

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

Minutes of a meeting of the Cabinet held on
Thursday, 9 February 2017 at 2.00 p.m.

PRESENT: Councillor Peter Topping (Leader of the Council)
Councillor Nick Wright (Corporate & Customer Services Portfolio Holder and Deputy Leader)

Councillors: Simon Edwards Finance and Staffing Portfolio Holder
Lynda Harford Housing Portfolio Holder
Mark Howell Environmental Services Portfolio Holder
Robert Turner Planning Portfolio Holder
Tim Wotherspoon Strategic Planning Portfolio Holder

Officers in attendance for all or part of the meeting:

Alex Colyer Interim Chief Executive
Rory McKenna Deputy Monitoring Officer
Caroline Ryba Head of Finance
Ian Senior Democratic Services Officer

Councillors John Batchelor, Anna Bradnam, Cicely Murfitt and Bridget Smith (Leader of the Opposition) were in attendance, by invitation.

1. APOLOGIES FOR ABSENCE

Councillor Francis Burkitt (Greater Cambridge City Deal Portfolio Holder) sent Apologies for Absence.

2. MINUTES OF PREVIOUS MEETING

Cabinet authorised the Leader to sign, as a correct record, the minutes of the meeting held on 17 November 2016.

Cabinet authorised the Leader to sign, as a correct record, the minutes of the meeting held on 19 January 2017, subject as follows:

Minute 9 – Medium Term Financial Strategy

Delete the penultimate paragraph (“The Interim Chief Executive explained that the Council had taken advice from Ernst and Young on how to respond to HMRC regarding a query on the Ermine Street Housing company accounts.”) and replace it with

In response to a question from Councillor John Williams, the Interim Chief Executive said that Her Majesty’s Revenue and Customs service was not investigating South Cambridgeshire District Council about the Ermine Street Housing company accounts and tax arrangements. the Council had taken advice from Ernst and Young about how to respond to HMRC.

3. DECLARATIONS OF INTEREST

There were no declarations of interest.

4. ANNOUNCEMENTS

The Leader had asked Councillor Simon Crocker to chair a Cabinet Task and Finish Group to address an issue raised by the recent Peer Review. That issue related to the imminent reduction, in 2018, in the number of South Cambridgeshire District Councillors from 57 to 45. Among other things, the Task and Finish Group would need to assess the implications of such a reduction, not least in terms of the expectations placed on Councillors. It was anticipated that the Task and Finish Group would report its findings during the Summer, in time to inform the Corporate Plan process starting in Autumn 2017. The Group's membership would be representative of the entire Council.

The Leader reminded those present that Cabinet had a clear purpose in considering the matters placed before it. While he acknowledged, and welcomed, the tradition of allowing reasonable discussion, including by those not members of the Cabinet, he asked that all comments should be relevant, and as concise as possible.

5. PUBLIC QUESTIONS

There were no public questions.

6. PRIVATE SECTOR LEASING SCHEME

The Cabinet considered a report seeking the establishment of a new housing company, Shire Homes Lettings Limited, to run the Council's private sector leasing (PSL) scheme.

The Housing Portfolio Holder summarised the report, drawing particular attention to paragraphs 11 and 12, setting out the extent of councils' letting powers. She emphasised South Cambridgeshire District Council's aim of preventing homelessness, and said that the most effective way to achieve this was by offering Assured Shorthold Tenancies. As Councils were only able to offer Secure and Non-Secure Tenancies, the establishment of a Private #sector Leasing Scheme represented an innovative approach that would make affordable housing its core objective. Such a scheme also overcame the corporation tax issues that would arise with a profit-making company such as Ermine Street Housing.

Councillor Bridget Smith welcomed the proposal.

Cabinet

1. **approved** the establishment of Shire Homes Lettings Ltd as a Council owned housing company to take forward the management of the Private Sector Leasing scheme; and
2. **authorised** South Cambridgeshire District Council's Director of Housing to act as the Director of Shire Homes Lettings Ltd in order to establish the company.

7. CORPORATE PLAN 2017-2022

Cabinet considered a report on the updated Corporate Plan, and noted the Consultation Brief attached at Appendix B.

Councillor Tony Orgee (Chairman of the Scrutiny and Overview Committee) reported

verbally that Committee members had suggested that Action A (ii) should conclude by adding the words "...close to where they live". They had also suggested that the Connected Villages Action should emphasise giving support in 'our villages'. Councillor Simon Edwards urged caution, saying it was important to avoid the use of words that were too restrictive. It was agreed that Councillor Orgee and Councillor Nick Wright should agree on a form of wording outside the meeting.

Councillor Lynda Harford, Housing Portfolio Holder, proposed the following changes

- i. Action B(v): change to "find solutions for people facing homelessness"
- ii. Action B(vi): change to "Secure a viable programme future for our Council homes"
- iii. Add Action B(vii): Lead the Combined Authority's housing investment programme"

Cabinet:

- (a) **recommended** 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 A (described as Appendix 1 in the report), amended as follows:

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|------|----------------------|---|
| i. | people facing | Action B(v): change to "find solutions for homelessness" |
| ii. | programme future for | Action B(vi): change to "Secure a viable our Council homes" |
| iii. | Authority's housing | Add Action B(vii): Lead the Combined investment programme" |

- (b) **endorsed** 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) **Agreed** the Consultation Brief at **Appendix B** (described as Appendix 2 in the report) attached as the basis for an engagement exercise to inform the next Corporate Plan review, and

- (d) **Authorised** the Interim Chief Executive to make any minor wording changes required to final drafts, in consultation with the Leader of the Council.

8. 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

Councillor Simon Edwards, Finance and Staffing Portfolio Holder, and Councillor Lynda Harford, Housing Portfolio Holder, presented for the Cabinet's consideration a report about the Medium Term Financial Strategy (MTFS).

Councillor Tony Orgee (Chairman of the Scrutiny and Overview Committee) thanked the Finance and Staffing Portfolio Holder for an exceptionally clear presentation, and conveyed the comments from that Committee. Those comments related to

- Support for the recommended increase in Council Tax, subject to

clarification of the impact for people living in properties banded other than Band D

- Endorsement of the recommendation that the Housing Portfolio Holder approve the fees and charges for the Housing Improvement Agency, set out in Appendix A
- The need to focus on savings

The Leader asked Councillor Orgee to convey to the Scrutiny and Overview Committee his appreciation of its contribution to the consideration of this issue.

Councillor Nick Wright, Corporate and Customer Services Portfolio Holder, highlighted the difficulty in predicting the level of revenue from business rates.

Councillor Anna Bradnam asked about savings made from staff turnover. The Finance and Staffing Portfolio Holder replied by saying that savings were made by leaving posts vacant for a period of time, and then sometimes recruiting at a lower level. He denied that this was a mechanism for reducing staff numbers.

Those present considered the Council's exposure to a variety of risks and uncertainties that could affect its financial position, and delivery of the proposed budget. The essential point was to understand the risks involved, and be aware of appropriate mitigation measures.

Cabinet

1. **recommended** that Council:

Revenue and capital – General Fund (GF)

- (a) Approves the revenue estimates for 2017-18 as shown in the GF Budget Setting Reports (BSR) Section 5.
- (b) Approves 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, subject to the deletion of the £5 million contribution to the A14 erroneously included in 2019-20.
- (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 for all Bands at the Council meeting on 23 February 2017.

Revenue – Housing Revenue Account (HRA)

- (g) Approves 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) Approves 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) Approves that social housing rents for existing tenants be reduced by 1%, in line with legislative requirements, with effect from 3rd April 2017.
- (j) Approves 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) Approves 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) Approves 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) Approves 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) Approves 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) Approves the capital budget proposals, both bids and savings, detailed in Appendix G(2) of the HRA Budget Setting Report.
- (p) Approves 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) Approves the revised Housing Capital Investment Plan as shown in Appendix J of the HRA Budget Setting Report.

Treasury Management

- (r) Approves the borrowing and investment strategy for the year to March 2018, Appendix F.
- (s) Approves the prudential indicators required by the Code for Capital Finance in Local Authorities for the year to 31 March 2018, Appendix G.
- (t) Approves the Capital Strategy 2017-18 to 2021-22, Appendix H.
- (u) Approves 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. **Recommended** that the Housing Portfolio Holder approves the fees and charges for the Housing Improvement Agency as set out in GF BSR Appendix A.

Ermine Street Housing Limited (ESH)

- 3. **approved** the ESH 10-year Business Plan, attached as Appendix H (Confidential) to this report.

9. THIRD QUARTERLY POSITION STATEMENT ON FINANCE AND PERFORMANCE

Cabinet considered a report on the Council's position with regards to its General Fund, Housing Revenue Account (HRA) and Capital budgets, corporate objectives, performance indicators and strategic risks. The report also contained details of the Strategic Risk Register and Matrix attached at Appendices D and E.

The Planning Portfolio Holder highlighted the general improvement in performance within the Development /management service. There remained though a significant risk from planning decisions being taken to appeal, especially in an era of speculative applications prompted by the Council's inability to demonstrate a five-year housing land supply which, in turn, rendered several Housing policies "out-of-date". Efforts were being made to identify the number of appeals allowed against officer recommendations and Committee overturns.

The Finance and Staffing Portfolio Holder highlighted the high level of performance in terms of Council Tax and Non-Domestic Rates collection. This performance had established South Cambridgeshire District Council as the second best performing Authorities, in this regard, in the UK.

The colour coding system was open to misinterpretation, and the Interim Chief Executive undertook to discuss this with the Corporate Governance Committee, which was responsible for that system. Any change would then be discussed with Cabinet and all members of the Council before any new process was adopted.

Cabinet

- (a) **noted** the Council's provisional financial position together with the performance and risk matters and contextual information set out in the report and Appendices A, B and C attached thereto, and
- (b) **approved** the Strategic Risk Register and Matrix set out in Appendices D and E, noting the new risks identified in paragraph 27 of the report.

10. CABINET MEETING SCHEDULE 2017/2018

Cabinet agreed the following schedule of Cabinet meetings for 2017-18:

- Thursday 13 July 2017 at 6pm
- Thursday 14 September 2017 at 6pm
- Thursday 8 February 2018 at 2pm
- Thursday 19 April 2018 at 2pm

The proposed meeting on Thursday 23 November 2017 at 2pm had been scheduled by mistake and clashed with a meeting of Full Council. Officers would investigate, and report back to Members.

**The Meeting ended at 3.45
p.m.**
