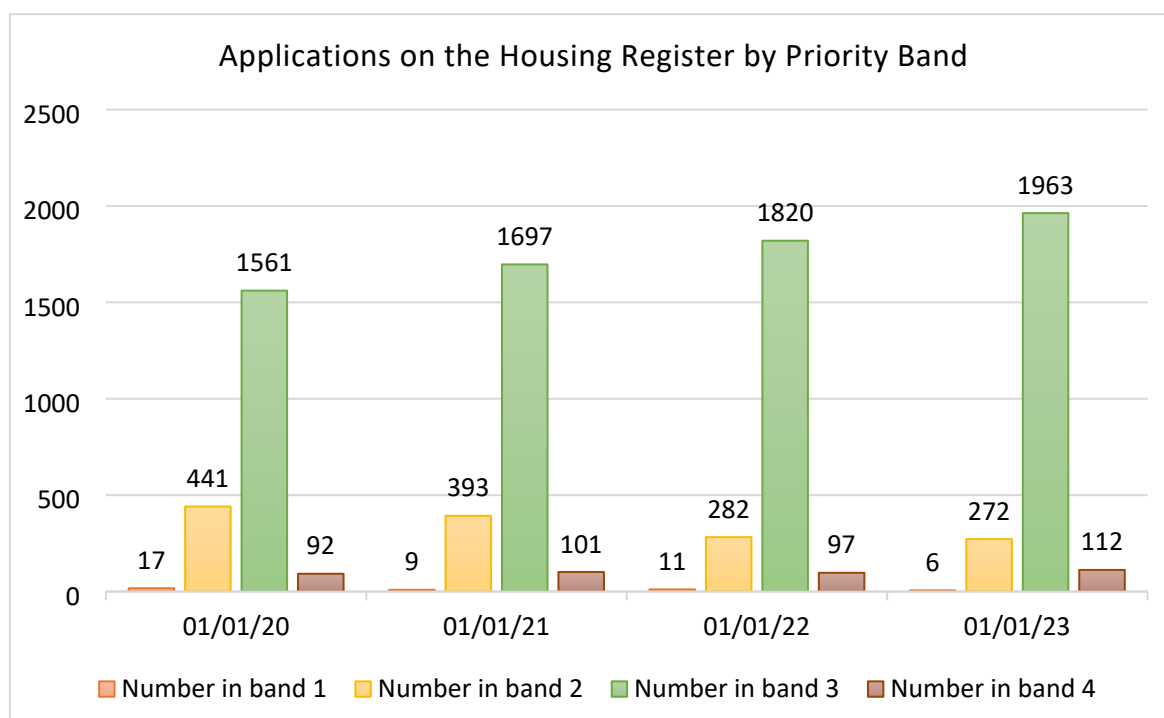


At the beginning of 2020 there were 2111 households on the housing register. At the beginning of 2023 that number had increased to 2353, representing an 11% increase of active applications.

The number of active applications on the housing register is constantly changing as new households join, and existing households receive offers of accommodation, or close their applications.

The table below shows Test Valley's housing register demand compared with that of its sub regional partners as at 1 April 2023:

| Test Valley | Eastleigh | Havant | East Hants | Winchester |
|--------------------|------------------|---------------|-------------------|-------------------|
| 2535 | 2162 | 1890 | 1590 | 1579 |

Applications by Priority Banding

Applications in Band 1 have reduced over the period of the current strategy by 64%. Band 1 is the highest band on the housing register reserved for the most urgent of cases.

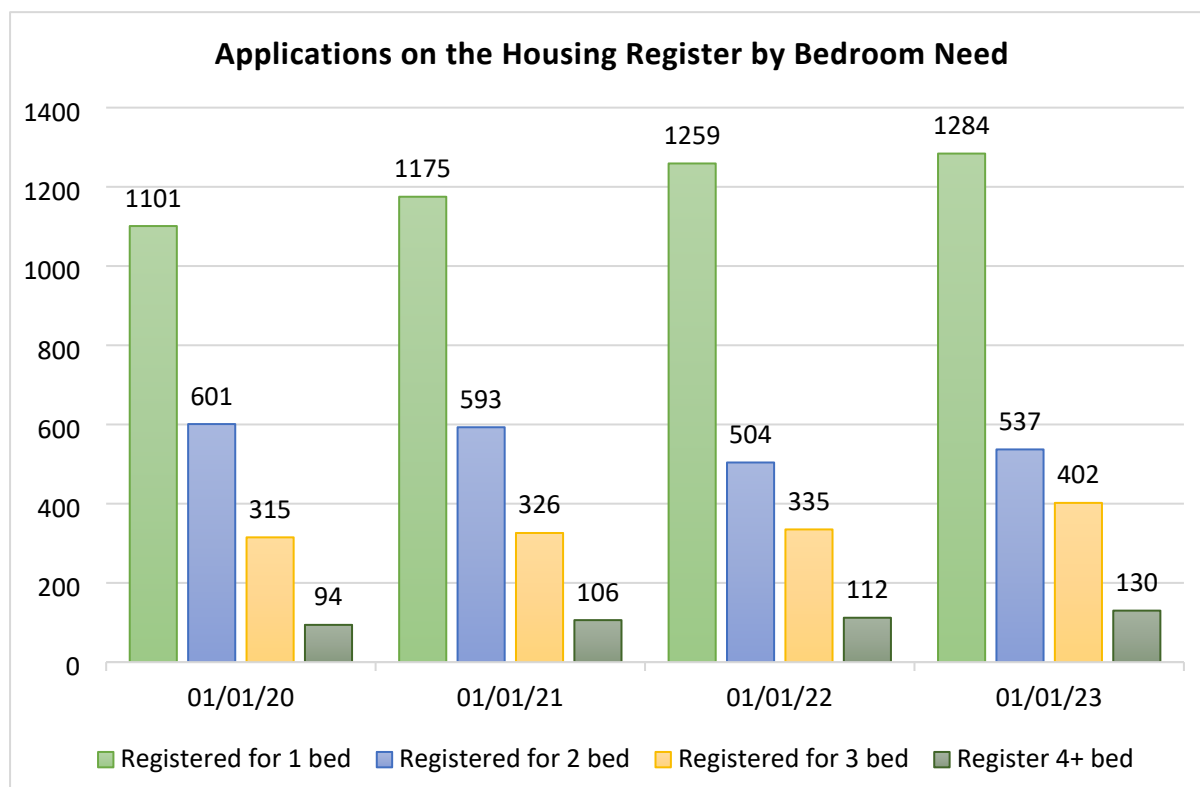
Applications in Band 2 have also reduced over the period of the current strategy by 38%.

Applications in band 3 have increased over the period of the strategy by 26%.

Applications in Band 4 have fluctuated over the period of the strategy. There has been an increase of 22% between 2020 and 2023.

A comparison of Test Valley's priority bandings with that of its sub regional partners as at 1 April 2023 is shown in the table below:-

| | Test Valley | Eastleigh | Havant | East Hants | Winchester |
|--------|-------------|-----------|--------|------------|------------|
| Band 1 | 6 | 3 | 5 | 3 | 2 |
| Band 2 | 272 | 160 | 173 | 226 | 259 |
| Band 3 | 1963 | 1912 | 1642 | 1278 | 1207 |
| Band 4 | 112 | 87 | 70 | 83 | 111 |

Applications by bedroom size

As the table above shows, the largest need is for 1 bedroom properties. This need has increased over the period of the current strategy by 17%.

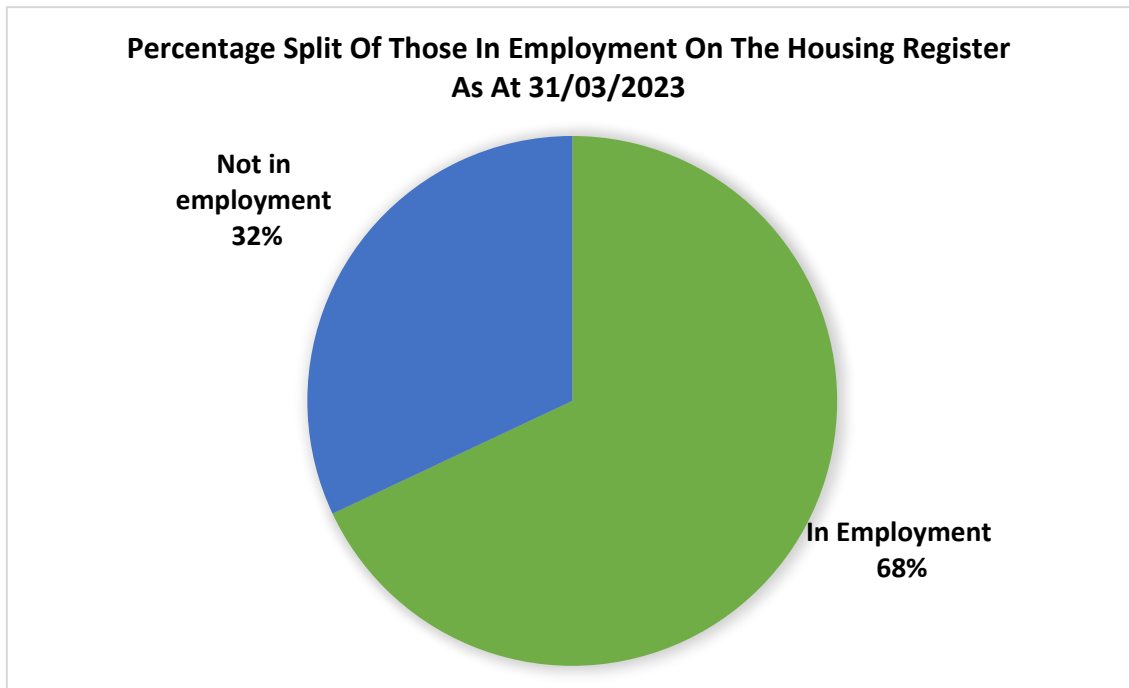
The next highest demand is for 2 bedroom properties, however this has decreased by 11% over the period of the strategy.

The demand for 3 bedroom properties has increased by 27% over the period of the current strategy. The demand for 3 bedroom accommodation remains the 3rd highest.

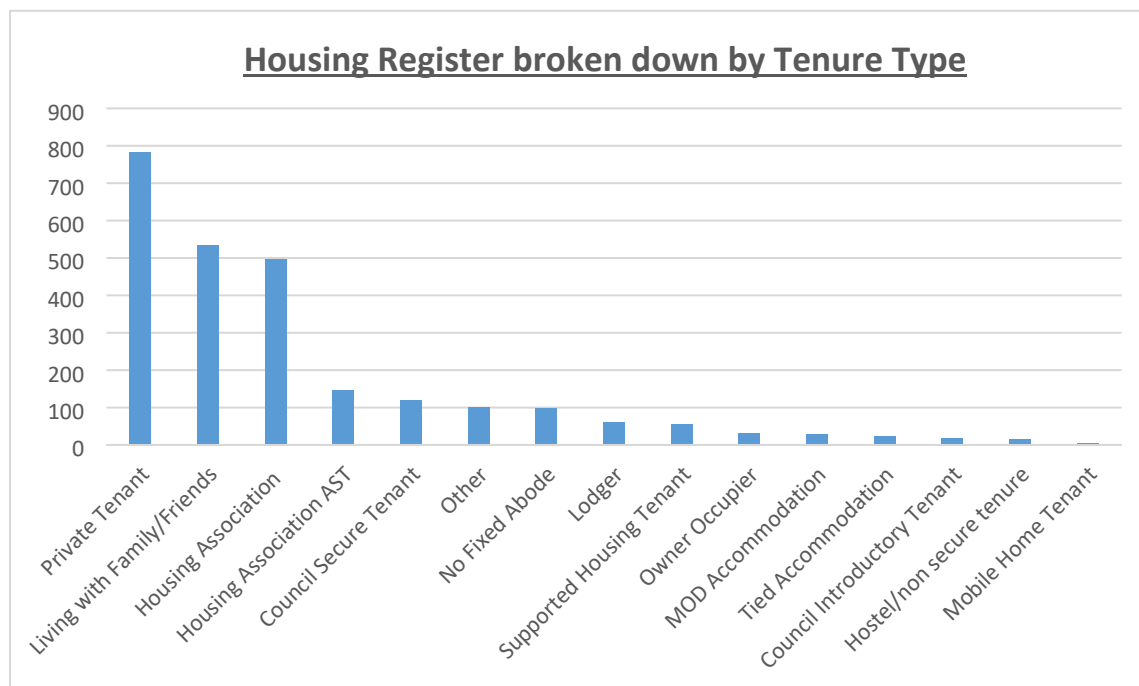
Demand for 4 bedroom properties remains the lowest on the housing register, however the overall demand for a 4 bedroom home has increased by the highest proportion over the period of the strategy, by 38%.

The table below compares Test Valley's bedroom need with that of its sub regional partners as at 1 April 2023:

| | Test Valley | Eastleigh | Havant | East Hants | Winchester |
|------------|--------------------|------------------|---------------|-------------------|-------------------|
| 1 bed need | 1284 | 1163 | 868 | 848 | 1015 |
| 2 bed need | 537 | 484 | 603 | 433 | 324 |
| 3 bed need | 402 | 416 | 371 | 231 | 168 |
| 4 bed need | 130 | 99 | 68 | 78 | 72 |

Employment breakdown on the Housing Register

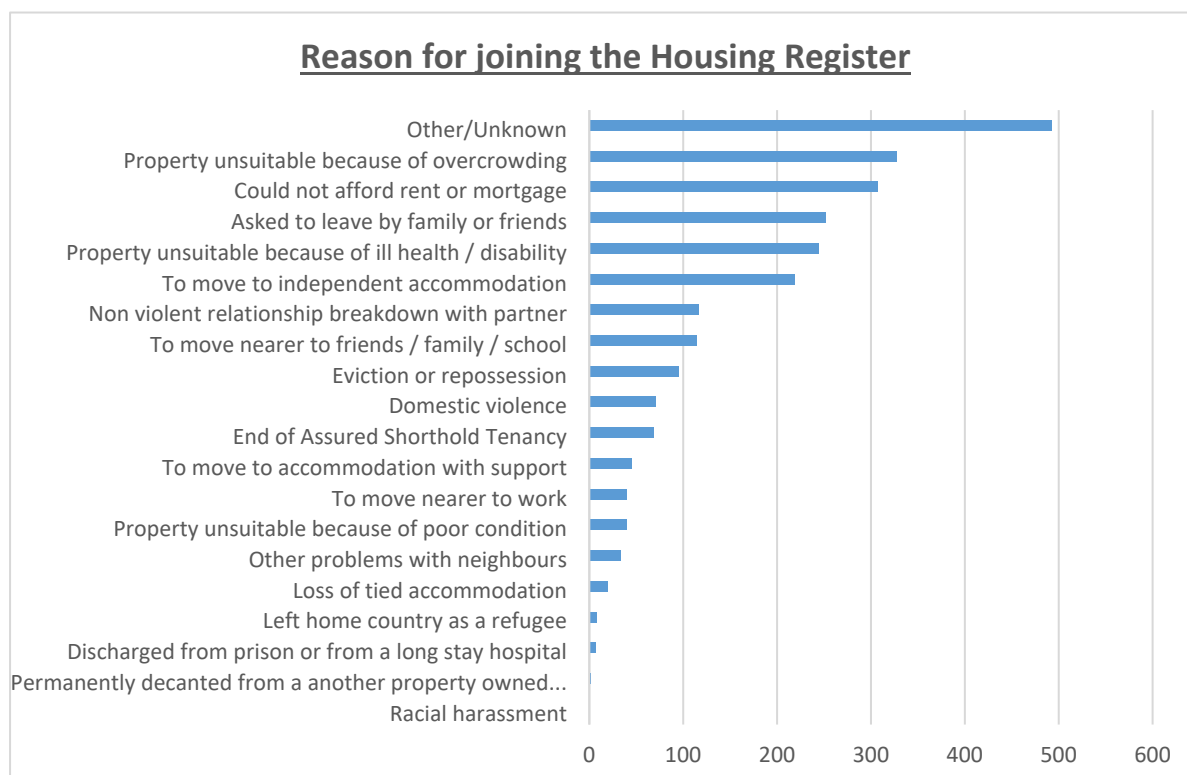
The majority of those registered on the housing register are in employment. It is important to recognise that this does not mean that 32% of those on the register choose not to work. This 32% comprises of those households who have reached retirement age, those who may be out of work due to sickness or disability, as well as those who may care for others.

Total number on the Housing Register broken down by tenure type

Households living in private rented accommodation make up almost 1/3 of those on the housing register, followed by those living with family/friends who make up just over 20% of those on the housing register.

Nearly 64% of those on the housing register are currently living in accommodation that has a level of insecurity and a higher risk of becoming homeless.

Total number on the Housing Register broken down by reason for joining



Overcrowding is the most common reason for households joining the housing register, followed by being unable to afford to rent or get a mortgage. Being asked to leave by friend and family is the third most common reason with properties being unsuitable due to health reasons being the fourth.

Evictions by family and friends is one the top cause of homelessness within Test Valley.

Applications that do not result in active applications on the housing register.

| | 2020/21 | 2021/22 | 2022/23 |
|---|---------|---------|---------|
| Number of applications made but the applicants did not qualify to join the housing register | 432 | 452 | 497 |
| Number of applications started but not completed, including the failure to provide supporting documents | 747 | 720 | 712 |

Approx 20% of new applications do not qualify to join the housing register and therefore do not result in an active application on the register. The reasons for this will include; being adequately housed, no local connection and income/assets above the prescribe threshold.

For the past 3 financial years, over 700 applications have ben started but not completed, this includes completing the application but failing to provide the supporting documentation such as ID, proof of address etc.

Lettings made via the Housing Register 2020-2023

Number of lets per financial year:

| Year | Number of Lets |
|-------------|-----------------------|
| 2020/21 | 565 properties let |
| 2021/22 | 621 properties let |
| 2022/23 | 464 properties let |

Properties let broken down by property size:

| | 2020/21 | 2021/22 | 2022/23 |
|------------------|----------------|----------------|----------------|
| 1 bed properties | 200 | 188 | 191 |
| 2 bed properties | 262 | 311 | 210 |
| 3 bed properties | 90 | 104 | 49 |
| 4 bed properties | 13 | 18 | 14 |

Properties let broken down by priority banding:

| | 2020/21 | 2021/22 | 2022/23 |
|---------------|----------------|----------------|----------------|
| Let to band 1 | 23 | 12 | 10 |
| Let to band 2 | 293 | 184 | 140 |
| Let to band 3 | 301 | 422 | 312 |
| Let to band 4 | 2 | 3 | 2 |

Test Valley has enjoyed a number of large strategic development sites being completed during the lifetime of the current strategy, which have delivered a high level of affordable homes to let during the lifetime of this strategy. Current affordable housing delivery levels are just below target due to reliance on smaller non-strategic sites being brought forward by developers.

Homelessness in Test Valley**Approaches to the service and duties owed**

The Housing Options service is used by those households who believe they are homeless, threatened with homelessness or require housing advice. The council will not owe a statutory duty to all households who approach the Options Team.

Approaches – reflects the number of households who approached the council.

Prevention duty – owed to a household when the council is satisfied the applicant is eligible and threatened with homelessness within 56 days.

Relief Duty – owed to a household when the council is satisfied the applicant is eligible and homeless immediately.

Applicants may also move from Prevention duty to Relief duty after a period of 56 days in prevention duty, or if they go from being threatened with homelessness to becoming homeless.

The table below shows the total number of homelessness approaches made to Test Valley Borough Council during the last three full financial years, as well as the prevention and relief duty that was applied:-

| | 20/21 | 21/22 | 22/23 |
|--|--------------|--------------|--------------|
| Total number of approaches | 835 | 896 | 964 |
| Total number of approaches – families with children | 278 | 312 | 297 |
| Total number approaches – singles, with no children | 557 | 584 | 667 |
| Total number of households placed into prevention duty only | 210 | 165 | 174 |
| Total number of families placed into prevention duty only | 95 | 68 | 81 |
| Total number of singles placed into prevention duty only | 115 | 97 | 93 |
| Total number households placed into prevention duty, who then moved into relief duty | 52 | 51 | 49 |
| Total number families placed into prevention duty, who then moved into relief duty | 31 | 32 | 29 |
| Total number singles placed into prevention duty, who then moved into relief duty | 21 | 19 | 20 |
| Total number of households placed into relief duty only | 222 | 221 | 232 |
| Total number of families placed into relief duty only | 40 | 55 | 68 |
| Total number of singles placed into relief duty only | 182 | 166 | 164 |
| Total number households accepted as full duty | 55 | 104 | 59 |
| Total number families accepted as full duty | 31 | 60 | 32 |
| Total number of singles accepted as full duty | 24 | 44 | 27 |

Throughout the lifetime of the strategy there has been an increase in demand for the housing options service. The data for the lifetime of the strategy runs over the period of the Covid-19 Pandemic. For some of this time the government enforced various pieces of legislation to prevent evictions of households from their homes in all sectors.

This may account for the reduction of households being owed the prevention duty over the lifetime of the strategy, with fewer households meeting this criteria as a direct result of new legislations preventing evictions.

There were some exemptions, and in serious or extreme situations landlords could obtain the necessary court orders to end tenancies. The legislation did not apply to certain tenancy types or to those living with family and friends, therefore homelessness still occurred during the pandemic.

The pandemic also saw the introduction of the initiative called Everyone In. On 26 March 2020 the Government asked Authorities to offer accommodation to anyone who may otherwise experience rough sleeping, regardless of eligibility or priority need.

In Test Valley this meant accommodating over 100 single people between March 2020 and March 2021 in emergency accommodation. All placements were made under a homelessness duty and can account for some of the increase in demand from single people. As we moved through the pandemic the demand from single people has not returned to pre pandemic numbers, although the demand from single people remains high.

The data appears to show that the number of households owed a full duty doubled between 2020/21 to 2021/22, however this does not mean that twice as many households became homeless. This reflects the way in which the council changed its approach to how duties were managed for those in temporary accommodation.

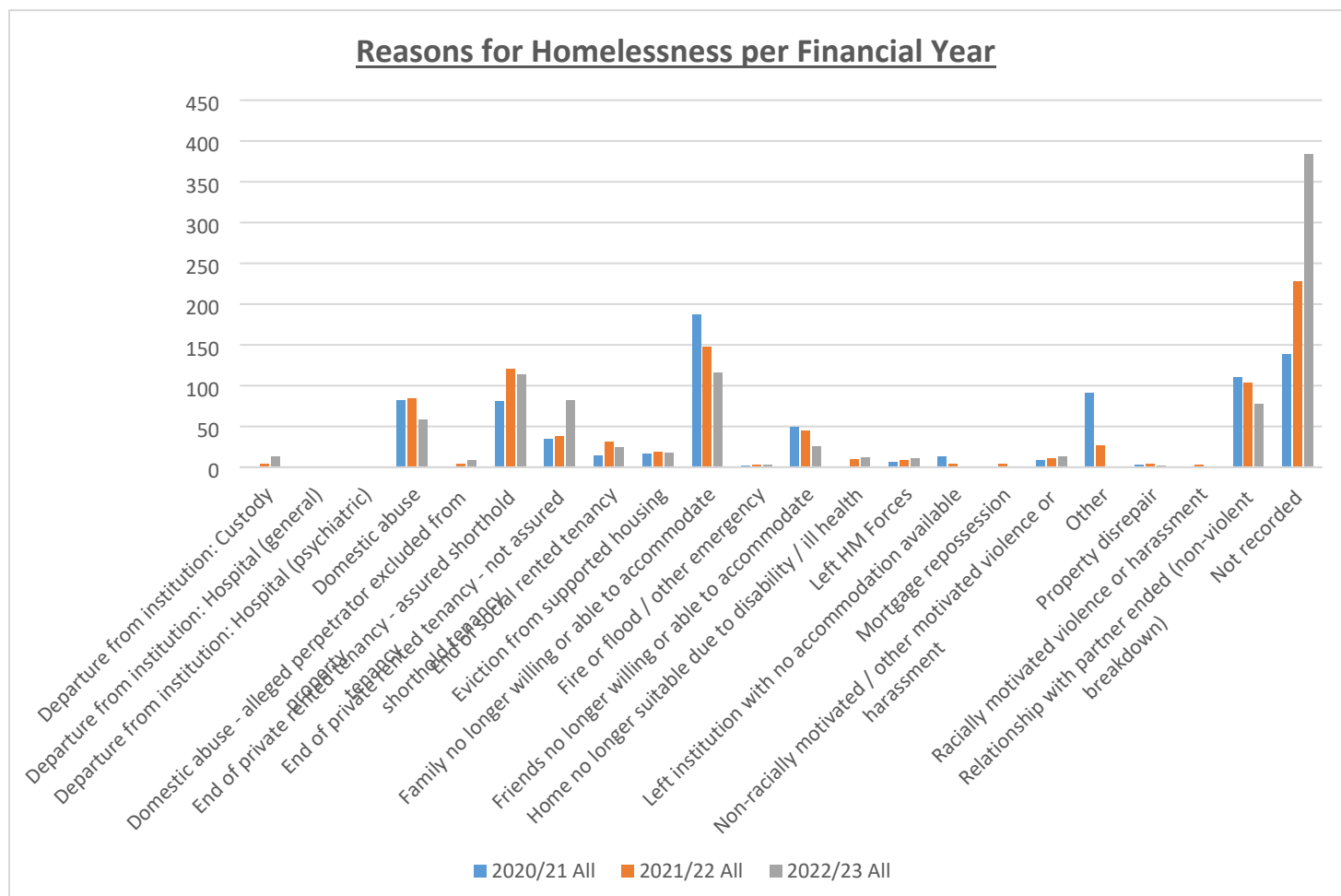
Reasons for approaches

Households approach the Housing Options Team for a variety of reasons. The table below shows a breakdown of the reasons for homelessness approaches over the lifetime of the current strategy:

| Approach reasons | 2020/21 | | | 2021/22 | | | 2022/23 | | |
|---|---------|----------|---------|---------|----------|---------|---------|----------|---------|
| | All | Families | Singles | All | Families | Singles | All | Families | Singles |
| Departure from institution: Custody | 0 | 0 | 0 | 4 | 0 | 4 | 13 | 0 | 13 |
| Departure from institution: Hospital (general) | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 1 |
| Departure from institution: Hospital (psychiatric) | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 1 |
| Domestic abuse | 82 | 48 | 33 | 84 | 48 | 36 | 58 | 33 | 25 |
| Domestic abuse - alleged perpetrator excluded from property | 0 | 0 | 0 | 4 | 2 | 2 | 8 | 1 | 7 |

ANNEX 3

| | | | | | | | | | |
|---|-----|----|-----|-----|----|-----|-----|----|-----|
| End of private rented tenancy - assured shorthold tenancy | 81 | 36 | 45 | 120 | 63 | 57 | 114 | 54 | 60 |
| End of private rented tenancy - not assured shorthold tenancy | 34 | 7 | 27 | 38 | 5 | 33 | 82 | 43 | 39 |
| End of social rented tenancy | 14 | 6 | 8 | 31 | 11 | 20 | 24 | 7 | 17 |
| Eviction from supported housing | 16 | 0 | 16 | 19 | 2 | 17 | 17 | 0 | 17 |
| Family no longer willing or able to accommodate | 187 | 52 | 135 | 148 | 30 | 118 | 116 | 34 | 82 |
| Fire or flood / other emergency | 2 | 0 | 2 | 3 | 2 | 1 | 3 | 0 | 3 |
| Friends no longer willing or able to accommodate | 49 | 4 | 45 | 45 | 8 | 37 | 25 | 4 | 21 |
| Home no longer suitable due to disability / ill health | 0 | 0 | 0 | 10 | 1 | 9 | 12 | 4 | 8 |
| Left HM Forces | 6 | 3 | 3 | 8 | 6 | 2 | 11 | 8 | 3 |
| Left institution with no accommodation available | 13 | 0 | 13 | 4 | 0 | 4 | 0 | 0 | 0 |
| Mortgage repossession | 0 | 0 | 0 | 4 | 0 | 4 | 0 | 0 | 0 |
| Non-racially motivated / other motivated violence or harassment | 9 | 3 | 6 | 11 | 5 | 6 | 13 | 6 | 7 |
| Other | 91 | 21 | 70 | 27 | 9 | 18 | 0 | 0 | 0 |
| Property disrepair | 3 | 0 | 3 | 4 | 3 | 1 | 2 | 1 | 1 |
| Racially motivated violence or harassment | 0 | 0 | 0 | 3 | 2 | 1 | 1 | 0 | 1 |
| Relationship with partner ended (non-violent breakdown) | 110 | 39 | 71 | 103 | 42 | 61 | 77 | 30 | 47 |
| Not recorded | 138 | 55 | 83 | 228 | 72 | 155 | 384 | 72 | 312 |



In Test Valley the top reasons for homelessness are:

- Family or friends no longer able to accommodation
- Domestic abuse
- Relationship breakdown
- End of private rented accommodation

End of Prevention Duty Reasons

The council can end the prevention duty to a customer by discharging it upon a number of events occurring. Below is a breakdown of how the prevention duties have been discharged (come to an end) throughout the lifetime of the strategy:

| End of Prevention Duty | 2020/21 | | | 2021/22 | | | 2022/23 | | |
|-------------------------|---------|----------|---------|---------|----------|---------|---------|----------|---------|
| | All | Families | Singles | All | Families | Singles | All | Families | Singles |
| 56 days or more expired | 7 | 5 | 2 | 16 | 3 | 13 | 0 | 0 | 0 |
| Contact lost | 41 | 9 | 32 | 44 | 18 | 26 | 20 | 6 | 14 |
| Became Homeless | 50 | 31 | 19 | 51 | 33 | 18 | 48 | 29 | 19 |

| | | | | | | | | | |
|---|----|----|----|----|----|----|----|----|----|
| Intentionally Homeless from accommodation provided | 2 | 0 | 2 | 0 | 0 | 0 | 1 | 0 | 1 |
| No longer eligible | 0 | 0 | 0 | 1 | 0 | 1 | 0 | 0 | 0 |
| Refused suitable accommodation | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 1 | 0 |
| Refused to co-operate | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Secured alternative accommodation for 12 months or more | 57 | 34 | 23 | 34 | 21 | 13 | 35 | 18 | 17 |
| Secured alternative accommodation for 6 months | 88 | 39 | 49 | 53 | 16 | 37 | 53 | 25 | 28 |
| Secured existing accommodation for 12 months or more | 4 | 2 | 2 | 6 | 2 | 4 | 5 | 2 | 3 |
| Secured existing accommodation for 6 months | 11 | 6 | 5 | 10 | 6 | 4 | 4 | 1 | 3 |
| Withdrew application / applicant deceased | 6 | 3 | 3 | 4 | 2 | 2 | 3 | 2 | 1 |

The council wants to resolve homelessness whilst households are within prevention duty, however this is not always possible.

Analysis of the data shows the following outcomes:

| | 2020/21 | 2021/22 | 2022/23 |
|--|----------------|----------------|----------------|
| Closed positively and homelessness prevented | 60% of cases | 47% of cases | 57% of cases |
| Lost contact with the customer | 15% of cases | 20% of cases | 11% of cases |
| Homelessness not prevented | 21% of cases | 30% of cases | 28% of cases |

The data shows that contact is more likely to be lost with a single person than with a family with children.

Families are more likely to become homeless whilst in prevention duty than single people.

Securing alternative accommodation for at least 6 or 12 months, along with securing existing accommodation is the main reason for the prevention duty coming to an end.

This means the households threat of homelessness has been resolved with a positive outcome.

End of Relief Duty Reasons

Households may move from the Prevention duty into the Relief duty, be owed the Relief Duty straight away. Below is a breakdown of how the Relief duties have been discharged (come to an end) throughout the lifetime of the strategy:

| End of Relief Duty | 2020/21 | | | 2021/22 | | | 2022/23 | | |
|--|---------|----------|---------|---------|----------|---------|---------|----------|---------|
| | All | Families | Singles | All | Families | Singles | All | Families | Singles |
| 56 days elapsed | 17 | 9 | 8 | 111 | 62 | 49 | 91 | 50 | 41 |
| Contact lost | 72 | 4 | 68 | 70 | 7 | 63 | 62 | 12 | 50 |
| Intentionally Homeless from accommodation provided | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Local Connection referral accepted by other Local Authority | 1 | 0 | 1 | 0 | 0 | 0 | 1 | 0 | 1 |
| No longer eligible | 2 | 0 | 2 | 1 | 0 | 1 | 1 | 0 | 1 |
| Notice served due to refusal to co-operate | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Refused final accommodation or final part 6 offer | 0 | 0 | 0 | 0 | 0 | 0 | 5 | 2 | 3 |
| Secured accommodation for 12 months | 22 | 18 | 14 | 25 | 12 | 13 | 46 | 18 | 28 |
| Secured accommodation for 6 months | 82 | 19 | 63 | 50 | 5 | 45 | 79 | 15 | 64 |
| Withdrew application / applicant deceased | 6 | 0 | 6 | 9 | 4 | 5 | 12 | 6 | 6 |
| Applicant has refused suitable offer which was not a final offer | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 1 | 0 |

The council wants to resolve homelessness whilst households are within relief duty, however this is not always possible.

Analysis of the data shows the following outcomes:

| | 2020/21 | 2021/22 | 2022/23 |
|---|----------------|----------------|----------------|
| Closed positively and homelessness resolved | 51% of cases | 28% of cases | 42% of cases |
| Lost contact with the customer | 36% of cases | 26% of cases | 20% of cases |
| Homelessness not prevented | 8% of cases | 41% of cases | 30% of cases |

As in prevention duty, contact is more likely to be lost with single people rather than families in the relief duty.

Securing alternative accommodation for at least 6 or 12 months, along with securing existing accommodation is one of the main reasons for the prevention duty coming to an end. This means the household's homelessness has been resolved with a positive outcome.

Those recorded as 56 days lapsed have not had their homelessness resolved. These households may move into temporary accommodation or make temporary arrangements. Their relief duty will come to an end, but the council may then owe the full duty or make an adverse decision on their homelessness application.

Homeless Decisions Made

| | 2020/21 | 2021/22 | 2022/23 |
|--|----------------|----------------|----------------|
| Total number of households accepted as full duty | 55 | 104 | 59 |
| Total number of families accepted as full duty | 31 (56%) | 60 (57%) | 32 (54%) |
| Total number of singles accepted as full duty | 24 (44%) | 44 (43%) | 27 (46%) |

As of December 2020, the Council changed the way it managed placing households into temporary accommodation. Prior to this, duties were ended rather than households placed into the Full (Main) Duty. The change allows households to remain under a duty, supported and engaged with a Housing Options Officer until settled accommodation has been secured. This explains the increase in acceptances from 2020/21 to 2021/22.

Over the lifetime of the strategy Full Duties have been accepted to both family and single households. More families are owed the full duty than single person households.

It is rare for Test Valley to make an adverse homeless decision such as non-priority or intentionally homeless. Instead, we work with those households to find a housing solution and limit any time they experience homelessness.

End of Full Duty Reasons

Once a full duty has been accepted the council owes this duty until an event occurs that means the council can discharge that duty. The data below shows how duties have come to an end during the lifetime of the current strategy.

| Reason main/full duty ended | 2020/21 | | | 2021/22 | | | 2022/23 | | |
|--|---------|----------|---------|---------|----------|---------|---------|----------|---------|
| | All | Families | Singles | All | Families | Singles | All | Families | Singles |
| Ceased to be eligible | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Accepted Part 6 offer | 17 | 9 | 8 | 19 | 9 | 10 | 3 | 1 | 2 |
| Accepted Private Rented Sector Offer | 0 | 0 | 0 | 2 | 0 | 2 | 4 | 2 | 2 |
| Applicant withdrew or lost contact | 0 | 0 | 0 | 2 | 0 | 2 | 0 | 0 | 0 |
| Became homeless intentionally from temporary accommodation | 0 | 0 | 0 | 1 | 0 | 1 | 0 | 0 | 0 |
| Ceased to occupy temporary accommodation | 2 | 1 | 1 | 3 | 1 | 2 | 0 | 0 | 0 |
| Refused suitable Part 6 offer | 1 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Refused suitable Private Rented Sector Offer | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Refused suitable temporary accommodation offer | 0 | 0 | 0 | 1 | 1 | 0 | 0 | 0 | 0 |

The most common reason for a full duty to end is by way of a Part 6 offer, which is an offer of social housing via the council's housing register.

Over the lifetime of the current strategy the council has started to utilise the ability to make offers of private rented accommodation, known as PRSO (Private Rented Sector Offer) to bring the full duty to an end.

Support Needs

Households who are homeless or threatened with homelessness, understandably have a range of support needs. As part of our assessment of households seeking housing advice and support, we capture information about those support needs. The most frequently recorded needs include:

- Physical and mental health needs
- Drug or alcohol dependency
- Offending behaviour
- History of homelessness or rough sleeping
- Young people between 18-25 yrs old
- Old age
- Risk of sexual exploitation
- Care leavers
- Difficulties with budgeting

Household Support Fund Applications – January 2022 & January 2023

January – March 2022

In March 2022 the council chose to operate an open application scheme for customers to access financial support from the Household Support Fund. Part of their application asked them to share with us the financial difficulties they were experiencing, some of which is listed below:

- Funeral costs for those lost during Covid
- Increased cost of fuel – many demonstrated a reliance on a car to attend employment, medical appointments and to get children to school as well as access essential facilities
- Lack of funds for new clothing and shoes
- Increased cost of food
- The daily living cost to those with special dietary requirements, that can't always be met by a food bank. Examples included dairy intolerances, gluten free, or children with additional needs who will only eat certain foods or foods purchased that day.
- Cost of purchasing oil upfront to provide heating for their homes

January – March 2023

In March 2023 the council operated an open application scheme, for the second time, for customers to access financial support by way of a one-off £125 grant from the

Household Support Fund. Part of their application asked them to share with us the financial difficulties they were experiencing. The common trends included:

- Utility Bills – many described not being able to afford utility bills, being in debt with utility companies and avoiding heating their homes to save costs.
- Food – many described struggles in the increased cost of food, and had changed or reduced what they purchased. Some shared struggles around being unable to afford to buy anything in the run up to pay days, or just prioritising food for children.
- Debt – customers talked about being behind on payments such as utility bills or relying on credit cards to meet their costs, or borrowing from family and friends.
- Loss of income – customers shared that their own income had reduced. Several had stopped receiving child maintenance from ex-partners, some had lost hours of work, and some self-employed found their demand had reduced as a direct consequence of the Cost of Living crisis.

Consultations

As part of the review of homelessness in Test Valley several consultation sessions were carried out with our partners, as well as a Homelessness Forum with senior managers and a Frontline Workers event.

Partner Consultation results – February & March 2023

- Stakeholders have shared positive perspectives relating to homeless prevention and relief services provided by TVBC. Partners are realistic about the scale of the challenges facing public services in meeting housing demand post-Covid, and during cost-of-living crisis, as well as providing humanitarian responses to refugees.
- Stakeholders recognise that tackling homelessness is a shared responsibility, and report feeling well informed about housing options available to customers and the support that is accessible in the local area, including from TVBC.
- There is a concern associated with access to affordable housing solutions, including the accessibility of the private rented sector for low-income households, and a recognition that housing supply will not provide the answer to effectively preventing and relieving homelessness.
- Local partnership arrangements, including the Test Valley Partnership, are viewed positively as vehicles through which to discuss and respond to local priorities, and relationships between key system partners locally are generally good, albeit all front-line services are struggling to meet very high demands.
- There is strong local support for enhancing partnership working further to prevent and relieve homelessness, including the potential co-location of services and multi-agency hubs. This feedback is aligned to the new corporate plan's place-based focus and provides an endorsement for the new homelessness strategy to actively pursue particular place-based approaches to homelessness prevention and relief. These were, coincidentally, one aspect of the outgoing delivery plan, however, the pandemic meant that co-location and face to face community initiatives were not pursued as actively as they otherwise would have been.
- The current strategic priorities were endorsed as still current, albeit they could be evolved and developed to reflect the current operating context and what we might sensibly predict to be future pressures arising in the local area.

OSCOM – March 2023

A short presentation was given at the OSCOM round-table session. Members of OSCOM pulled together the following priorities and observations that were important to them:

- Sustainability of villages.
- Accessibility must mean more than being able to access facilities within the home; it also needs to extend to the community.

- Prevention of homelessness is not just about a home; it is about the services beyond a home such as mental health support.
- Allocation of property is important to success and sustainability.
- Accessing affordable housing is essential.
- Community groups and support can prevent homelessness – these groups need to be supported adequately.

Partnership consultation online surveys – May 2023

Partners were invited to take part in an online survey to share their thoughts and feedback.

Partners were asked a number of questions, the results of which are below. Responses were received from Hampshire County Council, Abri, Citizens Advice, Aster, Two Saints, Unity, Vivid, Inclusion NHS, Hampshire Police and Finding Freedom from Abuse.

1. 100% of respondents either agreed or strongly agreed that the 4 priorities set out in the current strategy are still relevant.
2. 100% of respondents either agreed or strongly agreed that they know which services to approach.

1 respondent stated '*I am not sure if there are services that I do not know about*'.
3. 100% of respondents either agreed or strongly agreed that prevention of homelessness is the responsibility of all local partners.
4. 100% of respondents either agreed or strongly agreed that they understand the housing options available to their customers.
5. Partners are contributing to the prevention of homelessness by providing accommodation, providing specialist advice to care leavers, treating addictions, recovery support and providing advice on rights and responsibilities. They see working in partnership as a key tool in preventing homelessness which includes sharing information.
6. Partners' experience of working with a client experiencing homelessness showed that they found the support provided by TVBC to be faultless and responsive. They also found that TVBC was good at partnership working, acted quickly to find accommodation, was positive, and worked in the best interests of the customer. Partners did identify that sometimes the right housing options were not available, and that they were out of the area, or unrealistic.
7. Partners were able to identify barriers to preventing homelessness in the borough and listed the following:

- High demand for housing and the Cost of Living crisis impacting affordability.
 - Lack of variety of accommodation, and accommodation is hard to access quickly. Rents are higher than the amounts paid by Universal Credit and Housing Benefit. Young people placed in projects find that accommodation is unaffordable if they enter employment.
 - Insufficient access to suitable alternative accommodation, emergency accommodation and accommodation that is affordable.
 - Closer working and better working relationships with statutory bodies offering support within the region is needed.
 - Lack of move-on options outside of the housing register and the lack of adequate mental health services.
 - Availability and affordability of housing stock.
 - Demands for social housing. Single people on low incomes struggle to access private rented accommodation. Drug use and anti-social behaviour are factors, as are the wrong interventions at the wrong time. Insufficient network, local support services for mental health and other health providers. Transport links in rural communities are poor.
 - Lack of engagement by some customers.
 - Robust stepped approach needed to meet client needs and not just client wants. Availability of sufficient resources needed to meet those needs. Need to have a good understanding of the weaknesses and strengths. Ability for clients to step back.
 - Lack of affordable housing and increasing infrastructure for new-builds such as shops and doctors surgeries.
8. When asked what the council is doing well to meet these challenges, partners gave a variety of responses. Partners liked the idea of officers being present, and felt that visiting projects is also helpful. Partnership working was a key feature of things that the council is doing well. Being pro-active and quick to respond, communicating, being flexible and offering a rent deposit scheme were also listed as things we do well.
9. When asked what could be changed to meet the challenges partners were able to give suggestions;
- Identify more accommodation for young people
 - Improve support services
 - Increase social housing and mental health services
 - Careful lettings to prevent anti-social behaviour
 - Housing team and Community Safety team to be more aligned at TVBC – cases discussed at Community Multi-Agency Risk Assessment Conference (CMARAC) are not always known to the Housing team.

- Increase availability of affordable homes, including wet and dry houses, and options for older and younger people. Pre-tenancy education for all new tenancies. Improve the eviction process.
- Change the fact that customers are having to wait six months before they receive an elevated banding.
- Create a stepped approach to housing with opportunities to step back

Customer Surveys & Rough Sleeper Consultation – May & June 2023

Customers provided a lot of positive feedback but they have also helped identify areas for improvements.

70% of customers found it easy or very easy to make contact with the service, however 30% did not, therefore it is important that we ensure all customers can easily make contact with the service.

90% of customers found the service and the officers friendly and approachable. This is extremely positive, but demonstrates there could still be some improvements.

70% of customers indicated that they felt listened to and understood by their Housing Options Officer, whilst 30% felt that officers didn't hear what they were trying to explain.

60% of customers found the level of on-going contact and updates was good, however 40% of customers felt there was not enough. Customers who need to engage with Housing Options Officers are facing homelessness and an extremely stressful time, and updates and communication is important to them at this time.

85% of customers felt the advice and information given to them was clear, however 15% of customers felt it was unclear, with one person making reference to 'feeling as though I was going round in circles'. 70% of customers understood the housing options available to them, with 30% being a bit confused.

When asked to rate their overall experience of the housing options service customers returned an average score of 6.5 out of 10.

Positive feedback was received from those who were former rough sleepers. Their average score was much higher and they found close customer/officer contact extremely important to resolving their rough sleeping experience.

DLUHC Rough Sleeper Advisor Feedback – June 2023

Test Valley have successfully bid for and received grant funding from the Rough Sleeper Initiative (RSI) fund and Rough Sleeper Accommodation Programme (RSAP) over the lifetime of the tenancy. These bids were formulated in collaboration with the advisor assigned to the council from DLUHC. DLUHC make regular visits to councils to review their work, give advice, and ensure that the grants awarded are being used appropriately.

The advisor's feedback was very positive, with no concerns raised about the services being provided or the use of the grant. The advisor observed staff to be passionate and dedicated to their role and working with customers. The advice given focused on enhancing the service.

Association of Town & Parish Councils' Annual Conference – June 2023

A short presentation was given at the Association of Town and Parish Councils' conference, who were then asked to think around 3 key areas. The priorities and observations that were important to them were:

- Ensure people have the right support; don't allow people to become isolated.
- Ensure people are placed into homes that are suitable and of a good standard and condition.
- Ensure people are supported into homes that they can afford based on their own personal circumstances.

Management Team and Portfolio Group Progress Consultation – July & August 2023

Management Team and Portfolio Group were consulted and updated on the progress of the review following the majority of the consultations. At this stage priority themes had started to emerge which informed the new priorities and delivery plan. Both Management Team and Portfolio Group endorsed the work completed so far and supported the emerging priority theme.

DLUHC Homeless Advice and Support Team visit – August 2023

Homelessness Advice and Support Team (HAST) advisor Claire Dyke visited Test Valley in August 2023 and supported the emerging priority themes and action plan. No service improvements or causes for concern were identified. The challenges experienced by Test Valley at the time were not unusual or unique.

Preventing Homelessness Forum – September 2023

A second Homelessness Forum was held in September 2023. Partner agencies were asked to consider and contribute to the development of the delivery plan for the new strategy. Partners were asked about the actions they felt were most important, what actions they felt were reasonable to commit themselves to, and their views on the emerging priority themes.

Agencies were very supportive of the priority themes. All agreed they felt right and that they cover the most important aspects of preventing homelessness.

Agencies identified a lot of actions to form part of the delivery plan including the following which emerged as popular actions:

- Tenancy support, including pre-tenancy training for customers to maximise their ability to successfully sustain and manage a tenancy.
- Pre-eviction protocols.
- Ability to have early conversations.
- Multi-agency hubs and increased multi-agency working.
- Cross-agency working and staff working within other agencies.
- Events and homelessness forums bringing agencies together.
- Increased frontline training opportunities for all agencies.
- Service directory of a range of services, with clear information on who can provide what support, and how to access it.
- Allocations policy that is fit for purpose, easy to understand and easy to access.
- Keep accommodation supply options under review and continue to look for more accommodation to meet the needs of customers.

Test Valley Partnership Consultation – October 2023

A draft delivery action plan was shared with partner agencies at the Test Valley Partnership meeting held in October 2023. Partners were asked which actions they felt were important, and were given the opportunity to contribute further if they felt that any actions were missing.

Partners gave their support and priority to the follow:

- Actions supporting greater partnership and cross agency working
- Actions to keep the off the street offer under review and fit for purpose
- Actions to ensure the right support is available to people to sustain their accommodation
- Actions to enable access to affordable housing, including a homelessness pathway
- Actions to improve the increased use of duty to refer
- Actions to better use data and insight to prevent homelessness
- Actions to have multi agency support plans for anyone identified to be experiencing rough sleeping
- Actions exploring why people disengage with the service or fail to complete their housing register application

Conclusion and Emerging Priorities

In conclusion, the demand on the service has been increasing. This could be due to a number of national challenges that are emerging post-pandemic. The Covid-19 pandemic itself had a significant impact on homelessness and people's well-being, and the service is still seeing the results of this.

Partners and staff place value on partnership working and want to build upon this, recognising that preventing homelessness is a joint responsibility. There is an appetite for multi-agency hubs and more co-located services.

Customers value ongoing communication and easy access to the service to receive clear advice and housing options.

A good standard of affordable accommodation with the right support in place is also essential.

Following the work that has been undertaken to date in the context of the review of homelessness, the following themes are emerging and have been developed:

1. Empower and support people to overcome their housing challenges, building on their strengths to secure the right accommodation at the right time and to provide help when needed.
2. Work together to maintain strong local partnership connections that contribute to the prevention and relief of homelessness in a holistic and timely way.
3. Provide good quality support services and information to communities to enable them to thrive and sustain accommodation.
4. Work in collaboration to ensure rough sleeping is prevented wherever possible or to ensure it is rare, brief, and non- recurring.

The thematic priorities will be used to inform both the new strategy and the structure of its associated delivery plan. In turn, this will sit alongside our Corporate Plan, and the ongoing delivery of our Housing Strategy 2020 to 2025, as well as feeding into the next Housing Strategy that will run from 2025-2030.

ITEM 15 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.

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:

- 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 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 |

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: -
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 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 |

- 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

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**

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’ 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 A Individual C, Support 1 | £20M total 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.

- 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

- 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:

- 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 | | | |
| <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 |
| | | | 100 % | | 0 % |
| | | | 100 % | | 0 % |
| | | | 100 % | | 0 % |
| | | | 100% | | 0 % |
| | | | 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 |

| | £'000 | £'000 | £'000 | £'000 |
|---|-----------------|-----------------|-----------------|-----------------|
| | Opening Balance | | | |
| Financial Year End | | 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 |