



NOTICE OF MEETING

Meeting:	Cabinet
Date and Time:	Thursday 2 November 2023 7.00 pm
Place:	Council Chamber
Enquiries to:	Committee Services Committeeservices@hart.gov.uk
Members:	Neighbour (Leader), Radley (Deputy Leader), Bailey, Clarke, Cockarill, Collins, Oliver and Quarterman

Chief Executive

CIVIC OFFICES, HARLINGTON WAY
FLEET, HAMPSHIRE GU51 4AE

AGENDA

This Agenda and associated appendices are provided in electronic form only and are published on the Hart District Council website.

Please download all papers through the Modern.Gov app before the meeting.

- **At the start of the meeting, the Lead Officer will confirm the Fire Evacuation Procedure.**

- **The Chairman will announce that this meeting will be recorded and that anyone remaining at the meeting had provided their consent to any such recording.**

1 MINUTES OF THE PREVIOUS MEETING 4 - 9

The minutes of the meeting held on 5 October 2023 are attached for confirmation and signature as a current record.

2 APOLOGIES FOR ABSENCE

To receive any apologies for absence from Members*.

**Note: Members are asked to email Committee services in advance of the meeting as soon as they become aware they will be absent.*

3 DECLARATIONS OF INTEREST

To declare disposable pecuniary, and any other interests*.

**Note: Members are asked to email Committee Services in advance of the meeting as soon as they become aware they may have an interest to declare.*

4 CHAIRMAN'S ANNOUNCEMENTS

5 PUBLIC PARTICIPATION (ITEMS PERTAINING TO THE AGENDA)

Anyone wishing to make a statement to the Committee should contact Committee Services at least two clear working days prior to the meeting. Further information can be found [online](#).

6 SUPPLEMENTARY PLANNING DOCUMENT - VIABILITY 10 - 46

The purpose of this report is to provide an update on the draft Viability Appraisals for New Developments Supplementary Planning Document (SPD) following public consultation and seek Cabinet agreement to adopt the SPD.

Recommendation

1. That the Viability Appraisals for New Development Supplementary Planning Document attached at Appendix 1 is adopted for planning and development management purposes.
2. Authorise the Executive Director – Place, in consultation with the Portfolio Holder for Place, to make minor alterations, clarifications and typographical corrections to the SPD prior to it being published.

7 Q2 BUDGET MONITORING, FORECAST OUTTURN AND TREASURY ACTIVITY 47 - 76

This report shows Cabinet the projected outturn, capital overview,

project overview and treasury management position.

Recommendation

Cabinet is requested to:

1. Note the projected Outturn
2. Note the Capital Overview
3. Note the Project Overview
4. Note Treasury Management position

8 CABINET WORK PROGRAMME

77 - 84

To consider and amend the Cabinet Work Programme.

Date of Publication: Wednesday 25 October 2023

CABINET

Date and Time: Thursday 5 October 2023 at 7.00 pm

Place: Council Chamber

Present:

Neighbour (Leader), Radley (Deputy Leader), Bailey, Clarke, Cockarill, Collins, Oliver and Quarterman

In attendance: Axam and Dorn

Officers:

Daryl Phillips, Chief Executive

Graeme Clark, Executive Director, Corporate Services & S151 Officer

Mark Jaggard, Executive Director Place

Daniel Hawes, Planning Policy and Economic Development Manager

Alex Jones, Flood Risk Management Officer

Christine Tetlow, Programme Manager

Sharon Black, Committee and Member Services Manager

40 MINUTES OF THE PREVIOUS MEETING

The minutes of 7 September 2023 were confirmed and signed as a correct record.

Proposed by Cllr Neighbour; Seconded by Cllr Radley
Unanimously agreed

41 APOLOGIES FOR ABSENCE

No apologies had been received.

42 DECLARATIONS OF INTEREST

Mr Phillips declared a non-pecuniary interest as his wife had been involved in the work on the Winchfield Neighbourhood Plan.

43 CHAIRMAN'S ANNOUNCEMENTS

The Chairman announced that the agenda would be rearranged to take the item on the Winchfield Neighbourhood Plan earlier, to allow the Chairman of the Parish Council to leave once the item was complete.

44 PUBLIC PARTICIPATION (ITEMS PERTAINING TO THE AGENDA)

The Chairman of Winchfield Parish Council wished to speak to Agenda Item 7, and would make a statement during that agenda item.

45 REVIEW OF PROJECT PLANS FOR FLOOD ALLEVIATION SCHEMES

This item was to provide an update on the three Flood Alleviation Schemes currently coordinated by Hart District Council and seek the consideration and decision of Cabinet.

The three projects were:

- Mill Corner, North Warnborough,
- Phoenix Green, Hartley Wintney, and
- Kingsway, Blackwater.

Councillors heard:

- Overview & Scrutiny had reviewed the report and put forward some recommendations which had been included in the updated report for Cabinet
- A brief overview of the three schemes and why the recommendations were being put forward
- That the paper aimed to move forward three projects that had been debated for a significant number of years, in the most appropriate way possible
- That it was likely that the projects would still be discussed at the Multi-Agency Flood Forum (MAFF)

Councillors queried:

- Why it was felt the scheme at Mill Corner was not felt to be viable
- Whether the Environment Agency (EA) had any statutory powers to enforce landowners to take on board schemes

Proposed by Cllr Cockarill; Seconded by Cllr Collins

Councillors debated:

- What the statutory responsibilities of Hart District Council were for these schemes
- That Hart's main function was to act as a liaison and co-ordinator between the various organisations involved
- That the Council should not promise more to residents than it was capable of delivering, but that it should keep an overview of progress being made by those others undertaking the work
- That the MAFF continued to have a role and therefore was unlikely to be dissolved at any point in the foreseeable future
- Whether there was any potential in moving forward with the Mill Corner project, if the Parish was able to secure co-operation from landowners
- Whether the terminology used to describe that there was "no risk" as stated in the risk section was correct as there was an inherent risk to affected properties and households

- Whether recommendation (a) was worded in the clearest manner, but it was clarified that the project to be closed was the Council's own project and that the EA's project would be supported instead

Decision:

Cabinet unanimously agreed to approve the following recommendations:

- a. to close the current project at Mill Corner, North Warnborough but to continue working with the Environment Agency which was carrying out an assessment of flooding in this area,
- b. to work with the Environment Agency to undertake new modelling work at Phoenix Green, Hartley Wintney to re-evaluate the flood risk to properties, and
- c. to work with the Environment Agency and Thames Water to support the delivery of a flood mitigation scheme at 10 – 20 Kingsway, Blackwater

46 WINCHFIELD NEIGHBOURHOOD PLAN 2022-2037

The purpose of this report was to set out the findings of the Examiner's report into the Winchfield Neighbourhood Plan; to seek agreement to the Examiner's recommended modifications; and for the Neighbourhood Plan to proceed to a local referendum.

Councillors heard:

- Winchfield had originally adopted their neighbourhood plan in 2017, which was to be reviewed on a timely basis
- There had been sufficient changes to the original plan to warrant a referendum
- If agreed, the referendum would commence in late November 2023
- There had been a substantial level of input from the Parish Council

Proposed by Cllr Cockarill; Seconded by Cllr Oliver

Councillors heard from Mr Williams, Chairman of Winchfield Parish Council.

Decision:

Cabinet unanimously agreed that:

1. the Neighbourhood Plan modifications set out in the Decision Statement at Appendix 2 were agreed, and the Decision Statement was published;
2. the Winchfield Neighbourhood Plan proceeded to a local referendum.

47 COUNCIL RISK REGISTER REPORT SEPTEMBER 2023

It was noted that the Council maintained a risk register which was revised by management on a regular basis. It was reported to both the Overview & Scrutiny Committee and Cabinet every 6 months to provide assurance that appropriate arrangements were in place to mitigate the risks identified.

Councillors debated:

- Whether the risk rating for waste was accurate as the Portfolio Holder for Corporate felt it should be higher due to contractual issues
- That there was more optimism regarding the climate change action plan risk, as staffing and budgets had now been assigned and work was underway on various projects

Councillors noted:

- That future reports would include additional information to aide Councillors' understanding of the risks and mitigations put in place
- That the risk register report provided to Councillors was only a "snapshot in time" and that the full risk register was kept under continual review by officers, including SLT
- Discussions between Portfolio Holders and Executive Directors should include issues around risks and their mitigation, so that Portfolio Holders have a greater overview of issues in their areas

Decision:

Cabinet reviewed the extract from the council's risk register and noted the action in place to reduce the overall impact of the risks.

48 UK SHARED PROSPERITY FUND (UKSPF) RESOURCES AND PROGRAMME UPDATE

Hart District Council (HDC) has been granted £1million through the Government's UK Shared Prosperity Fund (UKSPF) to fund projects identified HDC's Local Investment Plan (LIP). This report provided an update on the resources required to deliver the LIP and also provided an update on progress to date.

Cllr Bailey advised that he was connected to two organisations that were considering submitting bids for funding. If any submissions were made, he would declare a clear conflict of interest and withdraw from the item in question.

Councillors noted:

- The cost of the recommended two project officers, which would come out of the capital available as these would cost more than any admin funding available
- Internal staff to support the projects had now been identified
- Whether all projects had to be capital projects, or whether there could be revenue projects, such as training led from community hubs etc
- That funding could be moved between capital and revenue to meet needs

- Revenue funding would need to be spent by the end of March 2025
- Whether projects would have an element of Project Management built into their bids, and whether they knew that there was Project Management support available⁸ from HDC

Proposed by Cllr Neighbour; seconded by Cllr Quarterman

Recommendation:

Cabinet unanimously agreed:

- i) To note the staff resources being deployed on the UKSPF programme
- ii) To seek approval for an additional project officer to support UKSPF projects, funded from the UKSPF funding
- iii) To note the progress on the spending proposals for 2023/24 set out in Appendix 1 - Financial Plan.

49 CIVIC REGENERATION UPDATE

This report was to seek Cabinet’s agreement to pause further work on the Civic Quarter regeneration project.

Cabinet questioned:

- Whether this was the correct time to pause this work, and when the decision would be reviewed and re-evaluated

Proposed by Cllr Radley; Seconded by Cllr Neighbour

Cabinet debated:

- How discussions with Fleet Town Council regarding the lease for the Harlington were progressing
- That whilst there could be some merit in rebuilding the Civic Quarter, as outlined in the consultants’ report, there would be a significant increase in risk to the Council which was untenable in the current economic conditions
- That there was concern over timescales for revisiting the project in easier economic conditions, as there would be increases in costs etc which might affect the viability of the project at that time
- The cost of undertaking a detailed design would be in the region of £500k-£800k, with no guarantee that the project would go ahead

Decision

Cabinet unanimously agreed that work on the Civic Quarter Generation project should be paused until such time as the prevailing economic climate and market conditions are suitable to support the delivery of a viable and comprehensive regeneration opportunity.

50 NEW LEASE ARRANGEMENTS FOR THE CROSS BARN, ODIHAM

The purpose of this report was to seek Cabinet's approval for a new lease arrangement for the Cross Barn, Odiham.

Cabinet noted that the Cross Barn was run by a Board of Trustees, and that they wished to have security of tenure, in able to bid for funding to enhance the facilities.

Proposed by Cllr Quarterman; seconded by Cllr Neighbour

Decision

Cabinet unanimously agreed that the Chief Executive be authorised to conclude arrangements for a new 25-year lease for the Cross Barn, Odiham

51 CABINET WORK PROGRAMME

Cabinet received and noted the work programme as circulated with the agenda pack, with no amendments.

The meeting closed at 8.30 pm

CABINET

DATE OF MEETING: 2 NOVEMBER 2023

TITLE OF REPORT: VIABILITY APPRAISALS FOR NEW DEVELOPMENT SUPPLEMENTARY PLANNING DOCUMENT

Report of: Executive Director – Place

Cabinet Portfolio: Planning Policy and Place

Key Decision: No

Confidentiality: Non Exempt

PURPOSE OF REPORT

1. To provide an update on the draft Viability Appraisals for New Developments Supplementary Planning Document (SPD) following public consultation and seek Cabinet agreement to adopt the SPD.

RECOMMENDATION

2. That the Viability Appraisals for New Development Supplementary Planning Document attached at Appendix 1 is adopted for planning and development management purposes.
3. Authorise the Executive Director – Place, in consultation with the Portfolio Holder for Place, to make minor alterations, clarifications and typographical corrections to the SPD prior to it being published.

BACKGROUND

4. Developer contributions from new development, including the provision of affordable homes, can be required to make development acceptable in planning terms consistent with the policies in the adopted Hart Local Plan (Strategy & Sites) 2032, the National Planning Policy Framework (NPPF) and Planning Practice Guidance.
5. The Local Plan sets out that a viability assessment will be needed if an applicant proposes a scheme that does not provide the amount or type of developer contributions required through the Council's Development Plan Policies.
6. To ensure that such viability assessments are robust and meet the Council's expectations, a draft Viability Appraisals for New Development Supplementary Planning Document (Viability SPD) has been drafted to provide advice to applicants. Following public consultation, the SPD was brought to the Overview & Scrutiny Committee for comments, prior to consideration for adoption by Cabinet.
7. The Council receives planning applications where applicants fail to comply fully with all Local Plan Policies on the grounds of viability. This is usually related to the full provision of affordable homes as set out in Local Plan Policy H2, and/or to the full delivery of infrastructure requirements as set out in Policy INF1, and to financial payments towards infrastructure improvements or delivery.
8. In relation to both of these policies, the Local Plan sets out that where the full Policy requirements are not met, the application must be supported by a robust viability assessment that may be independently reviewed.

9. Although some guidance on the assumptions to be included within viability assessments is set out in the Government's Planning Practice Guidance, there remain many assumptions on for example costs and returns, which are at the discretion of those preparing the assessments. The purpose of the Viability SPD is therefore to provide advice to applicants on the information that the Council will expect to be submitted in any viability assessment.

COMMENTS FROM OVERVIEW & SCRUTINY COMMITTEE

10. This draft Viability SPD was considered by Overview & Scrutiny Committee at their meeting on 17 October 2023. The Committee commented that it was a good report and appreciated the breadth, detail and technical nature of the document. The committee was also satisfied that consultation responses had been properly considered.

MAIN ISSUES

11. The Viability SPD sets out the basis on which it expects viability appraisals to be considered. This includes the approach to affordable homes costs and to a range of cost inputs such as build costs, abnormal costs, marketing costs and professional and legal fees. The SPD also provides detail on the approach to developer profit and to land value.
12. Consultation on the draft Viability SPD ran for 6 weeks between 12 May and 23 June 2023. The consultation was promoted through a press release, the Council's website, and posts across the Council's social media platforms. County and Parish Councillors were notified via a Councillor Connect newsletter email. Organisations and individuals on the Planning Policy database were notified directly by email or letter. This included statutory consultees, landowners, developers, Town and Parish Councils and residents' groups. Hard copies of the consultation documents were also available to view at the Council Offices. This was carried out in line with the Council's Statement of Community Involvement, 2021.
13. Ten consultation responses were received including from statutory consultees, a Member of Parliament, Waverley Borough Council, Hook Parish Council and a local resident. A summary of representations and the Officer response to these is set out in Appendix 2.
14. A number of minor changes to the draft SPD have been made as a result of the consultation responses. These include:
 - a. clarity as to how expert advice on assessments of submitted appraisals will be procured (para 1.6),
 - b. additional wording allowing some flexibility from the suggested figures in the SPD where these can be robustly justified (para 2.3),
 - c. wording requiring a published reason why some information may be exempt (para 2.4),
 - d. wording added regarding First Homes (para 4.6 and Glossary).
15. Other updates have been made for clarity or where legislation has changed such as in relation to ground rents.
16. Comments have been received from Councillor Dorn have also been considered resulting in some of clarifications to parts of the draft Viability SPD.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

17. The alternative option is not to produce a Viability SPD.

18. If the approach was taken not to provide clear and consistent viability guidance to applicants through the SPD this would take additional Officer time and resource in agreeing the inputs into viability appraisals and may not result in the same level of contributions and affordable housing being achieved.
19. This option has therefore been rejected.

CORPORATE GOVERNANCE CONSIDERATIONS

Relevance to the Corporate Plan

20. As set out earlier in this report the Viability SPD supports policies in the Hart Local Plan and in particular those policies relating to the delivery of affordable homes and to infrastructure. Maximising the delivery of affordable homes, including more social rented homes, and infrastructure will support the ambitions under the Planet and Place themes of the Hart Corporate Plan 2023/2027.

Service Plan

- Is the proposal identified in the Service Plan? Yes
- Is the proposal being funded from current budgets? Yes
- Have staffing resources already been identified and set aside for this proposal? Yes

Legal and Constitutional Issues

21. The Supplementary Planning Document has been prepared following relevant planning legislation. There are not considered to be any direct legal issues arising from the report.

Financial and Resource Implications

22. Where a viability assessment is submitted alongside proposals for new development, the SPD reflects the Local Plan in that the developer will bear the cost of an expert review / audit of any viability assessment submitted to the Council. No additional financial or resource implications have been identified.

Risk Management

23. There is the opportunity for legal challenge to an SPD, however this is considered to be a low risk. The SPD has been prepared following relevant legislation with extensive consultation.

EQUALITIES

24. An Equalities Impact Assessment Screening has been undertaken on the SPD. This has identified neutral or positive impacts on all protected groups and has concluded that a full EqIA is not needed.

CLIMATE CHANGE IMPLICATIONS

25. No direct carbon/environmental impacts arise from the recommendations.

ACTION

26. Subject to agreement by Cabinet, the SPD will be placed on the Council's website along with other statutory documents required by Regulations, and those who responded to the Draft SPD consultation will be notified. The SPD will be used by Development Management and Planning Policy in advising applicants on the viability evidence that will be required where viability matters are raised.

Appendices

Appendix 1: Viability Appraisals for New Development Supplementary Planning Document

Appendix 2: Summary of Representations received and Council response to the Draft Viability Appraisals for New Development Supplementary Planning Document

Background Papers:

Draft Viability in New Development SPD, May 2023 - [Consultation on draft Supplementary Planning Documents | Hart District Council](#)



Viability Appraisals for New Development Supplementary Planning Document

November 2023

Planning Policy and Economic Development, Hart District
Council, Harlington Way, Fleet, GU51 4AE

If you have any queries or wish to view this document in
an alternative format please contact the Planning Policy
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1. Introduction

- 1.1 This Supplementary Planning Document sets out the Council's approach to financial viability assessments in support of planning applications. It has been prepared to support Policies H2 Affordable Housing and INF1 Infrastructure in the [Hart District Local Plan \(Strategy and Sites\) 2032](#), and the National Planning Policy Framework (NPPF) and the Planning Practice Guidance. SPDs are a material consideration in the determination of planning applications. This SPD was adopted in xxx 2023.
- 1.2 Developer contributions from new development can be required to make a proposed development acceptable in planning terms, often to mitigate the impact of the proposed development. Examples include matters such as education, health, highways, transportation and travel, open space and leisure, heritage, community facilities, and the provision of affordable homes.
- 1.3 Viability assessment is a process of assessing whether a site is financially viable, by looking at whether the value generated by a development is more than the cost of developing it. This information is expected from the applicant if a development is proposed which *does not* provide the amount or type of development contributions expected through the Council's Development Plan policies and other matters necessary to mitigate the impact of the proposed development.
- 1.4 The [National Planning Policy Framework \(NPPF\)](#) paragraph 56 and the [Community Infrastructure Levy Regulations 2010 \(as amended\)](#) provides a definition of the limitation on the use of planning obligations:
 - (2) *A planning obligation may only constitute a reason for granting planning permission for the development if the obligation is*
 - a) *necessary to make the development acceptable in planning terms;*
 - b) *directly related to the development; and*
 - c) *fairly and reasonably related in scale and kind to the development.*
- 1.5 The Council will, under normal circumstances, require the full contribution to be made in line with the [Hart Local Plan \(Strategy & Sites\) 2032](#). If the developer has evidence that the full level of on-site provision or financial contribution will make the site unviable, then the Council would encourage that this evidence be submitted as a full viability appraisal well before the formal application stage. Developers will be expected to have considered the financial implications of all policy requirements, and other contributions, when purchasing land for development.

- 1.6 Due to the additional expense to the Council involved in reviewing and auditing an applicant's viability assessment (in terms of both Officer time and external consultancy fees), the Council will require the full costs to be met by the applicant. Viability consultants will be appointed through the Council's relevant procurement processes.
- 1.7 The Council has produced this SPD to provide advice to applicants on the information the Council will expect to be submitted if an applicant wishes to pursue a case of non-viability. This information is expected from the applicant if a development is proposed which does not provide the amount or type of affordable homes and/or financial contributions expected through the Council's policies.
- 1.8 As set out in the supporting text to Local Plan Policy H2, the exact mix of affordable homes on each site will be considered on a site-by-site basis and having regard to the most up to date evidence on local housing needs. Applicants should therefore, through the planning application Case Officer, engage with the Housing Department at an early stage to determine the mix of affordable homes that should be tested through the viability appraisal.

2. How will the Council consider viability appraisals?

- 2.1 The information provided as part of this checklist will be subject to scrutiny by the Council. This information will be used to inform the decision taken when determining a planning application, this information will therefore be publicly available.
- 2.2 Providing full, clearly presented and fully justified details on development viability, on an open book basis, will streamline the planning application process and potentially allow a collaborative approach. Viability appraisals provided at the pre application stage are encouraged to further speed up decision making.
- 2.3 All development costs must be justified, with clear references to supporting evidence, and will be critically scrutinised by the Council to ensure each element is robust. All individual components (for example the residential sales value, the value of commercial floorspace, existing use value) should have 3 independent valuations undertaken by named qualified RICS surveyors. This SPD sets out the assumptions that the Council would expect to see included in an appraisal for different elements of the costs. Any variation from these will need to be robustly justified having regard to clear site specific and market evidence.
- 2.4 Any viability assessment should be prepared on the basis that it will be made publicly available, other than in exceptional circumstances, reflecting the presumption of disclosure. Even in those circumstances, an executive

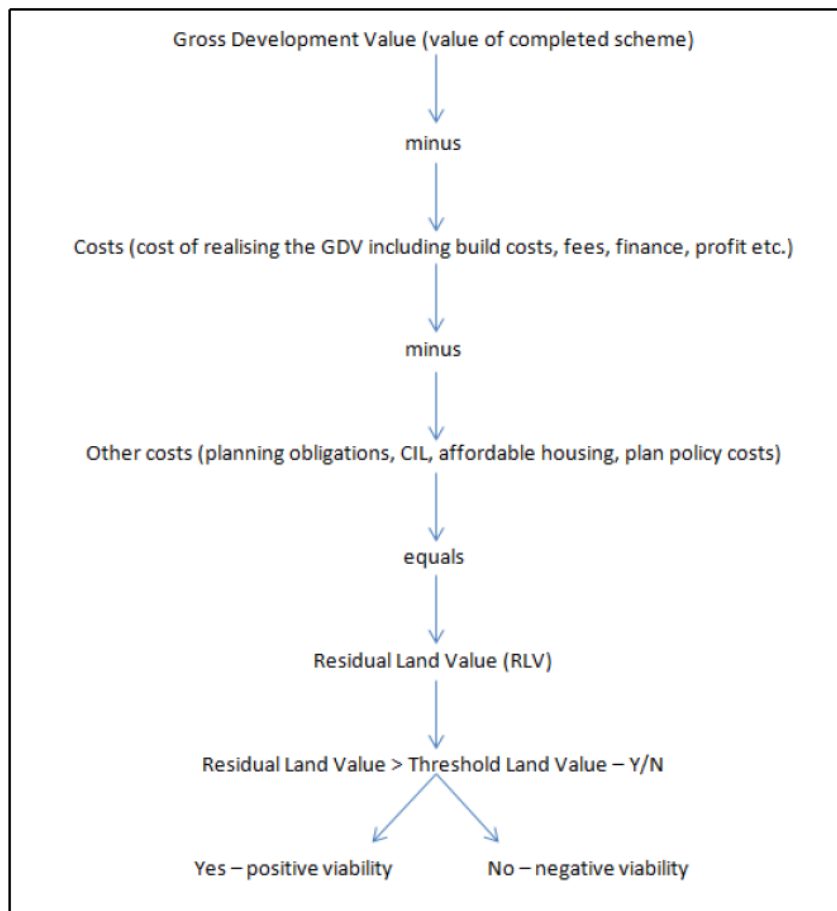
summary should be made publicly available. Where an exemption from publication is sought, the Council must be satisfied that the information to be excluded is commercially sensitive and the reasons why the full assessment is not made publicly available included within the Executive Summary.

- 2.5 The costs and values in a viability appraisal will be those at the time of the appraisal.
- 2.6 This approach aligns with Policy H2 and Policy INF1 in the [Hart Local Plan \(Strategy & Sites\) 2032](#), adopted April 2020.

3. Residual Land Value approach

- 3.1 Whilst there are different ways that a viability appraisal can be undertaken, the Council prefers the Residual Land Value method. This is the most commonly used approach, that takes account of the fact that development land value will depend both on the market value of the completed development, and also on all the costs that are borne by the developer, including planning and infrastructure costs, profit, fees, finance, and the value of the site based on its current use and condition (i.e. the existing use value).
- 3.2 The Residual Land Value is the amount that a developer is able to pay for a site, whilst still being able to deliver the project. This is calculated by applying the following approach.

Table 1: A flowchart showing the Residual Land Value method



- 3.3 If the Residual Land Value is equal to or greater than the Existing Use Value (EUV) plus an appropriate premium to the landowner, then the development is viable.

4. Calculating the Residual Land Value

- 4.1 The following information will need to be set out in the viability appraisal:

Gross Development Value (GDV)

- 4.2 The PPG says “Gross development value is an assessment of the value of development. For residential development, this may be total sales and/or capitalised net rental income from developments. Grant and other external sources of funding should be considered. For commercial development broad assessment of value in line with industry practice may be necessary”.

“For viability assessment of a specific site or development, market evidence (rather than average figures) from the actual site or from existing developments can be used. Any market evidence used should be adjusted to take into account variations in use, form, scale, location, rents and yields, disregarding outliers. Under no circumstances will the price

paid for land be a relevant justification for failing to accord with relevant policies in the plan” ([Paragraph: 011 Reference ID: 10-011-20180724](#)).

- 4.3 The Gross Development Value (GDV) is the value to be achieved if all homes (and commercial floorspace for mixed use schemes) within the development were sold at the date of assessment, either on the open market or, in the case of affordable homes, to a Registered Provider (RP).
- 4.4 If some, or all of the development is to be retained in the ownership of the developer, the completed development will still have an open market value. The Council would expect commercial values to be informed by RICS surveyors based on capitalised rental income.
- 4.5 The Gross Internal Area (GIA) should be provided for each part of the development. The Net Internal Area (NIA) will be required for all components to establish sales revenue and capital value. The Council’s audit of the applicant’s viability assessment will check the GIA and NIA areas, and ensure the ratio reflects what would be expected for the development proposed.
- 4.6 The elements that might make up the total development value are:

Market homes: Total expected to arise from open market sales. The values arrived at must take account of real current market values for the type and location of development informed by comparable evidence. The source of this comparable evidence must be clearly justified. The value of the homes should be evidenced by reference to other recent transactions of comparable new build properties. If this information is supplemented by the sales value of the ‘second hand’ housing market these values need to be adjusted to reflect the new build premium. The normal convention is that the assessment is undertaken using current values. Inflation can be applied as a sensitivity analysis but not as the base position.

A new build premium is the amount a new home is likely to achieve compared with a similar property on the second-hand market. Where an applicant has relied upon sales data of second-hand properties (for example because there are no new build schemes within close proximity to the subject site) the Council will expect the new build premium to be fully justified by evidence.

Ground rents: The Leasehold Reform (Ground Rent) Act 2022 put an end to ground rents for most new long residential leasehold properties. The Act came into force for most new leases on 30 June 2022 and from 1 April 2023 for leases of retirement homes.

For the purposes of the viability assessment, it will be assumed that there is no value associated with the peppercorn Ground Rent.

Social rented homes: The value of homes to be sold to a Registered Provider (RP), on the basis of social rented tenure. This should be calculated using a discounted cash flow model whereby the net rental income is discounted back to the present value at an appropriate discount rate. Social rents are set using a formula set out in the Government's Policy Statement on rents for social homes.

Intermediate rented / Affordable rented homes: As set out in the Glossary, these are different housing products but the appraisal should consider the value of homes to be sold to an RP, on the basis of intermediate or affordable rent. Again, this should be calculated using a discounted cash flow model whereby the net rental income is discounted back to the present value at an appropriate discount rate.

Affordable rent is higher than social rent. Affordable rents are set by the Government's Policy Statement on rents for affordable homes. Nationally, rents are set up to a maximum of 80% of Open Market Value but are not capped at Local Housing Allowance Rates. In Hart district, rent levels are capped to LHA or below for all sized properties and are secured through a S106 agreement. For the purposes of viability assessments, it should be assumed this is the highest rate allowable at the time.

Shared ownership homes: The value of homes to be sold to an Registered Provider (RP), on the basis that there is an initial sale of between 10% and 75% of the open market value of the unit, and the capitalising a rental income on the remaining unsold equity. It needs to be clear and justified what assumptions have been made to reach the percentage for the initial sale that has been included in the viability assessment. This would generally be expected to be based on an assumption of 40% sales and any variation on this should be robustly justified. This should take account of the fact that RP are required by Homes England to sell the maximum share that the purchaser can afford. The sale element will be added to the capitalised rental income (allowing for deductions for repairs, voids/bad debts, management, maintenance and service charge) to arrive at an overall value that an RP can afford to pay for the home.

First Homes – are a type of discounted market sale housing. They must be discounted by a minimum of 30% against the market value. They are sold to a person or persons meeting the First Homes eligibility criteria.

Costs

4.7 The PPG says “How should costs be defined for the purpose of viability assessment? Assessment of costs should be based on evidence which is reflective of local market conditions.”

“Costs include:

- **build costs** based on appropriate data, for example that of the Building Cost Information Service
- **abnormal costs**, including those associated with treatment for contaminated sites or listed buildings, or costs associated with brownfield, phased or complex sites. These costs should be taken into account when defining benchmark land value
- **site-specific infrastructure costs**, which might include access roads, sustainable drainage systems, green infrastructure, connection to utilities and decentralised energy. These costs should be taken into account when defining benchmark land value
- the total **cost of all relevant policy requirements** including contributions towards affordable homes and infrastructure, Community Infrastructure Levy charges, and any other relevant policies or standards. These costs should be taken into account when defining benchmark land value
- general **finance costs**, including those incurred through loans
- **professional**, project management, sales, marketing and legal costs incorporating organisational overheads associated with the site. Any professional site fees should also be taken into account when defining benchmark land value
- explicit reference to project **contingency costs** should be included in circumstances where scheme specific assessment is deemed necessary, with a justification for contingency relative to project risk and developers return”.

([Paragraph: 012 Reference ID: 10-012-20180724](#))

Build costs including external works

4.8 The Council would normally expect to see the build costs aligned with current BCIS build costs. This is consistent with the PPG. These will be different for different types of home (e.g. flats compared with houses; conversion compared with new-build).

4.9 If BCIS is not used, there must be robust and detailed justification as to why a different assumption has been applied. At this stage the Council would expect the median BCIS rate to be used.

External Works (rough typical allowances)

- 5% flats
- 10% houses

Added to BCIS build costs

Abnormal Costs

- 4.10 Any site-specific abnormal costs should be disaggregated and supported by robust evidence of the assumed cost levels. Abnormal costs would be expected to reduce the BLV.

Site-specific Infrastructure Costs

- 4.11 Site specific infrastructure costs should be informed by discussions with the relevant infrastructure providers as well as policies in the Development Plan and any relevant Supplementary Planning Document. The timing or phasing of any costs should also be considered in the Appraisal.

The Total Cost of all Relevant Policy Requirements

- 4.12 The Council does not currently have an adopted Community Infrastructure Levy (CIL) Charging Schedule. The Council will consider the new Infrastructure Levy which is proposed in the Levelling Up and Regeneration Bill.
- 4.13 The level of the Section 106 Planning Obligation contributions will be provided by the Council. This includes contributions which are for County Council functions, such as education and other organisations.
- 4.14 Applicants should also note that the Council charges an additional 5% of the financial contribution to meet the costs associated with the administration, monitoring and implementation of the S106 contribution.
- 4.15 If it were found that a site was not viable with the full provision of affordable homes and other Section 106 requirements, it would be for the Council, through the determination of the planning application, to decide how to prioritise the requirements and secure the optimum mix and quantity of affordable homes that is viable.

General Finance Costs

- 4.16 Details of project finance, related to phasing of construction and sales, should be clearly set out. The proportion of the overall cost to be met by securing bank loans, and the rate of interest applicable to these, should be included in the open book assessment.
- 4.17 It is important to carefully assess which costs the finance is applied to, and the timings of those costs. This needs to be carefully set out and explained.

- 4.18 As finance costs are continually changing, the Council will require evidence to justify the rate used in the viability appraisal. It needs to be clearly set how this has been applied to the development costs in accordance with development programme.

Professional and Project Management Costs

- 4.19 Professional fees may include fees for planning application, land acquisition, architect, planning agent, quantity surveyor, and building control. The phasing of these costs should be appropriately timed (e.g. building control should not be applied until later build phase).
- 4.20 It is also important to ensure there is no double counting of professional fees with other costs in the viability assessment.
- 4.21 Professional fees should be capped at 8% of the build cost.
- 4.22 Professional site fees should also be considered when defining benchmark land value.

Sales and Marketing

- 4.23 Sales and marketing include the reasonable costs of sales (e.g. marketing agent commission, and on larger developments show homes and on-site sales staff). The phasing of these costs should be appropriately timed.
- 4.24 The Council would typically expect a 1% agent fee of the sales value plus marketing and incentive costs on top, or a fixed rate of £1,000 per dwelling on large sites where the economies of scale mean the cost per unit are considerably less.

Sales Legals

- 4.25 These will include the reasonable costs for the legal input for the sale or transfer of the homes. The phasing of these costs should be appropriately timed.
- 4.26 The Council would expect this to be capped at a fixed rate of £1,000 per dwelling.

Project Contingency

- 4.27 “Explicit reference to project contingency costs should be included in circumstances where scheme specific assessment is deemed necessary, with a justification for contingency relative to project risk and developers return”.
- 4.28 The Council would expect this to be capped at 5% of the build cost.

Developer Profit

- 4.29 The PPG says “Potential risk is accounted for in the assumed return for developers at the plan making stage. It is the role of developers, not plan makers or decision makers, to mitigate these risks. The cost of complying with policy requirements should be accounted for in benchmark land value. Under no circumstances will the price paid for land be relevant justification for failing to accord with relevant policies in the plan”.

“For the purpose of plan making an assumption of 15-20% of gross development value (GDV) may be considered a suitable return to developers in order to establish the viability of plan policies. Plan makers may choose to apply alternative figures where there is evidence to support this according to the type, scale and risk profile of planned development. A lower figure may be more appropriate in consideration of delivery of affordable housing in circumstances where this guarantees an end sale at a known value and reduces risk. Alternative figures may also be appropriate for different development types”.

([Paragraph: 018 Reference ID: 10-018-20190509](#))

- 4.30 The principal behind viability assessment is that there is a competitive return to a willing landowner and willing developer to enable deliverability.
- 4.31 The appropriate level of profit is scheme specific and evidence should be provided to justify the proposed rates of profit taking into account the individual characteristics of the scheme and the specific risks associated with the scheme. The development programme should be considered, alongside the wider political/economic circumstances and whether the scheme includes pre-sold/pre-let accommodation.
- 4.32 The level of developer profit will reflect the degree of risk to the developer. The required profit margin should be fully justified.
- 4.33 In line with the PPG, the viability appraisal should assume that a lower profit level is more appropriate in consideration of delivery of affordable homes. This is on the basis that the developer is not taking any risk with the delivery of the affordable homes, as the model assumes that the developer has pre-sold the stock, at an agreed price, to a Registered Provider. As such it is not appropriate to include higher profit, as this reflects the risk associated with achieving market sales after a period of construction.
- 4.34 The build costs from BCIS include builders profit in the construction costs. There is no difference in the build costs applied to either the market or affordable element and the model makes an implicit allowance for contractor’s margin on build costs.
- 4.35 The Council would expect developers profit on the market homes to be no more than 18% profit on value. The developer profit on the affordable

homes should be no more than 6% profit on value. Where different profit levels are proposed from those mentioned above, these need to be fully justified.

Land Value

- 4.36 The PPG says “To define land value for any viability assessment, a Benchmark Land Value should be established on the basis of the existing use value (EUV) of the land, plus a premium for the landowner. The premium for the landowner should reflect the minimum return at which it is considered a reasonable landowner would be willing to sell their land. The premium should provide a reasonable incentive, in comparison with other options available, for the landowner to sell land for development while allowing a sufficient contribution to comply with policy requirements. This approach is often called ‘existing use value plus’ (EUV+)” ([Paragraph: 013 Reference ID: 10-013-20190509](#)).
- 4.37 The premium for the landowner cannot be argued as a justification for an inflated purchase price.
- 4.38 “In order to establish benchmark land value, plan makers, landowners, developers, infrastructure and affordable housing providers should engage and provide evidence to inform this iterative and collaborative process” ([Paragraph: 013 Reference ID: 10-013-20190509](#)).
- 4.39 “Benchmark Land Value should:
- be based upon existing use value
 - allow for a premium to landowners (including equity resulting from those building their own homes)
 - reflect the implications of abnormal costs; site-specific infrastructure costs; and professional site fees and
 - be informed by market evidence including current uses, costs, and values wherever possible. Where recent market evidence is used to inform assessment of benchmark land value this evidence should be based on developments which are compliant with policies, including for affordable housing. Where this evidence is not available plan makers and applicants should identify and evidence any adjustments to reflect the cost of policy compliance. This is so that historic benchmark land values of non-policy compliant developments are not used to inflate values over time”.
- 4.40 “In plan making, the landowner premium should be tested and balanced against emerging policies. In decision making, the cost implications of all relevant policy requirements, including planning obligations and, where relevant, any Community Infrastructure Levy (CIL) charge should be taken into account”.

“Where viability assessment is used to inform decision making under no circumstances will the price paid for land be a relevant justification for failing to accord with relevant policies in the plan. Local authorities can request data on the price paid for land (or the price expected to be paid through an option agreement)”.

([Paragraph: 014 Reference ID: 10-014-20190509](#))

- 4.41 “Existing use value (EUV) is the first component of calculating benchmark land value. EUV is the value of the land in its existing use together with the right to implement any development for which there are policy compliant extant planning consents, including realistic deemed consents, but without regard to alternative uses. Existing use value is not the price paid and should disregard hope value. Existing use values will vary depending on the type of site and development types. EUV can be established in collaboration between plan makers, developers and landowners by assessing the value of the specific site or type of site using published sources of information such as agricultural or industrial land values, or if appropriate capitalised rental levels at an appropriate yield. Sources of data can include (but are not limited to): land registry records of transactions; real estate licensed software packages; real estate market reports; real estate research; estate agent websites; property auction results; valuation office agency data; public sector estate/property teams’ locally held evidence” ([Paragraph: 015 Reference ID: 10-015-20190509](#)).
- 4.42 “The Premium [to the landowner] (or the ‘plus’ in EUV+) is the second component of benchmark land value. It is the amount above existing use value (EUV) that goes to the landowner. The premium should provide a reasonable incentive for a landowner to bring forward land for development while allowing a sufficient contribution to comply with policy requirements” ([Paragraph: 016 Reference ID: 10-016-20190509](#)).
- 4.43 “For the purpose of viability assessment Alternative Use Value (AUV) refers to the value of land for uses other than its current permitted use, and other than other potential development that requires planning consent, technical consent or unrealistic permitted development with different associated values. AUV of the land may be informative in establishing benchmark land value. If applying alternative uses when establishing benchmark land value these should be limited to those uses which have an existing implementable permission for that use. Where there is no existing implementable permission, plan makers can set out in which circumstances alternative uses can be used. This might include if there is evidence that the alternative use would fully comply with development plan policies, if it can be demonstrated that the alternative use could be implemented on the site in question, if it can be demonstrated there is market demand for that use, and if there is an explanation as to why the alternative use has not been pursued. Where AUV is used this should be supported by evidence of the costs and values of the alternative use to

justify the land value. Valuation based on AUV includes the premium to the landowner. If evidence of AUV is being considered the premium to the landowner must not be double counted” ([Paragraph: 017 Reference ID: 10-017-20190509](#)).

5. Viability Review

- 5.1 The assessment of viability at the planning application stage may have had the effect of reducing the policy requirements that a development would otherwise have to meet. One potential outcome could be a reduced provision of affordable homes.
- 5.2 In order to ensure that the maximum reasonable level of affordable homes are provided in line with the adopted Hart Local Plan (Strategy & Sites) 2032, and that other plan requirements are met, the Council may require a viability review at a later stage in the development process (see [NPPG paragraph 009 Reference ID: 10-009-20190509](#)).
- 5.3 This would enable changes in property markets to be reflected in scheme viability over time. Viability review mechanisms will be secured through planning obligations and will determine whether a development is capable of providing additional affordable homes or meeting other unmet policy requirements, deemed unviable at planning application stage.

6. Abbreviations & Glossary:

AUV	Alternative Use Value
BCIS	Building Cost Information Service
BLV	Benchmark Land Value
CIL	Community Infrastructure Levy
EUV	Existing Use Value
EUV+	Existing Use Value Plus
GDV	Gross Development Value
NPPF	National Planning Policy Framework
PPG	National Planning Policy Guidance
SAMM	Strategic Access Management and Monitoring
SANG	Suitable Alternative Natural Greenspace

Administration, monitoring and implementation fee: an additional 5% of the financial contribution.

Alternative Use Value: AUV refers to the value of land for uses other than its current permitted use, and other than other potential development that requires planning consent, technical consent or unrealistic permitted development with different associated values. AUV of the land may be informative in establishing benchmark land value. If applying alternative uses when establishing benchmark land value these should be limited to those uses which have an existing implementable permission for that use. Where there is no existing implementable permission, plan makers can set out in which circumstances alternative uses can be used. This might include if there is evidence that the alternative use would fully comply with development plan policies, if it can be demonstrated that the alternative use could be implemented on the site in question, if it can be demonstrated there is market demand for that use, and if there is an explanation as to why the alternative use has not been pursued. Where AUV is used this should be supported by evidence of the costs and values of the alternative use to justify the land value. Valuation based on AUV includes the premium to the landowner. If evidence of AUV is being considered the premium to the landowner must not be double counted.

Affordable homes or housing: homes: for sale or rent, for those whose needs are not met by the market (including homes that provides a subsidised route to home ownership and/or is for essential local workers); and which complies with one or more of the following types:

- a) Affordable homes for rent
- b) Starter homes
- c) Discounted market sales homes

- d) First Homes
- e) Other affordable routes to home ownership

Affordable homes for rent: meet all of the following conditions:

- (a) the rent is set in accordance with the Government's rent policy for Social Rent or Affordable Rent, or is at least 20% below local market rents and in line with Hart's policies does not exceed Local Housing Allowance (including service charges where applicable);
- (b) unless otherwise agreed by the Council, the landlord is a Registered Provider, except where it is included as part of a Build to Rent scheme (in which case the landlord need not be a Registered Provider); and
- (c) it includes provisions to remain at an affordable price for future eligible households in perpetuity, or for the subsidy to be recycled for alternative affordable home provision.

For Build to Rent schemes the affordable homes for rent element of the scheme needs to have a rent that should not exceed 80% of Market Rent.

Benchmark Land Value: To define land value for any viability assessment, a Benchmark Land Value should be established on the basis of the existing use value (EUV) of the land, plus a premium for the landowner. The premium for the landowner should reflect the minimum return at which it is considered a reasonable landowner would be willing to sell their land. The premium should provide a reasonable incentive, in comparison with other options available, for the landowner to sell land for development while allowing a sufficient contribution to comply with policy requirements. This approach is often called 'Existing Use Value Plus' (EUV+).

Building Cost Information Service: The RICS Building Cost Information Service ('BCIS') is an industry accepted index for the cost of building.

Build to Rent: Purpose built homes that are typically available at 100% rent (i.e. rent is 100% of the charge for each property). It can form part of a wider multi-tenure development comprising either flats or houses but should be on the same site and/or contiguous with the main development. Schemes will usually offer longer tenancy agreements of three years or more and will typically be professionally managed stock in single ownership and management control.

Discounted market sales homes: are those sold at a discount of at least 20% below local market value. Eligibility is determined with regard to local incomes and local house prices. Provisions should be in place to ensure homes remain at a discount for future eligible households.

Community Infrastructure Levy: is a charge which can be levied by local authorities on new development in their area. It is an important tool for local authorities to use to help them deliver the infrastructure needed to support development in their area. Most new development which creates net additional floor space of 100m² or more, or creates a new dwelling, is potentially liable for the levy.

Existing Use Value: EUV is the value of land in its existing use together with the right to implement any development for which there are policy compliant extant planning consents, including realistic deemed consents, but without regard to alternative uses. Existing use value is not the price paid and should disregard hope value.

Existing Use Value Plus: The Existing Use Value (defined above) plus a premium to the landowner (or the 'plus' in EUV+) to provide a reasonable incentive for a willing landowner to bring forward land for development while still allowing a sufficient contribution to comply with policy requirements.

First Homes: a form of discounted market sale affordable homes which is available for a minimum of 30% below OMV and is subject to a number of qualifying criteria. First Homes are the Government's preferred discounted market tenure.

Gross Development Value: GDV is an assessment of the value of development. For residential development, this may be total sales and/or capitalised net rental income from developments. Grant and other external sources of funding should be considered. For commercial development broad assessment of value in line with industry practice may be necessary.

Intermediate Rent: (also known as Intermediate Market Rent) is a rental option that offers homes at less than the market rate. The rent charged is normally approximately 20% lower than what someone would expect to pay for a similar home in a similar area if they were renting from a private landlord. It is designed to help people who cannot afford to buy a home on the open market to save for a deposit to enable them to purchase a property in the future.

Major development: For residential schemes, major development includes those of 10 dwellings or more or on a site of 0.5 hectares or more. For other development, it includes building(s) with a floor area of 1000m² or more or on a site of 1.0 hectare or more.

Other affordable routes to home ownership: is homes provided for sale that provides a route to ownership for those who could not achieve home ownership through the open market. It includes shared ownership, relevant

equity loans, other low cost homes for sale (at a price equivalent to at least 20% below local market value) and rent to buy (which includes a period of intermediate rent). Where public grant funding is provided, and/or where a requirement is outlined within the S106 agreement, there should be provisions for the homes to remain at an affordable price for future eligible households, or for any receipts to be recycled for alternative affordable homes provision or refunded to Government or the relevant authority specified in the funding agreement.

Planning obligation: A legal agreement entered into under Section 106 of the Town and Country Planning Act 1990 to mitigate the impacts of a development proposal.

Premium to the landowner: The premium (or the 'plus' in EUV+) is the second component of benchmark land value. It is the amount above existing use value (EUV) that goes to the landowner. The premium should provide a reasonable incentive for a landowner to bring forward land for development while allowing a sufficient contribution to comply with policy requirements.

SAMM: Strategic Access Management and Monitoring - refers to measures undertaken to reduce the impact of visitors on the TBHSPA by promoting the use of SANG, providing on site wardens, a TBHSPA education programme and undertaking monitoring of both visitors and bird populations. Access management measures are provided strategically across the whole of the TBHSPA to ensure that adverse impacts are avoided and that SANGs function effectively.

SANGs: Suitable Alternative Natural Greenspace - recreational land provided as an alternative to the Thames Basin Heaths Special Protection Area. Along with SAMM, it is a measure put in place to avoid or mitigate any potential adverse effects on the SPA arising from new residential development.

Shared ownership homes: A form of intermediate affordable homes which is partly sold and partly rented to the occupiers, with a Registered Provider being the landlord. Shared ownership homes should normally offer a maximum initial share of between 10% and 75% of the open market value of the dwelling. The annual rental charges on the unsold equity (share) should not exceed the Government guidance relevant at the time of purchase.

Social rented homes: Homes that are let at a level of rent generally set much lower than those charged on the open market, available to those recognised by the Council as being in housing need and offering long term security of tenure (through Secure or Assured tenancies). The rent should be calculated using the most up to date Government approved formula.

Viability assessment: is an assessment of whether the development of a site would create sufficient value such that both the landowner brings the site to the market, and the developer has sufficient profit to undertake the development.

Annex – Typical values

Name	Amount	Metric
Build costs	See para. 2.1 above	BCIS
External works	5% flats 10% houses	On build costs
Contingency	5%	On build costs
Professional and other fees (to include usual professional fees including architects, project management etc.)	8%	On build costs
Site specific Section 106	On site-by-site basis	N/A
SANG	Hart District Council owned and managed SANG rates are updated annually. Rates vary depending on size of home and whether affordable homes are provided. Different rates may apply if purchasing non-Council SANG.	Per person / household occupancy
SAMM	Rate set by Joint Strategic Partnership Board, published by Hart District Council Rate for 2023/24 is £971.11	Per new dwelling (where applicable)
CIL or subsequent Infrastructure Levy	0	Not applicable until implemented.
Marketing & sales costs (private sales only)	1% agent fee plus marketing and incentive costs	On Gross Development Value
Sales legal Fees	£1,000	Per unit
Developer Profit	18% on market homes 6% on affordable residential homes	On Gross Development Value
Developer Profit (other residential)	18% on elderly, care and nursing homes on the market element	On Gross Development Value

Name	Amount	Metric
Interest / finance rate	As finance costs are continually changing, the Council will look for evidence to justify the rate used in the viability appraisal	Applied to the development costs in accordance with development programme

Summary of Representations

Viability Appraisals for New Developments Supplementary Planning Document

1. This document provides a summary of the representations received by the Council in response to the consultation on the Viability Appraisals for New Developments Supplementary Planning Document (SPD).
2. The SPD sets out the Council's approach to viability assessments in support of Policies H2 Affordable Housing and INF1 Infrastructure in the [Hart Local Plan \(Strategies & Sites\) 2032](#). Both these policies refer to the need for viability assessments if a case is being put that the expected contributions would render the scheme unviable. If an applicant for planning permission argues that the expected level of developer contributions would render a proposal unviable, a viability assessment must be submitted to support the planning application. The SPD clarifies the financial information that the Council expects to be submitted.
3. Consultation on the draft Viability Appraisals for New Developments SPD ran for a six-week period from 12 May 2023 to 23 June 2023. During the consultation, documents were made available on the Council's website and on the reception desk of the Council's offices. Throughout the consultation people were invited to comment via email or in writing to the Planning Policy team.
4. 10 responses were received during the consultation period as set out in Table 1 below.
5. A summary of the representations received and the Council's response to each issue raised is outlined in Table 1 below.

Table 1: Summary of representations and the Council's response

Consultee	Issue raised	Response
01 – Transport for London 01/01	Has no comments	Noted.
02 – The Coal Authority 02/02	Has no comments	Noted.
03 – Individual respondent 03/01	Complex but generally logical. Should explain how this will dovetail with CIL.	No change As the Council does not have a CIL Charging Schedule in place it is not considered that any additional wording is required. As referenced in paragraph 4.13, the Council will consider the new Infrastructure Levy once in place.
03/02	Should set social rent homes at 60% of market value and explain how this will alter required provision of Affordable homes (80% market rent) of Social Homes (60%) of market rent. 80% of market rent is not affordable and merely increases demand for housing benefit.	No change Social and affordable rents are set using a Government formula which is set by the national Rent Policy. Affordable rents are set at up to 80% of open market value. In Hart district rents for 3 and 4 bed properties are capped at Local Housing Allowance (LHA) rates through the relevant S106 agreement.
03/03	Differentiate between affordable or social housing required on site or off site for small and medium sites (say less than 1 ha).	No change Local Plan Policy H2 and supporting text (Local Plan paragraph 144) makes clear that affordable homes will be sought on sites of 10 or more homes or sites of more than 0.5Ha. It also sets out that off-site affordable housing provision will only be acceptable

Consultee	Issue raised	Response
		<p>in exceptional circumstances and where it can be robustly justified.</p> <p>Where a financial contribution is deemed to be justified by the Council, this will be based on a case by case basis and it is not considered necessary to add additional wording in to the SPD.</p> <p>The Council will be producing an Affordable Homes SPD, and if further clarification is required that document will be the place to do it.</p>
03/4	<p>Relate to rural exception sites where a % of homes permitted will be market houses to enable land for social housing to be provided at nil cost.</p>	<p>No change</p> <p>A rural exception site that meets the requirements of Local Plan Policy H3, which allows for an element of market housing would not need a viability study and therefore this SPD would not be relevant. Where a Viability Study would be required, for example to justify the level of market housing required, the principles of this SPD would apply.</p>
03/05	<p>Liaise with Housing Dept to include community-led housing groups and almshouse associations rather than registered letting providers (i.e. developers or housing association).</p>	<p>No change</p> <p>The Council generally restricts affordable homes being delivered by Registered Providers through the relevant S106. Whilst there may be the opportunity to discuss and agree an alternative approach on specific schemes, this is not a matter for inclusion in the SPD.</p>
03/06	<p>Should explain how housing associations will not pay for the standard of design required for affordable housing in conservation area developments</p>	<p>No change</p> <p>Any planning application within a Conservation Area would need to provide sufficient information to</p>

Consultee	Issue raised	Response
		demonstrate how it meets the adopted Development Plan policies including those relating to design and to development in Conservation Areas.
03/07	Should mention scope and desirability to bring forward self and custom build homes	No change This is outside the scope of the Viability SPD. Local Plan Policy H1 sets out the requirements for self and custom build.
04 – Waverley Borough Council 04/01	Waverley is supportive of the approach set out in the SPD.	Noted.
05 – Hook Parish Council 05/01	Request that para 2.4 is strengthened so that it is made clear that viability appraisals will be routinely made public and if there are exceptional reasons for not doing so then those reasons will be published.	It is considered that the first part of the paragraph makes clear that viability assessments will normally be made publicly available, and no change is required. Some additional wording is added to the final sentence of paragraph 2.4: “... the Council must be satisfied that the information to be excluded is commercially sensitive and the reasons why the full assessment is not made publicly available included within the Executive Summary. ”
06 – National Highways 06/01	Have no comments	Noted.
07 – Natural England 07/01	Do not wish to comment	Noted.
08 – Hampshire County Council 08/01	Support the SPD as a way to make clear to applicants what they need to do to challenge contributions and demonstrate non-viability.	Noted.

Consultee	Issue raised	Response
	Reference is made to SCC's Draft Guidance on Planning Obligations.	
08/02	Suggest that in Section 2 developers are signposted to the Assessing Viability in Planning under the National Planning Policy framework RICS Guidance, (2021).	No change In order to retain clarity and reflect the fact this is a planning document this SPD has focused on advice set out in the National Planning Policy Framework and associated Planning Practice Guidance. It is not considered necessary to refer to the RICs document suggested.
08/03	Suggest that in Section 4.6 whilst First Homes are affordable for the purposes of the NPPF, it is flagged up that they are a market (discounted) product that is not disposed of to a Registered Provider.	An additional section is added to 4.6: First Homes – are a type of discounted market sale housing. They must be discounted by a minimum of 30% against the market value. They are sold to person or persons meeting the First Homes eligibility criteria.
08/04	With regard to social rented homes, the restrictions on the Affordable Homes programme are highlighted and it is suggested that Registered Provider teams are engaged in the consultation.	Noted. Some amendments have been made to the SPD, for example updating the proportion of a property that can be purchased through shared ownership. Registered providers were consulted on the SPD.
08/05	Reference is made to the County Council response to the Infrastructure Levy consultation and a response to that consultation from a range of organisations involved in the property sector is attached to the County Council comments on the draft SPD.	Noted.

Consultee	Issue raised	Response
09 – A local Member of Parliament 09/01	Suggests policies should encourage a higher number of properties that are private market housing – both for market housing and low-cost market housing (if 'social' housing is required to be provided on site, such as 'first homes') – instead of rented or shared ownership.	No change The SPD does not and cannot set Policy, but sets out further guidance on the implementation of the adopted Local Plan Policies. It is the Policies in the Local Plan which set the proportion of affordable housing to be delivered. The requirement for different affordable housing tenures will, as set out in paragraph 138 of the Local Plan be considered on a case by case basis. In line with national guidance, 25% of all affordable homes will be First Homes.
09/02	Greater evaluation should be shown and flexibility provided towards off-site contributions for 'social'/'affordable' housing, as this could provide more revenue for social purposes with the same or fewer total number of homes being built in a new development.	No change Local Plan Policy H2 makes clear that off-site contributions will only be acceptable where it is clearly demonstrated and justified that on-site provision is impractical. All applications need to be determined in line with the Development Plan and any deviation from the Policy approach cannot be set through the SPD process.
09/02	Suitable alternative natural green space (SANGs) should be available for developers to purchase, whether or not a development in is line with Hart District Council's previously stated policy, if it is approved in the planning process - to avoid a surplus in planning permissions being granted by HDC by default.	No change SANG capacity is limited and therefore needs to be used to most effectively deliver the Council's spatial strategy. The Council has adopted and published criteria relating to the release of SANG capacity. The release of SANG capacity is outside the scope of this SPD.
09/03	To avoid creating a moral hazard where it would be in consultants' interests to change significant	The following sentence has been added to para 1.6 which clarifies that the appointment of consultants to

Consultee	Issue raised	Response
	<p>fees, given that there would be no alternative for developers, point 1.6 should be clarified to:</p> <p>“Due to the additional expense to the Council involved in reviewing and auditing an applicant’s viability assessment (in terms of council officer time only), the Council will require the costs to be met by the applicant for developments over ten houses.”</p>	<p>advise the Council on viability matters would be through the usual procurement processes.</p> <p>‘Viability consultants will be appointed through the Council’s relevant procurement processes.’</p>
09/04	<p>Para 4.7 should account for the cost of land itself as this is a material consideration and not doing so could lead to poor development in order to meet HDC’s rules.</p>	<p>No change</p> <p>Para 4.7 is a direct quote from the PPG and therefore it would be inappropriate to amend it.</p>
09/05	<p>Para 4.21 – professional fees should be capped at 20% not 8%, given the rising costs and some sites’ complexity</p>	<p>8% has been benchmarked against other studies and is considered to be reasonable.</p> <p>Additional text has been added into paragraph 2.3 to make clear that if there is any variation proposed to the assumptions set out in the SPD these will need to be clearly justified.</p> <p>‘This SPD sets out the assumptions that the Council would expect to see included in an appraisal for different elements of the costs. Any variation from these will need to be robustly justified having regard to clear site specific and market evidence.’</p>
09/06	<p>Para 4.24 – the agent fee should be raised from 1% to 2%</p>	<p>No change</p> <p>1% has been benchmarked against other studies and is considered to be reasonable</p>

Consultee	Issue raised	Response
		As set out in response to comment 09/05 additional text has been added into paragraph 2.3 to make clear that if there is any variation proposed to the assumptions set out in the SPD these will need to be clearly justified.
09/07	Para 4.26 – the sales legals should be capped at £2,000 not £1,000 per dwelling	<p>£1,000 has been benchmarked against other studies and is considered to be reasonable.</p> <p>As set out in response to comment 09/05 additional text has been added into paragraph 2.3 to make clear that if there is any variation proposed to the assumptions set out in the SPD these will need to be clearly justified.</p>
09/08	Para 4.28 – project contingency should be capped at 15% not 5%.	<p>5% project contingency has been benchmarked against other studies and is considered to be reasonable.</p> <p>As set out in response to comment 09/05 additional text has been added into paragraph 2.3 to make clear that if there is any variation proposed to the assumptions set out in the SPD these will need to be clearly justified.</p>
09/09	Para 4.35 – developer profit should be raised from 18% to 20% as the best developments - which are most desired by purchasers - may well	The PPG states that for plan making an assumption of 15-20% of gross development value (GDV) may be considered a suitable return to developers.

Consultee	Issue raised	Response
	generate a 20% profit, and HDC should not appear as anti-business.	<p>The level of developer profit should reflect the degree of risk to the developer. If 20% is the level of profit which is justified for a developer in the part of the country with the greatest risk, and 15% in the part of the Country with the lowest risk, it is considered that 18% for Hart district is quite generous.</p> <p>18% has been benchmarked against other studies and is considered to be reasonable.</p> <p>A Viability Appraisal is only required when an applicant is seeking to demonstrate that it is not viable to deliver a fully policy compliant scheme. It is therefore considered appropriate, and in line with guidance in the PPG to set appropriate levels for developer profit. As set out in paragraph 4.35 of the SPD, a different profit level can be proposed where this can be fully justified.</p>
09/10	The Annex on Typical Values should be amended to reflect the above	<p>No change</p> <p>As set out in response to the comments above the typical values are considered to be reasonable. Additional text has been added into paragraph 2.3 to make clear that if there is any variation proposed to the assumptions set out in the SPD these will need to be clearly justified.</p>
010 – Historic England 10/01	Comments relate to the role that developer contributions can have in cultural heritage which they recommend is recognised in para 1.2.	Agreed and reference to heritage is added into para 1.2.

Consultee	Issue raised	Response
10/02	Also noting the Council does not have CIL in place encourage the Council to ensure that the conservation of the built environment is taken into account in any new approach taken to developer contributions.	No change Comments noted with regards to any review of developer contributions but this is outside the scope of this SPD.



Budget Monitoring – 23/24 Outturn Latest Forecast

Cabinet

Date 2nd November 2023

Recommendations

- Note the projected Outturn
- Note the Capital Overview
- Note the Project Overview
- Note Treasury Management position

Projected Revenue Outturn

Outturn for 2023/24 is forecast to be £0.9m surplus to Budget

£000	Approved Budget	Carry Forwards	Movement in Reserves	Revised Budget	Latest Forecast	Forecast Variance
Community	3,325		(131)	3,194	2,646	(548)
Corporate	7,058		(50)	7,008	6,997	(11)
Place	2,337			2,337	2,605	268
Net Cost of Service	12,720	0	(181)	12,589	12,248	(291)
Revenue Projects	405	271	50	726	718	(8)
Treasury	109			109	(463)	(572)
Funding	(13,234)	(271)	131	(13,374)	(13,403)	(29)
Budget	0	0	0	0	(899)	(899)

Revenue Projects Overview

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£000	Approved Budget	Carry Forwards	Movement in Reserves	Revised Budget	Latest Forecast	Variance from Budget
Community	245	247	0	492	432	(60)
Corporate	160	24	50	234	242	8
Place	0	0	0	45	45	45
Total	405	271	50	726	718	(8)

- Projects were approved as part of Capital Schemes in the 2023/24 Budget. They are non-capital in nature.
- Detailed tables can be found in the Appendices

Capital Projects Overview

Capital is expenditure on new assets or improvements to existing assets

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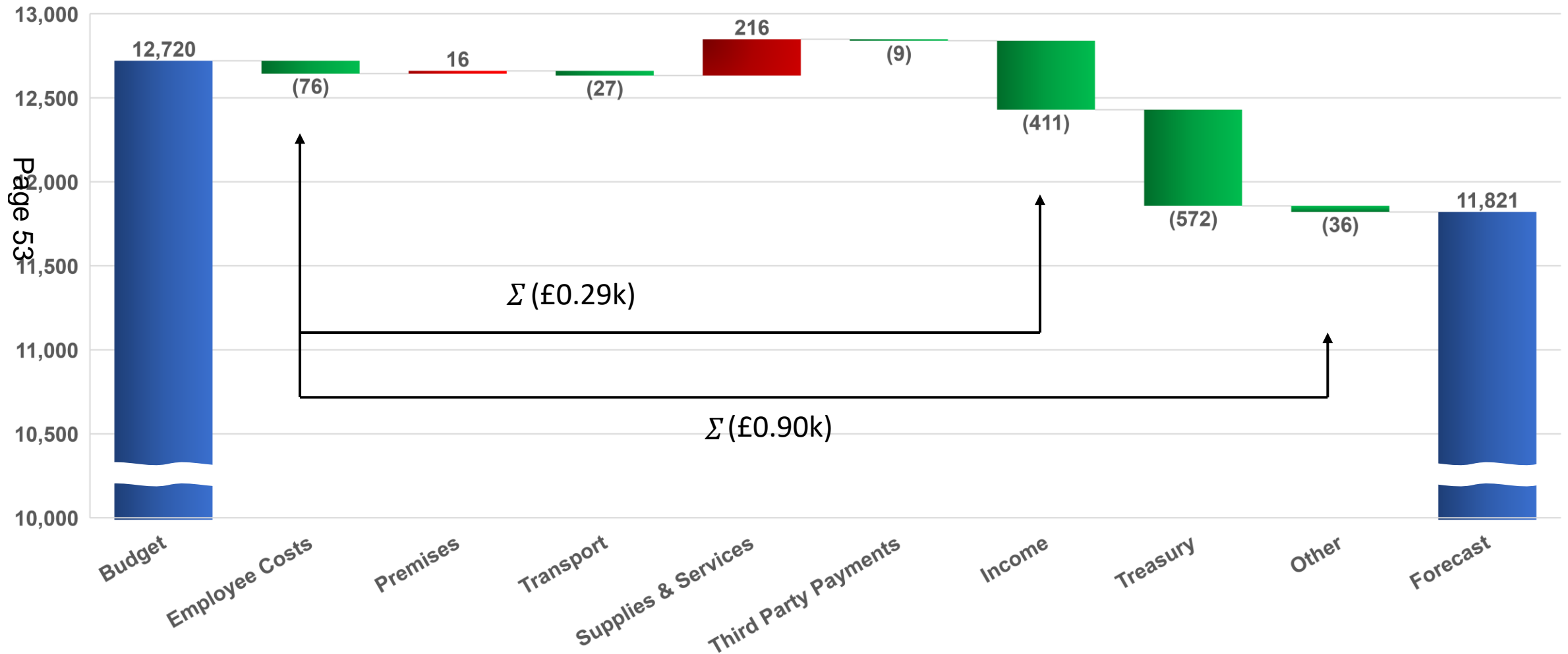
£000	Approved Budget	Carry Forwards	Movement in Reserves	Revised Budget	Latest Forecast	Variance from Budget
Community	902	1,239	490	2,631	2,187	(443)
Corporate	0	73	75	148	147	(1)
Place	0	150	0	150	80	(70)
Total	902	1,463	565	2,928	2,415	(513)

Summary Revenue

The council is forecasting an overall underspend of £0.9m against the 2023-24 revenue budget of £12.7m.

Included in the revenue outturn are £131k developer contributions to Earmarked Reserves (EMR)

Forecast Variance by Subjective £k



Forecast Pressures & Savings

Increase/Decrease in Income

Planning Development income £173k ↓

Building control income £52k ↓

Waste and recycling income £297k ↑

Treasury income £572k ↑

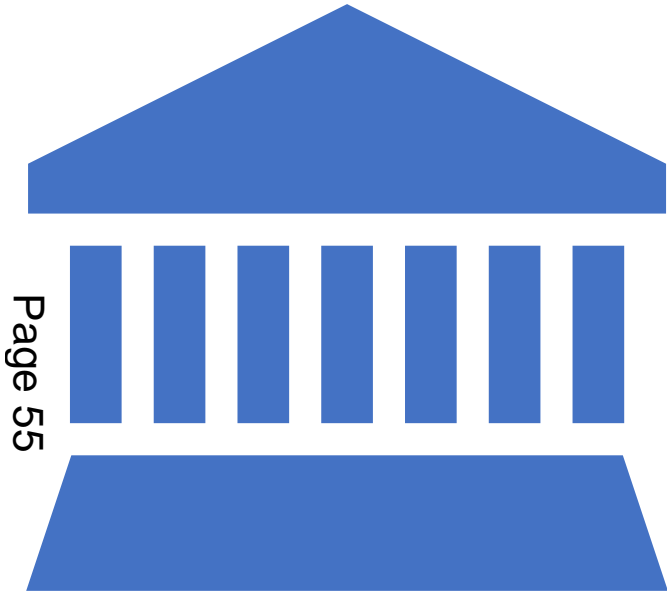
Increase/Decrease in Costs

Building Repair & Maintenance £45k ↑

Employee costs (vacancies) £76k ↓

Treasury

- Interest rates on funds invested are expected to exceed budget assumptions due to higher rates and a more flexible approach to Treasury Management (TM) as agreed in TM Strategy.
- Current rates available are between 4-6%.
- Based on current investments interest is forecast to be £572k greater than budget for the year.
- Borrowing costs in 23/24 are forecast to be as per Budget.



Treasury Summary @ 30th Sep 2023

Borrower	Amount £m	Interest Rate	ESG Rating	Terms	Investment Date	Maturity Date	Interest £m
Barclays Ltd - Green A/C	5.0	5.30%	80	95 Days	01-Apr-23	05-Jan-24	0.203
Derbyshire County Council	5.0	4.45%		Fixed	25-Apr-23	23-Apr-24	0.222
Qatar National Bank	5.0	5.74%	90		01-Aug-23	16-Nov-23	0.084
Sumitomo Mitsui Banking Corp.	3.6	5.45%	88	Fixed	01-Aug-23	16-Oct-23	0.041
Goldman Sachs	7.0	5.66%	93	Fixed	01-Sep-23	15-Dec-23	0.114
First Abu Dhabi	1.8	5.49%	92		01-Sep-23	16-Nov-23	0.021
Aberdeen Liquidity - Standard Life	2.4	5.28%		Money Market Fund	29-Sep-23	02-Oct-23	0.001
Bank of New York Mellon	7.5	5.26%		Money Market Fund	15-Aug-23	02-Oct-23	0.052
	37.3						0.737
Barclays-FIBCA	0.1	0.84%	80				
Total	37.4						

- ESG (Economic, Social and Corporate Governance) ratings as agreed in Treasury Management (TM) Strategy.
- During Q2 Treasury activity has operated within the prudential indicators approved in 23/24 TM Strategy
- No new borrowing has been taken out during H1 2023. The borrowing requirement for 2023/24 is estimated to be £13.9m. Further details on treasury management and economic indicators can be found in the appendices.

1. Summary Revenue Outturn £000

Summary	Note #	Approved Budget	Carry Forwards	Movement in Reserves	Revised Budget	Latest Forecast	Forecast Outturn	Previous Forecast
Employee Costs	3	7,037		0	7,037	6,961	(76)	(2)
Premises	4	576		0	576	592	16	16
Supplies and Services	5	9,410		0	9,410	9,626	216	(90)
Transport	6	104		0	104	77	(27)	(22)
Third Party Payments	7	1,864		0	1,864	1,855	(9)	(9)
Transfer Payments	8	10,309		0	10,309	10,309	0	0
Other Grants and Contributions	9	(258)		0	(258)	(272)	(14)	118
Income	10	(16,321)		(181)	(16,452)	(16,899)	(397)	(489)
Net Cost of Service		12,720	0	(181)	12,589	12,248	(291)	(478)
Revenue Projects	12	405	271	50	676	718	(8)	78
Commercial Income		(1,413)		0	(1,413)	(1,413)	(0)	0
Collection Fund		(9,468)		0	(9,468)	(9,468)	(0)	0
Treasury	11	109		0	109	(463)	(572)	(572)
Other Funding		(2,354)	(271)	131	(2,494)	(2,522)	(28)	8
Outturn		0	0	0	0	(899)	(899)	(964)

The significant variances are explained in breakout tables below.

2. Movement in Reserves

Movement in Reserves	£000	Reason
Refurbishment of third floor	(50)	Ear-marked reserve for this purpose
Biodiversity	(6)	S106 receipts received in 2023/24
Affordable Housing	(26)	S106 receipts received in 2023/24
SANGS	(99)	S106 receipts received in 2023/24
	(181)	

3. Employee Costs

Employee Costs	Approved Budget	Movement in Reserves	Revised Budget	Latest Forecast	Forecast Outturn	Previous Forecast
Pay Costs	6,792	0	6,792	6,619	(174)	(130)
Agency	126	0	126	256	130	131
Severance	0	0	0	0	0	0
Other	119	0	119	86	(32)	(3)
Outturn	7,037	0	7,037	6,961	(76)	(2)

- Agency costs supplement staff vacancies and support projects.
- Other includes salary capitalisation which is £40k higher than budget – this is the impact of process improvement, using time sheets to reflect activity.

4. Premises £000

Premises	Approved Budget	Movement in Reserves	Revised Budget	Latest Forecast	Forecast Outturn	Previous Forecast
Electricity	101	0	101	83	(18)	(7)
Gas	53	0	53	53	0	0
Business Rates	322	0	322	311	(11)	(6)
Building Repair & Maintenance	22	0	22	56	34	19
Other	78	0	78	89	11	11
Outturn	576	0	576	592	16	16

- Budget estimates for the general repair and maintenance of the Civic Building were insufficient.
- Electricity cost forecast has reduced reflecting Solar panel energy generation.

5. Supplies & Services £000

Supplies & Services	Approved Budget	Movement in Reserves	Revised Budget	Latest Forecast	Forecast Outturn	Previous Forecast
Fees and hired services	4,826	0	4,826	4,660	(166)	(198)
Sub-contracted work	1,166	0	1,166	1,088	(77)	(93)
Postage and Printing	228	0	228	302	74	85
Homes for Ukraine	0	0	0	421	421	256
Other	3,191	0	3,191	3,155	(37)	(139)
Outturn	9,410	0	9,410	9,626	216	(89)

- Fees and hired services budget assumed a 10% inflationary pressure – although many costs have increased as expected others have remained stable.
- Budget estimates for printing were insufficient.
- Homes for Ukraine expenditure is an off-set from income received (see Table 10)

6. Transport £000

Transport	Approved Budget	Movement in Reserves	Revised Budget	Latest Forecast	Forecast Outturn	Previous Forecast
Car Allowances	69	0	69	45	(24)	(20)
Travel Expenses	18	0	18	16	(3)	(2)
Other vehicle expenses	17	0	17	17	0	0
Outturn	104	0	104	77	(27)	(22)

7. Third Party Payments £000

Third Party Payments	Approved Budget	Movement in Reserves	Revised Budget	Latest Forecast	Forecast Outturn	Previous Forecast
5C Contract	1,576	0	1,576	1,547	(28)	(28)
Other	288	0	288	307	19	19
Outturn	1,864	0	1,864	1,855	(9)	(9)

The 5C contract is a cost sharing agreement. Services provided by Capita were changed for some of the 5 councils which is reflected in a decrease in costs for Hart.

REVENUE FORECAST OUTTURN 2023-24

APPENDIX A

8. Transfer Payments £000

Transfer Payments	Approved Budget	Movement in Reserves	Revised Budget	Latest Forecast	Forecast Outturn	Previous Forecast
Rent Allowances	10,541	0	10,541	10,541	0	0
Rent Allowances over payments	(232)	0	(232)	(232)	0	0
Outturn	10,309	0	10,309	10,309	0	0

9. Other Grants & Contributions £000

Other Grants & Contributions	Approved Budget	Movement in Reserves	Revised Budget	Latest Forecast	Forecast Outturn	Previous Forecast
Accounting Provisions	(219)	0	(219)	(219)	0	107
Capital Grants & Contributions	(39)	0	(39)	(53)	(14)	11
Outturn	(258)	0	(258)	(272)	(14)	118

REVENUE FORECAST OUTTURN 2023-24

APPENDIX A

10. Income £000

Income	Approved Budget	Movement in Reserves	Revised Budget	Latest Forecast	Forecast Outturn	Previous Forecast
Green waste sacks	(830)	0	(830)	(950)	(120)	(131)
Recycling income	(220)	0	(220)	(412)	(192)	(148)
Car Parking	(756)	0	(756)	(759)	(3)	(5)
Planning - application fees	(759)	0	(759)	(583)	176	1
Building Control	(375)	0	(375)	(323)	52	19
Rent Income	(224)	0	(224)	(235)	(11)	(9)
Homes for Ukraine grant	(179)	0	(179)	(502)	(323)	(223)
Other	(12,977)	(181)	(13,158)	(13,134)	24	8
Outturn	(16,321)	(181)	(16,502)	(16,899)	(397)	(488)

- Green waste subscribers are forecast to be at pre-pandemic levels. Year to date, subscription income has increased by 18% over prior year.
- Mixed recycling income per tonne is volatile and is currently higher than budget assumptions. This will be monitored during the year.
- Planning application fees and building control are dependent on activity levels.
- Homes for Ukraine grant is offset by spend in Supplies & Services (see Table 5).

2. 11. Treasury £000

Treasury	Approved Budget	Movement in Reserves	Revised Budget	Latest Forecast	Forecast Outturn	Previous Forecast
Interest Payable	314	0	314	336	23	22
Interest on Investments	(205)	0	(205)	(799)	(594)	(594)
Outturn	109	0	109	(463)	(572)	(572)

- Interest rates on investments is significantly higher than budget assumptions.

Capital & Project Summary £000

Projects	Approved Budget	Carry Forwards	Movement in Reserves	Revised Budget	Latest Forecast	Variance	Q1 Variance
Revenue Projects	405	271	50	726	718	(8)	78
Capital Projects	902	1,463	565	2,928	2,415	(513)	(740)
	1,307	1,734	615	3,654	3,133	(521)	(663)

12. Revenue Projects £000

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Community Services	Approved Budget	Carry Forwards	Movement in Reserves	Revised Budget	Latest Forecast	Variance	Previous Variance
Bramshot Farm: Woodland Path	50	0	0	50	50	0	0
Bramshot Farm: Stock Fencing	15	0	0	15	7	(8)	0
Bramshot Farm: Resurface Car Park	30	0	0	30	30	0	0
Countryside Stewardship	0	50	0	50	20	(30)	0
Edenbrook CP Boardwalk	40	0	0	40	40	0	0
Edenbrook CP Supply Water	20	0	0	20	20	0	0
Fleet Pond Signage	0	0	0	0	18	18	7
Whitewater Meadow Culverts	20	0	0	20	20	0	0
Whitewater Meadow Stock Fencing	30	0	0	30	30	0	0
Whitewater Meadow Signage	30	0	0	30	30	0	0
QEII Fields Fencing	10	0	0	10	10	0	0
Bramshot Farm Concessions	0	40	0	40	0	(40)	0
Edenbrook CP Concessions	0	40	0	40	40	0	0
Fleet Pond Ecology	0	30	0	30	30	0	0
Hazeley Heath Grazing	0	11	0	11	11	0	0
HW Central Common Access Improvements	0	76	0	76	76	0	0
	245	247	0	492	432	(60)	7

CAPITAL & PROJECTS SPEND FORECAST 2023-24

APPENDIX B

Revenue Projects continued.

Corporate Services	Approved Budget	Carry Forwards	Movement in Reserves	Revised Budget	Latest Forecast	Variance	Previous Variance
Accessibility Project	0	24	0	24	24	0	0
Use of Civic Offices by FCoT	0	0	50	50	64	14	60
Telephony upgrade	40	0	0	40	35	(5)	0
Exit IT from 5C Contract	30	0	0	30	3	(27)	0
Upgrade Hyper V Servers	20	0	0	20	38	18	0
Decommissioning Switch Cabinet	20	0	0	20	20	0	0
Cyber Assurance Framework	20	0	0	20	20	0	0
Email Marketing Platform	5	0	0	5	3	(2)	0
Website-Phase2	25	0	0	25	25	0	0
Kings Coronation Grants	0	0	0	0	10	10	10
	160	24	50	234	242	8	71
Corporate Services	Approved Budget	Carry Forwards	Movement in Reserves	Revised Budget	Latest Forecast	Variance	Previous Variance
Planning Settlement Study	0	0	0	0	45	45	0
	0	0	0	0	45	45	0
Total	405	271	50	726	718	(8)	78

CAPITAL & PROJECTS SPEND FORECAST 2023-24

APPENDIX B

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Capital Projects £000 Community	Approved Budget	Carry Forwards	Movement in Reserves	Revised Budget	Latest Forecast	Variance	Previous Variance
Disabled Facilities - Mandatory	867	0	0	867	861	(6)	0
Fleet Pond Visitor Enhancement	0	51	0	51	22	(29)	(31)
Bramshot Farm	0	137	0	137	0	(137)	0
Private Sector Renewal	0	0	10	10	10	0	0
S106 Leisure Parish	0	0	267	267	267	0	0
Hazeley Hth Access Improvement	0	0	0	0	0	0	0
Service Vehicles	35	16	20	71	55	(16)	(9)
Edenbrook CP - Skate/Bike Park	0	165	0	165	165	0	0
Edenbrook CP - Teen Health	0	65	0	65	65	0	0
Fleet Pond Fencing	0	0	0	0	0	0	0
Grants for Affordable Housing	0	300	0	300	300	0	(300)
Fleet Pond Green Corridor	0	0	0	0	0	0	0
GG A3013 Cove Road Crossing	0	255	0	255	0	(255)	0
Fleet Pond Signage	0	0	0	0	0	0	0
Energy Efficiency Affordable Homes	0	250	0	250	250	0	(250)
Whitewater Meadows-PlayArea	0	0	167	167	167	0	0
CCTV Improvement works	0	0	26	26	26	0	0
	902	1,239	490	2,631	2,187	(443)	(590)
Capital Projects £000 Corporate	Approved Budget	Carry Forwards	Movement in Reserves	Revised Budget	Latest Forecast	Variance	Previous Variance
IT Upgrade	0	18	0	18	18	(1)	(0)
Website Development Project	0	7	0	7	7	0	(0)
Cyber Security 23-24	0	48	0	48	48	0	0
Climate Change Programme	0	0	75	75	75	0	0
	0	73	75	148	147	(1)	(1)

Capital Projects continued....

Capital Projects £000 Place	Approved Budget	Carry Forwards	Movement in Reserves	Revised Budget	Latest Forecast	Variance	Previous Variance
Phoenix Green, Hartley Wintney	0	70	0	70	0	(70)	(70)
Mill Corner, North Warnborough	0	27	0	27	27	0	(27)
Kingsway Flood Alleviation Sch	0	54	0	54	54	0	(53)
	0	150	0	150	80	(70)	(150)
Total	902	1,463	565	2,928	2,415	(513)	(740)

Both S106 Leisure Parish and Whitewater Meadows, Play Area spend reflect contractual obligations associated with S106 funds already received. Service vehicles have been replaced by electric vehicles in line with Climate Change policy.

1. Treasury Management Strategy Statement

The Treasury Management Strategy Statement (TMSS) for 2023/24 was approved by the Council on 23rd February 2023.

There are no policy changes to the TMSS; the details in this appendix update the position in the light of the updated economic position and budgetary changes already approved.

The table below shows the revised estimates for capital expenditure and the changes since the capital programme was agreed in the Budget.

Prudential Indicator	2023/24	2023/24
	Original	Revised
	£'000	£'000
Operational Boundary	25,000	25,000
Authorised Limit	30,000	30,000
Capital Financing Requirement (CFR)	40,345	40,862

2. Limits to Borrowing Activity

Net borrowing (borrowings less investments) will only be for a capital purpose. Gross external borrowing should not exceed the total of CFR.

Operational Boundary for External debt	2023/24	2023/24
	Original	Revised
	£'000	£'000
Operational Boundary	25,000	25,000
Borrowing	13,387	13,904

The overall level of borrowing is the Authorised Limit which represents the limit beyond which borrowing is prohibited and needs to be set and revised by Members.

Authorised Limit for External Debt	2023/24	2023/24
	Original	Revised
	£'000	£'000
Authorised Limit	30,000	30,000
Borrowing	13,387	13,904

3. Borrowing

The Council's capital financing requirement (CFR) for 2023/24 is £40.9m. The CFR denotes the Council's underlying need to borrow for capital purposes. If the CFR is positive the Council may borrow from the PWLB or the market (external borrowing), or from internal balances on a temporary basis (internal borrowing). The balance of external and internal borrowing is generally driven by market conditions.

4. The Council's Position (Prudential Indicators)

The revised estimates for capital expenditure and the changes since the capital programme was agreed in the Budget.

Capital Expenditure by Service	2023/24 Original Estimate £'000	Current Position 30/09/23 £'000	2023/24 Revised Estimate £'000
Community Services	1,147	872	2,188
Corporate Services	140	51	148
Place Services	0	0	81
Total capital expenditure	1,287	923	2,417

Capital Expenditure	2023/24 Original Estimate £'000	Current Position 30/09/23 £'000	2023/24 Revised Estimate £'000
Total capital expenditure	1,287	923	2,417
Financed by:			
Capital grants	867	803	1,958
Capital receipts	0	0	0
Revenue	420	120	459
Total financing	1,287	923	2,417
Borrowing requirement	0	0	0

5. Operational Boundary for external debt

The Capital Financing Requirement (CFR), which is the underlying external need to incur borrowing for a capital purpose. It also shows the expected debt position over the period, which is termed the Operational Boundary.

Operational Boundary for external debt	2023/24	2023/24
	Original	Revised
	£'000	£'000
CFR	40,345	40,862
Borrowing	13,387	13,904

6. The CFR and Borrowing

	2022/23	2023/24	2024/25	2025/26
	£'000	£'000	£'000	£'000
Authorised Limit	30,000	30,000	30,000	30,000
Operational Boundary	25,000	25,000	25,000	25,000
Capital Financing Requirement	41,450	40,862	40,274	39,686
External Debt	15,689	13,904	13,543	13,175
Under/(over) borrowing	25,761	26,958	26,731	26,511
Change in External Debt	4,154	(1,785)	(361)	(368)

1. Economic Update

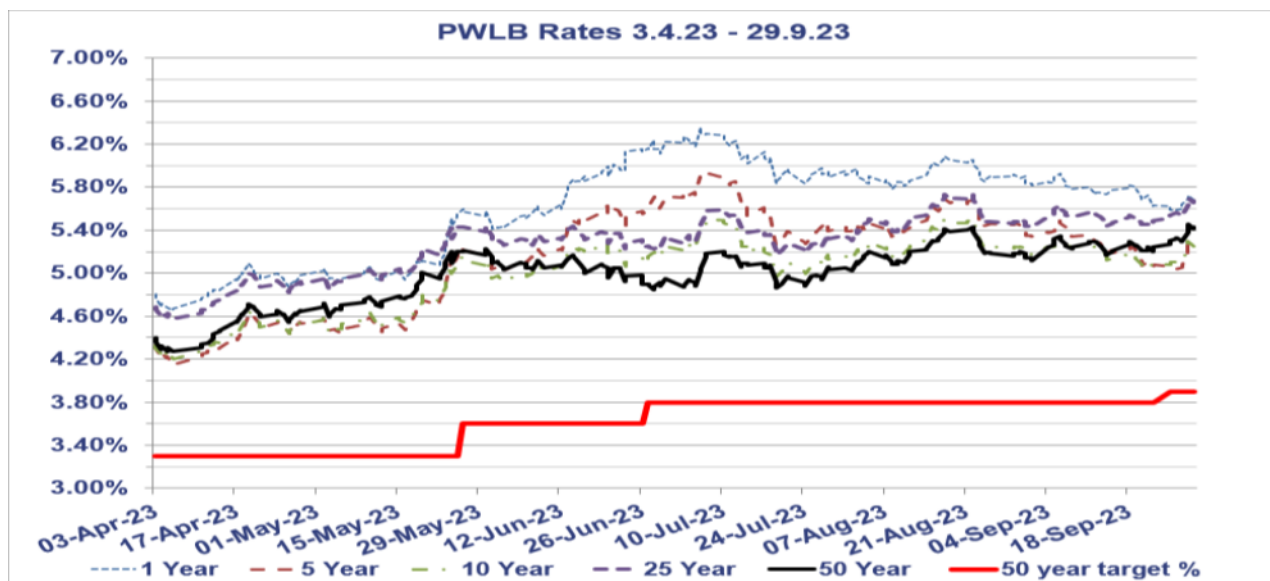
The first half of 2023/24 saw:

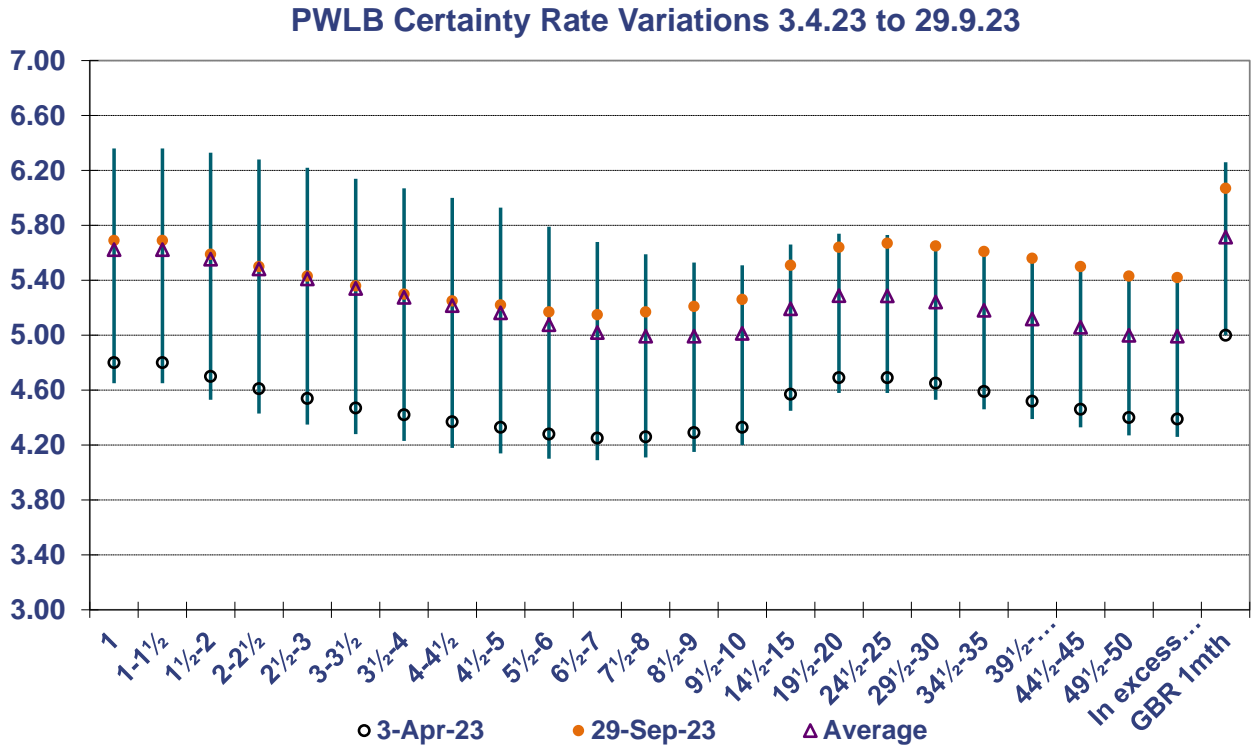
- Interest rates rise by a further 100bps, taking Bank Rate from 4.25% to 5.25% and, possibly, the peak in the tightening cycle.
- Short, medium and long-dated gilts remain elevated as inflation continually surprised to the upside.
- A 0.5% m/m decline in real GDP in July, mainly due to more strikes.
- CPI inflation falling from 8.7% in April to 6.7% in August, its lowest rate since February 2022, but still the highest in the G7.
- Core CPI inflation declining to 6.2% in August from 7.1% in April and May, a then 31 years high.
- A cooling in labour market conditions, but no evidence yet that it has led to an easing in wage growth (as the 3myy growth of average earnings rose to 7.8% in August, excluding bonuses).

2. Interest Forecasts

Link Group Interest Rate View	25.09.23												
	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	3.00	2.75	2.75	2.75	2.75	2.75
3 month ave earnings	5.30	5.30	5.30	5.00	4.50	4.00	3.50	3.00	2.80	2.80	2.80	2.80	2.80
6 month ave earnings	5.60	5.50	5.40	5.10	4.60	4.10	3.60	3.10	2.90	2.90	2.90	2.90	2.90
12 month ave earnings	5.80	5.70	5.50	5.20	4.70	4.20	3.70	3.20	3.00	3.00	3.00	3.00	3.00
5 yr PWLB	5.10	5.00	4.90	4.70	4.40	4.20	4.00	3.90	3.70	3.70	3.60	3.60	3.50
10 yr PWLB	5.00	4.90	4.80	4.60	4.40	4.20	4.00	3.80	3.70	3.60	3.60	3.50	3.50
25 yr PWLB	5.40	5.20	5.10	4.90	4.70	4.40	4.30	4.10	4.00	3.90	3.80	3.80	3.80
50 yr PWLB	5.20	5.00	4.90	4.70	4.50	4.20	4.10	3.90	3.80	3.70	3.60	3.60	3.60

3. PWLB Rates 01-Apr-23 to 29-Sep-23

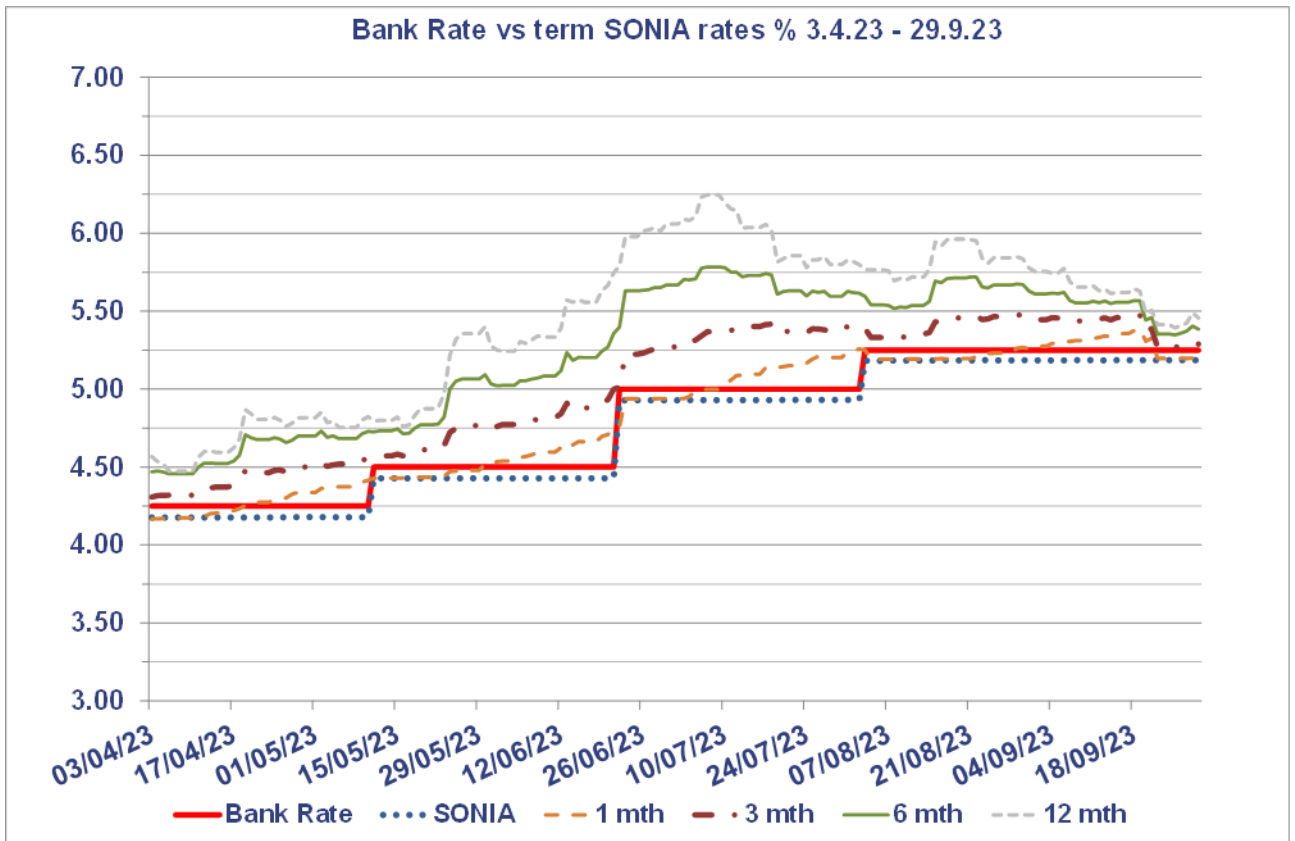




HIGH/LOW/AVERAGE PWLB RATES FOR 01.04.23 – 29.09.23

	1 Year	5 Year	10 Year	25 Year	50 Year
Low	4.65%	4.14%	4.20%	4.58%	4.27%
Date	06/04/2023	06/04/2023	06/04/2023	06/04/2023	05/04/2023
High	6.36%	5.93%	5.51%	5.73%	5.45%
Date	06/07/2023	07/07/2023	22/08/2023	17/08/2023	28/09/2023
Average	5.62%	5.16%	5.01%	5.29%	5.00%
Spread	1.71%	1.79%	1.31%	1.15%	1.18%

4. Investment Performance



	Bank Rate	SONIA	1 mth	3 mth	6 mth	12 mth
High	5.25	5.19	5.39	5.48	5.78	6.25
High Date	03/08/2023	29/09/2023	19/09/2023	30/08/2023	07/07/2023	07/07/2023
Low	4.25	4.18	4.17	4.31	4.46	4.47
Low Date	03/04/2023	04/04/2023	03/04/2023	03/04/2023	06/04/2023	06/04/2023
Average	4.81	4.74	4.83	5.03	5.26	5.45
Spread	1.00	1.01	1.22	1.17	1.33	1.77

The table above covers the first half of 2023/24.

5. Approved Countries for Investments as of 30th September 2023*Based on lowest available rating***AAA**

- Australia
- Denmark
- Germany
- Netherlands
- Norway
- Singapore
- Sweden
- Switzerland

AA+

- Canada
- Finland
- U.S.A.

AA

- Abu Dhabi (UAE)

AA-

- Belgium
- France (downgraded by Fitch on 9th May 2023)
- Qatar
- U.K.

CABINET

KEY DECISIONS / WORK PROGRAMME AND EXECUTIVE DECISIONS MADE

November 2023

Cabinet is required to publish its Key Decisions and forward work programme to inform the public of issues on which it intends to make policy or decisions. The Overview and Scrutiny Committee also notes the Programme, which is subject to regular revision.

Report Title	Outline/Reason for Report/Comments	Due Date	Key Decision Y? (Note 1)	Cabinet Member (Note 2)	Service (Note 3)	*This item may contain Exempt information
Q2 Budget monitoring report and forecast outturn for 2023/24 - incorporating treasury activity	Report to Cabinet the latest projections of expenditure and income, including capital, for 2023/24 for review and approval of any action necessary. Report to include treasury activity and adherence to approved policy.	2 Nov	No	Portfolio Holder - Finance	CS	Open
Supplementary Planning Document - Viability Appraisals for New Developments	Following public consultation, Cabinet to consider adopting the Supplementary Planning Document on Viability Appraisals for New Developments	2 Nov	No	Portfolio Holder - Planning Policy and Place	PL	Open
Butterwood Homes Report from Scrutiny Panel	To consider adopting any proposals recommended by the Butterwood Homes Scrutiny Panel	7 Dec	No	Portfolio Holder - Climate Change and Corporate Services	CS	Open

Report Title	Outline/Reason for Report/Comments	Due Date	Key Decision Y? (Note 1)	Cabinet Member (Note 2)	Service (Note 3)	*This item may contain Exempt information
Supplementary Planning Document - Cycle and Car Parking in New Developments	Following public consultation, Cabinet to consider adopting the Supplementary Planning Document on Cycle and Car Parking in New Developments	7 Dec	No	Portfolio Holder - Planning Policy and Place	PL	Open
Medium Term Financial Strategy Mid Year Review and Headline Budget Strategy for 2024/25	To note emerging pressures on the Council's finances and agree a budget strategy for the coming year and consider changes to the MTFS	7 Dec	No	Portfolio Holder - Finance	CS	Open
Planning Local Enforcement Plan	To consider and adopt an updated Planning Local Enforcement Plan. The current Planning Local Enforcement Plan was adopted in January 2016, and this review is to ensure it reflects current best practice and to bring it up to date.	7 Dec	No	Portfolio Holder - Planning Policy and Place	PL	Open
Adoption of Local Cycling and Walking Infrastructure Plan (LCWIP)	Following the end of the consultation period, to consider adopting the updated LCWIP.	7 Dec	No	Portfolio Holder - Planning Policy and Place	PL	Open

Report Title	Outline/Reason for Report/Comments	Due Date	Key Decision Y? (Note 1)	Cabinet Member (Note 2)	Service (Note 3)	*This item may contain Exempt information
Settlement Capacity and Intensification Study	To consider the Settlement Capacity & Intensification Study produced by consultants. The study was commissioned to review the potential capacity within the district's settlements to accommodate future growth	4 Jan	No	Portfolio Holder - Planning Policy and Place	PL	Open
Review of CCTV Service	To review the CCTV service, including any requirement for additional funding for replacement cameras/additional maintenance as required	4 Jan	No	Portfolio Holder - Community Safety and Development Management	COM	Open
Climate Change Update	Cabinet to receive an update on progress against the Climate Change Action Plan	4 Jan	No	Portfolio Holder - Climate Change and Corporate Services	CS	Open
Draft Budget 2024/25	To consider and recommend to Council, the revenue and capital budget for 2024/25 including revised Medium Term Financial Strategy and any proposed changes to council tax discretions.	1 Feb	No	Portfolio Holder - Finance	PL	Open

Report Title	Outline/Reason for Report/Comments	Due Date	Key Decision Y? (Note 1)	Cabinet Member (Note 2)	Service (Note 3)	*This item may contain Exempt information
Q3 Budget monitoring report and forecast outturn for 2023/24	Report to Cabinet the latest projections of expenditure and income, including capital, for 2023/24 for review and approval of any action necessary.	1 Feb	No	Portfolio Holder - Finance	FIN	Open
Treasury Management Policy and Capital Strategy annual statutory review	To consider and recommend to Council the revised Treasury Management Policy including Investment Strategy, prudential indicators and Capita Strategy, having regard to O&S comments	1 Feb	No	Portfolio Holder - Finance	FIN	Open
Draft Service Plans 2024/25	Cabinet to review and approve draft service plans for 2024/25 having regard to O&S comments and the approved budget.	4 Apr	No	Chief Executive	ALL	Open
Crandall Conservation Area Appraisal	Cabinet to consider adopting the updated Crandall Conservation Area Appraisal		No	Portfolio Holder - Planning Policy and Place	PL	Open
Crookham Village Conservation Area Appraisal	Cabinet to consider adopting the updated Crookham Village Conservation Area Appraisal		No	Portfolio Holder - Planning Policy and Place	PL	Open

Report Title	Outline/Reason for Report/Comments	Due Date	Key Decision Y? (Note 1)	Cabinet Member (Note 2)	Service (Note 3)	*This item may contain Exempt information
Hartley Wintney Conservation Area Appraisal	Cabinet to consider adopting the updated Hartley Wintney Conservation Area Appraisal		No	Portfolio Holder - Planning Policy and Place	PL	Open
Ongoing Items throughout the year						
Climate Change updated and request for funding allocations for projects to deliver Action Plan	To update Cabinet on progress against Hart's Climate Change Action Plan		No	Portfolio Holder - Climate Change and Corporate Services	CS	
Executive Decisions						
Cllr Neighbour	RELEASE OF S106 FUNDING FOR CONTRIBUTION TOWARDS NEW PICNIC BENCHES AT HIGH USE YATELEY TOWN COUNCIL Release of £3,739.81 of s106 funding collected for the provision of leisure and open space within the parish of Yateley for the following purpose: purchasing and installing picnic benches on open spaces land that Yateley Town Council Manages.				Call in period ends at 12.30pm on 31 October 2023	

Note 1

A “key decision” means an executive decision which, is likely to –

- a) result in Council incurring expenditure or the making of savings which amount to £30,000 or 25% (whichever is the larger) of the budget for the service or function to which the decision relates; or
- b) be significant in terms of its effects on communities living or working in an area comprising two or more wards within the area of the district of Hart.

Note 2**Cabinet Members**

D Neighbour	Leader and Strategic Partnerships
J Radley	Deputy Leader and Finance
A Oliver	Development Management and Community Safety
T Clarke	Digital and Communications
T Collins	Regulatory
R Quarterman	Climate Change and Corporate
S Bailey	Community
G Cockarill	Planning Policy and Place

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Note 3**Service:**

CX	Chief Executive	CS	Corporate Services	PL	Place Services
CSF	Community Safety	PP	Planning Policy		
FI	Finance	COM	Community Services		
SLS	Shared Legal Services	MO	Monitoring Officer		

Note 4

*This item may contain Exempt Information – Regulation 5 of the Local Authority (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012

