

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

Minutes of a meeting of the Cabinet held on
Thursday, 11 February 2016 at 2.00 p.m.

PRESENT: Councillor Ray Manning (Leader of the Council)
Councillor Simon Edwards (Deputy Leader of the Council & Finance and Staffing
Portfolio Holder)

Councillors:	Mark Howell	Housing Portfolio Holder
	Mick Martin	Environmental Services Portfolio Holder
	Peter Topping	Corporate and Customer Services Portfolio Holder
	Robert Turner	Planning Portfolio Holder
	Tim Wotherspoon	Strategic Planning and Transportation Portfolio Holder
	Nick Wright	Economic Development Portfolio Holder

Officers in attendance for all or part of the meeting:

Alex Colyer	Executive Director, Corporate Services
Jean Hunter	Chief Executive
Fiona McMillan	Legal Services Manager and Monitoring Officer
Julia Hovells	Principal Accountant
Richard May	Policy and Performance Manager
Graham Watts	Democratic Services Team Leader

Councillors Anna Bradnam, Kevin Cuffley, Sue Ellington, Bridget Smith, Hazel Smith, Bunty Waters and John Williams were in attendance, by invitation.

1. APOLOGIES FOR ABSENCE

An apology for absence was received from Councillor Francis Burkitt.

Councillor Ray Manning, Leader of the Council, reported that this would be Fiona McMillan's last meeting of Cabinet before she took up a new position elsewhere. Fiona was the Council's Legal Manager and Monitoring Officer and Councillor Manning, on behalf of Cabinet, thanked her for her help and advice in the 19 years that she had worked for the authority.

2. MINUTES OF PREVIOUS MEETING

The minutes of the previous meeting held on 14 January 2016 were confirmed and signed by the Leader as a correct record.

3. DECLARATIONS OF INTEREST

No declarations of Members' interests were made.

4. ANNOUNCEMENTS

No announcements were made.

5. PUBLIC QUESTIONS

No public questions had been received.

6. CORPORATE PLAN 2016-2021

Cabinet considered a report which proposed a refreshed Corporate Plan, prepared following consultation, for approval.

Councillor Peter Topping, Portfolio Holder for Corporate and Customer Services, presented the report and highlighted the following four priority themes for the Plan:

- living well;
- homes for our future;
- connectivity;
- an entrepreneurial Council.

Councillor Topping reported that the priority themes had been developed into a final draft Plan which had been retained as objectives, refocussing entrepreneurialship as 'an innovative and dynamic organisation' to reflect business efficiency as well as commercialisation and income generation aims. This also aligned with the Council's Corporate Values. He explained that the Plan was ambitious but was purposely not prescriptive about how that ambition would be reached, adding that it did not seek to restrict officers by setting stringent targets but was more of a document that they could be guided by in working with partners to deliver successful outcomes.

Cabinet noted that members of the community had been given an opportunity to have their say on the content of the Plan, as well as the South Cambridgeshire Youth Council, which had resulted in some changes to the draft.

Councillor Topping also highlighted that specific Portfolio Holders had not been aligned to specific elements of the Plan, making the point that delivery of the Plan was the collective responsibility of Cabinet which had shared ownership and responsibility.

Councillor Bridget Smith, Leader of the Opposition, asked whether any measurable benchmarks should be included in the Plan regarding improved employee health and outcomes in respect of the living well theme. She also questioned, in terms of homes for the future, whether the Plan should include reference to the Council's self-build vanguard programme that it had committed to deliver.

Councillor Topping reiterated the point that he did not feel it necessary to introduce targets as part of the Plan, or commit to delivering specifics. During discussion on employee health and wellbeing it was noted that this related to employees from all sectors in the district, not solely those employees of the District Council. Engagement did occur with businesses but some Members felt it would be quite intrusive of the Council to request information regarding employee health and wellbeing. Councillor Mick Martin, Portfolio Holder for Environmental Services, highlighted that there were mechanisms in place to collate this information in a soft approach through various casual conversations the Council often held with the business community.

In terms of the self-build vanguard, Councillor Topping stated that this was not an omission and that he was not convinced the Plan needed to reflect that level of detail regarding an individual programme.

Cabinet:

- (a) **RECOMMENDED** to Council that the Corporate Plan setting out the Council's vision, objectives and actions for 2016–2021, be approved as set out in Appendix 1 to the report.

- (b) **ENDORSED** the indicative performance measurements set out in the draft plan and **AUTHORISED** the Executive Director, in consultation with Portfolio Holders, to prepare a detailed suite of Key Performance Indicators for subsequent agreement in April 2016.
- (c) **AUTHORISED** the Chief Executive to make any minor wording changes required to final drafts, in consultation with the Corporate and Customer Services Portfolio Holder.

7. MEDIUM TERM FINANCIAL STRATEGY (GENERAL FUND BUDGET 2016/17 INCLUDING COUNCIL TAX SETTING), HOUSING REVENUE ACCOUNT (INCLUDING HOUSING RENTS), CAPITAL PROGRAMME 2016/17-2020/21 AND TREASURY MANAGEMENT STRATEGY (REVISED 2015/16 AND 2016/17)

Cabinet considered a report which provided Cabinet with an opportunity to recommend the Medium Term Financial Strategy to Council. A supplementary report was also considered, which set out updated versions of Appendices B, B1, B3, B3(a) and B3(b) following revised information received by Cambridgeshire County Council as a result of setting its budget.

Councillor Simon Edwards, Deputy Leader and Portfolio Holder for Finance and Staffing, presented the report, together with the supplementary report, and said that the recommendations encompassed the significant outcomes of the Local Government Finance Settlement. In taking Members through both documents, the following points were noted:

- the Revenue Support Grant would reduce by 48.7% from 2015-16 to 2016-17, by a further 75.2% in 2017-18 and to nil in 2018-19. The reduction to nil had been anticipated, but not as early as 2018-19;
- the basic principles of retained business rates would remain, however, an adjustment to the tariff deduction imposed by the Government would be introduced in 2019-20;
- the Government was proposing changes to the New Homes Bonus scheme and modelling in the report outlined the scheme changing from a six year scheme to a four year scheme from 2017-18. The Government was consulting on other reforms to New Homes Bonus, including:
 - withholding new New Homes Bonus allocations in areas where no Local Plan had been produced;
 - reducing payments for homes built on appeal;
 - only making payments for delivery above a baseline representing 'deadweight';
- beyond 2017-18 it was possible that some of these other reforms could have adverse implications for the amount of New Homes Bonus that the Council may receive;
- £5 million of New Homes Bonus funding as a contribution towards the A14 infrastructure improvement scheme was still allocated in the Council's budget for 2020-2021;
- all Councils had the ability to raise Council Tax by £5 as apposed to increasing Council Tax by any amount up to 2% without triggering a referendum. Three options for the District Council in terms of Council Tax increases had been set out in paragraphs 19, 20 and 23 of the original report, with each having a different impact on the savings or additional income that the Council would be required to make. The table in paragraph 19 of the original report summarised

the impact of the different options that had been modelled. The option proposed was an increase in Council Tax of £5 this year and for every year of this parliament, with an increase of 2% year on year thereafter;

- significant savings had already been achieved in some areas, such as those through the shared waste service;
- the successful pilot of Ermine Street Housing Ltd had seen the company provide an income stream for the Council, with other projects such as the commercialisation programme anticipated to provide other sources of income;
- the Rural Services Grant had been increased from £32,261 to £129,850 in 2016-17 and from £46,457 to £104,848 in 2017-18. A new Transition Grant would also be available of £75,842 in 2016-17 and £75,575 in 2017-18;
- of the precautionary items listed in Appendix B2 of the report, specific reference was made to an increase of £250,000 for homelessness for 2016-17. This was a particular risk for the Council and would be monitored to establish how this aspect of the budget could be modelled in the future;
- the Capital Programme showed a General Fund allocation for capital receipts but was essentially a loan to fund Ermine Street Housing Ltd;
- in terms of the Housing Revenue Account capital expenditure, this had reduced by a third as a result of the imposed reduction in rents.

Councillor Mark Howell, Portfolio Holder for Housing, took this opportunity to present the Housing Revenue Account. Cabinet noted the following highlights:

- local authority landlords and registered providers were now required to apply a 1% reduction in rent levels across each of the next four years. Legislation was still going through Parliament, but it was anticipated that the draft Housing and Planning Bill 2015 would be passed in March for implementation in April 2016;
- a policy announcement by Government had also said that those in existing social housing with a household income in excess of £30,000 (or £40,000 in London) would be charged up to market rent for living in their home. This had been subject to consultation which ended on 20 November 2015 and Councillor Howell said that it would be impossible to predict how much this legislative change would cost the Council until more information was available;
- the draft Housing and Planning Bill 2015 provided further detail as to a new policy suggesting that local authorities should be required to sell any property that was valued in the top third for the area on the open market at the point at which it became void. An initial assumption had been made that approximately 1.8% of South Cambridgeshire District Council's housing stock would need to be sold each year, representative of just under 100 properties per annum at the outset;
- the introduction of Universal Credit for working age tenants was still anticipated to commence from 29 February 2016. For South Cambridgeshire residents this would start with new unemployed claimants claiming out of work benefits receiving Universal Credit with a housing costs element, rather than Housing Benefit. The full impact of this and other welfare benefit changes on the Housing Revenue Account remained uncertain at present;
- the authority remained subject to the agreement with the Department of Communities and Local Government that allowed the retention of right to buy receipts, subject to a set of specific conditions. Appendix D to the Housing Revenue Account report highlighted the last position in terms of receipts held for re-investment.

Councillor John Williams, Deputy Leader of the Opposition, highlighted some discrepancies in the report in respect of the Council's housing stock. He acknowledged that assumptions had to be made on stock numbers and, anticipating that the Government's changes would impact the Council's three bedroomed properties in particular, asked the Portfolio Holder whether he felt that this was where the Council would be hit the hardest.

Councillor Howell agreed to provide clarification over the discrepancies ahead of the meeting of Council scheduled to be held on 25 February 2016. In terms of three bedroomed properties, Councillor Howell explained that the majority of the Council's properties were three bedroomed properties, so expected these to be impacted significantly. He stated, however, that he would be more concerned if the Council lost some of its one or two bedroomed properties as a result of the policy changes.

Councillor Bridget Smith, Leader of the Opposition, questioned the list of precautionary items in terms of where they sat in the budget. She also sought clarity over the sum for the ICT Capital Programme as she had understood from initial discussions that the sum would be up to £200,000, whereas £230,000 had been allocated to it in the list of precautionary items. Councillor Edwards confirmed that the items included in the list were precautionary, over and above the budget. The amount agreed for the ICT Capital Programme was already included in the budget, with this precautionary amount having been allocated in addition to that to mitigate against any unforeseen circumstances. He explained that these items were areas of expenditure over which there was some element of doubt as to whether they would occur. If they did occur, the Council would be required to fund them so they were reviewed every year and set out as a precautionary list.

Councillor Anna Bradnam referred to the Autumn statement and reference to Councils being able to retain 100% of business rates. She asked whether any further clarity had been provided in that respect. Councillor Edwards confirmed that he had not received any further information on this issue, but he estimated that Local Government as a whole would retain 100% of business rates, rather than specific Councils, with funding being distributed across the Local Government sector through the tariff mechanism.

Councillor Bradnam also reflected on the very difficult decisions that had to be taken in response to relentless changes in national housing policy and took this opportunity to thank the Portfolio Holder and officers for the work they were doing as a result.

Councillor Simon Edwards closed by saying that the Medium Term Financial Strategy proposed in the report should see the Council being free of the reliance on Government grant funding by the end of the Strategy period, with its self-sufficient budget being completely in the Council's own control.

Councillor Ray Manning took this opportunity to thank Councillor Edwards, Alex Colyer (Executive Director, Corporate Services) and his team for the excellent work they had done in producing these budget reports.

Cabinet **RECOMMENDED** to Council that:

- (a) The General Fund Capital Programme and the associated funding up to the year ending 31 March 2021, as set out in Appendix A1 of the report is approved as submitted.
- (b) The revenue estimates for 2016-17 are approved as submitted in the General Fund summary, as set out in Appendix B1 of the supplementary report.

- (c) The precautionary items for the General Fund, as set out in Appendix B2 of the report, are approved.
- (d) The Medium Term Financial Strategy for the General Fund, as set out in Appendix B3 of the report in the supplementary agenda, is approved based on the assumptions set out in the report.
- (e) The fees and charges proposed for 2016-17, as set out in Appendix B4 of the report, are approved.
- (f) The Executive Management Team be instructed to identify additional income/ savings of £300,000 in 2016-17, rising to £930,000 from 2017-18.
- (g) The Council Tax requirement for 2016-17 is £7,852,090.
- (h) The Council sets the amount of Council Tax for each of the relevant categories of dwelling in accordance with Section 30(2) of the Local Government Finance Act 1992 on the basis of a District Council Tax for general expenses on a Band D property of £130.31 plus the relevant amounts required by the precepts of Parish Councils, Cambridgeshire County Council, the Cambridgeshire Police and Crime Commissioner and the Cambridgeshire Fire Authority, details of those precepts and their effect to be circulated with the formal resolution required at the Council meeting.
- (i) The Housing Revenue Account revenue budget, summarised in the Housing Revenue Account Summary Forecast 2015-16 to 2020-21, as set out in Appendix G of the Housing Revenue Account budget setting report, in the context of the updated 30 Year Housing Revenue Account Business Plan, is approved.
- (j) Subject to paragraph (x) below, council dwellings rents for existing tenants be reduced by 1%, in line with legislative requirements, anticipated to be introduced as part of the Welfare Reform and Work Bill 2015, with effect from 4th April 2016.
- (k) The inclusion of an ongoing savings target for Housing Revenue Account services for the period from 2017-18 to 2020-21, at the initial rate of £250,000 per annum, recognising the financial constraints placed upon the Housing Revenue Account by changes in national housing policy, is approved.
- (l) Inflationary increases of 1.4% in garage rents for 2016-17, in line with the base rate of inflation for the year assumed in the Housing Revenue Account Budget Setting Report, is approved.
- (m) Proposed service charges for Housing Revenue Account services and facilities provided to both tenants and leaseholders, as set out in Appendix B of the Housing Revenue Account budget setting report, is approved.
- (n) The charge for the cost of the provision of the alarm service in sheltered housing is set at £3 a week.
- (o) The latest budget, spend profile and funding mix for each of the schemes in the new build programme, as set out in Section 5 and Appendix E of the Housing Revenue Account budget setting report, is approved.
- (p) The required level of additional funding for new build investment between 2016-17 and 2020-21 to ensure that commitments can be met in respect of the investment of all right to buy receipts retained by the authority, up to the end of December 2015, is approved to earmark.
- (q) The revised Housing Capital Investment Plan, as set out in Appendix H of the Housing Revenue Account budget setting report, in the context of the updated 30 Year Housing Revenue Account Business Plan, is approved.
- (r) Delegation is given to the Executive Director (Corporate Services) in consultation with the Leader, to allow the Self-Build Vanguard scheme to proceed during 2016-17, should the business case presented be financially viable for both the General Fund and the Housing Revenue Account.
- (s) The borrowing and investment strategy for the year to 31 March 2017, as set out in Appendix D1 of the report, is approved.

- (t) The prudential indicators required by the Prudential Code for Capital Finance in Local Authorities for the year to 31 March 2017, as set out in Appendix D2 of the report, are approved.
- (u) The Capital Strategy 2016-17 to 2020-21 and Corporate Asset Management Plan 2016-17 to 2020-21, as set out in Appendices D4 and D5, is approved;
- (v) Any unspent New Homes Bonus money allocated to the City Deal be approved to roll forward to 2017-18.
- (w) The Executive Director, Corporate Services, be given delegated authority to issue the final version of the Estimates Book, incorporating the amendments required from Council's decisions.
- (x) The Government's exemption of supported housing from the 1% rent cut is noted.

In respect of resolution (x) above, Cabinet **REQUESTED** that the Executive Director and the Director of Housing prepare an updated Housing Revenue Account budget setting report, Housing Revenue Account revenue budget and Housing Revenue Account capital programme for consideration at the Council meeting on 25 February 2016.

8. **2015/16 THIRD QUARTERLY POSITION STATEMENT ON FINANCE, PERFORMANCE AND RISK**

Cabinet considered a report which provided Members with a statement on the Council's position with regard to its General Fund, Housing Revenue Account and capital budgets, together with the corporate objectives, performance indicators and strategic risks.

Councillor Peter Topping, Portfolio Holder for Corporate and Customer Services, presented the report and reflected on a number of significant milestones that had been achieved during the year. These were set out in paragraph 8 of the report.

In terms of performance, Councillor Topping highlighted the correlation between the General Fund variance, which showed a favourable position mostly due to additional planning fees received, and the pressure that the large amount of planning applications submitted had placed on the Council's planning department. Performance had improved against the determining of planning applications following successful recruitment to a number of posts towards the end of 2015.

Councillor Topping reported that managing homelessness had been added to the Risk Register, which had recently become a significant risk to the Council. Although most of the risk was outside of the Council's control following changes in Government policy, the Council would manage this risk to the best of its ability and within its available resources, taking into account the proposal to include homelessness in the budget's list of precautionary items.

A query was raised in respect of land supply and whether this should feature in the Council's Risk Register. Councillor Topping said that additional information relating to land supply had been made available after the publication of this report and therefore agreed to give further consideration to this issue in due course.

Cabinet:

- (a) **NOTED** the Council's provisional financial outturn position together with the performance and risk matters and contextual information, as set out in the report and Appendices A to D.

- (b) **APPROVED** the Strategic Risk Register and Matrix as set out in Appendices E to F of the report.

9. ISSUES ARISING FROM THE SCRUTINY AND OVERVIEW COMMITTEE

No issues arising from the Scrutiny and Overview Committee were reported.

10. ISSUES ARISING FROM THE PARTNERSHIPS REVIEW COMMITTEE

It was noted that an extraordinary meeting of the Partnerships Review Committee was scheduled to be held on 18 February 2016, to consider Cambridgeshire County Council's budget.

11. UPDATES FROM CABINET MEMBERS APPOINTED TO OUTSIDE BODIES

Councillors Robert Turner, Tim Wotherspoon and Sue Ellington reported that they had attended recent meetings of Internal Drainage Boards.

12. REPORTS FROM CABINET MEMBERS ATTENDING PARISH COUNCIL MEETINGS

No reports from Cabinet Members attending Parish Council meetings were received.

13. REPORTS FROM MEMBER CHAMPIONS

No reports from Member Champions were received.

The Meeting ended at 3.18 p.m.
