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3 February 2016

To: Chairman – Councillor Roger Hickford
Vice-Chairman – Councillor Kevin Cuffley
Members of the Scrutiny and Overview Committee – Councillors David Bard,
Henry Batchelor, Grenville Chamberlain, Jose Hales, Philippa Hart, Bunty Waters
and David Whiteman-Downes

Quorum: 6

Dear Councillor

This is a supplement to the previously-published agenda for the meeting of **SCRUTINY AND OVERVIEW COMMITTEE** on **THURSDAY, 4 FEBRUARY 2016**, containing those reports which had not been received by the original publication deadline.

Yours faithfully
JEAN HUNTER
Chief Executive

Requests for a large print agenda must be received at least 48 hours before the meeting.

AGENDA

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| 7. | Medium Term Financial Strategy (General Fund budget 2016/17 including Council Tax setting), Housing Revenue Account (including housing rents), Capital Programme 2016/17-2020/21 and Treasury Management Strategy | PAGES
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Agenda Item 7



South
Cambridgeshire
District Council

Report To: Leader and Cabinet
Lead Officer: Executive Management Team

11 February 2016

MEDIUM TERM FINANCIAL STRATEGY

Purpose

1. The purpose of this report is for Cabinet to approve and recommend to Council the Medium Term Financial Strategy (MTFS), which covers:
 - (a) the Capital Programme for the five years to 31 March 2021;
 - (b) the General Fund estimates and the resulting council tax for the financial year ending 31 March 2017;
 - (c) fees and charges for 2016-17;
 - (d) the MTFS for the General Fund for the five years to 31 March 2021;
 - (e) the list of Precautionary Items for the General Fund;
 - (f) the Housing Revenue Account (HRA) estimates and the rent increase for the financial year ending 31 March 2017;
 - (g) service and other charges for housing services for the financial year ending 31 March 2017;
 - (h) the HRA business plan for the next 30 years to 31 March 2046;
 - (i) the investment strategy for the year to 31 March 2017;
 - (j) the prudential indicators required by the Prudential Code for Capital Finance Local Authorities for the year to 31 March 2017.

2. These are key decisions because:
 - (a) they are likely to result in the Council incurring expenditure which is, or the making of savings which are, significant having regard to the Council's budget for the service or function to which the decision relates;
 - (b) they are likely to be significant in terms of their effects on communities living or working in an area of the District comprising two or more wards;
 - (c) they increase financial commitments (revenue and / or capital) in future years above existing budgetary approvals, and they were first published in the November 2015 Forward Plan.

Recommendations

3. That Cabinet recommends to Council that:
 - (a) the General Fund Capital Programme and the associated funding up to the year ending 31 March 2021 (**Appendix A1**) is approved as submitted;
 - (b) the revenue estimates for 2016-17 are approved as submitted in the General Fund summary (**Appendix B1**);
 - (c) the precautionary items for the General Fund (**Appendix B2**) are approved;
 - (d) the Medium Term Financial Strategy for the General Fund (**Appendix B3(A)**) is approved based on the assumptions set out in this report;
 - (e) the fees and charges proposed for 2016-17 (**Appendix B4**) are approved;
 - (f) Executive Management Team be instructed to identify additional income/savings of £300,000 in 2016-17, rising to £1,030,000 from 2017-18;
 - (g) the council tax requirement for 2016-17 is £7,852.090;

- (h) the Council sets the amount of Council Tax for each of the relevant categories of dwelling in accordance with Section 30(2) of the Local Government Finance Act 1992 on the basis of a District Council Tax for general expenses on a Band D property of £130.31 plus the relevant amounts required by the precepts of Parish Councils, Cambridgeshire County Council, the Cambridgeshire Police and Crime Commissioner and the Cambridgeshire Fire Authority, details of those precepts and their effect to be circulated with the formal resolution required at the Council meeting;
- (i) the Housing Revenue Account (HRA) revenue budget as summarised in the HRA Summary Forecast 2015/16 to 2020/21 (**Appendix G of the HRA Budget Setting Report**), in the context of the updated 30 Year HRA Business Plan, is approved;
- (j) council dwellings rents for existing tenants be reduced by 1%, in line with legislative requirements, anticipated to be introduced as part of the Welfare Reform and Work Bill 2015, with effect from 4th April 2016, is approved;
- (k) the inclusion of an ongoing savings target for HRA services for the period from 2017/18 to 2020/21, at the initial rate of £250,000 per annum, recognising the financial constraints placed upon the HRA by changes in national housing policy, is approved;
- (l) inflationary increases of 1.4% in garage rents for 2016/17, in line with the base rate of inflation for the year assumed in the HRA Budget Setting Report, is approved;
- (m) proposed service charges for HRA services and facilities provided to both tenants and leaseholders (**Appendix B of the HRA Budget Setting Report**) is approved;
- (n) the charge for the cost of the provision of the alarm service in sheltered housing is set at £3 a week;
- (o) the latest budget, spend profile and funding mix for each of the schemes in the new build programme (**Section 5 and Appendix E of the HRA Budget Setting Report**), is approved;
- (p) the required level of additional funding for new build investment between 2016/17 and 2020/21 to ensure that commitments can be met in respect of the investment of all right to buy receipts retained by the authority, up to the end of December 2015, is approved to earmark;
- (q) the revised Housing Capital Investment Plan (**Appendix H of the HRA Budget Setting Report**), in the context of the updated 30 Year HRA Business Plan, is approved;
- (r) delegation is given to the Executive Director (Corporate Services) in consultation with the Leader, to allow the Self-Build Vanguard scheme to proceed during 2016-17, should the business case presented be financially viable for both the General Fund and the HRA;
- (s) the borrowing and investment strategy for the year to 31 March 2017 (**Appendix D1**) is approved;
- (t) the prudential indicators required by the Prudential Code for Capital Finance in Local Authorities for the year to 31 March 2017 (**Appendix D2**) are approved;
- (u) the Capital Strategy 2016-17 to 2020-21 and Corporate Asset Management Plan 2016-17 to 2020-21 (**Appendices D4 and D5**) is approved;
- (v) any unspent New Homes Bonus money allocated to the City Deal be approved to roll forward to 2017-18; and
- (w) the Executive Director, Corporate Services, be given delegated authority to issue the final version of the Estimates Book, incorporating the amendments required from Council's decisions.

Reasons for Recommendations

4. The consideration and determination of the estimates (budget) and the council tax increase will provide resources for the Council to continue to provide its services over the next financial year in order to achieve the strategic aims as far as possible within the current financial constraints.
5. The consideration and determination of the five year MTFs for the General Fund should give the Council some reassurance that the Council will be able to continue to provide services to the public over the foreseeable future and avoid any unpredicted need for emergency cuts in services to balance its budget.
6. The overall additional income/savings requirement of £1,030,000 from 2017-18 equates to the authority achieving an average cost saving of £16.86 per Band D property from that year. The setting of council tax at £130.31 in 2016-17 would be an increase of £5.00 for a Band D property.
7. The HRA Budget Setting Report is presented to Cabinet and Council, to allow consideration, scrutiny and approval of proposals for the review of rents and service charges, and the revenue and capital expenditure and resources, which form part of the HRA budget.
8. The charge for the cost of the provision of the alarm service in sheltered housing will no longer be subsidised by the County Council, and will be payable by residents in full, as a charge which is ineligible for housing benefit.
9. The latest budget, spend profile and funding mix for each of the schemes in the new build programme recognises the most up to date information available as each scheme progresses through the design, planning, build contract and completion process. New build investment expenditure will either take the form of HRA new build, with the 70% top up met by capital receipts anticipated from the sale of self-build plots or alternatively grants made to a registered provider, where the registered provider will provide the 70% top up to build new homes.
10. As the authority progresses the preparatory work in respect of its role as a self-build vanguard authority, there will be the need to consider and approve a business case for the activity associated with both the need to maintain a register of those interested in self-build and to consider the supply of appropriate land for the purpose of self-build. The business case is anticipated to also include the ability to provide services to prepare parcels of HRA owned land for sale, with the net receipts generated being for the benefit the HRA, and available for re-investment in new build affordable housing.

Background

11. The provisional Local Government Finance Settlement for 2016-17 (“the settlement”) was published on 17 December 2015. Information included in the settlement and figures in the accompanying “Key Information for Local Authorities” and other documents published with it have been used in preparing this report. The report will be considered by Scrutiny and Overview Committee on 4 February 2016.
12. The draft revenue and capital estimates for both the General Fund and HRA are published alongside this report and can be viewed at the following link:
<http://scamps.moderngov.co.uk/ecCatDisplay.aspx?sch=doc>

Considerations

13. These are set out in detail in the Appendices:
 - (a) Appendix A – Capital Programme and associated funding to 31 March 2021;
 - (b) Appendix A1 – Capital Programme Summary;
 - (c) Appendix B – General Fund Considerations;
 - (d) Appendix B1 – General Fund Summary;
 - (e) Appendix B2 – Precautionary Items;
 - (f) Appendix B3 – Medium Term Financial Strategy (MTFS) (General Fund);
 - (g) Appendix B4 – Fees and Charges for 2016-17;
 - (h) Appendix B4(A) – Building Control Fees Summary;
 - (i) Appendix B4(B) – Building Control Fees Schedule;
 - (j) HRA Budget Setting Report (Appendix C)
 - (k) Appendix D – Financial Administration, Borrowing & Investment Strategy and Prudential Indicators;
 - (l) Appendix D1 – Borrowing & Investment Strategy 2016-17;
 - (m) Appendix D2 – Prudential Indicators for 2015-16 (revised) and 2016-17;
 - (n) Appendix D3 – Treasury Management Risk Reports (Restricted);
 - (o) Appendix D4 – Capital Strategy 2016-17 to 2020-21;
 - (p) Appendix D5 – Corporate Asset Management Plan 2016-17 to 2020-21.
14. The underlying assumptions supporting the General Fund estimates and MTFS include:
 - (a) general provision for inflation where applicable of 1.4% in 2016-17, 1.8% in 2017-18, 1.9% in 2018-19 and 2.0% thereafter, in line with the Office of Budget Responsibility (OBR)'s forecast, or actual rates where known. This is applied to both expenditure and income (except the council tax and housing rents and charges);
 - (b) provision for an employer's pension contribution rate of 25% for 2016-17 and subsequent years. This takes account of pensions increases linked to the consumer price index (CPI). The outcome of the actuarial review concluded in December 2013 indicated that a contribution of 25% of pensionable salaries will be required for the next three years, plus a payment of £750,000 from the pension reserve. The 25% is split into two allocations: a cash contribution towards the historic deficit, charged against the General Fund and HRA; and a percentage charge to staffing accounts to meet ongoing future costs.
15. For the HRA, as part of the 2016/17 budget process, the range of assumptions upon which the HRA Business Plan and Medium-Term Financial Review are based, were reviewed in light of the latest information available, culminating in the preparation of the HRA Budget Setting Report. That report provides an overview of the review of the key assumptions, sets out the key parameters for the detailed recommendations and final budget proposals and the financial implications associated with decisions, and is the basis for the finalisation of the 2016/17 budgets. The resulting recommendations (paragraphs 3. (i) to (q) above) refer to the strategy outlined in the HRA Budget Setting Report.
16. The Strategic Risk Register, reported elsewhere on this meeting's agenda, includes a recommended increased risk score relating to the cost of managing Homelessness, because nearly all the mitigation factors previously put in place are being undermined, as set out in that report. While £250,000 has been included in precautionary items for 2016-17, it is considered prudent to include the same amount in the authority's budgets from 2017-18. Further details of demand and costs

emerging over the next year will be reported to Members and updated in future forecasts as appropriate.

Options

Council Tax

17. The settlement maintains the core referendum threshold for Band D council tax increases at 2%; however, the threshold for district councils in the lowest Band D council tax quartile in 2015-16 (which includes this authority) will be £5 a year for the next four years. The MTFs attached as **Appendix B3** has been modelled on this basis.
18. Cabinet could decide to recommend that Council sets the amount of District Council Tax for general expenses on a Band D property for 2016-17 of £130.31. This would result in a council tax requirement of £7,852,090 for 2016-17 and an additional income/savings requirement of £300,000 in 2016-17, rising to £1,030,000 from 2017-18. **This is the recommended option.**
19. Alternatively, Cabinet could recommend increasing council tax by a different amount, for example:
- (a) an increase of £5 in 2016-17 and by 2% thereafter would still result in a Band D council tax of £130.31 and a council tax requirement of £7,852,090 for 2016-17, but a savings requirement of £1,365,000 from 2017-18;
 - (b) an increase of 2% in 2016-17 and thereafter would result in a Band D council tax of £127.81 and a council tax requirement of £7,701,450 for 2016-17, and a savings requirement of £1,570,000 from 2017-18;

These options are detailed in **Appendices B3A and B3B** and, together with the recommended option, are summarised in the table below:

Council tax increase	Resulting council tax	Council tax requirement	Full year savings requirement
£5 pa to 2019-20; 2% in 2020-21 (recommended, Appendix B3)	£130.31	£7,852,090	£1,030,000
£5 in 2016-17; 2% pa to 2020-21 (Appendix B3A)	£130.31	£7,852,090	£1,365,000
2% pa to 2020-21 (Appendix B3B)	£127.81	£7,701,450	£1,570,000

20. The option to increase council tax by 2% (paragraph 19. (b) above) while keeping the additional income/savings requirement for 2016-17 at £300,000, results in a further £150,000 call on General Fund reserves in year, as well as the increased target from 2017-18 on. As a further option, Members could decide not to make the further call on reserves in 2016-17 and increase the target from 2017-18.

Rents

21. Cabinet could decide to recommend that Council reduces rents for existing tenants in line with legislative requirements, anticipated to be introduced as part of the Welfare Reform and Work Bill 2015, with effect from 4th April 2016. **This is the recommended option.**

22. Alternatively, Cabinet could recommend reducing rents by more than the expected legislative requirements; however, this would result in even less financial resources available to invest in housing services, projects and programmes.

Implications

23. In the writing of this report, taking into account financial, legal, staffing, risk management, equality and diversity, climate change, community safety and any other key issues, the following implications have been considered:

Financial

24. As detailed in the report and appendices.

Legal

25. The pressure to reduce budgets and the continuation of a poor financial settlement could adversely affect the provision of statutory services.

Staffing

26. The restructurings and additions/reductions in staffing levels have been incorporated in the estimates.

Risk Management

27. Risks and control measures concerning financial projections in the MTFS are included in the Council's Strategic Risk Register, which is appended to the Position Statement report elsewhere on this agenda. The HRA Business Plan has its own associated risk register and is also mentioned in the Strategic Risk Register.
28. Risks with regard to the 2016-17 estimates and the MTFS include:
- (a) Additional income/savings: The actual realisation of the targets which have been included in the estimates and MTFS.
 - (b) Revenue Support Grant (RSG): It is possible that the next budget, spending review or settlement may reduce RSG from 2017-18 on, resulting in savings to be found earlier than forecast.
 - (c) Retained Business Rates (RBR): The settlement introduces an "adjustment" to the tariff deduction for 2018-19 and 2019-20, reducing the amount of RBR available to the authority in those years. This adjustment could be increased, or extended beyond 2019-20. In addition:
 - (i) The settlement does not take into account any enterprise zones that have been approved, nor any devolution agreements that may be made. The financial impact of enterprise zones has yet to be clarified.
 - (ii) It is still very difficult to forecast future RBR income with any certainty. Business rate collection could be reduced if local economic growth does not meet the anticipated level. There are a large number of outstanding appeals still with the Valuation Office Agency (VOA) which the Council have to refund if successful; there is little information about which appeals might be successful and when they might be decided.
 - (iii) An assessment has been made about the potential outcome of appeals, having employed agents to help frame that assessment; final outcomes will be different to that assessment.
 - (d) New Homes Bonus (NHB): The Government is consulting on changing the number of years for which NHB payments are made. The figures for 2016-17 to 2019-20 included in the settlement are assumed to follow the Government's preferred option of reducing the number of years for which legacy payments are to be paid, from six to four years. The Government is also consulting on

other reforms to NHB, which could have adverse implications for the amount that the authority might receive.

- (e) Council Tax: Income would be affected if the number of domestic properties does not increase by as much as profiled in housing trajectory forecasts.

Consultation responses (including from the Youth Council)

29. The MTFs provides the framework within which resources can be allocated to meet the Council's service priorities. The Council's proposed Objectives and Actions for 2015-16 were the subject of public consultation until 31 January 2016. The final Corporate Plan is recommended for approval by Council elsewhere on this agenda; £50,000 has been included in the draft revenue estimates to meet the cost of implementing actions to meet Corporate Plan objectives.
30. The draft revenue and capital estimates have been published alongside this report. The report will be considered by Scrutiny and Overview Committee on 4 February 2016 – feedback from that committee will be reported to Cabinet.

Effect on Strategic Aims

Aim 1 – We will listen to and engage with residents, parishes and businesses to ensure we deliver first class services and value for money

31. The determination of the budget, council tax and rents will provide resources for the Council to continue its services in order to achieve the strategic aims as far as possible within the current financial constraints.

Background Papers

Where [the Local Authorities \(Executive Arrangements\) \(Meetings and Access to Information\) \(England\) Regulations 2012](#) require documents to be open to inspection by members of the public, they must be available for inspection: -

- (a) at all reasonable hours at the offices of South Cambridgeshire District Council;
- (b) on the Council's website; and
- (c) in the case of documents to be available for inspection pursuant to regulation 15, on payment of a reasonable fee required by the Council by the person seeking to inspect the documents at the offices of South Cambridgeshire District Council.

Local Government Financial Settlement
Localised Council Tax Support Scheme
Estimate files in the Finance, Policy & Performance team
Draft Estimates Book

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APPENDIX A

CAPITAL PROGRAMME AND ASSOCIATED FUNDING UP TO THE YEAR ENDING 31 MARCH 2021

1. The capital programme up to the year ending 31st March 2021 is submitted for Members' approval as **Appendix A1** showing capital expenditure of around £49 million in 2016-17, £40 million in 2017-18, £60 million in 2018-19, £16 million in 2019-20 and £18 million in 2020-21, together with the associated financing and balance of capital receipts.
2. The Housing Revenue Account (HRA) self-financing reforms introduced in 2012/13 have resulted in substantial scope to finance HRA capital expenditure from revenue/ depreciation reserve.
3. Capital Expenditure can be classified as:
 - a) expenditure on fixed assets such as buildings which is accounted for on an accruals basis. A capital charge for depreciation is made to the revenue accounts to reflect the use of the asset in providing the service;
 - b) expenditure on grants to individuals and organisations which is accounted for on a cash payments basis.
4. The capital programme includes the effect of transferring 213 equity share properties, where nil rent is charged, from the HRA to the General Fund to avoid 75% of the sale proceeds being pooled, and paid to the Government, when repurchased properties on pre 1st April 2006 leases were resold. The £1.1 million, included in each year of the programme for repurchasing these properties, is to be funded from their subsequent sale receipts.
5. With regard to the pooling of capital receipts, the Council is now permitted to keep the majority of the HRA receipts from Right to Buy sales, provided the retained amount is spent on the provision of additional social housing for rent. Most HRA receipts from other sales (such as land or vacant houses) can also avoid pooling as long as they are used to fund HRA capital expenditure. It has been assumed that these rules will continue for the duration of the programme.
6. The financing policy inherent in Appendix A1 can therefore, be summarised as:
 - a) run down the balance of capital receipts available to finance both HRA and General Fund capital expenditure;
 - b) finance HRA capital expenditure from revenue/ depreciation reserve, housing capital receipts, and miscellaneous minor contributions/grants;
 - c) use of HRA capital receipts to finance General Fund capital expenditure on Disabled Facilities Grants and Travellers Site improvements;
 - d) use the remaining balance of the Housing and Planning Delivery Grant capital reserve to finance General Fund capital expenditure;
 - e) borrow to fund the housing company pilot (actually, it has been possible to fund the pilot by short term investment from cash reserves);
 - f) use the New Homes Bonus to fund the contribution to the A14 upgrade; and
 - g) in addition, earmarked capital grants received are used to finance specific capital expenditure.

7. In June 2013 Cabinet agreed to take on a Local Enterprise Partnership loan of £780,000 for the construction of the new pumping station at Webbs Hole Sluice in connection with the Northstowe development; the funding agreement requires repayment of the loan in full by 31 March 2018. It is anticipated that this loan repayment will be covered by S106 payments from the various phases of the Northstowe development; as such, in keeping with other S106 agreements, the loan and its repayment do not form part of the Council's capital programme. If S106 monies from future phases have not been received by the time the loan is due to be repaid, the shortfall will be met in the interim from other funding sources, which will be reported to Members.
8. In order that all significant capital items may be evaluated consistently throughout the Council, new items in the capital programme in 2016-17 or later, that are over £25,000 value in total, are subject to the completion of a proposal form for consideration alongside the capital programme. Copies of the forms are available on request.

CAPITAL PROGRAMME

(at outturn prices, with grants adjusted to commitments basis)

Actual 2014/2015 £		Estimate 2015/2016 £	Estimate 2016/2017 £	Estimate 2017/2018 £	Estimate 2018/2019 £	Estimate 2019/2020 £	Estimate 2020/2021 £
3,368,455	General Fund	19,149,000	34,706,000	26,752,400	46,681,100	2,948,700	7,513,700
12,115,488	Housing Revenue Account	15,855,350	14,222,580	13,611,170	12,974,540	13,158,920	10,441,830
<u>15,483,943</u>	Total Capital Expenditure	<u>35,004,350</u>	<u>48,928,580</u>	<u>40,363,570</u>	<u>59,655,640</u>	<u>16,107,620</u>	<u>17,955,530</u>
	Financed by :						
(1,557,252)	Capital Receipts	(3,584,080)	(5,103,810)	(5,875,050)	(5,965,470)	(3,579,375)	(3,277,500)
	Housing & Planning Delivery Grant	(132,670)	(84,600)	(84,600)	(84,600)	(36,755)	0
	Other Grants and Contributions	(1,950,000)	(742,000)	(740,000)	(619,000)	(619,000)	(619,000)
(5,658,500)	HRA Depreciation Reserve	(5,784,100)	(5,382,970)	(9,306,520)	(8,654,470)	(11,309,040)	(8,591,830)
(856,985)	Reserves	(820,000)	(330,000)	(509,400)	(673,100)	(444,700)	(444,700)
(5,617,281)	Housing Revenue Account (Revenue Contribution)	(8,153,500)	(5,691,200)	(140,000)	(70,000)	(118,750)	(22,500)
	General Fund (Revenue Contribution)	0	(150,000)	0	0	0	0
(416,829)	Cash Overdrawn re Commercial vehicles	(1,094,000)	(712,000)	(2,502,000)	(180,000)	0	0
450,164	Cash Overdrawn re GF Equity Share Properties	0	0	0	0	0	0
0	Borrowing	(13,486,000)	(30,732,000)	(21,206,000)	(43,409,000)	0	0
0	New Homes Bonus Infrastructure Reserve	0	0	0	0	0	(5,000,000)
0	Financing Adjustment	0	0	0	0	0	0
<u>(13,656,683)</u>		<u>(35,004,350)</u>	<u>(48,928,580)</u>	<u>(40,363,570)</u>	<u>(59,655,640)</u>	<u>(16,107,620)</u>	<u>(17,955,530)</u>
	Capital Receipts						
(1,132,456)	brought forward	(3,580,864)	(3,419,914)	(1,993,094)	279,646	2,568,126	2,629,661
0	prior year adjustment	0	0	0			
0	Brought forward adjustment	0	0	0	0	0	0
0	Adj for actuals and prior year additions etc received in year from	0	0	0	0	0	0
(3,335,743)	RTB sales	(3,100,000)	(3,100,000)	(3,100,000)	(3,100,000)	(3,100,000)	(3,100,000)
	Equity Share Sales						
	HRA	0	0	0	0	0	0
(1,132,371)	General Fund	(1,100,000)	(1,100,000)	(1,100,000)	(1,100,000)	(1,100,000)	(1,100,000)
(1,118,676)	Other	(350,000)	(350,000)	(350,000)	(350,000)	(350,000)	(350,000)
429,869	transferred to CLG pool	480,000	480,000	480,000	480,000	480,000	480,000
1,557,252	used in year to finance expenditure	3,584,080	5,103,810	5,875,050	5,965,470	3,579,375	3,277,500
408,181	adjustment to cash overdrawn	20,000	20,000	20,000	20,000	20,000	20,000
743,080	transfer to/(from) reserve	626,870	373,010	447,690	373,010	532,160	532,160
<u>(3,580,864)</u>	Capital Receipts Year End Balance	<u>(3,419,914)</u>	<u>(1,993,094)</u>	<u>279,646</u>	<u>2,568,126</u>	<u>2,629,661</u>	<u>2,389,321</u>

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APPENDIX B

MEDIUM TERM FINANCIAL STRATEGY (MTFS) CONSIDERATIONS

PART 1 – APPROVING THE GENERAL FUND ESTIMATES

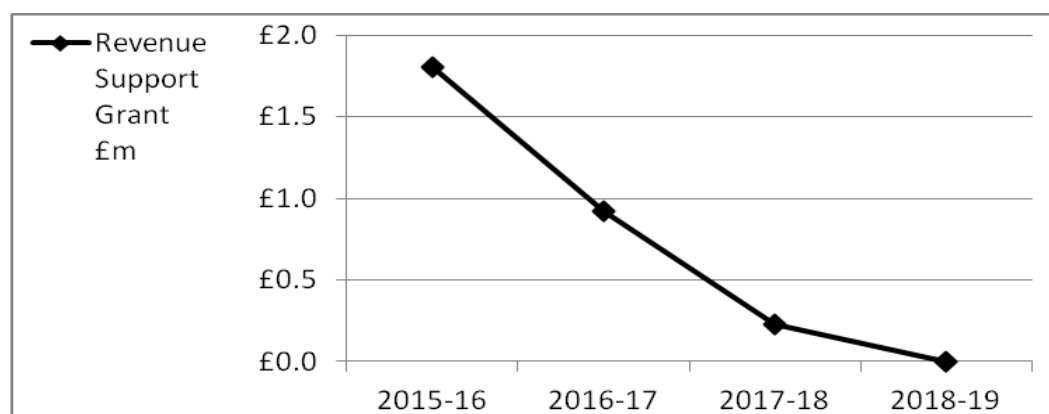
GENERAL FUND SUMMARY

1. The General Fund summary showing the cost of providing services is attached as **Appendix B1**.

LOCAL GOVERNMENT FINANCE SETTLEMENT

2. The provisional Local Government Finance Settlement for 2016-17 was published on 17 December 2015. Those figures have been used in compiling the draft Medium Term Financial Strategy (MTFS) and in preparing this report.
3. The settlement continues the Government's separation of local government funding into two elements: Revenue Support Grant (RSG); and Retained Business Rates (RBR). The settlement forecasts RSG reducing by £880,000, 48.7%, from 2015-16 to 2016-17, by a further £696,000, 75.2%, in 2017-18 and to £ nil in 2018-19.
4. The figures for RSG are:

Year	Revenue Support Grant	change year on year	
2015-16	£1.806m		
2016-17	£0.926m	- £0.880m	- 48.7%
2017-18	£0.230m	- £0.696m	- 75.2%
2018-19	£ nil	- £0.230m	- 100.0%



5. These figures are in cash terms; the % decrease is therefore greater in real terms.

COUNCIL TAX FREEZE GRANT

6. In previous years, the Government has offered council tax freeze grants, payable to billing (i.e. districts, etc.) and major precepting authorities (i.e. counties, police and fire) that did not increase their council tax. No grant has been offered for 2016-17.

COUNCIL TAX REFERENDUM PRINCIPLES

7. The settlement maintains the core referendum threshold for Band D council tax increases at 2%; however, the threshold for district councils in the lowest Band D council tax quartile in 2015-16 (which includes this authority) will be £5 a year for the next four years.
8. The core model for the 2016-17 estimates has been built on the assumption that there will be a £5 increase in council tax to £130.31, which would result in a council tax requirement (excluding parish precepts) of £7,852,090. Other options open to Members are set out in the covering report, paragraphs 19 and 20.

NEW HOMES BONUS

9. New Homes Bonus (NHB) is a grant from 2011-12 based on:
 - (a) Net additions to the number of dwellings (the main factor);
 - (b) Increases in affordable housing;
 - (c) Empty homes brought back in to use;
 - (d) Increase in gypsy and traveller pitches; and
 - (e) Increase in average national council tax rates.
10. NHB is a vital grant for this authority since Housing Planning Delivery Grant (HPDG) and housing growth funding (via Cambridgeshire Horizons) ended. The Council received £1.841 million and £1.954 million from HPDG and housing growth funding in 2008-09 and 2009-10 respectively. Accordingly, the Council allocated the first £1.8 million of NHB receipts in each year from 2013-14 on, to offset expenditure previously covered by HPDG. Additional monies have also been set aside to meet infrastructure projects including Local Plan costs.
11. In November 2014 Cabinet provisionally allocated the balance of NHB as this authority's commitment to City Deal shared funding. On 28 January 2015 the Greater Cambridge City Deal Executive Board agreed that pooled NHB between the three authorities, of 40% of receipts in 2015-16 and 50% from 2016-17 on, subject to the ratification of the respective Councils, be used to fund the non-project costs required to support the successful delivery of the City Deal programme. The Council formally approved this on 26 February 2015. City Deal budgets are being prepared on the assumption that unspent 2016-17 monies are rolled forward.
12. Sums received in excess of this have been modelled as transferred to a reserve to meet non-recurring expenditure on infrastructure etc. This authority's "local contribution" of £5m towards the cost of the A14 upgrade has been reflected as coming from this infrastructure reserve.
13. Provisional NHB allocations for 2016-17 were announced alongside the provisional 2016-17 Local Government Finance Settlement, calculated using the same methodology as in 2015-16.
14. The settlement models NHB allocations to authorities for 2017-18 to 2019-20 in line with the Government's national targets, including the top-slicing of NHB by £800m and reallocating that money into the Better Care Fund.
15. At present, each year's grant is payable for six years and so the grant accumulates for six years and then early years' grants fall out from year seven. The Government is consulting on changing the number of years for which payments are made. The figures for NHB for 2016-17 to 2019-20 included in the settlement are assumed to follow the

Government's preferred option of reducing the number of years for which legacy NHB payments are to be paid, from six to four years.

16. The table below shows the effect:

From new homes in ...	Receipt arising in financial year ...									
	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
2010-11	869	869	869	869	869	869				
2011-12		878	878	878	878	878				
2012-13			899	899	899	899				
2013-14				555	555	555	555			
2014-15					1,015	1,015	1,015	1,015		
2015-16						1,049	1,049	1,049	1,049	
2016-17							867	867	867	867
2017-18								1,315	1,315	1,315
2018-19									1,618	1,618
2019-20										1,725
Funding adjustment			20							
Totals	869	1,747	2,666	3,201	4,216	5,265	3,486	4,246	4,849	5,525
Less: Contribution to GF			1,803	1,803	1,803	1,803	1,803	1,803	1,803	1,803
Infrastructure projects			50	182	177	554	200	285	65	15
A14 upgrade contribution										5,000
City Deal shared funding					1,686	2,633	1,743	2,123	2,425	2,257
Surplus/(Deficit) for year			813	1,580	550	275	(260)	35	556	-3,550
Infrastructure Reserve Fund										
B/fwd			0	813	2,393	2,943	3,218	2,958	2,994	3,550
Surplus/(Deficit) for year			813	1,580	550	275	(260)	35	556	-3,550
C/fwd			813	2,393	2,943	3,218	2,958	2,994	3,550	0

17. The Government is also consulting on other reforms to NHB:

- (a) withholding new NHB allocations in areas where no Local Plan has been produced;
- (b) reducing payments for homes built on appeal; and
- (c) only making payments for delivery above a baseline representing "deadweight".

Beyond 2017-18, it is possible that some of these other reforms could have adverse implications for the amount of NHB that the authority might receive.

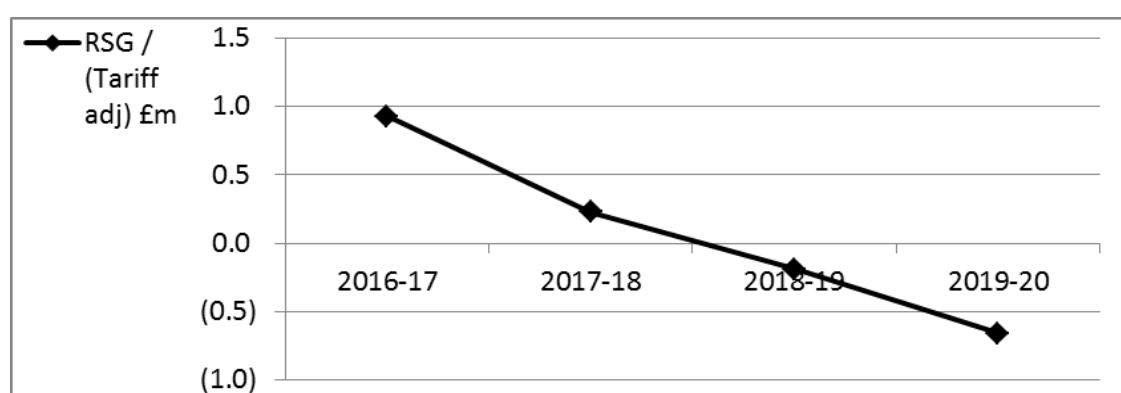
RETAINED BUSINESS RATES

18. The settlement retains the basic principles of the Retained Business Rates (RBR) system, including:

- (a) the proportions passed on to central Government and to local precepting authorities;
- (b) tariffs and baseline funding levels (uprated in line with the small business non-domestic rating multiplier for 2016-17);
- (c) levy rate and safety net arrangements (this latter, also uprated as above).

19. The “Key Information for Local Authorities” that accompanies the settlement introduces a new element into the RBR system, an additional “adjustment” to the tariff deduction for 2018-19 and 2019-20, which appears to extend the reduction in RSG (as noted in paragraph 3 above), as the table below suggests. This will reduce the amount of RBR available to the authority in those years.

Year	RSG / (Tariff adj)	Change year on year
2016-17	£0.926m	- £0.880m
2017-18	£0.230m	- £0.696m
2018-19	(£0.191m)	- £0.421m
2019-20	(£0.661m)	- £0.470m



20. With regard to RBR, the settlement does not take into account any enterprise zones that have been approved, nor any devolution agreements that may be made. In addition, the financial impact of enterprise zones has yet to be clarified.

REVENUE ESTIMATES

21. The General Fund summary up to the year ending 31 March 2017 is submitted for Members’ approval as **Appendix B1**.
22. The figures in Appendix B1 show the 2015-16 original estimate for Net District Council General Fund Expenditure of £16.099 million increasing to £17.671 million in the 2016-17 estimate, an increase of £1.572 million in cash terms (9.8%).
23. **Appendix B2** sets out details of “precautionary” items of expenditure totalling £652,000; £422,000 of which relates to revenue services and £230,000 to capital programme projects. These are items of expenditure over which there is some doubt as to whether they would occur in 2016-17, but if they did, the Council would be required to meet them. It has been assumed that revenue expenditure of £75,000 will be incurred on precautionary items in 2016-17 on the basis that there has been limited use of precautionary items in previous years, with most additional demands being met by virements from other budgets.

COLLECTION FUND BALANCE

24. The Council’s Collection Fund includes transactions relating to the Council Tax.

25. Regulations provide that the balance on the Collection Fund at 31st March 2016, whether in hand or overdrawn, must be transferred to the Billing Authority and the major precepting authorities in the same ratio as their 2015-16 precepts.
26. It is estimated that the balance at 31 March 2016 will be a surplus of £297,739 of which £37,718 will be transferred to the District in 2016-17.

PART 2 – SETTING THE COUNCIL TAX

CALCULATION OF THE TAX

27. The Council Tax figures quoted in this report relate to the tax on a Band D property occupied by two or more adults unless otherwise indicated. The process for setting the tax base changed following the introduction of major changes to the welfare system in April 2013. The principal change was the end of the council tax benefit system. In replacement, billing authorities were required to design and implement their own localised council tax support schemes (LCTSS).
28. Essentially, this is done through the granting of discounts to the council tax bill. Under the legislation, the council is required to grant the equivalent discount in cash terms as benefit for pensioners, so they will not notice any change to their bills. The Council also decided to fully protect other vulnerable groups and to limit the impact on remaining benefit claimants. To partially offset the impact of the new LCTSS, the Council ceased some discounts and exemptions granted to owners of second and empty homes.
29. As a consequence of the changes the District Council saw a reduction to the council tax base. This is because the granting of discounts is treated as a reduction to the amount chargeable as opposed to council tax benefit which is treated as a reduction to the amount payable by the claimant.
30. The figure for a Band D property is arrived at by dividing the amount of the council tax requirement by the tax base of band D equivalents. A tax base of 60,257.0 for 2016-17 has been approved by the Executive Director (Corporate Services).
31. If the Council approves the council tax requirement of £7,852,090 for 2016-17, then the tax on properties in Bands A- to H will be:

Valuation Band	Range of values as at 1 April 1991	Ratio to Band D	Council Tax £5 increase
A-		5/9	£72.39
A	Up to and including £40,000	6/9	£86.87
B	£40,001 - £52,000	7/9	£101.35
C	£52,001 - £68,000	8/9	£115.83
D	£68,001 - £88,000	-	£130.31
E	£88,001 - £120,000	11/9	£159.27
F	£120,001 - £160,000	13/9	£188.23
G	£160,001 - £320,000	15/9	£217.18
H	More than £320,000	18/9	£260.62

32. The full amount of the tax is arrived at by adding the requirements of the County Council, the Police and Crime Commissioner, the Fire Authority and the relevant Parish to the District figure and these figures, together with a full list of parish precepts, will be presented to the Council meeting on 25 February 2016.

PART 3 – GENERAL FUND FORECAST

33. The General Fund MTFs has updated the projections for future years to incorporate the latest figures, which are shown in **Appendix B3**.
34. The strategy is dependent on the assumptions that are built in to it and these include:
- (a) being able to identify and implement additional income/savings of £300,000 in 2016-17 and then ongoing additional income/savings of £1,030,000 per annum from 2017-18; this equates to an average cost saving of £16.86 per Band D property;
 - (b) the £50,000 for Council actions as recurring expenditure each year;
 - (c) retaining sufficient contributions to maintain a Planning Enforcement Reserve of £500,000;
 - (d) reductions in RSG in line with the local government financial settlement;
 - (e) an allowance for RBR income; parameters within scheme's calculation methodology increase each year in line with RPI;
 - (f) an increase in council tax of £5 each year from 2016-17 to 2019-20, and by 2% in 2020-21;
 - (g) an increase in the tax base (number of band D equivalent dwellings) in line with the housing trajectory in the Annual Monitoring Report that went to the Planning Portfolio Holder as part of the Annual Monitoring Report in January 2016; and
 - (h) the first £1.8m income from NHB is shown in the MTFs as used to meet General Fund expenditure, replacing previous income from HPDG and Cambridgeshire Horizons grant; further sums are also shown to meet estimated expenditure associated with the Local Plan; 50% of NHB income in 2016-17 is allocated to the City Deal, with any remaining income being transferred to a reserve for non-recurring expenditure on infrastructure, community facilities, etc. Points to note about NHB are:
 - the government may "sharpen the incentive" as a result of its consultation (see paragraph 17 above);
 - a new government within the period of the MTFs may change the scheme;
 - the housing trajectory may be too optimistic.
35. The result is that by the end of the projection period, 31 March 2021, the General Fund balance is at the minimum agreed level of £2.5 million (credit balance). However, the immediate position of a £2 million deficit/use of balances on the General Fund in 2016-17 indicates that there can be no relaxation in the search for additional income/savings.

ADDITIONAL INCOME/SAVINGS REQUIREMENT

36. As stated in paragraph 34. (a) above, the MTFs is partly dependent on additional income/savings of £300,000 in 2016-17 and then £1,030,000 per annum from 2017-18 being identified and implemented. The requirement is set out in that way, rather than £885,000 per annum from 2016-17 in recognition that, while some schemes have been identified, they make take some time to implement.

37. Areas so far identified to meet the additional income/savings target are shown in the table below, but they depend both on the areas already identified achieving the additional income/savings targets, and there are shortfalls in 2015-16 and 2016-17.

	2016 -17 £000	2017 -18 £000	2018 -19 £000	2019 -20 £000	2020 -21 £000	Note
Single Shared Waste Service: round optimisation		150	150	150	150	1
South Cambs Ltd, trading as Ermine Street Housing	250	600	600	600	600	2
Sub-totals	250	750	750	750	750	
To be identified, including:	50	280	280	280	280	
Commercialisation Programme: - In-house Bailiff Service - Business Hub						
Further shared service opportunities						
Totals	300	1,030	1,030	1,030	1,030	

- Notes
1. The figures represent SCDC's share (assumed at 50%) from the report to Cabinet of 16 October 2014.
 2. The figures represent income from the initial investment phase of the approved full project; any future growth above this is dependent on a number of factors, including:
 - (a) the national economy;
 - (b) interest rates;
 - (c) the housing market.

OPTIONS

38. Options for the MTFs, which can be modelled if requested, include one or a combination of the following:
- (i) finding further revenue savings and/or capital savings financed from revenue;
 - (ii) agreeing a provision for inflation which is different to the OBR's forecast. A lower provision would save money in 2016-17 and each subsequent year, assuming that the saving went into balances. There would clearly be no saving if there was a corresponding reduction in RSG or RBR from the Government;
 - (iii) using more of NHB to meet general fund expenditure instead of non-recurring expenditure;
 - (iv) anticipating higher income from RBR on the basis that an area like South Cambridgeshire should benefit more from the scheme. However, there are significant potential risks associated with outstanding valuation appeals and with the business economy, so it is difficult to quantify such higher income with any certainty;
 - (v) increasing the council tax by less than £5 in 2016-17;
 - (vi) increasing the council tax by less than £5 from 2017-18 to 2019-20; and
 - (vii) running the General Fund balance down below the recommended minimum of £2.5 million.

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GENERAL FUND SUMMARY

Actual 2014/2015 £	NET EXPENDITURE	Estimate 2015/2016 £	Estimate 2016/2017 £
	Portfolio		
458,845	Leader	425,910	399,930
2,100,391	Finance and Staffing	2,474,360	2,851,990
1,644,083	Corporate and Customer Services	1,911,060	1,905,050
167,070	Economic Development	183,150	214,910
5,988,777	Environmental Services	6,179,610	6,312,330
1,189,757	Housing (General Fund)	1,305,760	1,463,380
2,055,781	Planning	2,875,290	2,672,000
626,227	Strategic Planning and Transportation	672,910	692,510
14,230,931	Fully Allocated Net Portfolio Expenditure	16,028,050	16,512,100
	Unallocated		
0	Reduction for vacancies	(450,000)	(450,000)
1,579,622	Non-recurring expenditure on infrastructure, communal facilities etc.	2,018,970	2,908,360
0	Expenditure not included in Portfolio estimates	0	16,500
0	Savings not included in Portfolio estimates	(670,000)	(300,000)
0	Expenditure on Precautionary Items	75,000	75,000
50,000	Council Actions	50,000	50,000
15,860,553	Net Portfolio Expenditure	17,052,020	18,811,960
	Internal Drainage Boards	174,500	195,200
170,769	Interest on Balances	(590,500)	(511,400)
(373,697)	Capital Charges, etc.	(537,230)	(674,520)
(638,460)			
15,019,165	Net District Council General Fund Expenditure	16,098,790	17,821,240
	Appropriation to/(from) General Fund balance	(473,110)	(2,057,300)
(934,308)	New Homes Bonus	(4,154,400)	(5,265,300)
(3,200,997)			
10,883,860	General Expenses (Budget Requirement for capping purposes)	11,471,280	10,498,640
	Revenue Support Grant	(1,804,920)	(925,750)
(2,607,772)	Rural Services Delivery Grant	(25,000)	(32,260)
	Retained Business Rates	(3,462,350)	(3,604,000)
(3,286,183)	(Surplus)/Deficit on Collection Fund re Council Tax	(142,440)	(37,720)
(65,047)	(Surplus)/Deficit on Collection Fund re Business Rates	1,441,980	1,953,180
2,230,818			
7,155,676	Demand on Collection Fund to be raised from Council taxpayers	7,478,550	7,852,090
	INCOME FROM COUNCIL TAX		
Number	Tax Base for tax setting purposes (Band D equivalents)	Number	Number
58,242.6	multiplied by Basic Amount of Council Tax	59,680.4	60,257.0
£ p	for the District	£ p	£ p
122.86	equals	125.31	130.31
£		£	£
7,155,680	Income to be raised from Council taxpayers	7,478,550	7,852,090
	Balances at year end (excluding Section 106 monies)		
£	Revenue	£	£
	General Fund	(9,557,310)	(7,736,870)
(10,253,227)	Housing Revenue Account	(2,018,620)	(2,950,540)
(3,177,792)	Capital		
	Earmarked Reserves		
(675,330)	Usable Capital Receipts	(675,330)	(1,993,090)

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PRECAUTIONARY ITEMS

These are items of expenditure over which there is some doubt as to whether they would occur, but if they did, the Council would be required to meet them. If the spending need does arise on any item, delegated authority has been given to the Finance and Staffing Portfolio Holder and the Chief Finance Officer to approve such expenditure (to be met from reserves), up to the level indicated for the relevant year:

<u>Precautionary Items for 2015/16</u>	Total Approved £	Used in 2015/16 to Jan 2016 £
Homelessness - additional accommodation	140,000	0
Planning Appeals and Inquiries	75,000	0
Neighbourhood Planning	15,000	0
Awarded Watercourses - emergency works	15,000	0
Footway Lighting	10,000	0
Contaminated Land - remedial works	82,000	0
Clearance of Private Sewers	6,000	0
National Assistance Burials Act	5,000	0
District Emergencies	50,000	0
Environmental Health Legal Costs	10,000	0
District Elections - By-election costs	4,000	0
Total	<u>412,000</u>	<u>0</u>

Precautionary Items for 2016/17

	£
Homelessness - additional accommodation	250,000
Awarded Watercourses - emergency works	15,000
Contaminated Land - remedial works	82,000
Clearance of Private Sewers	6,000
National Assistance Burials Act	5,000
District Emergencies	50,000
Environmental Health Legal Costs (unrecoverable)	10,000
District Elections - By-election costs	4,000
ICT Capital Programme	
Fixed Wire Network Expansion	20,000
Mobile Computing Requirements	70,000
Mobile Telephony Upgrade	20,000
Data Centre Consolidation / Migration	100,000
MS Exchange Server (PSN) Compliance	20,000
Total	<u>652,000</u>

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MEDIUM TERM FINANCIAL STRATEGY for the General Fund
February 2016 - DRAFT

Appendix B3

General provision for Inflation		2.1%		1.4%		1.8%		1.9%		1.9%		2.0%	
Assuming council tax increases of £5 in 2016-17 to 2019-20; 1.99% thereafter		Actual	Estimate	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected
		2014/15	2015/16	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
		£'000	£'000	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	£'000	£'000	£'000	£'000
Base Budget		14,281	15,703	15,856	16,204	16,732	17,054	17,280	17,682				
Additional income/savings to maintain working balance		0	(670)	(670)	(300)	(1,030)	(1,030)	(1,030)	(1,030)				
Non-recurring expenditure on infrastructure, communal facilities, etc.		1,580	2,019	2,236	2,908	1,483	2,158	2,981	3,707				
Financial Position Report September 2015				(201)									
Net Portfolio Expenditure		<u>15,861</u>	<u>17,052</u>	<u>17,221</u>	<u>18,812</u>	<u>17,185</u>	<u>18,182</u>	<u>19,232</u>	<u>20,359</u>				
Net Interest on balances		(374)	(591)	(661)	(511)	(655)	(658)	(649)	(609)				
Internal Drainage Boards, Reversal of Depreciation and Minimum Revenue Provision		(468)	(363)	(400)	(479)	(339)	(44)	(14)	(27)				
Net District Council General Fund Expenditure		<u>15,019</u>	<u>16,099</u>	<u>16,160</u>	<u>17,821</u>	<u>16,191</u>	<u>17,480</u>	<u>18,569</u>	<u>19,722</u>				
New Homes Bonus		(3,201)	(4,154)	(4,216)	(5,265)	(3,486)	(4,246)	(4,849)	(5,525)				
Appropriations to/(from) General Fund working balance		(934)	(483)	(483)	(2,057)	(1,352)	(1,174)	(1,322)	(1,376)				
General Expenses		<u>10,884</u>	<u>11,461</u>	<u>11,462</u>	<u>10,499</u>	<u>11,353</u>	<u>12,059</u>	<u>12,398</u>	<u>12,822</u>				
Revenue Support Grant		(2,608)	(1,830)	(1,806)	(926)	(230)	0	0	0				
Rural Services Delivery Grant				(25)	(32)	(56)	(81)	(105)	0				
Retained Business Rates		(3,286)	(3,462)	(3,462)	(3,604)	(3,776)	(3,748)	(3,554)	(3,741)				
(Surplus)/Deficit on Council Tax Collection Fund		(65)	(132)	(132)	(38)	0	0	0	0				
Provision/Contingency for business rates appeals/revaluations		2,231	1,442	1,442	1,953	977	488	450	450				
Council Tax Requirement to be raised from council taxpayers		<u>7,156</u>	<u>7,479</u>	<u>7,479</u>	<u>7,852</u>	<u>8,268</u>	<u>8,719</u>	<u>9,189</u>	<u>9,531</u>				
Tax Base for Tax Setting Purposes including discount for localised council tax support		Number 58,242.6	Number 59,680.4	Number 59,680.4	Number 60,257.0	1.0% 61,101.2	1.4% 62,138.9	1.7% 63,236.7	1.8% 64,304.7	1.7%			
Basic Amount of Council Tax District only		£ 122.86	£ 125.31	1.99% 125.31	£ 130.31	4.0% 135.31	3.8% 140.31	3.7% 145.31	3.6% 148.21	2.0%			
Underlying Council Tax with no appropriations from the General Fund Balance or Earmarked Reserves		£ 110.30	£ 133.41	£ 133.40	£ 164.45	£ 157.44	£ 159.21	£ 166.22	£ 169.61				
Balances at Year End		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000				
General Fund (recommended minimum level £2.5 million)		(10,277)	(9,557)	(9,794)	(7,737)	(6,385)	(5,211)	(3,888)	(2,513)				
Infrastructure Fund b/fwd				(2,393)	(2,943)	(3,218)	(2,958)	(2,994)	(3,550)				
Add: Non recurring expenditure etc				(2,236)	(2,908)	(1,483)	(2,158)	(2,981)	(3,707)				
Less: Contribution to City Deal (2019/20, A14)				1,686	2,633	1,743	2,123	2,425	7,258				
Infrastructure Fund c/fwd		(2,393)	(4,015)	<u>(2,943)</u>	<u>(3,218)</u>	<u>(2,958)</u>	<u>(2,994)</u>	<u>(3,550)</u>	<u>0</u>				

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MEDIUM TERM FINANCIAL STRATEGY for the General Fund
February 2016 - DRAFT

Appendix B3A

General provision for Inflation		2.1%		1.4%		1.8%		1.9%		1.9%		2.0%	
Assuming a council tax increase of £5 in 2016-17, 1.99% thereafter		Actual	Estimate	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected
		2014/15	2015/16	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21				
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000				
Base Budget		14,281	15,703	15,856	16,204	16,732	17,054	17,280	17,682				
Additional income/savings to maintain working balance		0	(670)	(670)	(300)	(1,365)	(1,365)	(1,365)	(1,365)				
Non-recurring expenditure on infrastructure, communal facilities, etc.		1,580	2,019	2,236	2,908	1,483	2,158	2,981	3,707				
Financial Position Report September 2015				(201)									
Net Portfolio Expenditure		<u>15,861</u>	<u>17,052</u>	<u>17,221</u>	<u>18,812</u>	<u>16,850</u>	<u>17,847</u>	<u>18,897</u>	<u>20,024</u>				
Net Interest on balances		(374)	(591)	(661)	(511)	(655)	(658)	(649)	(609)				
Internal Drainage Boards, Reversal of Depreciation and Minimum Revenue Provision		(468)	(363)	(400)	(479)	(339)	(44)	(14)	(27)				
Net District Council General Fund Expenditure		<u>15,019</u>	<u>16,099</u>	<u>16,160</u>	<u>17,821</u>	<u>15,856</u>	<u>17,145</u>	<u>18,234</u>	<u>19,387</u>				
New Homes Bonus		(3,201)	(4,154)	(4,216)	(5,265)	(3,486)	(4,246)	(4,849)	(5,525)				
Appropriations to/(from) General Fund working balance		(934)	(483)	(483)	(2,057)	(1,164)	(1,134)	(1,433)	(1,503)				
General Expenses		<u>10,884</u>	<u>11,461</u>	<u>11,462</u>	<u>10,499</u>	<u>11,206</u>	<u>11,764</u>	<u>11,953</u>	<u>12,360</u>				
Revenue Support Grant		(2,608)	(1,830)	(1,806)	(926)	(230)	0	0	0				
Rural Services Delivery Grant				(25)	(32)	(56)	(81)	(105)					
Retained Business Rates		(3,286)	(3,462)	(3,462)	(3,604)	(3,776)	(3,748)	(3,554)	(3,741)				
(Surplus)/Deficit on Council Tax Collection Fund		(65)	(132)	(132)	(38)	0	0	0	0				
Provision/Contingency for business rates appeals/revaluations		2,231	1,442	1,442	1,953	977	488	450	450				
Council Tax Requirement to be raised from council taxpayers		<u>7,156</u>	<u>7,479</u>	<u>7,479</u>	<u>7,852</u>	<u>8,121</u>	<u>8,424</u>	<u>8,744</u>	<u>9,069</u>				
Tax Base for Tax Setting Purposes including discount for localised council tax support		Number	Number	Number	Number	Number	Number	Number	Number	Number	Number	Number	Number
		58,242.6	59,680.4	59,680.4	60,257.0	61,101.2	62,138.9	63,236.7	64,304.7	1.0%	1.4%	1.7%	1.8%
Basic Amount of Council Tax District only		£	£	£	£	£	£	£	£	£	£	£	£
		122.86	125.31	125.31	130.31	132.91	135.56	138.27	141.03	1.99%	4.0%	2.0%	2.0%
Underlying Council Tax with no appropriations from the General Fund Balance or Earmarked Reserves		£	£	£	£	£	£	£	£				
		110.30	133.41	133.40	164.45	151.95	153.82	160.92	164.40				
Balances at Year End		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000				
General Fund (recommended minimum level £2.5 million)		(10,277)	(9,557)	(9,794)	(7,737)	(6,573)	(5,439)	(4,006)	(2,504)				
Infrastructure Fund b/fwd				(2,393)	(2,943)	(3,218)	(2,958)	(2,994)	(3,550)				
Add: Non recurring expenditure etc				(2,236)	(2,908)	(1,483)	(2,158)	(2,981)	(3,707)				
Less: Contribution to City Deal (2019/20, A14)				1,686	2,633	1,743	2,123	2,425	7,258				
Infrastructure Fund c/fwd		(2,393)	(4,015)	<u>(2,943)</u>	<u>(3,218)</u>	<u>(2,958)</u>	<u>(2,994)</u>	<u>(3,550)</u>	<u>0</u>				

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MEDIUM TERM FINANCIAL STRATEGY for the General Fund
February 2016 - DRAFT

Appendix B3B

	General provision for Inflation		2.1%		1.4%		1.8%		1.9%		1.9%		2.0%
	Actual	Estimate	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected
	2014/15	2015/16	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Base Budget	14,281	15,703	15,856	16,204	16,732	17,054	17,280	17,682					
Additional income/savings to maintain working balance	0	(670)	(670)	(300)	(1,570)	(1,570)	(1,570)	(1,570)					
Non-recurring expenditure on infrastructure, communal facilities, etc. Financial Position Report September 2015	1,580	2,019	2,236 (201)	2,908	1,483	2,158	2,981	3,707					
Net Portfolio Expenditure	<u>15,861</u>	<u>17,052</u>	<u>17,221</u>	<u>18,812</u>	<u>16,645</u>	<u>17,642</u>	<u>18,692</u>	<u>19,819</u>					
Net Interest on balances	(374)	(591)	(661)	(511)	(655)	(658)	(649)	(609)					
Internal Drainage Boards, Reversal of Depreciation and Minimum Revenue Provision	(468)	(363)	(400)	(479)	(339)	(44)	(14)	(27)					
Net District Council General Fund Expenditure	<u>15,019</u>	<u>16,099</u>	<u>16,160</u>	<u>17,821</u>	<u>15,651</u>	<u>16,940</u>	<u>18,029</u>	<u>19,182</u>					
New Homes Bonus	(3,201)	(4,154)	(4,216)	(5,265)	(3,486)	(4,246)	(4,849)	(5,525)					
Appropriations to/(from) General Fund working balance	(934)	(483)	(483)	(2,208)	(1,114)	(1,091)	(1,396)	(1,472)					
General Expenses	<u>10,884</u>	<u>11,461</u>	<u>11,462</u>	<u>10,348</u>	<u>11,050</u>	<u>11,603</u>	<u>11,785</u>	<u>12,186</u>					
Revenue Support Grant	(2,608)	(1,830)	(1,806)	(926) -48.7%	(230) -75.2%	0	0	0					
Rural Services Delivery Grant			(25)	(32)	(56)	(81)	(105)						
Retained Business Rates	(3,286)	(3,462)	(3,462)	(3,604)	(3,776)	(3,748)	(3,554)	(3,741)					
(Surplus)/Deficit on Council Tax Collection Fund	(65)	(132)	(132)	(38)	0	0	0	0					
Provision/Contingency for business rates appeals/revaluations	2,231	1,442	1,442	1,953	977	488	450	450					
Council Tax Requirement to be raised from council taxpayers	<u>7,156</u>	<u>7,479</u>	<u>7,479</u>	<u>7,701</u>	<u>7,965</u>	<u>8,262</u>	<u>8,576</u>	<u>8,895</u>					
Tax Base for Tax Setting Purposes including discount for localised council tax support	Number 58,242.6	Number 59,680.4	Number 59,680.4	Number 60,257.0	1.0% 61,101.2	1.4% 62,138.9	1.7% 63,236.7	1.8% 64,304.7	1.7%				
Basic Amount of Council Tax District only	£ 122.86	£ 125.31	1.99% £ 125.31	£ 127.81	2.0% £ 130.36	2.0% £ 132.96	2.0% £ 135.61	2.0% £ 138.32	2.0%				
Underlying Council Tax with no appropriations from the General Fund Balance or Earmarked Reserves	£ 110.30	£ 133.41	£ 133.40	£ 164.45	£ 148.60	£ 150.52	£ 157.68	£ 161.21					
Balances at Year End	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000					
General Fund (recommended minimum level £2.5 million)	(10,277)	(9,557)	(9,794)	(7,586)	(6,472)	(5,381)	(3,985)	(2,513)					
Infrastructure Fund b/fwd			(2,393)	(2,943)	(3,218)	(2,958)	(2,994)	(3,550)					
Add: Non recurring expenditure etc			(2,236)	(2,908)	(1,483)	(2,158)	(2,981)	(3,707)					
Less: Contribution to City Deal (2019/20, A14)			1,686	2,633	1,743	2,123	2,425	7,258					
Infrastructure Fund c/fwd	(2,393)	(4,015)	<u>(2,943)</u>	<u>(3,218)</u>	<u>(2,958)</u>	<u>(2,994)</u>	<u>(3,550)</u>	<u>0</u>					

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APPENDIX B4

GENERAL FUND FEES AND CHARGES FOR 2016-17

Finance & Staffing Portfolio – Land Charges

Fees for local land charge services are expected to be subject to new legislation in the early part of 2016-17. It is therefore recommended that no changes be made to the levels of fees at present; proposals for changes to levels of fees will be brought to Members for approval once any legislation has been enacted.

Environmental Services Portfolio

Fees and charges relating to the Environmental Services Portfolio were presented to and agreed at the portfolio holder meeting on 28 January 2016. The report and decision relating to this can be viewed via this link

<http://scams.moderngov.co.uk/ieDecisionDetails.aspx?AllId=63997>

Housing General Fund Portfolio – Travellers Sites

Gypsy and Traveller sites come under the legislation of the Mobile Homes Act 2011. Within this legislation, it states that pitch fees can only be raised/lowered by a maximum of the Retail Prices Index (“RPI”) plus an addition of £10 each year, so increases/decreases may vary year on year.

The RPI figure taken on the anniversary of the review (i.e. 0.0% as at October 2015) has been applied to the pitch fees and rounded up to the nearest 50p for ease of collection.

<u>Site</u>	<u>2015-16</u> p.w.	<u>2016-17</u> p.w.
Milton	£68.00	£78.00
Whaddon *	£58.00	£78.00

* Council agreed on 26 February 2015 that an increase in the Whaddon pitch fee would only take effect once refurbishment works at the site were completed. The fee was therefore held at its 2014-15 level of £58. As the refurbishment works have only recently been completed, it is proposed to retain that pitch fee for the remainder of this year and then increase it to be in line with the Milton site w.e.f. 1 April 2016.

Planning Portfolio – Planning Pre-Application Service

At his meeting on 12 January 2016, the Planning Portfolio Holder endorsed the principle of a revised fee structure for pre-application advice, with staff costs and inflationary uplifts, details of which would be reported to Cabinet in February 2016, and changes to be implemented from 1 April 2016.

The general rate of inflation allowed in the Medium Term Financial Strategy (MTFS) for 2016-17 is 1.4% in line with the Office of Budget Responsibility's forecast. Several posts in the planning service have been subject to a market supplement; in addition to this, a provision for pay increases of 1.0% has been allowed for in the MTFS for 2016-17. Accordingly, an increase of 5% has been applied to the 2015-16 pre-app fees, and rounded up where appropriate. The resulting proposed fee charging schedule for 2016-17 is attached as **Appendix B4A**, with the current schedule for 2015-16 shown for comparative purposes.

Planning Portfolio – Building Control Shared Service

The proposed single fee schedule for the 3C Building Control shared service (3CBC), to be introduced from 1 April 2016 is attached as **Appendix B4B**. It is based on rationalising upwards between previous authorities, without unreasonably increasing charges to customers, to be followed by a full review of service costs and charges on a genuine recovery basis, in Autumn 2016, with a view to revising in-year if necessary or from April 2017.

Proposed rationale

As a single business, 3CBC needs to operate a single fee schedule in order to provide clarity for customers, and to support the move to a streamlined business procedure.

The proposal is to move to a single fee structure in accordance with the principles of:

- ensuring that income does not decrease as a result (thus not reducing overall charges for any item in any one authority);
- limiting increases to the minimum necessary to achieve a single fee structure, in order to avoid unreasonably increases for customers;
- retaining a logical structure where works are charged approximately in accordance with time taken (a full review of real costs will be required during 2016-17).

Customer/commercial impact

Charge increases should have limited impact on customers. Increases vary in percentage terms – this is not a simple increase but regularisation. Most increases are 10% or below, on prices which have not been increased since 2010, however, some increases will impact in some areas more. There is a risk that increasing charges could lead to some customers considering looking at the option of using Approved Inspectors instead – who will, no doubt, increase their own charges to follow suit. Customers of Cambridge City Council (CCC) are aware charges will increase and potentially expecting steeper increases than currently proposed.

Customers attending the stakeholder forum on 25 January 2016 expressed no concern about proposed fee increases, but rather emphasised their desire to see the local authority service strengthened and developed, with charges at a realistic level to ensure that quality is maintained.

Methods of Calculation

Building Control fees should be charged on a cost recovery basis, according to legislation, and therefore there should be regular review of (a) the hourly rate charges for work done under quotation and (b) the fees set out in standard works schedules.

At present, all three Councils charge different rates, with some items charged on a consistent basis between CCC and SCDC.

It is not currently possible to calculate an exact cost recovery rate and therefore the proposed rates have been calculated by adopting the highest charge currently in place at any of the three authorities, except as follows:

- New dwellings (more than 10 dwellings) – propose to adopt the CCC rates to harmonise and allow for individual quotation on larger sites;
- Extensions, conversions and small buildings – here the proposal is to increase the plan fee to £150 in Huntingdonshire District Council (HDC) and CCC to regularise with SCDC, but to reduce the inspection fee where necessary in order that the total fee for any item of work is in line with the highest fee currently charged;
- Building Notices are charged as (plan + inspection) +10% +VAT.
- Regularisation charges will follow the SCDC charges which are set as Building Notice + 20% (no VAT – so same total payable).

The hourly rate to be adopted is that in use in CCC (£71 per hour).

Implementation Issues

Once the fee schedule has been approved, a single document will be produced for use by Building Control in advising customers (available on request), and a limited selection of fees will be published on the website. Guidance for staff will ensure consistent application of fees across the service, e.g. when calculating fees for multiple works.

The 3CBC implementation team is working to implement a single point of billing – to include at least telephone payments, ideally on-line payment as a future option. Payment-by-instalments will apply to schemes with works over £10,000 only to limit administration.

Legal status and future revisions

Legally, work should be charged at cost recovery - this means regular review of actual costs is required. Deliberately over charging could be challenged by competitors – hence proposal to limit increases.

3CBC will review costs once the service has moved to the new operating model of two teams and been collecting data for at least six months. It is intended to do this in November 2016, to inform fee setting for April 2017.

Approval of new fees

The new fees will have been approved under delegated powers at each authority.

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Appendix B4A - Pre-Application Charging Schedule

Existing Pre App Charging Schedule (2015-16)

Development Type ¹	Written advice only	Single meeting with planning officer and follow-up written advice	One further written response
1 Dwellings			
1 dwelling	£165 plus VAT. Total payable = £198	£250 plus VAT Total payable = £300	£70 plus VAT Total payable = £85
2-50 dwellings	£550 plus VAT Total payable = £660	£760 plus VAT Total payable = £912	£120 plus VAT Total payable = £144
50 – 200 Dwellings	£2,235 plus VAT. Total payable = £2,682	£2,410 plus VAT. Total payable = £2,892	£160 plus VAT. Total payable = £192
201 + dwellings	£7,550 plus VAT. Total payable = £9,060	£7,725 plus VAT. Total payable = £9,280	£160 plus VAT. Total payable = £192
2 Agricultural			
466m2 plus	£235 plus VAT. Total payable = £282	£320 plus VAT. Total payable = £384	£70 plus VAT. Total payable = £84
3 Other Non-Residential			
1001-5000m2	£490 plus VAT Total payable = £588	£625 plus VAT Total payable = £750	£120 plus VAT. Total payable = £144
5001 – 10000m2	£2,235 plus VAT Total payable = £2,682	£2420 plus VAT. Total payable = £2,904	£160 plus VAT. Total payable = £192
1 hectare plus	£7,550 plus VAT. Total payable = £9,060	£7,725 plus VAT. Total payable = £9,280	£160 plus VAT. Total payable = £192

¹ Note: The Council will seek to negotiate a 'Planning Performance Agreement' for all proposals for "major" development". The charges for this will be set at an hourly rate appropriate for the level of officer dealing with the application, in agreement with the applicant. The costs are based on the complexity of the work required and the appropriate officer appointed (i.e. Planning/Senior Planning Officer £35.00 per hour; Principal Planning Officer £40.00 per hour).

Development Type	Written advice only	Single meeting with planning officer and follow-up written advice	One further written response
4 Wind/Solar Farms			
Under 1 hectare	£410 plus VAT. Total payable = £492	£530 plus VAT. Total payable = £636	£105 plus VAT. Total payable = £136
More than 1 hectare	£2,235 plus VAT Total payable = £2,682	£2,410 plus VAT. Total payable = £2,892	£160 plus VAT. Total payable = £192
5 Change of Use			
Any	£410 plus VAT. Total payable = £492	£530 plus VAT. Total payable = £636	£105 plus VAT. Total payable = £126
6 Advertisement			
Any	£130 plus VAT. Total payable = £156	£215 plus VAT. Total; payable = £258.	£70 plus VAT. Total payable = £840
7 Householder			
	£80 plus VAT. Total payable = £96	£100 plus VAT. Total; payable = £120	£35 plus VAT. Total payable = £42
8 Listed Buildings			
	£80 plus VAT. Total payable = £96	£100 plus VAT. Total; payable = £120	£35 plus VAT. Total payable = £42
9 Discharge of Conditions			
	£130 plus VAT. Total payable = £156	£215 plus VAT. Total; payable = £258	£70 plus VAT. Total payable = £84
10 Reduced Fees			
Small businesses (up to 5 employees)	£130 plus VAT. Total payable = £156.00	£215 plus VAT. Total; payable = £258.00	£70 plus VAT. Total payable = £84.00

11. Single one-off meetings at the Council's Offices – no formal written advice given

Meetings charged at £45 +VAT per officer in attendance for each hour or part thereof.
Total payable = £54 per officer in attendance for each hour or part thereof

NB: No fees are payable for the following proposals:

- Works to trees
- Proposals where an application is due to an Article 4 direction or as a result of planning conditions
- Development specifically required for the needs of disabled persons (exemption applies where planning fee would be exempt)
- Development required by and for Parish Councils
- Development required by and for a Registered Charity

Proposed Pre App Charging Schedule (2016-17)

Development Type ²	Written advice only	Single meeting with planning officer and follow-up written advice	One further written response
1 Dwellings			
1 dwelling	£175 plus VAT. Total payable = £210	£265 plus VAT Total payable = £318	£75 plus VAT Total payable = £90
2-50 dwellings	£580 plus VAT Total payable = £696	£800 plus VAT Total payable = £960	£130 plus VAT Total payable = £156
50 – 200 Dwellings	£2,350 plus VAT. Total payable = £2,820	£2,530 plus VAT. Total payable = £3,036	£170 plus VAT. Total payable = £204
201 + dwellings	£7,930 plus VAT. Total payable = £9,516	£8,115 plus VAT. Total payable = £9,738	£170 plus VAT. Total payable = £204
2 Agricultural			
466m2 plus	£250 plus VAT. Total payable = £300	£340 plus VAT. Total payable = £408	£75 plus VAT. Total payable = £90
3 Other Non-Residential			
1001-5000m2	£515 plus VAT Total payable = £618	£660 plus VAT Total payable = £792	£130 plus VAT. Total payable = £156
5001 – 10000m2	£2,350 plus VAT Total payable = £2,820	£2,530 plus VAT. Total payable = £3,036	£170 plus VAT. Total payable = £204
1 hectare plus	£7,930 plus VAT. Total payable = £9,516	£8,115 plus VAT. Total payable = £9,738	£170 plus VAT. Total payable = £204

² Note: The Council will seek to negotiate a 'Planning Performance Agreement' for all proposals for "major" development". The charges for this will be set at an hourly rate appropriate for the level of officer dealing with the application, in agreement with the applicant. The costs are based on the complexity of the work required and the appropriate officer appointed (i.e. Planning/Senior Planning Officer £35.00 per hour; Principal Planning Officer £40.00 per hour).

4 Wind/Solar Farms			
Under 1 hectare	£430 plus VAT. Total payable = £516	£560 plus VAT. Total payable = £672	£110 plus VAT. Total payable = £132
More than 1 hectare	£2,350 plus VAT Total payable = £2,820	£2,530 plus VAT. Total payable = £3,036	£170 plus VAT. Total payable = £204
5 Change of Use			
Any	£430 plus VAT. Total payable = £516	£560 plus VAT. Total payable = £672	£115 plus VAT. Total payable = £138
6 Advertisement			
Any	£140 plus VAT. Total payable = £168	£230 plus VAT. Total; payable = £276	£75 plus VAT. Total payable = £90
7 Householder			
	£85 plus VAT. Total payable = £102	£105 plus VAT. Total; payable = £126	£40 plus VAT. Total payable = £48
8 Listed Buildings			
	£85 plus VAT. Total payable = £102	£105 plus VAT. Total; payable = £126	£40 plus VAT. Total payable = £48
9 Discharge of Conditions			
	£140 plus VAT. Total payable = £168	£230 plus VAT. Total; payable = £276	£75 plus VAT. Total payable = £90
10 Reduced Fees			
Small businesses (up to 5 employees)	£140 plus VAT. Total payable = £168	£230 plus VAT. Total; payable = £276	£75 plus VAT. Total payable = £90
11. Single one-off meetings at the Council's Offices – no formal written advice given			
Meetings charged at £50 +VAT per officer in attendance for each hour or part thereof. Total payable = £60 per officer in attendance for each hour or part thereof			

NB: No fees are payable for the following proposals:

- Works to trees
- Proposals where an application is due to an Article 4 direction or as a result of planning conditions
- Development specifically required for the needs of disabled persons (exemption applies where planning fee would be exempt)
- Development required by and for Parish Councils
- Development required by and for a Registered Charity

**APPENDIX B4B
SCHEME OF BUILDING REGULATION CHARGES AND
ASSOCIATED MATTERS
FOR**

**South Cambridgeshire District Council
Cambridge City Council
Huntingdonshire District Council**

Operated by 3C Building Control

Date this Scheme came into effect: 1st April 2016

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Purpose of the Building Regulations

Building Regulation standards have evolved to secure the health and safety of those persons in and around buildings, to assist with energy conservation and to provide access and facilities for all persons.

Level of Charges

We believe that the charges, referred to in this scheme, represent genuine value for money. Local Authorities are required to recover their costs incurred over a 12 month

accounting period. Allowing a three year rolling programme to allow for workload fluctuation. If you wish to discuss, in detail, our level of service or charges, please contact us for further information.

Definitions

The following definitions apply to this Charging Scheme and should be read in conjunction with the other clauses and tables which constitute the Charging Scheme:

‘building’

means any permanent or temporary building but not any other kind of structure or erection, and a reference to a building includes a reference to part of a building.

‘building notice’

means a notice given in accordance with regulations 12(2)(a) and 13 of the Building Regulations 2010 (as amended).

‘building work’ means:

- (a) the erection or extension of a building;
- (b) the provision or extension of a controlled service or fitting in or in connection with a building;
- (c) the material alteration of a building, or a controlled service or fitting;
- (d) work required by building regulation 6 (requirements relating to material change of use);
- (e) the insertion of insulating material into the cavity wall of a building;
- (f) work involving the underpinning of a building;
- (g) work required by building regulation 22 (requirements relating to a change of energy status);
- (h) work required by building regulation 23 (requirements relating to thermal elements);
- (i) work required by building regulation 28 (consequential improvements to energy performance);

‘chargeable function’ means a function relating to the following –

(a) the passing or rejection of plans of proposed building work which has been deposited with the council in accordance with section 16 of the Building Act 1984 (as amended).

(b) the inspection of building work for which plans have been deposited with the council in accordance with the Building Regulation 2010 and with section 16 of the Building Act 1984 (as amended).

(c) the consideration of a building notice, which has been given to the council in accordance with the Building Regulations 2010 (as amended).

(d) the consideration of building work reverting to the council under the Building (Approved Inspectors etc.) Regulations 2010 (as amended)

(e) the consideration of a regularisation application submitted to the council under regulation 21 of the Building Regulations 2010 (as amended).

‘cost’

does not include any professional fees paid to an architect, quantity surveyor or any other person.

‘disabled person’

means a person who is within any of the descriptions of persons to whom Section 29(1) of the National Assistance Act 1948, as extended by virtue of Section 8(2) of the Mental Health Act 1959, applied but disregarding the amendments made by paragraph 11 of Schedule 13 to the Children Act 1989. The words in section 8(2) of the Mental Health Act 1959 which extend the meaning of disabled person in section 29(1) of the National Assistance Act 1948, are prospectively repealed by the National Health Service and Community Care Act 1990, section 66(2), Schedule 10, as from a day to be appointed

‘dwelling’

includes a dwelling house and a flat.

‘dwelling-house’

does not include a flat or a building containing a flat.

‘flat’

means a separate and self-contained premises constructed or adapted for use for residential purposes and forming part of a building from some other part of which it is divided horizontally.

‘floor area of a building or extension’

is the total floor area of all the storeys, which comprise that building. It is calculated by reference to the finished internal faces of the walls enclosing the area, or, if at any point there is no enclosing wall, by reference to the outermost edge of the floor.

'relevant person' means:

- (a) in relation to a plan charge, inspection charge, reversion charge or building notice charge, the person who carries out the building work or on whose behalf the building work is carried out;
- (b) in relation to a regularisation charge, the owner of the building; and
- (c) in relation to chargeable advice, any person requesting advice for which a charge may be made pursuant to the definition of 'chargeable advice'

Principles of this Scheme

The set charges or method of establishing the charge have been established in this scheme for the functions prescribed in the Building (Local Authority Charges) Regulations 2010 (referred to as the chargeable functions), namely:

A plan charge, payable when plans of the building work are deposited with the Local Authority.

An inspection charge, payable on demand after the authority carry out the first inspection in respect of which the charge is payable.

A building notice charge, which is not refundable, is payable when the building notice is given to the authority.

A regularisation charge, payable at the time of the application to the authority in accordance with Regulation 21 of the Building Regulations. An application for regularisation, where unauthorised work has been commenced on, or after 11 November 1985, is entirely discretionary in relation to the submission of a retrospective application to the local authority and equally the local authority is under no obligation to accept it. Where a Regularisation application is received and accepted, the Regularisation charge is not refundable.

A reversion charge, payable for building work in relation to a building: -

1. Which has been substantially completed before plans are first deposited with the Authority in accordance with Regulation 20(2)(a)(i) of the Approved Inspectors Regulations, or

2. In respect of which plans for further building work have been deposited with the Authority in accordance with the Regulation 20(3) of the Approved Inspectors Regulations, on the first occasion on which those plans are or have been deposited.

Chargeable advice, we will make a charge for giving advice in anticipation of the future exercise of our chargeable functions (i.e. before an application or notice is received for a particular case), which is payable after the first hour of advice, on demand after we have given notice required by Regulation 7(7) of the

Building (Local Authority) Charges Regulations 2010 (i.e. the charge has been confirmed in writing following an individual determination).

This charge can be discounted from a subsequent application or notice received for the work in question.

The above charges are payable by the relevant person (see above for definition).

The charges are based on the principle of achieving **full cost recovery**. The charges will be calculated by using the surveyors' average hourly rate stated in the charging scheme, multiplied by the time taken to carry out the functions/advice, taking the following factors into account, as applicable, in estimating the time required by surveyors to carry out the function/advice:

1. The existing use of a building, or the proposed use of the building after completion of the building work;
2. The different kinds of building work described in regulation 3(1)(a) to (i) of the Building Regulations;
3. The floor area of the building or extension;
4. The nature of the design of the building work and whether innovative or high-risk construction techniques are to be used;
5. The estimated duration of the building work and the anticipated number of inspections to be carried out;
6. The estimated cost of the building work;
7. Whether a person who intends to carry out part of the building work is a person mentioned in regulation 12(6) or 20B(4) of the Building Regulations (i.e. related to competent person/self certification schemes);
8. Whether in respect of the building work a notification will be made in accordance with regulation 41(4) of the Building Regulations (i.e. where design details approved by Robust Details Ltd have been used);
9. Whether an application or building notice is in respect of two or more buildings or building works all of which are substantially the same as each other;
10. Whether an application or building notice is in respect of building work, which is substantially the same as building work in respect of which plans have previously been deposited or building works inspected by the same local authority;

11. Whether chargeable advice has been given which is likely to result in less time being taken by a local authority to perform that function;

12. Whether it is necessary to engage and incur the costs of a consultant to provide specialist advice in relation to a particular aspect of the building work.

Payment by Instalment

The authority may accept payment by instalment in respect of all building work detailed where the total charges exceed £10,000. The authority on request will specify the amounts payable and dates on which instalments are to be paid.

Principles of the scheme in respect of the erection of domestic buildings, garages, carports and extensions

Where the charge relates to an erection of a dwelling the charge includes for the provision of a detached or attached domestic garage or carport providing it is constructed at the same time as the dwelling.

Where any building work comprises or includes the erection of more than one extension and/or multiple types of alterations or building work the local authority may be able to reduce the charge by providing an individual assessment.

Exemption from charges

The Authority has not fixed by means of its scheme, nor intends to recover a charge in relation to an existing dwelling that is, or is to be, occupied by a disabled person as a permanent residence; and where the whole of the building work in question is solely-

- (a) for the purpose of providing means of access for the disabled person by way of entrance or exit to or from the dwelling or any part of it, or
- (b) for the purpose of providing accommodation or facilities designed to secure the greater health, safety, welfare or convenience of the disabled person.

The council has not fixed by means of its scheme, nor intends to recover a charge for the purpose of providing accommodation or facilities designed to secure the greater health, safety, welfare or convenience of a disabled person in relation to an existing dwelling, which is, or is to be, occupied by that disabled person as a permanent residence where such work consists of-

- (a) the adaptation or extension of existing accommodation or an existing facility or the provision of alternative accommodation or an alternative facility where the existing accommodation or facility could not be used by the disabled person or could be used by the disabled person only with assistance; or
- (b) the provision of extension of a room, which is or will be, used solely-

(i) for the carrying out for the benefit of the disabled person of medical treatment which cannot reasonably be carried out in any other room in the dwelling, or

(ii) for the storage of medical equipment for the use of the disabled person, or

(iii) to provide sleeping accommodation for a carer where the disabled person requires 24-hour care.

The council has not fixed by means of its scheme, nor intends to recover a charge in relation to an existing building to which members of the public are admitted (whether on payment or otherwise); and where the whole of the building work in question is solely-

(a) for the purpose of providing means of access for disabled persons by way of entrance or exit to or from the building or any part of it; or

(b) for the provision of facilities designed to secure the greater health, safety, welfare or disabled persons.

Information required to determine charges

If the authority requires additional information to enable it to determine the correct charge the authority can request the information under the provisions of regulation 9 of The Building (Local Authority Charges) Regulation 2010.

The standard information required for all applications is detailed on the authority's Building Regulation application forms. This includes the existing and proposed use of the building and a description of the building work

Additional information may be required in relation to –

- The floor area of the building or extension
- The estimated duration of the building work and the anticipated number of inspections to be carried out.
- The use of competent persons or Robust Details Ltd.
- Any accreditations held by the builder or other member of the design team.
- The nature of the design of the building work and whether innovative or high-risk construction is to be used.

The estimated cost of the building work. The 'estimate' is required to be such reasonable amount as would be charged by a person in business to carry out such building work (excluding the amount of any value added tax chargeable).

Establishing the Charge

The authority has established standard charges using the principles contained within The Building (Local Authority Charges) Regulation 2010. Standard charges are detailed

3C Shared Service Building Control Scheme Charges Effective from 1/04/16

in the following tables. In the tables below any reference to number of storeys includes each basement level as one-storey and floor areas are cumulative.

If the building work that you are undertaking is not listed as a standard charge it will be individually determined in accordance with the principles and relevant factors contained within The Building (Local Authority Charges) Regulation 2010. If the authority considers it necessary to engage and incur the costs of a consultant to provide specialist advice or services in relation to a particular aspect of building work, those costs shall also be included in setting the charge.

When the charge is individually determined the authority shall calculate the charge in the same way a standard charge was set by using the average hourly rate of surveyors' time, multiplied by the estimated time taken to carry out their building regulation functions in relation to that particular piece of building work and taking into account the applicable factors listed in regulation 7(5) of the charges regulations.

Individually determined charges will be confirmed in writing specifying the amount of the charge and the factors that have been taken into account in determining the charge.

The building regulation charges for the following types of building work will be individually determined and we will state which factors in regulation 7(5) of the charges regulations we have taken into account in establishing a standard or individually determined charge.

Individually determined charges will be provided for the following:

- A reversion charge, or
- The building work is in relation to more than one existing building or
- The work consists of the erection or conversion of 11 or more dwellings, or
- The work consists of the erection or conversion of dwellings where the floor area of each dwelling exceeds 300m² or
- The work consists of the erection or conversion of dwellings more than 3 storeys in height or
- The work consists of a domestic garage with a floor area over 60m² or
- The work consists of a domestic extension or annexe with a floor area over 60m² or
- The work consists of a domestic loft conversion with a floor area over 60m² or
- The work consists of a domestic garage conversion with a floor area over 60m² or
- Building work consisting of alterations to a single dwelling exceed £75,000
- Building work consisting of alterations to a non-domestic building where the estimated cost exceeds £100,000 or
- The work consists of a Material Change of Use or
- Any other works not specifically listed in Tables A, B, and C

Other matters relating to calculation of charges

- In calculating these charges, refunds or supplementary charges, a surveyor's hourly rate of £71.00 has been used.
- Any charge payable to the authority shall be paid with an amount equal to any value added tax payable in respect of that charge.
- Charges are not payable for the first hour when calculating a substantive advice charge
- The authority accepts payment by instalment in respect of all building work where the total charge exceeds £10,000. The authority on request will specify the amounts payable and dates on which instalments are to be paid.

Reductions

The authority shall make a reduction in a standard or individually determined charge when chargeable advice has been given before receipt of an application or notice for proposed building work, which is likely to result in less time being taken by the local authority to perform the chargeable function for that work.

When it is intended to carry out additional building work on a dwelling at the same time that any of the work to which Table B relates then the charge for this additional work shall be reduced by 50%.

Where in accordance with Regulation 7(5)(i) of the charges regulations one application or building notice is in respect of two or more buildings or building works all of which are substantially the same as each other a 50% reduction in the standard plan charge can be made.

Where in accordance with Regulation 7(5)(j) of the charges regulations an application or building notice is in respect of building work, which is substantially the same as building work in respect of which plans have previously been deposited or building works inspected by the same local authority, a 50% reduction in the plan charge will be made.

Supplementary charges

If the basis on which the charge has been set or determined changes, we may request a supplementary charge and provide a written statement setting out the basis of this charge and also state how this has been calculated. In the calculation of supplementary charges no account shall be taken of the first hour of an officer's time.

Non-Payment of a Charge

Your attention is drawn to Regulation 8(2) of the Building (Local Authority Charges) Regulations 2010, which explains that plans are not treated as being deposited for the purposes of Section 16 of the Building Act or building notices given unless the Council has received the correct charge. In other words, relevant timescales do not start until the agreed payment has been made. The debt recovery team of the authority will also pursue any non-payment of a charge

Complaints about Charges

If you have a complaint about the level of charges you should initially raise your concern with the Building Control team. If your complaint is not satisfactorily responded to then the council has a comprehensive complaint handling process, details of which are available on request.

Transitional Provisions

The Council's previous schemes for the recovery of charges continue to apply in relation to building work for which plans were first deposited, a building notice given, a reversion charge becoming payable, or a regularisation application was made, before 1 April 2016.

STANDARD CHARGES

These standard charges have been set by the authorities on the basis that the building work does not consist of, or include, innovative or high risk construction techniques and/or the duration of the building work from commencement to completion does not exceed 12 months

The charges have also been set on the basis that the design and building work is undertaken by a person or company that is competent to carry out the design and building work referred to in the standard charges tables that they are undertaking. If not, the work may incur supplementary charges.

If chargeable advice has been given in respect of any of the work detailed in these tables and this is likely to result in less time being taken by the authority then a reduction to the standard charge can be made.

Plan and Inspection Charges

The plan charge and inspection charge are listed in the following tables.

Building Notice Charge

With the majority of building notices the time to carry out the building regulation function is higher and the resultant additional costs of using the Building Notice procedure results in the higher charge as detailed in the following tables.

Reversion Charge

These charges will be individually determined

Regularisation Charge

Will be the equivalent of the building notice charge plus 20%

TABLE A						
Standard Charge for the creation or conversion to form a new dwelling						
Charges in £s, excluding VAT . VAT not charged on Regularisation						
Number of Dwellings	Plan Charge	Inspection Charge	Plan+ Inspection	Building Notice	Regularisation	Additional
1	180	387	567	623.7	748.44	190
2	250	770	1020	1122	1346.4	*
3	320	1065	1385	1523.5	1828.2	
4	390	1280	1670	1837	2204.4	
5	460	1380	1840	2024	2428.8	
6	530	1480	2010	2211	2653.2	
7	550	1560	2110	2321	2785.2	
8	570	1640	2210	2431	2917.2	
9	590	1720	2310	2541	3049.2	
10	620	1880	2500	2750	3300	

Note – for 11 or more dwellings or if the floor area of a dwelling exceeds 300m² or more than 3 storeys in height the charge will be individually determined.

The charge will depend on the factors referred to previously and it is the applicants interest to ensure full details of the construction, site control processes and duration of the project and expertise involved is made clear to ensure a fair charge is made.

* An additional charge is for work when the relevant building work, or part thereof, has not been carried out by a person referred to in regulation 7(5) (g) or (h) of the Building (Local Authority Charges) Regulations 2010 applies. It is additional to the inspection charge, building notice charge or regularisation charge.

Where standard charges are not applicable please contact building control on 01954 713204 or e-mail: building.control@scams.gov.uk

TABLE B : WORKS TO A SINGLE DWELLING

Charges in £s, excluding VAT . VAT not charged on Regularisation						
Description of Work	Plan	Inspection	Plan+ Inspection	Building Notice	Regularisa- tion Fee	Additional
Extensions & New Build						
Extension or annexe - with floor area not exceeding 10m2	150	225	375	412.5	495	190
- with floor area exceeding 10m2 but not exceeding 40m2	150	285	435	478.5	574.2	190
- with a floor area exceeding 40m2 but not exceeding 60m2	150	390	540	594	712.8	190
A building or extension comprising SOLELY of a garage, carport or store the total floor area of which does not exceed 60m2	150	190	340	374	448.8	190
Part P Soft and Garage Conversions – apply to buildings of one or two storeys only, not including basements.						
Soft conversions (less than 40m2)	150	285	435	478.5	574	190
Soft conversions (exceeding 40m2 but less than 60m2)	150	345	495	544.5	653	190
Garage conversion up to 40m2	150	110	260	286	343	190
Alterations						
Replacement of windows, roof lights, roof windows or external glazed doors	100	0	100	110	132	
Renewable Energy systems (up to £20,000)	140	0	140	154	184.8	
Internal alterations - up to £5,000	180	0	180	198	237.6	
- exceeding £5,000 but not exceeding £10,000	280	0	280	308	369.6	
- exceeding £10,000 but not exceeding £20,000	150	220	370	407	488.4	
- exceeding £20,000 but not exceeding £50,000	150	285	435	478.5	574.2	
- exceeding £50,000 but not exceeding £75,000	150	385				
Notifiable electrical work (where a satisfactory certificate will not be issued by a Part P registered electrician)	240	0				

Notes for Table B

* Where multiple work is covered by more than one of the above categories then the appropriate charge is calculated by paying the **full amount for the most expensive category** and only **50%** for the other applicable categories

* An additional charge is for work when the relevant building work, or part thereof, has not been carried out by a person referred to in regulation 7(5) (g) or (h) of the Building (Local Authority Charges) Regulations 2010 applies. It is additional to the inspection charge, building notice charge or regularisation charge

Where Standard Charges are not applicable please contact Building Control on 01954713203 or e-mail: building.control@scams.gov.uk

TABLE C: Alterations to non-domestic and commercial buildings

	Charges in £s, excluding VAT . VAT not charged on Regularisation			
	Plan Charge (+VAT)	Inspection Charge (+VAT)	Plan +Inspection	Regularisation Charge (NO VAT)
Renovation of a thermal element with an estimate up to £50,000	140	0	140	182
Renewable Energy systems (up to £50,000)	140	0	140	182
Replacement of windows, roof lights, roof windows or external glazed doors (up to £20,000)	110	0	110	143
Replacement of windows, roof lights, roof windows or external glazed doors (£20,000 - £100,000)	225	0	225	292.5
Internal alterations up to £5,000	200	0	200	260
Internal alterations exceeding £5,000 but not exceeding £10,000	150	160	310	403
Internal alterations exceeding £10,000 but not exceeding £20,000	150	250	400	520
Internal alterations exceeding £20,000 but not exceeding £50,000	175	350	525	682.5
Internal alterations exceeding £50,000 but not exceeding £75,000	225	450	675	877.5

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Where there is a Proposed Change of Use of a building an individually determined charge will apply

Where Standard Charges are not applicable please contact Building Control

South Cambridgeshire District
Council
Housing Revenue Account
Budget Setting Report
2016/17

**February
2016**

Version Control

	Version	for :	Anticipated Content
	1	Draft	Draft content for consultation
Current	2	Cabinet	Member Scrutiny
	3	Council	The Portfolio for Housing's recommended final budget proposals
	4	FINAL	Final version for publication following Council

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Section 1

Introduction

Background

Decisions about the level of expenditure in the Housing Revenue Account continue to be made in the context of a 30-year business plan, which is reviewed in September / October and January / February of each year.

The resource available to invest in housing services remains wholly dependent upon anticipated income streams for the Housing Revenue Account, with the most significant of these being the rental income for the housing stock. Following legislative changes to be introduced through the Welfare Reform and Work Bill 2015, the authority no longer has discretion to set rents at a local level, but will instead be required to comply with a national approach where rents will be reduced by 1% per year, for four years, from April 2016.

This change, alongside other national changes in housing policy, removes a lot of the flexibility over longer-term decision making, which has been available at a local level since April 2012. It is vital, with diminishing resources, that the Housing Revenue Account continually reviews its priorities for investment, considering:

- The level of investment required in the existing housing stock
- The need to spend on landlord service (management and maintenance)
- The need to support, and potentially set-aside to repay, housing debt
- The aspiration to invest in new affordable housing
- The ability to invest in new initiatives or income generating activities
- The desire to deliver discretionary services (i.e. support)

To protect the future of the Council's social housing, setting a budget for the short-term, in the context of the longer-term impact on the financial viability of the Housing Revenue Account 30-Year Business Plan, is crucial.

A key feature of the 30-Year Business Plan is the requirement to support a significant level of housing debt, with external borrowing of £205,123,000 as at April 2015. To date, it has been the policy of the HRA to set-aside resource to allow the potential to repay the housing debt should the authority so chose, although this is no longer possible due to the constraints imposed or anticipated as part of the recent changes in national housing policy.

The HRA Budget Setting Report provides an update of the latest financial position for the HRA, covering both HRA revenue and capital spending, highlighting the inter-relationships between the two.

A key aspect of each review of the financial position for the HRA is consideration of risk and any potential mitigation, considering these over both the medium (5 years) and long-term (30 years).

Sensitivity analysis of key factors is also undertaken, to ensure that effective contingency plans are available to the Council and that an appropriate level of reserves can be maintained in light of changes in assumptions.

The work on the 2016/17 HRA Budget Setting Report takes as its starting point the key medium and long-term parameters set out in the HRA Medium Term Financial Strategy of October 2015.

Section 2

Review of National and Local Policy Context and External Factors

Review of National Policy Context

National Tenancy and Rent Setting Policy

Following announcements as part of the July 2015 budget, and subsequent legislation approved as part of the Welfare Reform and Work Bill 2015, both local authority landlords and registered providers are now required to apply a 1% reduction in rent levels across each of the next four years, beginning in April 2016.

It has now been confirmed that any local authorities with actual rents that are still below rent restructured target social rents levels, will be permitted to increase the rent to target at re-let. Target rent levels will of course also reduce by 1% each year for the next four years.

It is still not clear what will happen to rent levels after 2019/20, with the authority still making the assumption that rent increases can be re-introduced at the previous levels of CPI plus 1% per annum.

Proposed amendments to the Housing and Planning Bill, which was still being considered in the House of Commons in early January 2016, will also see local authorities being required to adopt fixed term tenancies of between 2 and 5 years, in respect of all new tenancies, anticipated to begin from April 2017.

Market Rents for Higher Income Households

The policy announcement that those in existing social housing with a household income in excess of £30,000 (£40,000 in London) will be charged up to market rent for living in their home, has now been subject to government consultation. The consultation, which ended on 20th November 2015, asked respondents to consider the following:

- how income thresholds might be set, for example by applying a taper that increases the rent as income rises
- whether the starting threshold should be set in line with housing benefit eligibility
- what each local authority would consider the administrative cost to them would be based upon existing systems and powers

It is impossible to accurately predict how much the change in legislation will cost the Council until more information is available. It is clear however that there will be both upfront costs associated with putting systems in place to cater for the requirement, and significant ongoing costs associated with data collection, data validation, individual rent calculations, system amendments / updates and communication. This will be compounded by an assumed increase in collection and recovery costs, where it is anticipated that households may have committed their income in other ways, and will not initially be in a position to meet the higher rents payments.

Mandatory Disposal of High Value Housing Stock

Following announcements in advance of the June 2015 elections, which suggested local authorities should be required to sell any property that is valued in the top third for the area, on the open market at the point at which it becomes void, the draft Housing and Planning Bill 2015 provides further detail as to how this policy is intended to be implemented.

A payment to the Secretary of State, under a local authority specific determination, is anticipated in respect of a sum derived from an estimate of the high value property which may become vacant in any year. It could therefore be interpreted from this that a local authority may have some discretion over which assets it chooses to dispose of to make payment to central government, but this is not explicit. Concerns exist around the timing of the payments that may fall due under any determination, particularly if this is in advance of the sale of assets to which the determination formula relates.

There is allowance in the draft bill, for the Secretary of State to enter into an agreement with a local authority to reduce the amount that the authority is required to pay in order to provide, or facilitate the provision of, housing.

In December 2015, the Department for Communities and Local Government required every stock retaining local authority to provide a large data set in respect of their housing stock holding. This included the size, type and purpose of each property, the value of each dwelling and the incidence of void in each property each year, over the last 3 years, with the reason which the property became vacant in

each instance. This data is expected to be used to arrive at the levy that each local authority will be required to pay.

For financial planning purposes, an initial assumption that approximately 1.8% of the housing stock will need to be sold each year has been made, which is representative of just under 100 properties per annum at the outset. This assumption may need to be significantly amended as further information is made available, as it is based upon early estimates of what might constitute high value, in the absence of any detail at this stage.

Universal Credit

The introduction of Universal Credit for working age tenants is still anticipated to begin from 29th February 2016. For South Cambridgeshire residents this will start with new unemployed claimants claiming out of work job benefits receiving Universal Credit with a housing costs element rather than Housing Benefit. This will affect only a small number of claims in the first instance. The timetable for rolling out to couples, those with families and those who are unable to work due to disability is still unclear.

With residents paid directly, receiving calendar monthly payments in arrears, administered centrally by the DWP, there will be a real impact on the HRA in terms of both collection costs, and potentially arrears recovery costs.

Those in specified accommodation, such as supported housing, are still anticipated to be exempt from direct payment and support will continue for these people through Housing Benefit. Pensioners will not claim Universal Credit but will continue to receive Housing Benefit, calculated locally.

The full impact of this, and other welfare benefit changes, on the Housing Revenue Account remains uncertain at present.

Right to Buy Sales

Following a number of changes in the right to buy legislation in the past three years, the increase in activity experienced initially, appears to have stabilised.

The table below highlights the activity over the last 5 years:

Status	Year	RTB Sales
Actual Sales	2010/11	6
	2011/12	5
	2012/13	24
	2013/14	28
	2014/15	29
Estimated Sales	2015/16	25
	2016/17	25
	2017/18	25
	2018/19	20
	2019/20	20

In the first 8 months of 2015/16, 16 completions have taken place, indicating that activity is remaining at the higher level experienced since the re-invigoration of the scheme from April 2012.

It is impossible to accurately predict future sales, although it is anticipated that the reduction in the qualifying period and the proposal to charge market rents for all households earning over £30,000 per annum, may cause some re-escalation in sales levels that were otherwise starting to show some signs of slowing again.

Until the direction of travel is clear, the assumption of future sales at levels of 25 in 2016/17 and 2017/18, 20 per annum from 2018/19 to 2020/21 and 15 sales per annum from 2021/22 onwards has been retained.

Right to Buy Receipts

The authority remains subject to the agreement with CLG that allows the retention of right to buy receipts, subject to a set of specific conditions.

As highlighted in the HRA Medium Term Financial Strategy, the looming deadlines for appropriate investment of these retained receipts, coupled with difficulties in identifying the required 70% top up funding in the HRA, means that active consideration is now being given to passing receipts over to a registered provider for investment in affordable housing in the district.

Appendix D summarises the latest position in terms of receipts held for re-investment, with their appropriate use key to avoiding the need to pay retained receipts over to CLG with the associated interest due.

At the end of each quarter, the Executive Director (Corporate Services), in consultation with the Director of Housing and the Housing Portfolio Holder, continue to make a decision as to whether right to buy receipts are retained or paid directly over to central government. The decision will take account of the authority's ability to identify the 70% top up funding, or alternatively the potential for the receipt to be passed to a registered provider, with both options maximising the use of the resource and creation of new homes in the locality. Payment of the sums to central government will only occur if there is a considered risk that the resource cannot be utilised appropriately within the required timeframes, thus mitigating the impact of the need to pay receipts over to central government at a later stage, alongside the interest penalty that would be incurred.

The additional capital spending required and the resulting funding sources identified, will be built into the Housing Capital Investment Plan at the next available opportunity.

Review of Local Policy Context

Housing Stock

South Cambridgeshire District Council Housing Revenue Account owns and / or manages the following properties, broken down by category of housing provided:

Housing Category	Actual Stock Numbers as at 1/4/2015	Estimated Stock Numbers as at 1/4/2016
General Housing – Social	4,188	4,130
Sheltered Housing	1,053	1,053
Sheltered Housing – Equity Share	82	82
Temporary Housing	11	29
Miscellaneous Leased Dwellings	20	11
Shared Ownership / FTB Dwellings	57	57
Awaiting Disposal / Demolition / Transfer to HA	14	25
Total Dwellings	5,425	5,387

A breakdown of the housing stock by property type, excluding shared ownership and equity share, is demonstrated in the table below:

Stock Category (Property Type)	Actual Stock Numbers as at 1/4/2015	Estimated Stock Numbers as at 1/4/2016
Bedsits	31	31
1 Bed	1,028	1,013
2 Bed	2,260	2,257
3 Bed	1,887	1,867
4 Bed	75	75
5 Bed	1	1
6 Bed	4	4
Total Dwellings	5,286	5,248

Leasehold Stock

The Housing Revenue Account continues to maintain the freehold in respect of flats, sold under the right to buy process on long leases. Services continue to be provided to these properties in respect of repairs and improvements to communal areas and services for common facilities.

Support Service Contracts

South Cambridgeshire District Council continues to deliver support services to older people on a district-wide basis, within a contract which expires early in 2017/18, unless the two year extension is agreed. The service is now demand led, and includes a greater degree of signposting to other agencies for those with lower support needs due to the expanded client based encompassed under the contract. The contract value is fixed at £302,000 per annum.

Funding for the provision of alarms, and the telephone response to alarms, in sheltered housing is being terminated by the County Council from the end of March 2016. From April 2016, all residents in schemes with hard-wired alarms will be required to pay a service charge, which will not be eligible for housing benefit, for the continued provision of the alarm.

Following consultation with residents, the future of the alarm service is likely to be in the form of community lifelines, where residents will ultimately have the option as to whether they want to receive the alarm service, which will be invoiced and payable separately from rent. This approach will be rolled out across schemes in a phased manner, as the old hard-wired installations are de-commissioned over a

period of time, following installation of lifelines and separate smoke detectors in properties where they are required.

Partnership Working and Shared Services

The organisation, and therefore the HRA, continues to expand the provision of services which are delivered as shared or partnership services with other local authorities.

From a corporate perspective, the authority has entered into shared services with Cambridge City Council and Huntingdonshire District Council for the provision of ICT and Legal Services, both of which impact the HRA.

A pilot shared Head of Finance and Housing Finance Service with South Cambridgeshire District Council has been operational since March 2015, and is now set to be made permanent and expanded into a wider shared service following consolidation of financial management systems, which will begin in 2016/17.

From April 2016, the new Housing Development Agency (HDA) is anticipated to be in place, with the City Council and South Cambridgeshire District Council seconding staff into a shared service for the initial stage. The HDA will aid the delivery of new homes in the sub-region, working with multiple partner agencies, helping increase the supply of new housing in response to the investment in transport and infrastructure which the Greater Cambridge City Deal brings. There is an agreed £400,000 of pump prime funding which has been made available alongside the City Deal funding to help create the new delivery vehicle.

A shared Housing Management Service with Cambridge City Council will also be explored in 2016/17, with the potential for a wider shared strategic housing function in the future also.

External Factors

Factors outside of the direct control of the authority continue to impact strategic decision making, with judgements having to be made about the likely direction of travel for many of these. The latest assumptions in respect of inflation and interest rates are detailed at Appendix A.

Section 3

Housing Revenue Account Resources

Rent

Rent Arrears, Bad Debt Provision and Void Levels

Performance in the collection of current tenant debt was maintained during 2014/15, and in first 8 months of 2015/16, has been improved, when compared with the profile at this point in previous years. At the end of November 2015, current tenant arrears stood at £289,563 and former tenant arrears at £98,943, with the latter being marginally higher than at the start of the year.

Although staff continue to work proactively with tenants in arrears, and particularly those affected by benefit changes, the position is anticipated to become more challenging with the phased introduction of direct payment, which begins locally in February 2016.

Considering the above performance, but also taking into consideration the need to collect rent directly from more residents in 2016/17, the increased level of 0.5% of the rent due, broadly equivalent to an annual contribution to the bad debt provision of £140,000 has been maintained as part of the budget setting process.

However, recent indications from a survey carried out by the Chartered Institute of Housing and ARCH suggest that as many as 9 out of 10 direct benefit claimants could be in arrears in the early stages of implementation due to the need to wait a number of weeks before receiving their first payment, a direct impact of the transition from payment of housing benefit weekly in advance, to monthly in arrears.

At 31 March 2015, the provision for bad debt stood at £300,000, representing 70% of the total debt outstanding.

The value of rent not collected as a direct result of void dwellings in 2014/15 was approximately 1.5% of the rent due for the year.

At the time of writing this report, 1.1% of the housing stock was unoccupied, with approximately 30% of the void dwellings being intentionally held vacant pending re-development of the site.

On an ongoing basis, a base assumption of 1.1% voids in general housing is still considered appropriate for the longer-term. The proposed requirement to sell high value void properties in the future will impact this assumption in future iterations of the business plan.

Rent Restructuring

Although property specific target social rents under the rent restructuring regime still apply, the requirement to reduce all rents in social housing by 1% for the next 4 years, will mean that the target rents will also reduce in line with this.

The basic formula for the calculation of target rents remains unchanged, with 30% of a property's rent based upon historic relative property values and 70% based upon historic relative local earnings, combined with a factor for the number of bedrooms in the property. The result of the calculation is then limited by an overall rent cap for each size of property.

Although the national assumption is that local authority rents have reached target levels, the local picture is quite different, with actual rents that are still well below target levels. The ability to move rents up to the new lower target levels is only available to local authorities when a property is re-let to a new tenant.

The average weekly target rent at this point in 2015/16 across the housing stock, according to the rent system, is £109.59, with the average actual rent charged being £102.54. The average actual rent is therefore representative of 93.6% of the average target rent, with only 23.5% of the housing stock being charged at target rent levels.

Rent Setting

Rent levels continue to be set by Council in February of each year, following consideration at Cabinet.

From April 2016, the requirement, introduced through the Welfare Reform and Work Bill, to reduce rents by 1% each year for four years will be effective. The authority therefore has no option but to approve this change in rent levels, to be effective from Monday 4th April 2016.

The assumption is still being made, in respect of longer-term financial forecasts, that the authority will be able to revert to the previous policy of increasing rents by CPI (as measured at the preceding September), plus 1% each year, from April 2020.

Service Charges

Service charges continue to be levied for services that are not pure landlord functions, and are provided to some tenants and not others, depending upon the type, nature and location of the property. Some of these services are eligible for housing benefit, depending upon the nature of the service.

The approach to setting service charge levels for 2016/17 is detailed at Appendix B.

Other Sources of Income

Garages

The Housing Revenue Account currently has 1,061 residential garages, which are outside the curtilage of the dwelling, available for letting according to the rent system. Of these, 391 were vacant at the time of compiling this report.

In line with the HRA Garage Strategy, a large number of the vacant garages have been identified as needing repairs or major works prior to being ready to let, or are being considered for demolition, disposal, self-build sites or re-development, with an estimate of only 12% of the vacant dwellings being ready for immediate let.

The HRA has a two part charging structure for garages, with one rate for garages rented to tenants or leaseholders, and another for rental of garages by others, with the latter being subject to VAT at the prevailing rate. If a tenant or leaseholder holds more than two garages, VAT is also payable.

Other Property

In addition to dwellings held for rent, the HRA has a number of communal rooms and hub offices in sheltered schemes. Currently the costs of these buildings is recovered through service charges levied to residents, but in the current financial climate, consideration is being given to whether these assets could generate an income for the HRA where they are not well utilised.

Interest / Investment Income

The Housing Revenue Account receives interest on general or ear-marked revenue balances, any funds set-aside in the major repairs reserve or the revenue debt repayment reserve, any unapplied capital balances and in respect of any internal lending to the General Fund.

The interest rates available to the Council generally remain low, and recovery is still anticipated to be slow.

Other External Funding

In addition to income direct from service users, the Housing Revenue Account anticipates receiving external funding in the following forms:

- Section 106 Funding – The authority has recently approved a policy in respect of spending Section 106 Commuted Sums, which includes the provision for any currently un-committed resource to be to be utilised to fund delivery of new build affordable housing in the Housing Revenue Account as the first call on the funds. At this stage, no schemes have been specifically identified as projects which will receive funding through this mechanism, but a list of suitable pipeline schemes is anticipated to be brought forward in 2016/17.
- Support Funding – The level of funding via the Supporting People Programme has reduced over the last 10 years, to a point where the authority now only receives £302,000 per annum for support provided to older people across the district.

Earmarked & Specific Funds

Earmarked Funds – Revenue Reserves

In addition to General Reserves, the Housing Revenue Account still maintains a number of earmarked or specific funds. Appendix C details the current level of funding in these reserves.

Self-Insurance Fund

This reserve is maintained to recognise the risks associated with the authority self-insuring its housing stock. The cost of any works that would otherwise be treated as insurance claims, are charged to the HRA in the year that they are incurred. The reserve exists to ensure that the authority has the funds to meet any

higher than anticipated remedial costs, allowing the HRA time to react to the additional expenditure incurred.

Major Repairs Reserve

This statutory reserve receives a sum, transferred from the revenue account, equivalent to the depreciation in respect of the housing stock each year. Any resource available in the Major Repairs Reserve can then be utilised as a source of funding in the Housing Capital Investment Plan, to meet the cost of capital works to HRA assets, or alternatively to repay housing debt. From April 2017, the transitional measures that allow the authority to limit the depreciation charged in respect of dwellings to the value of the old Major Repairs Allowance will cease, after which the full depreciation value will need to be transferred into the reserve each year, irrespective on whether the asset base requires the higher level of investment.

HRA Set-Aside for Potential Debt Repayment or Future Re-Investment

The ability to set-aside surplus revenue resource to the self-financing debt as loans mature, has been significantly impacted by the recent changes in national housing policy. This means the authority will have no alternative but to re-finance a greater proportion of the loan portfolio as each loan matures than previously planned, and reduces the flexibility to opt to reinvest the surpluses in the delivery of new homes as an alternative use of the anticipated resource. The approach of using an ear-marked reserve, as opposed to making a formal voluntary revenue provision (VRP), will allow the HRA to retain flexibility over the use of the limited resource that is available for set aside in the future.

Earmarked Funds – Capital Receipts

Right to Buy Attributable Debt Ear-Marked Capital Receipt

The HRA retains an element from all right to buy receipts over and above those assumed in the initial self-financing settlement, in recognition of the debt which the authority holds in respect of the asset. The balance of sums retained to date, will be held in a separate ear-marked capital balance, allowing them to be utilised to repay debt should the authority so choose, or alternatively to be reinvested as deemed appropriate.

Right to Buy Retained One-for-One Ear-Marked Capital Receipt

The Right to Buy Receipt Retention Agreement remains in force. To ensure that these resources are separately identified for re-investment, and if necessary, repayment purposes, an ear-marked balance exists to record the balance at the end of each reporting period.

Section 4

Housing Revenue Account Budget

Budget - 2016/17

Overall Budget Position

The overall revenue budget position for the Housing Revenue Account for 2016/17 is presented in Appendix G. A balanced budget can be set for 2016/17, without the need to seek immediate savings, allowing the authority time to explore how to cut costs, generate efficiencies or earn additional income in the HRA, in preparation for 2017/18 and beyond.

The table below shows the budget changes proposed for 2016/17 compared to the base budget from 2015/16, highlighting a net increase in revenue costs to the HRA of £999,720. The increase, which includes the impact of a 1% rent reduction from April 2016 has resulted in the ability to make a significantly lower level of revenue contribution towards capital expenditure in 2016/17 than previously anticipated, directly impacting the authorities ability to invest in capital projects, particularly in new build housing.

Savings were not specifically sought for 2016/17, allowing officers the opportunity to plan for the need to significantly increase revenue into the HRA, or to reduce costs in the coming years. A strategic approach to delivering a balanced HRA budget will be sought, with work beginning during 2016/17, once the final details of the proposed changes in national housing policy are clear, and detailed guidance is available to ensure that the authority's assumptions are consistent with those being made nationally.

A savings target has been proposed for the next 4 years, recognising the need to deliver a balanced revenue budget over the 30 year life of the HRA Business Plan. With the current assumptions in the business model, a savings target of £250,000 per annum for each of the next 4 years would allow the HRA to set a balanced revenue budget over the longer-term, but would still require a separate review of capital expenditure, to ensure that the HRA does not breach its debt cap.

Proposal Type	2016/17 £	2017/18 £	2018/19 £	2019/20 £	2020/21 £
Cumulative Savings Target Proposed	0	250,000	500,000	750,000	1,000,000
2016/17 Budget Changes					
Savings	(296,330)	(296,330)	(296,330)	(296,330)	(296,330)
Increased Income	(194,350)	(194,350)	(194,350)	(194,350)	(194,350)
Unavoidable Revenue Pressures	298,450	298,450	298,450	298,450	298,450
Reduced Income	673,150	673,150	673,150	673,150	673,150
Net Savings Position above / (below) Savings Target	480,920	730,920	980,920	1,230,920	1,480,920
Non-Cash Limit Items	548,870	548,870	548,870	548,870	548,870
Net Position for the HRA compared to 2015/16	1,029,790	1,279,790	1,529,790	1,779,790	2,029,790
Reduce Revenue Funding of Capital Expenditure to offset increased costs	(1,029,790)	(1,029,790)	(1,029,790)	(1,029,790)	(1,029,790)
Net Position for the HRA above / (below) overall assumptions	0	250,000	500,000	750,000	1,000,000

Section 5

Housing Capital Budget

Stock Investment and Decent Homes

Stock condition data is continually updated in respect of the housing stock, improving the information held to inform future decision making. The authority plans to replace the software used to record and report asset management data, in a bid to further improve the information available.

The housing service reported achievement of the decent homes standard in the housing stock as at 31 March 2015 at 91.5%, with 449 properties that were considered to be non-decent (in addition to refusals), and another 155 anticipated to become non-decent during 2015/16.

During 2016/17, work will be undertaken to quantify the minimum level of future investment required to maintain the decency standard, informing future decisions about investment in our existing housing stock.

In addition to decent homes investment, the authority invests a considerable sum in respect of energy conservation initiatives, such as external wall insulation, solar energy initiatives, renewable heating sources, air source pumps and high heat retention storage systems. There is also investment, as expected nationally, in adapting the housing stock for tenants with a disability.

The level of investment in the housing stock as a whole, particularly that which falls outside of the decent homes standard, will need to be fully reviewed in 2016/17, in an attempt to ensure that the authority is able to set a balanced budget for the HRA over the longer-term, without breaching the HRA debt cap, whilst also maximising any resource available to increase the now limited supply of new affordable housing.

The latest Housing Capital Investment Plan is included at Appendix H.

New Build & Re-Development

General Approach

Following the introduction of self-financing for the HRA in April 2012, the authority was in a financial position to be able to invest a significant sum in the delivery of new build affordable housing, with an approved budget of £4,500,000 per annum.

The changes in national housing policy highlighted earlier in this report, now mean that the authority has little or no resource available for investment in new build housing in the way that was previously anticipated.

In order to continue to invest in new build housing, the authority is exploring a variety of alternative delivery models, including; mixed rented and market sale schemes, shared ownership homes and starter homes, considering leveraging in funding from assets sales, land sales, section 106 commuted sums, in addition to utilising retained right to buy receipts.

The budget for the delivery of new homes has currently been reduced to reflect completion of only the schemes below, pending the final outcome of anticipated legislative changes and the findings of the work identified above.

New Build and Re-Development Schemes in Progress or in the Pipeline

The table below details the current position in respect of schemes which have been progressed, either to the point that they are on site, are in contract, or have been through consultation and / or the planning process and are therefore committed to in some way. These schemes form the basis of the new build programme at present, with the budgeted cashflow included at Appendix E.

Scheme	Status	Estimated Social Housing Units	Indicative Scheme Composition (Subject to Change)	Indicative Scheme Cost (Net of subsidy / land receipt)
Fen Drayton Road, Swavesey	On Site	20	4 x 1 Bed House 10 x 2 Bed House 5 x 3 Bed House 1 x 4 Bed House	2,954,320
Horseheath Road, Linton	On Site	4	1 x 2 Bed Bungalow 2 x 2 Bed Flat	494,550

Scheme	Status	Estimated Social Housing Units	Indicative Scheme Composition (Subject to Change)	Indicative Scheme Cost (Net of subsidy / land receipt)
			1 x 2 Bed House	
Hill Farm, Foxton	Tender Stage	15	4 x 1 Bed House 6 x 2 Bed House 5 x 3 Bed House	2,246,660
Robinson Court, Gamlingay	Planning Submission	14	4 x 1 Bed Flat 2 x 2 Bed Flat 2 x 1 Bed House 4 x 2 Bed House 2 x 3 Bed House	2,237,370
Wilford Furlong, Willingham	Master Planning Stage	15	6 x 1 Bed Flat 4 x 2 Bed Flat 5 x 2 Bed House	659,940
Balsham	Offer Made to Developer	14	8 x 1 Bed Flat 2 x 2 Bed Flat 4 x 2 Bed House	1,734,000
Pembroke Way, Teversham	Land Acquired	5	2 x 2 Bed Flat 3 x 3 Bed House	860,230
Total		82		10,327,070

The above schemes are all still anticipated to deliver new provision of affordable housing and as such will be eligible for 30% of the scheme to be funded using retained right to buy receipts, with the exception of the Gamlingay site and one dwelling on the Teversham site, which are re-development schemes and where the some or all of the new homes will replace older housing which is no longer considered fit for purpose.

New Build – Other (including use of RTB Funding)

The new build schemes above are not sufficient to ensure that the authority can appropriately re-invest all of the right to buy receipts retained to date, with the need to identify and fund further schemes or pass the resource over to a registered provider for re-investment.

Although the current financial projections for the HRA indicate limited or no resource being available for investment in new build housing into the future, the authority continues to explore potential development opportunities, considering alternative funding models. There is a considerable amount of new build expenditure required to meet commitments against existing and anticipated future retained right to buy receipts, and although these receipts can be passed to a registered provider for investment in new homes, the authority will continue to prioritise investment through its HRA wherever possible.

Options for securing additional grant funding, for working with partner organisations and for developing sites with mixed tenure are all being explored fully in an attempt to continue to deliver a new build programme, despite the financial constraints imposed by the national housing policy changes.

As a backstop position, the Housing Capital Plan includes the assumption that if the authority is unable to identify the resource to top up right to buy funding and build for HRA stock, the receipts are instead passed to a registered provider for them to invest in new build affordable housing within the required timescales and in a way which is compliant with the retention agreement with CLG.

Land Audit and Garage Site Survey

A land audit was undertaken in 2012, identifying a large number of parcels of land across the authority area, which are owned and managed by the HRA. A follow up garage site survey completed the picture, ensuring that the authority has the information required to make strategic decisions about the disposal or retention and re-development of its land holding. This work has proven invaluable in the first stages of activity as a self-build vanguard authority.

Self-Build Vanguard

Following South Cambridgeshire District Council being awarded the status as a Self-Build Vanguard pilot authority, work is progressing well in identifying and preparing parcels of land that provide self-build opportunities.

Following approval of an initial capital budget of £150,000 as part of the Medium Term Financial Strategy considered by Council in November 2015, officers have identified 15 initial HRA sites, with the potential to provide in the region of 34 self-build plots. Planning permission is in progress in respect of 2 of the sites, with a further 3 to follow shortly.

It is anticipated that each plot may realise a gross capital receipt of up to £250,000, which after financing the costs of site preparation, could leave an estimated net receipt of £190,000 per plot available to the HRA for re-investment in the existing housing stock, or in the provision of new homes.

Capital receipts from the sale of self-build plots that have been identified on HRA land, have now been incorporated into the financial planning process. These assumed receipts, coupled with the assumption that the HRA would also apply 30% retained right to buy receipts to each development, has allowed re-inclusion of further new build housing investment in the Housing Capital Investment Plan over the next 4

years. The delivery of schemes utilising this funding stream is dependent upon the authority taking forward a Self-Build Vanguard Project, after consideration of a full business case to demonstrate the wider project's viability.

The Self Build & Custom Housebuilding Act 2015, and the imminent Housing & Planning Act 2016 will require all Local Authorities (General Fund) to hold and manage a register of self build /custom build applicants, and hold a land register of self build plots. In addition, local authorities are required to grant sufficient suitable development permissions on serviced plots of land to meet the demand for self-build and custom housebuilding in their area. Demand for self-build and custom housebuilding is evidenced by the number of people on the register held by local authorities under the 2015 Act.

The expectation that local authorities will be expected to provide as many serviced self-build plots as they have applicants on the register, within a 3 to 5 year timeframe, is likely to prove exceptionally challenging.

Housing Development Agency and City Deal

Following agreement, that jointly with our City Deal partners Cambridge City Council and the County Council, a Housing Development Agency should be created, it is anticipated that pump-prime funding of £200,000 per annum for two years, made available through the City Deal process, will allow this to happen from April 2016.

The new company, initially taking the form of a shared service, will be led by a new post of Housing Development Agency Managing Director, and will second development staff from both Cambridge City Council and South Cambridgeshire District Council into it.

The Housing Development Agency is expected to utilise the pump-prime funding to aid the set-up of the company, with the expectation that going forward, it be fully funded from fees generated through the new build projects delivered.

Recent housing policy changes for the Housing Revenue Accounts at both local authorities will mean the agency may need to look to place work on a wider basis in the longer-term, to ensure its continued financial viability.

Asset Acquisitions & Disposals

At present, consideration continues to be given to the strategic acquisition or disposal of assets, in line with the HRA Acquisition and Disposal Policy. The capital receipt generated by a strategic disposal can currently be retained in full by the authority, subject to utilising it to invest in affordable housing. Receipts from individual asset disposals continue to be recognised in the HRA's reserves only at the point of receipt and after all relevant costs have been provided for. However, anticipated receipts are now taken into consideration as part of the quarterly decision as to whether the authority should retain right to buy receipts, pass them to a registered provider, or as a last resort pay them over to central government. There is a risk judgement that needs to be made as part of this quarterly decision making process.

The Right to Buy Retention Agreement still allows the strategic acquisition of existing dwellings, as an alternative to building new dwellings. This remains a less attractive proposition than the creation of new dwellings for the authority, but it is none the less a viable option to utilise the resource within the HRA, where new build is not possible within a quarterly deadline for the use of retained receipts.

In future, the authority expects to be compelled to sell a proportion of its vacant housing stock, or at the very least meet a significant levy in this regard, as part of the government plan to fund right to buy for housing associations, and the authority's Acquisition and Disposal Policy will need to be reviewed once further information and detailed guidance are available.

Section 6

HRA Treasury Management

Background

It is a statutory requirement for the Housing Revenue Account Council to set a balanced budget, including recognising the revenue implications that arise from capital financing decisions.

HRA Borrowing

As at 1 April 2015, the Housing Revenue Account was supporting external borrowing of £205,123,000 in the form of 41 maturity loans, (40 at £5,000,000 and 1 at £5,123,000), with the Public Works Loans Board (PWLB), with rates ranging between 3.44% and 3.53% depending upon the term of the loan. The loans have varying maturity dates, with the first £5,000,000 due to be repaid on 28th March 2037, and the last on 28th March 2057.

The HRA Capital Financing Requirement (HRA CFR) stood at £204,429,000 due to a small amount (£694,000) of internal borrowing from the HRA by the General Fund. Other than this £694,000, the HRA has no further borrowing capacity, due to the HRA debt cap imposed as part of the implementation of self-financing for the HRA.

The General Fund is required to pay the HRA annual interest on the internal borrowing as part of the Item 8 Determination for the HRA. The interest rate payable to the HRA can be determined by the authority, but must be deemed reasonable and stand up to external scrutiny from auditors.

Debt Repayment / Re-Investment

Set-Aside for Repayment of HRA Debt

The current debt repayment strategy for the HRA, has been to set-aside (informally) the resource to repay all of the housing debt, recognising that the alternative option to utilise the resource to deliver new

homes, may be considered and approved in any year of the business plan. In light of the recent changes in housing policy, there is currently little capacity to consider either debt redemption or re-investment in new affordable homes.

The current debt repayment or re-investment reserve stood at £8,500,000 at 1 April 2015, with the expectation that £1,000,000 of this will be utilised during 2015/16 to fund existing new build commitments. Consideration will need to be given, in the context of the current financial climate and the expectation that HRA stock numbers will fall significantly over the coming years, whether the authority wants to retain this sum towards debt redemption, or alternatively make a conscious decision to re-finance its debt at maturity, instead investing the sum now in the delivery of new homes.

Premature Repayment of PWLB Debt

The potential to redeem loans held with the PWLB at an earlier stage than agreed at the outset, still remains. A discount rate is used at the point of redemption to calculate whether the authority should pay a premium, or alternatively receive a discount, for repaying the principal sum early. If the discount rate applicable at the point of redemption is lower than the original loan rate, a premium is payable and if it is higher, a discount is receivable by the authority.

In the current financial climate for the HRA, with limited ability to set-aside revenue resource for the redemption of debt, it is considered unlikely that early redemption of debt will take place at this stage.

Section 7

Summary and Overview

Uncertainties and Risk

Risk Assessment

To ensure that the authority is able to sustain a financially viable Housing Revenue Account, it is imperative that consideration is given to the level of internal and external risks that the housing service is subject to.

The authority maintains a Corporate Risk Register, a Housing Risk Register and an HRA Business Plan Risk Register which incorporates specific risks affecting the Housing Revenue Account in a self-financing environment, considering the likelihood and impact associated with each risk, and the mitigation in place to counteract these.

Risk Registers are regularly updated and are considered and reviewed by the Executive Management Team a number of times each year.

HRA Reserves

Housing Revenue Account General Reserves

General reserves are held partly to help manage risks inherent in financial forecasting and budget-setting. These risks include changes in legislative and statutory requirements, inflation and interest rates, unanticipated service needs, rent and other income shortfalls and emergencies. The reserve allows the authority time to respond to unanticipated events, without an immediate and unplanned impact on service delivery.

In addition, reserves may be used to support the Housing Capital Investment Plan and, in the short-term, to support revenue spending, for example to spread the impact of savings requirements over more than one financial year or to invest up front in a project that is anticipated to pay back over a period of time or deliver future savings.

The HRA Budget Setting Report incorporates the requirements of the Local Government Act 2003, where the Chief Financial Officer is required to report on the adequacy of reserves and provisions and the robustness of budget estimates.

For the Housing Revenue Account the minimum level of reserves is currently assumed to be £2,000,000. It is not proposed to make any changes to the minimum levels as part of this report, recognising the need to continue to safeguard the Council against the higher levels of risk and uncertainty in the current financial and operational environment for housing.

Financial Assumptions and Sensitivity

The current financial assumptions, reviewed and used as part of this BSR are detailed in Appendix A, and are derived from information available at the time of preparing this report, utilising both historic trend data and specialist expert advice and opinion, where required.

In making financial assumptions, it is recognised that there will always be a number of alternative values that could have been used. To mitigate the risks associated with this, modelling of key sensitivities is undertaken to provide context to the financial impact that a change in an assumption will make.

Appendix F provides details of the key sensitivities modelled in the preparation of the HRA Budget Setting Report 2016/17.

Options and Conclusions

Overview

The budget for 2016/17 has been constructed in the wider context of the national position for social housing. The authority still seeks to achieve a balance in investment against key housing priorities as follows, although this now proves significantly more challenging:

- Investment in the existing housing stock
- Investment in the delivery of new affordable homes

- Investment in new initiatives and income generating activities
- Spend on landlord services (i.e. housing management, responsive and void repairs)
- Support for, and potential repayment of, housing debt

Continued rent cuts for a further 3 years, and the compulsion to dispose of high value housing stock (or an equivalent proxy for) pose significant financial challenges for the HRA into the future.

As identified in the HRA Medium-Term Financial Strategy and confirmed in this report, it will be necessary to consider significant income generation or reductions in spending from 2017/18, with a target of £250,000 per annum for 4 years, incorporated into financial assumptions. The approach to this will include:

- Reviewing options for greater income generation, to include section 20 notices to ensure full cost recovery from leaseholders
- Reviewing spending on HRA revenue services
- Reviewing spending on the existing housing stock, to include both decent homes and discretionary expenditure
- Exploring the extension of shared services, to include; shared housing services with Cambridge City Council and shared Strategic Housing Services
- Exploring alternative delivery models for the provision of social housing
- Exploring alternative delivery models to maintain a new build housing programme

Summary and Conclusions

The work undertaken as part of the 2016/17 budget process to date has resulted in the development of proposals for the base budget of the Housing Revenue Account. Although savings have not specifically been sought for 2016/17 against a pre-agreed savings target, consideration has been given to the required level of spending against each and every budget heading across the HRA as a whole, arriving at the proposed budget incorporated into this report.

The overall position for the HRA for 2016/17 (including non-cash limit adjustments) is an increase in revenue spending, which has been offset by a reduction in the level of revenue resource available for transfer to fund the capital programme, having a direct impact of the amount of new build housing that could otherwise have been delivered.

It is recognised, however, that from 2017/18, taking current assumptions into consideration the HRA will need to seek to significantly increase income or reduce costs. Aspirations to continue to build new

homes in the future will result in the need to seek further efficiencies, or to work in new and creative ways to aid delivery.

During February 2016, both Cabinet and Council will consider the budget proposals for the HRA, prior to decision.

The HRA Budget Setting Report recommends, in summary:

- Approval of property rents, garage rents and service charges
- Approval of the HRA revenue budget for 2016/17 as shown in Appendix G
- Approval of the Housing Capital Programme for 2016/17 to 2020/21 as shown in Appendix H
- Agreement of the Savings Target for the HRA for the period from 2017/18 to 2020/21, and the approach outlined for delivering against these

Business Planning Assumptions

Appendix A

Business Planning Assumptions (Highlighting Changes)

Key Area	Assumption	Comment	Status
General Inflation (CPI)	1.4%, 1.8%, 1.9%, 1.9% then 2%	General inflation on expenditure included, rising to 2% (Based upon government projections for CPI)	Retained
Debt Repayment	Set-aside to repay debt as resource allows	Assumes set-aside to repay debt as loans reach maturity dates if resource allows, with any surplus re-invested in income generating assets.	Retained
Capital Investment	Partial Investment Standard	Base model assumes a partial investment standard in the housing stock, compared with a basic decent homes standard. This will be reviewed again during 2016/17.	Retained
Pay Inflation	1.3% Pay Progression plus: 2016/17 – 1.0% 2017/18 – 1.0% 2018/19 – 1.0% 2019/20 – 1.0% 2% ongoing	Assume allowance for increments at 1.3%. Pay inflation for four years from 2016/17 limited to 1% reflecting recent Government guidance, and a return to 2% thereafter, reflecting economic recovery. Increased National Insurance contribution rates have been incorporated from April 2016.	Retained
Employee Vacancy Allowance	£50,000	Employee budgets assume a vacancy allowance of £50,000 per annum.	Retained
Rent Increase Inflation	-1% from 2016/17 for 4 years, then 3%	Rent decreases of 1% per annum in line with government guidelines from 2016/17 to 2019/20, then CPI plus 1%. Assume CPI in preceding September is as above.	Retained
Rent Convergence	Voids Only	Ability to move to reduced target rent achieved only through movement of void properties directly to target rent.	Retained
External Lending Interest Rate	0.6%	Interest rates based on latest market achievement.	Retained
Internal Lending Interest Rate	0.6%	Assume the same rate as anticipated can be earned on cash balances held, so as not to detriment the General Fund over the longer term.	Retained
External Borrowing Interest Rate	4%	Assumes additional PWLB borrowing at a rate of 4%. Current rate for 30 years is 3.66%. Retain 4% for prudence.	Retained
Internal Borrowing Interest Rate	4%	Assume the same rate as external borrowing to ensure flexibility in choice of borrowing route.	Retained
HRA Minimum Balances	£2,000,000	Maintain HRA minimum balance at £2,000,000, recognising risks in a Self-Financing environment.	Retained
Right to Buy Sales	25 for 3 years, 20 for 3 years, then 15 sales ongoing	Housing Policy changes expected to sustain a higher level of activity in the short-term. Assume 25 for 2015/16, reducing by 5 sales per annum from 2018/19, until 15 are assumed ongoing from	Retained

Key Area	Assumption	Comment	Status
		2021/22.	
Right to Buy Receipts	Settlement right to buy receipts excluded and assumed one-for-one receipts included as required.	Debt settlement receipts excluded as assumed to fund General Fund housing capital expenditure. Anticipated one-for one receipts included, but only as they are drawn down to fund budgeted eligible capital schemes. Debt repayment proportion reported as at 1/4/2015 and assumed available for future use.	Retained
Void Rates	1.1%	Assumes 1.1% per annum from 2016/17 onwards.	Retained
Bad Debts	0.35% for 2015/16, then 0.5% ongoing	Bad debt provision of 0.35% increased to 0.5% to reflect the requirement to collect 100% of rent directly for new benefit claimants, when Universal Credit begins implementation in 2016.	Retained
Debt Management Expenses	£24,370 per annum from 2016/17	Internal treasury management activity recharged to the HRA.	Amended
5-Year New Build Programme	82 Units	Assumes delivery of the existing commitments in the new build programme. If self-build plots are sold in the HRA, and new build schemes are identified to re-cycle this resource, there is potential for an additional 43 new homes over this period.	Amended
Savings Target	£250,000 per annum for 4 years	Inclusion of a savings target at £250,000 per year ongoing, for 4 years from 2017/18 to 2020/21, reducing base budgets by £1,000,000 over this period.	Amended
Responsive Repairs Expenditure	Adjusted pro rata to stock changes	An assumption is made that direct responsive repair expenditure is adjusted annually in line with any change in stock numbers.	Retained
Policy Space	£0	No policy space incorporated at present, but if included would recognise a desire to be able to facilitate strategic investment and respond to pressures. To be reviewed again as part of 2016/17 MTFS.	Retained
Service Reviews and Restructures	On case by case basis	Service review outcomes assumed to deliver to the HRA as indicated in the review business case, and incorporated once impact is known.	Retained

Service Charges

Appendix B

Charge Description	Charge Basis	Current Charges 2015/16 (£)	Proposed Charges 2016/17 (£)	Increase (%)	Increase (£)
General Housing					
Use and Occupation Fee	Weekly	As per Target Rent	As per Target Rent	-1%	Variable
Sewerage	Weekly	4.65 to 5.73	As per Anglian Water Standard Rates	TBC	TBC
White Goods Charge (per item)	Weekly	1.15	1.50	30%	0.35
Management Charge (Third Party)	Weekly	As per third party charge	As per third party charge	TBC	TBC
General Stock - Flats					
Blocks with Door Entry	Weekly	3.26	3.31	1.4%	0.05
Blocks without Door Entry	Weekly	2.17	2.20	1.4%	0.03
General Sheltered Schemes					
Sheltered Charge (Staffing)	Weekly	3.53 to 21.62	3.46 to 4.99	Variable	Variable
Communal Premises Charge	Weekly	Included above	0.00 to 18.86	Variable	Variable
Grounds Maintenance Charge	Weekly	Included above	0.15 to 5.67	Variable	Variable
Communal Heating / Lighting (Elm Court)	Weekly	8.67	8.83	1.85%	0.16
Water (Elm Court)	Weekly	2.00	2.76	38%	0.76
White Goods Charge (per item)	Weekly	1.15	1.20	4.30%	0.05
Alarm Charge	Weekly	3.00	3.00	0%	0.00
Elderly Equity Share (As per Sheltered Housing recovered quarterly, plus charges below)					
External Property Repairs	Quarterly		14.69 to 28.34	Variable	Variable
Management Fee (10%)	Quarterly		7.28 to 34.45	Variable	Variable
Temporary Accommodation					
Temporary Let Charge	Weekly	25.00	30.00	20%	5.00
Community Alarm Service					
Council Supplied Alarm	Weekly	4.43	4.47	0.9%	0.04
Group Alarms	Weekly	3.58	4.47	24.9%	0.89

Lifeline + - Option 1	Weekly	1.10	1.10	0%	
Lifeline + - Option 2	Weekly	4.60	4.60	0%	
Lifeline + - Option 3	Weekly	5.58 plus VAT	6.70 plus VAT	20%	1.12 plus VAT
Garage and Storage Unit Rents					
Garages or Storage Unit Rented to Tenant/Leaseholder	Weekly	8.25	8.37	1.4%	0.12
More than 2 Garages Rented to Tenant/Leaseholder	Weekly	8.25 plus VAT	8.37 plus VAT	1.4%	0.12 plus VAT
All Other Garage and Storage Unit Rentals	Weekly	11.38 plus VAT	11.54 plus VAT	1.4%	0.16 plus VAT
Leasehold Charges for Services					
Solicitors' pre-sale enquiries	One-Off	75.00	110.00	47%	35.00
Copy of lease	One-Off	20.00	30.00	50%	10.00
Re-mortgage Enquiry/Copy of Insurance schedule	One-Off	25.00	30.00	20%	5.00
Notice of Assignment/Notice of Charge/Notice of Transfer	One-Off	75.00	75.00	0%	0.00
Deed of Variations	One-Off	150.00	150.00	0%	0.00
Home Improvements – Administration Only Inclusive of Surveyor Visit	One-Off	10.00	30.00 125.00	200%	20.00
Retrospective consent for improvements	One-Off	10.00	Above + 25.00	150%	15.00
Registering sub-let details	One-Off	50.00	50.00	0%	0.00

Notes

Charges for Leasehold Services have not been reviewed for many years, and are now being brought in line with other local authority landlords. These charges are only levied when leaseholders, or their agent require the specific services listed.

HRA Earmarked & Specific Funds

Appendix C

2015/16 (£'000)

Self-Insurance Fund	Opening Balance	Contributions	Expenditure to Dec	Current Balance
Self-Insurance Fund	(925.0)	(0.0)	0.0	(925.0)

Major Repairs Reserve	Opening Balance	Contributions	Expenditure to Dec	Current Balance
MRR	(0.0)	0.0	0.0	(0.0)

Debt Set-Aside (Revenue)	Opening Balance	Contributions / Adjustments	Expenditure to Dec	Current Balance
Debt Set-Aside (Revenue)	(8,500.0)	0.0	0.0	(8,500.0)

Debt Set-Aside (Capital)	Opening Balance	Contributions	Expenditure to Dec	Current Balance
Debt Set-Aside (Capital)	(2,364.2)	(543.3)	0.0	(2,907.5)

RTB 1-4-1 Reserve	Opening Balance	Contributions / Adjustments	Expenditure to Dec	Current Balance
RTB 1-4-1 Reserve	(3,705.2)	(1,391.0)	545.3	(4,550.9)

Capital Receipts	Opening Balance	Contributions / Adjustments	Expenditure to Dec	Current Balance
Capital Receipts (Land & Other)	(1,302.0)	(314.8)	0.0	(1,616.8)

It is anticipated that the insurance reserve will be returned to the previous level of £1,000,000 as part of the year end closedown process, at the end of 2015/16.

Appendix D

Retained 1-4-1 Right to Buy Receipts

Quarter date for Receipt	Retained 1-4-1 Receipt Value (Per Quarter)	Retained 1-4-1 Receipt Value (Cumulative)	Amount of New Build Expenditure Required (Cumulative)	Deadline for Receipt to be spent on New Dwelling	Qualifying Spend by Deadline (Cumulative)	Retained 1-4-1 Receipt Spent (Cumulative)	Balance of Retained 1-4-1 Receipts to be Spent or Paid to CLG (Cumulative)	Further New Build Spend Required by Deadline (Cumulative)
30/06/2012	273,807.59	273,807.59	912,691.97	30/06/2015	4,803,740.45	1,441,122.14	0.00	0.00
30/09/2012	110,185.59	383,993.18	1,279,977.27	30/09/2015	5,334,848.80	1,600,454.64	0.00	0.00
31/12/2012	786,867.59	1,170,860.77	3,902,869.23	31/12/2015	6,383,809.29	1,915,142.79	0.00	0.00
31/03/2013	257,177.59	1,428,038.36	4,760,127.87	31/03/2016			0.00	0.00
30/06/2013	180,159.83	1,608,198.19	5,360,660.63	30/06/2016			0.00	0.00
30/09/2013	408,259.67	2,016,457.86	6,721,526.20	30/09/2016			101,315.07	337,716.91
31/12/2013	405,074.37	2,421,532.23	8,071,774.10	31/12/2016			506,389.45	1,687,964.81
31/03/2014	1,012,895.75	3,434,427.98	11,448,093.27	31/03/2017			1,519,285.19	5,064,283.98
30/06/2014	190,149.46	3,624,577.44	12,081,924.80	30/06/2017			1,709,434.65	5,698,115.51
30/09/2014	542,412.66	4,166,990.10	13,889,967.00	30/09/2017			2,251,847.31	7,506,157.71
31/12/2014	490,971.13	4,657,961.23	15,526,537.43	31/12/2017			2,742,818.44	9,142,728.14
31/03/2015	417,089.12	5,075,050.35	16,916,834.50	31/03/2018			3,159,907.56	10,533,025.21
30/06/2015	417,483.31	5,492,533.66	18,308,445.53	30/06/2018			3,577,390.87	11,924,636.24
30/09/2015	527,469.65	6,020,003.31	20,066,677.70	30/09/2018			4,104,860.52	13,682,868.41
31/12/2015	446,035.59	6,466,038.90	21,553,463.00	31/12/2018			4,550,896.11	15,169,653.71

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New Build Investment Cashflow

Appendix E

New Build / Re-Development Scheme	Prior Year Actuals	2015/16 Budget	2016/17 Budget	2017/18 Budget	2018/19 Budget	2019/20 Budget	Total Budget
	£'0	£'0	£'0	£'0	£'0	£'0	£'0
New Build / Re-Development / Acquisition Cash Expenditure (Net of Developer's Cross Subsidy / Notional Land Value)							
Empty Homes Acquisition	3,716,646	188,685	0	0	0	0	3,905,331
Land Acquisition	386,675	0	0	0	0	0	386,675
Linton, 4D Chalklands	374,432	0	0	0	0	0	374,432
Foxtan, 13D Hill Farm	38,558	169,854	2,038,246	0	0	0	2,246,658
Swavesey 20D	49,902	2,314,075	204,000	0	0	0	2,567,977
Linton, 4D Horseheath Rd	0	339,150	155,400	0	0	0	494,550
Robinson Court Re-provision	22,710	0	447,470	1,789,900	0	0	2,260,080
Balsham	0	0	1,300,500	433,500	0	0	1,734,000
Willingham, Wilford Furlong - Infill	0	0	0	0	659,940	0	659,940
Pembroke Way, Teversham	0	860,230	0	0	0	0	860,000
Total Expenditure	4,588,923	3,871,994	4,145,616	2,223,400	659,940	0	15,489,873
Retained Right to Buy Funding							
Empty Homes Acquisition	(1,114,994)	(56,605)	0	0	0	0	(1,171,599)
Land Acquisition	(116,003)	0	0	0	0	0	(116,003)
Linton, 4D Chalklands	(112,329)	0	0	0	0	0	(112,329)
Foxtan, 13D Hill Farm	(11,567)	(50,956)	(611,474)	0	0	0	(673,997)
Swavesey 20D	(14,971)	(694,223)	(61,200)	0	0	0	(770,394)
Linton, 4D Horseheath Rd	0	(101,745)	(46,620)	0	0	0	(148,365)
Balsham	0	0	(390,150)	(130,050)	0	0	(520,200)
Willingham - Wilford Furlong - infill	0	0	0	0	(197,982)	0	(197,982)
Pembroke Way, Teversham	0	(206,455)	0	0	0	0	(206,4055)

New Build / Re-Development Scheme	Prior Year Actuals	2015/16 Budget	2016/17 Budget	2017/18 Budget	2018/19 Budget	2019/20 Budget	Total Budget
	£'0	£'0	£'0	£'0	£'0	£'0	£'0
Total Retained Right to Buy Funding	(1,369,864)	(1,109,984)	(1,109,444)	(130,050)	(197,982)	0	(3,917,324)
Total to be funded from HRA Resources (DRF) and Non-RTB Capital Receipts	(3,219,059)	(2,762,010)	(3,036,172)	(2,093,350)	(461,958)	0	(11,572,549)
Total HRA Borrowing	0	0	0	0	0	0	0

Key Sensitivity Analysis

Appendix F

Topic	Business Plan Assumption	Key Sensitivity Modelled	Financial Impact
General Inflation	General Inflation using CPI increasing to 2% for expenditure	Volatility in the economy could lead to an increase in external costs. 1% increase in general inflation for expenditure only for the life of the plan.	Inability to set a balanced HRA budget from 2017/18 and current plans are therefore not fully deliverable.
Rents Inflation	Reduction in real terms of 1% per annum for 4 years, then return to CPI plus 1%	Assumption that government policy only allows for a return to rent increases at CPI from 2020/21, and not CPI plus 1%.	Inability to set a balanced HRA budget from 2019/20 and current plans are therefore not fully deliverable.
Investment Income	Interest on balances at 0.6%	Rates may recover more than anticipated, or long-term lending options may prove viable. Assume ongoing rate of 2% from 2017/18.	£16.5 million additional resource over the 30 year HRA Business Plan.
Housing Rent Collection and Welfare Reforms	Costs based on historic activity.	Universal Credit results in 100% of rent being collected directly from tenants. Assume an ongoing increase in collection costs of £50,000 and in bad debt, an additional 1% per annum from 2016/17.	Inability to set a balanced HRA budget from 2017/18 and current plans are therefore not fully deliverable.

HRA Summary 2015/16 to 2020/21

Appendix G

Description	2015/16 £0	2016/17 £0	2017/18 £0	2018/19 £0	2019/20 £0	2020/21 £0
Income						
Rental Income (Dwellings)	(28,600,000)	(27,947,360)	(27,337,320)	(26,729,790)	(26,191,020)	(26,609,260)
Rental Income (Other)	(370,000)	(401,080)	(408,300)	(416,060)	(423,960)	(432,440)
Service Charges	(875,490)	(1,080,600)	(1,100,050)	(1,120,950)	(1,142,250)	(1,165,090)
Other Income	(452,240)	(502,880)	(450,550)	(453,370)	(154,240)	(157,330)
Total Income	(30,297,730)	(29,931,920)	(29,296,220)	(28,720,170)	(27,911,470)	(28,364,120)
Expenditure						
Supervision & Management	4,982,990	4,994,700	5,126,890	5,234,660	5,350,160	5,491,460
Repairs & Maintenance	5,354,890	5,470,910	5,549,600	5,624,140	5,692,820	5,773,760
Net Depreciation – t/f to Major Repairs Res.	13,851,970	6,332,970	10,796,640	10,788,140	10,774,140	10,777,570
Debt Management Expenditure	27,540	24,370	24,810	25,280	25,760	26,280
Other Expenditure	260,790	318,100	65,280	(197,180)	(468,960)	(747,270)
Total Expenditure	24,478,180	17,141,050	21,563,220	21,475,040	21,373,920	21,321,800
Net Cost of HRA Services	(5,819,550)	(12,790,870)	(7,733,000)	(7,245,130)	(6,537,550)	(7,042,320)
HRA Share of operating income and expenditure included in Whole Authority I&E Account						
Interest Receivable	(53,990)	(116,960)	(133,610)	(152,240)	(159,750)	(167,710)
(Surplus) / Deficit on the HRA for the Year	(5,873,540)	(12,907,830)	(7,866,610)	(7,397,370)	(6,697,300)	(7,210,030)
Items not in the HRA Income and Expenditure Account but included in the movement on HRA balance						
Loan Interest	7,192,800	7,188,990	7,188,950	7,188,950	7,188,950	7,186,380
Housing Set Aside / (Use of Reserve)	(1,000,000)	0	1,416,500	136,000	(610,800)	0
Depreciation Adjustment	(8,067,870)	0	0	0	0	0
Direct Revenue Financing of Capital	8,003,500	5,691,200	140,000	70,000	118,750	22,500
(Surplus) / Deficit for Year	254,890	(27,640)	878,840	(2,420)	(400)	(1,150)
Balance b/f	(3,177,789)	(2,847,889)	(2,875,529)	(1,996,689)	(1,999,109)	(1,999,509)
Transfer to Insurance Reserve	75,010	0	0	0	0	0
Total Balance c/f	(2,847,889)	(2,875,529)	(1,996,689)	(1,999,109)	(1,999,509)	(2,000,659)

Housing Capital Investment Plan

Appendix H

Description	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
	£'000	£'000	£'000	£'000	£'000	£'000
Improvements - Existing Stock						
Water/Drainage Upgrades	75	77	78	80	81	83
Disabled Adaptations	0	500	500	500	500	500
Fire and Extreme Weather	800	816	832	849	866	883
Change of Tenancy - Capital	600	500	624	637	649	662
Rewiring	300	306	312	318	325	331
Heating Installation	2,356	2,000	2,000	2,500	2,550	2,601
Energy Conservation	1,500	1,000	1,488	1,592	1,624	1,656
Estate Roads, Paths & Lighting	80	82	84	85	87	89
Garage Refurbishment	123	50	127	130	132	135
Parking/Garages	80	15	50	85	87	89
Window Replacement	255	260	265	271	276	282
Re-Roofing	420	428	437	446	455	464
Full Refurbishments	700	200	200	243	258	273
Structural Works	200	150	150	212	216	221
Non-Traditional Refurbishment	550	872	0	0	0	0
Asbestos Removal	32	33	34	34	35	35
Kitchen Refurbishment	700	714	728	743	758	773
Bathroom Refurbishment	300	306	312	318	325	331
Wilford Furlong, Willingham Refurbishment	0	933	644	0	0	0
Assumed adjustment in spend for varying stock numbers	0	0	-300	-502	-706	-912

Description	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
	£'000	£'000	£'000	£'000	£'000	£'000
Total Improvements Existing Stock	9,071	9,242	8,565	8,541	8,518	8,496
Other Improvements						
Sheltered Housing and Other Stock	600	50	50	50	50	50
Flats	30	30	30	30	30	30
Central / Departmental Investment	4	7	7	7	7	7
Total Other Improvements	634	87	87	87	87	87
Re-provision of Existing Homes						
Robinson Court, Gamlingay	0	447	1,790	0	0	0
Other Re-provision	1,200	0	0	0	0	0
Total Re-provision of Existing Homes	1,200	447	1,790	0	0	0
HRA Acquisition and New Build						
Property Acquisition	189	0	0	0	0	0
Ten Drayton Road, Swavesey	2,314	204	0	0	0	0
Horseheath Road, Linton	339	155	0	0	0	0
Hill Farm, Foxton	170	2,038	0	0	0	0
Balsham	0	1,301	434	0	0	0
Wilford Furlong, Willingham	0	0	0	660	0	0
Pembroke Way, Teversham	860	0	0	0	0	0
Unallocated New Build / Acquisition Budget	628	0	1,357	2,714	3,529	0
Grants to Registered Providers for New Homes	0	391	963	488	441	1,500
Total HRA New Build	4,500	4,089	2,754	3,862	3,970	1,500
Other HRA Capital Spend						
Shared Ownership Repurchase	300	300	300	300	300	300

Description	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
	£'000	£'000	£'000	£'000	£'000	£'000
Self-Build Vanguard - Up front HRA Land Assembly Costs	150	0	0	0	0	0
HRA Share of Corporate ICT Development	243	214	140	70	119	23
Total Other HRA Capital Spend	693	514	440	370	419	323
Total HRA Capital Spend	16,098	14,379	13,636	12,860	12,994	10,406
Inflation Allowance for New Build and Other HRA Spend	0	58	115	185	283	58
Total Inflated Housing Capital Spend	16,098	14,436	13,751	13,045	13,278	10,464
Housing Capital Resources						
Right to Buy Receipts	0	0	0	0	0	0
Other Capital Receipts (Land and Dwellings)	0	0	0	0	0	0
Major Repairs Reserve	(5,784)	(5,383)	(9,307)	(8,654)	(11,309)	(8,591)
Direct Revenue Financing of Capital	(8,004)	(5,691)	(140)	(70)	(119)	(23)
Other Capital Resources (Grants / Shared Ownership / R&R Funding)	(855)	(1,300)	(2,250)	(2,820)	(350)	(350)
Retained Right to Buy Receipts	(1,298)	(1,109)	(537)	(1,012)	(1,059)	0
Retained Right to Buy Receipts (Used by Registered Provider)	0	(391)	(963)	(488)	(441)	(1,500)
HRA CFR / Prudential Borrowing	(52)	0	0	0	0	0
Total Housing Capital Resources	(15,993)	(13,874)	(13,197)	(13,044)	(13,278)	(10,464)
Net (Surplus) / Deficit of Resources	104	563	555	0	0	0
HRA Capital Balances b/f	(1,222)	(1,118)	(555)	0	0	0

Description	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
	£'000	£'000	£'000	£'000	£'000	£'000
Use of / (Contribution to) Balances in Year	104	563	555	0	0	0
HRA Capital Balances c/f	(1,118)	(555)	0	0	0	0

Note: Generally available capital receipts from the sale of properties under the right to buy as assumed in the self-financing debt settlement, have been excluded on the basis that they are utilised to fund general fund housing capital expenditure, i.e.; Disabled Facilities Grants and Repairs Assistance Grants.

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FINANCIAL ADMINISTRATION, BORROWING AND INVESTMENT STRATEGY AND PRUDENTIAL INDICATORS

PART 1 – FINANCIAL ADMINISTRATION

1. When a local authority is calculating its budget requirement and consequent council tax, the Chief Financial Officer is now required under Section 25 of the Local Government Act 2003 to report on:
 - (i) the robustness of the estimates made for the purposes of the calculations; and
 - (ii) the adequacy of the proposed financial reserves.
2. The emphasis is to ensure that the estimates are sufficient to cover regular recurring costs plus any reasonable risks and uncertainties and, in the event of unexpected expenditure, that there are adequate reserves to draw on. The calculations relate to the budget for the forthcoming year and the legal requirement may, therefore, be interpreted as reporting only on the 2016-17 estimates and the reserves up to 31 March 2017.
3. At South Cambridgeshire District Council, the Executive Director (Corporate Services) as the Chief Financial Officer considers the estimates for the financial year 2016/17 to be sufficiently robust and the financial reserves up to 31 March 2017 to be adequate.
4. The main areas of risk are with regard to Retained Business Rates, introduced in 2013-14. It is difficult to forecast future income with any certainty, especially with high levels of outstanding appeals and the future revaluation. On 5 October 2015 the Chancellor of the Exchequer set out plans for local government to gain new powers and retain local taxes so that, by the end of Parliament, local government will be able to retain 100% of local taxes including all revenue from business rates, detailed guidance is not yet available.
5. Other risks include the actual realisation of savings which have been included in the estimates and the lack of certainty over New Homes Bonus contribution after 2016-17, and the risk that the underlying growth in the number of dwellings may not be achieved.
6. As at the end of March 2016, the estimated balances are £9.6 million and £2.0 million on the General Fund and Housing Revenue Account respectively. The minimum balance for the General Fund is normally £1.5 million but it is now considered that the minimum balance for future years should temporarily be increased to £2.5 million during the present period of local government changes and economic uncertainty. The target balance as at 31 March 2021 is £2.5 million. The minimum balance for the Housing Revenue Account has been increased to £2 million because in future years any unexpected capital works may have to be financed from revenue and to provide cover for uninsured losses in excess of the insurance reserve.

PART 2 – BORROWING AND INVESTMENT STRATEGY

Background

7. With effect from 1st April 2004, the Local Government Act 2003:
- (i) included a power for a local authority to borrow for any purpose relevant to its functions under any enactment or for the purposes of prudent management of its financial affairs;
 - (ii) included a power for a local authority to invest for any purpose relevant to its functions under any enactment or for the purposes of prudent management of its financial affairs; and
 - (iii) requires a local authority to have regard to any guidance the Secretary of State may issue.

Considerations

8. Revised investment guidance was issued in March 2010 by Department for Communities and Local Government (DCLG). The key points in the guidance are:
- (i) the guidance makes even clearer that the investment priorities should be **security** and **liquidity**, rather than yield;
 - (ii) investment strategies should still go to the full council before the start of each year, but authorities are encouraged to consider submitting revised strategies at other times;
 - (iii) strategies should be published;
 - (iv) authorities should not rely just on credit ratings but also consider other information on credit risk;
 - (v) strategies should comment on the use of treasury management consultants; and
 - (vi) strategies should comment on the investment of money borrowed in advance of spending needs.
9. The Chartered Institute of Public Finance and Accountancy (CIPFA) has also issued in November 2011 a revised edition of its Treasury Management in the Public Services Code of Practice which identifies three key principles:
- 1) public service organisations should put in place formal and comprehensive objectives, policies and practices, strategies and reporting arrangements for the effective management and control of their treasury management activities;
 - 2) their policies and practices should make clear that the effective management and control of risk are prime objectives of their treasury management activities and that responsibility for these lies clearly within their organisations. Their appetite for risk should form part of their annual strategy, including any use of financial instruments for the prudent management of those risks, and should ensure that priority is given to security and liquidity when investing funds; and
 - 3) they should acknowledge that the pursuit of value for money in treasury management, and the use of suitable performance measures, are valid and important tools for responsible organisations to employ in support of their business and service objectives; and that within the context of effective risk management, their treasury management policies and practice should reflect this.
10. The proposed borrowing and investment strategy for 2016-17 is attached as **Appendix D1**. The proposed strategy does not comply with the Code which, as a minimum, stipulates for reports annually to full Council on the investment strategy and plan, a mid year position report and an end of year performance report.

11. The borrowing and investment strategy sets out the limits within which Council officers must operate. Once the strategy is approved, the Head of Finance, Policy and Performance issues a list of approved organisations/counterparties within each category in the investment strategy, with which the Council can invest. This list is reviewed during the year to take account of:
- (i) mergers of organisations which are reducing the number of counterparties with which the Council can invest;
 - (ii) the current economic climate whereby organisations which are allowed in accordance with the investment strategy may be suspended from the list of approved organisations, and
 - (iii) the credit rating and financial standing of approved organisations which, where available, are checked before any investment decision is made.
12. The Prudential Code for Capital Finance in Local Authorities requires local authorities to set prudential indicators before the beginning of the financial year. These indicators include liquidity of investments, interest rate exposure, etc., and are shown in **Appendix D2**.

Options

13. These include:
- (i) Continuing with the present policy which has produced good results. The Council is a member of the CIPFA Treasury Management benchmarking club. The results for 2014-15 show that South Cambridgeshire achieved a return of 0.87% on combined investments (less than and more than 365 days) compared to 0.78% for its comparator group and 0.75% for the overall group. South Cambridgeshire was fourth highest in the comparator group of 13 other organisations and in the upper quartile in the overall group of 48 other organisations. These good results were achieved at minimal cost and investment risk;
 - (ii) Continuing with the present policy and extending approved counterparties to include suitably compliant housing associations;
 - (iii) Adopting a risk free strategy by investing only with the Debt Management Office which is a government agency and should be totally secure. Interest rates with this organisation are generally substantially lower than rates in the money market and this would result in substantially lower interest on balances than the figure which is in the 2016-17 estimates; and
 - (iv) Out-sourcing investment but this is probably not economic for the amounts now available when considered against the Council's capital programme.

Implications

14. In the writing of this report, taking into account financial, legal, staffing, risk management, equality and diversity, climate change, community safety and any other key issues, the following implications have been considered:
15. **Financial**
The Council may currently earn less interest on its investments by having a restricted range of investments but this is considered to be more than offset by the reduced risk of default by counterparties.
16. **Staffing**
The use of credit ratings requires some research by staff who deal with treasury management.

17. **Risk Management**

There is internal check with division of duties between dealing, administration and authorisation and any losses due to fraud should be covered by fidelity insurance. Credit and counterparty risk is currently managed by restricting the range of investment organisations to the main banks, building societies, etc. The use of credit ratings places greater reliance on the credit rating agencies which do not provide any indemnities against loss.

PART 3 – PRUDENTIAL INDICATORS

18. The Prudential Code for Capital Finance in Local Authorities came in to effect from 1 April 2004, the objective being to provide a framework for capital programmes to ensure that:
- (i) capital expenditure plans are affordable;
 - (ii) all external borrowing and other long term liabilities are within prudent and sustainable levels; and
 - (iii) treasury management decisions are taken in accordance with professional good practice.
19. Prudential indicators must be set by Council before the beginning of the financial year but can be revised at any time. The Chief Financial Officer is required to establish procedures to monitor performance against the prudential indicators and to ensure that any borrowing is for capital purposes. The indicators are primarily to show whether a local authority is entering into long term commitments which it may not be able to afford in the future. The Council's main long term commitment is the £205 million debt resulting from the Government's Housing Revenue Account Self Financing reforms and the affordability and sustainability of this debt are addressed in the HRA business plan. General Fund borrowing to on-lend has been included within the capital programme and the impact of that borrowing assessed for affordability as part of the regular monitoring of treasury management.
20. The prudential indicators are set out in **Appendix D2**.

Background Papers: the following background papers were used in the preparation of this report:

Revised investment guidance from the DCLG dated 11th March 2010
Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes (CIPFA) 2011 edition
Treasury Risk Management Toolkit for Local Authorities (CIPFA) 2012 edition
The Prudential Code for Capital Finance in Local Authorities (CIPFA) 2011 edition

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BORROWING AND INVESTMENT STRATEGY 2016-2017

1. Introduction

1.1 South Cambridgeshire District Council has adopted the Code of Practice for Treasury Management in the Public Services, 2011 edition, issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and complied with the Guidance issued by the Department for Communities and Local Government (DCLG) on behalf of the Secretary of State, **with the exception of the reporting requirements to full Council.**

1.2 It is a statutory requirement under Section 33 of the Local Government Finance Act 1992, for the Council to produce a balanced budget. In particular, Section 32 requires a local authority to calculate its budget requirement for each financial year to include the revenue costs that flow from capital financing decisions. This means that increases in capital expenditure must be limited to a level whereby increases in charges to revenue from:

- a) increases in interest charges caused by increased borrowing to finance additional capital expenditure,
- b) any increases in running costs from new capital projects, or
- c) the loss of interest on balances or reserves arising from their use in financing the capital expenditure,

are limited to a level which is affordable within the projected income of the council for the foreseeable future.

2. Defined Activities

2.1 Treasury Management is defined as the management of the Council's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

3. Policy

3.1 This Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation, and any financial instruments entered into to manage these risks.

3.2 This Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.

- 3.3 The Council attaches a high priority to a stable and predictable revenue cost from treasury management activities. The Council's objectives in relation to debt and investment can accordingly be stated as follows:
- a) To assist the achievement of the Council's service objectives by obtaining funding and managing the debt and treasury investments at a net cost which is as low as possible, consistent with a high degree of interest cost stability and a low risk to sums invested.
 - b) This means the Council takes a low risk position but is not totally risk averse. Treasury management staff have the capability to actively manage treasury risk within the scope of the Council's treasury management policy and strategy.
 - c) The following activities may be appropriate, depending on the circumstances at the time, to the extent that skills and resources are available:
 - (i) The Council will borrow at fixed or variable rate across a wide range of maturities, taking account of a liability benchmark which represents the lowest risk position
 - (ii) Within limits, however, the Council will seek to borrow more at maturities that it believes offer better value, and will consider early repayment and replacement of loans to rebalance portfolio risks as market conditions change
 - (iii) When investing surplus cash, the Council will not limit itself to making deposits with the UK Government, but may invest in other bodies including high investment grade financial institutions, or other organisations as set out in the investment policy.
 - d) The Council will seek to limit the risk of adverse interest rate changes on the budget, and will maintain a level of treasury skills, knowledge and access to information commensurate with managing risks at this level.

4. **Governance**

4.1 This Council will create and maintain, as cornerstones for effective treasury management:

- (a) a treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities; and
- (b) suitable treasury management practices (TMPs), setting out the manner in which the Council will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.

The content of the policy statement and TMPs will follow the recommendations contained in sections 6 and 7 of the Code, subject only to amendment where necessary to reflect the particular circumstances of this Council. Such amendments will not result in the Council materially deviating from the Code's key principles.

4.2 This Council will receive reports on its treasury management policies (TMPs), practices and activities, including as a minimum, an annual strategy in advance of the year, a mid-year review and an annual report after its close, in the form prescribed in its TMPs. The TMP is supplemented by a systems document covering treasury

management procedures; the detail of how to apply practices for use by officers in their 'day to day' work on treasury management.

- 4.3 This Council delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to the Finance and Staffing Portfolio Holder, and for the execution and administration of treasury management decisions to the Chief Financial Officer, who will act in accordance with the Council's policy statement and TMPs and, if he/she is a CIPFA member, CIPFA's Standard of Professional Practice on Treasury Management.
- 4.4 This Council nominates the Corporate Governance Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

5. **Strategy**

- 5.1 On 1st April 1996 the Council became debt-free but under the Government scheme for Housing Revenue Account (HRA) Self-financing was required to take on debt of around £205 million on 28 March 2012. The Council raised this money from the Public Works Loan Board in order to take advantage of the special (lower) rate available only to local authorities with debt under HRA Self-financing. The debt transactions were arranged on 26 March 2012 and effected on 28 March 2012.
- 5.2 The HRA Business Plan includes 41 maturity loans in tranches of £5 million each at fixed rates of interest with maturities every six months from March 2037 to March 2057 (25 to 45 years). Any Public Works Loan Board debt has to be held for at least one year before it can be prematurely repaid and, therefore, a strategy for monitoring debt with a view to debt rescheduling will be incorporated in future investment strategies.
- 5.3 Following HRA Self-financing the Council has adopted a two pool approach whereby long term loans are split between the Housing Revenue Account and General Fund, the principles to be applied are:
- (a) Future charges to the HRA in relation to borrowing are not influenced by General Fund decisions, giving a greater degree of independence, certainty and control
 - (b) Un-invested balance sheet resources which allow borrowing to be below the capital financing requirement (CFR) are properly identified between General Fund and HRA
- 5.4 The Chief Financial Officer will only have delegated authority to deal in investments which are denominated in sterling and any payments or repayments in respect of the investments are to be payable only in sterling.
- 5.5 Credit arrangements are forms of credit which do not involve the borrowing of money and are defined by Section 7 Local Government Act 2003. The Chief Financial Officer shall only commit the Council to credit arrangements which have been approved either specifically or as part of the financing of the capital programme by the Cabinet and/or Council.
- 5.6 The Council's policy on the minimum revenue provision, being a provision for debt repayment to be set aside each year regardless of when debt repayment is actually made, will be either the asset life method calculated by dividing the cost of an asset by its estimated useful life, or an agreed percentage. Where a loan is made to a

wholly owned subsidiary of the Council, the loan is deemed to be secured on the assets of the company and, supported by the business plan, evidence of the ability to repay the loan, in which case no minimum revenue provision will be made. The Council will review the loan and business plan annually, where there is evidence which suggests the full amount of the loan will not be repaid it will be necessary to reassess the charge to recover the impaired amounts from revenue. Exceptionally, where capital expenditure is part of a loan agreement to other than a wholly owned subsidiary, the Council may register a fixed and floating charge over the counterparty assets to secure the Council interest in the investment, or alternately an equity share interest in an asset with value. The impact on HRA Self-financing is excluded from the calculation of the minimum revenue provision under statutory guidance issued by the Department of Communities and Local Government.

5.7 Any decision to outsource all or part of the treasury management function will require the approval of the Cabinet.

6. Operations and Prudential Indicators

6.1 The Chief Financial Officer will formulate:

- (a) a borrowing and investment strategy before the start of the financial year to be approved by Executive and Council;
- (b) a borrowing and investing plan in March of each year for the next five years which will incorporate the expenditure and income in the capital programme and capital and revenue financing decisions approved by the Council; and
- (c) short-term borrowing/investing plans at the beginning of each week for the current week.

6.2 The prudential indicators including those relating to treasury management are being approved by Council in February 2016 as part of the Medium Term Financial Strategy.

6.3 Where the planned capital programme indicates a borrowing need, other than for short term borrowing, and where investment interest rates are forecast to be below borrowing rates for the year internal borrowing will be considered; or where appropriate longer term external borrowing with the following approved organisations:

- Public Works Loans Board
- Local Capital Finance Company, and
- UK Local Authorities (excluding Parish Councils)

6.4 Investments will only be in non negotiable fixed time, callable and on call deposits to the following approved organisations and within the following limits:

Maximum investment limit to any one organisation within a group	Maximum proportion which may be held by each group at any time during the financial year
--	---

Groups of organisations	(£ million)	
The Treasury (the UK Debt Management Office's Debt Management Account)	unlimited	100%
Money Market Funds subject to the highest possible credit rating.	10.0	30%
UK Local Authorities (excluding Parish Councils) and LGA Municipal Bond Agency	10.0	75%
UK Banks (which are also retail)	10.0	60%
South Cambs Housing Ltd	20.0	60%
Subsidiaries of UK Banks (provided the subsidiaries are UK-incorporated deposit takers under the Financial Services and Markets Act 2000 and provided loans are for a maximum period of three months)	3.0	10%
Other Banks, Property Funds and Financial Institutions specifically approved by the Finance and Staffing Portfolio Holder (or formerly by Cabinet or Finance, Resources and Staffing Committee)	5.0	20%
Registered Housing Associations, subject to credit rating	5.0	20%
Building Societies:		100%
with assets greater than £10,000 million	10.0	
with assets between £10,000 million and £5,000 million	5.0	
with assets between £1,500 million and £5,000 million	3.0	

- 6.5 Investment in share capital, as non-specified investments, to the following approved organisations:
- The Local Capital Finance Company (Municipal Bond Agency)
 - South Cambs Limited (trading as Ermine Street Housing)
 - CCLA Local Authorities Property Fund
- or other organisations specifically approved by Cabinet.

7. Investment Security

- 7.1 The Chief Financial Officer shall review at least annually the list of approved organisations and make appropriate amendments to individual organisations on the list, but not to the principles on which it is compiled without the approval of the Cabinet.

7.2 The guidance (paragraph 1) determines specified investments as investments denominated in sterling, for less than twelve months, not in share or loan capital and with a high credit quality or with the Government or local authority. Non-specified investments may have greater potential risk and are any investments which are not specified. The groups of organisations set out above are restricted in order to give priority to security and will be used for both specified (less than twelve months) and non-specified investments (twelve months or more).

8. Credit risk assessment

8.1 The criteria for high credit quality will apply (except to public sector bodies) to both specified (less than twelve months) and non-specified investments (twelve months or more) and will apply to organisations as set out in paragraph 6.4 with a credit rating as set out in **Annex 1** and a bank financial strength rating greater than D+. The credit rating and bank financial strength rating of all approved organisations will be checked on a weekly basis and of a specific approved organisation immediately before an investment is made with that organisation. Ratings watch (heightened probability of rating change in the short term) and ratings outlook (credit rating may change in the next one to two years) will also be taken in to account.

9. Investment Consultants

9.1 External contractors offering information, advice and/or assistance are currently not used by the Council as treasury management performance is benchmarked against other organisations and a consistently good performance has been achieved for several years.

10. Investment Training

10.1 The needs of the Council's treasury management staff for training in investment management are reviewed as part of the annual performance and development review scheme and are addressed by attendance at seminars (usually the CIPFA Local Government Treasury Management Conference with periodic attendance at seminars offered by external organisations) and by keeping up to date with codes of practice and guidance issued by CIPFA and DCLG and information in the quality financial press.

11. Investment of money borrowed in advance of need

11.1 The Chief Financial Officer may undertake short term borrowing where it is associated with specific investments for longer periods and, thereby, take advantage of interest rate differentials or may undertake long term borrowing, with the approval of Finance and Staffing Portfolio Holder, where there is a clear link to the capital programme which supports the need for future borrowing.

12. Loans to approved organisations

12.1 Loans to organisations shall be on a secured basis funded from internal resources or from prudential borrowing following asset security, organisation and loan project appraisal, with the approval of the Chief Finance Officer and Finance and Staffing Portfolio Holder.

13. Delegation and Reporting

13.1 Delegation may be summarised as:

- a) to the Chief Financial Officer and/or Head of Finance, Policy and Performance:
 - (i) temporary borrowing/investing for up to 364 days
 - (ii) investments up to five years
 - (iv) capital financing
 - (v) credit arrangements;
- b) to the Chief Financial Officer and Finance and Portfolio Holder:
 - (i) long term borrowing
 - (ii) loans to approved organisations
- c) to the Cabinet:
 - (i) external management / use of external consultants; and
- d) to the Council:
 - (i) approval and any revisions to the annual investment strategy

12.2 The Chief Financial Officer shall present to:

- a) the Finance and Staffing Portfolio Holder quarterly updates on treasury management activity; and
- b) Corporate Governance Committee an annual report on the activities of the Treasury Management operation and on the exercise of Treasury Management powers delegated to them at the earliest practicable opportunity after the end of the financial year but in any case by the end of September.

To be approved by Council
25 February 2016

Long and Short Term Credit Ratings

	Grading (for the purpose of standardisation)	Fitch		Moody's		Standard & Poor's				
		Long Term	Short Term less than or equal to one year		Long Term	Short Term less than or equal to one year		Long Term	Short Term less than or equal to one year	
Investment Grade	Extremely strong Grade	AAA	F1+		Aaa	P-1		AAA	A-1+	
	Very Strong Grade	AA+	F1+		Aa1	P-1		AA+	A-1+	
		AA	F1+		Aa2	P-1		AA	A-1+	
		AA-	F1+		Aa3	P-1		AA-	A-1+	
	Strong, but susceptible to adverse conditions grade (strong grade)	A+	F1+	F1	A1	P-1		A+	A-1+	A-1
		A	F1		A2	P-1	P-2	A	A-1+	
		A-	F1	F2	A3	P-1	P-2	A-	A-1+	A-2
	Adequate grade	BBB+	F2		Baa1	P-2		BBB+	A-2	
		BBB	F2	F3	Baa2	P-2	P-3	BBB	A-2	A-3
		BBB-	F3		Baa3	P-3		BBB-	A-3	
Sub-investing Grade	Speculative grade	BB+	B		Ba1	Not Prime (NP)		BB+	B-1	
		BB	B		Ba2	NP		BB	B-2	
		BB-	B		Ba3	NP		BB-	B-3	
	Very speculative grade	B+	B		B1	NP		B+	-	
		B	B		B2	NP		B	-	
		B-	B		B3	NP		B-	-	
	Vulnerable grade	CCC	C		Caa1	NP		CCC+	C	
		CCC	C		Caa2	NP		CCC	C	
		CCC	C		Caa3	NP		CCC-	C	
		CC	C		-	NP		CC	C	
C		C		Ca	NP		C	C		
Defaulting grade	D	D		C	NP		D	D		

SCDC Investment Criteria

APPENDIX D2

Prudential Code for Capital Finance in Local Authorities Prudential Indicators for 2015-16 (revised) and 2016-17

1. Capital Expenditure

The actual capital expenditure that was incurred in 2014-15 and the estimates of capital expenditure to be incurred for the current and future years are:

	2014-15 Actual £ million	2015-16 Estimate £ million	2016-17 Estimate £ million	2017-18 Estimate £ million	2018-19 Estimate £ million	2019-20 Estimate £ million	2020-21 Estimate £ million
General Fund	3.368	19.149	34.706	26.752	46.681	7.949	2.514
Housing Revenue Account	12.115	15.855	13.832	11.248	9.621	8.905	8.883
Total	15.483	35.004	48.538	38.000	56.302	16.854	11.397

2. Affordability

Estimates of the ratio of financing costs to net revenue stream for the current and future years are:

	2014-15 Actual £ million	2015-16 Estimate £ million	2016-17 Estimate £ million	2017-18 Estimate £ million	2018-19 Estimate £ million	2019-20 Estimate £ million	2020-21 Estimate £ million
General Fund	-1%	-2%	-2%	-4%	-5%	-7%	-9%
Housing Revenue Account	24%	23%	24%	24%	25%	26%	25%

The negative figures reflect the Authority's General Fund position as a net investor, the interest earned being used to help fund the budget.

The other affordability indicator is the incremental impact of capital investment decisions on the council tax as shown below and, on the average weekly housing rents and this is considered to be not applicable as the increase/decrease in housing rents on the HRA is based on Government guidance and not on the amount of HRA capital expenditure.

Incremental Impact of Capital Investment Decisions	2015-16 Estimate £ p	2016-17 Estimate £ p	2017-18 Estimate £ p	2018-19 Estimate £ p	2019-20 Estimate £ p	2020-21 Estimate £ p
General Fund (increase/(decrease))	15.11	-3.85	26.68	-37.04	-2.81	0.00

3. Capital Financing Requirement

The capital financing requirement is capital expenditure which has not been fully financed from a local authority's own resources in the year but has been covered by raising external or internal debt. The capital requirement at 31 March 2015 is £208.996 million; thereafter:

	31/03/2015 Actual £ million	31/03/2016 Estimate £ million	31/03/2017 Estimate £ million	31/03/2018 Estimate £ million	31/03/2019 Estimate £ million	31/03/2020 Estimate £ million
General Fund	4.567	11.820	38.600	61.780	84.880	104.000
Housing Revenue Account	204.429	204.429	204.429	204.429	204.429	204.429
Total	208.996	216.249	243.029	266.209	289.309	308.429

The General Fund capital financing requirement fluctuates due to financing internally refuse vehicles, part of the purchase of wheeled bins and cash overdrawn on equity share repurchases, but this financing is then partly repaid over the period. The increase in capital financing requirement during 2015-16 being due to external borrowing for on-lending to South Cambs Limited, a wholly owned subsidiary of the Council, with further borrowing phased over the period to 2018-19.

4. External Debt

HRA self-financing required the Council to take on external debt of £205.123 million at the end on 2011/12 the Council obtained 41 individual loans with maturity dates between 2037 and 2057. General Fund external debt of £107.0 million relates to external borrowing for on-lending to South Cambs Limited with borrowing phased over the period to 2018-19.

The prudential indicators for external debt will be:

i. Authorised limit

	2014-15 Actual £ million	2015-16 Estimate £ million	2016-17 Estimate £ million	2017-18 Estimate £ million	2018-19 Estimate £ million	2019-20 Estimate £ million
Borrowing	205.1	219.0	240.0	260.3	283.7	316.0
Other Long Term Liabilities	0	0	0	0	0	0
Total	205.1	219.0	240.0	260.3	283.7	316.0

The authorised limit is the maximum limit consisting of HRA debt of £205 million and General Fund £34.9 million to take advantage of interest rate differentials and to meet immediate cash flow requirements and external debt. The authorised limit is the statutory affordable borrowing limit under Section 3 (1) Local Government Act 2003.

Net borrowing is set out in the table below and one of the key indicators of prudence is that net debt is not in excess of the capital financing requirement.

	2014-15 Actual £ million	2015-16 Estimate £ million	2016-17 Estimate £ million	2017-18 Estimate £ million	2018-19 Estimate £ million	2019-20 Estimate £ million
Borrowing	205.0	219.0	240.0	260.3	284.0	316.0
Investments	-43	-53	-53	-40	-40	-40
Net debt	162.0	166.0	187.0	220.3	244.0	276.0

Another indicator to highlight where an authority may be borrowing in advance of need is the ration of the net debt to gross debt.

	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Net debt to gross debt	78%	77%	77%	83%	84%	89%

ii. Operational boundary

The operational boundary for external debt is based on the same estimates as the authorised limit but reflects the most likely scenario and is expected to be £240 million for both borrowing and other long term liabilities increasing to £316.0 million in 2019-20.

iii. Actual debt

The third indicator for external debt is actual debt at the end of the last financial year (2014-15) and was £205.123 million.

5. Maturity Structure of Borrowing

As the Council will undertake long term borrowing to on-lend and, a minimal amount of short-term borrowing to take advantage of interest rate differentials and to meet immediate cash flow requirements and the HRA debt is at fixed rates, the upper limits to be set for borrowing will be:

	Under 12 Months	More than 12 months
Upper limit for fixed interest rate exposure	100%	100%
Upper limit for variable rate exposure	100%	0%

6. Treasury management

The Prudential Code requires the Authority to have adopted the CIPFA Code of Practice for Treasury Management in the Public Services: South Cambridgeshire has adopted this Code.

i. Liquidity of Investments

The procedure for determining the maximum periods for which funds may be prudently committed is to formulate the five years investing plan. No investments will be made for more than five years. The prudential indicators for principal sums invested for longer than 364 days being the maximum limit shall be:

Investment period	<i>Longer than 364 days but less than two years £ million</i>	<i>Longer than one year and 364 days but less than three years £ million</i>	<i>Longer than two years and 364 days but less than four years £ million</i>	<i>Longer than three years and 364 days but less than five years £ million</i>
Maximum Limit	10.0	8.0	6.0	4.0

ii. Interest rate Exposure

The Council will only undertake a minimal amount of short-term borrowing to take advantage of interest rate differentials and to meet immediate cash flow requirements; the upper limits for interest rate exposures are based on gross investments. These upper limits for the forthcoming financial year and the following two years will be:

Upper limit on gross investments	2016/17	2017/18	2018/19
Fixed Rate	100%	100%	100%
Variable rate	50%	50%	50%

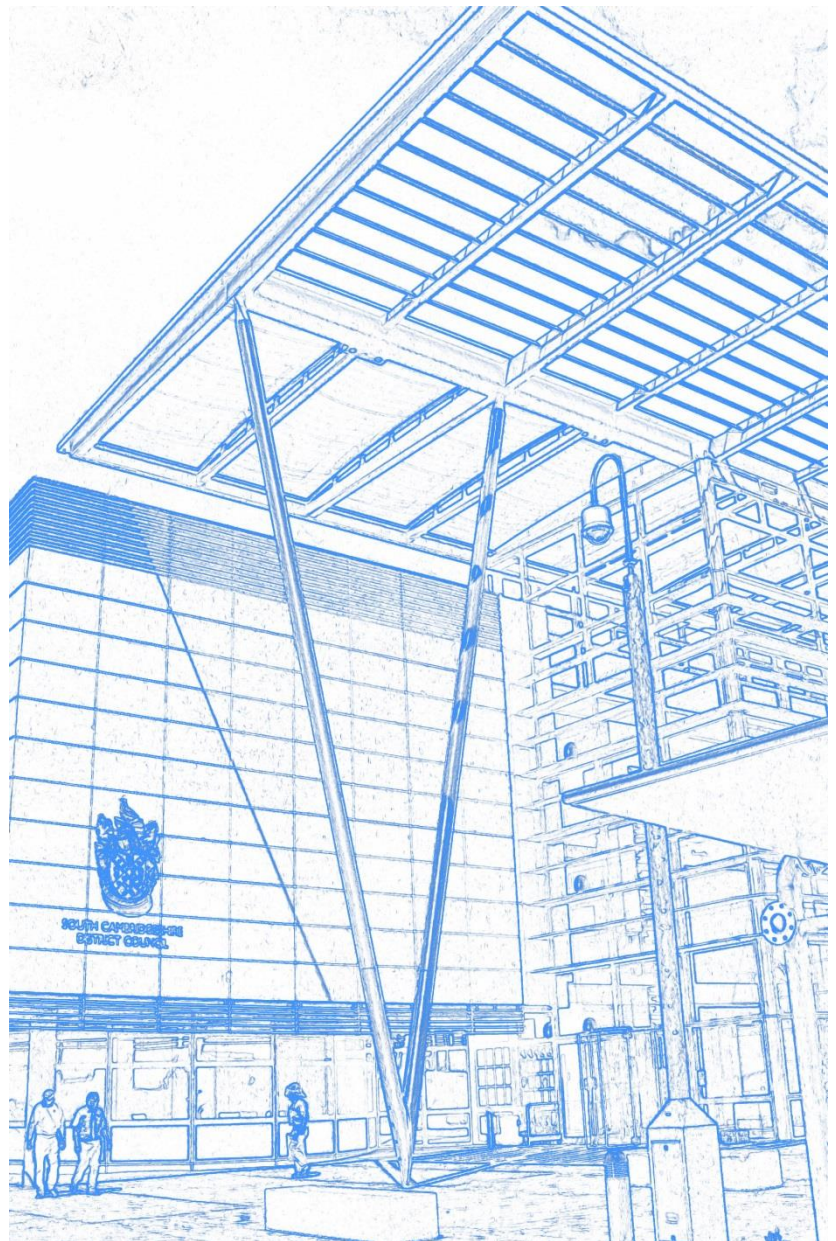
By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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Appendix D4 Capital Strategy 2016/17 to 2020/21



CAPITAL STRATEGY 2016/17 – 2020/21

1. INTRODUCTION

- 1.1 The Capital Strategy forms a key part of the Council's overall corporate planning framework. It provides the mechanism by which the Council's capital investment and financing decisions can be aligned with the Council's overarching corporate priorities and objectives over a medium term, five years, planning horizon.
- 1.2 The strategy sets the framework for all aspects of the Council's capital expenditure; including planning, prioritisation, management and funding. The strategy has direct links to the Council's Corporate Asset Management Plan and forms a key part of the Council's Medium Term Financial Strategy (MTFS).
- 1.3 The key aims of the Capital Strategy are to:
 - Provide a clear context within which proposals for new capital expenditure are evaluated to ensure that all capital investment is targeted at meeting the Council's Vision, Aims, Approaches and Actions;
 - Deliver projects that focus on delivering revenue benefits in the form of spend to save, spend to earn or generate growth in revenue income;
 - Set out how the Council identifies, programmes and prioritises capital requirements and proposals arising from business plans, service plans, the Asset Management Plan (AMP) and other related strategies;
 - Consider options available for funding capital expenditure and how resources may be maximised, to generate investment in the area, to determine an affordable and sustainable funding policy framework whilst minimising the ongoing revenue implications of any such investment;
 - Identify the resources available for capital investment over the MTFS planning period; and
 - Establish effective arrangements for the management of capital expenditure including the assessment of project outcomes, budget profiling, deliverability, and the achievement of value for money.

2. CAPITAL PROGRAMME NEEDS AND PRIORITIES

- 2.1 Underlying the capital strategy is the recognition that the financial resources available to meet corporate priorities are constrained in the current economic and political climate. Central government support for capital investment has reduced significantly over the last few years, along with these reductions is the recognition that the Council must rely on internal resources and find ways in which investment decisions can be either self-sustaining or generate positive returns both in terms of meeting corporate objectives and producing revenue savings.

- 2.2 Against the background of limited central government support the Asset Management Plan identifies the total capital investment need to support the Council's aims and objectives such as housing and economic development.
- 2.3 Significant investment in council housing over the last few years has succeeded in producing a property portfolio generally at or above the decent homes standard. Recent government proposals to reduce property rentals will impact on the Council's ability to continue this level of programme necessitating a strategic review of assets, service delivery and financing.
- 2.4 Given the majority of the Council's assets are housing there is limited opportunities to raise capital receipts through disposal of assets, therefore the limited capital resources available through grant, capital receipts and private sector contributions are prioritised to maximise outputs with minimum ongoing future revenue costs.
- 2.5 Capital investment in the Council's wholly owned subsidiary, Ermine Street Housing, offers the opportunity to realise interest receipts which will contribute to Council revenue funding.
- 2.6 Cambridgeshire is an area of growth with the Government's City Deal offering financial support, together with capital investment from the Council, to local partners to deliver additional infrastructure to facilitate the delivery of the homes and business space set out in the draft local plans for the Cambridge City and South Cambridgeshire District Council areas. This will in turn contribute towards council funding in the longer term in the form of additional council tax and business rates receipts.
- 2.7 Another opportunity under consideration is the designation of Enterprise and Development Zones which have the potential to offer incentives to enable the creation of new businesses and employment.
- Economic Investment
The Council will continue to seek investments that generate longer term growth. These projects will yield a combination of revenue generation (business rates or interest), jobs and capital infrastructure investment, based on sound business cases.
 - Housing
Significant investment has been made in recent years to raise the standard of council dwellings to above the Government's decent homes standard, planned programmes will continue but within the changed and challenging restrictions resultant from future reductions in rental income.

Housing Partnerships
 - A joint venture with Cambridgeshire County Council and Cambridge City Council to deliver a shared governance Housing Development Agency will pool resources to complement the market driven housing development process, and provide an opportunity to support delivery of an additional 1,000 dwellings on exception sites by 2031, approximately 2,000 homes through new build strategies and, to act on land and funding opportunities proposed by the County Council and the University and Colleges meeting aspirations to retain a long term stake in any development and the draw down of revenue stream incomes.
 - Corporate Property
 - To manage its maintenance liability the Council is rationalising its office accommodation through sub-let of office space so providing a contribution to ongoing revenue savings.

In addition a process of on-going reviews will identify potential alternate use of office buildings and car park for capital investment to generate long term revenue savings.

ICT

- The Council's ICT service is shared with Cambridge City and Huntingdonshire District Council, appropriate investment into ICT hardware and software will be undertaken on a case by case basis, the primary focus being improved technologies on a spend to save basis.

Refuse and Recycling Collection

- A shared trade and domestic waste collection service with Cambridge City supported by capital investment will achieve long term revenue savings through service rationalisation and vehicle efficiencies.

Community Projects

- Capital grants to other organisations where the Council incurs no staff or other recurring costs; these organisations are expected to raise additional capital resources from the National Lottery, Sports Council, etc. The Council has a funding toolkit on its website to assist organisations seeking funding.

2.8 The Council's capital investment falls within, and needs to comply with, the 'Prudential Code for Capital Finance in Local Authorities' (The Code). Under the Code local authorities have greater discretion over the funding of capital expenditure especially the freedom to determine, within the regulatory framework of the Code, the level of borrowing they wish to undertake to deliver their capital plans and programmes.

2.9 The Council has various mechanisms in place which seek to ensure that there is an integrated approach to addressing cross-cutting issues and developing and improving service delivery through its capital investment in pursuance of the Council's over-arching aims. These include:

- Democratic decision making and scrutiny processes which provide overall political direction and ensure accountability for the investment in the capital programme. These processes include:
 - The Council which is ultimately responsible for approving investment and the capital programme;
 - The Cabinet which is responsible for setting the corporate framework and political priorities to be reflected in the capital programme, Cabinet receiving quarterly monitoring reports;
 - The Scrutiny and Overview Committee which is responsible for scrutiny of the Capital Strategy and capital programme.
- Officer groups which bring together a range of service interests and professional expertise. These include:
 - The Executive Management Team which has overall responsibility for the strategic development, management and monitoring of the capital programme;
 - Specific project boards with wide ranging membership, for example the City Deal Board;
 - Management teams overview of reports for investments prior to Cabinet and Executive Management Team approval;
 - Management groups are also created to oversee significant capital projects as required.

- An integrated service and financial planning process; within this framework all proposals for capital investment are required to demonstrate how they contribute to the Council's aims and objectives. The evaluation process for investment proposals aligning corporate objectives with costs and benefits ensuring delivery of efficiency and value for money.

3. FUNDING STRATEGY

- 3.1 In general terms, the major source of capital funding available to the Council has been grant approvals allocated by Central Government to specific or non-specific projects. This is a diminishing resource and where a priority is identified alternate funds need to be sourced.
- 3.2 There are a range of other potential funding sources which may be generated locally either by the Council itself or in partnership with others. Each project or programme will be subject to the approval process to include funding and lifetime costings of the asset going forward.
- 3.3 New sources of funding are being identified in partnership with neighbouring authorities and organisations, for example City Deal.
- 3.4 Unallocated capital receipts received prior to April 2012 are available for general use and as such will be used for General Fund and/or Housing Revenue Account capital expenditure. Capital receipts received after April 2012 primarily relate to HRA property and land sales, the use of which is detailed in the Housing Revenue Account Business Plan and Council capital programme.
- 3.5 **Minimum revenue provision**
 The Council's policy on the minimum revenue provision, being a provision for debt repayment to be set aside each year regardless of when debt repayment is actually made, will be either the asset life method calculated by dividing the cost of an asset by its estimated useful life, or an agreed percentage. Where a loan is made to a wholly owned subsidiary of the Council, the loan is deemed to be secured on the assets of the company and, supported by the business plan, evidence of the ability to repay the loan, in which case no minimum revenue provision will be made. The Council will review the loan and business plan annually, where there is evidence which suggests the full amount of the loan will not be repaid it will be necessary to reassess the charge to recover the impaired amounts from revenue.
 Exceptionally, where capital expenditure is part of a loan agreement to other than a wholly owned subsidiary, the Council may register a fixed and floating charge over the counterparty assets to secure the Council interest in the investment, or alternately an equity share interest in an asset with value. The impact on HRA Self-financing is excluded from the calculation of the minimum revenue provision under statutory guidance issued by the Department of Communities and Local Government.
- 3.6 The Capital Strategy, the outcomes of which inform the Medium Term Financial Strategy, is intended to consider all potential funding options open to the Council and to maximise the financial resources available for investment in service provision and improvement within the framework of the Medium Term Financial Strategy. The main sources of capital funding are summarised below:

4. Central Government

- 4.1 Grants are allocated in relation to specific programmes or projects and the Council would seek to maximise such allocations, developing appropriate projects which reflect government and partnership led initiatives and agendas while addressing the needs of the district. A significant amount of current funding is in the form of the New Homes Bonus part of which is allocated to fund future capital infrastructure investment and City Deal funding, any reduction in this grant will have a direct effect on the delivery of these initiatives.

5. Third Party Funding

- 5.1 Capital grants; these represent project specific funding for capital projects, in addition to that from Central Government, which is more usually received from quasi-government sources or other national organisations. In developing capital proposals the Council will seek to maximise such external contributions, subject to any related grant conditions being consistent with the Council's policy, aims and outcomes.
- 5.2 The Council will seek opportunities to bid for future resource allocations using innovative service delivery vehicles for example through enterprise zones.

6. Private Contributions

- 6.1 The Council will also seek to implement the new Community Infrastructure Levy to support on-going investment.
- 6.2 The Council will continue to work with the private sector to utilise or re-purpose redundant assets to facilitate regeneration and employment creation.

7. Locally generated funding

- 7.1 Prudential 'unsupported' borrowing: under the Prudential Code the Council has discretion to undertake borrowing to fund capital projects with the full cost of that borrowing being funded from within Council resources as identified in the Medium Term Financial Strategy and annual budgets. This discretion is subject to compliance with the Code's regulatory framework which requires any such borrowing to be prudent, affordable and sustainable.
- 7.2 Historically, the main source of funding for local authorities has been the Public Works Loans Board; an alternate source for future funding is the Local Government Agency's vehicle the Local Capital Finance Company.
- 7.3 Given the pressure on the Council's revenue budget in future years, prudent use will be made of this discretion in cases where there is a clear financial benefit such as invest to save, spend to earn or regeneration schemes which do not increase expenditure in the longer term.
- 7.4 Such schemes will focus on the Council's Aims and Objectives with investment generating revenue benefits in future financial years, in the form of interest, income, council tax or business rate yield.
- 7.5 The Council will continue to consider on a prudent basis the extent to which prudential borrowing may be undertaken to fund new capital investment, which generates returns over and above the revenue costs of the debt.
- 7.6 Capital receipts from asset disposal; the majority of disposals relate to dwellings sold under the government right to buy scheme, the scheme allows the retention of some of the receipts subject to certain conditions i.e. used to fund the delivery of new social housing to a

maximum of 30% of any dwelling funded through this method, the balance being funded from the Council's own resources or through borrowing.

- 7.7 Government proposals suggest local authorities should be required to sell high value properties on the open market at the point the property becomes void, a payment being due to Central Government in respect of a sum derived from an estimate of the high value properties becoming vacant in the year, thereby reducing the capital receipt available to the authority.
- 7.8 Capital receipts from asset disposal are a finite funding source and it is important that a planned and structured manner of disposals is created to support the priorities of the Council. Cash receipts from the disposal of surplus assets are to be used to fund new capital investment as and when received.
- 7.9 Lease finance: where alternative funding is not available for vehicles or minor equipment and the revenue budget does not allow for a full capital repayment and there is a robust business case then the option of leasing may be considered. The financing of expenditure by lease needs to take into account;
- Value of expenditure
 - Residual value
 - Life span of equipment matching funding proposed
 - Equipment to be replaced is part of a rolling programme that covers the whole service area or by type of equipment
- 7.10 The Council has a programme of vehicle replacement currently funded internally, historic vehicles hire contracts are replaced as capital purchases as contracts expire.
- 7.11 Revenue: capital expenditure may be funded directly from revenue as specific budget provision, however, the general pressures on the Council's revenue budget and council tax levels limits the extent to which this may be exercised as a source of capital funding
- 7.12 REFCUS or revenue expenditure funded from capital under statute describes transactions that would not be capitalised under proper accounting practice, but are defined as capital expenditure under the Local Government Act 2003 and its associated regulations. Examples of Council REFCUS expenditure are disabled facilities grants or community grants where the asset does not belong to the Council and which are funded from external grants, capital receipts or revenue.
- 7.13 Council resources will be allocated to programmes based on asset values to manage long term yield and revenue implications. Where possible capital receipts will be focussed on those assets with short term life span, e.g. vehicles and equipment, and the unsupported borrowing on long term assets e.g. land and buildings.

8. RESOURCES

- 8.1 The Capital Programme for 2016/17 to 2020/21 is attached as Appendix A and is included in the revenue and capital estimates report to Cabinet and Council.

9. GOVERNANCE OF THE CAPITAL PROGRAMME

- 9.1 The Council reviews its capital requirements and determines its capital programme within the framework of the Medium Term Financial Strategy and as part of the annual budget process. Resource constraints mean the Council continually needs to prioritise expenditure in the light of its aims and objectives and consider alternate solutions. Investment appraisal forms and the criteria for prioritising capital bids are shown as Appendices B to D.
- 9.2 To ensure that available resources are optimally allocated capital programme planning is determined in parallel with the service and revenue budget planning process within the framework of the MTFS. The Council's budget cycle is given at Appendix E. New programmes and projects will be appraised to determine affordability and alignment with the Council's Aims and Objectives.
- 9.3 Quarterly reports will continue to be submitted to Cabinet that identify:
- New resource allocations
 - Slippage in programme delivery
 - Programmes reduced or removed
 - Virement between schemes and programmes to maximise delivery
 - Revisions to spend profile and funding to ensure minimisation of ongoing revenue costs
 - Projected outturn
- 9.4 Council assets are kept under review, valuations of land and property being undertaken by a professionally qualified valuer every five years, with an annual review at year end to ensure material changes in asset value are accounted for. The Corporate Asset Management Plan (Appendix F), Housing Revenue Account Business Plan and capital programme ensuring a comprehensive forward plan of maintenance and improvement work is maintained and delivered.

Capital Programme 2016/17 to 2020/21

Capital Programme	Estimate 2016/2017 £	Estimate 2017/2018 £	Estimate 2018/2019 £	Estimate 2019/2020 £	Estimate 2020/2021 £
General Fund	34,492,250	26,612,400	46,611,100	2,829,950	7,491,200
Housing Revenue Account	14,436,330	13,751,170	13,044,540	13,277,670	10,464,330
Total Capital Expenditure	48,928,580	40,363,570	59,655,640	16,107,620	17,955,530
Financed by :					
Capital Receipts	(3,986,353)	(3,803,337)	(3,485,129)	(3,579,495)	(3,277,500)
Housing & Planning Delivery Grant	(84,600)	(84,600)	(84,600)	(36,755)	0
Other Grants and Contributions	(742,000)	(740,000)	(619,000)	(619,000)	(619,000)
HRA Depreciation Reserve	(6,332,970)	(10,213,060)	(9,073,180)	(8,554,700)	(8,533,070)
Reserves	(330,000)	(509,400)	(673,100)	(444,700)	(444,700)
Housing Revenue Account (Revenue Contribution)	(5,691,200)	(140,000)	(70,000)	(118,750)	(22,500)
General Fund (Revenue Contribution)	(150,000)	0	0	0	0
Cash Overdrawn re Commercial vehicles	(712,000)	(2,502,000)	(180,000)	0	0
Cash Overdrawn re GF Equity Share Properties	0	0	0	0	0
Borrowing	(30,732,000)	(21,206,000)	(43,409,000)	0	0
New Homes Bonus Infrastructure Reserve	0	0	0	0	(5,000,000)
Financing Adjustment	0	0	0	0	0
Total Capital Financing	(48,761,123)	(39,198,397)	(57,594,009)	(13,353,400)	(17,896,770)

HOUSING REVENUE ACCOUNT	Estimate 2016/2017 £	Estimate 2017/2018 £	Estimate 2018/2019 £	Estimate 2019/2020 £	Estimate 2020/2021 £
Repurchase of HRA Shared Ownership Homes	300,000	300,000	300,000	300,000	300,000
Reprovision of Existing Homes	447,470	1,789,900	0	0	0
Provision of New Homes	3,756,190	1,906,120	3,549,230	3,782,100	0
Grants to Registered Providers for New Homes	390,600	962,700	487,800	441,300	1,500,000
Improvement of Housing Stock	9,328,320	8,652,450	8,637,510	8,635,520	8,641,830
HRA share of Corporate ICT Development	213,750	140,000	70,000	118,750	22,500
Housing Revenue Account Capital Expenditure	14,436,330	13,751,170	13,044,540	13,277,670	10,464,330
GENERAL FUND	Estimate 2016/2017 £	Estimate 2017/2018 £	Estimate 2018/2019 £	Estimate 2019/2020 £	Estimate 2020/2021 £
ICT Development:	580,000	235,000	340,000	525,000	90,000
less: HRA share of Corporate ICT Development	(213,750)	(140,000)	(70,000)	(118,750)	(22,500)
Communications - Website Development	25,000	25,000	0	0	0
South Cambridgeshire Hall	75,000	0	0	0	0
Advance funding for Housing Company	30,732,000	21,206,000	43,409,000	0	0
City Deal: Contribution towards A14 upgrade	0	0	0	0	5,000,000
Refuse Collection Service	687,000	2,409,400	344,100	14,700	14,700
Awarded Watercourses	0	100,000	0	0	0
Street Cleansing	75,000	197,000	179,000	0	0
Air Quality Monitoring Equipment	0	50,000	0	0	0
Housing General Fund Share of HRA Capital Expenditure	10,000	10,000	10,000	10,000	10,000
Repurchase of General Fund Sheltered Properties	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000
Refurbishment of General Fund Equity Share Properties	200,000	200,000	200,000	200,000	200,000
Grants for the provision of Social Housing	402,000	400,000	279,000	279,000	279,000
Empty Homes Grants	50,000	50,000	50,000	50,000	50,000
Improvement Grants/Loans	770,000	770,000	770,000	770,000	770,000
General Fund Capital Expenditure	34,492,250	26,612,400	46,611,100	2,829,950	7,491,200

Investment Appraisal: Proposals for Capital Projects less than £25,000

(For inclusion in the draft Capital Programme for the financial years 2016/17 – 2020/21)

1	Service						
2	Service Manager						
3	Brief Details of Proposal						
4. Costs (All £000s)		2016/17	2017/18	2018/19	2019/20	2020/21	Total gross cost
Financial Year in which expenditure is expected to be incurred							
5	What is the estimated life expectancy of the asset related to the proposal?						
6	What benefit will service users or residents experience as a result of the expenditure?						
7	How many individuals/properties will benefit from the expenditure?						
8	What evidence is there of public, tenant and/or user support for the proposal?						
9	Which of the 2016/17 priorities will the proposal address and how?						
10	How will performance indicators be affected?						
11	Is this expenditure required to enable the Council to meet a statutory requirement? If so, please give a description of the relevant requirement.						
12	What will be the implications for the Council of not proceeding with the proposed investment?						

13	How could the same outcome be achieved without the proposed expenditure?							
14	Is there likely to be any external funding contribution? If so, from where? (Please attach a copy of any written confirmation)							
15. Contribution (£000s)		2016/17	2017/18	2018/19	2019/20	2020/21	Total contribution	
Financial Year in which contribution is expected to be received								
16. Revenue impact (£000s)		Reason		2016/17	2017/18	2018/19	2019/20	2020/21
Estimated consequential financial impact on net revenue expenditure of the proposal		Additional: income expenditure						
		Reduction in: income expenditure						
		Total for year						
17	Are any revenue changes likely to continue after 2020/21? If so, please complete the attached schedule?							
18	Brief description of the reasons for any revenue changes shown in 16							

REVENUE IMPACT OF THE PROPOSAL FOR FINANCIAL YEARS 2021/22 to 2038/39

To be completed if appropriate

Financial Year	Estimated Addition to:		Estimated Reduction in:	
	Income £(000)	Expenditure £(000)	Income £(000)	Expenditure (£000)
2021/22				
2022/23				
2023/24				
2024/25				
2025/26				
2026/27				
2027/28				
2028/29				
2029/30				
2030/31				
2031/32				
2032/33				
2033/34				
2034/35				
2035/36				
2036/37				
2037/38				
2038/39				
2039/40				
2040/41				
2041/42				
2042/43				
2043/44				
2044/45				
2045/46				
2046/47				

Investment Appraisal: Proposals for Capital Projects Greater than £25,000

(For inclusion in the draft Capital Programme for the financial years 2016/17–2020/21)

1	Service						
2	Service Manager						
3	Brief Details of Proposal						
4. Costs (All £000s)		2016/17	2017/18	2018/19	2019/20	2020/21	Total gross cost
Financial Year in which expenditure is expected to be incurred							
5	What is the estimated life expectancy of the asset related to the proposal?						
6	What benefit will service users or residents experience as a result of the expenditure?						
7	How many individuals/properties will benefit from the expenditure?						
8	What evidence is there of public, tenant and/or user support for the proposal?						
9	Which of the 2016/17 priorities will the proposal address and how?						
10	How will performance indicators be affected?						
11	Is this expenditure required to enable the Council to meet a statutory requirement? If so, please give a description of the relevant requirement.						
12	What will be the implications for the Council of not proceeding with the proposed investment?						

13	How could the same outcome be achieved without the proposed expenditure?							
14	Is there likely to be any external funding contribution? If so, from where? (Please attach a copy of any written confirmation)							
15. Contribution (£000s)		2016/17	2017/18	2018/19	2019/20	2020/21	Total contribution	
Financial Year in which contribution is expected to be received								
16. Revenue impact (£000s)		Reason		2016/17	2017/18	2018/19	2019/20	2020/21
Estimated consequential financial impact on net revenue expenditure of the proposal		Additional: income expenditure						
		Reduction in: income expenditure						
		Total for year						
17	Are any revenue changes likely to continue after 2020/21? If so, please complete the attached schedule?							
18	Brief description of the reasons for any revenue changes shown in 16							

REVENUE IMPACT OF THE PROPOSAL FOR FINANCIAL YEARS 2021/22 to 2038/39

To be completed if appropriate

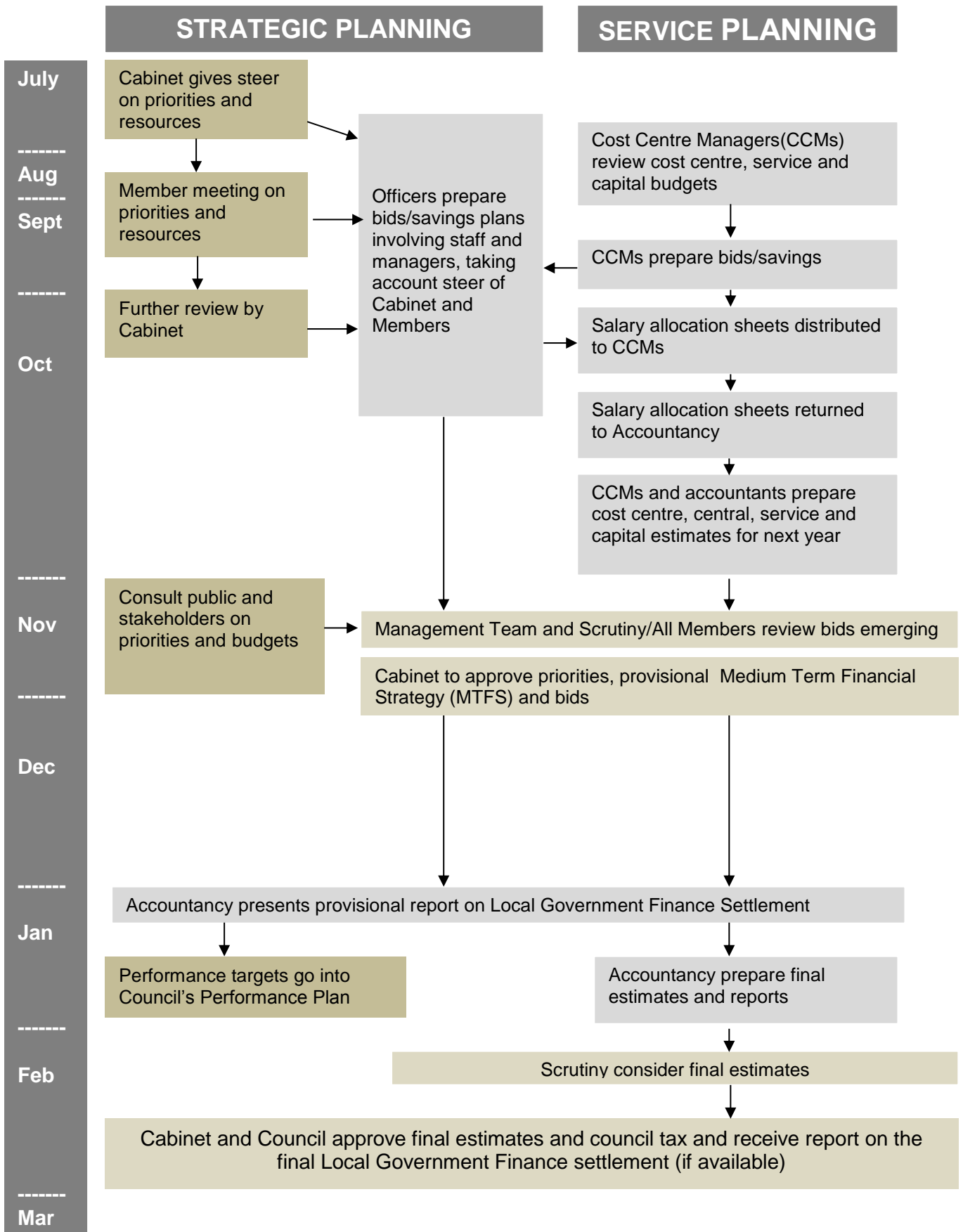
Financial Year	Estimated Addition to:		Estimated Reduction in:	
	Income £(000)	Expenditure £(000)	Income £(000)	Expenditure (£000)
2021/22				
2022/23				
2023/24				
2024/25				
2025/26				
2026/27				
2027/28				
2028/29				
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2046/47				

Investment Appraisal: Criteria for Prioritising Financial Bids

The following are suggested

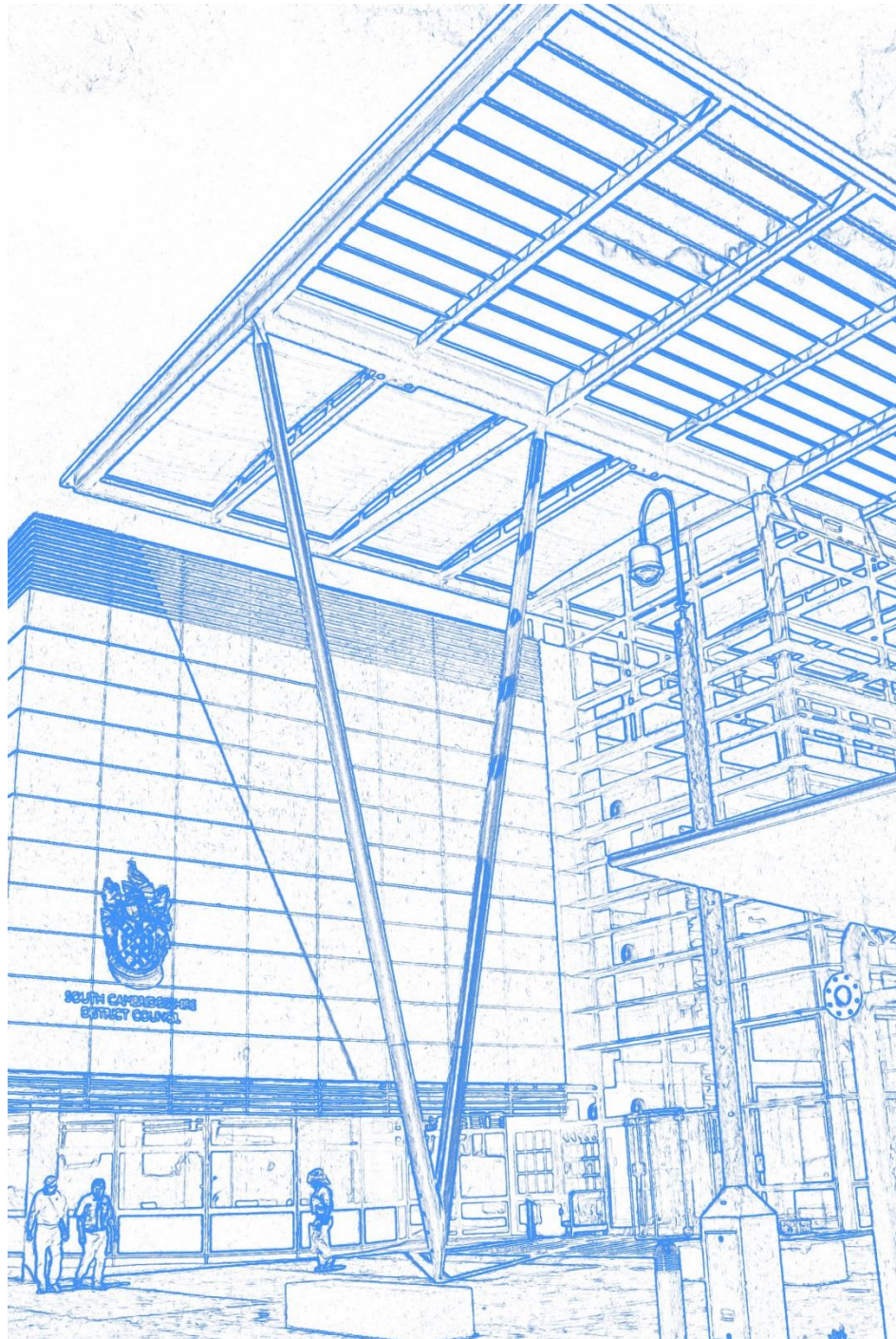
		Score	Scoring Guide
1	Statutory Requirement?	8	Statutory requirement – high risk that non-compliance will have substantial legal or reputational implications
		5	Statutory requirement – medium risk from non-compliance
		3	Statutory requirement – low risk from non-compliance
		3	Not statutory – but high expectation from KLOEs/audit etc.
		0	Non statutory
2	Support for Corporate Aims	6	High relevance/essential to one of service priorities – will have substantial quantifiable impact on a key performance indicator
		3	Relevant to one of service priorities, with quantifiable impact – but not measurable by PI
		2	Will have some impact on a service priority – but not measurable
		1	Relevance to one of Corporate Aims
		0	Not related to Corporate Aims
3	Impact on the public - number	3	Bid will benefit all or most people in the district
		2	Bid will benefit a significant number of people across the district
		1	Effect of bid is confined to relatively small number of people or a particular locality
		0	No impact on public
4	Impact on public – extent of impact	3	Will make major impact on the lives of public who benefit
		2	Will make moderate impact on people's lives
		1	Will make relatively small impact on people's lives and their quality of life
		0	No direct impact on people's lives or quality of life
5	Value for money		Divide the cost of the bid (2016/17 cost in thousands) by the total from questions 1-4 – then score as follows:-
		4	If the result is <1
		3	If the result is 1-2
		2	If the result is 2.1 –5
		1	If the result is 6-10
		0	If the result is > 10

SOUTH CAMBS DISTRICT COUNCIL BUDGET CYCLE



SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL CORPORATE ASSET MANAGEMENT PLAN

2016/17 – 2020/21



Corporate Asset Management Plan

CONTENTS

1. Introduction
2. Role of Assets
3. Key Challenges
4. Strategic Investment Priorities
5. Funding and Delivery Options
6. Managing and Monitoring

CORPORATE ASSET MANAGEMENT PLAN

1. INTRODUCTION

After its staff the Council's land and property is the next biggest resource. It is vital that this resource is managed and used effectively and efficiently to ensure that the Council derives maximum benefit from its assets in support of its strategic aims and priorities.

The continued pressure on local authority finances makes it more critical that the authority has a robust strategic approach to ensure the correct decisions are taken regarding its asset base.

The plan forms part of a suite of documents, including the Capital Strategy and Capital Programme, supporting and informing the Medium Term Financial Strategy and its budget for 2016/17 to 2020/21.

The Council will continue to challenge how assets are used, looking at other alternate options for asset use and service delivery to maintain front line services within the constrained budgetary framework which local authorities continue to operate within.

2. ROLE OF ASSETS

The use and management of the authority's assets can play a key role in the delivery of corporate and local priorities, as well as shape and influence the quality of life and sustainable economic growth for local people and businesses.

It is critical that the assets the Council retains are fit for purpose, provide value for money and meet and support the needs of both community and businesses. Decisions to invest and improve the asset base are made on the same robust and transparent basis. Assets will be retained where it can be clearly demonstrated they

- Contribute to the effective delivery of business provision, i.e. the condition and performance of the asset does not impede service delivery;
- Support and meet the social, economic and environmental well-being objectives of the community;
- Assist in the delivery of the Council's objective to deliver quality housing, economic growth and to benefit from partnership working opportunities
- Provide value for money in respect of current and future investment

2.1 The Council's largest asset group are housing dwellings, approximately 5,500, of which equity share properties account for about 370 of the total. These properties are rented, or in the case of equity shares sold, as they become vacant realising revenue income and capital receipts to the Council.

2.2 Other significant assets include land and buildings. The Council's purpose built office (completed in 2004) serves as an accommodation hub for the majority of the Council's services, the exception being the Shared Waste and Recycling Service based at leased offices in Landbeach. Two smaller hub offices are sited in villages within the district, approximately 180 smaller parcels of land and 45 communal rooms on sheltered housing schemes complete the land and building assets.

- 2.3 The third group of assets include vehicles and equipment, these include waste and recycling vehicles, various vehicles used as part of the awarded watercourses service and equipment, being primarily related to information and communications technology.
- 2.4 Infrastructure assets, primarily related to awarded watercourses, and Heritage assets constitute the final groups, the latter including civic regalia, vases and other small items which require little or no revenue cost in their maintenance.

3. KEY CHALLENGES

In developing a rolling 5 year plan the Council will need to have a flexible approach to take account and accommodate a variety of factors and challenges which will impact on the future of the asset base. In summary these include:

National view

Local Government settlement will continue to result in year on year reductions in available revenue and traditional forms of grant funding, all of which place increased pressure on how the Council uses and manages its assets in support of service delivery. This will continue to place greater pressure on the Council to improve the revenue it can generate whilst at the same time make revenue savings through disposals and improved usage of assets.

Housing Rents - from 2016/17 and beyond, a Government requirement to reduce rents by 1% for four years, initially from April 2016, will lead to an estimated loss of £1.1m income in 2016/17. Previous housing strategy assumed annual rent increases allowing for set aside for the repayment of debt and revenue funding support of revenue and capital expenditure.

Right to Buy receipts - the Council is subject to the revised agreement with the Department for Communities and Local Government (CLG) allowing the retention of some right to buy receipts, subject to a set of specific conditions. The agreement requires a maximum of 30% of receipts to be used to fund delivery of new social housing, the reduction of rental income has reduced the Council's ability to fund the remaining 70% from its own resources or borrowing. If retained receipts are not used appropriately on social housing they can be passed to registered providers or paid to central government.

Mandatory disposal of high value stock – government proposals issued in 2015 suggest local authorities should be required to sell any property that is valued in the top third for the area, on an open market at the point at which it becomes void; the proceeds from the sale of these assets being intended to fund the ability for right to buy to be extended to tenants of all registered housing providers.

Local Government Transparency Code 2014 – places a requirement on local authorities to publish and make available to local people data held and managed by the authorities, this includes data regarding the local authorities' assets. Details of South Cambridgeshire's assets are available to view on the Council's website and the information is updated on a regular basis.

<https://www.scambs.gov.uk/content/lists-and-registers>

Corporate view

Protection of key front line services; which will require the alignment of asset provision to service delivery to reduce operational costs and achieve necessary savings. This will necessitate greater shared use of premises, both within the Council and with other organisations and targeted investment to improve retained space, where it will result in demonstrable improvements in service delivery.

Housing stock condition and investment; in addition to investment to meet the housing stock decency standard, the Council invests in works over and above this for example in energy conservation initiatives and disabled facility adaptations. In view of the expected reduction in revenue and capital income from 2016 the level and type of investment in housing stock will be kept under review.

Local Plan; this strategic document sets out the policies and proposals which will lead the development and use of land in the district and provides an opportunity for the Council to consider its asset base and seek to ensure those assets support the district's sustainable economic growth.

Capital investment; details of the planned capital investment in the Council's assets are set out in the Capital Programme. Opportunities for future investment and access to external funding in support of the Council's assets and housing and community initiatives will be sought where appropriate, capital bids being considered on a case by case basis.

4. STRATEGIC INVESTMENT PRIORITIES

The Council is committed to use its asset base to deliver key strategic priorities, partnerships (*Appendix A*) with businesses, authorities and other organisations being integral to that process.

Office accommodation, Cambourne; investment in assets has enabled greater sharing of office space with partner authorities paving the way for future collaborations to assess service delivery for reduced operational costs.

Hub offices; change in asset use to align with service needs and delivery. The establishment of offices in the district to enable staff and partner organisations working remotely, on site or visiting residents to work from fully IT enabled business hubs.

City Deal; the partnership investment will see the delivery of local and government funding to secure improvements to transport infrastructure, the Council having committed to a £5.0m contribution in 2020/21.

Housing

New build schemes on six sites across the district are at offer, planning or development stages and will deliver an estimated 82 social housing units

Self Build Vanguard pilot authority will identify and prepare parcels of land that provide self-build opportunities.

Housing Development Agency; a local authority partnership initiative to deliver additional affordable housing, including working proactively with development companies.

Ermine Street Housing, a wholly owned subsidiary of the Council, will provide quality market rent housing to meet the recognised housing need in and outside the district, with a planned portfolio of 500 properties within five years.

Detail of housing projects and expenditure are included in the Housing Revenue Account Medium Term Financial Strategy and the Housing Strategy, and quarterly General Fund and HRA performance and monitoring reports are presented to Cabinet and the Executive Management Team.

New developments and growth; the Council is delivering sustainable new housing and communities at new settlements such as Northstowe through partnership working with various organisations including developers and local authorities.

5. FUNDING AND DELIVERY OPTIONS

For future investment in the asset base the Council will consider alternative and innovative solutions to supplement more traditional funding sources as part of the district sourcing strategy. All of the options below will continue to be looked at and where appropriate business cases will be prepared to develop these further.

- Use of specific grant and contributions e.g. in relation to infrastructure projects such as the Webbs Hole Sluice scheme
- Capital Receipts are projected to be £22.8m over five years to 2020/21, part of which is allocated to finance internal borrowing. Receipts are primarily from Right to Buy and equity share sales, with lesser receipts being realised from land sales.
- Invest to save, where there is a robust economic case and a realistic payback period using unsupported borrowing.
- Asset transfer to third parties such as housing associations, where organisations can take over and continue to deliver services previously provided by the Council.
- Shared accommodation and/or joint development with local partners
- New Government Funding and initiatives such as the Community Infrastructure Levy.

6. MANAGING AND MONITORING

The Council maintains an asset register of property, plant and equipment, including land and property held for sale and heritage assets. Land and property values are reviewed annually with a full revaluation every five years. Housing systems record planned and response maintenance against individual properties, works being contracted through a formal tender process in accordance with the Council's Contract and Procurement Policy, a 30 year Housing Revenue Account Business Plan forms the basis for managing and funding both capital and revenue programmes. Housing performance against the decent homes standard is shown in Appendix B.

Asset performance will be monitored through performance indicators some of which are reported through the Council's Strategic Performance Management System (CorVu), others, such as building performance, are reported to Executive Management Team and Cabinet as part of the Asset Management Plan, five year revenue and capital estimates enable planning for operational management and asset enhancements, see Appendix C.

Operational management of assets is undertaken as follows:

Housing Management Service;

- council dwellings
- equity share properties (General Fund & HRA)
- Ermine Street Housing
- land assets

Facilities Management Service;

- main office accommodation
- hub offices
- refuse & recycling depot
- heritage assets (Civic)

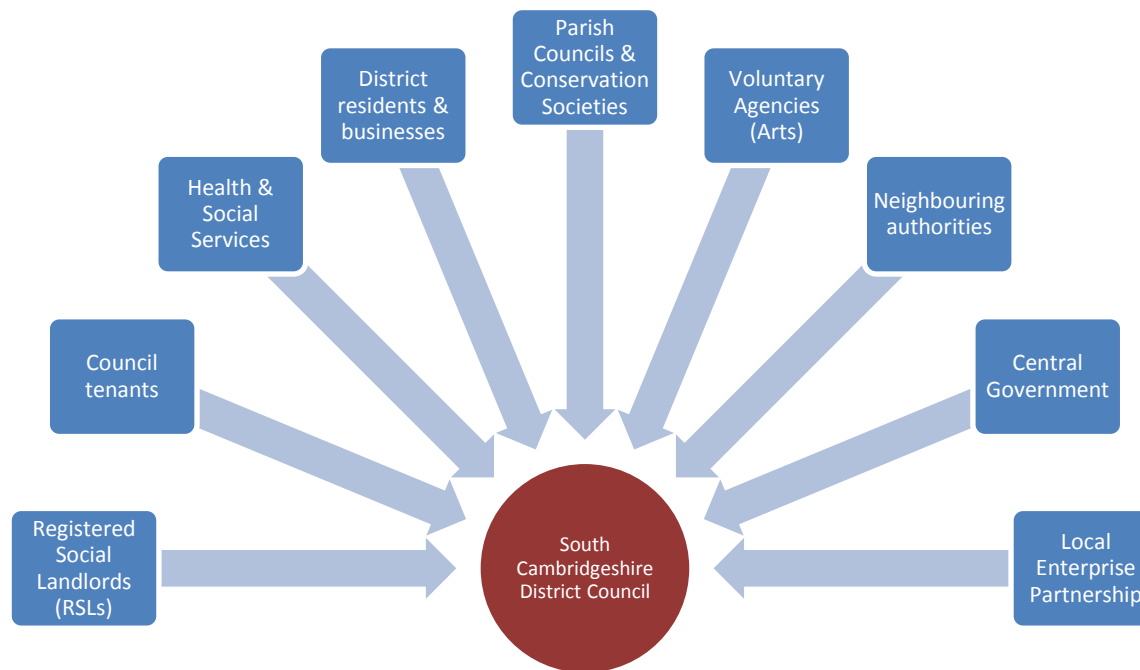
Health & Environmental Services;

- refuse & recycling vehicles
- street cleansing vehicles
- awarded watercourses equipment & vehicles
- air monitoring equipment etc.

Information & Communications Technology Service (shared service)

- ICT equipment and software
- Communications technology

South Cambridgeshire District Council – partnership working



How are the Council's assets performing?

Operational buildings stock condition survey

Housing	31 March 2016	31 March 2015	31 March 2014	
Dwellings at decent homes standard	-	91.5%	98.3%	
No. of home considered non-decent	-	449	90	
Asset Category	Condition Category 2015/16			
	A	B	C	D
Operational- Cambourne office	100%	-	-	-
Operational – hub offices	100%	-	-	-

Key

Category A: Good – performing as intended and operating efficiently

Category B: Satisfactory – performing as intended but showing minor deterioration

Category C: Poor – showing major defects and/or not operating as intended

Category D: Bad – life expired and/or serious risk of imminent failure

Office Accommodation- Cambourne & district office hubs	Estimate 2016/17 £	Cost per Sq.m ² (5,800 m ²) Estimate 2016/17 £	Estimate 2015/16 £	Cost per Sq.m ² (5,800 m ²) Estimate 2015/16 £	Actual 2014/15 £	Cost per Sq.m ² (5,800 m ²) Estimate 2014/15 £
Repair & Maintenance	152,990	26.38	133,000	22.93	51,811	8.93
Energy costs	116,490	20.08	110,940	19.13	71,942	12.40
Water costs	5,230	0.90	5,100	0.88	4,292	0.74

Cambourne office and district office hubs Revenue and Capital (five year projections)

Revenue Programme

Description	2015/16 £`000	2016/17 £`000	2017/18 £`000	2018/19 £`000	2019/20 £`000	2020/21 £`000
Income						
Rental income (office space)	(60)	(89)	(90)	(92)	(94)	(95)
Other income	0	0	(1)	(1)	(1)	(1)
Total Income	(60)	(89)	(91)	(93)	(95)	(96)
Expenditure						
Repair & Maintenance	133	153	157	160	164	168
Energy Costs	111	116	122	128	135	142
Water Services	5	5	5	5	6	6
Rent, Rates & Service Charges	425	425	433	440	447	455
Cleaning & Domestic Supplies	81	83	85	87	89	90
Insurance	10	16	16	17	17	18
Communications & Computing	59	73	74	76	77	78
Miscellaneous	1	3	3	3	3	3
Transfer to Reserves	0	5	5	5	5	5
Direct Expenditure	825	879	900	921	943	965
Central, Departmental & Support Services	139	158	161	165	168	171
Capital Charges	231	245	245	245	245	245
Total Expenditure	1,195	1,282	1,306	1,331	1,356	1,381
Net Expenditure	1,135	1,193	1,215	1,238	1,261	1,285

Capital programme

Description	2015/16 £`000	2016/17 £`000	2017/18 £`000	2018/19 £`000	2019/20 £`000	2020/21 £`000
Cambourne: Installation of LED lighting systems	25	0	0	0	0	0
Cambourne: fixed wiring improvements	30	0	0	0	0	0
Cambourne: Data Centre environmental controls	40	0	0	0	0	0
Cambourne: secure door access system	0	25	0	0	0	0
Cambourne: Meeting room relocation	0	50	0	0	0	0
Total	95	75	0	0	0	0

Administrative Buildings Maintenance & Improvement Cycle

Item/ area	2015/16	2016/17	2017/18	2018/19	2019/2020
Carpet ground floor (10 year cycle)	Housing area	Catering/ dining area	Call centre/ HIA areas	Meeting room / utility areas	Rec room
Redecoration (5 year cycle)	Public areas	Meeting rooms	Kitchen/ dining areas	Utility areas	Rec room/ washroom areas
First floor carpets (10 years)		Planning areas	Chief exec/ Comms areas	Meeting room/ members lounge	Chamber
Redecoration (5 Years)	Public areas	Meeting rooms	General office areas	Chamber	Washrooms
Second floor carpets (10 years)	IT/ HR/ Accounts areas	Public area	Trading standards area	EH areas	Mezzanine room
Stairwells 2 Years		✓		✓	
External Annual	✓	✓	✓	✓	✓
Replace ground floor lighting 15 year cycle		LED replacements			
Make good paviments 2 year cycle 2 year cycle	✓		✓		✓
Steam clean all external walkways annually	✓	✓	✓	✓	✓
Clean sandstone chamber cladding 10 year cycle	✓			✓	

Replace public area cycle shed roof 20 year cycle		✓			
Replace Bin store area roof 20 year cycle		✓			
Re surface car park 10 year cycle	✓				
Re apply site white lining 10 year cycle	✓				
Repair exit equipment 10 year cycle	✓				
Upgrade car park lighting to LED 10 Year cycle				✓	
Upgrade access system 10 year cycle		✓			
Service access system		✓	✓	✓	✓
Service security cameras	✓	✓	✓	✓	✓
Replace/ upgrade heating/ cooling pumps 10 year cycle	✓		✓		✓
Replace comms room a/c unit 15 year cycle			✓		
Replace supply/ extract fan units 10 year cycle		✓		✓	
Service smoke detection system	✓	✓	✓	✓	✓
New A/V equipment for meeting rooms	✓				

Replace chamber projectors 5 year cycle		✓			✓
Kitchen equipment replacement 10 year cycle		✓			✓
Washroom equipment upgrade 10 year cycle		✓			✓
Meeting room furniture replacement 20 year cycle		✓			
Reception area furniture replacement 10 year cycle			✓		
Replace task chairs 10 year cycle		✓	✓	✓	✓

Housing Revenue Account Revenue and Capital (five year projections)

Description	2016/17 £`000	2017/18 £`000	2018/19 £`000	2019/20 £`000	2020/21 £`000
Repairs & Maintenance	5,471	5,550	5,624	5,693	5,774
Total Responsive and Cyclical	5,471	5,550	5,624	5,693	5,774

Capital Improvements, Acquisition and Re-provision of housing

Description	2016/17 £`000	2017/18 £`000	2018/19 £`000	2019/20 £`000	2020/21 £`000
Improvements - Existing Stock:					
Water/Drainage Upgrades	77	78	80	81	83
Disabled Adaptations	500	500	500	500	500
Fire and Extreme Weather	816	832	849	866	883
Change of Tenancy - Capital	500	624	637	649	662
Rewiring	306	312	318	325	331
Heating Installation	2,000	2,000	2,500	2,550	2,601
Energy Conservation	1,000	1,488	1,592	1,624	1,656
Estate Roads, Paths & Lighting	82	84	85	87	89
Garage Refurbishment	50	127	130	132	135
Parking/Garages	15	50	85	87	89
Window Replacement	260	265	271	276	282
Re-Roofing	428	437	446	455	464
Full Refurbishments	200	200	243	258	273
Structural Works	150	150	212	216	221
Non-Traditional Refurbishment	872	0	0	0	0
Asbestos Removal	33	34	34	35	35
Kitchen Refurbishment	714	728	743	758	773
Bathroom Refurbishment	306	312	318	325	331
Wilford Furlong, Willingham Refurbishment	933	644	0	0	0
Assumed adjustment in spend for varying stock numbers	0	(300)	(502)	(706)	(912)

Other Improvements:					
Sheltered Housing and Other Stock	50	50	50	50	50
Flats	30	30	30	30	30
Central / Departmental Investment	7	7	7	7	7
Re-provision of Existing Homes	447	1790	0	0	0
HRA Acquisition and New Build	4089	2754	3862	3970	1500
Other HRA Capital Spend	571	555	555	703	381

Total Housing Capital Spend	14,436	13,751	13,045	13,278	10,464
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Further information is detailed in the HRA Business Plan and Five Year Maintenance Plan.