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South Cambridgeshire District Council

1 February 2017

To: Chairman – Councillor Tony Orgee
Vice-Chairman – Councillor Grenville Chamberlain
Members of the Scrutiny and Overview Committee – Councillors Kevin Cuffley, David Bard, Henry Batchelor, Graham Cone, Jose Hales, Philippa Hart and Bunty Waters

Quorum: 6

Dear Councillor

This is a supplement to the previously-published agenda for the meeting of the **SCRUTINY AND OVERVIEW COMMITTEE** on **TUESDAY, 7 FEBRUARY 2017**, containing those reports which had not been received by the original publication deadline.

Yours faithfully
ALEX COLYER
Interim Chief Executive

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

AGENDA

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SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

REPORT TO:	Leader and Cabinet	9 February 2017
AUTHOR/S:	Interim Chief Executive	

2016-17 THIRD QUARTERLY POSITION STATEMENT ON FINANCE AND PERFORMANCE

Purpose

1. To provide Cabinet with a statement on the Council's position with regard to its General Fund, Housing Revenue Account (HRA) and Capital budgets, corporate objectives, performance indicators and strategic risks. Integrated reporting in this way gives Members the opportunity to examine any areas of concern and decide on the appropriate action.

2. To approve the Strategic Risk Register and Matrix attached at Appendix D-E.

Recommendations

3. Cabinet is invited to:
   (a) consider, comment on and note the Council's provisional financial position together with the performance and risk matters and contextual information set out in the report and **Appendices A-C**, and
   (b) approve the Strategic Risk Register and Matrix set out in **Appendix D-E**, noting the new risks identified in paragraph 27 of the report.

Reasons for Recommendations

4. These recommendations are required to enable Members to maintain a sound understanding of the organisation's financial position and performance. This contributes to the evidence base for the ongoing review of priorities and enables, where appropriate, redirection of resources to reflect emerging priorities and address areas of concern.

Background

5. This is the third quarterly position statement for 2016-17, providing updates in respect of:
   - The Corporate Plan 2016-2021, agreed by Council in February 2016;
   - Key monthly, quarterly and annual Performance Indicators at 31 December 2016; agreed by EMT in consultation with Portfolio Holders,
   - The Financial Position at 31 December 2016, showing variance between 2016/17 original budgets and the provisional Outturn, and
   - The Strategic Risk Register.

Corporate Plan 2016-2021

6. The Corporate Plan 2016-2021 sets out the following Vision for the Council:

   'South Cambridgeshire will continue to be the best place to live, work and study in the country. Our district will demonstrate impressive and sustainable economic growth.

Our residents will have a superb quality of life in an exceptionally beautiful, rural and green environment.'

7. We are working to attain our Vision through three Strategic Aims around four strategic objectives: Living Well, Homes for our Future, Connected Communities, and an Innovative and Dynamic Organisation, and 21 accompanying actions. Detailed commentary on progress and achievements with each of the actions, bringing together relevant performance information, is set out in **Appendix A** attached. Whilst many of the aims and objectives within the plan reflect ongoing long-term priorities, we have reached significant milestones during the year to date, including:

Living Well

- Roll-out of mental health awareness training of staff and partners.
- Cambourne West development makes provision for over £45 million of investment in facilities, including an athletics track and funding towards a new swimming pool.

Homes for our Future

- Planning Committee resolution to grant outline planning permission for 2,350 homes at Cambourne West, including 705 affordable homes.
- First planning permissions granted for self-build plots.
- Significant improvement in planning application determination performance

Connected Communities

- Next steps agreed on plans to tackle congestion in and around Cambridge, as part of City Deal.
- Devolution proposal for Cambridgeshire and Peterborough agreed by all authorities, which will transfer significant powers and funding locally.

An Innovative and Dynamic Organisation

- Commercial initiatives continuing to generate income: Ermine Street Housing (115 acquisitions at 31 December 2016), in-house Enforcement Agent (fee income of £18k), Equity Share (£51k profit on two sales during December).
- E-form for benefits applications has contributed to the average processing time halving, compared to the previous year.

Key Performance Indicators (KPI) and Corporate Plan outcome measures

8. Cabinet has agreed a suite of 36 key performance indicators (KPIs) to provide a strategic overview of organisational health. Performance against monthly Key Performance Indicators is set out in **Appendix B** attached, accompanied by owner narrative to provide context.

9. The data in Appendix B shows actual performance against target and intervention levels, which were agreed at the beginning of the year by directors in consultation with Portfolio Holders. The Council uses a 'traffic light' system to denote performance, whereby:

Green	Target met or surpassed;
Amber	Performance worse than target but equal to or better than intervention level
Red	Performance below the intervention level (the level, below which, performance becomes a matter for serious concern and concerted remedial action may be required).

10. The following specific performance issues are brought to Members' attention:

Determination of planning applications

11. Although performance has been very good over the past few months, we are currently at risk of Designation by DCLG due to speed of processing that was marginally below the threshold for major and non-major applications between October 2014 and September 2016. A workshop has taken place to understand the implications of possible designation (which could result in the Council's planning powers being removed) and we will also be able to put our case forward for avoiding Designation. We will find out the outcome of this in February; initial conversations with the Planning Advisory Service (PAS) indicate that we have a good case not to be Designated given the recent sustained performance improvement.

12. Within the service, lead officers are being given responsibility for reviewing and analysing performance (one officer looking at quality and a second at speed) on a weekly basis to ensure that action is taken where performance drops and current levels are sustained. This will be backed up by monthly Planning performance meetings to discuss key issues and identify areas for improvement.

Monitoring housing delivery

13. The Annual Monitoring Report (AMR) prepared by the Planning Policy Team each December monitors a number of housing and affordable housing indicators on an annual basis. More frequent monitoring is likely to have resource implications, although for the City Deal commitment to deliver 1,000 additional homes on rural exceptions sites, it is already agreed to provide a partial update on a quarterly basis to the City Deal Executive Board.

14. The AMR shows under delivery of housing against annual targets and less than a five-year housing land supply. In response to this, a housing delivery project is being established. It is recommended that the appropriate indicators for housing delivery, including affordable homes, are established through that project to provide more meaningful benchmarks moving forward. Outputs from this project should reflect that, whilst there are measures that the Council is taking improve housing supply, these are difficult to quantify as performance measures due to the number of factors affecting delivery which are outside of the Council's direct control.

15. Other Performance Indicators:

- *CC302/303/307*: Contact service performance shows sustained improvement, following the recruitment and training of a number of new staff. Revised arrangements for managing post will create additional capacity to cope with future periods of high demand, including the roll-out of new bin rounds from 27 February.

- *FS116 Staff sickness days per FTE and FS117 Staff Turnover:* Third quarter data was not yet available at the time of publication. Data will be reported verbally when it is available, and will be subject to a full report to the Finance and Staffing Portfolio Holder at a future meeting.

- *CC305 % of formal complaint responses sent within timescale:* A corporate project will review customer feedback performance.

- *SX025 Average Land Charges search response days:* There is sustained improvement in response performance, following the recruitment of staff and adoption of improved written procedures.

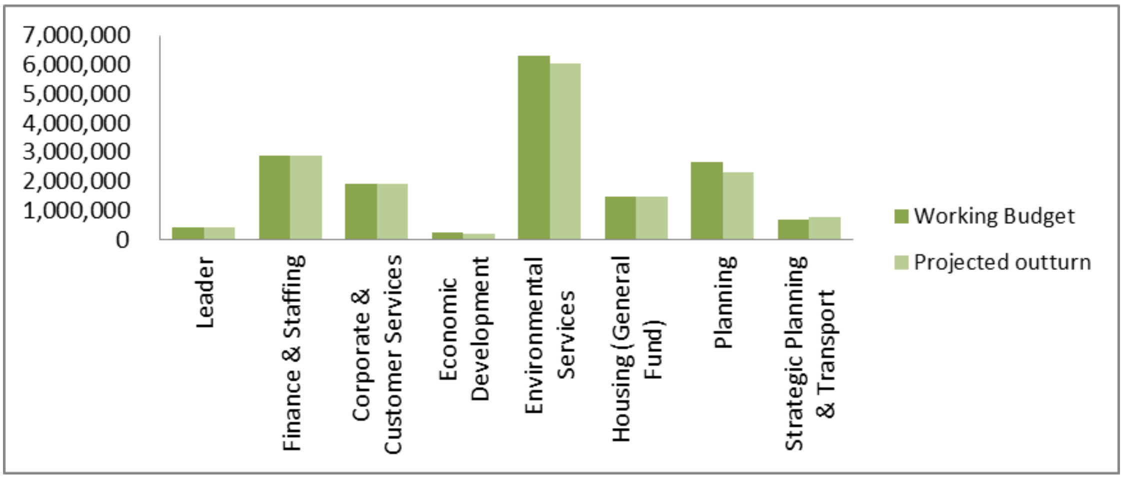
- *SF740 % Discretionary housing grant paid*: Specific staffing resources had been allocated to identifying households likely to be most impacted by welfare reforms. Officers are confident that Discretionary Housing Grant will be fully allocated by 31 March.

Finance: General Fund, Capital and HRA

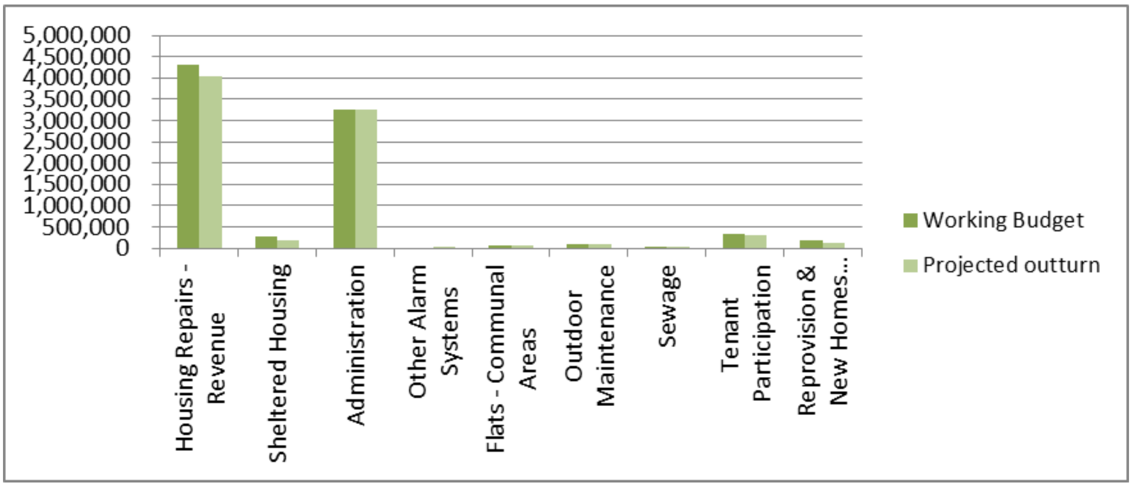
16. This position statement is reporting on the variance between the 2016/17 working budgets and the projected Outturn for the third quarter of the year – as at the end of December 2016. Below is a summary of the provisional outturns.

	Q3 Outturn Variance	
	Compared to Working Budget	
	£'000	%
General Fund	(479.6)	(1)
Capital	(2,600)	(14)
HRA	(655.5)	(7)

17. The General Fund variance is largely due to the £150K saving on the growth budget and other efficiencies within the Shared Waste Service, and additional Planning Fee income received in the year.



18. The HRA variances relate to savings on the new contract for Cyclical Maintenance works and higher than anticipated rental income.



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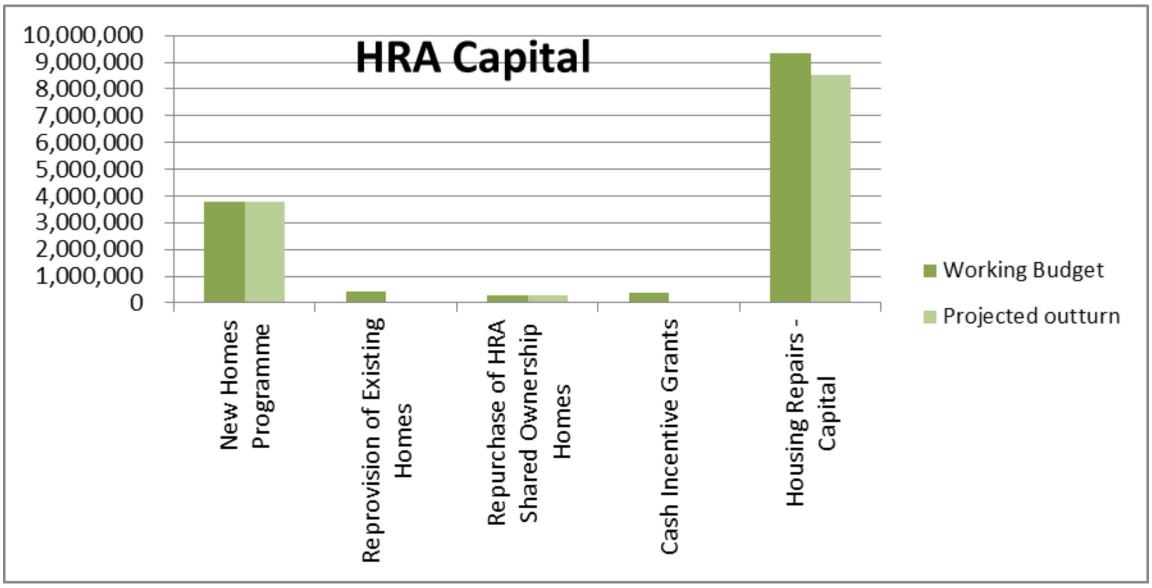
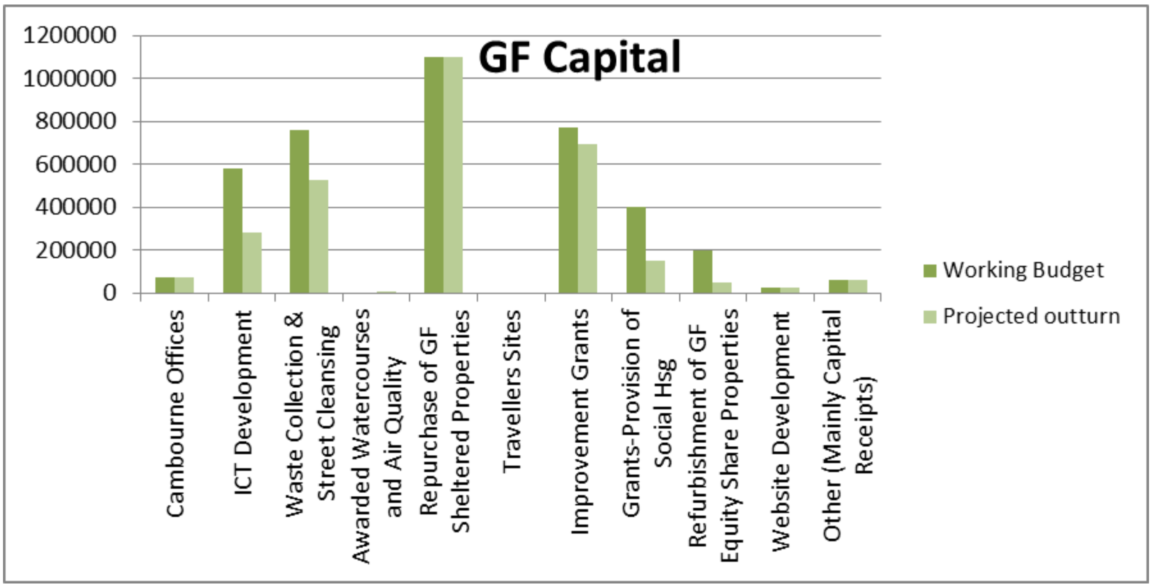
19. The Capital variance relates to the late start to the building work on Robinson Court, Gamlingay and delays to the improvements work on the non-traditional housing, which is now likely to rollover into the next year as well as unutilised grants received at the start of the year. An additional saving of £300K is anticipated on transfer of the ICT function to the Shared Services.





20. A Summary position statement is provided at **Appendix C**.

21. The Summary statement in **Appendix C** shows a projected General Fund underspend of £564,628, including both Service and Staffing costs. Despite overall underspend, some overspends are in place in staffing lines, primarily due to:

- the use of Agency Staff within Development Control to carry out work outstanding from previous years, and to cover unfilled vacancies across a number of units
- unbudgeted market supplements on vacancies to improve staff retention, and
- a number of new posts not included in the original estimates.

22. Work continues to process actual staff costs for the year to date through the service accounts.

Income

23. With declining resources from Government funding, ensuring that income targets are met becomes more important. Itemised below is the current position on major income sources.

	Budget 2016/17	Period Budget For Dec 16	Actuals For Dec 16	Variance (positive)/ negative
	£	£	£	£
Land Charges	(254,360)	(196,072)	(202,024)	(5,952)
Paper Recycling (a)	(294,800)	(171,980)	(191,349)	(19,369)
Taxi Licensing Fees and Charges	(157,930)	(122,610)	(145,133)	(22,523)
Licences under Acts - Fees and Charges	(113,650)	(90,660)	(87,919)	2,742
Travellers Sites Rents	(154,510)	(78,120)	(78,396)	(276)
Development Control Fees	(1,200,000)	(900,000)	(1,208,585)	(308,585)
Development Control Pre-App Fees	(120,000)	(90,000)	(127,394)	(37,394)
New Communities Charges for Services (b)	(565,000)	(423,760)	(264,167)	159,593

(a) Now a shared service with Cambridge City Council - figures represent those attributable to SCDC only.
(b) Includes budgets for Pre-App Fees

Risk Management

24. Risk management best practice is that the executive and governance roles should be carried out separately. These roles have been allocated between the Executive and Audit and Corporate Governance Committee, as follows:
- agreement and ownership of the strategic risks facing the Council - the executive role - to the Executive, led by the appropriate portfolio holder;
- approval of the risk management strategy; advice and assurance regarding the adequacy and effectiveness of risk management - the governance role - to Audit and Corporate Governance Committee.

25. Cabinet, led by the designated portfolio holder for risk management, therefore takes executive responsibility for management of the strategic risks facing the Council, including review of the Strategic Risk Register.

26. The Strategic Risk Register has been reviewed with the nominated risk owners and considered at EMT's meeting on 25 January 2017. Changes proposed to risk descriptions, control measures / sources of assurance and timescales to progress are highlighted in the draft Strategic Risk Register, attached as **Appendix D**. The Strategic Risk Matrix, attached as **Appendix E**, shows risk impact and likelihood scores in tabular form. There are no changes to likelihood and impact scores.

27. Following a workshop between Cabinet and Management Team (EMT), the following specific risks were identified around strategic partnerships and managing economic growth, in particular:

- Failure of partnerships, which could arise from lack of shared objectives, capacity to deliver or effective governance arrangements.
- Negative impact of growth, and/or a failure to distribute its benefits to residents, which could arise from a failure to manage growth effectively
- Economic vulnerability, which could arise if the local economy is not sufficiently diverse.
- Failure to deliver growth and associated benefits, which could arise from external political and economic factors.

The future inclusion of these risks on the Strategic Risk Register is likely to have implications for current risks, and how they are monitored and mitigated in future. Detailed recommendations will be brought forward as part of the next review, which will coincide with a review of the Risk Management Strategy and reporting system.

Consultation responses (including from the Youth Council)

28. Corporate Plan aims and actions, and the allocation of resources to deliver them, are based on assessed need and priorities and are subject to consultation each year prior to adoption.

29. Council Action and Performance Indicator updates have been prepared in liaison with lead officers in each directorate. The report was submitted to the Scrutiny and Overview Committee at its meeting on 7 February 2017. The Committee's recommendations will be reported to Cabinet.

Effect on Strategic Aims

30. Timely and robust consideration of the Council's corporate plan is vital to ensure corporate priorities are met and strategic risks involved in delivering these identified and managed proactively.

Conclusion

31. The Council continues to reach important milestones against Corporate Plan objectives, notably committing to a county-wide Devolution deal which will unlock significant new funding, whilst its commercial initiatives continue to generate surpluses. Strong performance has been maintained in key frontline and support areas of the business, (Council Tax and housing rent collection, percentage of waste diverted from landfill), and there is sustained improvement in customer contact service and Land Charges response performance. Planning application determination times continue to show improvement, although the Council is currently responding to the risk of Designation arising from historic underperformance against national targets.

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Action - related PIs also listed where relevant	What we are doing to achieve this objective	Outcomes – What success looks like	What is still left to do
LIVING WELL			
Objective (A) - Support our communities to remain in good health whilst continuing to protect the natural and built environment.			
(i) Proactive intervention to improve mental health and emotional wellbeing for all	Sports activities programme. Recruited and trained a number of workplace Health and Wellbeing Champions who have started a programme of initiatives to support this, including a recent mental health lunchtime event. 58 people, including SCDC staff, staff from partner organisations and contractors, have attended Local Health Partnership-led mental health awareness in the workplace training during 2016/17 (four sessions). The training is aimed at frontline staff.	Over 100 young people with learning difficulties or physical disabilities enjoyed our annual athletics event in June. Pupils aged between 10-19 from across Cambridgeshire took part in a range of activities including relays, shot-putting and sprinting. Indoor Athletics Plus event held at Cambourne School in October enabled over 70 young people to participate in a range of athletic events. 15 young leaders from Cambourne School assisted on the day. Five days of Holiday Sports Camps held in August. 279 young people participated and enjoyed Netball, Athletics, Rounders and Kwik Cricket.	Ongoing sports activity programmes. Supporting parishes to develop community-led activities for older children and local initiatives to improve mental health. Elected member task and finish group to understand and tackle loneliness.

Action - related PIs also listed where relevant	What we are doing to achieve this objective	Outcomes – What success looks like	What is still left to do
(ii) Support our residents to stay in good health as they grow older, with access to the services they need	Continue to fund Mobile Wardens grant scheme, supporting 12 schemes in 2016/17. Carry out handyperson scheme contract (Age UK) Continue to provide Active and Healthy 4 Life scheme in partnership with local sports centres. Working with Cambridgeshire Celebrates Age to publicise local activities for older people. Close working with Clinical Commissioning Groups and NHS England to improve GP access in new communities.	Disability Huntingdonshire, with funding from our Service Support Grant scheme, has helped local people access advice, information and support. A Longstanton resident, supported to apply for Employment and Support Allowance, said 'If I hadn't got this benefit I would not have been able to survive.' Active and Healthy 4 Life GP exercise referral scheme from April to September, has seen 140 referrals to the scheme compared with 66 for the same period last year. The mobile wardens scheme has helped support over 250 local residents across 12 schemes.	The Cambridgeshire and Peterborough Devolution proposal includes working with government on a National Work and Health Programme focussed on those with a health condition or disability, as well as the long-term unemployed. Further promotion of the Active and Healthy 4 Life scheme, especially with GPs. Funding decisions to be made in Spring 2017 regarding the £19k mobile wardens grant scheme 2017/18. Locality meetings for parishes in Spring 2017 to focus on topics put forward by the parishes: 2 x local transport initiatives, 1 x older peoples' initiatives
(iii) Ensure our new and established communities provide thriving, healthy, safe and attractive places to live Related PIs: • Satisfaction with local environmental quality • Satisfaction with waste services	CDRP 2016-17 priorities agreed: Work together to (1) Protect the vulnerable (2) Tackle dwelling burglary (3) Improve our understanding of our increasingly diverse communities and build community resilience. Successes against the 2016-17 action plan to date include: - Promotion of "good neighbours stop rogue traders" message - Crime prevention events at five villages (more events planned)	Successful delivery of Parklife 2016 – 5,000 visitors 2016 CDRP Strategic Assessment showed that crime levels are low in the district and remain among the lowest nationally. 75% of residents satisfied with local environmental quality, based on 558 responses to 2016 survey. We are working with the Shared Waste Service to identify priority actions to address concerns and improve satisfaction. 57% saw dog fouling, 53% litter and 34% fly	Continuing roll-out of CDRP partnership 2016-2017 Action Plan. Community Access Agreement for Northstowe Phase One Primary School Project Plans for Northstowe Phase One Sports Pavilion and Community Centre Implementation of the Playing Pitch and Indoor Sports Facility strategies will enable the delivery of appropriate sporting facilities, thus helping communities to remain in good health. Agree and deliver Northstowe Healthy Town Initiative work plan.

Action - related PIs also listed where relevant	What we are doing to achieve this objective	Outcomes – What success looks like	What is still left to do
	- Recent victim of scams supported through partnership activity, which also revealed a hoarding issue (seven bags of scam letters retrieved from property) - Training for key staff on hoarding Northstowe Healthy Town initiative The Planning Portfolio Holder has endorsed Playing Pitch and Indoor Sports Facility strategies for SCDC and Cambridge City Council. Cabinet and Council approved a 25-year loan of £1.85 million to address a funding gap towards building a Cambridge Ice Arena adjacent to the Wing development. Signposting parish councils and community groups to various bodies that provide funding and governance advice. e.g. Community Business Bright Ideas Fund. Also Grantgrabber (a grant finding service found on the SCDC website) Successful networking event for groups engaging in youth work (November 2016) and development of case studies booklet Participated in the organisation of the Cambridgeshire Parish Council	tipping as issues. 18 residents newly trained to use thermal imaging cameras. Cambourne West development makes provision for over £45 million of investment in facilities, including an athletics track and funding towards a new swimming pool.	Welcome packs for new residents at Northstowe. Community Awards 2016/17. Further encouragement and facilitation of sharing of good practice between parish councils. Review of street cleansing service and approach, including a focus on supporting residents taking local action (scoping in Q4, review in 2017/18). 2017 satisfaction surveys with local environmental quality and waste services to be carried out after completion of review of street cleansing service and implementation of refuse and recycling round changes (Feb 2017) respectively.

Action - related PIs also listed where relevant	What we are doing to achieve this objective	Outcomes – What success looks like	What is still left to do
	Conference 2016: Stronger Together, ensuring that South Cambridgeshire parishes were engaged as presenters and participants		
(iv) Support local businesses to improve the health of their employees	Local Health Partnership mental health training for frontline staff on ways to work effectively in understanding and dealing with behaviour related to mental health issues (58 attended across partners, including contractors).	Businesses reporting improved employee health outcomes and associated business benefits will constitute success against this measure.	Build a network of 'Mindful Employers' to support improved mental health
(v) Work with other councils, the NHS and public sector partners, to make sure families with the most complex needs are supported to improve their own health, prospects and prosperity	Developing a multi-agency 'Lead Professional' approach to put in place referral, case management and information sharing processes to improve outcomes for vulnerable elderly people across the county.	Together for Families programme helping families in the district (177 families living in the district are on the Together for Families Programme).	Implementation of 'Lead Professional' project as agreed by EMT.
(vi) Improve existing private rented housing standards to ensure everyone can be safe and healthy at home	DECC Fuel Poverty and Solid Wall Insulation Projects now completed. Developing a Hoarding Protocol and prioritised supporting improvements for hoarders. Dedicated Environmental Health Officer enforcing private sector housing standards. Community events to help residents find out how they can make their homes warmer and cheaper to run took place on 29 October and 2 November in Abington and Fowlmere.	112 homes have been insulated via the DECC schemes creating a reduction in fuels cost and reducing carbon footprint in the SCDC area.	We have previously commissioned a Private Sector Stock Condition Survey every five years but are now exploring more cost-effective methods of gathering relevant data. We also aspire to move to a multi-agency intelligence-led approach to identify and address potentially substandard housing.

Action - related PIs also listed where relevant	What we are doing to achieve this objective	Outcomes – What success looks like	What is still left to do
HOMES FOR OUR FUTURE			
Objective (B) - Secure the delivery of a wide range of housing to meet the needs of existing and future communities			
(i) Influence developers to increase the pace of housing and infrastructure construction, including delivery of affordable housing Related PI(s): • PI around Affordable Homes delivery • Planning determination time performance • Developer Delivery performance	Supporting development of live and pre application proposals at Northstowe. Reviewing S106 process and Planning Performance Agreement (PPA) processes to shorten decision timelines. 70% of PPAs were on schedule at 31 December 2016. Strategic Review of major applications to identify key delivery agents and opportunities to address 5 year land supply. S106 completed and outline planning permission issued for 3500 homes at Northstowe (Phase 2). Planning Committee resolved to grant outline planning permission for 2,350 new homes at Cambourne West, including 705 affordable homes. Planning Committee agreed revised arrangements under which half of the Northstowe second phase will be sold or rented below market rates (40% Starter Homes and 10% Affordable Rented Homes).	671 net additional dwellings were completed in South Cambridgeshire during 2015/16. This is less than in 2014/15 (1,369) but 86 more dwellings than predicted in the housing trajectory included in the previous monitoring report. 129 affordable homes were completed, 22% of which (28 units) on rural exception sites. On sites of two or more dwellings where the Council's affordable housing policy (HG/3) applies, 38% of dwellings permitted were affordable. Construction of the first homes and a primary school at Northstowe began in September 2016 and buyers can now register to buy them. The developer has now opened a sales office on site. The implementation of an improvement plan for development control has resulted in an average of 91% of major applications (10 residential units or more) being determined in time between July-November 2016, in excess of the target of 80% and a substantial increase compared to previous periods.	Future phases of Northstowe (phase 2, 3, 4) to be developed. Cambourne West S106 to be completed. WING development pre-implementation programme with Cambridge City. Initiate cross-council project to increase supply of new permissions and homes.
(ii) Increase the range of housing and tenure options for residents, including Right to Build and Starter Homes	The Housing Development Agency (HDA) is taking forward affordable housing proposals on a number of sites around the district, which would provide a total of 110 units, comprising a mix of	Recent HRA funded developments completed at Swavesey (20 units), Linton (4) and Foxton (15). Jill Vass, who has recently moved into one of the new homes at Swavesey,	The Housing Development Agency has committed to deliver a total of 250 additional affordable homes from 2018/19 and beyond. HDA Governance model is being

Action - related PIs also listed where relevant	What we are doing to achieve this objective	Outcomes – What success looks like	What is still left to do
	Intermediate, Affordable and Market Housing. The HDA now operating with Management Board and Member Reference Group. Staff recruitment is underway. July 2016 Cabinet approved proposals for a self and custom build service based on the identification and sale of council-owned land plots with outline planning permission, and an offer to Eastern Regional Local Authorities to run an applicant and land register.	described it as 'a lovely new home…in a lovely village. This is an exciting new chapter in my life.'	assessed looking at either shared service or a separate company limited by shares. Business case to be made in March/April to HDA board and all HDA members The Cambridgeshire and Peterborough Devolution proposal includes a £100 million housing fund to be invested over the next five years to build more homes in Cambridgeshire and Peterborough, including affordable, rent and shared ownership. Work underway with local and national requested providers to create a programme or scheme to achieve spend within five years.
(iii) Continue to progress the Local Plan to adoption	Joint Local Plan examination hearings for SCDC and Cambridge City took place between 7 June 2016 - 14 September 2016. The final Plan is unlikely to be ready for adoption until late 2017. Council approved a number of amendments to the Plan to reflect changing circumstances around the expansion of Addenbrooke's and the Cambridge Biomedical Campus, new settlements and Gypsies and Traveller site provision.	Finding of a "sound" plan by inspector will constitute success against this measure.	Hearings about issues specific to our district started on 1 November 2016; beginning with climate change, the Inspectors will move on to the policies we have put forward to make sure our local communities have services and facilities they need, such as shops, health centres and community centres. The inspectors have published a revised timetable for the hearings that will take place in January and February, covering delivering high quality places and the natural and historic environment.
(iv) Help Parishes and villages wishing to shape their own futures by developing Neighbourhood Plans that address community	12 neighbourhood areas have been designated, with Neighbourhood Plans (NPs) being prepared for these areas, most recently at Stapleford and Great Shelford.	Parishes wishing to adopt Neighbourhood Plans successfully do so.	A workshop about how to write planning policies in a plan is to take place in February for those parish councils that have started to prepare a plan. Update procedures for dealing with

Action - related PIs also listed where relevant	What we are doing to achieve this objective	Outcomes – What success looks like	What is still left to do
priorities	A joint training session was held in July to support Parish's preparing NP's. The Planning Portfolio Holder agreed on 23 November 2016 to approve the designation of a Neighbourhood Area for Swavesey as proposed by the Parish Council. The Task and Finish Group set up following PPH decision in June 2016 has now met twice. It is preparing a 'Standard Offer' setting out how the Council will fulfil its statutory duty to advice and assist parish councils preparing neighbourhood plans.		neighbourhood planning to comply with new national regulations.
(v) Find solutions for people facing homelessness Related PI(s): • Households in temporary accommodation • Households helped to avoid homelessness • B&B spend • % Discretionary Housing Grant paid	Working in partnership with Chartered Institute of Housing to review homelessness in the District. Reviewing the PSL scheme and setting up a new in-house scheme. Awaiting further details on government policy and legislation around housing and welfare reforms	19 households helped to prevent homelessness, compared to 44 in Quarter Two. 50 households were in temporary accommodation at end of quarter three, whilst B&B spend remains below target. 53% of Discretionary Housing grant paid by end of December, helping to mitigate the risk posed by welfare reform and homelessness. (Full commentary on these indicators set out in Appendix B)	Review the Homelessness Strategy once the full impacts of the government's legislative programme relating to planning, housing and welfare reform are clarified and understood, including the impact on temporary accommodation and access to the private rented sector. £80k of Discretionary Housing grant has been put aside for applicants who are likely to be adversely affected by the reduced benefit cap.
(vi) Secure a viable future programme for our Council houses	Following the reduction in rental income between 2015-2019 we sought alternative funding streams into the Housing Revenue Account (HRA). Via our Right to Build Vanguard work we have brought a plan for a programme of HRA-owned land plots for sale through the system approved by Cabinet in July	From 2018 – I – 2 exception site schemes in planning or on site. Package purchase of affordable units from S106 sites Yr 1 -2017 – 15 units may be achievable. Yr 2 – 2018 – 25 units may	First planning applications for outline planning on self build plots was approved at Planning Committee on 11 January 2017. Two further applications coming with around 10 plots at pre app stage with planning

Action - related PIs also listed where relevant	What we are doing to achieve this objective	Outcomes – What success looks like	What is still left to do
	2016 (see B(ii) above). The capital receipt from plot sales will from 2017 establish a growing capital spend that can be matched with Right to Buy receipts to focus on exception site council new build from 2017 onwards.	be achievable.	Recruitment of a self build project officer grading to be finalised in Jan/Feb 2017 with post recruited in April/May 2017.
CONNECTED COMMUNITIES			
Objective (C) Work with partners to ensure new transport and digital infrastructure supports and strengthens communities and that our approach to growth sustains prosperity			
i. Deliver the "City Deal", investing in transport, housing, technology and skills to ensure the area continues to be recognised for its economic success and world-leading innovation Related PI(s): • Planning determination times performance • Development Delivery Agreement performance	Consultation has concluded on a proposed eight-point plan to tackle congestion in and around Cambridge. More than 9,000 responses were received from residents, businesses and organisations. The Executive Board has agreed in principle that a segregated route between Cambourne and Cambridge, with a Park & Ride near the Madingley Mulch roundabout, is the preferred option for better bus journeys along the A428/A1303 corridor. Progress with Housing Development Agency delivery of new housing: see action B(ii) above. The City Deal Executive Board restated its support to seek achievement of 1,000 additional affordable homes, over and above the council's Local Plan	South Cambs will be the first to benefit from City Deal transport improvements as construction starts on £550k Frog End, Meldreth to Shepreth cycleway, helping to deliver continuous high quality cycle way from Cambridge to Royston. Construction is due to be completed in February 2017. The Cambridge Promotions Agency (CPA) has responded to 125 enquiries in the last year. Over $10 million has been invested following CPA actions. 1,100 new apprenticeships were created during 2015/16, compared 1,097 in 2014/15 and 1,078 in 2013-2014. The City Deal target is for 420 new apprenticeships across all sectors, over and above the 2013-2014 baseline, by 2018-2019.	The City Deal Assembly and Board has approved recommendations to progress congestion-tackling plans following consultation, excluding the proposal for peak-time congestion control points. The A428/A1303 proposal will be subject to further consultation, with a recommendation and Full Outline Business Case for a specific route and Park & Ride location to follow in November 2017. The Smart Cambridge project is exploring future transport innovations centred on driverless vehicles, whilst there are plans to launch a free mobile app in 2017 to give real-time information to bus and other transport users. Rachel Stopard has been appointed as Interim Chief Executive to oversee the delivery phase of key City Deal initiatives.

Action - related PIs also listed where relevant	What we are doing to achieve this objective	Outcomes – What success looks like	What is still left to do
	allocations. The skills programme delivered 77 events in 29 schools to almost 12,000 students during 2015/16. 81% of students reported a gain in understanding of the academic and other requirements to get a job as a result of these events.		
ii. Bring forward strategic transport improvements, with particular regard to A14, A428 and A1307 improvement proposals, the M11 corridor and an East-West rail link	The Department for Transport Road Investment Strategy includes an A428 Black Cat to Caxton Gibbet improvement scheme, linking the A421 to Milton Keynes with the existing dual carriageway section of the A428 to Cambridge. It envisages that the scheme would commence late in the period 2015 to 2020. Residents and businesses have been consulted on plans to create new bus and cycleways between Cambridge and Haverhill, linking key research sites and including a possible new Park and Ride facility near the A11/A1307 junction. The Autumn Statement saw a significant government commitment to progressing proposals to strengthen road and rail links between Cambridge, Milton Keynes and Oxford.	The A14 improvement scheme is underway and will be complete in March 2021. The new Cambridge North station at Chesterton is due to open in May 2017.	The Highways Agency anticipates undertaking consultation on route options for the A428 improvement scheme in early 2017. A1307 consultation responses will be taken into account in determining which initial ideas go forward for more detailed technical assessments. Further consultation and stakeholder engagement will be undertaken on preferred options, to be selected in March 2017. The Cambridgeshire and Peterborough Devolution proposal includes transport infrastructure improvements including the A10 and the London to King's Lynn rail line.
iii. Continue to sell the South Cambs economic success story, influencing strategic partnerships and investment partners in Government and	All Cambridgeshire authorities approved a Devolution proposal through which more than £600 million in new funding will be put into the hands of local communities. Consultation on the proposal also supported proposals	The successful implementation of a devolution deal which delivers significant investment in infrastructure and skills and the transfer of central government powers locally.	The Shadow Combined Authority met for the first time on 14 December to consider procedural items. The Shadow Authority will meet until May 2017. The Cambridgeshire and Peterborough

Action - related PIs also listed where relevant	What we are doing to achieve this objective	Outcomes – What success looks like	What is still left to do
Business, both nationally and internationally Related PI(s): • % of NNDR collected	for an Elected Mayor for Cambridgeshire and Peterborough, to be elected in May 2017. Council agreed proposed modifications to the Local Plan which would allow the Cambridge Biomedical Campus to expand.		Devolution proposal includes a £100 million housing fund to be invested over the next five years to build more homes in Cambridgeshire and Peterborough, including affordable, rent and shared ownership. The deal also includes a new £20 million annual fund for the next 30 years to support economic growth, development of infrastructure and jobs and has many other features.
iv. Support our villages to strengthen their communities and social networks, reducing isolation by improving access, delivering effective community led services and targeted support for the rural economy.	Progress of Community Governance Review for Haslingfield. We've launched a You Tube video explaining to communities how they can list important local amenities as Assets of Community Value, and how they might finance subsequent buy-out of these assets into community ownership. Repair Cafés have been held in Histon, Fulbourn, Waterbeach and Girton. Supported by South Cambridgeshire District Council and local charities Cambridge Carbon Footprint and Transition Cambridge, the roving repair café network aims to help tackle the rise of the throwaway culture by reducing the number of items going into the waste stream, whilst also saving people money and preserving traditional repair know-how and skills.	A successful community car scheme has celebrated reaching its fifth anniversary and 3000th journey with a tea party for customers and volunteer staff. Serving the residents of Over, Willingham, Longstanton and Swavesey, OWLS Community Car Scheme provides door-to-door service for medical and social journeys for people who don't have the use of a car and cannot access public transport. The scheme serves around 170 regular clients and is run solely by volunteers, including four coordinators and 20 drivers. Horningsea and Histon are among the most recent village to go live with fibre broadband through the Connecting Cambridgeshire programme, which is on track to reach over 95% of homes and businesses in the county by the end of 2017.	Complete refresh of Community Transport Strategy Community Governance Reviews of Willingham and Over and Cambourne to begin formally in January 2017. Partner networking events to build local relationships: pilot in one locality Further repair cafes will take place in Great Shelford, Cottenham, Royston, Histon and Sawston between January-March 2017. Second phase of Connecting Cambridgeshire Superfast Broadband programme to be completed by June 2017, incorporating another 26 communities across the district.
AN INNOVATIVE AND DYNAMIC ORGANISATION			

Action - related PIs also listed where relevant	What we are doing to achieve this objective	Outcomes – What success looks like	What is still left to do
Objective (D) Adopt a more commercial and business-like approach to ensure we can continue to deliver the best possible services at the lowest possible cost			
i. Take forward commercial activities such as Ermine Street Housing (ESH - our ethical lettings company) Related PI(s): • General Fund budget variance	ESH has continued to acquire additional properties to grow its portfolio and the position at 31 December 2016 was 115 acquisitions, 140 leased, totalling 250 properties for rent, 4 resold and 10 more in the pipeline. At 30 November 2016 the In-house Enforcement Agent service had 28 live cases. The Business Hub has commenced an arrangement with the British Frozen Foods Federation to provide assured advice across the county.	It is estimated that income stream for the Council for 2016-17 from ESH will be in the region of £250,000 in addition to the appreciation of the capital asset. In-house Enforcement Agent fee income of £18,100 has been received, incurring expenses (excluding staff time) of around £2,000. Just over £2.8 million business rates have been collected. Two Equity Share ales were completed in December generating a profit of £51,576 for the Council.	Continue delivery of ESH Business Plan. Negotiate further Primary Authority arrangements with national organisations. Working with local regulators and Local Authorities to introduce "Better Business for All" Government initiative. Seven further properties are currently live in the equity share product. Three forthcoming completions should generate a profit of £79k for the Council.
ii. Reduce black-bin rubbish and increase income from selling recycled blue-bin waste and paper to keep Council Tax low and reduce waste disposal costs Related PI(s): • % waste reused, recycled and composted	The Single Shared Waste Service has undertaken detailed bin collection round redesign work, resulting in 320 new rounds across the district and City Council areas. Promotion of recycling options during Christmas peak.	Now that performance has been aggregated across the Single Shared Waste Service, success means achieving at least 50% recycling & composting each year up to 2020. Ideally, there should be no recyclates, green garden waste or food waste in residents' black bins. ES418 shows aggregated performance at 54.4% (30 November 2016).	The overall programme of extensive work to take forward the Single Shared Waste Service and realise financial benefits continues. This is the current major focus, which comprises an organisational restructure, a possible transfer of City staff to SCDC, revised collection rounds (changing on 27 February), and developing the commercial services of both councils.
iii. Place greater emphasis on sharing services and information to improve resilience and customer service whilst reducing costs	Cabinet agreed the formation of a Shared Internal Audit Service with Cambridge City Council at its meeting on 19 January 2017. The 3C ICT Digital Team has recently launched a new Intranet and single service desk.	A review of publications for legal has secured a saving of £40,000 per year by removing duplication. The shared internal audit service will provide much-needed operational resilience, drive operational efficiencies by standardising processes and greater assurance through better sharing of	Consolidate 3C shared services to enable benefits realisation and service development. A shared financial management system is scheduled to be implemented in October 2017. This will enable standardised ways of working and common business processes to

APPENDIX A – CORPORATE PLAN 2016-2021 – PROGRESS REPORT, QUARTER THREE 2016-2017

Action - related PIs also listed where relevant	What we are doing to achieve this objective	Outcomes – What success looks like	What is still left to do
	Paul Sumpter has taken up post as Head of Digital and ICT. 3C Shared Services are working towards an office space ratio of seven desks to 10 people towards its Vision '(to make) best use of technology, to work wherever is convenient, efficiently using all council and partner building assets. An effective, equipped and agile workforce that is capable of working anywhere, anytime.'	learning arising from audits across the two Councils. 3C aims to reduce the costs of the services by 15% compared to the costs of working as three separate councils – this equates to just over £1.2 million. The shared waste service will achieve £700k savings by the end of 2018/19 (see also Dii above)	increase efficiency across partners. Proposals for establishing the primary location of the Shared Legal Practice have been consulted upon, as a result of which the central team will base themselves at SCDC from 27 February 2017. Following the appointment of a Joint Director of Planning and Economic Development with Cambridge City Council, the development of a shared planning service.
iv. Deliver an Organisational Development Strategy that ensures that we recruit and retain staff with the skills and behaviours required to embrace new ways of working and address the challenges ahead Related PI(s) • Staff turnover • Staff sickness • Staff survey results	The Finance and Staffing Portfolio Holder approved the People & Organisational Development Strategy 2016-2020 at his meeting on 19 July 2016. The Strategy builds on the achievements and progress made under the previous action plan and takes the organisation forward by charting actions and commitments to employees and Members in an easy to follow plan. A number of initiatives are underway, including: - Review and refresh of Leadership Development Programme - Management workshops on commercial awareness and managing transient teams - A new Learning Management System.	Positive outcomes from the previous strategy included the attainment of the Investors in People Gold Award and the recruitment of apprenticeships in Housing, Communications, Planning and Finance. A regular series of staff surveys revealed generally high levels of satisfaction from staff. Contributing factors to job satisfaction included management support, opportunities for training and development, flexible working and being able to achieve positive outcomes for customers. The Council has ten Level 5 coaches. Feedback from the Local Government Association's Peer Review in November 2016 highlighted many positive observations on organisational development, citing specific strengths around flexible and agile working, training opportunities for, and	Continue implementation of action plan. Complete existing, and carry out forthcoming initiatives including participation in the Government's apprenticeship imitative and development of a career development programme for planners. Determine next steps following a review by our Investors in People inspector in January 2017, 18 months after accreditation. Options include achieving the Platinum standard in 2018. The cycle of periodic staff surveys will be repeated to benchmark and measure levels of employee satisfaction.

Action - related PIs also listed where relevant	What we are doing to achieve this objective	Outcomes – What success looks like	What is still left to do
	- Review of management competencies	empowerment of, staff.	
v. Embed a 'digital by default' approach to customer access whilst ensuring quality traditional contact channels remain for those requiring them Related PI(s): • Number of e-forms received • Number of instances of critical feedback received through website survey • % calls not abandoned • Call average wait times • % first time call resolution • % of complaints responses sent within timescale • % bins collected on time	EMT approved a business case to commence procurement to evaluate the most suitable options for providing integrated Revenues and Benefits e-forms, incorporating workflow and on-line customer account access. The process is underway. EMT commissioned further work towards the development of a corporate customer portal. We have launched a dedicated corporate consultation portal on our website, and have put in place a process to review resident feedback on our website and undertake development work where required.	Positive customer feedback received on new website design compared to survey of previous site. New forms relating to grant schemes and community awards were launched during Quarter Three, resulting in 33 completed submissions. 3,476 completed e-forms were received across all services. The Housing Benefit Application e-form has contributed significantly to a reduction in the average time taken to process claims from 20 days to 11.	Key projects ongoing: - Revenues and benefits e-forms - Customer portal - Web content review

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Appendix B - Key Performance Information

Financial Year	16-17	**Line charts show results from the past year unless stated**
Directorate	Affordable Homes	
PI type	Key PI	

PI and PI owner and Month organised by Service Area		Actual	Target	Int.	Comments

Housing Management

AH205 YTD Average days to re-let General Needs housing

Anita Goddard

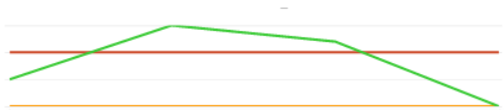
First result of new financial year was skewed by one property requiring structural works

Month	Actual	Target	Int.	Comments
Oct	15	17	25	Performance is good however the percentage of new tenants not happy with their home increased in Q3, which needs further investigation. (AG)
Nov	15	17	25	
Dec	15	17	25	

Housing Advice

AH203 Number of households in temporary accommodation

Susan Carter/Heather Wood



Month	Actual	Target	Int.	Comments
Sep	62	50	60	Decrease from 62 at the end of the last quarter, however this shows a snapshot at the end of the quarter and could be affected by the Christmas period. (SC)
Dec	50	50	60	

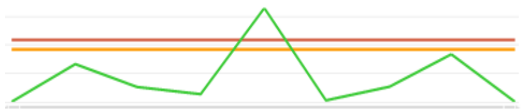
AH208 Number of households helped to prevent homelessness (non-YTD)

Susan Carter/Heather Wood

Month	Actual	Target	Int.	Comments
Sep	44	30	27	Less than half the figure from the last quarter. This is likely to be due to availability of private rented accommodation as the PSL scheme with King Street is no longer taking nominations. Work is underway to establish our own PSL scheme. Housing Advice caseload figures indicate Dec was a quieter month than previously recorded, which is not unusual; however staff are reporting more complex cases. (SC)
Dec	19	30	27	

AH209 £s spent on Bed and Breakfast accommodation

Susan Carter/Heather Wood



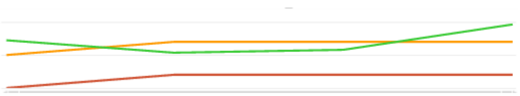
Line chart shows results for 2016/17 to date.

Month	Actual	Target	Int.	Comments
Oct	529	1830	2163	One person occupied B&B during December but payment for this will be made in January following his departure. (SC)
Nov	1663	1830	2163	
Dec	0	1830	2163	

Landlord Services

AH204 % tenants satisfied with responsive repairs

Anita Goddard



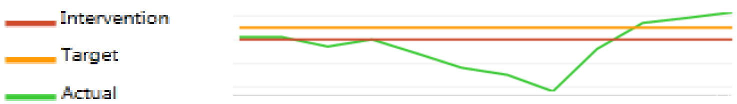
Month	Actual	Target	Int.	Comments
Sep	95.8	97	92	Mears are reviewing their IT solution for increasing data collection to strengthen the validity of the KPI reported. (AG)
Dec	99.6	97	92	

Appendix B - Key Performance Information

Financial Year	16-17
Portfolio	Corp. & Cust. Services
PI type	Key PI

Line charts show results from the past year unless stated

PI and PI owner and Month organised by Service Area	Month	Actual	Target	Int.	Comments
Communications					
CC306 Number of e-forms received					
Gareth Bell					
No line chart available - insufficient historical data.	Sep	4785	4011	3375	
	Dec	4288	3375	2532	
CC308 Number of instances of critical feedback received through website survey					Negative feedback is often received due to the service the customer has received rather than quality of webpage. This is highlighted by one person leaving the same feedback 13 times - "still on hold". 305 instances of positive feedback were also received - many due to the addition of "show more dates" and print functions on bin pages.
Gareth Bell					
No line chart available - insufficient historical data.	Sep	382	455	546	
	Dec	280	382	458	
Contact Centre					
CC303 % calls to the Contact Centre not abandoned					Performance has improved and is above target following a number of new staff commencing their employment and subsequently completing their training. A work plan has also commenced which has included the introduction of advanced call coaching for all advisors.
Dawn Graham					
	Oct	87	85	80	
	Nov	89	85	80	
	Dec	91	85	80	



PI and PI owner and Month organised by Service Area	Month	Actual	Target	Int.	Comments
CC307 Average call answer time (seconds)					
Dawn Graham					
	Oct	118	120	180	
	Nov	106	120	180	
	Dec	82	120	180	

PI and PI owner and Month organised by Service Area	Month	Actual	Target	Int.	Comments
CC302 % calls to the Contact Centre resolved first time					
Dawn Graham					
	Oct	82	80	70	
	Nov	82	80	70	
	Dec	83	80	70	

Appendix B - Key Performance Information

Financial Year	16-17
Portfolio	Corp. & Cust. Services
PI type	Key PI

Line charts show results from the past year unless stated

PI and PI owner and Month organised by Service Area		Actual	Target	Int.	Comments
Corporate Services					
CC305 % of formal complaint responses sent within timescale (all SCDC) Rachael Fox-Jackson					25 of 37 met timescale - Housing 12/12, Corporate Services 4/5, HES 2/2, PNC 7/18. A project is at the planning stage to review how complaints are dealt with across the council with a view to addressing poor response time performance.
No line chart available - insufficient historical data.	Sep	54	80	70	
	Dec	67	80	70	

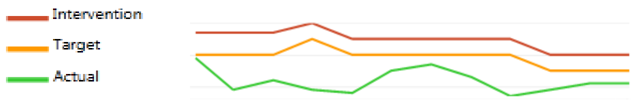
Portfolio Holder Report - Finance and Staffing

Financial Year	16-17
Portfolio	Finance & Staffing
PI type	Key PI

Line charts show results from the past year unless stated

PI and PI owner and Month organised by Service Area		Actual	Target	Int.	Comments
Benefits					
FS112 Average number of days to process new HB/CTS claims					
Dawn Graham					
	Oct	9	15	20	
	Nov	11	15	20	
	Dec	11	15	20	
FS113 Average number of days to process HB/CTS change events					
Dawn Graham					
	Oct	12	12	15	
	Nov	10	12	15	
	Dec	8	12	15	
SF740 % Discretionary housing grant paid					£60k of grant has been ring fenced for those affected by Welfare Reforms, including the Benefit Cap. Active targetting of these residents is being undertaken at present to ensure those in the most need can be awarded a payment. A dedicated post has been in place to identify families likely to be affected. Officers are confident the grant will be spent by end of year.
Dawn Graham					
Line chart shows 2016/17 spend to date.	Oct	45	44	33	
	Nov	51	55	44	
	Dec	53	66	55	
Finance					
FS101 % General Fund budget variation					The favourable variance is largely due to the £150K saving on the growth budget in the Shared Waste Services as well as other efficiencies within the service, and additional Planning Fee income received in the year.
Suzy Brandes					
Line chart not included - historic data currently unavailable	Sep	-0.6	3	4	
	Dec	-2	3	4	
FS106 % HRA budget variation					The HRA variances relate to savings on the new contract for Cyclical Maintenance works and higher than anticipated rental income.
Julia Hovells					
Line chart not included - historic data currently unavailable	Sep		3	4	
	Dec	-7	3	4	

FS112 chart:



FS113 chart:

SF740 chart:

Portfolio Holder Report - Finance and Staffing

Financial Year	16-17	**Line charts show results from the past year unless stated**
Portfolio	Finance & Staffing	
PI type	Key PI	

PI and PI owner and Month organised by Service Area | **Actual** | **Target** | **Int.** | **Comments**

FS107 % Capital budget variation

Suzy Brandes

Line chart not included - historic data currently unavailable

Month	Actual	Target	Int.	Comments
Sep		3	4	Variance relates to the late start to the building work on Robinson Court, Gamlingay, delays to improvements work on the non-traditional housing (now likely to rollover into the next year), and unutilised grants received at the start of the year. An additional saving of £300K is anticipated on transfer of the ICT function to the Shared Services.
Dec	-12	3	4	

FS109 % invoices paid in 30 days

Sally Smart

Month	Actual	Target	Int.	Comments
Oct	94.0	98.5	96.5	An improvement on November, giving Amber for the period. 33% of late invoices were for Environmental Health, 11% Housing (both a decrease from last quarter's performance). Other areas saw improvement. Managers have been emailed informing them of service areas with poor performance, responses are invited with details of actions or reasons.
Nov	96.3	98.5	96.5	
Dec	97.4	98.5	96.5	

HR

FS117 Staff turnover (non-YTD)

Susan Gardner Craig

Line chart as includes data up to and including Sep.

Month	Actual	Target	Int.	Comments
Sep	5.36	2.5	3.75	Data becomes available towards the beginning of Feb. To be reported once available.
Dec		2.5	3.75	

FS116 Staff sickness days per FTE (non-YTD)

Susan Gardner Craig

Line chart as includes data up to and including Sep.

Month	Actual	Target	Int.	Comments
Sep	2.29	1.75	2.5	Data becomes available towards the beginning of Feb. To be reported once available.
Dec		1.75	2.5	

Revenues

FS102 % Housing Rent collected

Katie Brown

No line chart included - scale of chart means actual is indistinguishable from target.

Month	Actual	Target	Int.	Comments
Oct	98.3	97.2	87.4	
Nov	98.3	97.3	87.5	
Dec	98.2	97.7	87.9	

Portfolio Holder Report - Finance and Staffing

Financial Year	16-17
Portfolio	Finance & Staffing
PI type	Key PI

Line charts show results from the past year unless stated

PI and PI owner and Month organised by Service Area		Actual	Target	Int.	Comments
FS104 YTD % NNDR collected					
Katie Brown					
No line chart included - scale of chart means actual is indistinguishable from target.	Oct	69.8	68.66	61.79	
	Nov	78.2	77.85	70.07	
	Dec	86.8	86.3	77.67	
FS105 YTD % Council Tax collected					
Katie Brown					
No line chart included - scale of chart means actual is indistinguishable from target.	Oct	71.0	69.3	62.4	
	Nov	80.1	79	71.1	
	Dec	88.9	88.5	79.7	
FS115 % sundry debts in arrears					
Katie Brown					
	Oct	17.9	26.7	42.7	Two large invoices totalling more than £1 million have negatively impacted on December's overall figure.
	Nov	20.8	22.4	36.2	
	Dec	19.9	18	29.6	

Appendix B - Key Performance Information

Financial Year	16-17
Directorate (aligns with the Environmental Services Portfolio)	Health & Environ. Servic
PI type	Key PI

Line charts show results from the past year unless stated

PI and PI owner and Month organised by Service Area — **Actual** **Target** **Int.**

Waste Services

ES418 YTD % of household waste sent for reuse, recycling and composting (SSWS)

Jane Hunt

Line chart shows results from Apr 2016 to date.

Month	Actual	Target	Int.
Oct	54.5	50	50
Nov	54.4	50	50
Dec	53.8	50	50

This PI represents a combined rate across SCDC and CCC; recycling promotion and making it easy for residents to recycle remain priorities for the service. In Q3 particular effort went into supporting residents during the Christmas period.

ES408 % of bins collected on schedule (SCDC only)

Jane Hunt

Line chart shows results from Apr 2016 to date.

Month	Actual	Target	Int.
Oct	99.95	99.95	99.85
Nov	99.95	99.95	99.85
Dec	99.95	99.95	99.85

Sustaining these levels (which has been a challenge in recent years), especially over the Christmas period, has been down to the continued hard work of the crews and supervisors despite staff shortages.

Environ. Health & Licensing

ES406 % major non-compliances resolved (in rolling year)

Myles Bebbington

Month	Actual	Target	Int.
Sep	80	90	80
Dec	83	90	80

20 of 24 cases have been resolved within the rolling year. During Q3, 5 cases were identified as major non-compliances, 4 of which were resolved with 1 ongoing due to police investigation - likely to be unresolved in the next quarter.

ES401 % business satisfaction with regulation service

Myles Bebbington

Month	Actual	Target	Int.
Sep	76	90	80
Dec	94	90	80

33 of 35 respondents indicated that they were satisfied with Business Regulation.

Appendix B - Key Performance Information

Financial Year	16-17
Directorate (aligns with the Planning Portfolio)	Planning & New Commu
PI type	Key PI

Line charts show results from the past year unless stated

PI and PI owner and Month organised by Service Area		Actual	Target	Int.	Comments

Dev. Management

PN501 % major applications determined in 13 weeks or agreed timeline

Julie Baird

Line charts show all results over the past year

Month	Actual	Target	Int.
Oct	100	60	50
Nov	100	60	50
Dec	100	60	50

PN502 % minor applications determined in 8 weeks or agreed timeline

Julie Baird

Month	Actual	Target	Int.
Oct	75	65	55
Nov	67	65	55
Dec	88	65	55

PN503 % other applications determined in 8 weeks or agreed timeline

Julie Baird

Month	Actual	Target	Int.
Oct	81	80	70
Nov	81	80	70
Dec	90	80	70

Comments (PN501–PN503): Although performance has been very good over the past few months, we are currently at risk of Designation by DCLG due to speed of processing that was marginally below the threshold for major and non-major applications between Oct 2014 and Sep 2016. A workshop will take place to understand the implications of this and we will also be able to put our case forward for avoiding Designation. We will find out the outcome of this in early Feb; however initial conversations with the Planning Advisory Service (PAS) indicate that we have a good case not to be Designated given the recent sustained good performance.
Within the department, lead officers are being given the responsibility of review and analysis of performance (one officer looking at quality and a second at speed) on a weekly basis to ensure that action is taken where performance drops and current levels are sustained. This will be backed up by monthly Planning performance meetings to discuss key issues and identify areas for improvement.

PN506 % of appeals against planning permisions refusal allowed

Julie Baird

Month	Actual	Target	Int.
Sep	44	35	45
Dec	57	35	45

8/14 appeal decision received were allowed during Dec. Work will be taking place to increase analysis of appeal decision data to identify key issues and susbsequent training needs, whilst mentors are already in place to support decision making.

Appendix B - Key Performance Information

PI and PI owner and Month organised by Service Area		Actual	Target	Int.	Comments
PN508 % of planning applications validated within 5 working days					
Julie Baird					
No line chart available - new KPI	Oct	85	85	75	
	Nov	90	85	75	
	Dec	91	85	75	
PNC (directorate wide)					
PN505 % customers satisfied with Planning and New Communities					
Julie Baird					
	Oct	51	70	60	Performance has improved as a result of having worked through the backlog. Plans are underway with a view to obtaining more detailed customer feedback in the future.
	Nov	57	70	60	
	Dec	75	70	60	
Land Charges					
LSX025 Average Land Charges search response days					
Julie Baird					
	Oct	19.7	8	10	
	Nov	7.3	8	10	
	Dec	6.3	8	10	
New Communities					
PN507 % of live Planning Performance Agreements (PPAs) on track					
Jane Green					
No line chart as data was unavailable prior to Q3 due work that was required to implement PPA processes.	Sep		No target and intervention currently in place due to a lack of historic data to base this on.		7 of 10 on track. These 7 are for Northstowe Phase 1, covering 774 homes and on target in relation to application receipt and determination, and developer start on site. Those not on track include draft PPAs at the Waterbeach and Bourn Airfield strategic sites (due to PPAs requiring sign off - should take place by end of Feb) and the University of Cambridge (currently behind due to a housebuilder terminating their interest in the scheme). Future PPAs are required for the next stage of development at Northstowe Phase 2 (the original PPA has recently been completed on target by issuing planning permission on time) and for the Cambridge Wing development.
	Dec	70			

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Financial summary 25 January 2017 to be considered with Q3 Position report

		Working Budget 2016/17	Budget to date 2016/17	Actual Income & Expenditure to date	Commitments to date and adjustments	Total to date	Variance to date 2016/17	Budget remaining	Projected (under)/over spending
		£	£	£	£	£	£	£	£
General Fund									
Portfolio									
Leader	Service	399,930	327,986	255,954	73,427	329,381	1,395	70,549	1,395
Finance & Staffing	Service	2,851,990	24,329,558	22,337,675	2,035,044	24,372,719	43,161	(21,520,729)	43,161
Corporate & Customer Services	Service	1,905,050	1,499,054	915,024	582,178	1,497,202	(1,852)	407,849	(1,852)
Executive Director	Staffing	6,515,580	4,563,714	4,255,142		4,255,142	(308,572)	2,260,438	(160,354)
Subtotal							***(265,868)***	***(18,781,894)***	***(117,650)***
Economic Development	Service	214,910	157,425	80,995	37,725	118,720	(38,705)	96,190	(31,000)
Environmental Services	Service	6,312,670	6,106,773	4,483,743	1,861,289	6,345,032	238,259	(32,362)	(275,300)
Environmental Health	Staffing	1,862,910	1,402,025	1,182,629		1,182,629	(219,396)	680,281	(253,360)
Subtotal							***(19,842)***	***744,109***	***(559,660)***
Housing (General Fund)	Service	1,463,380	1,194,646	576,018	620,982	1,197,000	2,354	266,380	2,354
Affordable Homes	Staffing	2,951,860	2,208,504	2,390,245		2,390,245	181,741	561,615	181,741
Subtotal							***184,095***	***827,995***	***184,095***
Planning	Service	2,672,000	1,997,440	385,971	1,044,057	1,430,028	(567,412)	1,241,972	(367,412)
Strategic Planning & Transport	Service	692,510	350,606	(258,126)	672,758	414,632	64,026	277,879	64,026
New Communities & Planning	Staffing	2,839,420	2,129,853	2,419,730		2,419,730	289,877	419,690	316,982
Subtotal							***(213,509)***	***1,939,541***	***13,596***
Un-Allocated		3,620,540	(1,474,606)	105,865	(1,474,606)	(1,368,741)	105,865	3,598,527	0
	Savings	(750,000)	(375,000)	(56,350)	0	(56,350)	318,650	(693,650)	85,009
Total	Service	20,132,980	34,488,881	28,883,119	5,452,853	34,335,972	(152,909)	(15,593,746)	(564,628)
	Staffing	14,169,770	10,304,096	10,247,746	0	10,247,746	(56,350)	3,922,024	85,009
		33,552,750	***44,417,977***	***39,130,865***	***5,452,853***	***44,583,718***	***165,741***	***(12,365,372)***	***(479,619)***
Interest on Balances		(511,400)	(383,550)	(206,313)	(177,237)	(383,550)	0	(127,850)	0
Net District Council General Fund Expenditure		19,621,580	34,105,331	28,676,806	5,275,616	33,952,422	(152,909)	(15,721,596)	(479,619)
Council Tax		(7,852,090)	0	0	0	0	0	(7,852,090)	0
Retained Business Rates		(3,604,000)	(2,702,997)	0	0	0	2,702,997	(3,604,000)	0
Revenue Support Grant		(1,131,440)	(514,273)	(768,498)	0	(768,498)	(254,225)	(362,942)	0
New Homes Bonus		(5,265,300)	(3,948,975)	(3,950,159)	0	(3,950,159)	(1,184)	(1,315,141)	0
Collection Fund Surplu[ses]/Deficit[s]		115,460	0	0	0	0	0	115,460	0
Funding Total		(17,737,370)	(7,166,245)	(4,718,657)	0	(4,718,657)	2,447,588	(13,018,713)	0
Appropriation (to)/from General Fund Balance		1,884,210	26,939,086	23,958,149	5,275,616	29,233,765	2,294,679	(28,740,309)	479,619

Financial summary 25 January 2017 to be considered with Q3 Position report

	Working Budget 2016/17 £	Budget to date 2016/17 £	Actual Income & Expenditure to date £	Commitments to date and adjustments £	Total to date £	Variance to date 2016/17 £	Budget remaining £	Projected (under)/over spending £
Housing Revenue Account								
Housing Repairs - Revenue	4,302,400	2,829,435	1,961,088	0	1,961,088	(868,347)	2,341,312	(250,000)
Sheltered Housing	284,210	378,367	347,862	35,982	383,844	5,477	(99,634)	(89,521)
Administration	3,251,130	2,217,822	1,308,191	763,738	2,071,929	(145,893)	1,179,201	0
Other Alarm Systems	0	1,376	(61,376)	66,739	5,363	3,987	(5,363)	3,987
Flats - Communal Areas	62,360	46,736	29,056	18,277	47,333	597	15,027	
Outdoor Maintenance	105,340	191,080	161,215	26,675	187,890	(3,190)	(82,550)	0
Sewage	4,010	4,760	1,595	3,522	5,117	357	(1,107)	0
Tenant Participation	326,480	214,348	130,657	67,643	198,300	(16,048)	128,180	(25,000)
Reprovision & New Homes Programme	170,910	127,882	156,664	(37,491)	119,173	(8,709)	51,737	(40,000)
Other [including Transfer to Reserves & Capital Charges]	19,927,730	9,874,075	3,543,929	6,332,970	9,876,899	2,824	10,050,831	0
Income	(28,462,200)	(21,244,239)	(21,507,238)	0	(21,507,238)	(262,999)	(6,954,962)	(255,000)
Housing Revenue Account Total	(27,630)	(5,358,358)	(13,928,357)	7,278,055	(6,650,303)	(1,291,945)	6,622,673	(655,534)
Capital								
Capital Expenditure								
HRA Capital								
Land	0	0	8,120	0	8,120	8,120	(8,120)	0
New Homes Programme	3,756,190	2,817,135	1,804,054	0	1,804,054	(1,013,081)	1,952,136	0
Reprovision of Existing Homes	447,470	335,610	0	0	0	(335,610)	447,470	(400,000)
Repurchase of HRA Shared Ownership Homes	300,000	225,000	138,981	0	138,981	(86,019)	161,019	0
Cash Incentive Grants	390,600	292,950	0	0	0	(292,950)	390,600	(390,600)
Housing Repairs - Capital	9,328,320	6,996,240	3,950,989	300	3,951,289	(3,044,951)	5,377,031	(800,000)
HRA Capital Subotal	14,222,580	10,666,935	5,902,144	300	5,902,444	(4,764,491)	8,320,136	(1,590,600)
GF Capital								
Cambourne Offices	75,000	56,250	0	56,250	56,250	0	18,750	0
ICT Development	580,000	394,380	55,888	11,415	67,303	(327,077)	512,697	(300,000)
Waste Collection & Street Cleansing	762,000	500,000	196,425	0	196,425	(303,575)	565,575	(234,750)
Awarded Watercourses and Air Quality	0	0	111,595	0	111,595	111,595	(111,595)	4,207
Repurchase of GF Sheltered Properties	1,100,000	825,000	762,115	0	762,115	(62,885)	337,885	0
Travellers Sites	0	0	18,048	0	18,048	18,048	(18,048)	0
Improvement Grants	770,000	484,200	405,068	0	405,068	(79,132)	364,932	(79,132)
Grants-Provision of Social Hsg	402,000	301,500	90,000	0	90,000	(211,500)	312,000	(250,000)
Refurbishment of GF Equity Share Properties	200,000	150,000	0	0	0	(150,000)	200,000	(150,000)
Website Development	25,000	19,000	12,795	0	12,795	(6,205)	12,205	0
Other (Mainly Capital Receipts)	60,000	43,500	3,163	0	3,163	(40,337)	56,837	0
GF Capital Subotal	3,974,000	2,773,830	1,655,097	67,665	1,722,762	(1,051,068)	2,251,238	(1,009,675)
Capital Expenditure Total	18,196,580	13,440,765	7,557,241	67,965	7,625,206	(5,815,559)	10,571,374	(2,600,275)

Appendix D
Strategic Risk Register
February 2017 – Draft

South Cambridgeshire District Council

Risk Reference, Title, (date first included) and Description, plus associated Aims, Objectives	Risk Owner	Risk Score		Risk Owner's Comments
		Target	Current	
STR25 - Increase in cost of managing homelessness (January 2013) Potential impacts of combined welfare benefit changes, *leading to* an increase in the number of homelessness acceptances, *resulting in* significant increase in costs to the Council to meet its statutory obligations. **Objectives, Actions**: B ii, B v, B vi	Cllr Lynda Harford Stephen Hills	9	**25**	SCORES - IMPACT: 5; LIKELIHOOD: 5 CONTROL MEASURES / SOURCES OF ASSURANCE: Close working partnership with King Street Housing who provide private sector leasing options has been very effective to date. Use of Rent Deposit Scheme has also been effective until recently alongside Empty Homes Initiative, other homelessness prevention measures and a New Build Programme. Council prepares detailed analysis of the potential impacts of any welfare changes on the homelessness in advance of the changes taking place, this allows planning for and mitigation of the impact However: • King St are not taking on any more PSL landlords and are shifting the current portfolio to market rents above LHA level. • The 1% HRA rent cut has reduced our new build programme; • New affordable housing coming through the system from RPs will slow down and Starter Homes are unusable for our homeless cases; • The rent deposit scheme is essentially redundant as PRS rents are so high compared with the LHA rate; • Forced council house sales will reduce our stock further – possibly 40% of all relets each year; • The proposed introduction of LHA rate for supported housing risks the closure of our newly built hostel (it would revert to general needs tenancies). The Council is left with a stretched DHP and the ability to use our new relets only for homeless households but this will impact on our ability to house others from the housing register, which in turn may have an impact on some of our preventative work. A review of temporary accommodation portfolio now underway to rationalise the supply held The Council has also approved a project to try and secure PSL properties through a Council led offer managed by Shire Homes. Shire Homes are currently the key partner in the drive to prevent homelessness. The authority needs to prepare for a possible increase in homeless applications with the potential risk of paying out £500k to £1m in Temporary Accommodation / B&B costs. TIMESCALE TO PROGRESS: The mitigation work will be closely monitored throughout the year. The success of the new PSL project will be known within 6 months.

Risk Reference, Title, (date first included) and Description, plus associated Aims, Objectives	Risk Owner	Risk Score		Risk Owner's Comments
		Target	Current	
STR05 - Lack of land supply (June 2007) Delays in adoption of the local plan and delivery from Northstowe and the Cambridge fringe sites has led to slow down in rate of progress against trajectory, *leading to* the authority being unable to demonstrate adequate housing land supply, *resulting in* the Council receiving speculative applications and appeals not consistent with the submitted Local Plan. **Objectives, Actions**: B i, B iii	Cllr Robert Turner Stephen Kelly	10	**20**	SCORES - IMPACT: 4; LIKELIHOOD: 5 CONTROL MEASURES / SOURCES OF ASSURANCE: Local Plan when adopted will provide a five-year supply. Risk is the period before the Local Plan is adopted and then to ensure delivery remains on track to avoid falling back into a lack of five-year supply. Public examination hearings started November 2014. Memorandum of Understanding on Five Year Land Supply agreed with Cambridge City Council on 9 September 2014 that there be a joint housing trajectory across Greater Cambridge that reflects the phasing of housing delivery, particularly on the fringe sites. Being considered through the Local Plan examination. Inspector has advised that unlikely to be able to give early view as linked to overall development strategy, but will keep it under review. A review is being undertaken to consider ways to minimise the risk of the shortfall widening through slippage of the housing trajectory and potential to reduce the shortfall by improving delivery of suitable schemes. Planning Policy produce an Annual Monitoring Report (forecasts housebuilding levels). An update note on the 5-year supply position is prepared monthly to monitor the situation, including identifying outstanding appeals and applications that could add to housing supply if approved. The A14 improvements under way for completion. Progress being made on Northstowe Phase 1 – first phase under construction - reserved matters housing applications – risk that delivery in line with trajectory may not be achieved. Committee resolved to grant Northstowe Phase 2 Planning Application approval in July 2015. Cambridge Fringes Joint Development Control Committee resolved to grant Wing (land north of Newmarket Road, Cambridge) planning permission in April 2016. S106 close to completion. Permission to be issued October 2016. Planning Committee resolved to grant Outline permission for Cambourne West development. Discussions commenced on means of provide an appropriate planning framework for Waterbeach and Bourn Airfield new settlements to inform subsequent planning applicationsto . Construction of Cambourne 950 underway. Management of major applications benefits from Site Delivery Fund award of £50,000 over two years. TIMESCALE TO PROGRESS: Local Plan Hearings commenced on 4 November 2014. Examination hearings recommenced in June 2016 after additional work to address inspectors' letter. Next part of programme published summer 2016 with remainder of programme still awaited. Adoption anticipated around the end of 2017. Review of approach to addressing 5-year supply in hand, to be completed by autumn 2016. Northstowe Phase 2 planning permission was due to be issued by December 2015, but will now be Autumn 2016.

Risk Reference, Title, (date first included) and Description, plus associated Aims, Objectives	Risk Owner	Risk Score		Risk Owner's Comments
		Target	Current	
STR28 – Recruitment & Retention (September 2015) Reduced staffing capacity due to difficulties in recruitment and retention, especially in some professions, *leading to* loss of resources / experience / expertise in key services, increased workload and pressure on remaining staff to deliver services, increased sickness absence and stress, increased costs (including of repeat recruitment) and additional cost of using the agency staff; *resulting in* lack of capacity to meet service delivery needs, loss of effectiveness/productivity, disruption to, or lower quality of, services provided, either internally or to the public, failure to comply with statutory processes or meet statutory deadlines; damage to the Council's reputation; legal challenge. **Objectives, Actions**: All	Cllr Simon Edwards Susan Gardner Craig	9	**20**	SCORES - IMPACT: 4; LIKELIHOOD: 5. CONTROL MEASURES / SOURCES OF ASSURANCE: Variety of actions in place, appropriate to service areas, including: • Internal development opportunities • Funded professional development & qualifications • Secondments, both internally and with partnering authorities • Shared services with partnering authorities • Market supplements on a fixed term basis • Use of temporary workers • Changes to recruitment approaches, new jobs page on website, use of different media • Keep under review marketplace pay levels using e-paycheck and other means • Increase in the number of apprenticeships on offer • Developing a career progression scheme • Offering trainee LGV Driver places TIMESCALE TO PROGRESS: Ongoing: Additional actions being considered in some service areas.
STR15 - Welfare Reform (December 2010) Radical changes to benefits, including localised council tax support scheme and introduction of a universal credit system, *leading to* possible: • increased IT cost due to required system changes; • implementation costs not fully reimbursed by Government grant; • increased workload for Benefits and Homelessness teams, *resulting in* potential for: • adverse effect on service provision due to the number of changes; • increased dissatisfaction with the service due to reduced amounts of benefit payable; • impact on Medium Term Financial Strategy; • devastating effect on people with mental health problems; and • dislocation of private sector housing market. **Objectives, Actions**: B i, B ii, B v, B vi **Relevant PI(s)**: FS 112 – Days to process new HB and CTS claims FS 113 – Days to process HB and CTS change events	Cllr Simon Edwards Susan Gardner Craig	10	**16**	SCORES - IMPACT: 4; LIKELIHOOD: 4. CONTROL MEASURES / SOURCES OF ASSURANCE: Scoping work currently being undertaken by the Benefits Manager to assess the impact of the latest changes to welfare announced as part of the Summer 2015 budget. Amended Discretionary Housing Payments (DHP) policy for July 2015 Finance and Staff Portfolio Holder meeting. Department for Work & Pensions (DWP) have confirmed increased DHP budget for 2016/17 following the announcement of the reduction in the level of the Benefit Cap (£20k). Local Council Tax Support (LCTS) scoping being undertaken to work out impact of changes to Tax Credits in 2016, tax threshold changes and Living Wage on the level of estimated level of LCTS for 2016/17. Scoping complete; suggests impact of Tax Credit changes will not currently affect the financial viability of the scheme as current spend is less than estimate. LCTS workshop took place in July 2016, report for portfolio in August 2016 for the year 2017/18. Monthly ongoing monitoring of current LCTS scheme to assess current expenditure. Monitoring of roll out of Universal Credit (UC) to ensure lessons learnt are implemented at SCDC. Information currently available indicates the rollout of UC will be a slow process during this current parliament with all new working age claims processing not available until 2020-21. Regular meetings with colleagues in housing advice and housing to assess impact of pay to stay proposals as well as the introduction of the £20k cap for those on out of work benefits.

Risk Reference, Title, (date first included) and Description, plus associated Aims, Objectives	Risk Owner	Risk Score		Risk Owner's Comments
		Target	Current	
STR24 - HRA Business Plan (March 2012) The HRA Business Plan has its own associated risk register. The score of the risk in this Strategic Risk Register is a composite score from the HRA Business Plan risk register, and reflects changes announced in the Government's July 2015 Budget on: • 1% rent reduction for 4 years, • loss of relets to fund the extension of the RTB scheme to Registered Providers, • tenants earning over £30k required to pay market rents. • Sale of estimated 50% of voids to fund extension of RTB to RPs **Objectives, Actions**: B i, B ii, B v, B vi	Cllr Lynda Harford Stephen Hills	8	**16**	SCORES - IMPACT: 4; LIKELIHOOD: 4 CONTROL MEASURES / SOURCES OF ASSURANCE: Capacity had been built into the Housing Revenue Account (HRA) business plan to absorb some future changes if they were required; however, the 1% rent cut announced in the Government's July 2015 Budget is the same as reopening the debt settlement - it takes £134m out of the HRA Business Plan and has a significant impact on the Council's build programme. The potential loss of properties through 'high value sales' further weakens the HRA Business Plan and creates further pressure on Risk STR25. Monitor Government policy including utilising our partnership arrangements with the Chartered Institute of Housing and respond to formal consultations. Detailed review of HRA business plan part of 2016 Service Plan. Potential to negotiate with Government for retention of high value sales receipts to fund a replacement programme. TIMESCALE TO PROGRESS: Revised HRA Business Plan for approval February 2017.

Risk Reference, Title, (date first included) and Description, plus associated Aims, Objectives	Risk Owner	Risk Score		Risk Owner's Comments
		Target	Current	
STR08 - Medium Term Financial Strategy (MTFS) (June 2007) Risks concerning the financial projections include: • not achieving delivery of additional income / savings to meet targets, including from Business Improvement & Efficiency and Commercialisation Programmes projects (and see STR26), shared services initiatives and the housing company; • inflation exceeds assumptions; • interest rates do not meet forecasts; • employer's pension contributions increases exceed projections; • changes in demand for some service areas could lead to pressures in the related budgets, especially Housing; • unforeseen restructuring costs; • retained business rates scheme – volatility of outstanding valuation appeals, made worse by the 2017 revaluation; • retained business rates scheme does not meet forecast; • retained business rates scheme tariff adjustments continue from 2020/21; • Business rates revaluation at April 2017 is not fiscally neutral for the Council; • Changes in the business rates retention scheme to effect 100% retention are detrimental to the Council; • Uncertainties following the June 2016 referendum vote to leave EU, particularly unpredictable volatility in economic factors, e.g. inflation, interest rates, employment, business confidence, etc. impact assumptions underlying the MTFS; • major developments do not meet housing trajectory forecast; • cost of supporting development and meeting demand from growth; • impact of welfare reform (and see STR15); • availability of budget for Cabinet priorities; • council tax strategy (Government change rules); • material error or omission in MTFS forecasts; • outcome of New Homes Bonus scheme consultation leads to less resources than anticipated; • increased uncertainty in budget setting due to commercial activities, exposure to market competition and commodity price trends, leads to reduced income / increased costs above those forecast in MTFS, *leading to* the Council needing to take action to cut its budgets, *resulting in* cuts in services, public dissatisfaction, audit and inspection criticism. **Objectives, Actions**: D i, D ii, D iii, D iv, D v	Cllr Simon Edwards Caroline Ryba	10	**15**	SCORES - IMPACT: 5; LIKELIHOOD: 3. CONTROL MEASURES / SOURCES OF ASSURANCE: Updated MTFS approved by Cabinet in February 2016. Implement plans to deliver Council's programme in line with latest General Fund income and savings targets. Comparisons between MTFS, financial position statements and General Fund, HRA and Capital Programme estimates. Monitor inflation factors, effect of current economic climate on demand led services and budgets. Monthly financial report to Executive Management Team (EMT); EMT reviews progress in achieving budget targets. Treasury management reports to Finance & Staffing PFH. Monitoring of business rates income, collection rates and appeals. Monitoring of council tax base to identify financial implications of growth. Additional income/savings targets built in to Business Improvement & Efficiency and Commercialisation Programmes projects, shared services and other initiatives. Report to Cabinet on shared service principles and business cases in July 2015. Share Service governance process in place. Spending Review / Autumn Statement and provisional Local Government Finance Settlement: implications modelled for February 2016 Cabinet report (2016/17 figures confirmed in February 2016). Submission of an efficiency plan to government, thereby seeking to confirm significant elements of income for the next three years as a control/mitigation. Quarterly reports on commercial projects and market price trends to Cabinet. Use of reserves. TIMESCALE TO PROGRESS: Identify further opportunities for commercial income and assess the risks associated with each commercial project. Separately identify commercial income in the Council's reports and projections. **Relevant PI(s)**: FS 101 - % General Fund Budget variance FS 107 - % Capital variance FS 106 - % HRA variance

Risk Reference, Title, (date first included) and Description, plus associated Aims, Objectives	Risk Owner	Risk Score		Risk Owner's Comments
		Target	Current	
STR30 – Devolution Risk - Failure of implementation programme to deliver on scope, time, quality and cost (September 2016) Tight timescales, insufficient time and capacity to get structures in place, changes in the political and economic climate, failure of some or all partners to engage fully and/or of associated governance arrangements, *leading to;* delays to the receipt of, or complete loss of powers and funding allocated to the Combined Authority under the devolution deal, *resulting in*: Inability of SCDC to deliver its Corporate Plan, financially unviable services, reputational damage for SCDC, wider loss of credibility for Cambridgeshire authorities, reducing the prospect of successful future devolution deals with government.	Cllr Peter Topping Alex Colyer	8	**12**	SCORES - IMPACT: 4; LIKELIHOOD: 3 Draft legislation in relation to Devolution was published by the Government in November 2016 and approved by authorities. It was then moved through the Parliament and became a Parliamentary Order. On 18 January 2017 the authorities gave their consent to the draft order of Parliament. Awareness of the timetable and ongoing preparations mitigate the risk of failure to deliver the deal in accordance with the specified milestones. The Shadow authority is in place at this time and is meeting regularly.
STR26 – Business Improvement & Efficiency, Development Control Improvement, Working Smarter and Commercialisation Programmes (November 2013) The Business Improvement Efficiency Programme (BIEP), Development Control Improvement Programme (DCIP), Planning Programme, Affordable Homes Programme, Working Smarter and Commercialisation Programmes have their own associated risk registers. The risks included are summarised as follows (only those scoring 12 and above are reflected in the summary): The Projects on the programmes are not completed in a timely fashion due to • inadequate stakeholder engagement, • conflicting operational, programme and project priorities, or • long term unavailability of relevant and crucial staff, *leading to* inadequate programme and project resources and support, *resulting in* a delay or failure to deliver the outputs, associated benefits, and required income and savings targets. **Objectives, Actions**: D i, D ii, D iii, D iv, D v	Cllr Nick Wright Phil Bird	9	**9**	SCORES – IMPACT: 3; LIKELIHOOD: 3 CONTROL MEASURES / SOURCES OF ASSURANCE: The Programme Manager identified programme and project resource requirements before the start of the tranches. The level of resource required is continually monitored by the Programme Manager as projects progress, close and new ones commence. The Senior Responsible Owner is responsible for securing the required resources. Regular 1:1s with Executive Director (Senior Responsible Owner). Monthly Highlight Reports from each Project Manager to the Programme Manager. Monthly Highlight Reports to EMT from the Programme Manager. Regular update meetings with Project Managers & Project Sponsors used to assess required resource levels. A Stakeholder Engagement Strategy and detailed stakeholder analysis has been developed. Stakeholder engagement activities place regularly throughout the programme. Increasing emphasis on Lessons Learned from other projects will help the Sponsoring Group, Programme Manager and Project Managers mitigate this risk. Each project risk register is updated monthly and reviewed with project manager. The following training programmes are in place to support business development: • Delivery of Commercial skills training • Leadership Training TIMESCALE TO PROGRESS: Throughout 2012-2017.

Risk Reference, Title, (date first included) and Description, plus associated Aims, Objectives	Risk Owner	Risk Score		Risk Owner's Comments
		Target	Current	
STR20 – Partnership working with Cambridgeshire County Council (September 2011) The failure of partnership arrangements (e.g. health & wellbeing, economic development, transport, City Deal) with the County Council, *leading to* the needs of district residents and businesses not being adequately met or reflected in County Council resource allocation decisions, together with potential reputational impact, *resulting in* adverse effects on the district's residents and businesses. **Objectives, Actions**: C i, C ii, C iii	Cllr Peter Topping Alex Colyer	9	**9**	SCORES - IMPACT: 3; LIKELIHOOD: 3. CONTROL MEASURES / SOURCES OF ASSURANCE: Active engagement of officers and Members in partnerships, to ensure the district's residents' and businesses' needs are articulated. Good relationships with County on: RECAP Waste Partnership (and with National Agencies), Children & Young People's Area Partnership, New Communities Project Board, Older People's Accommodation Strategy. TIMESCALE TO PROGRESS: Progress being monitored via Corporate Plan. Dependent on the timeframe/milestones for each partnership.
STR03 – Illegal Traveller encampments or developments (June 2007) Failure to find required number of sites, or sites identified do not meet the needs of local Travellers, *leading to* illegal encampments or developments in the district, *resulting in* community tensions; cost and workload of enforcement action, including provision of alternative sites and/or housing; poor public perception and damage to reputation. **Objectives, Actions**: B iii	Cllr Robert Turner Stephen Kelly	9	**9**	SCORES - IMPACT: 3; LIKELIHOOD: 3. CONTROL MEASURES / SOURCES OF ASSURANCE: Ongoing routine monitoring of all district development. New Government guidance issued in August 2015, resulting in significant changes to the definition of travellers for the purposed of planning. County wide needs assessment endorsed by PFH in 2012. A new needs assessment has been commissioned, for completion November 2016. Monthly report on position regarding temporary expiries and applications circulated to managers and key Members for coordination and oversight. Gypsy & Traveller planning policies included in draft Local Plan (will require modification to reflect the new government guidance and the outcome of the new Needs Assessment) In 2014 a total of 67 Gypsy and Traveller pitches gained permanent planning permission (three were granted on appeal). In 2015 six pitches have gained permanent planning permission and temporary planning permission for 1 pitch was granted on appeal at Wimpole. In August 2016 an appeal for a lawful development certificate for a site in Willingham was allowed. At August 2016 there are three other pitches (on 2 sites) with temporary planning permission, which expire between 2017 and 2018. There is one pending application at Rampton (to make one existing temporary pitch permanent and add two additional pitches). The Affordable Homes departmental risk register includes delivering HCA funded projects, to ensure the supply of Gypsy & Traveller pitches and sufficient investment in existing pitches. TIMESCALE TO PROGRESS: New applications – ongoing. Local Plan due for completion 2017. Gypsy & Traveller Area Needs Assessment to be updated, led by Housing Directorate, for completion in Summer 2016.

Risk Reference, Title, (date first included) and Description, plus associated Aims, Objectives	Risk Owner	Risk Score		Risk Owner's Comments
		Target	Current	
STR19 – Demands on services from an ageing population (September 2011) The district's demography changes, with significant growth in the over 65 year old population, *leading to* additional demands on health and social care services, including to the Council's sheltered housing and benefits services, *resulting in* adverse impact on service standards; increased customer dissatisfaction with services; increased levels of social isolation. **Objectives, Actions**: A I, A ii, A iii, A v, A vi, B i, B ii, C iv	Cllr Mark Howell Mike Hill / Stephen Hills	9	**9**	SCORES - IMPACT: 3; LIKELIHOOD: 3. CONTROL MEASURES / SOURCES OF ASSURANCE: Following "Ageing Well" workshops, Cabinet agreed an "Ageing Well" plan in July 2014 following a Joint Portfolio Holder Task & Finish Group. SCDC Housing leading on development of sub-regional Older People's Housing Strategy and refresh of County Older People Strategy. SCDC Housing staff contributing to Cambridgeshire Executive Partnership Board projects including Data Sharing, 7-Day Working, Person-Centre System, and Ageing Healthily & Prevention. Issue and impact discussed by Cabinet / EMT. Successful "Healthy New Towns" funding bid now being implemented to undertake research and project work into future housing needs in new communities, initial focus on Northstowe. NHS England now joined SCDC New Communities Project Board. TIMESCALE TO PROGRESS: Take account of demographic change in the corporate and financial planning cycle. Redesign services to address demands.
STR29 – Access to Primary Care in Growth Areas (May 2016) Failure of health partners to provide increased capacity for primary care and mental health services for new and expanding communities, leading to inability of residents to access quality local health care increasing pressure on existing services, increased public health costs through higher A&E admissions, increased direct costs for SCDC in reacting to the detrimental impacts of ill-health and inability to effectively achieve Corporate Plan Living Well outcomes resulting in reduced quality of life and increased health acute and chronic health conditions for residents in affected communities, reduced capacity by public health agencies to contain viral outbreaks and inability of SCDC to maintain viable service levels. **Objectives, Actions**: Living Well: A(i) - A(vi) Homes for our Future: B(i)	Cllr Mark Howell Mike Hill	9	**9**	SCORES - IMPACT: 3; LIKELIHOOD: 3. CONTROL MEASURES / SOURCES OF ASSURANCE: Proactive negotiations with developers to ensure adequate health infrastructure provision in new communities within relevant legal agreements; Development Delivery Agreements in place/under negotiation to embed a partnership approach. Ongoing participation in robust county health scrutiny and Local Health Partnership. Delivery of Corporate Plan Living Well objectives around ill-health prevention. TIMESCALE TO PROGRESS:

Risk Reference, Title, (date first included) and Description, plus associated Aims, Objectives	Risk Owner	Risk Score		Risk Owner's Comments
		Target	Current	
STR27 – Shared Services initiatives with other authorities (November 2014) Shared services initiatives are not completed in a timely fashion due to • inadequate stakeholder engagement, • conflicting priorities, • unavailability of key staff, or • Councils not adapting how they work to new arrangements, leading to inadequate resources and support, inefficient practices and unreasonable expectations on shared-staff, resulting in a delay or failure in delivering the outputs, required additional income and savings targets, and associated benefits for the district's residents and businesses, including possible dilution in service levels initially. A further risk is that established partnership delivers worse than before in terms of: • outputs; • cost of service; • reputation (in particular among residents); • lack of agreed objectives. Objectives, Actions: D ii, D iii, D iv	Cllr Peter Topping Mike Hill	6	**9**	SCORES - IMPACT: 3; LIKELIHOOD: 3. CONTROL MEASURES / SOURCES OF ASSURANCE: Progress to be overseen by a joint steering group including Leaders and relevant portfolio holders. A Joint Committee has been established to oversee the delivery of shared services, to endorse shared business plans, to monitor performance and report through to Cabinet. For SCDC, reports to Cabinet in October 2014 (re ICT, Legal and Waste) November 2014 (re Building Control) and July 2015 (re Building Control, ICT and Legal). Strong programme and project management provided by an overall programme 3C Management Board comprising Directors from each authority, supported by the 3C Programme Manager, individual project boards of lead officers and relevant support services officers from each authority. Prioritisation of projects within workloads. Dedicated external resources obtained for each project, funded from Transformation Challenge Award grant, and additional resources allocated to ensure improved co-ordination and delivery. A dedicated risk register is overseen and monitored by the 3C Management Board and progress will be reported through Corporate Plan monitoring." Updated. Risk Control updated from "Progress to be overseen by a joint steering group including Leaders and relevant portfolio holders. A Joint Committee has been established to oversee the delivery of shared services, to endorse shared business plans, to monitor performance and report through to Cabinet. Clear KPIs are in place to track performance on a regular basis. These are reviewed by the Shared Services Board in accordance with the governance set up. TIMESCALE TO PROGRESS: Work underway to align governance and financial management arrangements.
STR31 – Failure of Combined Authority to deliver Devolution effectively (September 2016) Change in local and national economic outlook and/or political priorities, ineffective governance and delivery structures and/or a lack of skills and capacity to deliver them, *leading to:* Real and perceived 'democratic deficit', lack of proper accountability, the diversion of human and financial resources away from SCDC strategic priorities and failure to deliver key service commitments within the Deal, *resulting in* *i*nability of SCDC to deliver its Corporate Plan, financially unviable services, reputational damage for SCDC, wider loss of credibility for the Combined Authority and all partners within it, reducing the prospect of successful future devolution deals with government.	Cllr Peter Topping Alex Colyer	8	**8**	SCORES - IMPACT: 4; LIKELIHOOD: 2. The risk is that the parties involved in setting up the combined authority don't move quickly enough or coherently enough, however, by this time the progress is as follows: - Appointed Interim officers for the 3 key positions, adverts for permanent recruitment will go out on the day 1 of the Authority being set up; - Advert for Combined Authority Chief Executive published; - Agreed a draft staffing structure; - A number of work streams are put together to work on objectives; - A Work Plan is set up which captures all the details.

Risk Reference, Title, (date first included) and Description, plus associated Aims, Objectives	Risk Owner	Risk Score		Risk Owner's Comments
		Target	Current	
STR02 – Consultation and Engagement (Previously Equalities; reviewed July 2016) The Council is successfully challenged over not complying with general equalities legislation or legislation specific to public and local authority bodies, *leading to* decisions relating to service delivery being overturned and possible Commission for Human Rights and Equalities inspection, *resulting in* delays to the implementation of new service proposals causing detriment to customer service, preventing the timely delivery of policy and financial objectives, reduction in reserves available to support balanced MTFS, adverse publicity and effect on reputation. **Objectives, Actions**: All	Cllr Nick Wright Caroline Ryba	8	**8**	SCORES - IMPACT: 4; LIKELIHOOD: 2. CONTROL MEASURES / SOURCES OF ASSURANCE: The new Policy Development Officer (PDO)'s s responsibilities will include ensuring continuing compliance with our statutory Public Sector Equality Duty, delivery of the Equality Scheme 2015-2020 and a review of corporate consultation and engagement to ensure consistency and quality across all service areas. The Council has met its legal requirements to publish equality information and equality objectives on an annual basis. This information is incorporated into a new Equality Scheme 2015-2020, which was agreed by the Portfolio Holder in Autumn 2015. The Council has embedded equality monitoring arrangements whereby new and revised policies and service delivery proposals are subject to screening for their likely equality implications. Where appropriate, timescales are agreed for full subsequent assessment prior to adoption of the new proposals, or as part of implementation, monitoring and review arrangements. The new PDO has begun to review the effectiveness of our current arrangements (see above). TIMESCALE TO PROGRESS: The Policy Development Officer took up post in July 2016; she has begun to scope work to review the council's equalities policy and procedures.

Red / Amber / Green shading in the Actual Column indicates the following movement in risk scores:

	Red	Amber	Green
for risks previously above the line:	• the score has increased	• the score has not changed, or has decreased but stays above the line	• the score has decreased to below the line
for risks previously below the line:	• the score has increased to above the line	• the score has increased but stays below the line	• the score has not changed, or has decreased

Notes

1. The "Reference" is unique and retained by the risk throughout the period of its inclusion in the risk register.
2. Risks are cross referenced to the relevant 2016/17 Objectives and Actions adopted by Council on 25 February 2016.
3. Criteria and guidelines for assessing 'Impact' and 'Likelihood' are shown below.
4. The "Actual" risk score is obtained by multiplying the Impact score by the Likelihood score.
5. The dotted line (**- - - - - - -**) shows the Council's risk tolerance line.
6. The "Timescale to progress" is the date by which it is planned that the risk will be mitigated to below the line.

Impact

5 Extreme
4 High
3 Medium
2 Low
1 Insignificant

Likelihood

5 Almost certain
4 Likely
3 Possible
2 Unlikely
1 Rare

Direction of Travel

↓	Priority reduced from last review (give the previous Total score in the brackets)
→	Priority equal to last review
↑	Priority increased from last review (give the previous Total score in the brackets)
new	Risk included in the risk register for the first time

Impact ***Giving rise to one or more of the following:***

	Service disruption	*People*	*Financial loss **	*Environment*	*Statutory service/ legal obligations*	*Management*	*Reputation*	*Score*
Extreme	Serious disruption to services (loss of services for more than 7 days)	Loss of life	Financial loss over £500k	Major regional / national environmental damage	• Central government intervention; or • Multiple civil or criminal suits	Could lead to resignation of Leader or Chief Executive	Extensive adverse coverage in national press and/or television	5
High	Major disruption to services (loss of services for up to 7 days)	Extensive multiple injuries	Financial loss between £251k - £500k	Major local environmental damage	• Strong regulatory sanctions; or • Litigation	Could lead to resignation of Member or Executive Director	Adverse coverage in national press and/or television	4
Medium	Noticeable disruption to services (loss of services for up to 48 hours)	Serious injury (medical treatment required)	Financial loss between £51k - £250k	Moderate environmental damage	• Regulatory sanctions, interventions, public interest reports; or • Litigation	Disciplinary / capability procedures invoked	Extensive adverse front page local press coverage	3
Low	Some disruption to internal services; no impact on customers	Minor injury (first aid)	Financial loss of between £6k - £50k	Minor environmental damage	• Minor regulatory consequences; or • Litigation	Formal HR procedure invoked	Some local press coverage; or, adverse internal comment	2
Insignificant	Insignificant disruption to internal services; no impact on customers	No injuries	Financial loss of up to £5k	Insignificant environmental damage	• No regulatory consequences; or • Litigation	Informal HR procedure invoked	No reputational damage	1

** including claim or fine*

Likelihood

	Guidelines	*Score*
Almost certain	• Is expected to occur in most circumstances (more than 90%), or • Could happen in the next year, or • More than 90% likely to occur in the next 12 months	5
Likely	• Will probably occur at some time, or in some circumstances (66% - 90%), or • Could happen in the next 2 years, or • 66% to 90% likely to occur in the next 12 months	4
Possible	• Fairly likely to occur at some time, or in some circumstances (36% - 65%), or • Could happen in the next 3 years, or • 36% to 65% likely to occur in the next 12 months	3
Unlikely	• Is unlikely to occur, but could, at some time (11% - 35%), or • Could happen in the next 10 years, or • 11% to 35% likely to occur in the next 12 months	2
Rare	• May only occur in exceptional circumstances (up to 10%), or • Unlikely to happen in the next 10 years, or • Up to 10% likely to occur in the next 12 months	1

Strategic Risk Matrix
February 2017 (Appendix E)

Notes: Risk Tolerance Line - - - - - - - - - - - -
The greyed out cells shows those areas where risk scores are considered to be relatively minor in nature.

South Cambridgeshire District Council

LIKELIHOOD			IMPACT				
			Insignificant	Low	Medium	High	Extreme
			1	2	3	4	5
	Almost certain	5				5. Lack of land supply 28. Recruitment & Retention	25. Increase in cost of managing homelessness.
	Likely	4				15. Welfare Reform 24. HRA Business Plan	
	Possible	3			19. Demands on services from an ageing population 20. Partnership working with Cambridgeshire County Council 26. Business Improvement & Efficiency, Development Control Improvement, and Commercialisation Programmes 27. Shared Services initiatives with other authorities 29. Access to Primary Care in Growth Areas	30. Devolution Risk - Failure of implementation programme to deliver on scope, time, quality and cost	8. Medium Term Financial Strategy
	Unlikely	2				2. Consultation and Engagement 31.Failure of Combined Authority to deliver Devolution effectively	
	Rare	1					

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Agenda Item 8

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

REPORT TO:	Scrutiny and Overview Committee Leader and Cabinet	7 February 2017 9 February 2017
AUTHOR/S:	Executive Management Team	

CORPORATE PLAN 2017 - 2022

Purpose

1. This report proposes a refreshed Corporate Plan, prepared following consultation, and requests a Cabinet recommendation to Council that the plan be approved.

Recommendations

2. That **Cabinet:**

(a) recommend to Council that the Corporate Plan setting out the Council's vision, objectives and actions for 2017–2022, be approved as set out at **Appendix 1,** subject to consideration of any recommendations by the Scrutiny and Overview Committee,
(b) endorse the indicative performance measurements set out in the draft plan and authorise the Interim Chief Executive, in consultation with Portfolio Holders, to prepare a detailed suite of Key Performance Indicators for subsequent endorsement within the first Position Report of 2017/18,
(c) Agree the Consultation Brief at **Appendix 2** attached as the basis for an engagement exercise to inform the next Corporate Plan review, and
(d) Authorise the Interim Chief Executive to make any minor wording changes required to final drafts, in consultation with the Leader of the Council.

3. This is a key decision as it involves the development of a revised policy framework containing actions which will affect customers throughout the district. It was first published in the October 2016 Forward Plan.

4. This report will be submitted to the Scrutiny and Overview Committee for consideration at its meeting on 7 February 2017. The Committee's recommendations will be reported to Cabinet.

Background

5. The Corporate Plan attached at **Appendix 1** is the document that sets out the Council's vision and strategic objectives.

6. The Council's current Corporate Plan, agreed in February 2016 for 2016-2021, set out an approach to strategic delivery based around:

- Our Vision for the district;
- Four Strategic Objectives setting out how the Vision will be achieved, delivered through 21 Actions;
- For each Action, what success will look like and how this will be measured.

7. The Corporate Plan informs the subsequent agreement of annual business plans setting out service, team and individual objectives, aligned to the Vision and Corporate Aims. Progress against plan objectives is monitored through quarterly position reports to senior management and Members.

Considerations – Corporate Plan 2017-2022

8. The Corporate Plan needs to reflect the needs and aspirations of our communities, taking account of the local and national context of increasing demand on core services and diminishing central government funding.

9. Cabinet, in November 2016, taking into account that the majority of the objectives and actions set out in the current plan reflected ongoing long-term priorities, proposed retaining the following priority themes as the basis for consultation:

Living Well

We want to support our communities to make sure the district is a healthy place for everyone to live in. We know that for new and established communities to thrive they must have the facilities they need. This is why we plan to make sure the right facilities are available as we build new communities. Our partnership with the Police through the South Cambridgeshire Crime and Disorder Reduction Partnership also makes sure we are dealing with local crime and anti-social behaviour issues.

Homes for our Future

We know there is a pressing demand for housing. That's why we want to keep working with developers to ensure early delivery of high quality new homes, good transport links and facilities. We are also focussing on preventing people becoming homeless through giving support early.

Connected Communities

Transport links and better digital infrastructure, such as broadband, are important to connect people and businesses. One of our focuses is the Greater Cambridge City Deal – which covers Cambridge and South Cambridgeshire. This multi-million pound programme is looking to help keep the area moving with millions of pounds of investment in transport and smarter ways to connect people. Making sure we get the right devolution deal from government that puts powers in the hands of local people rather than decisions being made in Whitehall is also a top priority.

An Innovative and Dynamic Organisation

Huge cuts to the money we receive from government to provide services has meant we are now generating our own income. Our housing company – Ermine Street Housing – is one of the ways we are already doing this with profits invested straight back into service delivery. We plan to keep doing this so we can continue to deliver the best possible services at the lowest possible cost – including sharing services with neighbouring councils where there is a sound business case.

10. The priority themes have been developed into a final draft plan, which is recommended for Cabinet endorsement and subsequent Council approval, at **Appendix A** attached. The plan retains the four priority themes as objectives, whilst the key actions under each objective have been updated to reflect the latest position with key initiatives, taking account also the recommendations from the recent Peer Challenge by the Local Government Association. Updates have been made to the following priorities:

Homes for our Future / Connected Communities

- Emphasise proactive role in preventing homelessness – B(v)
- Clarify Combined Authority and City Deal objectives with regard to housing and infrastructure – B(vi), C(i),
- Taking a stronger leadership role in shaping economic growth - C(iii)

An Innovative and Dynamic Organisation

- Identify and take advantage of commercial and investment opportunities – D(i)
- Consolidate existing and develop plans for new Shared Services – D(ii), D(iii)
- Organisational Development Strategy now incorporates Member Development priorities – D(iv)
- Develop a Digital Strategy which incorporates channel shift to electronic means – D(v)

11. As in previous years, we have set out what success will look like under each objective, and identified indicative performance measures, which will be worked up for presentation as a suite of strategic Key Performance Indicators for subsequent agreement and monitoring within Quarterly Position Reports on Finance, Performance and Risk during 2017/18.

12. The Corporate Plan does not exist in isolation. The Medium Term Financial Strategy (also subject to a recommendation to Council on this agenda), Strategic Risk Register (set out in the Position Report on this agenda), and People and Organisational Development Strategy (adopted in July 2016) also support the delivery of the Council's priorities and the allocation of resources. The significant financial constraints faced by the Council make it even more important that there is a priority- led approach to spending in order to make sure the Council focuses its resources in the right areas.

13. Actions and outcomes are expressed in necessarily general terms within a strategic document, but will be developed into realistic, achievable and measurable projects and actions as part of the business planning process. Delivery of key actions and performance against key indicators will be closely monitored via quarterly Position Reports to Scrutiny and Overview Committee, providing opportunities for the Council to be held publicly to account.

Consultation

14. The draft plan was available for comment between 1 December 2016 – 20 January 2017 on the council's website, intranet, councillors' bulletin and in paper copy, publicised through press releases and an article in the Winter 2016 edition of the residents' magazine.

15. 130 completed consultation questionnaire responses were received, an increase on the previous year's total of 73. All of the proposed objectives and actions were supported by a majority of respondents, whilst there were a number of specific comments urging the Council to prioritise the delivery of infrastructure to support housing development, finalise the Local Plan to address the five-year land supply issue, and ensure the drive to digitise customer contact did not exclude residents unable or unwilling to switch to electronic methods of communication.

16. The Corporate Peer Challenge of the Council, carried out by the Local Government Association (LGA) in November 2016, identified a 'pivotal moment' for the Council in terms of establishing what the district might look like in 5-10 years' time, and SCDC's role in shaping this. In order to build this future state together, the Leader of the Council has requested a community engagement exercise, as part of the next strategic review of the Corporate Plan, to inform this process. The Consultation Brief at **Appendix B** attached, sets out indicative scope and timescale for the review, the outputs from which would be included in a revised Corporate Plan for implementation from April 2018.

Options

17. Cabinet may recommend the Corporate Plan to Council as presented, or agree changes.

Implications

Financial

18. The priorities in the Corporate Plan are reflected in the Medium Term Financial Strategy 2017-2022 and Budget Estimates for 2017-18.

Legal and Staffing

19. There are no direct legal and staffing implications arising from this report and recommendations.

Risk Management

20. The risks in the Strategic Risk Register have been taken into account in developing the Corporate Plan. Without such a plan in place, the risk of failing to deliver for our communities increases.

Equality and Diversity

21. The draft plan has been subject to an initial screen, as a precursor to updated and new impact assessments which will be required as part of the implementation of Council Actions during 2017-2018. By continuing to support more vulnerable residents and connect communities through initiatives such as Living Well, Localised Council Tax Support, improved Broadband and Community Transport, it is anticipated that the plan will provide a number of positive equality impacts in pursuance of its Statutory Public Sector Equality Duty.

Climate Change

22. The Council's Vision commits us to maintaining residents' quality of life in an exceptionally beautiful, rural and green environment. This will be delivered through a combination of strategic growth projects focussing on quality design, community-led initiatives and 'business as usual' responsibilities for environmental protection and enhancement.

Effect on Strategic Aims

23. The Corporate Plan will enable effective delivery of the Council's Vision and strategic objectives.

Contact Officer: Richard May – Policy and Performance Manager
Telephone: (01954) 713366
E-mail: richard.may@scambs.gov.uk

Background Papers:

Available from the Contact Officer:

(1) Strategic Risk Register
(2) Equality Impact Assessment of the Corporate Plan: Screening Tool
(3) People and Organisation Development Strategy
(4) Consultation response summary

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Our Long Term Vision

South Cambridgeshire will continue to be the best place to live, work and study in the country. Our district will demonstrate impressive and sustainable economic growth. Our residents will have a superb quality of life in an exceptionally beautiful, rural and green environment.

South Cambridgeshire District Council

	Corporate Plan 2017-2022			
Objectives	**LIVING WELL** **Support our communities to remain in good health whilst continuing to protect the natural and built environment.**	**HOMES FOR OUR FUTURE** **Secure the delivery of a wide range of housing to meet the needs of existing and future communities**	**CONNECTED COMMUNITIES** **Work with partners to ensure new transport and digital infrastructure supports and strengthens communities and that our approach to growth sustains prosperity**	**AN INNOVATIVE AND DYNAMIC ORGANISATION** **Adopt a more commercial and business-like approach to ensure we can continue to deliver the best possible services at the lowest possible cost**
What we will do to achieve these objectives	i. Proactive intervention to improve mental health and emotional wellbeing for all ii. Support our residents to stay in good health as they grow older, with access to the services they need iii. Ensure our new and established communities provide thriving, healthy, safe and attractive places to live iv. Support local businesses to improve the health of their employees v. Work with other councils, the NHS and public sector partners, to make sure families with the most complex needs are supported to improve their own health, prospects and prosperity vi. Improve existing private rented housing standards to ensure everyone can be safe and healthy at home	i. Influence developers to increase the pace of housing and infrastructure construction, including delivery of affordable housing ii. Increase the range of housing and tenure options for residents, including Right to Build and Starter Homes iii. Continue to progress the Local Plan to adoption iv. Help Parishes and villages wishing to shape their own futures by developing Neighbourhood Plans that address community priorities v. Find solutions for people at risk of homelessness vi. Lead the Combined Authority's housing investment programme and secure a viable future programme for our Council houses	i. Support the delivery of City Deal and Combined Authority transport, housing, technology and skills programmes ii. Bring forward strategic transport improvements, with particular regard to A14, A428 and A1307 improvement proposals, the M11 corridor and an East-West rail link iii. Take a stronger leadership role in shaping economic growth for the area, through the development of shared economic strategies with partners iv. Support our villages to strengthen their communities and social networks, reducing isolation by improving access, delivering effective community-led services and targeted support for the rural economy	i. Develop strategies for the Council to take advantage of commercial and investment opportunities as they arise ii. Complete full integration of the Single Shared Household and Commercial Waste Services. iii. Consolidate existing shared services and develop plans for shared Finance, Planning and Housing services iv. Deliver an Organisational Development Strategy that ensures that we recruit and retain staff and councillors with the skills and behaviours required to embrace new ways of working and address the challenges ahead v. Develop a strategy to ensure we make the right investments in technology and support increased customer digital self-service, whilst ensuring quality traditional contact channels remain for those requiring them

	Living Well	Homes for our Future	Connected Communities	An Innovative and Dynamic Organisation
What success will look like	(i) The district is a healthy place to live for all. (ii) Positive outcomes from strategy implementation around health, housing and inclusion (Health and Well-being, Ageing Well, Older People's Housing). (iii) New and established communities are thriving and attractive and have the facilities they need. The South Cambridgeshire Crime and Disorder Reduction Partnership works together to deal with local crime and anti-social behaviour issues. (iv) Businesses report improved employee health outcomes and associated business benefits (v) Together for Families partnership initiatives contribute to positive outcomes for residents with the most complex needs (vi) Private rented interventions effectively address substandard housing	(i) The desired pace of housing delivery is met or exceeded. New homes completed and occupied on major growth sites (ii) Households have a broader choice of housing in South Cambridgeshire. Innovative and viable new housing options identified. (iii) A Local Plan is adopted, setting out a clear long term spatial vision for the district. (iv) Parishes wishing to adopt Neighbourhood Plans successfully do so. (v) Residents are helped to avoid homelessness, with associated costs contained (vi) The Council has a viable long-term business plan for its homes, providing the supply and choice of affordable homes to meet future demand, and the support to help residents maintain tenancies.	(i) City Deal, Combined Authority and Local Enterprise Partnership joint working provides the infrastructure, skills and housing to ensure the area continues to be recognised for its economic success and world-leading innovation (ii) Strategic transport improvements delivered, reflecting the needs of the district, enabling major developments to progress and improving connectivity between existing communities (iii) The Greater Cambridge region continues to thrive economically (iv) All residents and businesses have access to Superfast Broadband. Business support programme successfully delivered. Communities are supported to identify and list valued rural amenities as Assets of Community Value. Community transport initiatives increase access to rural communities, reducing isolation	(i) Commercial activities deliver service enhancements and income surpluses for the Council. The Council maintains a balanced Medium Term Financial Strategy (ii) Single Shared Waste Service achieves savings targets, income surpluses, improved customer satisfaction and increased recycling. (iii) Shared services realise business benefits around savings, service quality and resilience. (iv) Staff are motivated and equipped to maintain and enhance performance levels and deliver corporate objectives. Members possess the knowledge and skills they need to be effective decision-makers, scrutineers and community leaders, achieving positive outcomes for residents. (v) Customers, Staff and Councillors have quick and seamless access to the technology and communication channels they need.
How we will measure this	Case studies and feedback from businesses Public health framework indicators Satisfaction with waste services and local environmental quality Participation rates in sports and health initiatives.	Planning and Development Delivery agreement performance, customer satisfaction and % of appeals allowed General and affordable housing delivery and % of affordable housing agreed on major developments % HRA Budget Variance Households in temporary accommodation and helped to avoid homelessness Housing Advice caseload % rent and Council Tax collected Housing Benefit claims average determination days and % of Discretionary Housing grant spent Responsive repairs customer satisfaction and days to re-let voids	Planning application and Development Delivery Agreement performance; Housing and strategic transport scheme delivery % of Business Rates collected % of non-disputed invoices paid in 30 days Major infrastructure scheme completion, affordable homes delivered, apprenticeships created Case studies and feedback Business satisfaction with regulatory services Community transport coverage Local economic indicators	Performance against Ermine Street Business Plan % General Fund Budget Variance % of household waste sent for recycling Staff sickness absence, turnover and feedback from surveys Contact Centre first time call resolutions, abandoned calls and average wait duration. E-forms submitted using website self-service facilities % of website survey respondents who rate the page being viewed as good % of complaints responded to within target timescale Benefits realisation from shared services and corporate programme delivery % of bins collected on due date

The Cabinet and Executive Management Team (EMT) have collective responsibility for ensuring Corporate Plan delivery.

APPENDIX B

PREPARING A BLUEPRINT FOR SOUTH CAMBRIDGESHIRE IN 2023 – CONSULTATION BRIEF

1. **Mission Statement**

We will work with our communities to maintain quality of life in the context of continuing economic growth so that South Cambridgeshire continues to be the best place to live, work and study in the country.

Together, we will build a Blueprint for what we want the district to look like in 2023. We will re-evaluate our current Vision, shaping and developing it to describe what it will be like to live and work in South Cambridgeshire. We will put in place a Corporate Plan to deliver our Blueprint, a plan which provides clear strategic direction to, and meets the aspirations of residents, businesses, partners, staff and councillors.

2. **Process**

We will undertake two phases of consultation with our communities to inform the development of a revised Vision and future Blueprint, the results of which will inform a Corporate Plan for 2018-2023, which Council will be asked to adopt in February 2018.

Discovery Phase

The exercise will go beyond the scope of a traditional consultation on a limited range of options and provide an open-ended dialogue with communities. Beginning with the current Corporate Plan (2017-2022), supported by contextual information about the current and anticipated challenges and financial pressures affecting the council and initiatives to address these (shared services, City Deal etc), we can then ask citizens to build a desired future state with us. To do so, we will:

- Thematically explore key components of the strategic challenges facing us around strategic housing, transport and the local environment, with the objective of establishing how growth can be harnessed in positive ways to promote prosperity and inclusion, compared to negative connotations around congestion and unaffordability;
- Take an 'appreciative' approach which explores citizens' perceptions of SCDC and their current quality of life, identifying things that are good about their communities (and the council), things which could be better and how to achieve this.
- Further develop new relationships between SCDC and its citizens based on identifying where and how communities can help themselves rather than rely on a traditional 'passive recipient' model of district council service provision;
- Reconcile / provide a bridge between 'macro' policy (e.g. economies of scale through multi-partner shared services and governance, major infrastructure projects and new communities) and local community empowerment (delivery of a truly 'Localist' agenda).

Outputs from this exercise will be incorporated into a revised draft Corporate Plan, which will be presented to Cabinet for endorsement in November 2017.

We will use a number of consultation methods, including:

- Focus Groups
- SCDC website; dedicated web page supported by launch publicity
- Residents’ magazine
- Major partnership consultation events e.g. City Deal, Combined Authority
- Social media: SCDC Twitter feed and Facebook page.

We will consult with a wide variety of stakeholder groups, including:

- Business networks
- Parish Councils (Parish Bulletin / Weekly Bulletin)
- Community groups
- Strategic and shared service partners
- MP’s
- Staff and Member Working Groups.

Realisation Phase

This phase will comprise consultation on a draft revised Corporate Plan, using existing mechanisms such as our website, residents’ magazine and social media. The consultation will test whether the priorities we’ve selected are the right ones, and whether they accurately reflect what our communities told us. We will refine the proposals to take account of changing consultation feedback and external factors, particularly those relating to government finance and legislative policy, and will begin to plan how we might deliver our plan when it’s agreed.

3. Indicative timetable

Project Brief endorsed by Cabinet	9 Feb 17
Planning stage	Feb – Mar 17
Discovery Phase consultation	Apr – June 17
Analyse outputs from Discovery Phase	Jul – Aug 17
Leadership (Cabinet/EMT) workshop to consider outputs	Sept 17
Outputs developed into draft Corporate Plan	Sept – Oct 17
Agreement of draft Plan for consultation	Nov 17
Realisation phase consultation	Nov 17 – Jan 18
Approval of final draft Corporate Plan	Feb 18

South Cambridgeshire District Council

REPORT TO:	Scrutiny and Overview Committee Cabinet	7 February 2017 9 February 2017
LEAD OFFICER:	Interim Chief Executive	

Medium Term Financial Strategy, General Fund Budget 2017-18 (including council tax setting), Housing Revenue Account Budget 2017-18 (including housing rents), Capital Programme and Treasury Management Strategy

Purpose

1. Scrutiny and Cabinet are asked to consider and comment on the attached financial strategies and budgets prior to the report being presented to Council for approval on 23 February 2017.

1.1 As part of the 2017-18 budget process, the range of assumptions upon which the General fund (GF) and Housing Revenue Account (HRA) Medium-Term Financial Strategies and HRA Business Plan were based have been reviewed in light of the latest information available, culminating in the preparation of the budget setting reports (BSRs).

1.2 The BSRs provide an overview of the review of the key assumptions. They set out key parameters for the detailed recommendations and final budget proposals, and are the basis for the finalisation of the 2017/18 budgets.

1.3 The resulting recommendations refer to the strategy outlined in the BSRs.

1.4 The BSRs are presented to Cabinet and Council, to allow consideration, scrutiny and approval of revenue and capital expenditure and resources which form part of the GF and HRA budgets and proposals for the review of rents and service charges.

1.5 This is a key decision because it results in the authority incurring expenditure which is, or the making of savings which are, significant having regard to the Council's budget and it was first published in the December Forward Plan.

Recommendations

2 The Scrutiny and Overview Committee is asked to note the report and endorse the recommendations to Cabinet, which are that Cabinet recommend that Council:

Revenue and capital – GF

(a) Approve the revenue estimates for 2017-18 as shown in the GF BSR Section 5.

(b) Approve the precautionary items for the GF, GF BSR **Appendix B**.

(c) Approves the GF revenue forecasts as set out in GF BSR Section 6.

(d) Instructs the Executive Management Team to identify additional income / savings of £163k for 2017-18, rising to £1,531k from 2018-19.

(e) Approves the GF capital programme and associated funding up to the year ended 31 March 2022, as set out in **Appendix D**.

(f) Instructs the Head of Finance, on the basis of the proposals set out in the GF BSR, to prepare formal papers to set the council tax requirement and amount of council tax at the Council meeting on 23 February 2017.

Revenue – HRA

(g) Approve the HRA revenue budget as shown in the HRA Summary Forecast 2016-17 to 2021-22 in **Appendix I** of the HRA Budget Setting Report at Appendix 2 to this report.

(h) Approve the retention of the balance of the 4 year savings target included as part of the 2016-17 HRA Budget Setting Report to mitigate the impact of some of the changes in national housing policy, recognising that the net savings proposed from 2017-18 over-deliver against the profile of £250,000 per annum for 4 years, reducing the balance to be sought in the remaining 3 years to £600,480.

Review of Rents and Charges

(i) Approve that social housing rents for existing tenants be reduced by 1%, in line with legislative requirements, with effect from 3rd April 2017.

(j) Approve that affordable rents are reviewed in line with rent legislation, to ensure that rents charged are no more than 80% of market rent, with this figure then reduced by 1% as with social housing. Local policy is to cap affordable rents at the lower level of Local Housing Allowance, which will result in a rent freeze from 3rd April 2017.

(k) Approve inflationary increases of 2.4% in garage rents for 2017-18, in line with the base rate of inflation for the year assumed in the HRA Budget Setting Report.

(l) Approve the proposed service charges for HRA services and facilities provided to both tenants and leaseholders, as shown in **Appendix B** of the HRA Budget Setting Report.

Housing Capital

(m) Approve the latest budget, spend profile and funding mix for each of the schemes in the new build programme, as detailed in Section 5 and **Appendix E** of the HRA Budget Setting Report, recognising the most up to date information available as each scheme progresses through the design, planning, build contract and completion process.

(n) Approve earmarking of the required level of additional funding for new build investment between 2017-18 and 2021-22 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 2016. This 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 could alternatively be grant made to a registered provider, where the registered provider will provide the 70% top up to build new homes.

(o) Approve the capital budget proposals, both bids and savings, detailed in **Appendix G(2)** of the HRA Budget Setting Report.

(p) Approve the capital amendments, detailed in Appendix H of the HRA Budget Setting Report, which include the capital proposals in **Appendix G(2),** along-side re-profiling of investment, increase and re-allocation of resource for new build schemes and budget to fund the up-front costs for self-build plots, with the latter fully met from the resulting capital receipt.

(q) Approval of the revised Housing Capital Investment Plan as shown in **Appendix J** of the HRA Budget Setting Report.

Treasury Management

(r) Approve the borrowing and investment strategy for the year to March 2018, **Appendix F**.

(s) Approve the prudential indicators required by the Code for Capital Finance in Local Authorities for the year to 31 March 2018, **Appendix G**.

(t) Approve the Capital Strategy 2017-18 to 2021-22, **Appendix H**.

(u) Approve any unspent New Homes Bonus money allocated to the City Deal to be rolled into 2018-19.

General

(v) Gives delegated authority to the Interim Chief Executive to issue the final version of the Estimates Book, incorporating any amendments required from the council's decisions.

Fees and charges

2. The Scrutiny and Overview Committee is asked endorse the recommendation that the Portfolio Holder for Housing approves the fees and charges for the Housing Improvement Agency, as set out in GF BSR **Appendix A**.

Ermine Street Housing Limited (ESH)

3. Cabinet is asked to approve the ESH 10 year Business Plan, attached as **Appendix H** (Confidential) to this report.

Reasons for Recommendations

3 The GF HRA Budget Setting Reports, Treasury Management Strategy Reports and Capital Strategy are presented for decision following consideration and review of the both internal and external factors which affect the council's financial position.

Executive Summary

4 The budget setting report provides an opportunity to consider any changes in the financial context of both the GF and the HRA, allowing review of external factors such as inflation and interest rates. It provides the opportunity to update assumptions in respect of the day to operation of the business and allows recognition of the anticipated impact of major changes in national housing policy as legislation is passed and information surrounding the anticipated regulations begins to emerge.

5 The report requests approval the revenue and capital budgets for the GF for 2017-18 and the recommendation to Council of the council tax requirement for 2017-18 and the District council tax on a band D property, with the formal resolution to be presented at the Council meeting on 23 February.

6 The report also requests approval to set both rents and service charges for 2017-18 and both the revenue and capital budgets for the HRA for 2017-18, in the context of longer-term financial forecasts.

7 The report also provides an opportunity to consider key strategic risks and levels of reserves. Furthermore, it presents the impact of a number of sensitivities to which the housing business plan, in particular, is subject.

Background

8 The HRA is a ring-fenced area of the Council's activity, and represents the landlord activity which the authority carries out as a stock retaining authority. All other council activities are accounted for within the GF.

9 Budgets are set in February of each year, following presentation and consideration of the budget setting reports. MTFSs for the each of the GF and HRA are presented for consideration and approval in November each year, allowing review of key assumptions and the resulting impact on the business. These MTFSs set out the strategic approach to budget setting for the following year, in the context of longer term forecasts.

Considerations

10 These are set out in detail in the appendices:-

- Appendix A – General Fund (GF) budget setting report
- Appendix B – Housing Revenue Account (HRA) budget setting report
- Appendix C – Capital strategy 2017-18 to 2021-22
- Appendix D – Capital programme and funding to 31 March 2022
- Appendix E – Financial administration(S 25 Report)
- Appendix F – Borrowing and investment strategy 2017-18
- Appendix G – Prudential indicators for 2017-18
- Appendix H – Ermine Street Housing Limited 10 year Business Plan 2017-18 to 2026-27 (Confidential)

11 Consideration needs to be given to the fluid nature of some of the assumptions that are required to be incorporated into the financial forecasting for the HRA, particularly in relation to the impact of some of the changes in national housing policy, where the continued absence of detailed regulations in some areas has resulted in the retention of a best estimate of the impact at a local level, until this is available.

12 Assumptions will need to be continually reviewed and amended as information is made available and any changes in the economic environment become apparent.

13 The draft revenue and capital estimates for both the GF and HRA are published alongside this report and can be viewed at the following link: http://scambs.moderngov.co.uk/ecCatDisplay.aspx?sch=doc

Options

14 The options for setting the level of council tax are set out in Section 3 of the GF BSR, along with the impact on the net savings requirement.

15 The HRA budget setting report identifies the financial impact of a number of scenarios for the future of the business, modelling the impact of changes in key assumptions and presented as part of the sensitivity analysis at Appendix F of the report.

Financial

16 As detailed in the report and appendices.

Legal

17 The pressure to reduce budgets and the continuation of a poor financial settlement could adversely affect the provision of statutory services. Officers will be required to seek legal advice in relation to a number of the national changes in housing policy as the regulations are released by Central Government.

Staffing

18 There are no direct staffing implications associated with this report. The identified need to make savings in the HRA next year and for the following 3 years is likely to have implications for staff, all of which will be fully explored with Human Resources once they are known.

Risk Management

19 Risks and controls concerning financial projections in the MTFS are included in the strategic risk register, which is appended to the position statement report elsewhere on this agenda.

20 A summary of the key risks to the GF MTFS are summarised in section 8 to the GF BSR included at **Appendix A.**

21 An annual update to the assessment of the key risks which the HRA faces in financial terms was included as part of the HRA Medium Term Financial Strategy in November 2016.

Equality and Diversity

22 There are potential equality and diversity implications associated with some of the bids and savings proposed in this report. Where proposed budgetary changes are anticipated to have an equalities impact, the service manager responsible for the area will need to complete an Equalities Impact Assessment.

Climate Change

23 There is no direct climate change impact associated with this report.

Consultation responses (including from the Youth Council)

24 There has been no formal tenant or leaseholder consultation in the preparation of this strategic report. Consultation with tenants and leaseholders may be required as part of the preparation of future reports, particularly when savings are being proposed that may affect service delivery, with service levels impacted.

Effect on Strategic Aims

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

Objective B – Homes For Our Future

26 The HRA Budget Setting Report seeks to provide a strategic update in respect of the financial position for the HRA in the context of change in national housing policy, culminating in proposals for the authority to be able to set a budget for 2017/18. The provision of affordable homes to meet the housing need in the district remains a key consideration for the HRA both in the short term, and for the life of the 30 year business plan.

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.

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Appendix A

Version 1
Scrutiny and Cabinet

Budget-Setting Report 2017/18

South Cambridgeshire District Council

February 2017

2017-18

South Cambridgeshire District Council

Version Control

	Version No.	Revised version / updates for:	Content / Items for Consideration
Current	1	Scrutiny Committee (7 February 2017)	Budget overview and proposals
		Cabinet (9 February 2017)	Budget overview and proposals
	2	Council (23 February 2017)	Final Proposals to Council Incorporating updates relating to; - Final Local Government Finance Settlement 2017/18 and grant determinations
	3	Council (Final)	Approved Budget-Setting Report incorporating - Decisions of Council

Anticipated Precept Setting Dates

Cambridgeshire Police and Crime Commissioner	Cambridgeshire & Peterborough Fire Authority	Cambridgeshire County Council
1 February 2016	9 February 2016	14 February 2016

Contents

Appendices

Section 1
Introduction

Purpose

The Budget-Setting Report (BSR) is designed to provide an integrated view of the council's finances and outlook. It covers General Fund (GF) revenue and capital spending, highlighting the inter-relationships between the two, and the resultant implications. Detailed budget proposals for the Housing Revenue Account are presented and considered separately from this report.

On 17 November 2016 the Cabinet approved the Medium Term Financial Strategy (MTFS). The MTFS set out the financial strategy for the council in light of local and national policy priorities, external economic factors and the outlook for public sector funding. The MTFS also reviewed key assumptions and risks, thereby confirming the framework for detailed budget work for 2017/18 and beyond.

The BSR reviews the impacts of developments since the MTFS and sets the financial context for the consideration of detailed recommendations and budget finalisation to be made at council on 23 February 2017. The document proposes a detailed budget for the next financial year, and indicative budget projections for the following four years.

Background

The financial planning context for the BSR is set by the MTFS. This identified a total net savings requirement of £780k over the next 5 years comprising £450k staff turnover and £330k other net savings, over the next 5 years.

These savings requirements stem from significant reductions in government funding, unavoidable cost increases and pressures. Considerable levels of risk and uncertainty remain, including the possible impacts of the review of business rates retention and associated additional responsibilities, business rates revaluation as at April 2017 and the future of New Homes Bonus. Whilst the council has a record of identifying and delivering savings though service reviews and value for money improvements, many such savings have already been delivered and it is becoming more difficult to identify and deliver further savings and efficiencies.

The council continues to deliver a programme of on-going transformation targeted at the way it delivers services and interacts with residents, tenants and other parties. There is an increasing emphasis on identifying and implementing proposals for income generation to make the council more financially sustainable. This BSR builds on what has been achieved, with particular emphasis on the continuing delivery of transformation projects, including shared services with neighbouring.

Key dates

The key member decision-making dates are as follows:

Date	Task
2017	
7 February	Scrutiny and Overview Committee
9 February	Cabinet recommends the budget to Council
23 February	Council approves the budget and sets the council tax for 2017/18

Section 2
Local and national policy context

Local policy context

Corporate Plan

The Corporate Plan sets out the strategic objectives for the council for the years 2016-21. It sets out key activities the council will undertake in order to achieve its strategic objectives and deliver its vision. Success measures and key performance indicators (KPIs) are shown, as are lead portfolio holders and officers. The Corporate Plan provides a key component of the local policy context looking forward over the five year period it covers. It has been updated to reflect structures and responsibility changes.

Review of demographic factors

Demographic factors impact on the council's financial strategies in terms of their effect on the level of demand for services, the specific types and nature of services and the income available to the council through council tax.

Projected increases in the number of dwellings within the Greater Cambridge area could amount to 9% over the next five years. Services consider and scenario-plan for the impacts of this growth. The direct budgetary impact of increased population could be a simple proportional uplift of service costs. However in other cases, a review of the current model of service delivery may be required, factoring in not only growth in population and dwellings, but also changes in demand, changes in the nature of that demand and the available funding envelope.

City Deal

The council is working with Cambridgeshire County Council, Cambridge City Council, the University of Cambridge and the Greater Cambridge Greater Peterborough Local Enterprise Partnership to deliver infrastructure, housing and skills targets as agreed with Government in the Greater Cambridge City Deal. The deal consists of a grant of up to £500 million, to be released over a 15 to 20 year period, expected to be matched by up to another £500million from local sources, including through the proceeds of growth.

The City Deal will help Greater Cambridge to maintain and grow its status as a prosperous economic area. The deal is working to:

- create an infrastructure investment fund
- accelerate the delivery of 33,000 planned homes
- enable delivery of 1,000 extra new homes
- deliver over 400 new Apprenticeships for young people
- provide £1bn of local and national public sector investment, enabling an estimated £4bn of private sector investment in the Greater Cambridge area
- create 45,000 new jobs
- create a governance arrangement for joint decision making between local councils

The Greater Cambridge City Deal Executive Board engaged organisations and the public through the summer and autumn of 2016 on a set of proposals for tackling peak-time congestion in Cambridge. The City Deal team are assessing more than 9,000 consultation responses received. Proposals for how to achieve the objectives of moving people into and around the city and surrounding area will be developed during 2017. Whatever proposals are ultimately implemented may have impacts on the Council services, such as the Shared Waste Service. The service and financial impact of such measures will be factored into the council's financial planning in more detail as the impacts become clearer.

The council, with other local authority partners, have agreed to create an investment and delivery fund from a proportion of New Homes Bonus (NHB). As a result of this, the BSR considers the application of funds from NHB, earmarking future uncommitted funding in line with the expected levels of contribution to the fund. This is covered further in Section 3, below.

Devolution

In Cambridgeshire and Peterborough, the councils and other major public services have come together to identify current barriers to economic growth and opportunities for further efficiency in major public services. A scheme has been developed with central government which devolves powers and functions to a Combined Authority with a directly elected Mayor, where these powers and functions can be more effectively carried out at a local level, rather than by national government and its agencies.

The Cambridgeshire and Peterborough Devolution Deal delivers:-

- a new £20m annual fund for the next 30 years to support economic growth, development of local infrastructure and jobs
- £100m for non-Housing Revenue Account (HRA) affordable, rent and shared ownership housing
- A further £70m for affordable housing in Cambridge, to build new council homes
- Government support for developing a university at Peterborough
- A Peterborough Enterprise Zone
- A local integrated job service
- A National Work and Health Programme
- A devolved skills and apprenticeship budget
- Potential rail improvements, including new rolling stack and improved King's Lynn – Cambridge – London rail
- Potential acceleration of transport improvements, including the A14/A142 junction and upgrades to the A10 and A47
- Further integration of local health and social care resources to provide better outcomes for residents

The council and its partners have agreed to the establishment of the Combined Authority. Work now continues to finalise arrangements and implement this decision, with mayoral elections planned for May 2017. At present, no financial impact from this decision on the council is expected, but this will be kept under review.

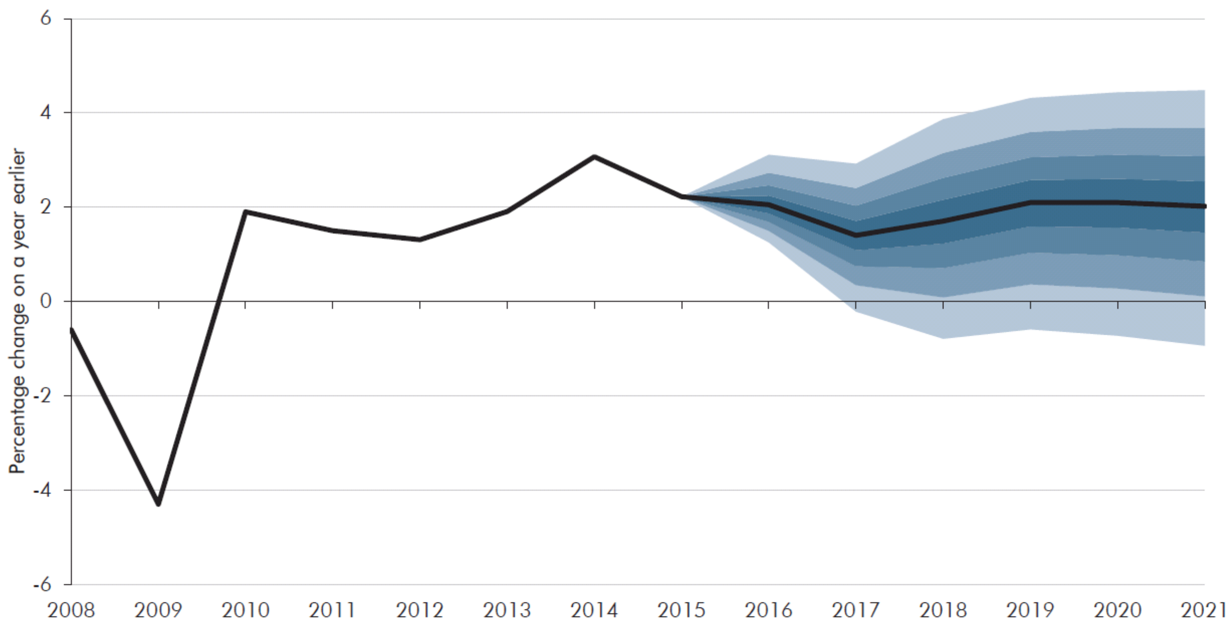
National policy context

Economic factors

2016 has seen a number of developments in the UK, EU, US and beyond that have a major impact on economic forecasts. These include Brexit and the result of the US Presidential election. These have caused volatility in currency, bond and stock markets around the world and make forecasting fraught with difficulty. In particular, the decline in the £ sterling against the US Dollar has increased inflation rate expectations. At the time of writing, considerable economic uncertainty remains. For example, economic forecasters will need to consider:-

- A range of outcomes possible in relation to Brexit negotiations, with no information available about the government's goals and expectations.
- Possibly slowing of import and export growth as new trading arrangements are negotiated.
- The eventual timing of the UK leaving the EU
- Changes to net migration figures and their impact on the economy

However, by making assumptions and judgements, the Office of Budget Responsibility (OBR) forecasts a reduction in GDP growth, increases in CPI inflation, declines in business investment and private consumption and some small rises in unemployment. The chart below, showing a range of forecasts for real Gross Domestic Product (GDP) illustrates the level of future uncertainty.



Source: ONS, OBR

Forecasts confirm that the government is unlikely to achieve a balanced budget in the current parliament. Originally a budget surplus was projected for 2019/20 but the OBR now forecasts a deficit of £21.9bn. Public sector net borrowing is now expected to fall more slowly than previously forecast, reflecting weaker tax receipts and a more subdued outlook for economic growth following the Brexit referendum result.

As a result the Chancellor has proposed a looser 'fiscal mandate' with the objective to 'return the public finances to balance at the earliest possible date in the next parliament'.

Bank of England Gross Domestic Product (GDP) and Consumer Price Index (CPI) inflation forecasts from quarterly inflation reports are as follows:

Forecast (%)	2016	2017	2018	2019
GDP – November 2015	2.5	2.6	2.5	-
GDP – August 2016	2.0	0.8	1.8	-
GDP – November 2016	2.2	1.4	1.5	1.6
CPI – November 2015 (Q4)	1.2	2.1	2.2	-
CPI – August 2016 (Q3)	0.8	1.9	2.4	-
CPI – November 2016 (Q4)	1.3	2.7	2.7	2.5
CPI – MTFS October 2016	-	1.9 (2017-18)	2.4 (2018-19)	2.4 (2019-20)

These inflation forecasts show an under-provision of inflation in the MTFS of approximately 0.8% in 2017-18 (£34k) and 0.3% in 2018-19 (£13k). The rates have been updated in the revised financial forecasts submitted with the BSR, however these amounts are small in relation to expenditure.

Interest rates

Interest rates are set by the Bank's Monetary Policy Committee. The MPC sets an interest rate it judges will enable the inflation target to be met. At its meeting ending 3 August 2016, the MPC voted for a package of measures designed to provide additional support to growth and to achieve a sustainable return of inflation to the target of 2%. This package included a 25 basis point cut in Bank Rate to 0.25%. This rate has remained unchanged since that decision, with market expectations that the bank rate will remain at this level well into 2019.

The 2016 Autumn Statement

The Government published the Autumn Statement on 23 November 2016.

In the light of the deteriorating economic context, the government has chosen to borrow to invest in infrastructure and innovation targeted at improving productivity. Government departments will continue to deliver spending plans set at Spending Review 2015. The efficiency review announced at Budget 2016, designed to deliver £3.5bn of savings, was reaffirmed. As a result government department spending control totals are unchanged and are expected to grow with inflation in 2020-21 and 2021-22.

The statement contained few items of relevance to the council, with little or no impact on the council's GF budget:

- Lettings agent fees will be banned. This will affect the council's housing company.
- The government has confirmed the transitional scheme to be applied to the 2017 revaluation for business rates.
- The national Living Wage will be increased by 4.2% to £7.50/hour from April 2017.
- Employer and employee thresholds for National Insurance (NI) will be aligned, simplifying the payment of NI for employers.
- Reforms to off-payroll working rules in the public sector will move responsibility to councils for operating these rules, increasing the administrative burden.

However, the statement included a number of announcements relating to housing that are relevant to and provide opportunities for the council. Where applicable to the Housing Revenue Account (HRA), they are addressed in the HRA BSR which is presented alongside this report. Housing announcements included:-

- A £2.3bn Housing Infrastructure Fund to deliver infrastructure to support the building of 100,000 new homes in high demand areas. This will be allocated to local government on a competitive basis. Once details are available, the council along with local partners will consider making a bid for this funding.
- An additional £1.4bn of funding for building an additional 40,000 homes from the Affordable Homes Programme.
- A confirmation that the Pay to Stay scheme would be voluntary for councils.
- The cap on Housing Benefit and Local housing Allowance rates in the social rented sector will be delayed by one year to 2019.

The government also announced that in future there will be one major fiscal event per year in the autumn. There will be both a spring and autumn Budget in 2017. Thereafter the OBR will produce a spring forecast and the government will make a Spring Statement to respond to that forecast.

Section 3
General Fund resources

Local government finance settlement 2017-18

In December 2015, as part of the provisional local government settlement, a four year funding guarantee was offered to councils that submit an efficiency plan. The council's plan has been accepted by government, confirming revenue support grant (RSG) and baseline levels of business rates for 2016-17 to 2019-20.

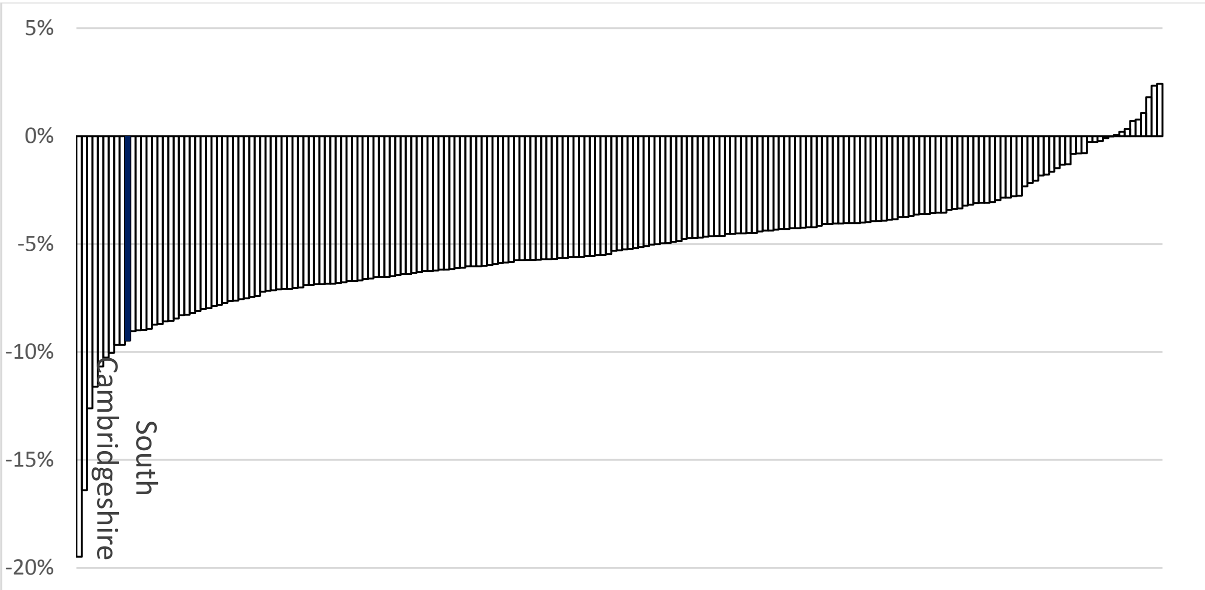
The provisional finance settlement was published on 15 December 2016. It provides provisional figures for 2017-18 and indicative figures for the following two years. However, certain elements are subject to the funding guarantee described above. The government has responded to its consultation on New Homes Bonus (NHB), with initial reductions coming through into the settlement figures presented below. Certain aspects of the proposed changes to this funding stream remain to be decided; these are covered in more detail in the section below on NHB.

Uncertainty remains for 2018-19 and beyond, as the government continues to develop the 100% business rates retention scheme. This work includes identifying further responsibilities to devolve to councils to match higher levels of business rates retention and a review of needs and distribution.

Core spending power

Element of core spending power (£000)	2016-17	2017-18 Provisional	Change	2018-19	2019-20
Settlement Funding Assessment (SFA):					
- Revenue Support Grant (RSG)	926	230	(75.2%)	-	-
- Business rates baseline	2,422	2,470	2.1%	2,552	2,642
- Business rate tariff adjustment					(660)
Total SFA - per 2016/17 finance settlement	**3,348**	**2,700**	**(19.3%)**	**2,552**	**1,982**
- Rural Services Grant	130	105	(25.3%)	81	105
- Transition Grant	76	76	(0.4%)	-	-
New Homes Bonus (NHB) grant[1]	5,265	3,932	(19.3%)	3,002	2,880
Council tax income[1]	7,852	8,279	5.4%	8,717	9,166
Core spending power	**16,668**	**15,092**	**(9.5%)**	**14,352**	**14,133**

[1] – Figures based on government projections



These figures imply a decrease of 9.5% in core spending power over 2016-17, including a confirmed decrease of over 19% for NHB. It should be noted that the future size of the NHB income stream is under review, see below, and that government projections are based on assumptions relating to council tax yields (a combination of increases in council tax and in the tax base). The core spending power measure, based on illustrative amounts for NHB, therefore shows a decline of 15.2% over the four years of the spending review period.

The only material change in the SFA from that included in MTFS November 2016, is the removal of the business rate tariff adjustment in 2018-19 in line with the 2016-17 settlement, as SFA funding has been guaranteed following the government's acceptance of the council's efficiency plan.

Future prospects

The provisional settlement provides confirmed amounts for the SFA for 2017-18 and the following two years. However NHB and therefore core spending power is not guaranteed by the multiyear settlement.

SFA	**2016-17 £000**	**2017-18 £000**	**2018-19 £000**	**2019-20 £000**
Provisional finance settlement	3,348	2,700	2,552	1,982
MTFS 2016 projection	3,553	2,881	2,352	1,963
Shortfall (-) / Excess (+)	**0**	**1**	**200**	**19**
NHB				
Provisional finance settlement[1]	5,265	3,932	3,002	2,880
MTFS 2016 projection	5,265	3,486	4,246	4,849
Shortfall (-) / Excess (+)	**0**	**446**	**(1,244)**	**(1,969)**

[1] – The 2017-18 amount has been confirmed by government. Later amounts are as presented in the finance settlement papers and have been calculated by government by apportioning available funding across councils based on 2017-18 figures.

No adjustments have been made for the proposed 100% retention of business rates (see below) as the outcome of consultation and development work has yet to be finalised.

Local retention of business rates

The SFA approach enables local authorities to benefit directly from supporting local business growth. The assessment includes a baseline level of business rates receivable (indexed linked from an initial assessment in 2013-14) with the level of rates receivable above that being taken by government as a 'tariff' – which will be used to 'top-up' local authorities who would receive less than their funding level. Government intends that this will be fixed until 2020.

In addition, the council can retain 50% of any business rates collected above the assumed baseline level, paying the remainder to central government as a 'levy'. If business rates income falls to less than 92.5% of the baseline, the council receives a 'safety net' payment so that any loss of income below the baseline is capped at 7.5%

One of the challenges faced by all authorities is effectively predicting the level of movement in the business rate tax base. This is dependent on accurately forecasting the timing and incidences of new properties, demolitions and significant refurbishments – together with the consequent effect on valuations. This is further complicated by the need to assess the level of appeals that will be lodged successfully against new / revised valuations, together with their timing.

Although there has been growth in the tax base in the area since the scheme started in 2013/14, there have also been significant reductions as a result of the settling of appeals against rateable value (including backdated aspects).

Forecasting the effects and timing of new development and redevelopment on the area's tax base remains difficult. Significant changes include the introduction of three Enterprise Zones within the district at Cambourne, Waterbeach and Northstowe, and the transfer of Papworth Hospital facilities to Cambridge, followed by redevelopment of the Papworth site. The business rates taxbase could also be impacted by an outstanding application from a network provider to transfer their hereditaments from the council's list to the central list. Together, the potential loss of business rates income from the Papworth site and the network provider have impacted forecasts of business rates income to the council by around £800k per year. Additionally, there are significant uncertainties around the operation of the business rates retention scheme in the next few years. These include:

- The DCLG is currently working with local authorities and other interested parties on changes to the local government finance system to pave the way for the implementation of 100% business rate retention by the end of the parliament. A first set of consultations took place in summer 2016. The review may rebalance the distribution of business rates away from district councils towards those authorities with social care responsibilities, for example by changing the tariff and top-up payments, or the relative shares of income between the tiers of local government. The government has also indicated that 100% retention will mean the transfer of additional funding burdens to local government. The exact timing of the change or whether it will be phased in is not clear.

- A rates revaluation at 1 April 2017. The Valuation Office Agency issued draft ratings lists on 30 September. The business rates multiplier will also be revised so that the overall national business rates bill will only rise in line with inflation. Although intended to be fiscally neutral overall, it will be difficult for the impact of the revaluation to be completely neutral for every authority. Although the council's share of income is expected to increase, the government will make a compensating adjustment to the tariff paid by the council, and is currently consulting on how this will be calculated.

The appeals position remains difficult to forecast accurately, with appeals settled elsewhere in the country having knock-on effects nationally. NHS Foundation Trusts, including those in the area, are also pursuing a claim for award of mandatory charitable relief, backdated a number of years.

Given these uncertainties the BSR takes a cautious approach to forecasting business rates income. The overall position is currently projected to reflect potential losses in rateable value due to transfers to the central government list, partly offset by growth in enterprise zones areas.

In addition to the current national business rates retention scheme the government announced a pilot 100% retention scheme for Cambridgeshire in spring 2015. This scheme additionally allows the council to retain an extra 50% of any growth above the 2015-16 baseline, inflated by the multiplier and 0.5% each year. The detailed regulations covering this have yet to be made. The Council accrued additional income of £1.5m for 2015-16.

New Homes Bonus

Provisional New Homes Bonus (NHB) allocations for 2017-18 were announced alongside the provisional Local Government Finance Settlement. The allocation of £3,926k is £440k higher than included in the November 2016 MTFS.

This masks two significant changes in the calculation on the bonus, following consultation in 2016. Specifically:-

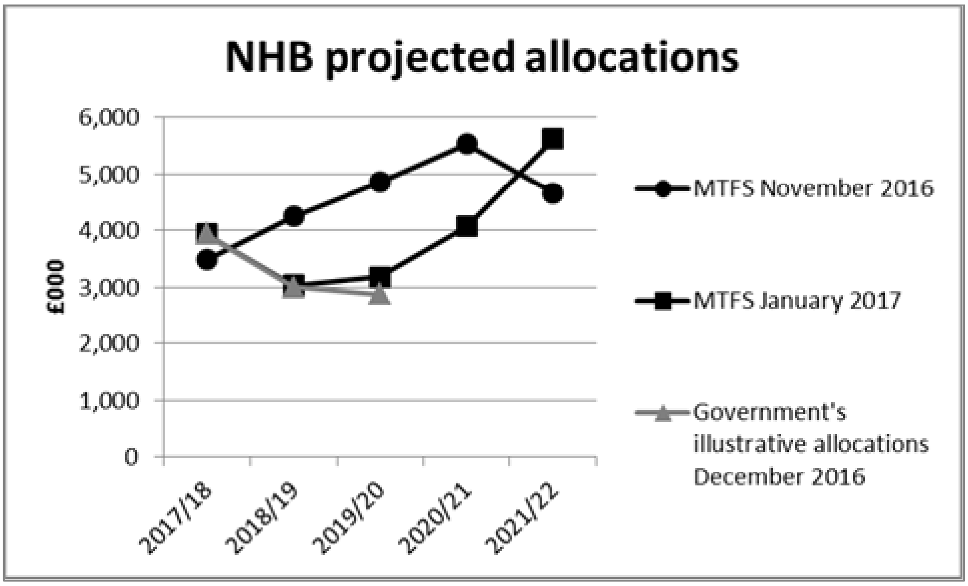
In 2017-18 the council will receive NHB based on the past five years increases in housing stock, rather than on six years, as before. In 2018-19 and beyond, this will reduce further to four years. The MTFS assumed four years from 2017-18, reflecting the Government's preferred option in the 2016 consultation.

A deadweight of 0.4% of growth has been applied to the current and all future years. No NHB is due on the first 0.4% of growth, equivalent to about 280 properties per year, or £1.37m over the four years that NHB is payable on additional properties. The government reserves the right to change the deadweight percentage year on year, creating a mechanism that could be used to limit the total NHB payable.

Additionally, future reductions will be applied where councils have not submitted a Local Plan, or where houses have been allowed on appeal. Details on how this will work will be subject to further consultation.

The settlement provides illustrative NHB allocations to authorities for 2018-19 and 2019-20 by apportioning the total available funding over councils on the basis of the percentage allocation for 2017-18. The table below shows how this illustration compares the NHB modelled by the council in the November MTFS, and as updated now to reflect the changes above and the revised housing trajectory.

NHB projections	2017-18 £000	2018-19 £000	2019-20 £000	2020-21 £000	2021-22 £000
MTFS November 2016	3,486	4,246	4,849	5,525	4,658
MTFS January 2017	3,926	3,037	3,179	4,064	5,614
Government's illustrative allocations December 2016	3,926	3,002	2,880		



NHB is currently used to fund £1.8m of General Fund growth expenditure and small amounts of revenue expenditure on infrastructure projects supporting growth. Currently 50% of NHB is set aside as a contribution to the City Deal Investment and Delivery Fund, with remaining amounts reserved for the A14 upgrade contribution. However, the council's revenue expenditure and the A14 upgrade contribution take priority over the contribution to the City Deal Investment and Delivery Fund.

Projections of future NHB indicate that it will not be possible to maintain the 50% contributions to the City Deal. After discussions with partners and considering various options it has been agreed that City Deal contributions will be reduced to 40%. The following table illustrates the impact of contributing 40% of gross NHB receipts to the City Deal Investment and Delivery Fund.

New Homes Bonus	**2017-18 £000**	**2018-19 £000**	**2019-20 £000**	**2020-21 £000**	**2021-22 £000**
Confirmed NHB funding at February 2016 BSR	3,513	2,066	1,051	-	-
Add					
Confirmed NHB receipts for 2016-17	414	414	414	414	-
Estimated NHB receipts for 2017-18	-	558	558	558	558
Estimated NHB receipts for 2018-19	-	-	1,158	1,158	1,158
Estimated NHB receipts for 2019-20	-	-	-	1,936	1,936
Estimated NHB receipts for 2020-21	-	-	-	-	1,965
Potential New Homes Bonus Total	**3,927**	**3,038**	**3,181**	**4,066**	**5,617**
Commitments against NHB					
Contribution to GF	1,803	1,803	1,803	1,803	1,803
Infrastructure Projects	200	285	65	15	15
Contribution to City Deal Investment and Delivery Fund	1,571	1,215	1,272	1,626	2,246
Contribution to A14 mitigation fund	-	-	-	-	5,000
Use of Infrastructure reserve fund	-	-	-	-	(3,447)
Total commitments against NHB	**3,574**	**3,303**	**3,140**	**3,444**	**5,617**
Surplus / (Deficit) for the year allocated to the Infrastructure reserve fund	**353**	**(265)**	**41**	**622**	**0**

Fees and charges

In line with increases in income assumed within the MTFS, proposals for increases to fees and charges are set out in Appendix A.

Earmarked and specific funds

In addition to general reserves, the council maintains a number of earmarked and specific funds held to meet major expenditure of a non-recurring nature or where the income has been received for a specific purpose but not yet spent. Details of opening and closing balances, with approved/anticipated use over the budget period are set out in Appendix D.

The major earmarked and specific funds are listed below with balances as at 1 April 2016.

New Homes Bonus Infrastructure Reserve - £4,502k

NHB monies the authority receives from the government, which are not allocated to the City Deal or used towards GF expenditure previously funded by Housing & Planning Delivery Grant or to meet Local Plan and associated costs; the A14 contribution will eventually come from this reserve.

Renewables Reserve - £675k

Business Rates Growth Reserve - £1,507k

Set up at the end of 2015-16 in order to fund an investment programme to build new sources of renewable energy.

Pension Deficit Reserve - £1,049k

A reserve created to manage the costs of deficit recovery contributions to the Cambridgeshire Local Government Pension Scheme over the next few years.

Planning Enforcement Reserve - £500k

The reserve has been established to meet legal and other costs arising from planning enforcement actions. This reserve is to be maintained in case of major enforcement and will be topped back up if used.

Business Efficiency Reserve - £290k

Set aside to meet costs associated with council actions, implementation of the Business Improvement and Efficiency Programme and Commercialisation Programme projects and the Shared Services Programme. The Leaders of Cambridge City Council, Huntingdonshire District Council and SCDC have committed £200,000 towards the costs of the 3C Programme Office over two years.

Business Accommodation Reserves - £172k

Consists of the Cambourne Office reserve relating to the access road, the Facilities Reserve created to spread the cost of repairs and a fund to support the Business Hub initiative.

Sustainability -climate change - £117k

Set aside to fund future initiatives on sustainability projects such as the one recently delivered on the Cambridge Green Deal. There are likely to be an increased number of these with the development of Northstowe and other growth area developments.

Private Stock Condition Survey - £60k

Set aside to fund a future survey on the condition of private housing in the district. This is part of a Housing Standards initiative. It was a statutory obligation imposed on local authorities to undertake a survey of this nature every 5 years - £15k is set aside from budget each year to meet these 5 year costs.

Children & Young People- £59k

Set side to fund the current and future costs of the South Cambridgeshire and Cambridge City Children and Young People Area Partnership. The council provides financial support and administers the finances on behalf of the Area Partnership, these are the funds held on that account.

Land Charges- appropriations - £50k

Set aside to either provide capital investment in Land Charges e.g. electronic service delivery or to offset unforeseen revenue demands that accrue but cannot be recovered through the current fee structure, set at the start of the year. The reserve has been accumulated in recent years from high income levels which have out-stripped costs; it is envisaged to draw down from this fund in the current year.

Planning Reserves - £974k

Major Developments Fees Reserve - £202k

Northstowe Reserve - £128k

These two reserves have been established from pre-app and planning application fees received in respect of Northstowe and other major developments, identified separately in recognition of their importance, to be called on as and when necessary to ensure planning teams are resourced to support and progress applications for those developments. The current BSR includes an assumption that these reserves will be released for this purpose, however, it has been agreed that any surplus income from the Major Developments in the year will be put back into the relevant reserve.

Parish Liaison & Site Development Reserve - £251k

The balance remaining from the Planning Enforcement Reserve when it was decided to reduce that reserve from a maximum of £1m to £500,000, set aside to fund two two-year fixed term posts, one in housing and one in planning, to support parish liaison and site development initiatives.

Planning Fee Reserve excl Northstowe - growth agenda - £179k

Parish Liaison & Site Development Reserve - £102k

These are general use reserves to be used to support Growth budget or additional Planning service requirements as and when necessary.

Planning other - £111k

Includes Enforcement of unauthorised developments, Habitat Regulations Assessment, Legal costs: re Northstowe Trust.

Shared Waste Service - £85k

Set up to meet the authority's share of costs resulting from implementation of the Single Shared Waste Service with Cambridge City Council. The reserve will be converted into a saving and has been reduced from £126,000 in February 2016 MTFS.

Tax base and council tax

Tax base

The tax base is one element in determining both the level of council tax to be set and the amount it is estimated will be collected. This calculation is governed by regulation and the formal setting of the tax base is delegated to the council's Chief Finance Officer to enable notification to be made to the major precepting authorities during January each year.

The tax base reflects the number of domestic properties in the district expressed as an equivalent number of band D properties, calculated using the relative weightings for each property band. The calculation of the tax base takes account of various discounts (for example a 25% discount for single adult households) exemptions and reliefs. Allowances are also made for the projected growth in the number of dwellings as well as including a deduction assumed for non-collection.

The tax base for 2017-18 has been calculated as 60,855.4. This reflects a 1.0% increase in the tax base compared with 2016-17.

Collection fund

Operation of the fund

The collection fund is a statutory fund, maintained by billing authorities such as the council, into which income from council tax and business rates is recorded and out of which respective amounts set for the year, are paid to the council and precepting bodies.

Forecast position at 31 March 2017

The collection fund for council tax is projected to have a surplus at the end of the current year of £355,060. The council's share of this projected year-end surplus is £45,779 and has been taken into account in setting the council's budget for 2017-18. The position for business rates was described in Section 2.

Council tax thresholds

Under the Localism Act, local authorities are required to hold a local referendum if they propose to increase Council tax above the relevant limit set by the Secretary of State.

In recent years this threshold has been set at 2%, with some shire districts, including this council, permitted to increase their element of council tax by up to £5, where this is higher than 2%. For 2017-18, the government has proposed that all shire districts can raise council tax for a band D property by £5.

The overall effect of the referendum requirements is such that a local authority would need to have reasonable expectation of public support for a level of council tax increase deemed to be excessive compared to the threshold, if acting in a prudent manner.

Council tax level

The following options are presented in this report:

- **Recommended option** - £5 p.a. each year to 2019-20 and 2% thereafter.
- **Option A** - £5 in 2017-18 and 2% thereafter
- **Option B** - 2% in 2017-18 and each year thereafter

The table below shows the impact of each option on the band D council tax for 2017-18, the council tax requirement and the MTFS savings requirement.

Council tax increase	Band D council tax 2017-18 £	Council tax requirement 2017-18 £000	Full year savings requirement by 2021-22 £000	Resulting MTFS is presented at:
Recommended option - £5 p.a. each year to 2019-20 and 2% thereafter	135.31	8,235	1,981	Section 6
Option A - £5 in 2017-18 and 2% thereafter	135.31	8,235	2,440	Appendix C(a)
Option B - 2% in 2017-18 and each year thereafter	132.92	8,089	3,123	Appendix C (b)

Section 4
General Fund revenue budgets

Revised budget 2016-17

GF revenue budgets for the current year (2016-17) were reviewed as part of the MTFS. It should be noted that the revised budget includes carry forward approvals from 2015-16. No adjustment of 2016-17 revenue budgets is proposed, as budgets are monitored monthly through the review of variances and forecast outturns, and management actions taken to ensure that spending is controlled and income optimised.

Budget 2017-18

Detailed budget estimates have been prepared for 2017-18, incorporating pressures, savings and additional income identified in the MTFS in November 2016. The resulting budget estimates are presented in Section 5. The GF revenue projections for 2018-19 to 2021-22 have been reviewed and changes proposed. These proposals are listed below and the resulting GF revenue forecast is presented in Section 6.

Budget estimates reflect the alignment of overhead recharging across the council and its shared services partners, Cambridge City Council and Huntingdonshire District Council. This has been done to ensure comparability between the councils, but has caused movements in recharges between portfolios and services. Further changes, particularly in the method of allocation of staff time, have been made to prepare for the implementation of the new financial management system. Whilst these changes do not impact the overall costs of the council, when combined with normal, expected budget changes they do make direct year-on-year comparison more difficult, see table below.

NET EXPENDITURE	Estimate 2016-17 £000	2016-17 Inflated by 2% £000	Estimate 2017-18 £000	Difference £000
Portfolio				
Leader	400	408	344	(64)
Finance and Staffing	2,852	2,909	3,480	571
Corporate and Customer Services	1,905	1,943	1,940	(3)
Economic Development	215	219	238	19
Environmental Services	6,313	6,439	6,511	72
Housing (General Fund)	1,463	1,493	1,645	152
Planning	2,672	2,725	2,675	(50)
Strategic Planning and Transportation	693	706	1,084	378
Fully Allocated Net Portfolio Expenditure	**16,512**	**16,843**	**17,917**	**1,074**

Significant budget variations

The summary above shows an increase of just over £1.4m from 2016-17 to 2017-18, of which £330k can be attributed to inflation. Whilst there are many individual movements on the constituent budgets, the £1,074k remaining change can be analysed as follows:

NET EXPENDITURE	£000	
Housing - increase in Homelessness costs	190	The precautionary item for homelessness costs has been reduced to reflect the increase in this budget
Planning and New Communities – increase in staff costs in excess of increased income levels	300	See below. Savings of £300k are planned for 2018-19 to return costs to expected levels
Pension deficit recovery payment increase	310	Recommended increase as a result of the triennial valuation of the pension fund
Reinstate staffing budgets to match establishment	80	Where a full time post is partly filled by a part time post holder, staffing budget have been reduced. This budget increase returns the budget to fully fund established posts.
Various	194	Miscellaneous budget changes
Change in fully allocated net portfolio expenditure	**1,074**	

Estimates of staffing costs within Planning and New Communities have increased by over £900k reflecting increased workloads and the use of interim staff. This cost is matched by existing increases in income of approximately £300k and an additional income target for Development Control of £300k for 2017-18. This additional income will be achieved through a new fee and charging structure to be implemented in year, allowing better cost recovery in this area. Further savings of £300k will be required in 2018-19 to return costs to expected levels. These further savings, achievable through reductions in temporary staffing, have been applied to net expenditure in 2018-19.

MTFS projected savings and pressures

The following savings and pressures have been identified in the MTFS period 2018-19 to 2022-23, and are included in the five year GF revenue forecasts resented in this report.

Savings and pressures	**2018-19 £000**	**2019-20 £000**	**2020-21 £000**	**2021-22 £000**
Reduction in Benefits Administration grant	12	20	61	94
Reduction in the number of councillors from 57 to 45 from 2018-19	(58)	(58)	(58)	(58)
Apprenticeship levy reclaim for training	(36)	(36)	(36)	(36)
Eforms investment, further savings above £13k already budgeted	(7)	(7)	(7)	(7)
Shared waste service, council's share of savings from round optimisation	(150)	(150)	(150)	(150)
Refuse / recycling growth in property numbers	124	174	224	274
Elections, adjustment to budgets to reflect cycle of all out elections	120	(120)	(120)	(120)
Refuse vehicles, cost to meet new emissions specification	102	92	92	92
Planning policy, Local Plan	(120)	(40)	(107)	50
Total (savings) / pressures	**(13)**	**(125)**	**(101)**	**139**

As a result of adding these savings and pressures to the revenue forecasts, a net savings target of £1,981k has been identified. This includes the ongoing savings target of £450k attributed to staff turnover and a further £1,531k to be identified.

Strategy to deliver net savings target

There are a number of ways that the council will address the net savings target:

- The council's housing company, Ermine Street Housing Limited (ESH), is expected to expand, requiring further loans from the council to buy houses for market rent. To date, returns forecast in the company's business plan have been achieved a year ahead of schedule. However, whilst increased returns are expected to be significant, the timing and amounts are dependent on the local housing market and general economic factors. It is not, therefore, considered prudent to rely on these returns alone to meet the council's savings requirements.
- Further opportunities will be sought to identify and develop income streams through the commercialisation of council services where appropriate.
- Opportunities for investment of council funds, for example, in commercial property and green energy projects, will be explored.
- A programme of zero-based budget reviews will be scoped and assessed, with a view to ensuring that funding matches service requirements and savings are taken where available.

The following table compares the net savings requirement against the potential savings identified and give a brief indication of the risks associated with each.

Savings	2017-18 £000	2018-19 £000	2019-20 £000	2020-21 £000	2021-22 £000	Risks
Net savings target	**613**	**1,981**	**1,981**	**1,981**	**1,981**	
Potential savings						
Staff turnover savings	450	450	450	450	450	Experience shows that this is usually achievable, however no one service or manager is responsible for delivery, so achievement must be monitored over the council throughout the year.
Increased returns from ESH	-	694	1,244	1,827	2,157	Returns are dependent on the local housing market and general economic factors. Slippage may occur.
Commercialisation	Opportunities to be assessed					Risks will depend on the opportunities identified, but will include the lack of capacity and skills to deliver.
Investment of council funds (Example - £10m @ 2% above cash returns	200	200	200	200	200	Risks will depend on the investment chosen but will include the failure to identify suitable investments, and the achievement of forecast returns.
Zero-based budget reviews	Opportunities to be assessed					Risks will depend on the opportunities identified, but will include the lack of capacity and skills to deliver. Reviews may also identify the need to increase budgets.
Total potential savings	**650**	**1,344**	**1,894**	**2,477**	**2,807**	

Precautionary items

These are items of expenditure which may or may not occur and are listed in Appendix B. The Finance and Staffing Portfolio Holder and the Chief Finance Officer have delegated authority to approve such expenditure. A budget of £75k has been assigned for precautionary items, but if this is exceeded spending up to the level indicated will be met from reserves.

Section 5

General Fund: Expenditure and funding 2017-18

NET EXPENDITURE	Estimate 2016-2017 £000	Estimate 2017-2018 £000
Portfolio		
Leader	400	344
Finance and Staffing	2,852	3,480
Corporate and Customer Services	1,905	1,940
Economic Development	215	238
Environmental Services	6,313	6,511
Housing (General Fund)	1,463	1,645
Planning	2,672	2,675
Strategic Planning and Transportation	693	1,084
Fully Allocated Net Portfolio Expenditure	**16,512**	**17,917**
Reduction for vacancies	(450)	(450)
City Deal Funding Contribution	2,633	1,570
(Surplus)/Deficit on Infrastructure Reserve Fund	276	353
Expenditure not included in Portfolio Estimates	17	0
Savings not included in Portfolio estimates	**(300)**	**(163)**
Expenditure on Precautionary Items	75	75
Council Actions	50	50
Net Portfolio Expenditure	**18,812**	**19,352**
Internal Drainage Boards	195	198
Interest on Balances	(511)	(800)
Capital Charges, etc.	(675)	(864)
Accounting Basis Adjustments incl pensions and impairment	0	0
Net District Council General Fund Expenditure	**17,822**	**17,886**
Appropriation to/(from) General Fund balance	(1,884)	0
Provision/Contingency for business rates appeals/revaluations	1,800	0
New Homes Bonus	(5,265)	(3,926)
General Expenses (Budget Requirement for capping	**12,472**	**13,960**
purposes)		
Revenue Support Grant	(926)	(230)
Rural Services Grant	(130)	(105)
Transition Grant	(76)	(76)
Retained Business Rates and Grant	(3,604)	(3,752)
(Surplus)/Deficit on Collection Fund re Council Tax	(38)	(46)
(Surplus)/Deficit on Collection Fund re Business Rates	153	(1,518)
Demand on Collection Fund to be raised from council taxpayers	**7,852**	**8,234**

Section 6
Five year General Fund revenue forecast 2017-18 to 2021-22

The revenue forecast set out on the following page is based on the preferred option of £5 increase in Band D council tax each year from 2017-18 to 2019-20 and 2% annual increases thereafter. This is the recommended option.

This option shows a saving requirement of £613k in 2017-18, rising to £1,981k thereafter. These savings include £450k staff turnover savings managed within year. Therefore, new savings of £163k remain to be found in 2017-18, and a further £1,531k thereafter.

Further five year revenue forecasts are included at Appendices C(a) and C(b), showing respectively:

- **Option A** - £5 in 2017-18 and 2% thereafter
- **Option B** - 2% in 2017-18 and each year thereafter

General provision for Inflation	2.1%				2.7%		2.7%		2.5%		2.5%		2.5%
			Projected		Projected		Projected		Projected		Projected		Projected
Assuming council tax increases of £5 in 2016-17 to 2019-20; 2.0% thereafter	Estimate		Estimate		Estimate		Estimate		Estimate		Estimate		Estimate
	2016/17		2016/17		2017/18		2018/19		2019/20		2020/21		2021/22
	£'000		£'000		£'000		£'000		£'000		£'000		£'000
EXPENDITURE													
Fully Allocated Net Portfolio Expenditure	16,512		16,649		17,917		18,032		18,327		18,879		19,605
Add Precautionary items/Council actions/other	142		142		125		125		125		125		125
Less Planning Policy funded by New Homes Bonus	(554)		(554)		(200)		(285)		(65)		(15)		(15)
Rollovers from 2015-16 to 2016-17			530										
Financial Position Report (Q2 2016-17)			(29)										
Net Portfolio Expenditure	16,100		16,738		17,842		17,872		18,387		18,989		19,715
Net Interest on balances other than ESH	(511)		(404)		(212)		(202)		(187)		(167)		(132)
Internal Drainage Boards, Reversal of Depreciation and Minimum Revenue Provision	(479)		(479)		(667)		(667)		(667)		(667)		(667)
District Council General Fund Expenditure	**15,109**		**15,854**		**16,963**		**17,003**		**17,533**		**18,155**		**18,916**
Additional income/(savings) to maintain working balance in the year	**(750)**		**(500)**		**(613)**		**(1,981)**		**(1,981)**		**(1,981)**		**(1,981)**
Expenditure including savings	**14,359**		**15,354**		**16,350**		**15,022**		**15,553**		**16,174**		**16,936**
INCOME													
Revenue Support Grant (including negative tariff adjustment)	(926)		(926)	-48.6%	(230)	-75.2%			661		661		661
Rural Services Grant	(130)		(130)		(105)		(81)		(105)		0		0
Transition Grant	(76)		(76)		(76)								
Retained Business Rates	(3,604)		(3,604)		(3,752)		(3,493)		(3,020)		(3,071)		(3,123)
ESH net interest			(536)		(587)		(587)		(587)		(587)		(587)
(Surplus)/Deficit on Council Tax Collection Fund	(38)		(38)		(46)		0		0		0		0
(Surplus)/Deficit on Business Rates Collection Fund	153		153		(1,518)		0		0		0		0
Council Tax to be raised from council taxpayers	(7,852)		(7,890)		(8,234)		(8,673)		(9,190)		(9,590)		(9,977)
Provision/Contingency for business rates appeals/revaluations	1,800		1,800										
New Homes Bonus (contribution to the GF)	(1,803)		(1,803)		(1,803)		(1,803)		(1,803)		(1,803)		(1,803)
District Council General Fund Income before appropriation from reserve	(12,475)		(13,049)		(16,350)		(14,637)		(14,045)		(14,390)		(14,830)
Appropriations to/(from) General Fund working balance	(1,884)		(2,305)		0		(385)		(1,508)		(1,784)		(2,106)
District Council General Fund Income	**(14,359)**		**(15,354)**		**(16,350)**		**(15,022)**		**(15,553)**		**(16,174)**		**(16,936)**
	Number		Number		Number		Number		Number		Number		Number
Tax Base for Tax Setting Purposes including discount for localised council tax support	60,257.0		60,551.1		60,855.4	0.5%	61,814.1	1.6%	63,246.9	2.3%	64,702.8	2.3%	65,998.9
Basic Amount of Council Tax	£		£		£		£		£		£		£
District only	130.31	3.99%	130.31		135.31	3.8%	140.31	3.7%	145.31	3.6%	148.21	2.0%	151.17
Impact on Council tax of using savings and appropriations from reserves		Average		44.72	10.07		38.27		55.15		58.18		61.92
Underlying Council Tax with no appropriations from the General	£		£		£		£		£		£		£
Fund Balance or Savings	174.03		176.64		145.38		178.58		200.46		206.39		213.09
Balances at Year End	£'000		£'000		£'000		£'000		£'000		£'000		£'000
General Fund (recommended minimum level £2.5 million)	(8,703)		(8,282)		(8,282)		(7,897)		(6,390)		(4,606)		(2,500)

Section 7
Capital

The GF and HRA capital programme are presented together in Appendix D to the main report (Note: not GR BSR Appendix D.)

Section 8
Risks and reserves

Risks and their mitigation

Risks and sensitivities

The council is exposed to a number of risks and uncertainties which could affect its financial position and the deliverability of the proposed budget. These risks include:

- Savings plans may not deliver projected savings to expected timescales;
- Assumptions and estimates, such as inflation and interest rates, may prove incorrect;
- Funding from central government (NHB and other grants) may fall below projections;
- The actual impact and timing of local growth on the demand for some services may not reflect projections used;
- The economic impact of the United Kingdom leaving the European Union may impact the council's income and expenditure, for example, planning fee income and inflation on good and services;
- Increases in council tax and business rates receipts due to local growth may not meet expectations;
- Business rates appeals, which may be backdated to 2010, may significantly exceed the provision set aside for this purpose;
- The business rates revaluation, due to come into effect in April 2017 may reduce business rates receipts and increase the level of appeals;
- The impact of 100% business rates retention, coupled with any additional responsibilities handed down to the council at that time, may create a net pressure on resources;
- New legislation or changes to existing legislation may have budgetary impacts; and
- Unforeseen capital expenditure may be required.

Section 25 Report

Section 25 (s. 25) of the Local Government Act 2003 requires that the Chief Financial Officer (CFO) reports to the authority, when it is making the statutory calculations required to determine its council tax or precept, on the following:

- The robustness of the estimates made for the purposes of the calculations, and
- The adequacy of the proposed levels of financial reserves.

This includes reporting and taking into account:

- the key assumptions in the proposed budget and to give a view on the robustness of those assumptions;
- the key risk areas in the budget and to assess the adequacy of the council's reserves when reviewing the potential financial impact of these risk areas on the finances of the council; and
- it should be accompanied by a reserves strategy

This report has to be considered and approved by full council as part of the budget approval and council tax setting process.

The majority of the material required to meet the requirements of the Act has been built into the key reports prepared throughout the corporate budget cycle, in particular:

- MTFS 2016
- The corporate plan and the budget reports to the February cycle of meetings.

This reflects the fact that the requirements of the Act incorporate issues that the council has, for many years, adopted as key principles in its financial strategy and planning; and which have therefore been incorporated in the key elements of the corporate decision-making cycle.

This also reflects the work in terms of risk assessment and management that is built into all of the key aspects of the council's work.

The Section 25 report will be included as Appendix E to the main MTFS report.

General reserves

GF reserves are held as a buffer against crystallising risks, and to deal with timing issues and uneven cash flows. As such, the level of reserves required is dependent on the financial risks facing the council, which will vary over time. The prudent minimum balance (PMB) and target level of GF reserves were reviewed and amended in the MTFS No further changes are recommended at this time.

GF reserves	£m
November 2016 MTFS / February 2017 BSR – Recommended levels	
- Target level	3.05
- Minimum level	2.54

The projected levels of reserves for the budget setting period, based on the proposals included in this report, and assuming that all net savings requirements are delivered, are as follows:

Description	2016-17 £000	2017-18 £000	2018-19 £000	2019-20 £000	2020-21 £000	2021-22 £000
Balance as at 1 April (b/fwd)	**(10,587)**	**(8,282)**	**(8,282)**	**(7,897)**	**(6,390)**	**(4,606)**
Contribution (to) / from reserves	2,305	0	386	1,508	1,784	2,106
Balance as at 31 March (c/fwd)	**(8,282)**	**(8,282)**	**(7,897)**	**(6,390)**	**(4,606)**	**(2,500)**

GF reserve balances arising from applying alternative council tax options are presented in Appendices C(a) and C(b).

GF BSR Appendix A
Fees and charges

The council's constitution delegates the approval of fees and charges to the relevant portfolio holder, with the exception of the HRA rents and charges, which are to be recommended by the Cabinet to Council for approval.

HRA rents and charges are addressed in the HRA BSR, presented in Appendix B.

Home Improvement Agency fees

Approval of the Portfolio Holder (Housing) is requested to increase the level of fees charged by the Home Improvement Agency (HIA), from 12% to 15% from 1st April 2017. This has been approved in principle by the Shared HIA Board, but requires the formal approval of each of the three partner authorities, as the fees are payable as part of the capital Disabled Facilities or Repair Assistance Grants awarded by each Council.

An increase in fees is necessary to replace the annual revenue support for the HIA, which is being progressively reduced by Cambridgeshire County Council and the Clinical Commissioning Group, as part of wider plans for the future funding and delivery of Disabled Facilities Grants through the Better Care Fund across Cambridgeshire as a whole. Revenue support from these organisations will be withdrawn in full from April 2018.

This increase in fees will support continuation of existing services for 2017-18 whilst the wider review is conducted and concluded.

GF BSR Appendix B
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:

	Total approved £000	Used in 2016-17 to Jan 2017 £000
Precautionary Items for 2016/17		
Homelessness - additional accommodation	250	0
Awarded Watercourses - emergency works	15	0
Contaminated Land - remedial works	82	0
Clearance of Private Sewers	6	0
National Assistance Burials Act	5	0
District Emergencies	50	0
Environmental Health Legal Costs (unrecoverable)	10	0
District Elections - By-election costs	4	0
Total	**422**	**0**
ICT Capital Programme:		
Fixed Wire Network Expansion	20	0
Mobile Computing Requirements	70	0
Mobile Telephony Upgrade	20	0
Data Centre Consolidation / Migration	100	0
MS Exchange Server (PSN) Compliance	20	0
Total	**230**	**0**
Precautionary Items for 2017/18		
Agency Staff - Growth Agenda (To Cover if Unable to Recruit)	50	
Planning Policy - 2 Principal Planning Officers	115	
Homelessness - additional accommodation	60	
Awarded Watercourses - emergency works	15	
Contaminated Land - remedial works	82	
Clearance of Private Sewers	6	
National Assistance Burials Act	5	
District Emergencies	50	
Additional insurance for Shared Waste Fleet	13	
Potential cost of the holiday back pay	27	
Total	**423**	

GF BSR Appendix C(a) – Five year GF revenue forecast: Option A

General provision for Inflation	2.1%				2.7%		2.7%		2.5%		2.5%		2.5%
			Projected		Projected		Projected		Projected		Projected		Projected
Assuming council tax increases of £5 in 2017-18; 2.0% thereafter	Estimate		Estimate		Estimate		Estimate		Estimate		Estimate		Estimate
	2016/17		2016/17		2017/18		2018/19		2019/20		2020/21		2021/22
	£'000		£'000		£'000		£'000		£'000		£'000		£'000
EXPENDITURE													
Fully Allocated Net Portfolio Expenditure	16,512		16,649		17,917		18,032		18,327		18,879		19,605
Add Precautionary items/Council actions/other	142		142		125		125		125		125		125
Less Planning Policy funded by New Homes Bonus	(554)		(554)		(200)		(285)		(65)		(15)		(15)
Rollovers from 2015-16 to 2016-17			530										
Financial Position Report (Q2 2016-17)			(29)										
Net Portfolio Expenditure	16,100		16,738		17,842		17,872		18,387		18,989		19,715
Net Interest on balances other than ESH	(511)		(404)		(212)		(202)		(187)		(167)		(132)
Internal Drainage Boards, Reversal of													
Depreciation and Minimum Revenue Provision	(479)		(479)		(667)		(667)		(667)		(667)		(667)
District Council General Fund Expenditure	**15,109**		**15,854**		**16,963**		**17,003**		**17,533**		**18,155**		**18,916**
Additional income/(savings) to maintain working balance in the year	**(750)**		**(500)**		**(613)**		**(2,240)**		**(2,240)**		**(2,240)**		**(2,240)**
Expenditure including savings	**14,359**		**15,354**		**16,350**		**14,762**		**15,293**		**15,915**		**16,676**
INCOME													
Revenue Support Grant (including negative tariff adjustment)	(926)		(926)	-48.6%	(230)	-75.2%			661		661		661
Rural Services Grant	(130)		(130)		(105)		(81)		(105)		0		0
Transition Grant	(76)		(76)		(76)								
Retained Business Rates	(3,604)		(3,604)		(3,752)		(3,493)		(3,020)		(3,071)		(3,123)
ESH net interest			(536)		(587)		(587)		(587)		(587)		(587)
(Surplus)/Deficit on Council Tax Collection Fund	(38)		(38)		(46)		0		0		0		0
(Surplus)/Deficit on Business Rates Collection Fund	153		153		(1,518)		0		0		0		0
Council Tax to be raised from council taxpayers	(7,852)		(7,890)		(8,234)		(8,531)		(8,904)		(9,291)		(9,666)
Provision/Contingency for business rates appeals/revaluations	1,800		1,800										
New Homes Bonus (contribution to the GF)	(1,803)		(1,803)		(1,803)		(1,803)		(1,803)		(1,803)		(1,803)
District Council General Fund Income before appropriation from reserve	(12,475)		(13,049)		(16,350)		(14,495)		(13,758)		(14,091)		(14,519)
Appropriations to/(from) General Fund working balance	(1,884)		(2,305)		0		(267)		(1,535)		(1,823)		(2,157)
District Council General Fund Income	**(14,359)**		**(15,354)**		**(16,350)**		**(14,762)**		**(15,293)**		**(15,915)**		**(16,676)**
	Number		Number		Number		Number		Number		Number		Number
Tax Base for Tax Setting Purposes including discount for localised council tax support	60,257.0		60,551.1		60,855.4	0.5%	61,814.1	1.6%	63,246.9	2.3%	64,702.8	2.3%	65,998.9
Basic Amount of Council Tax	£		£		£		£		£		£		£
District only	130.31	3.99%	130.31		135.31	3.8%	138.02	2.0%	140.78	2.0%	143.59	2.0%	146.46
Impact on Council tax of using savings and appropriations from reserves		Average		47.95	10.07		40.57		59.69		62.80		66.63
Underlying Council Tax with no appropriations from the General	£		£		£		£		£		£		£
Fund Balance or Savings	174.03		176.64		145.38		178.58		200.46		206.39		213.09
Balances at Year End	£'000		£'000		£'000		£'000		£'000		£'000		£'000
General Fund (recommended minimum level £2.5 million)	(8,703)		(8,282)		(8,282)		(8,015)		(6,480)		(4,657)		(2,500)

GF BSR Appendix C(b) – Five year GF revenue forecast: Option B

General provision for Inflation	2.1%				2.7%		2.7%		2.5%		2.5%		2.5%
			Projected		Projected		Projected		Projected		Projected		Projected
Assuming council tax increases of 2.0% in 2017-18; 2.0% thereafter	Estimate		Estimate		Estimate		Estimate		Estimate		Estimate		Estimate
	2016/17		2016/17		2017/18		2018/19		2019/20		2020/21		2021/22
	£'000		£'000		£'000		£'000		£'000		£'000		£'000
EXPENDITURE													
Fully Allocated Net Portfolio Expenditure	16,512		16,649		17,917		18,032		18,327		18,879		19,605
Add Precautionary items/Council actions/other	142		142		125		125		125		125		125
Less Planning Policy funded by New Homes Bonus	(554)		(554)		(200)		(285)		(65)		(15)		(15)
Rollovers from 2015-16 to 2016-17			530										
Financial Position Report (Q2 2016-17)			(29)										
Net Portfolio Expenditure	16,100		16,738		17,842		17,872		18,387		18,989		19,715
Net Interest on balances other than ESH	(511)		(404)		(212)		(202)		(187)		(167)		(132)
Internal Drainage Boards, Reversal of													
Depreciation and Minimum Revenue Provision	(479)		(479)		(667)		(667)		(667)		(667)		(667)
District Council General Fund Expenditure	**15,109**		**15,854**		**16,963**		**17,003**		**17,533**		**18,155**		**18,916**
Additional income/(savings) to maintain working balance in the year	**(750)**		**(500)**		**(758)**		**(1,213)**		**(2,487)**		**(2,782)**		**(3,123)**
Expenditure including savings	**14,359**		**15,354**		**16,205**		**15,790**		**15,046**		**15,373**		**15,794**
INCOME													
Revenue Support Grant (including negative tariff adjustment)	(926)		(926)	-48.6%	(230)	-75.2%			661		661		661
Rural Services Grant	(130)		(130)		(105)		(81)		(105)		0		0
Transition Grant	(76)		(76)		(76)								
Retained Business Rates	(3,604)		(3,604)		(3,752)		(3,493)		(3,020)		(3,071)		(3,123)
ESH net interest			(536)		(587)		(587)		(587)		(587)		(587)
(Surplus)/Deficit on Council Tax Collection Fund	(38)		(38)		(46)		0		0		0		0
(Surplus)/Deficit on Business Rates Collection Fund	153		153		(1,518)		0		0		0		0
Council Tax to be raised from council taxpayers	(7,852)		(7,890)		(8,089)		(8,380)		(8,746)		(9,126)		(9,495)
Provision/Contingency for business rates appeals/revaluations	1,800		1,800										
New Homes Bonus (contribution to the GF)	(1,803)		(1,803)		(1,803)		(1,803)		(1,803)		(1,803)		(1,803)
District Council General Fund Income before appropriation from reserve	(12,475)		(13,049)		(16,205)		(14,344)		(13,601)		(13,927)		(14,348)
Appropriations to/(from) General Fund working balance	(1,884)		(2,305)		0		(1,446)		(1,446)		(1,446)		(1,446)
District Council General Fund Income	**(14,359)**		**(15,354)**		**(16,205)**		**(15,790)**		**(15,046)**		**(15,373)**		**(15,794)**
	Number		Number		Number		Number		Number		Number		Number
Tax Base for Tax Setting Purposes including discount for localised council tax support	60,257.0		60,551.1		60,855.4	0.5%	61,814.1	1.6%	63,246.9	2.3%	64,702.8	2.3%	65,998.9
Basic Amount of Council Tax	£		£		£		£		£		£		£
District only	130.31	3.99%	130.31		132.92	2.0%	135.57	2.0%	138.29	2.0%	141.05	2.0%	143.87
Impact on Council tax of using savings and appropriations from reserves		Average		50.44	12.46		43.01		62.18		65.34		69.22
Underlying Council Tax with no appropriations from the General	£		£		£		£		£		£		£
Fund Balance or Savings	174.03		176.64		145.38		178.58		200.46		206.39		213.09
Balances at Year End	£'000		£'000		£'000		£'000		£'000		£'000		£'000
General Fund (recommended minimum level £2.5 million)	(8,703)		(8,282)		(8,282)		(6,837)		(5,391)		(3,946)		(2,500)

GF BSR Appendix D – Earmarked and specific funds

Fund	Balance at 1 April 2016 £000	Potential contributions £000	Potential Commitments £000	Uncommitted balance to end of 2021/22 £000
New Homes Bonus Infrastructure Reserve	(4,502)	(498)	5,000	0
Business Rates Growth and Renewables Reserve	(2,182)	Pending detailed decision on the use of the reserve.		
Pension Deficit Reserve	(1,049)	0	1,049	0
Planning Enforcement Reserve	(500)	0	0	-500
Business Efficiency Reserve (	(290)	0	290	0
Business accommodation reserves	(172)	0	172	0
Sustainability - climate change reserve	(117)	0	117	0
Private Stock Condition Survey	(60)	0	60	0
Children & Young People	(59)	0	59	0
Land Charges- appropriations	(50)	0	50	0
Total	**(8,980)**	**(498)**	**6,797**	**(500)**
Planning reserves				
Major Developments Fees Reserve (a)	(203)	0	203	0
Northstowe Reserve	(128)	0	128	0
Parish Liaison & Site Development Reserve	(251)	0	251	0
Planning Fee Reserve excl Northstowe - growth agenda	(179)	0	179	0
Service Contingency-Planning	(102)	0	102	0
Planning other	(111)	0	111	0
Total	**(974)**	**0**	**974**	**0**
Other	(250)	0	239	0
Total General Fund earmarked and specific funds	**(10,204)**	**(498)**	**8,010**	**(500)**

Appendix B – HRA BSR

Version 2
Scrutiny and Cabinet

South Cambridgeshire District Council
Housing Revenue Account Budget Setting Report 2017/18

February 2017

South Cambridgeshire District Council

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

Contents

Appendices

Section 1
Introduction

Foreword by the Portfolio Holder for Housing

The last financial year has seen the further introduction of new government policies providing additional challenges for a service already faced with the threats, as well as benefits, of a high growth area. Like all stock holding authorities the Council waits for the certainty of underpinning legislation to formalise new or amended policies.

The first of the 4 years of mandatory 1% reduction in rents has limited the Council's ambition to deliver new build housing but prudential management of the HRA debt financing has allowed for the programme to continue. As a result this year has seen the completion and handover to excited occupants of 39 new homes. The Council continues to seek a variety of solutions to the housing ambitions of its residents and its proactive work as a vanguard authority for the Government's Self & Custom Build policy is evidence of this.

The Housing Service's strength remains in its staff and, through them and elected members, in its ability to collaborate with partners. The established relationship with Cambridge City Council and partnerships with Housing Associations will be further strengthened through the funding being made available through devolution. By including a housing element in the Cambridgeshire & Peterborough Devolution Deal, the Government acknowledged the unique housing challenges presented in the Greater Cambridge area. The Housing Service will build upon its reputation for innovation and take this latest opportunity to support its determination to deliver for South Cambridgeshire residents.

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 November and February of each year.

Resource available for investment in housing remains wholly dependent upon the income streams for the Housing Revenue Account, with the most significant of these being the rental income for the housing stock. Following legislative changes introduced as part of 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 a further 3 years, from April 2017.

Rent regulation, coupled with other changes in national housing policy, remove a lot of the flexibility over longer-term decision making, which was introduced as part of Self-Financing for the Housing Revenue Account. It is vital, with diminishing resources, that we continually review 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)

The 30-Year Business Plan incorporates the requirement to support a significant level of housing debt, with external borrowing of £205,123,000. Although previously the policy to set-aside resource to allow repayment of the housing debt should the authority so chose, this resource is now being re-directed into continuation of a new build programme in the medium term, in an attempt to ensure sustainability of the HRA.

The HRA Budget Setting Report provides an update of the latest financial position for the HRA, covering both HRA revenue and capital spending.

As part of the review of the financial position for the HRA, consideration is given to risk and any potential mitigation. 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.

Section 2

Review of National and Local Policy Context and External Factors

Review of National Policy Context

National Rent Setting Policy

The legislation approved as part of the Welfare Reform and Work Bill 2015, requires both local authority landlords and registered providers to continue to apply a 1% rent reduction for the next three years, from April 2017 to April 2019 inclusive.

There were indications that supported and sheltered housing may be excluded from the requirement to cut rent levels, due to the enhanced level of services provided in this type of accommodation, but following a national review, confirmation has now been received that the 1% rent cut is to be applied to all social rented housing.

Where actual (transitional) rents have still not reached property specific target rent levels, local authorities are permitted to increase the rent to the target rent level only at re-let, recognising that the target rent for each property will also reduce by 1% each year for the next three 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 in 2020/21 at the previous levels of CPI plus 1% per annum.

In respect of affordable rents, the government requires local authorities to determine what 80% of the market rent would be for a property, and to apply the 1% reduction to this rent level each year, with the resulting sum being the maximum which a local authority can charge.

National Tenancy Policy

The Housing and Planning Bill introduced the requirement for local authorities to grant fixed term tenancies of between 2 and 10 years. A longer tenancy can be granted where a child under 9 years of age is resident as part of the household, with the tenancy expiring when the child reaches 19 years of age.

It is anticipated that the requirement will be introduced for all new tenancies in 2017, but this is still subject to confirmation through the release of formal regulations.

Market Rents for Higher Income Households (Pay to Stay)

The Housing and Planning Act 2016 introduced the ability for local authority social landlords to be required to charge up to market rent levels for households on higher incomes.

The policy change, initially intended to be implemented from April 2017, would have required households earning over £31,000 per annum in taxable income to pay a higher level of rent than the social housing rent restructuring formula dictates, with increased rents introduced on a tapered basis. For every £1 over the threshold which a household earns, the rent payable will increase by 15p

On 21st November, in a ministerial statement issued by Gavin Barwell, Minister for Housing and Planning, it was confirmed that the government have decided not to proceed with 'Pay to Stay' on a compulsory basis. Local authorities will still be able to introduce the scheme voluntarily for households earning over £60,000, in line with previous legislation.

It is Government's intention that mandatory fixed term tenancies will be used to ensure that household incomes are taken into consideration when determining whether the tenants still need a socially rented home at the end of a tenancy.

There was also a commitment given by Government to consider whether there other options exist to ensure that high income tenant in social housing make a greater contribution to their housing costs.

Mandatory Disposal of High Value Housing Stock

The ability, as included in the Housing and Planning Act 2016, for Central Government to impose a financial levy on stock owning authorities in respect of the assumed sale of higher value housing stock, is still subject to regulation.

The levy will vary for each financial year, with the value arrived at on a formulaic basis, after a period of consultation with local authorities. Although the regulations are not yet available, It is still anticipated that the authority will have some discretion over which assets it disposes of, in order to meet the levy. Payments are likely to be due periodically throughout each financial year.

Once regulations are made available, the HRA Acquisition and Disposal Policy will be reviewed under delegation, to ensure that the authority can act quickly to meet any payments due. An officer project team has reviewed the asset holding for the HRA, a land audit is underway and processes are being considered to ensure the new workload can be met, utilising either a fully in-house model, or procuring a proportion of the services required externally.

Following recognition that local authorities will need plenty of time to prepare for the introduction of the levy, it was confirmed in an interview with the Housing Minister in late November 2016, that the government will not be requesting any higher value voids levy payments from councils during 2017/18. On the strength of this, our financial modelling now assumes that we do not begin to hold any voids until October 2017, on the assumption that there may be a levy payable from April 2018. The HRA Budget Setting Report has therefore been constructed on the assumption that the compulsion to sell will still require the equivalent of approximately 1.8% of the housing stock each year to be disposed of, representative of just under 100 properties per annum initially, but with payment simply deferred until 2018/19.

Welfare Reforms

Universal Credit

Universal Credit was introduced in Cambridge Job Centre on the 29th February 2016 and is currently only applicable to single, working age customers, otherwise entitled to make a claim for Jobseekers Allowance. Universal credit generally includes housing costs for this group and this is paid directly to the customer unless it can be demonstrated that there are budgeting concerns. Claims must be made online. The full digital service that will allow claims from couples and those with children will be rolled out to Cambridge Job Centre in June 2018. The current number of claims continues to be low, with most for people who do not have a rental liability such as non-dependants.

As part of the Delivery Partnership Agreement, requests for Personal Budgeting Support are being accommodated by Cambridge Citizens Advice Bureau (CAB). There have been low numbers of these, and many have not attended their appointment at CAB, which the partners (CAB, DWP) are working to resolve.

Benefit Cap

Preparations for the introduction of the reduced Benefit Cap are progressing well, with early identification of potential customers affected being approximately 78, of which approximately 30 are HRA tenants. The Council is contacting those potentially affected, with a number of these households having been identified as receiving incomes that exempt them from the cap or having started work or increased their hours of work which will remove them from the cap. Application of the cap is a rolling programme, concluding in early January, but as at the end of November 2016, 26 HRA tenants were impacted. The council has contact all those affected to promote and advise of Discretionary Housing Payments which are available.

Removal of the Spare Room Subsidy

Numbers of customers affected by the removal of the spare room subsidy continue to reduce slowly and currently there are 349 HRA tenants affected by the reform, with 211 impacted by a reduction of 14% and 33 by 25%. There are currently 37 HRA tenants who receive Discretionary Housing Payments to help towards their rent as due to removal of spare room subsidy.

Limiting the Child Element to two children

From 1 April 2017, new benefit claims and current benefit claims which increase the family element above two children, will not have additional child elements included in the Housing Benefit calculation.

There are some exemptions for multiple births, result of abuse and adoption, or similar.

It will not impact on current claimants with more than two children, unless they have more children, then the child allowances will not increase, subject to the above exemptions.

Local Housing Allowance (LHA) Restriction

Social sector rents used in the calculation of Housing Benefit and the Housing Costs element of Universal Credit will be restricted to the prevailing Local Housing Allowance rates from April 2019. Local Housing Allowance rates will be the maximum Housing Benefit payable, towards both rent and any service charges. Regulations have not yet been released, but the following is the guidance issued thus far and will apply to both general needs housing and supported, impacting those of working age as well as pensioners:

- The shared accommodation rate for under 35's will not apply to those in Supported Housing for Housing Benefit or the Housing element in Universal Credit.
- In Housing Benefit, those with tenancies before 1 April 2016 will not be affected but all Universal Credit customers will be impacted irrespective of when their tenancy started.

LHA rates are set to be frozen for the remainder of this parliament but may go down if average rents decrease within the Cambridge Broad Rental Market area.

Supported Accommodation Review

DWP has launched a consultation considering the new funding for supported housing once many of the above changes come into effect from April 2017.

Right to Buy Sales

Following a number of changes in right to buy legislation over the last few years, and with the assumption until recently that 'Pay to Stay' would be introduced from April 2017, activity in this area has been maintained.

The table below highlights the activity over the last 5 years, with projections for the following 5 years:

Status	Year	RTB Sales
Actual Sales	2011/12	5
	2012/13	24
	2013/14	28
	2014/15	29
	2015/16	23
Estimated Sales	2016/17	25
	2017/18	25
	2018/19	20
	2019/20	20
	2020/21	20

In the first 9 months of 2016/17, 26 completions have taken place, indicating that activity is remaining at the higher level experienced since the re-invigoration of the scheme from April 2012, with 14 of these completions having taken place in the past 3 months.

It is impossible to accurately predict future sales, although the lead in to the anticipated introduction of 'Pay to Stay' from April 2017 was considered to be having some impact in maintaining interest in the scheme before announcements were made that the scheme would no longer be introduced on a compulsory basis. . With this in mind, recognising that Pay to Stay will not now happen as anticipated, the current assumption of sales, with 25 sales 2017/18, 20 sales per year from 2018/19 to 2020/21 and 15 sales per annum after this has been retained.

Right to Buy Receipts

Under the retention agreement with CLG, the authority now holds a significant sum for re-investment. Receipts must still be spent, within 3 years, to fund the delivery of new social housing, with a maximum of 30% of any dwelling being funded via this mechanism. The balance must be funded from the Council's own resources or through borrowing, and not on dwellings receiving any other form of public subsidy.

Although the capital receipts can be invested by the authority to earn interest in the short-term, if not spent appropriately within the 3 year time frame, have to be paid over to central government, with 'penalty' interest payable at 4% above the base rate, far exceeding the level of interest that will have been earned in the interim. With the current Bank of England base rate, this would be 4.25%.

Appendix D summarises the latest position in respect of receipts held and appropriately re-invested, highlighting that although a deadline has not yet been breached, the timing of investment through our capital programme is absolutely crucial if we are to avoid payment of any penalties.
During 2016/17 a number of strategic acquisitions have, or will have, taken place to ensure that sufficient resource has been invested by March 2017.

The option to pass retained receipts to registered providers still remains, with the registered provider delivering affordable housing to which we would receive nomination rights. The same time constraints apply in this instance, as does the need for the 70% top up funding.

Newly arising receipts continue to be retained at the end of each quarter, subject to the delegated approval of the Executive Director (Corporate Services), in consultation with the Director of Housing, with the Portfolio Holder for Housing informed if the recommendation were to be to pay receipts directly back to Central Government.

The additional capital spending, and top up funding, required as a result of decisions to retain right to buy receipts are 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 1/4/2016	Estimated Stock Numbers as at 1/4/2017
General Housing (incl. use as Temporary Housing)	4,175	4,186
Sheltered Housing	1,053	1,053
Sheltered Housing – Equity Share	82	82
Miscellaneous Leased Dwellings	20	11
Shared Ownership / FTB Dwellings	56	56
Awaiting Disposal / Demolition / Transfer to HA	14	0
Total Dwellings	5,386	5,388

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 1/4/2016	Estimated Stock Numbers as at 1/4/2017
Bedsits	32	20
1 Bed	1,016	1,013
2 Bed	2,252	2,272
3 Bed	1,872	1,868
4 Bed	71	72
5 Bed	1	1
6 Bed	4	4
Total Dwellings	5,248	5,250

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 for Vulnerable People

South Cambridgeshire District Council is still contracted by the County Council to deliver £302,000 per annum of tenure neutral support services to older people across the district, with an initial contract term of 3 years from April 2014, extended for one year from April 2017.

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.
Shared services with South Cambridgeshire District Council and Huntingdonshire District Council are in place for the provision of ICT and Legal Services, both of which impact the HRA.

The authority continues to share the Head of Finance and Housing Finance Service with South Cambridgeshire District Council, with a view to wider shared finance services once a new financial management system has been implemented across the authorities.

The Housing Development Agency (HDA) is fully operational, with South Cambridgeshire District Council seconding staff to the City Council, into a shared service, which the City is managing initially. The HDA is delivering new homes, working with multiple partner agencies, to increase the supply of new affordable housing.

As identified previously, there is still the potential to explore a shared Housing Management Service with Cambridge City Council, 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.

Appendix A provides details of the latest assumptions being incorporated into the financial forecasts, with any amendments since the last iteration of the business plan highlighted.

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, and marginally improved upon, in 2015/16. There are however indications that the position has worsened marginally during the first 9 months of 2016/17.

At the end of December 2016, current tenant arrears stood at £388,562 and former tenant arrears at £86,817, compared with £306,046 and £92,305 retrospectively at 31 March 2016. There are always some seasonal fluctuations in arrears levels throughout the year, so although not considered to be a trend at this time, the position is being carefully monitored.

Staff continue to work proactively with tenants in arrears, with the long-term position still anticipated to become more challenging as the phased introduction of direct payment, which began locally in February 2016, steadily rolls out.

At 31 March 2016, the provision for bad debt stood at £300,000, representing 75% of the total debt outstanding.

As part of the HRA Medium Term Financial Strategy, the level of annual contribution to the bad debt provision was reviewed, taking into consideration the phased nature of the introduction of direct payment. The contribution in 2016/17 was reduced to 0.25% of rental income, increasing incrementally to 0.3% for 2017/18, 0.35% for 2018/19 and 0.4% for 2019/20, moving back to the higher level of 0.5% approved as part of the 2016/17 budget setting process, from 2020/21 onwards.

The value of rent not collected as a direct result of void dwellings in 2015/16 was £354,774, representing a void loss of 1.2%, with higher than desired levels partly due to 'management' voids held pending disposal or re-development of the site.

At the end of 2015/16, 61 properties were unoccupied, representative of 1.1% of the housing stock, with 21 of the void dwellings being intentionally held vacant pending re-development. At the end of the second quarter in 2016/17, 65 properties were vacant, with the 21 which were being intentionally held vacant still included in this. In the first 6 months of 2016/17, rent of approximately £139,400 was recorded in the housing rent system as being lost due to vacant dwellings.

The current assumption of 1.1% voids in general housing is still considered appropriate for the longer-term. The requirement to sell high value void properties in the future will impact this assumption in future iterations of the business plan, with the loss of estimated rental income already incorporated into the financial forecasts as a separate assumption.

Rent Restructuring and Rent Levels

Property specific target social rents under the rent restructuring regime still apply, but the requirement to reduce social housing rents, including those in supported and sheltered housing by 1% for a further 3 years, means that the target rents will also reduce in line with this.

The authority has the ability to close the gap between target social rent and the actual rent being charged for a dwelling, only when a property becomes void.

The average target 'rent restructured' rent in the early months of 2016/17 across the general housing stock was £108.48, with the average actual rent charged being £103.32. The average actual rent was therefore representative of 95% of the average target rent, with only 27.5% of the housing stock being charged at target rent levels.

The gap between actual and target rent levels now equates to an annual loss of income of approximately £1,427,000 across the HRA, compared with the income assumption in the HRA Self-Financing Debt Settlement, where convergence was anticipated well before now.

There were 24 new build properties charged at the higher 'affordable rent' levels, equivalent to the Local Housing Allowance at the end of September 2016.

Rent Setting

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

From April 2017, the authority is required to apply the second year of a four year rent cut in social housing rents of 1% per annum, with confirmation received that supported and sheltered housing are to be included in this directive, and not exempted as was an option in the first year.

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, followed by CPI plus 0.5% from April 2024.

In respect of affordable rented homes, the government require local authorities to review what 80% of the market rent is for each dwelling, and ensure that the combined rent and service charges levied for a property does not exceed this level, minus the 1% reduction required each year from April 2016. As the local policy is to cap rents and charges for affordable homes at the considerably lower level of the Local Housing Allowance, which is likely to be nearer 60% of market rent, rent levels for these properties are reviewed in line with the Local Housing Allowance, which is expected to be frozen at April 2017.

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 2017/18 is detailed at **Appendix B.**

Other Sources of Income

Garages

The Housing Revenue Account currently has 1,063 residential garages, which are outside the curtilage of the dwelling, available for letting according to the rent system. Of these, 366 were vacant at the time of compiling this report.

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.

The HRA retains 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 will be 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, although lending to Ermine Street Housing provides a better return than lending to external third parties currently.

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 a policy in respect of spending Section 106 Commuted Sums, which includes the provision for resource to be to be utilised to fund delivery of new build affordable housing in the Housing Revenue Account. The assumption that a proportion of this funding is utilised to deliver new affordable homes is incorporated into the Housing Capital Investment Plan.

- Support Funding – The authority receives £302,000 per annum for tenure neutral support provided to older people across the district, with a contract which can be extended up to April 2019.

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 mitigate the risks associated with the authority self-insuring its housing stock. Costs in lieu of insurance claims are charged to the HRA in year, with the reserve available to meet any higher than anticipated remedial costs, allowing the HRA time to react to the additional expenditure incurred.

Major Repairs Reserve

A statutory reserve which receives a sum, transferred from the revenue account, equivalent to the depreciation in respect of the housing stock each year. Resource in the Major Repairs Reserve is then used as a source of funding in the Housing Capital Investment Plan, to meet the capital cost of 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 ceases, from when the full depreciation value will be transferred into the reserve each year, irrespective on whether the asset base requires this level of investment.

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

Recent changes in national housing policy, and the desire to invest resource in new build to replace lost stock and appropriately spend retained right to buy receipts, impacts the ability to set-aside resource to repay debt. This means the authority will have no alternative but to re-finance a significant proportion of the loan portfolio as each loan matures. The approach of using an ear-marked reserve, as opposed to making a formal voluntary revenue provision (VRP), allows 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, are held in a separate ear-marked capital reserve 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

Revised Budget - 2016/17

In-Year Budget Amendments

Service budgets for the current financial year are not routinely reviewed as part of the budget setting process for the coming year, and any variations against the budget set are reported at outturn.

Exceptions are made, however, in respect of items which are significant in nature, or which will materially affect projections for the budget year if amendments are not made in year.

For 2016/17, in year changes are proposed in respect of an increase in the level of rent which is anticipated to be received due to the deferral of the higher value voids levy (£42,630) and in the level of direct revenue financing of capital expenditure anticipated in year to finance capital expenditure in IT, rolled over from 2015/16 (£187,010). These changes, coupled with a change in the assumption of the rate of interest that can be earned on HRA balances in the current year, also has an impact on the level of interest the HRA expects to receive, with an increase of £182,290 incorporated into the forecasts.

The changes are summarised in the table below:

2016/17 Revised Budget	Original Budget February 2016 £	HRA MTFS November 2016 £	HRA BSR Proposed Changes £	HRA BSR January 2017 £
Net HRA Use of /	(134,670)	3,757,520		

(Contribution to) Reserves				
Savings / Increased Income			(42,630)	
Unavoidable Revenue Bids			0	
Non-Cash Limit Adjustments			4,720	
Revised Net HRA Use of / (Contribution to) Reserves				**3,719,610**
Variation on previously reported projection				(37,910)

The above figures include rollover approvals from 2015/16 in the second column, in addition to changes approved as part of the Medium Term Financial Strategy in November 2016, with the net saving identified in the current year, as part of the January 2017 committee cycle, incorporated in the right-hand column.

The net reduction in costs for 2016/17 will result in a marginally lower call on the use of Housing Revenue Account reserves than anticipated.

Budget - 2017/18

Overall Budget Position

The approach to setting the HRA budget for 2017/18 include a requirement to identify £250,000 of savings or areas where increased income could be generated, as the first year of a 4 year efficiency programme, which sought to reduce cost by £1,000,000 over this period. This approach was taken in response to the financial impact of some of the changes in national housing policy, most notably the requirement to reduce rents by 1% for 4 years from April 2016.

Proposed savings and any identified increases in income are detailed in **Appendix G (1),** with the savings partially offset by unavoidable revenue pressures and reduced income in some areas.

The table below show a summary of the proposals included at **Appendix G (1),** showing a net over-achievement against the £250,000 target set for 2017/18. This is predominantly due to the continued receipt of rental income for properties which the HRA had previously assumed would need to be held void pending disposal, to meet the higher value voids levy. Confirmation of a delay in this policy implementation, has allowed the assumption that this needs to take place to be deferred until mid 2017/18.

Savings and increased income identified are partially offset by some areas of unavoidable revenue pressure, with the most significant of these being an increase to the HRA in respect of staffing costs and associated overheads and recharges, as a direct result of a review in the way in which staff time is recorded and re-allocated across the authority and an increase in the costs of meeting the anticipated pension deficit.

Proposal Type	2017/18 £	2018/19 £	2019/20 £	2020/21 £	2021/22 £
Cumulative Savings Target Proposed	250,000	500,000	750,000	1,000,000	1,000,000
2017/18 Budget Changes					
Savings	(395,430)	(395,430)	(395,430)	(395,430)	(395,430)
Increased Income	(575,740)	(575,740)	(575,740)	(575,740)	(575,740)
Unavoidable Revenue Pressures	395,650	395,650	395,650	395,650	395,650
Reduced Income	60,620	60,620	60,620	60,620	60,620
Bids	18,220	18,220	18,220	18,220	18,220
Net Savings Position - (Over) / Under-Achieved against Savings Target	**(246,680)**	**3,320**	**253,320**	**503,320**	**503,320**
Non-Cash Limit Items	(1,798,440)	97,160	97,160	97,160	97,160
Net Position for the HRA - (Over) / under-Achieved against overall assumptions	**(2,045,120)**	**100,480**	**350,480**	**600,480**	**600,480**

For financial forecasts, the assumption has been retained that the balance of savings to be sought from the £1,000,000 savings programme, which currently equates to £600,480, will be identified during the period 2018/19 to 2020/21.

This level of savings will enable the HRA to set a balanced revenue budget over the 30 year life of the business plan, and will release sufficient resource, along-side the use of any funds currently set-aside for debt redemption, to fund both the required investment in the housing stock over the next 30 years and meet commitments in respect of new build housing in the medium term. If the authority is to attempt to utilise retained right to buy receipts to build homes for HRA ownership in the long-term, consideration will need to be given to where further savings may be found from.

During 2017/18, once the final details of some of the proposed changes in national housing policy are clear, a further review of the strategic position for the HRA will be undertaken.

The overall revenue budget position for the Housing Revenue Account for 2017/18 is presented in **Appendix I.** A balanced budget can be set for 2017/18, assuming the delivery of savings as identified.

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 is working with Cambridge City Council to jointly procure updated software to record and report asset management data, as part of a wider project to procure a fully integrated housing management information system.

At 31 March 2016, 87.5% of the housing stock was reported as decent, compared with 91.5% at 31 March 2015, with 656 properties that were considered to be non-decent (in addition to refusals), and another 73 anticipated to become non-decent during 2016/17.

In addition to decent homes investment, the authority still invests in energy conservation initiatives, such as external wall insulation, solar energy initiatives, renewable heating sources, air source heat pumps and more controllable high heat retention electric storage systems.

The level of investment in the housing stock as a whole, including that which falls outside of the decent homes standard, has been subject to review as part of the 2017/18 budget setting process, with some resulting changes proposed. Any reduction in the level of investment in the existing housing stock will help 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 limited supply of new affordable housing.

Changes proposed in the level of investment in the housing stock are detailed at **Appendix H**. with capital bids and savings identified at **Appendix G (2).** The latest Housing Capital Investment Plan is included at **Appendix J.**

New Build & Re-Development

General Approach

Following changes in national housing policy, the authority can no longer rely upon rental surpluses to provide resource for investment in new build housing.

Instead, to ensure the delivery of a new build programme in the short to medium term, resources previously set-aside for potential debt repayment have been combined with assumed receipts from the sale of HRA land as self-build plots and section 106 commuted sums, in addition to right to buy receipts.

The authority continues to explore alternative funding options and delivery models, including; mixed rented and market sale schemes, shared ownership homes and starter homes.

New Build and Re-Development Schemes Completed or Approved to Proceed

The table below updates the position in respect of schemes completed or in progress, with portfolio holder approval, based upon previous versions of the business plan, confirming their status and the current budget allocation which is required for each of the schemes, with the budgeted cashflow included at **Appendix E.**

Scheme	Status	Estimated Affordable Units	Indicative Scheme Composition (Subject to Change)	Scheme Budget (Net of subsidy / capital receipts)
Fen Drayton Road, Swavesey	Completed May 2016	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	Completed July 2016	4	1 x 2 Bed Bungalow 2 x 2 Bed Flat 1 x 2 Bed House	494,550
Hill Farm, Foxton	Completed January 2017	15	4 x 1 Bed House 6 x 2 Bed House	2,246,660

Scheme	Status	Estimated Affordable Units	Indicative Scheme Composition (Subject to Change)	Scheme Budget (Net of subsidy / capital receipts)
			5 x 3 Bed House	
Robinson Court, Gamlingay	Planning Approved. On Site by Spring 2017	6 plus 4 shared ownership	4 x 1 Bed Flat 2 x 2 Bed Flat 2 x 1 Bed House (Shared Ownership) 2 x 2 Bed House (Shared Ownership) 2 x 2 Bed House (Market Sale) 2 x 3 Bed House (Market Sale)	997,540
Pembroke Way, Teversham	Pre-Planning Stage	5	2 x 2 Bed Flat 3 x 3 Bed House	860,230
Pampisford Road, Great Abington	Planning Approved, Contract terms to be agreed	8	2 x 1 Bed Flat 2 x 2 Bed House 1 x 2 Bed Bungalow 2 x 2 Bed Bungalow (Shared Ownership) 1 x 3 Bed House	895,580
Total		**49**		**8,448,880**

The scheme at Wilford Furlong, Willingham is subject to review in light of the potential to utilise some of the land as self-build plots, and has been removed from the programme in its previous form, pending the outcome of this review.

New Build and Re-Development Schemes in the Pipeline

There are a number of schemes where feasibility work is being carried out with a view to building out the sites for the HRA directly, or alternatively negotiations are in progress with developers, for the HRA to acquire the affordable housing on existing new build development schemes. These schemes do yet have formal approval, and as such have not yet been built in to the Housing Capital Investment Plan on a scheme specific basis. When a scheme receives Portfolio Holder approval, resource is vired from the unallocated new build / acquisition budget to the scheme specifically to allow monitoring of progress.

Schemes currently in the pipeline include:

Scheme	Status	Estimated Affordable Housing Units	Indicative Scheme Composition (Subject to Change)
Highfields, Caldecote	Section 106 negotiations and planning amendment in progress	3	1 x 1 Bed House 2 x 2 Bed House
Gibson Close, Waterbeach	Planning by March 2017. Offer made to developer	6 plus 2 shared ownership	4 x 1 Bed Flat 2 x 2 Bed House 2 x 2 Bed House (Shared Ownership)
Woodside, Longstanton	Planning approved. Offer made to developer and in negotiation	3	3 x 2 Bed House
Balsham Buildings, Balsham	Planning by March 2017. Offer made to developer	9 plus 4 shared ownership	7 x 1 Bed Flat 2 x 2 Bed Flat 4 x 2 Bed House (Shared Ownership)

The majority of schemes 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. Shared ownership dwellings or schemes where some or all of the new homes will replace existing social housing which is no longer considered fit for purpose, are not eligible for use of this resource.

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 new build schemes, acquire existing homes for use as social housing, or pass the resource over to a registered provider for re-investment.

The assumption has been retained, that the authority utilise resource previously set-aside for the potential redemption of housing debt, combined with capital receipts that have been received for the sale of HRA land and dwellings on the open market in recent years and HRA revenue resources, where available, to provide sufficient resource to allow the appropriate re-investment of existing and anticipated retained right to buy receipts in the medium term, without the need to pass any funding to a registered provider in future years.

The Housing Development Agency (H.D.A) are working to identify potential new build sites and future development opportunities, in a bid to ensure that the HRA has sufficient pipeline schemes to meet investment commitments.

The authority also continues to explore alternative development opportunities, considering differing funding models. Options for working with partner organisations and for developing sites with mixed tenure are all being explored fully in an attempt to maximise the delivery of new homes, despite the financial constraints imposed by some of the national housing policy changes.

As a backstop position, the authority is able to pass receipts 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.

Self-Build Plots

Work is progressing well in preparing parcels of HRA land that could provide self-build opportunities, releasing capital receipts which are then available for re-investment by the HRA to deliver new homes elsewhere in the district.

Following approval of an initial capital budget of £150,000 in the HRA, officers identified HRA sites with the potential to provide in the region of 100 self-build plots. 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.

As part of this HRA Budget Setting Report, and as work in this area progresses, the net capital receipts previously incorporated into financial plans, have now been separately identified from 2017/18, with a specific budget incorporated into the HRA Capital Plan to meet the up-front costs of site preparation, and the gross capital receipts incorporated as a capital funding source to support the delivery of new build homes, alongside the use of retained right to buy funding to make up 30% of the total investment required.

Section 106 Funding

Commuted Sums Money received in lieu of Affordable Housing

If the Council receives commuted sum payments, often time limited, where approval has been granted as part of the planning decision to receive payment in lieu of affordable housing, the default position is that the HRA utilises the resource to invest in affordable housing.

The Council currently holds £3.6m in commuted sums. The following table identifies when the money has to be spent, against the resource committed to date

Year	Section 106 sum to be spent £	Cumulative Section 106 sum to be spent £	Resource committed General Fund £	Resource committed HRA £	Cumulative resource still to be committed £
2016/17	52,981	52,981	110,000	53,000	-
2017/18	195,887	248.868	92,000	75,000	-
2018/19	509,258	758,126	0	0	428,126
2019/20	61,780	819,906	0	0	489,906
2020/21	563,258	1,383,164	0	0	1,053,164
2021/22	57,500	1,440,664	0	0	1,110,664
2022/23	131,087	1,571,751	0	0	1,241,751
2023/24	199,092	1,770,843	0	0	1,440,843
2024/25	345,455	2,116,298	0	0	1,786,298
2025/26	104,580	2,220,878	0	0	1,890,878
2026/27	1,395,984	3,616,862	0	0	3,286,862
			202,000	128,000	

Commitments to date include:

Scheme	Fund	2016/17 £	2017/18 £	Ongoing £
Little Wilbraham Council house improvements	HRA	53,000	0	0
Emmaus – 10 en-suite bed-spaces	General Fund	50,000	50,000	0
Little Gransden Almshouses – refurbishment of 4 dwellings	General Fund	40,000	42,000	0
Robinson Court, Gamlingay – redevelopment	HRA	0	75,000	0
Organisational cost for delivery of Affordable Housing using Section 106	General Fund	20,000	0	0
		162,981	**167,000**	**0**

With £3,086,862 of resource still to be re-invested, and a commitment to invest the sum in new HRA homes wherever possible, expenditure of £500,000 per annum, and associated Section 106 match funding has been incorporated into the Housing Capital Plan for the next 6 years.

As the resource can't be combined with retained right to buy receipts for the delivery of a specific social housing dwelling, it is likely that the funds will be utilised predominantly to deliver other forms of affordable and intermediate housing, such as shared ownership or shared equity.

Asset Acquisitions & Disposals

Consideration is given to the strategic acquisition or disposal of assets, in line with the current HRA Acquisition and Disposal Policy, which will be reviewed once the regulations surrounding the higher value voids levy are available, to take account of the new approach that will be required in respect of asset management of the housing stock.

The Right to Buy Retention Agreement allows the acquisition of existing dwellings, as an alternative to building new homes. Although not the first priority for the use of this resource, market acquisition does increase the supply of affordable homes available in the district, and is a valid option when new build is not possible within a quarterly deadline for the use of retained receipts. If a decision is taken at the end of a quarter that there is a risk that new build schemes will deliver in the required timeframes, resources can be vired from the unallocated new build / acquisition budget into the budget for direct market acquisition.

In 2016/17, resource of £3,208,000 previously ear-marked for investment in new build homes was diverted into acquisition of market dwellings, to allow the authority to buy in the region of 13 properties, which will be utilised for social housing purposes. All of the acquisitions are anticipated to complete by 31st March 2017, subject to any unforeseen delays.

Property Address / Location	Property Type	Status
5 Spar Close, Cambourne	2 Bed House	Complete
4 Wattle Close, Cambourne	2 Bed House	Complete
51 Whitegate Close, Swavesey	2 Bed House	Complete
Cambourne	2 Bed House	Offer accepted
Cambourne	2 Bed House	Offer accepted
Cambourne	2 Bed House	Offer accepted
Cambourne	2 Bed House	Offer accepted
Cambourne	2 Bed House	Offer accepted
Cambourne	2 Bed House	Offer accepted
Cottenham	2 Bed House	Offer accepted
Cottenham	2 Bed House	Offer accepted
Gamlingay	2 Bed House	Offer accepted
Swavesey	2 Bed House	Offer accepted

Receipts from individual asset disposals are recognised in the HRA's reserves only at the point of receipt and after all relevant costs have been provided for, but this may need to change once regulations are available in respect of the sale of higher value voids levy, as it will be necessary to forecast the number of sales which will take place in each period, in order to plan effectively to meet any levy set.

Receipts from the sale of self-build plots are however, already incorporated into financial planning, in anticipation of the need to utilise them to top up existing retained right to buy receipts. Any delay in the receipt of these capital sums will significantly impact the authority's ability to spend right to buy receipts appropriately.

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, officers need to consider the progress in respect of the sale of self-build plots and any other capital receipts which may have been received by that point in any year. There is a risk judgement that needs to be made as part of this quarterly decision making process.

Section 6
HRA Treasury Management

Background

Statutorily, the Housing Revenue Account is required to set a balanced budget, including recognition of the revenue implications that arise from capital financing decisions, and is also required to review this budget again during each year.

HRA Borrowing

As at 1 April 2016, the Housing Revenue Account was supporting external borrowing of £205,123,000 in the form of 41 maturity loans with the Public Works Loans Board (PWLB), with rates ranging between 3.44% and 3.53%. The loans have varying maturity dates, with the first £5,000,000 due to be repaid on 28th March 2037, and the last loan 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 previous debt repayment strategy for the HRA, to set-aside (informally) the resource to repay housing debt, has been replaced with an approach which invests resource in new build housing, assuming the need to re-finance the borrowing when loans mature.

The debt repayment or re-investment reserve stood at £8,500,000 at 1 April 2016, with the current assumption being that this will be re-invested in full by 2048/49 in order to extend the life of the business plan, once other resources are exhausted, and the debt cap would otherwise be breached.

Regular 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 when the higher value voids levy comes into force, whether the authority wants to retain this revised strategy, or re-consider some element of set-aside if resources allow.

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, consideration is given to the level of internal and external risks that the service is subject to.

The authority maintains a risk registers, which incorporate specific risks affecting the Housing Revenue Account, considering the likelihood and impact associated with each risk, and the mitigation in place to counteract these. Risk registers are regularly updated and are reviewed by the Executive Management Team a number of times each year.

HRA Reserves

Housing Revenue Account General Reserves

General reserves are held to help manage risks inherent in financial forecasting. 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.

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 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 report, 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 2017/18.

Options and Conclusions

Overview

The budget for 2017/18 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 still proves 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

1% rent cuts for a further 3 years, and the continued uncertainty in respect of the need to meet a higher value voids levy, pose significant financial challenges for the HRA into the future.

Summary and Conclusions

As part of the 2016/17 HRA Budget Setting Report, a savings target of £1,000,000 over 4 years was incorporated into future financial forecasts. Although savings and increased income, after allowing for any areas of unavoidable revenue pressure or reduced income, exceed the year 1 target, there is still the need to identify the balance of the £1,000,000 savings programme to be able to present a balanced HRA revenue budget over the longer term.

Key revenue pressures, in the increase in staff recharges and associated overheads and additional costs of meeting the pension deficit that the HRA will bear from 2017/18 have been fortuitously offset by the retained rental income anticipated as a result of the delay in the need to meet a higher value voids levy. There has not been a review of the mechanism used to identify and apportion staff costs across the authority for a number of years. It is critical, however, that the costs recharged to the HRA are regularly scrutinised, to ensure that tenant's rents are meeting an appropriate share of the total costs incurred by the Council.

As part of a review of the long-term capital investment need in our housing stock, resource has been incorporated from year 6 onwards, to ensure that not only decent homes can be met long-term, but also that the authority maintains current investment levels in areas such as disabled adaptions, full refurbishments, structural works, energy conservation initiatives and replacement of estate roads and pathways.

The additional longer-term pressures identified in respect of investment in our existing housing stock, mean that the HRA Capital Investment Plan is just financially viable for the full 30 years of the business plan, but with the need to utilise resources previously set-aside for potential debt redemption in the latter stages of this period.

Once the impact of the remaining changes in national housing policy are clear, and regulations are available, it will be necessary to undertake a strategic review of the financial position for the HRA, with a view to balancing the level of revenue savings to be sought going forward, with the need to have a 30 year capital investment plan which can be fully funded, whilst also meeting aspirations to deliver new affordable homes.

The review 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 housing services
- Exploring alternative delivery models for the provision of social housing
- Exploring alternative delivery models to maintain a new build housing programme

During February 2017, 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 changes in property rents, with social housing rents subject to a 1% rent cut from April 2017, whilst new affordable rents will be reviewed to ensure that rents and charges are no higher than 80% of market rent, less the 1% reductions from April 2017. Locally affordable rents are set at Local Housing Allowance level, which ensures that this is the case without the need for detailed review on a property by property basis.
- Approval of garage rents as detailed in **Appendix B**
- Approval of service charges as detailed in **Appendix B**

- Approval of the unavoidable revenue pressures, reduced income, savings and increased income summarised in Section 4 of this report, and include in detail at **Appendix G**
- Approval of the HRA revenue budget for 2017/18 as shown in **Appendix I**
- Approval of the Housing Capital Programme for 2017/18 to 2021/22 as shown in **Appendix J**
- Agreement to retention of the balance of the £1,000,000 revenue savings target, and to the approach to delivering both a balanced revenue budget for the next 30 years, alongside a sustainable capital investment programme.

Business Planning Assumptions Appendix A

Business Planning Assumptions (Highlighting Changes)

Key Area	Assumption	Comment	Status
General Inflation (CPI)	1.9%, then 2.4% ongoing	General inflation on expenditure included at 1.9% for 2017/18, then 2.4% ongoing, per OBR (Office for Budgetary Responsibility) forecasts.	Retained
Capital Inflation	**2.9%, then 3.4% ongoing**	**Based upon inflation as measured by the Retail Price Index (RPI), assuming this to be 1% above CPI over the longer-term. This concurs with the majority of current contracts held by the HRA.**	**Amended**
Debt Repayment	Set-aside to repay debt if 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. No resource currently available.	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 2017/18.	Retained
Pay Inflation	1.3% Pay Progression plus: 2017/18 – 1.0% 2018/19 – 1.0% 2019/20 – 1.0% 2% ongoing	Assume allowance for increments at 1.3%. Pay inflation for three years from 2017/18 limited to 1% reflecting recent Government guidance, and a return to 2% thereafter, reflecting economic recovery.	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, CPI plus 1% for 4 years, then CPI plus 0.5% from 2024/25	Rent decreases of 1% per annum per government guidelines from 2016/17 to 2019/20, then CPI plus 1% until the end of the 10 year period, then reverting to inflation plus 0.5%. Assume CPI in preceding September is as above. Affordable rents and charges reviewed in line with Local Housing Allowance levels.	Retained
Rent Convergence	Voids Only	Ability to move to target rent achieved only through movement of void properties directly to target rent.	Retained
External Lending Interest Rate	**1.35% for 2016/17, then 1%**	**Interest rates based on latest market achievement, including interest from Ermine Street Housing**	**Amended**
Internal Lending Interest Rate	**1.35% for 2016/17, then**	**Assume the same rate as anticipated can be earned on cash balances held, so as not to**	**Amended**

Key Area	Assumption	Comment	Status
	1%	**detriment the General Fund over the longer term.**	
External Borrowing Interest Rate	2.4%, 2.5%, then 2.7% ongoing	Assumes additional borrowing using Capita predictions of PWLB rates, rising to 2.7% over the next 3 years, including assumed certainty rate.	Retained
Internal Borrowing Interest Rate	2.4%, 2.5%, then 2.7% ongoing	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, pending a review once the impact of the higher value voids levy and other housing policy changes are clear.	Retained
Right to Buy Sales	25 for 2 years, 20 for 3 years, then 15 sales ongoing	Pay to Stay expected to return to a higher level of activity. Assume 25 for 2016/17 and 2017/18, 20 for 3 years from 2018/19, until 15 are assumed ongoing from 2021/22.	Retained
Right to Buy Receipts	Settlement receipts excluded. Retained receipts included.	Debt settlement receipts excluded as assumed to fund General Fund housing capital expenditure. Anticipated one-for one receipts included. Debt repayment proportion reported as at 1/4/2016 and assumed available for intended use.	Retained
Void Rates	1.1%	Assumes 1.1% per annum from 2017/18 onwards.	Retained
Bad Debts	0.3% for 2017/18, 0.35% for 2018/19, 0.4% for 2019/20, then 0.5%	Bad debt provision of up to 0.5% over 5 years to reflect the requirement to collect 100% of rent directly for new benefit claimants, following phased implementation of Universal Credit from 2016 to 2020.	Retained
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.	Retained
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 2017/18 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 2016/17 (£)	Proposed Charges 2017/18 (£)	Increase (%)	Increase (£)
General Housing					
Use and Occupation Fee	Weekly	As per Target Rent	As per Target Rent	-1%	Variable
Sewage	Weekly	4.82 to 5.20	As per Anglian Water Standard Rates	TBC	TBC
White Goods Charge (per item)	Weekly	1.50	1.50	0%	0.00
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	3.31	3.37	1.9%	0.06
Blocks without Door Entry	Weekly	2.20	2.24	1.9%	0.04
General Sheltered Schemes					
Sheltered Charge (Staffing)	Weekly	3.46 to 4.99	4.56 to 6.16	Variable	Variable
Communal Premises Charge	Weekly	0.00 to 18.86	0 to 15.84	Variable	Variable
Grounds Maintenance Charge	Weekly	0.15 to 5.67	T0.28 to 2.34	Variable	Variable
Communal Heating / Lighting (Elm Court)	Weekly	8.83	8.83	0%	0.00
Water (Elm Court)	Weekly	2.76	3.20	15.9%	0.44
White Goods Charge (per item)	Weekly	1.50	1.50	0%	0.00
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	14.30 to 27.56	Variable	Variable
Management Fee (10%)	Quarterly	7.28 to 34.45	9.23 to 33.28	Variable	Variable
Temporary Accommodation					
Temporary Let Charge	Weekly	30.00	31.00	3.3%	1.00
Community Alarm Service					
Council Supplied Alarm	Weekly	4.47	4.47	0%	0.00
Group Alarms	Weekly	4.47	4.47	0%	0.00

Mobile Alarm Solution	Weekly	N/A	5.47	New	New
Key Safe Charge	Weekly	N/A	TBC	New	New
Installation Charge (Within 30 mile radius)	One-Off	25.00	30.00	20%	5.00
Installation Charge (Outside 30 mile radius)	One-Off	30.00	36.00	20%	6.00
Replacement Pendant Charge	One-Off	50.00	50.00	0%	0.00
Garage and Storage Unit Rents					
Garages or Storage Unit Rented to Tenant/Leaseholder	Weekly	8.37	8.53	1.9%	0.16
More than 2 Garages Rented to Tenant/Leaseholder	Weekly	8.37 plus VAT	8.53 plus VAT	1.9%	0.16 plus VAT
All Other Garage and Storage Unit Rentals	Weekly	11.54 plus VAT	11.76 plus VAT	1.9%	0.22 plus VAT
Leasehold Charges for Services					
Solicitors' pre-sale enquiries	One-Off	110.00	110.00	0%	0.00
Copy of lease	One-Off	30.00	30.00	0%	0.00
Re-mortgage Enquiry/Copy of Insurance schedule	One-Off	30.00	30.00	0%	0.00
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	30.00 125.00	30.00 125.00	0%	0.00
Retrospective consent for improvements	One-Off	Above + 25.00	Above + 25.00	0%	0.00
Registering sub-let details	One-Off	50.00	50.00	0%	0.00

HRA Earmarked & Specific Funds Appendix C

2016/17 (£'000)

HRA Earmarked & Specific Revenue Funds (£'000)

Self-Insurance Reserve

	Opening Balance	Contributions	Expenditure to Decemberr	Current Balance
Self-Insurance Reserve	(1,000.0)	0.0	0.0	(1,000.0)

Debt Set-Aside (Revenue)

	Opening Balance	Contributions	Expenditure to December	Current Balance
Debt Set-Aside	(8,500.0)	0.0	0.0	(8,500.0)

HRA Earmarked & Specific Capital Funds (£'000)

Debt Set-Aside (Capital)

	Opening Balance	Contributions	Expenditure to December	Current Balance
Debt Set-Aside	(2,998.5)	(883.2)	0.0	(3,881.7)

Major Repairs Reserve

	Opening Balance	Contributions	Expenditure to December	Current Balance
MRR	0.0	0.0	0.0	0.0

RTB Retained Receipts Reserve

	Opening Balance	Contributions	Expenditure to December	Current Balance
RTB Retained Receipts	(4,459.1)	(2,409.3)	700.5	6,167.9

Capital Receipts

	Opening Balance	Contributions	Expenditure to December	Current Balance
Capital Receipts	(2,221.5)	(0.3)	0.0	(2,221.8)

Retained Right to Buy Receipts

Appendix D

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	5,486,448.80	1,645,934.64	0.00	0.00
31/12/2012	786,867.59	1,170,860.77	3,902,869.23	31/12/2015	6,535,409.29	1,960,622.79	0.00	0.00
31/03/2013	257,177.59	1,428,038.36	4,760,127.87	31/03/2016	7,792,759.75	2,337,827.93	0.00	0.00
30/06/2013	180,159.83	1,608,198.19	5,360,660.63	30/06/2016	8,432,767.38	2,529,830.21	0.00	0.00
30/09/2013	408,259.67	2,016,457.86	6,721,526.20	30/09/2016	8,843,151.50	2,652,945.45	0.00	0.00
31/12/2013	405,074.37	2,421,532.23	8,071,774.10	31/12/2016	10,127,607.86	3,038,282.36	0.00	0.00
31/03/2014	1,012,895.75	3,434,427.98	11,448,093.27	31/03/2017			396,145.62	1,320,485.41
30/06/2014	190,149.46	3,624,577.44	12,081,924.80	30/06/2017			586,295.08	1,954,316.94
30/09/2014	542,412.66	4,166,990.10	13,889,967.00	30/09/2017			1,128,707.74	3,762,359.14
31/12/2014	490,971.13	4,657,961.23	15,526,537.43	31/12/2017			1,619,678.87	5,398,929.57
31/03/2015	417,089.12	5,075,050.35	16,916,834.50	31/03/2018			2,036,767.99	6,789,226.64
30/06/2015	417,483.31	5,492,533.66	18,308,445.53	30/06/2018			2,454,251.30	8,180,837.67
30/09/2015	527,469.65	6,020,003.31	20,066,677.70	30/09/2018			2,981,720.95	9,939,069.84
31/12/2015	446,035.59	6,466,038.90	21,553,463.00	31/12/2018			3,427,756.54	11,425,855.14
31/03/2016	330,902.72	6,796,941.62	22,656,472.07	31/03/2019			3,758,659.26	12,528,864.21
30/06/2016	310,654.33	7,107,595.95	23,691,986.49	30/06/2019			4,069,313.59	13,564,378.63
30/09/2016	687,638.84	7,795,234.79	25,984,115.96	30/09/2019			4,756,952.44	15,856,508.13
31/12/2016	1,410,994.28	9,206,229.08	30,687,430.25	31/12/2019			6,167,946.72	20,559,822.39

New Build Investment Cashflow

Appendix E

New Build / Re-Development Scheme	2016/17 Budget	2017/18 Budget	2018/19 Budget	2019/20 Budget	2020/21 Budget	2021/22 Budget
	£'0	£'0	£'0	£'0	£'0	£'0
Robinson Court Re-Development	200,000	2,109,540	0	0	0	0
Unallocated Re-Development	1,192,680	0	0	0	0	0
Swavesey 20D	472,900	0	0	0	0	0
Linton, 4D Horseheath Rd	191,260	0	0	0	0	0
Foxton, 13D Hill Farm	1,527,666	0	0	0	0	0
Pembroke Way, Teversham	50,000	798,790	0	0	0	0
Pampisford Road, Great Abington	0	1,383,077	0	0	0	0
Acquisitions	3,208,000	0	0	0	0	0
Unallocated New Build / Acquisition	0	4,259,703	5,846,196	6,543,399	7,357,684	5,000,000
New Build / Acquisition - Section 106 funded	342,000	500,000	500,000	500,000	500,000	500,000
Grants to Registered Providers	0	0	0	0	0	0
Total Expenditure	**7,184,506**	**9,051,110**	**6,346,196**	**7,043,399**	**7,857,684**	**5,500,000**
Use of Retained Right to Buy Funding						
Swavesey 20D	(141,870)	0	0	0	0	0
Linton, 4D Horseheath Rd	(57,378)	0	0	0	0	0
Foxton, 13D Hill Farm	(458,300)	0	0	0	0	0
Pembroke Way, Teversham	(12,000)	(191,710)	0	0	0	0
Pampisford Road, Great Abington	0	(311,913)	0	0	0	0
Acquisitions	(962,470)	0	0	0	0	0
Unallocated New Build / Acquisition	0	(1,277,911)	(1,753,859)	(1,963,020)	(2,207,305)	(1,500,000)
Grants to Registered Providers	0	0	0	0	0	0
Total Use of Retained Right to Buy Funding	**(1,632,018)**	**(1,781,534)**	**(1,753,859)**	**(1,963,020)**	**(2,207,305)**	**(1,500,000)**

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New Build / Re-Development Scheme	2016/17 Budget	2017/18 Budget	2018/19 Budget	2019/20 Budget	2020/21 Budget	2021/22 Budget
	£'0	£'0	£'0	£'0	£'0	£'0
Section 106 Funding						
New Build / Acquisition - Section 106 funded	(342,000)	(500,000)	(500,000)	(500,000)	(500,000)	(500,000)
Total Section 106 Funding	**(342,000)**	**(500,000)**	**(500,000)**	**(500,000)**	**(500,000)**	**(500,000)**
Total to be funded from HRA Resources (DRF & MRR), Sales Receipts and Non-RTB Capital Receipts	**(5,210,488)**	**(6,769,576)**	**(4,092,337)**	**(4,580,379)**	**(5,150,379)**	**(3,500,000)**
Total HRA Borrowing	**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 2.4% 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 budget from 2038/39 and debt cap breached from year 10.
Rents Inflation	Reduction in real terms of 1% per annum for 3 further 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 budget from 2038/39 and debt cap breached from year 10.
Investment Income	Interest on balances at 1%	Rates may recover more than anticipated, or long-term lending options may prove viable. Assume ongoing rate of 2% from 2017/18.	Interest received over the life of the plan increases from £8.7 million to £20.4 million.
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 2017/18.	Debt cap breached from year 28.

Revenue Budget Proposals

Appendix G (1)

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Category	Bid / Saving	Description	Bid / (Saving)				
			2017/18	2018/19	2019/20	2020/21	2021/22
Saving	Net reduction in expenditure in respect of revenue repairs	It is proposed to reduce budgets for cyclical works, asbestos surveys, drainage surveys and specialist investigations, and removal of budgets for work to properties awaiting sale, fire and extreme weather and compensation for tenant improvements, where costs will be picked up elsewhere. Savings are partially offset by increased costs in respect of heating and thermostat servicing contracts, void works, internal and external response works and maintenance of disabled adaptations.	(161,370)	(161,370)	(161,370)	(161,370)	(161,370)
Saving	Removal of budget for a tenancy audit	This saving recognises that the tenancy audit was funded in 2016/17, and is not required to be repeated on an annual basis.	(33,120)	(33,120)	(33,120)	(33,120)	(33,120)
Saving	Net savings in the cost of the delivery of sheltered housing services	Budgets for sheltered housing services have been reduced following a service restructure, and a review of operational costs.	(106,260)	(106,260)	(106,260)	(106,260)	(106,260)
Saving	Reduction in expenditure in respect of tenant participation	Reductions are proposed in respect of support for tenant groups, consultation costs and premises related expenditure, in line with prior year spending and future spending plans.	(36,720)	(36,720)	(36,720)	(36,720)	(36,720)

Category	Bid / Saving	Description	Bid / (Saving)				
			2017/18	2018/19	2019/20	2020/21	2021/22
Saving	Saving in inflation allowance in the HRA	The inflation allowed for in the HRA forecasts overall, was marginally higher than required when applied at detailed service level	(16,060)	(16,060)	(16,060)	(16,060)	(16,060)
Saving	Reduction in the revenue budget for the new homes programme	Reductions are proposed in the revenue costs associated with the up-front feasibility and any abortive cost of new build schemes, recognising the majority of schemes proceed to completion and that the H.D.A are now undertaking some of this work.	(41,900)	(41,900)	(41,900)	(41,900)	(41,900)
Increased Income	Net increase in garage and other income to the HRA	Based upon the number of garages currently let, there is anticipated to be additional income generated for the HRA in 2017/18, which is partially offset by reductions in other income.	(10,920)	(10,920)	(10,920)	(10,920)	(10,920)
Increased Income	Increase in income for community lifeline service	A higher level of income for the community lifeline service is anticipated for 2017/18.	(6,850)	(6,850)	(6,850)	(6,850)	(6,850)
Increased Income	Increase in income for recharges to occupants of flatted accommodation	A higher level of income for the recharge of services to those in flats is anticipated for 2017/18.	(2,140)	(2,140)	(2,140)	(2,140)	(2,140)
Increased Income	Increased dwelling rent income for the HRA	Increased rental income in 2017/18, due to the deferral of the introduction of the higher value voids levy until 2018/19.	(555,830)	(555,830)	(555,830)	(555,830)	(555,830)
Unavoidable Revenue Pressure	Increased pension cost	The costs to the authority in respect of meeting pension deficit contributions has increased, with a proportional impact of the increase falling to the HRA.	174,850	174,850	174,850	174,850	174,850

Category	Bid / Saving	Description	Bid / (Saving)				
			2017/18	2018/19	2019/20	2020/21	2021/22
Unavoidable Revenue Pressure	Increase in the running costs for the community lifeline service	Budgets for alarm purchase have been reviewed and increased by a net sum to reflect the need to introduce capacity for the provision of mobile alarm devices for those without a landline telephone.	5,440	5,440	5,440	5,440	5,440
Unavoidable Revenue Pressure	Increase in costs of outdoor maintenance for HRA sites	Based upon the latest contract prices, the cost of outdoor maintenance has increased for the HRA.	5,890	5,890	5,890	5,890	5,890
Unavoidable Revenue Pressure	Increase in the cost for the registration of HRA land	Based upon recent expenditure, the budget for the registration of HRA is proposed to be increased.	1,960	1,960	1,960	1,960	1,960
Unavoidable Revenue Pressure	Increase in general administrative costs for the HRA	It is proposed to increase budgets for valuations of HRA land and properties in line with prior year expenditure, and to include an additional budget for specific anti-social behaviour activity	9,720	9,720	9,720	9,720	9,720
Unavoidable Revenue Pressure	Increase in the budget for work to communal areas of flatted accommodation	Based upon prior year expenditure, it is proposed to increase the budgets for repair works and energy costs in flat blocks.	9,350	9,350	9,350	9,350	9,350
Unavoidable Revenue Pressure	Net increase in recharges to the HRA from the General Fund	The cost of staff recharges, direct staff overheads and corporate costs passed to the HRA has increased significantly following a review of the recharge mechanism, particularly recognising the need for the HRA to attract a share of organisational overheads in respect of staff employed directly in service areas such as sheltered housing.	188,440	188,440	188,440	188,440	188,440
Reduced Income	Reduction in income for outdoor maintenance	The income for outdoor maintenance for 2017/18 is marginally lower than estimated.	2,000	2,000	2,000	2,000	2,000

Category	Bid / Saving	Description	Bid / (Saving)				
			2017/18	2018/19	2019/20	2020/21	2021/22
Reduced Income	Net reduction in income for sewage and cesspool recharges	A net reduction in recharge income is anticipated, after allowing for a reduction in anticipated costs.	5,190	5,190	5,190	5,190	5,190
Reduced Income	Reduction in service charge income for sheltered housing	Following a review of sheltered housing service delivery, it is anticipated that the income received from service charges will be lower than previously received.	53,430	53,430	53,430	53,430	53,430
Bid	Increase staffing capacity in the Community Lifeline Service	It is proposed to increase staffing by 22.5 hours, to employ an additional part-time Tele-Care Co-Ordinator, with all service administration carried out by the team from April 2017, and not by other housing staff.	18,220	18,220	18,220	18,220	18,220
Total Net Bids / (Savings)			**(496,680)**	**(496,680)**	**(496,680)**	**(496,680)**	**(496,680)**
Non-Cash Limit	Reduced level of Direct Revenue Financing of Capital Expenditure	A lower level of revenue financing of capital expenditure is required in 2017/18, as anticipated capital receipts from the sale of market dwellings of the Robinson Court site will instead be used to fund capital expenditure in this year. This resource will instead be used in later years.	(1,797,900)	0	0	0	0
Non-Cash Limit	Additional interest income	Based upon the latest balances held, the HRA anticipates receiving marginally higher interest income in 2017/18.	(97,700)	0	0	0	0

Non-Cash Limit	Increase in depreciation charge to the HRA	Based upon the latest stock estimates for 2017/18, the level of depreciation is expected to be marginally higher than previously forecast.	97,160	97,160	97,160	97,160	97,160
Total Net HRA Revenue Position			**(2,295,120)**	**(399,520)**	**(399,520)**	**(399,520)**	**(399,520)**

Capital Budget Proposals

Appendix G(2)

Category	Bid / Saving	Description	Bid / (Saving)				
			2017/18	2018/19	2019/20	2020/21	2021/22
Capital Saving	Reduction in capital expenditure for general housing stock	It is proposed to reduce budgets in respect of capital works in void dwellings, energy conservation works, parking facility provision and garage refurbishment works, based upon prior year activity and future investment plans.	(723,200)	(723,200)	(723,200)	(723,200)	(723,200)
Capital Saving	Reduction in capital expenditure for communal areas of flatted accommodation	The cost of major works in flat blocks is expected to be lower in 2017/18 than previously estimated.	(11,110)	0	0	0	0
Capital Bid	Increased investment in general housing stock	It is proposed to increase budgets in respect of rewiring and drainage upgrades, where the investment need is greater than previously anticipated.	147,880	147,880	147,880	147,880	147,880
Capital Bid	Increased investment in sheltered housing stock	It is proposed to increase budgets in respect of capital investment in the communal areas of sheltered housing.	3,150	3,150	3,150	3,150	3,150
Capital Bid	Increased contribution to corporately incurred capital investment	The HRA contribution to corporate capital investment is higher from 2017/18 than previously anticipated.	13,030	13,030	13,030	13,030	13,030
Total Net Capital Position Bids / (Savings)			**(570,250)**	**(559,140)**	**(559,140)**	**(559,140)**	**(559,140)**

Capital Budget Amendments

Appendix H

Area of Expenditure and Change	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000
Total Housing Capital Plan Expenditure per HRA MTFS	**18,954**	**17,793**	**15,154**	**15,923**	**16,670**
Improvements – Existing Stock					
Inclusion of inflationary element of drainage upgrade works	0	10	20	31	41
Reduction in investment in decent homes works whilst stock is void	0	(124)	(137)	(149)	(162)
Increased investment in re-wiring in 2017/18	0	138	0	0	0
Reduction in investment for heating installation	0	0	(460)	(469)	(479)
Reduction in discretionary investment in energy conservation	0	(488)	(572)	(584)	(595)
Reduced investment in garage refurbishment, as some sites are suitable for re-development as an alternative option	0	(76)	(78)	(79)	(81)
Reduced investment in parking areas	0	(45)	(69)	(71)	(73)
Reduction in expenditure in respect of full property refurbishment	0	0	(43)	(58)	(73)
Reduction in the contingency held for structural works	0	0	(62)	(66)	(71)
Adjustment to decent homes investment due to anticipated stock changes	0	100	212	248	287
Other Improvements					
Increased capital investment in sheltered housing	0	3	3	3	3
Reduction in investment in communal areas of flatted accommodation in 2017/18	0	(11)	0	0	0
Increase in HRA share of corporate capital investment	0	13	13	13	13
Re-Provision of Existing Homes					
Increase in costs for the re-provision of homes at Robinson Court, Gamlingay	0	73	0	0	0
Acquisition and New Build					
Removal of the budget for new build at Highfields, Caldecote, as no formal decision has yet been made	0	(431)	0	0	0
Transfer of resource ear-marked for Highfields, Caldecote,	0	431	0	0	0

Area of Expenditure and Change	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000
back into general new build investment pending scheme approval					
Increase in budget for new build investment to be funded using Section 106 resources	0	287	241	241	241
Other HRA Capital Spend					
Inclusion of budget for the site preparation and other up-front cost associated with the sale of HRA self-build plots	0	300	600	780	0
Inclusion of HRA share of rollover of IT investment from 2015/16	187	0	0	0	0
Inclusion of budget for replacement of the Housing Management Information System where rollover will not be possible	0	100	0	0	0
Reduction in anticipated contribution to corporate ICT development	0	0	0	0	(4)
Inflation Allowance					
Adjustment in inflation allowed as spend changes	0	3	0	0	0
Total Housing Capital Plan Expenditure per HRA BSR	**19,141**	**18,076**	**14,823**	**15,764**	**15,718**

HRA Summary 2016/17 to 2021/22

Appendix I

Description	2016/17 £0	2017/18 £0	2018/19 £0	2019/20 £0	2020/21 £0	2021/22 £0
Income						
Rental Income (Dwellings)	(28,267,090)	(28,030,500)	(27,472,410)	(26,958,850)	(27,643,640)	(28,396,070)
Rental Income (Other)	(401,080)	(419,430)	(429,260)	(439,320)	(449,620)	(460,170)
Service Charges	(1,080,600)	(813,300)	(831,630)	(850,410)	(869,640)	(889,320)
Other Income	(447,920)	(464,740)	(465,140)	(167,060)	(171,070)	(175,170)
Total Income	**(30,196,690)**	**(29,727,970)**	**(29,198,440)**	**(28,415,640)**	**(29,133,970)**	**(29,920,730)**
Expenditure						
Supervision & Management - General	3,044,520	3,166,980	3,252,570	3,352,380	3,469,600	3,591,670
Supervision & Management - Special	2,049,040	1,923,420	1,965,260	1,695,460	1,741,360	1,788,540
Repairs & Maintenance	5,660,910	5,601,240	5,778,340	5,895,830	6,033,160	5,984,100
Depreciation – to Major Repairs Res.	14,382,430	9,757,010	9,919,290	9,978,460	10,044,070	10,123,410
Debt Management Expenditure	24,370	1,780	1,820	1,870	1,910	1,960
Other Expenditure	247,820	294,080	211,190	(21,350)	(235,630)	(225,720)
Total Expenditure	**25,409,090**	**20,744,510**	**21,128,470**	**20,902,650**	**21,054,470**	**21,263,960**
Net Cost of HRA Services	**(4,787,600)**	**(8,983,460)**	**(8,069,970)**	**(7,512,990)**	**(8,079,500)**	**(8,656,770)**
HRA Share of operating income and expenditure included in Whole Authority I&E Account						
Interest Receivable	(319,500)	(228,740)	(246,720)	(266,540)	(264,990)	(262,120)
(Surplus) / Deficit on the HRA for the Year	**(5,107,100)**	**(9,212,200)**	**(8,316,690)**	**(7,779,530)**	**(8,344,490)**	**(8,918,890)**
Items not in the HRA Income and Expenditure Account but included in the movement on HRA balance						
Loan Interest	7,183,440	7,185,870	7,185,870	7,185,870	7,185,870	7,185,870
Housing Set Aside	0	0	0	0	0	0
Appropriation from Ear-Marked Reserve	(54,960)	0	0	0	0	0

Depreciation Adjustment	(8,049,460)	0	0	0	0	0
Direct Revenue Financing of Capital	9,747,690	2,206,580	70,000	118,750	608,700	664,350
(Surplus) / Deficit for Year	**3,719,610**	**180,250**	**(1,060,820)**	**(474,910)**	**(549,920)**	**(1,068,670)**
Balance b/f	(8,072,873)	(4,353,263)	(4,173,013)	(5,233,833)	(5,708,743)	(6,258,663)
Total Balance c/f	**(4,353,263)**	**(4,173,013)**	**(5,233,833)**	**(5,708,743)**	**(6,258,663)**	**(7,327,333)**

Housing Capital Investment Plan

Appendix J

Description	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
	£'000	£'000	£'000	£'000	£'000	£'000
Improvements - Existing Stock						
Water/Drainage Upgrades	77	78	80	81	83	84
Drainage Upgrades	310	320	330	341	351	0
Disabled Adaptations	816	832	849	866	883	901
Change of Tenancy - Capital	500	500	500	500	500	500
Rewiring	306	450	318	325	331	338
Heating Installation	2,509	2,000	2,040	2,081	2,122	2,165
Energy Conservation	1,500	1,000	1,020	1,040	1,061	1,082
Estate Roads, Paths & Lighting	82	84	85	87	89	90
Garage Refurbishment	50	51	52	53	54	55
Parking/Garages	15	15	16	16	16	17
Window Replacement	411	265	271	276	282	287
Re-Roofing	568	437	446	455	464	473
Full Refurbishments	253	200	200	200	200	200
Structural Works	150	150	150	150	150	150
Non-Traditional Refurbishment	1,412	0	0	0	0	0
Asbestos Removal	33	34	34	35	35	36
Kitchen Refurbishment	714	728	743	758	773	788
Bathroom Refurbishment	306	312	318	325	331	338

Description	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
	£'000	£'000	£'000	£'000	£'000	£'000
Wilford Furlong, Willingham Refurbishment	933	644	0	0	0	0
Assumed adjustment in spend for varying stock numbers	0	0	(49)	(171)	(288)	(364)
Total Improvements Existing Stock	**10,945**	**8,100**	**7,403**	**7,418**	**7,437**	**7,140**
Other Improvements						
Sheltered Housing and Other Stock	155	55	55	55	55	55
Flats	30	20	30	30	30	30
Central / Departmental Investment	7	19	19	19	19	19
Total Other Improvements	**192**	**94**	**104**	**104**	**104**	**104**
Re-provision of Existing Homes						
Robinson Court, Gamlingay	200	2110	0	0	0	0
Other Re-provision	1,193	0	0	0	0	0
Total Re-provision of Existing Homes	**1,393**	**2,110**	**0**	**0**	**0**	**0**
HRA Acquisition and New Build						
Fen Drayton Road, Swavesey	473	0	0	0	0	0
Horseheath Road, Linton	191	0	0	0	0	0
Hill Farm, Foxton	1,528	0	0	0	0	0
Pembroke Way, Teversham	50	799	0	0	0	0
Pampisford Road, Great Abington	0	1,383	0	0	0	0
Acquisitions	3,208	0	0	0	0	0
Unallocated New Build / Acquisition Budget	0	4,260	5,846	6,543	7,358	5,000

Description	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
	£'000	£'000	£'000	£'000	£'000	£'000
New Build / Acquisition – Section 106 funded	342	500	500	500	500	500
Grants to Registered Providers for New Homes	0	0	0	0	0	0
Total HRA New Build	**5,792**	**6,942**	**6,346**	**7,043**	**7,858**	**5,500**
Other HRA Capital Spend						
Shared Ownership Repurchase	300	300	300	300	300	300
Self-Build Vanguard - Up front HRA Land Assembly Costs	118	300	600	780	0	0
HRA Share of Corporate ICT Development	401	230	70	119	19	19
Total Other HRA Capital Spend	**819**	**830**	**970**	**1,199**	**319**	**319**
Total HRA Capital Spend	**19,141**	**18,076**	**14,823**	**15,764**	**15,718**	**13,063**
Inflation Allowance for New Build and Other HRA Spend	0	0	0	0	0	136
Total Inflated Housing Capital Spend	**19,141**	**18,076**	**14,823**	**15,764**	**15,718**	**13,199**
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
Other Capital Receipts (Self-Build Plot Sales)	0	(1,250)	(2,500)	(3,250)	0	0
Major Repairs Reserve	(6,332)	(9,758)	(8,564)	(9,372)	(12,007)	(10,123)
Direct Revenue Financing of Capital	(9,748)	(2,207)	(70)	(119)	(609)	(664)

Description	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
	£'000	£'000	£'000	£'000	£'000	£'000
Other Capital Resources (Grants / Shared Ownership / S106 funding)	(745)	(2,273)	(1,380)	(884)	(897)	(910)
Retained Right to Buy Receipts	(1,632)	(1,781)	(1,754)	(1,963)	(2,207)	(1,500)
Retained Right to Buy Receipts (Used by Registered Provider)	0	0	0	0	0	0
HRA CFR / Prudential Borrowing	0	0	0	0	0	0
Total Housing Capital Resources	**(18,457)**	**(17,269)**	**(14,268)**	**(15,588)**	**(15,720)**	**(13,197)**
Net (Surplus) / Deficit of Resources	684	807	555	176	(2)	2
Capital Balances b/f	**(2,222)**	**(1,538)**	**(731)**	**(176)**	**0**	**(2)**
Use of / (Contribution to) Balances in Year	684	807	555	176	(2)	2
Capital Balances c/f	**(1,538)**	**(731)**	**(176)**	**0**	**(2)**	**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.

Appendix C – Capital Strategy 2017/18 to 2021/22

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 needed 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 and, the delivery of a new build programme with the first 39 new properties being completed by March 2017. 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 is the designation of Enterprise and Development Zones, to date designated areas include sites at Cambourne Business Park, Cambridge Research Park and Northstowe 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, in addition to the decent homes investment the authority invests in energy conservation projects such as external wall insulation, solar energy initiatives and renewable heating sources, 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;
    - Corporate Management Team, service manager review and monitoring of key areas
    - 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.

4.2 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, Government confirmed, in the Autumn Statement 2016, changes to the allocation of New Homes Bonus in 2017/18 and beyond. These are a reduction in the number of years payments are made from the current 6 years to 4 years from 2018/19; in addition no payment will be made on housing growth below 0.4% of the council tax base in each year, 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 2017/18 to 2021/22 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 available to managers on the Council intranet..

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 B. 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

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, Housing Revenue Account Business Plan and capital programme ensuring a comprehensive forward plan of maintenance and improvement work is maintained and delivered

9.4 .

APPENDIX A

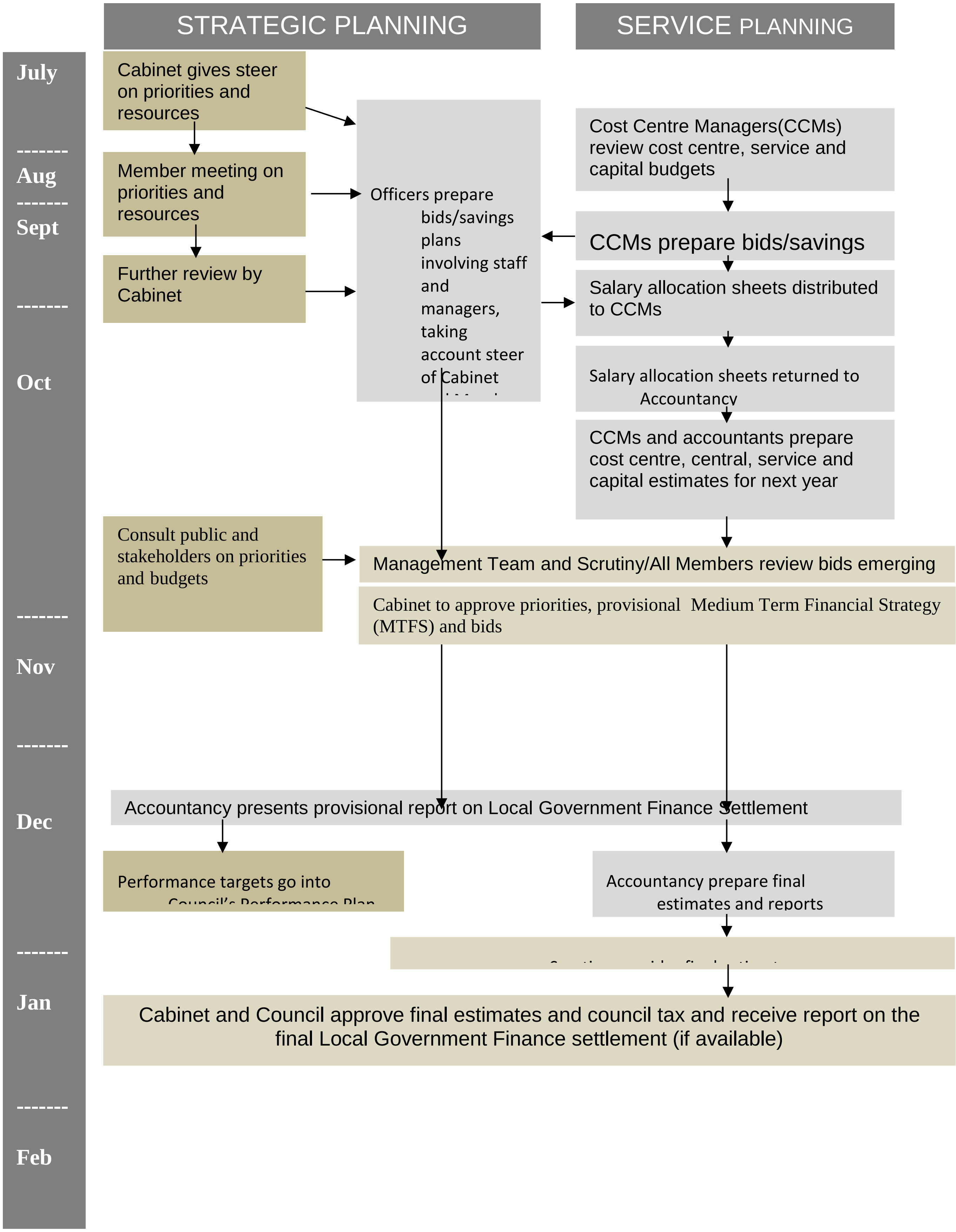
Capital Programme 2017/18 to 2021/22

Capital Programme	Estimate 2017/2018 £	Estimate 2018/2019 £	Estimate 2019/2020 £	Estimate 2020/2021 £	Estimate 2021/2022 £
General Fund	35,729,000	23,368,000	32,821,650	27,559,250	2,436,250
Housing Revenue Account	18,075,070	14,823,440	15,763,860	15,719,640	13,197,950
Total Capital Expenditure	**53,804,070**	**38,191,440**	**48,585,510**	**43,278,890**	**15,634,200**
Financed by :					
Capital Receipts	(7,540,460)	(7,760,050)	(7,720,300)	(4,201,020)	(3,626,440)
Housing & Planning Delivery Grant	(84,600)	(84,600)	(84,600)	(84,600)	0
Other Grants and Contributions	(1,140,860)	(862,000)	(862,000)	(862,000)	(862,000)
HRA Depreciation Reserve	(9,758,430)	(8,563,790)	(9,371,460)	(12,006,570)	(10,123,410)
Reserves	(129,140)	(631,000)	(393,400)	(481,000)	(358,000)
Housing Revenue Account (Revenue Contribution)	(2,206,580)	(70,000)	(118,750)	(608,700)	(664,350)
General Fund (Revenue Contribution)	(270,000)	(35,000)	(35,000)	(35,000)	0
Cash Overdrawn re Commercial vehicles	(2,674,000)	(185,000)	0	0	0
Cash Overdrawn re GF Equity Share Properties	0	0	0	0	0
Borrowing	(30,000,000)	(20,000,000)	(25,000,000)	(20,000,000)	0
New Homes Bonus Infrastructure Reserve	0	0	(5,000,000)	(5,000,000)	0
Financing Adjustment	0	0	0	0	0
Total Capital Financing	**(53,804,070)**	**(38,191,440)**	**(48,585,510)**	**(43,278,890)**	**(15,634,200)**

HOUSING REVENUE ACCOUNT	Estimate 2017/2018 £	Estimate 2018/2019 £	Estimate 2019/2020 £	Estimate 2020/2021 £	Estimate 2021/2022 £
Repurchase of HRA Shared Ownership Homes	300,000	300,000	300,000	300,000	300,000
Reprovison of Existing Homes	2,109,540	0	0	0	0
Provision of New Homes	6,941,590	6,346,200	7,043,400	7,857,680	5,632,000
Grants to Registered Providers for New Homes	0	0	0	0	0
Improvement of Housing Stock	8,193,940	7,507,240	7,521,710	7,543,210	7,247,200
Other HRA Capital Investment	300,000	600,000	780,000		
HRA share of Corporate ICT Development	230,000	70,000	118,750	18,750	18,750
Housing Revenue Account Capital Expenditure	**18,075,070**	**14,823,440**	**15,763,860**	**15,719,640**	**13,197,950**

GENERAL FUND	Estimate 2017/2018 £	Estimate 2018/2019 £	Estimate 2019/2020 £	Estimate 2020/2021 £	Estimate 2021/2022 £
ICT Development:	530,000	340,000	525,000	75,000	75,000
less: HRA share of Corporate ICT Development	(230,000)	(70,000)	(118,750)	(18,750)	(18,750)
Communications - Website Development	25,000	0	0	0	0
South Cambridgeshire Hall	150,000	0	0	0	0
Advance funding for Housing Company	30,000,000	20,000,000	25,000,000	20,000,000	0
City Deal: Contribution towards A14 upgrade	0	0	5,000,000	5,000,000	0
Refuse Collection Service	2,637,000	379,000	15,000	123,000	0
Awarded Watercourses	100,000	0	0	0	0
Street Cleansing	37,000	339,000	0	0	0
Air Quality Monitoring Equipment	50,000	0	0	0	0
Envirocrime Vehicle	0	0	20,400	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	50,000	0	0	0	0
Grants for the provision of Social Housing	500,000	500,000	500,000	500,000	500,000
Empty Homes Grants	0	0	0	0	0
Improvement Grants/Loans	770,000	770,000	770,000	770,000	770,000
General Fund Capital Expenditure	**35,729,000**	**23,368,000**	**32,821,650**	**27,559,250**	**2,436,250**

SOUTH CAMBS DISTRICT COUNCIL BUDGET CYCLE



Appendix D – Capital programme and funding to year ended 31 March 2022

The capital programme up to the year ending 31 March 2022 is submitted for Members' approval as Appendix A1 showing capital expenditure of around:

2017-18 - £53.8 million
2018-19 - £38.2 million
2019-20 - £48.6 million
2020-21 - £43.3 million
2021-22 - £15.6 million

together with the associated financing and balance of capital receipts.

The Housing Revenue Account (HRA) self-financing reforms beginning in March 2012 resulted in substantial scope to finance HRA capital expenditure from revenue and the depreciation reserve, however, legislative changes from the Welfare Reform and Work Bill 2015 requiring the authority to comply with a national approach whereby rents will be reduced by 1% per year for four years and, national changes in housing policy have required a review of the delivery of those opportunities; the HRA Budget Setting Report provides further information.

Capital expenditure can be classified as:

- Expenditure on assets such as buildings, vehicles and equipment 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:
- Expenditure on grants to individuals and organisations which is accounted for on a cash payments basis.

The capital programme includes the effect of transferring 213 equity share properties during 2010-11 from the HRA to the General Fund to avoid 75% of the sale proceeds being pooled, and paid to the government, when repurchased properties were resold. The £1.1 million included in the capital programme each year relates to the repurchase of these properties and, is funded from their subsequent sale receipts. An additional sum of £50,000 has been included in 2017-18 for the refurbishment of repurchased properties which is expected to be covered by an increased capital receipt.

In October 2015 the Government published the Housing and Planning Bill 2015-16. This Bill sets out a number of proposed changes to housing legislation which will impact on the current delivery of services to tenants and the resources required to do so. One of these proposed changes relates to the sale of higher value vacant council homes. The Bill will enable the Government to set out a definition of 'higher value' homes and will create a duty on local authorities to consider selling homes that meet this definition when they become vacant. The Government intends to use the receipts from these sales to fund the extension of the right to buy scheme to housing association tenants and to create a Brownfield Development Fund. The Bill will also allow the Government to estimate the amount of money it would expect each individual authority to receive, in each financial year, from sales of higher value homes. Authorities will then be required to pay this amount to the Government. An initial assumption for HRA financial planning has been made of 1.8% of the housing stock being sold each year assumptions will be revisited as additional details become known.

With regard to the pooling of capital receipts, the Council is 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 provided they are used to fund HRA capital expenditure. It has been assumed that these rules will continue for the duration of the programme.

The financing policy inherent in the capital programme, Appendix A1, can be summarised as:

- Run down the balance of capital receipts available to finance both HRA and General Fund expenditure;
- Finance HRA capital expenditure from revenue, the depreciation reserve, housing capital receipts and miscellaneous minor grants and contributions;
- Use of HRA capital receipts to finance General Fund capital expenditure on Disabled Facilities Grants;
- Use the remaining balance of the Housing Planning Delivery Grant capital reserve to finance General Fund capital expenditure;
- Borrow to fund loans to the Councils subsidiary company, as agreed by Council;

- Use the New Homes Bonus to fund the contribution to the A14 upgrade; and
- In addition, earmarked capital grants received are used to finance specific capital expenditure.

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 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.

In order that all significant capital items may be evaluated consistently throughout the Council, new items in the capital programme in 2017-18 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.

Actual 2015/16	Capital Programme (at outturn prices, with grants adjusted to commitments basis)	Estimate 2016/17 £	Estimate 2017/2018 £	Estimate 2018/2019 £	Estimate 2019/2020 £	Estimate 2020/2021 £	Estimate 2021/2022 £
4,157,383	General Fund	3,972,000	35,729,000	23,368,000	32,821,650	27,559,250	2,436,250
9,699,815	Housing Revenue Account	13,831,980	18,075,070	14,823,440	15,763,860	15,719,640	13,197,950
13,857,198	**Total Capital Expenditure**	**17,803,980**	**53,804,070**	**38,191,440**	**48,585,510**	**43,278,890**	**15,634,200**
	Financed by :						
(2,169,610)	Capital Receipts	(3,644,460)	(7,540,460)	(7,760,050)	(7,720,300)	(4,201,020)	(3,626,440)
(132,670)	Housing & Planning Delivery Grant	(84,600)	(84,600)	(84,600)	(84,600)	(84,600)	0
(1,389,230)	Other Grants and Contributions	(740,000)	(1,140,860)	(862,000)	(862,000)	(862,000)	(862,000)
(6,260,496)	HRA Depreciation Reserve	(6,332,970)	(9,758,430)	(8,563,790)	(9,371,460)	(12,006,570)	(10,123,410)
(1,113,504)	Reserves	(330,000)	(129,140)	(631,000)	(393,400)	(481,000)	(358,000)
(2,336,439)	Housing Revenue Account (Revenue Contribution)	(5,684,950)	(2,206,580)	(70,000)	(118,750)	(608,700)	(664,350)
0	General Fund (Revenue Contribution)	(275,000)	(270,000)	(35,000)	(35,000)	(35,000)	0
(455,249)	Cash Overdrawn re Commercial vehicles	(712,000)	(2,674,000)	(185,000)	0	0	0
0	Cash Overdrawn re GF Equity Share Properties	0	0	0	0	0	0
0	Borrowing	0	(30,000,000)	(20,000,000)	(25,000,000)	(20,000,000)	0
0	New Homes Bonus Infrastructure Reserve	0	0	0	(5,000,000)	(5,000,000)	0
0	Financing Adjustment	0	0	0	0	0	0
(13,857,198)	**Total Capital Financing**	**(17,803,980)**	**(53,804,070)**	**(38,191,440)**	**(48,585,510)**	**(43,278,890)**	**(15,634,200)**
	Capital Receipts						
160,946	brought forward	160,946	128,416	3,498,566	7,874,626	12,375,086	13,361,266
0	prior year adjustment	0	0				
(3,598,693)	Brought forward adjustment	0	0	0	0	0	0
0	Adj. for actuals and prior year additions etc.	0	0	0	0	0	0
	received in year from						
(3,100,000)	RTB sales	(3,100,000)	(3,530,000)	(2,824,000)	(2,824,000)	(2,824,000)	(2,118,000)
	Equity Share Sales						
0	HRA	0	0	0	0	0	0
(1,100,000)	General Fund	(1,100,000)	(1,250,000)	(1,100,000)	(1,100,000)	(1,100,000)	(1,100,000)
(350,000)	Other	(350,000)	(350,000)	(350,000)	(350,000)	(350,000)	(350,000)
480,000	transferred to CLG pool	480,000	492,000	497,000	502,000	507,000	512,000
2,169,610	used in year to finance expenditure	3,644,460	7,540,460	7,760,050	7,720,300	4,201,020	3,626,440
20,000	adjustment to cash overdrawn	20,000	20,000	20,000	20,000	20,000	0
626,870	transfer to/(from) reserve	373,010	447,690	373,010	532,160	532,160	0
(4,691,267)	**Capital Receipts Year End Balance**	**128,416**	**3,498,566**	**7,874,626**	**12,375,086**	**13,361,266**	**13,931,706**

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:

- the robustness of the estimates made for the purposes of the calculations; and
- the adequacy of the proposed financial reserves.

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 2017-18 estimates and the reserves up to 31 March 2018.

At South Cambridgeshire District Council, the Chief Executive as the Chief Financial Officer considers the estimates for the financial year 2017/18 to be sufficiently robust and the financial reserves up to 31 March 2018 to be adequate.

The main areas of risk are with regard to Retained Business Rates, introduced in 2013-14. 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. It is difficult to forecast future income with any certainty, especially with high levels of outstanding appeals and the revaluation with effect from 1 April 2017.

Other risks include the actual realisation of savings which have been included in the estimates and the risk that the underlying growth in the number of dwellings may not be achieved.

Government confirmed, in the Autumn Statement 2016, changes to the allocation of New Homes Bonus in 2017/18 and beyond. These are a reduction in the number of years payments are made from the current 6 years to 4 years from 2018/19; in addition no payment will be made on housing growth below 0.4% of the council tax base in each year.

As at the end of March 2018, the estimated balances are £8.3m and £4.2m on the General Fund and Housing Revenue Account respectively. The minimum balance for the General Fund was £1.5 m but it is now considered that the minimum balance for future years should be increased to £2.5,m due to the present period of local government changes and economic uncertainty. The target balance as at 31 March 2023 is £2.5m. The minimum balance for the Housing Revenue Account has been increased to £2m 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.

Appendix F – Borrowing and investment strategy

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 Audit and 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 2017 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:

Groups of organisations	Maximum investment limit to any one organisation within a group (£ million)	Maximum proportion which may be held by each group at any time during the financial year
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	35.0	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:		
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	100%

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.

6.6 Total combined investments and loans to South Cambs Limited, a wholly owned subsidiary of the Council, to a maximum value of £107 million; the Council borrowing, paragraph 6.3, to on-lend to the company for periods of five years or greater.

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
23 February 2017

Long and Short Term Credit Ratings

	Grading (for the purpose of standardisation)	Fitch Long Term	Fitch Short Term less than or equal to one year	Moody's Long Term	Moody's Short Term less than or equal to one year	Standard & Poor's Long Term	Standard & Poor's Short Term less than or equal to one year	
Investment Grade	Extremely strong Grade	AAA	F1+	Aaa	P-1	AAA	A-1+	SCDC Investment Criteria
	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	

Capital Expenditure

The actual capital expenditure that was incurred in 2015-16 and the estimates of capital expenditure to be incurred for the current and future years are:

	2015-16 Actual £ million	2016-17 Estimate £ million	2017-18 Estimate £ million	2018-19 Estimate £ million	2019-20 Estimate £ million	2020-21 Estimate £ million	2021-22 Estimate £ million
General Fund	4.157	3.972	35.959	23.438	32.940	27.578	2.455
Housing Revenue Account	9.700	13.832	17.845	14.753	15.645	15.701	13.179
Total	**13.857**	**17.804**	**53.804**	**38.191**	**48.585**	**43.279**	**15.634**

Affordability

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

	2015-16 Actual £ million	2016-17 Estimate £ million	2017-18 Estimate £ million	2018-19 Estimate £ million	2019-20 Estimate £ million	2020-21 Estimate £ million	2021-22 Estimate £ million
General Fund	-3%	-2%	-1%	-1%	-3%	-4%	-5%
Housing Revenue Account	23%	24%	25%	25%	25%	24%	23%

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 Actual £ p	2016-17 Estimate £ p	2017-18 Estimate £ p	2018-19 Estimate £ p	2019-20 Estimate £ p	2020-21 Estimate £ p	2021-22 Estimate £ p
General Fund (increase/(decrease)	4.41	8.82	32.16	-44.07	-2.93	0.00	0.00

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 2016 is £209.611 million; thereafter:

	31/03/2016 Actual £ million	31/03/2017 Estimate £ million	31/03/2018 Estimate £ million	31/03/2019 Estimate £ million	31/03/2020 Estimate £ million	31/03/2021 Estimate £ million
General Fund	5.182	5.578	37.780	55.933	78.158	94.510
Housing Revenue Account	204.429	204.429	204.429	204.429	204.429	204.429
Total	**209.611**	**210.007**	**242.209**	**260.362**	**282.587**	**298.939**

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 2017-18 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 2020-21.

External Debt

HRA self-financing required the Council to take on external debt of £205.123 million at the end of 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 2020-21. The prudential indicators for external debt will be:

Authorised limit

	2015-16 Actual £ million	2016-17 Estimate £ million	2017-18 Estimate £ million	2018-19 Estimate £ million	2019-20 Estimate £ million	2020-21 Estimate £ million
Borrowing	205.1	205.1	249.1	269.1	294.1	314.1
Other Long Term Liabilities	0	0	0	0	0	0
Total	**205.1**	**205.1**	**249.1**	**269.1**	**294.1**	**314.1**

The authorised limit is the maximum limit consisting of HRA debt of £205.1 million and General Fund £44.0 million (2017-18) 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.

	2015-16 Actual £ million	2016-17 Estimate £ million	2017-18 Estimate £ million	2018-19 Estimate £ million	2019-20 Estimate £ million	2020-21 Estimate £ million
Borrowing	205.1	205.1	249.1	269.1	294.1	314.1
Investments	-53.0	-60.1	-31.0	-30.0	-30.0	-30.0
Net debt	152.1	145.0	218.1	239.1	264.1	284.1

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

Net debt to gross debt	2015-16	2016-17	2017-18	2018-19	2019-20	2020-2021
	73%	69%	90%	92%	93%	95%

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 £249.1 million for both borrowing and other long term liabilities increasing to £314.1 million in 2020-21.

Actual debt

The third indicator for external debt is actual debt at the end of the last financial year (2015-16) and was £205.123 million.

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%

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.

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	Longer than 364 days but less than two years £ million	Longer than one year and 364 days but less than three years £ million	Longer than two years and 364 days but less than four years £ million	Longer than three years and 364 days but less than five years £ million
Maximum Limit	10.0	8.0	8.0	15.0

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	2017/18	2018/19	2019/20
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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Agenda Item 10

3C Shared Service
2016/17 Q3 Update Report

26 January 2017

To: Overview and Scrutiny Committee

Author: Brian O’Sullivan – 3C Shared Service Programme Manager

26 January 2017

Executive Summary

This report provides an overview of what have we achieved in terms of realised benefits from Q3 2016/17 of 3C Shared Services in terms of savings and other benefits identified in the business case in year 1 of operation.

Overall there has been significant progress in the past quarter in service delivery and reporting arrangements for the shared services. All services are finalising their 2017/18 business cases and these will be presented to the relevant committees in the March cycle. These business case will include details on a move to a consumption based recharging and improved scrutiny on performance measures as the services move out of transition and into a business as usual state.

Over £534k (excluding shared waste service) is predicted to have been saved this year, although the original 15% saving targets have not yet been achieved on any of the 3 way services. In the main this has been due to higher costs for temporary staff to maintain service delivery through the period of transition. All services expect to deliver the required savings in 2017/18. Performance measures for 2017/18 are being refined.

Q3 has seen an improvement in recruitment with a permanent Head of ICT, Paul Sumpter, now in place. 3C Legal have been successful in recruiting to all vacant senior roles and all services have reduced their use of temporary/agency staff..

Issues have been identified with demand management in all services. The historic information regarding demand on services that was available at time of writing the business cases was not comprehensive and accurate enough.

Q3 detailed performance reports for 3C Legal (Appendix 1), 3C ICT (Appendix 2) and 3C Building Control) are attached to the report.

3C Shared Services

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3C Shared Services is a strategic partnership between Cambridge City Council, Huntingdonshire District Council and South Cambridgeshire District Council

Shared Service Reporting Form

Shared Service:	3C Legal
Date of reporting:	26 January 2016
Completed by:	Tom Lewis – Head of Practice

General update
Please provide in the space below a general update on the shared service.
Tom Lewis is now in place as permanent Head of Service, with all Principal Lawyer posts also filled. The successful recruitment of a Principal and Senior Planning Lawyer in Q3 has also filled some critical positions within the service. Locum staff are still being used but these are now in place at the discretion of the service and are meeting fluctuating business needs. A full review of all staff has been completed after consultation. 2017/18 business plans and budgets are currently being finalised and will be approved by the relevant committees at each of the authorities. The service has gone through an office accommodation review and Cambourne will become the main office with hubs operating in the Guildhall and Pathfinder House. The move is scheduled for late February 2017.

Budget position	
What is the budget for the service area for the current financial year?	£ 1,377,440
What is the projected budget spend for the service for the current financial year?	£ 1,432,440.
If a budget overspend is predicted, please provide a commentary below on the situation, and what is being done to recover it.	
Forecasted savings of £124k against 2015/16 budgets are forecasted for year end 2016/17, this is £55k short of the budgeted 2016/17 savings target. Issues around delays in recruitment, restructuring and one off costs have led to this shortfall. There is confidence with these issues now resolved that the service will meet its savings target for 2017/18.	

3C Shared Services

Performance indicators	
How many are currently green (on track)?	3
How many are currently amber (within 5% of target)?	1
How many are red (more than 5% adrift of target)?	1

Please provide a commentary below on the PI's, what is being done to recover it, and a prediction of when performance will be back on target.

<table>
<tr><th>PI</th><th>Commentary</th></tr>
<tr><td>Q3 Target Fee Earners Hours Recorded
<table><tr><th>Fee Earner</th><th>Target Hours for quarter</th><th>Actual Hours</th><th>%</th></tr><tr><td>Total</td><td>3694</td><td>3415</td><td>92</td></tr></table></td><td>Further training on Iken required to bring the actual hours recorded on track in place</td></tr>
<tr><td>Q3 Complaints Received
2 complaints received in period from internal customers regarding service delivery.</td><td>Internal resolution received in both incidents</td></tr>
<tr><td>Time Efficiency
New templates developed during Q3
- Contract Instruction Form
- Client Care Letters
- Model Contract for Sale
- Case Plan - Shared Ownership Purchase</td><td>These allow the fee earners to respond to and manage cases more quickly</td></tr>
<tr><td>Q3 Cases Load
Total cases in Q3 were 612 for CCC (46%of total), 259 for SCDC (19%) and 438 for HDC(33%).
Average days cases are opened – 3 days
Current Open Case - 748</td><td></td></tr>
</table>

Project update	
How many projects have been identified for implementation for this service for this year?	3
(a) Procurement – work across the 3 authorities to synchronize process and procedures	Green

(b) Lexcel Accreditation (c) Consumption Recharging Model	Green Green
How many are currently green (on track)?	3
How many are currently amber (some slippage, but not significant)?	0
How many are red (significant slippage)?	0
For each red project, please provide a commentary below on the situation, what is being done to recover it, and a prediction of when progress will be back on target.	

Project	**Commentary**
N/A	

Update on any other targets and objectives
Please provide in the space below updates against any other targets or objectives that have been included in the business plan for the current year.

Risk management	
Does the service area have a risk register?	No – high risk matters are identified via IKEN (Practice Management System). Legal would feed into risk registers for partner authorities
Please provide an update in the space below on any key risks and progress in managing and/or reducing them.	
Risk	**Commentary**
Lexcel Accreditation – Capacity to deliver project	Stephanie Kaloo, Practice Business Manager, has been identified as project lead. Head of Practice to monitor progress monthly and release workload if slippage is occurring

Any matters to raise with or requests of the councils?

Please provide in the space below the details of any matters you wish to raise with the councils, or any requests that you wish to make.

For the next financial year the 3C Shared Legal Service wishes to extend and formalise its commitment to excellent service provision. In addition to the measures outlined in the appended report the Practice will be making a commitment to each and every client (which will be carried at the bottom of every client communication) as follows:

3C Legal Practice – Our Commitment to our Clients:-

- We will endeavour to return telephone calls within 1 working day.
- We will acknowledge correspondence (including Emails) within 2 working days of receipt.
- We will make sure our clients are aware of the Practice's complaints procedure.
- We will agree key deadlines/operational requirements with clients within 5 working days.
- We will regularly update our clients on progress (weekly unless no movement on a particular matter)

Clients will be able to feed back any failures against these service standards to the fee earner and Practice Manager in order to enhance and improve the performance of the Practice. Principal Solicitors' will also be expected to monitor their team's performance with monthly spot checks to ensure delivery.

Consumption Recharging Model

By identifying total number of fee earners (including Business Practice Manager and staff) x productive hours (1,200 hours quoted in original Business Case) = Total Productive Hours.
Monitoring of case work has started in Q4 and formal reporting will commence from the 1 April in line with the following process.

Convert Total Productive Hours to Partner Authority Hours (using the Business Case percentages i.e. the original investment into the Shared Service). This would effectively become each authority's budgeted hours. The example below assumes 20 fee-earning staff @1,200 hours.

	Business Case %	Partner Authority Hours
CCC	57.21	13,730
HDC	14.05	3.370
SCDC	28.74	6,900
Total	**100.00**	**24,000**

3CLSS staff would time record all case work against a unique Iken reference which would include a specific client and authority reference. This would enable monitoring at authority level and comparison against the Partner Authority Hours and also the ability to see the detail below that level by individual case. It is proposed that quarterly monitoring reports would be submitted to the Board, alongside the normal financial and performance data. The Head of Legal Practice will review consumption on a monthly basis and liaise with clients as necessary.

The monitoring report will include the total number of hours consumed by each client. Each partner authority will have the opportunity to review the hours consumed and sign it off. It is not proposed to generate individual invoices for each Iken case throughout the year, but look to move to quarterly billing based on the agreed total hours of consumption, when appropriate.

This arrangement is meant to be transparent and fair to all parties, so that each partner authority is aware of their level of consumption at all times. The quarterly monitoring should also establish if current consumption is significantly different from the Partner Authority Hours and allow opportunity for each authority to feed into their respective financial processes. Working on this model a move to individual matter invoicing allowing greater efficiency and understanding of client need may be possible.

There will be a need to establish the total cost of the service, so this links to the current work to review overheads including reflecting changing accommodation from the Guildhall to Cambourne.

There will remain the need for specialist external advice to be obtained where the in-house resource cannot cover client need and particularly where work is one-off/bespoke in nature. This work would need to be funded directly from partner authority budgets and would be outside of the recharging process described above.

Once the office move to Cambourne is complete, the service will be able to properly test the reports that Iken produces, with a proposed 1 April 2017 go-live date.

Legal Practice – Performance – 1st April 2016 to date

1. **Number of New Cases Received by the Practice**

2016	CCC					SCDC					HDC				
	Contracts	Property	Governance	Litigation	Planning	Contracts	Property	Governance	Litigation	Planning	Contracts	Property	Governance	Litigation	Planning
Apr 151	4	30	0	23	6	0	6	6	5	13	0	9	11	35	3
May 127	0	36	2	20	6	0	10	4	4	9	1	6	3	26	0
June 149	7	26	0	18	2	2	17	0	7	26	3	4	2	31	4
July 134	11	30	0	18	9	0	4	0	7	4	2	11	0	34	4
Aug 166	3	31	0	47	1	0	9	0	7	15	2	5	0	37	9
Sept 155	1	27	0	38	2	0	14	0	3	13	0	6	0	43	8
Oct 141	2	29	0	40	2	0	13	1	5	7	0	5	0	33	4
Nov 149	7	26	0	31	4	0	11	3	6	10	0	15	0	32	4
Dec 137	7	34	5	23	4	1	10	0	1	6	0	6	8	30	2
Total	42	269	7	258	36	3	94	14	45	103	8	67	24	301	38

- Total cases were 612 for CCC (46%of total), 259 for SCDC (19%) and 438 for HDC(33%). This does not reflect complexity of cases/potential work involved.

Any other comments
Please provide in the space below any other comments you wish to make.
A full client satisfaction survey will be sent out to all clients by the end of February 2017 to ascertain their views on how they feel the Practice is serving them. A review of the service will be carried out in Q2 of 2017/18 as agreed in the original business case for a shared legal service. The outcome of this will be feedback to the board in the Q3 cycle of meetings.

Shared Service Reporting Form

Shared Service:	3C ICT
Date of reporting:	26 Jan 2017
Completed by:	Paul Sumpter - Head of 3C ICT

General update
Please provide in the space below a general update on the shared service.

The new permanent Head of Service, Paul Sumpter, is now in place and this will provide fresh impetus on the overall 3C ICT strategy and operations. His immediate focus is customer service and project delivery. Generally there are no recruitment issues with a limited number of temporary staff in place but these are being used for business reasons as opposed to being unable to recruit to positions.

Service levels have improved as the service developes, but with the occasional service interruption. There is a backlog of calls imported from existing systems and there is a plan in place to address this.

A couple of key projects have completed in recent weeks:

- Single Service Desk – unified portal and system for HDC and SCDC providing consistent view and service to councils. Benefits include holistic view of service activities, ability to adopt structured service processes, and ease of incorporating new communities.
- Unified communications for Cambridge City – new Unify-based digital telephony solution deployed to City staff. Benefits include single communication platform for voice and data, state-of-the-art user functionality and improved control metrics.

A general Service Improvement project is ongoing to add more resilience and robustness to the service, especially with the integration of the City/Northgate contract and service. This project includes, for example, the adoption of Information Technology Infrastructure Library service framework (ITIL) and more automated monitoring.

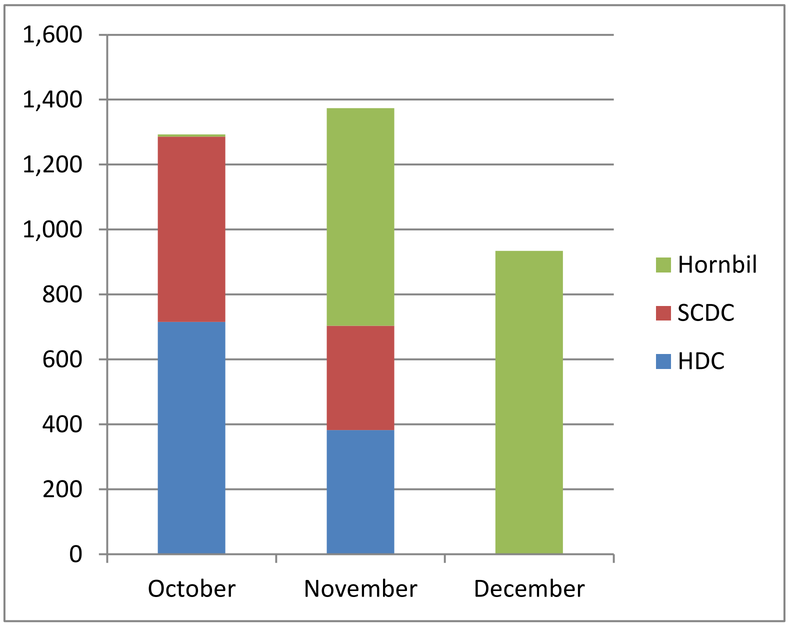
There are a lot of projects and BAU work ongoing, and the challenge is to ensure all activities can be completed to expectations. It is planned to add to the team headcount once the Northgate migration project is fully signed off.

Budget position	
What is the budget for the service area for the current financial year?	*£5,028,000*
What is the projected budget spend for the service for the current financial year?	*£5,444,636 (Dec)*
If a budget overspend is predicted, please provide a commentary below on the situation, and what is being done to recover it.	
Forecasted savings of £470k against 2015/16 budgets are forecasted for year end 2016/17, this is £416k short of the budgeted 2016/17 savings target. The newly appointed Head of Service is looking at how the budget is managed and looking to build the budgets up for a baseline service delivery. This shortfall is due to the significant increase in hired staff costs to cover additional resources needed to develop the service which is the largest contributing factor to the overall overspend. These costs are not anticipated to carry into the next financial year therefore enabling the service to achieve budgeted savings.	

Performance indicators	
How many performance indicator targets have been set for this service?	*5*
How many are currently green (on track)?	*3*
How many are currently amber (within 5% of target)?	*3*
How many are red (more than 5% adrift of target)?	*1*
For each PI, please provide a commentary below on the situation	

PI	Commentary
Customer Satisfaction	

Total Call Resolved by 3C ICT per Month



HDC and SCDC have transferred to a consolidated service desk (Hornbill) in November

Current Outstanding Calls

As of 03/01/17 there were a total of 396 open calls raised with the Service Desk, 187 of which are assigned to the Service Desk to action.

Extra resource has been allocated to reduce this backlog

Change Management

The new Change Management process went live on the 18th October 2016 and new requests are now being logged via our Hornbill Service Manager system. This also records requests managed by Northgate for Cambridge City changes along with notifications from Virgin Media Business for changes affecting the CPSN network.

Change Requests	October	November	December
Logged	63	83	50
Closed	17	28	65

Budget Savings Achieved The service is due to deliver savings of £470k in 2016/17 against 2015/16 budget which is shortfall of £416k against the target in the business case	Action plan in place to identify and delivered full savings for 2017/18
Organisational Structure populated All staffing restructures have been completed	Recruitment is on plan with limited use of agency staff
Service Catalogue Performance Indicators met The service catalogue is being developed by the newly appointed Head of Service	Work is on-going in this area

Project update	
How many projects have been identified for implementation for this service for this year? **Major Projects** (a) Northgate Migration – Amber (new transition PM in place and detailed plan in progress) (b)Public Services Network (PSN) compliance – Amber (Northgate being actively managed to execute actions detailed to support remediation plan) (c) Server Room Consolidation - Green (d) Single Service Desk - Green (e) 3C Building Control ICT Revamp – about to start (f) Technical Strategy – waiting sign off	RAG Status
How many are currently green (on track)?	*5*
How many are currently amber (some slippage, but not significant)?	*0*
How many are red (significant slippage)?	*0*
For each red project, please provide a commentary below on the situation, what is being done to recover it, and a prediction of when progress will be back on target.	

Project	**Commentary**
N/A	

Update on any other targets and objectives

Please provide in the space below updates against any other targets or objectives that have been included in the business plan for the current year.

For completeness the following Performance Indicators are being tracked:

- Allow people to work flexibly – Amber – more work required here to provide consistent service, options and management to council staff and stakeholders – part of Technical Strategy
- Provide a fit-for-purpose and agile website – Green
- Delivery high levels of systems availability - Green
- Safeguard and protect information - Green
- Support and Develop our IT systems – Amber – more work required to lead customers on technology direction – Technical Strategy is draft
- Put our customers first – Red – The focus for the new Head of Service is to improve the customer experience and increase customer satisfaction. An action plan is being developed
- Open the door for others to follow – Amber – 3C ICT are working on providing increased leadership in technology use and provide expertise to service departments

Risk management

Does the service area have a risk register?	Yes

Please provide an update in the space below on any key risks and progress in managing and/or reducing them.

Risk	Mitigation	Commentary
The lack of consistent call logging and management across the Application Support Teams results in a lack of management of workload	The Single Service Desk system will mean that all three Application Support teams, the Database team and the Spatial Team will record calls logged. This will ensure that workload management is improved	3C ICT manage risks at a service level and only elevate significant risks to the corporate register if they had an impact on corporate as a whole
A lack of an awareness of work and planned maintenance/upgrades results in poor management of resources and customer service	A managed Forward Schedule for the Application Support teams will ensure that work and planned maintenance/upgrades are proactively managed	
There are too many applications being used	An application management strategy is being developed to	

	across 3C	consolidate and rationalise where possible			

Any matters to raise with or requests of the councils?
Please provide in the space below the details of any matters you wish to raise with the councils, or any requests that you wish to make.
As part of overall PSN compliance and flexible working we will need to alter staff and member access to Council data, such as emails and file stores. We would appreciate Council stakeholder assistance to ensure any changes are understood and supported.

Any other comments
Please provide in the space below any other comments you wish to make.
2017/18 business plan is being finalised and will be shared with the various committees in the March/April cycle. The transfer of Cambridge City Councils existing contract with Northgate is due to take place from 27 April 2017 after being approved by Members at Cambridge City Council on 23 January.

Shared Service Reporting Form

Shared Service:	Building Control
Date of reporting:	26 January 2017
Completed by:	John Leney - Interim Head of Service

General update

Please provide in the space below a general update on the shared service.

Since the date of the last report the service has fully reviewed its temporary staffing requirements, securing financial savings for the next three months. An Action Plan has been produced for the remainder of the financial year and the service has started to compile Business Management data. The Business Plan has been fully reviewed and rewritten.

The Planned Outputs for the remainder of 2016/17 are:

- Continually review the need for temporary contract staff and ensure sufficient resources for the remainder of the financial year.
- Recruit into vacant permanent posts (interviews are arranged for 30 Jan 17
- Procure Executive Recruitment support and recruit into the Head of Service post
- Carry out a skills analysis of the permanent staff, identify training needs and produce personal development plans
- Produce a Staff Resource, Recruitment and Retention Strategy for 3Cs Building Control
- Ensure that appraisals are fully up to date by the end of the financial year
- Develop an effective benchmarking and performance management system
- Produce a preliminary plan for maximising the commercial potential of the service.
- Ensue that Elected Members at the Partner Councils are fully informed of progress and future strategies.

Budget position	
What is the budget for the service area for the current financial year?	Total Expenditure £1,778,690 Total External Income £1,326,430
What is the projected budget spend for the service for the current financial year?	The projected overspend for 2016/17 in anticipated to be c£200k This £200k overspend is split 70%/30% between Fee-Earning and Non Fee-Earning activity Fee-Earning 70% (£140k) met from Building Control Earmarked Reserves Non Fee-Earning 30% (£60k) shared between Partners
If a budget overspend is predicted, please provide a commentary below on the situation, and what is being done to recover it.	
The overspend is accounted for in the most part by the need to recruit temporary agency staff to cover vacancies in the permanent establishment. These costs are now under control and the predicted out-turn position is likely to improve by the end of the financial year. Some of this may be counter-balanced by increased revenue and the Business Development Team is currently verifying the remaining fee income that can legitimately be invoiced in the current financial year. In line with previous practice any overspend at year end would be allocated between the Fee Earning and Non-Fee accounts using the agreed 70%-30% split.	

Performance indicators	
How many performance indicator targets have been set for this service?	3
How many are currently green (on track)?	1
How many are currently amber (within 5% of target)?	0
How many are red (more than 5% adrift of target)?	2
Please provide a commentary below on the PI's, what is being done to recover it, and a prediction of when performance will be back on target.	

PI	Commentary
Q3 Plan checking within 5 weeks This target has been missed by 20%	Action plan in place to bring this on target
Q3 Applications Registered within 2 Days Actual – 4 days	Action plan in place to bring this on target
Number of applications submitted to national quality awards Cambridge won one national award	

Project update	
How many projects have been identified for implementation for this service for this year?	RAG Status
One – Merging the UNIFORM management system at the three partner Councils	Complete
Implement action plan	Green
How many are currently green (on track)?	2
How many are currently amber (some slippage, but not significant)?	n/a
How many are red (significant slippage)?	n/a
For each red project, please provide a commentary below on the situation, what is being done to recover it, and a prediction of when progress will be back on target.	

Project	**Commentary**

Update on any other targets and objectives
Please provide in the space below updates against any other targets or objectives that have been included in the business plan for the current year.
There are no other targets, although the service has a short term Action Plan as outlined above.

Risk management		
Does the service area have a risk register?		No
Please provide an update in the space below on any key risks and progress in managing and/or reducing them.		
Risk	**Commentary**	

Any matters to raise with or requests of the councils?
Please provide in the space below the details of any matters you wish to raise with the councils, or any requests that you wish to make.
The new Business Plan anticipates improvements in the financial position of the service in 2017/18, when it is anticipated to achieve a Cost Neutral position or better. A surplus of 10% of direct expenditure is considered feasible by the year 2020.

Any other comments
Please provide in the space below any other comments you wish to make.
The current Interim management arrangements will end early in the new financial year, when it is hoped that a permanent service head will be in place. This should provide long-term continuity to the service The 3C Building Control service has maintained to hold its market share through the transition period which gives confidence in the success of the service once the current action plan is delivered.