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20 February 2023

To: Chair – Councillor Stephen Drew
Vice-Chair – Councillor Graham Cone
Members of the Scrutiny and Overview Committee – Councillors
Anna Bradnam, Tom Bygott, Libby Earle, Sue Ellington, Peter Fane,
Sally Ann Hart, James Hobro, Helene Leeming, Judith Rippeth,
Richard Stobart and Dr. Aidan Van de Weyer

Quorum: 4

Substitutes:	Councillors Heather Williams, Dr. Richard Williams, Bunty Waters, Mark Howell, Lina Nieto, Annika Osborne, Paul Bearpark, Carla Hofman, Dr Lisa Redrup and William Jackson-Wood
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There is a pre-meeting session at 5pm the day before the meeting, for members of the Committee only, to plan their lines of enquiry.

Dear Councillor

You are invited to attend the next meeting of **Scrutiny and Overview Committee**, which will be held in the **Council Chamber - South Cambs Hall** on **Tuesday, 28 February 2023** at **5.20 p.m.**

Members are respectfully reminded that when substituting on committees, subcommittees, and outside or joint bodies, Democratic Services must be advised of the substitution ***in advance of*** the meeting. It is not possible to accept a substitute once the meeting has started. Council Standing Order 4.3 refers.

Yours faithfully
Liz Watts
Chief Executive

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Agenda

1. Chair's announcements

Pages

2. **Apologies for absence**
To receive apologies for absence from committee members.
3. **Declarations of Interest**
4. **Minutes of Previous Meetings** **7 - 20**
To authorise the Chair to sign, as correct records, the Minutes of the meetings held on 15 December 2022, 12 January 2023 and 19 January 2023.
5. **Public Questions**
If you would like to ask a question or make a statement, then please refer to the

[Document called Public Speaking Scheme \(Physical Meetings\)](#)

and contact the Scrutiny and Governance Adviser in Democratic Services by no later than 11.59pm on Wednesday 22 February 2023..
6. **Investment Strategy** **21 - 56**
7. **2022-23 Quarter Three Performance Report** **57 - 70**
8. **Further support for cost-of-living crisis for South Cambridgeshire residents** **71 - 82**
9. **Work Programme** **83 - 96**
10. **To Note the Date of the next meeting**
28 March 2023 at 5.20pm

Exclusion of Press and Public

The law allows Councils to consider a limited range of issues in private session without members of the Press and public being present. Typically, such issues relate to personal details, financial and business affairs, legal privilege and so on. In every case, the public interest in excluding the Press and Public from the meeting room must outweigh the public interest in having the information disclosed to them. The following statement will be proposed, seconded and voted upon.

"I propose that the Press and public be excluded from the meeting during the consideration of the following item number(s) in accordance with Section 100(A) (4) of the Local Government Act 1972 on the grounds that, if present, there would be disclosure to them of exempt information as defined in paragraph(s) of Part 1 of Schedule 12A of the Act."

If exempt (confidential) information has been provided as part of the agenda, the Press and public will not be able to view it. There will be an explanation on the website however as to why the information is exempt.

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Disturbance by Public

If a member of the public interrupts proceedings at a meeting, the Chairman will warn the person concerned. If they continue to interrupt, the Chairman will order their removal from the meeting room. If there is a general disturbance in any part of the meeting room open to the public, the Chairman may call for that part to be cleared. The meeting will be suspended until order has been restored.

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Declarations of interest - Guidance for Councillors

DECLARATIONS OF INTEREST

As a Councillor, you are reminded of the requirements under the Council's Code of Conduct to register interests and to disclose interests in a meeting. You should refer to the requirements set out in the Code of Conduct which are summarised in the notes at the end of this agenda frontsheet.

Disclosable pecuniary interests

A "disclosable pecuniary interest" is an interest of you or your partner (which means spouse or civil partner, a person with whom you are living as husband or wife, or a person with whom you are living as if you are civil partners) which falls within the categories in [Table 1 of the code of conduct, which is set out in Part 5 of the Constitution](#).

Where a matter arises at a meeting which directly relates to one of your disclosable pecuniary interests you must:

disclose the interest;
not participate in any discussion or vote on the matter; and
must not remain in the room unless you have been granted a dispensation.

If it is a 'sensitive interest', you do not have to disclose the nature of the interest, just that you have an interest. Dispensation may be granted in limited circumstances, to enable you to participate and vote on a matter in which you have a disclosable pecuniary interest.

It is a criminal offence to:

fail to notify the monitoring officer of any disclosable pecuniary interest within 28 days of election

fail to disclose a disclosable pecuniary interest at a meeting if it is not on the register

fail to notify the Monitoring Officer within 28 days of a disclosable pecuniary interest that is not on the register that you have disclosed to a meeting

participate in any discussion or vote on a matter in which you have a disclosable pecuniary interest

knowingly or recklessly provide information that is false or misleading in notifying the Monitoring Officer of a disclosable pecuniary interest or in disclosing such interest to a meeting.

Other registerable interests

These are categories of interest which apply to the Councillor only (not to their partner) and which should be registered. Categories are listed in [Table 2 of the code of conduct, which is set out in Part 5 of the Constitution](#). Where a matter arises at a meeting which directly relates to the financial interest or wellbeing of one of your Other Registerable Interests, you must disclose the interest. You may speak on the matter only if members of the public are also allowed to speak at the meeting but otherwise must not take part in any discussion or vote on the matter; and must not remain in the room unless you have been granted a dispensation.

If it is a 'sensitive interest', you do not have to disclose the nature of the interest.

Disclosure of non-registerable interests

Where a matter arises at a meeting which directly relates to your financial interest or well-being (and is not a Disclosable Pecuniary Interest set out in Table 1) or a financial interest or well-being of a relative or close associate, you must disclose the interest. You may speak on the matter only if members of the public are also allowed to speak at the meeting. Otherwise you must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation.

If it is a 'sensitive interest', you do not have to disclose the nature of the interest.

Where a matter arises at a meeting which affects – a. your own financial interest or well-being; b. a financial interest or well-being of a relative or close associate; or c. a

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Agenda Item 4

South Cambridgeshire District Council

Minutes of a meeting of the Scrutiny and Overview Committee held on
Thursday, 15 December 2022 at 5.20 p.m.

PRESENT: Councillor Stephen Drew – Chair
Councillor Graham Cone – Vice-Chair

Councillors: Anna Bradnam Tom Bygott
Libby Earle Peter Fane
James Hobro Dr John Loveluck
Richard Stobart Dr. Aidan Van de Weyer

Officers in attendance for all or part of the meeting:

In the Council: Anne Ainsworth (Chief Operating Officer), Peter Maddock (Head of Finance), Ian Senior (Scrutiny and Governance Adviser)

Virtually: Peter Campbell (Head of Housing), Bode Esan (Head of Climate, Environment & Waste), Stephen Kelly (Joint Director of Planning and Economic Development) and Rory McKenna (Monitoring Officer)

Councillor John Williams (Lead Cabinet Member for Resources) was in attendance, by invitation.

Councillors Helene Leeming (Committee member), Sunita Hansraj and Cllr Heather Williams (substitute) were in attendance remotely.

1. Chair's announcements

The Chair made several brief housekeeping announcements.

2. Apologies for absence

Councillors Sue Ellington, Sally Ann Hart, and Judith Rippeth sent apologies as Committee members. Councillor Heather Williams attended remotely as substitute for Councillor Ellington,

Apologies were also received from Councillors Bill Handley (Lead Cabinet Member for Communities) and Bridget Smith (Leader of the Council).

3. Declarations of Interest

Councillor Richard Stobart declared an interest as a Director of both the South Cambridgeshire Investment Partnership and South Cambridgeshire Project.

4. Minutes of Previous Meeting

The Committee authorised the Chair to sign, as a correct record, the minutes of the meeting held on 15 November 2022 subject as follows

1. To add Councillor John Williams (Lead Cabinet Member for Resources) as having been present in the Chamber.
2. Minute 6 (2022-23 Quarter Two Performance Report)

Replace the paragraph

“KPIs PN510 to PN512 related to Development Management. Councillor Peter Fane said that a differentiation should be made between those planning applications determined within the period set by statutory targets and those determined within a timescale set by an Extension of Time Agreement. Councillor Fane asked that the percentage of appeals against major planning permission refusals allowed should specify the proportion allowed in respect of appeals against non-determination. The Committee noted that the number of Extension of Time Agreements and refusals made in order to meet determination targets was unrelated to the time taken to validate applications.”

with the following expanded text

“KPIs PN510 to PN512 related to Development Management. Councillor Peter Fane said that a differentiation should be made between those planning applications determined within the period set by statutory targets and those determined within a timescale set by an Extension of Time Agreement. Councillor Fane asked that the percentage of appeals against major planning permission refusals allowed should specify the proportion allowed in respect of appeals against non-determination. The Committee noted that the number of Extension of Time Agreements and refusals made in order to meet determination targets was unrelated to the time taken to validate applications.

In response, the Joint Director of Planning and Economic Development said that only a small number of appeals were against non-determination, and this would not affect the standards being measured. He offered to provide clarity in writing.

While he was unsure how many small applications had been determined within statutory timescale, he confirmed that average time was now recorded for applications. Members noted a chart showing the number of days taken to determine current applications compared with lower and upper quartile performance. A reduction in the backlog of applications had resulted in a progressive reduction in determination timescales for all applications. Further analysis would show those applications falling outside the timescale. The Joint Director of Planning and Economic Development undertook to give further details at the next Scrutiny and Overview Committee meeting.

Councillor Heather Williams said that for some time now there had been concerns about the extent to which the Greater Cambridge Shared Planning Service relied on extensions of time agreements. to which the response had been that a system would be put in place. The Chair undertook to pursue this matter with the Lead Cabinet Member for Planning and the Joint Director of Planning and Economic Development.

The Committee noted that the number of Extension of Time Agreements and refusals made in order to meet determination targets was unrelated to the time taken to validate applications.

The Joint Director of Planning and Economic Development informed Members that KPI PN519 (Average time to determine validated householder planning applications) should be Amber not Green.”

The Chair invited the Joint Director of Planning and Economic Development to make a short statement. That statement

- clarified the number of applications determined within an extended time limit agreed with applicants
- confirmed that the previously reported backlog in validating householder planning applications had been eliminated

The Joint Director of Planning and Economic Development undertook to provide a full written statement of the above to all members of the Scrutiny and Overview Committee. This would also include an analysis of appeals against the non-determination of planning applications.

5. Public Questions

There were no public questions or statements.

6. General Fund Medium Term Financial Strategy

The Scrutiny and Overview Committee considered a draft Cabinet report updating the Medium Term Financial Strategy to the financial year 2027-2028 and the medium term financial plan following the outcome of a mid-year review of financial forecasts. Members noted that some of the assumptions used in the report might need adjusting as the budget developed and further information became available, such as through the provisional 2023-2024 Local Government Finance Settlement. However, the Head of Finance assured Councillor Anna Bradnam that he was confident that the assumption that the Council would borrow at 5% was robust.

In response to Councillor Graham Cone, the Head of Finance confirmed that the Council had significant funds invested upon which it could draw at short notice.

Councillor James Hobro asked about the ability of the assumptions made to deal with the anticipated volatility in inflation and interest rates during the next two years. The Head of Finance acknowledged the degree of uncertainty involved in predicting future events but said that the scenarios set out in the report reflected the circumstances thought most likely by officers.

Councillor Richard Stobart asked how various risks faced by the Council related to the scenarios set out in the report, and at what stage those scenarios would be triggered. In reply, Councillor John Williams assured the Committee that the situation was under constant review and that he was notified straightaway about any issues causing concern. The Head of Finance added that the corporate Risk Register considered every six months by the Audit & Corporate Governance Committee included those risks referred to by Councillor Stobart. The Head of Finance explained that the making of savings was the best way to address the challenge posed by the Fair Funding Review, which represented the biggest risk to South Cambridgeshire District Council. When further savings could not realistically be made then the Council would need to focus on income generation instead.

For Councillor Tom Bygott, it was important to understand the implications for this Council of forthcoming changes to the allocation of retained Business Rates. Following an explanation of the possible outcome of these changes, Councillor John Williams concluded that upper-tier Authorities such as Cambridgeshire County Council would benefit at the expense of district councils. Councillor John Williams assured the Committee that the diversity of Council investments and the adoption of new working practices were helping to protect the Council against potential future uncertainty about funding, which included changes to the way in which the Public Works Loan Board operated. The Head of Finance said that South Cambridgeshire District Council was in a remarkably strong position financially.

Appreciating that the MTFS was subject to change prior to a final version being considered by Full Council in February 2023, Members discussed what role the Scrutiny and Overview Committee might play in managing any risk posed by financial volatility during the next two months. The Chair said it would be a matter of judgment as to whether circumstances should trigger a further review by the Scrutiny and Overview Committee.

Following further discussion, and subject to comments made during this meeting, the Scrutiny and Overview Committee **noted and endorsed** the draft recommendation that Cabinet

- (a) acknowledges the projected changes in service spending and the overall resources available to the Council over the medium term to 2027-2028; and
- (b) recommends to Full Council the updated Medium Term Financial Strategy once the 2023-2024 budget is complete and the settlement finalised.

7. **Work Programme**

The Scrutiny and Overview Committee noted its work programme attached to the agenda.

As Chair of the Young People Task & Finish Group, Councillor Richard Stobart updated the Committee on the Group's work.

8. **To Note the Date of the next meeting**

The Scrutiny and Overview Committee noted that its next meeting had been moved from Tuesday 10 January 2023 to Thursday 12 January 2023 starting at 5.20pm.

The Meeting ended at 6.50 p.m.

South Cambridgeshire District Council

Minutes of a meeting of the Scrutiny and Overview Committee held on
Thursday, 12 January 2023 at 5.20 p.m.

PRESENT: Councillor Stephen Drew – Chair
Councillor Graham Cone – Vice-Chair

Councillors: Anna Bradnam Tom Bygott
Sue Ellington Sally Ann Hart
Helene Leeming Judith Rippeth
Richard Stobart Dr. Aidan Van de Weyer

Officers in attendance for all or part of the meeting:

In the Council Chamber: Aaron Clarke (Democratic Services Technical Officer), Jonathan Dixon (Planning Policy Manager), Caroline Hunt (Strategy and Economy Manager), Stephen Kelly (Joint Director of Planning and Economic Development), Stuart Morris (Principal Planning Policy Officer), Ian Senior (Scrutiny and Governance Adviser), Liz Watts (Chief Executive)

Remotely: Rory McKenna (Monitoring Officer) and Jeff Membery (Head of Transformation, HR and Corporate Services)

Climate and Environment Advisory Committee (CEAC) members in the Council Chamber: Councillors Paul Bearpark, Ariel Cahn, Dr. Martin Cahn, Geoff Harvey, Pippa Heylings, Dr Lisa Redrup, Peter Sandford,

Cabinet members in the Council Chamber: Councillors Henry Batchelor (Lead Cabinet Member for Environment), Peter McDonald (Lead Cabinet Member for Economic Development) and Bridget Smith (Leader of the Council) were in attendance, by invitation.

In attendance remotely: Councillors Peter Fane and Dr James Hobro (Scrutiny and Overview Committee members), Dr Richard Williams, Bunty Waters (CEAC), Bill Handley (Lead Cabinet Member for Communities) and Brian Milnes (Deputy Leader)

1. Chair's announcements

The Chair made several brief housekeeping announcements.

2. The late Councillor John Loveluck

Councillor Stephen Drew (Chair of the Scrutiny and Overview Committee) and Councillor Pippa Heylings (Chair of the Climate and Environment Advisory Committee) paid tribute to the late Councillor John Loveluck (one of the Members for the Cottenham ward) who had been a member of both committees.

3. Apologies for absence

Councillor Libby Earle sent apologies.

4. **Declarations of Interest**

Councillor Richard Stobart declared an interest as a Director of both the South Cambridgeshire Investment Partnership and South Cambridgeshire Project.

Councillor Heather Williams declared an interest as a member of the Greater Cambridge Partnership Joint Assembly.

5. **Minutes of Previous Meeting**

The minutes of the meeting held on 15 December 2022 would be presented to the Scrutiny and Overview Committee meeting on 28 February 2023.

6. **Public Questions**

Jennie Conroy asked the following question

“The GCP [Greater Cambridge Partnership] Integrated Water Management Study informing the Development Strategy Spatial Options Report Nov 2020 identified that in the case of water supply, over-abstraction of the chalk aquifer is having a detrimental impact on environmental conditions, particularly during dry years and that even without any growth, significant environmental improvements are unlikely to be achievable until major new water supply infrastructure is operational (5.2.25).

Given that AW do not anticipate even their interim measure of transporting water into the region much before 2030 how then can the existing commitments in the Local Plan to 2031 be fulfilled ahead of any further plans for development amongst the key strategic sites identified to take forward in the Development Strategy Update?”

and supplementary question

“Given the sustainable transport initiatives underway led by GCP and the recent announcement in the government’s autumn statement confirming East West Rail, would it not be prudent at this time to include the extension of Cambourne as one of the key strategic sites forming the ‘central building blocks’ of any future strategy for development as identified in the Development Strategy Update and at least quantify the potential allocation of housing numbers that have yet to be specified?”

Councillor Dr. Tumi Hawkins (Lead Cabinet Member for Planning) was on extended leave of absence. In her place, Councillor Henry Batchelor (Lead Cabinet Member for Environment) gave the following answer to the first question

“Water Resources East and Cambridge Water are planning a range of measures that address both water supply and demand to seek to achieve abstraction reductions to protect the environment whilst also accommodating development needs. We are engaging with the water companies and the Environment Agency as consultees in relation to planning for committed development. Planning

permissions that have been granted will continue to be implemented and we have been advised that the demand from these permissions is factored into the emerging water resources management plan of Cambridge Water being considered by the EA and DEFRA at the present time prior to publication. We expect to consider that plan further once it has been published for consultation.

In terms of the Greater Cambridge Local Plan and the report on this agenda, we will not confirm a full strategy, including reconfirming delivery timings for existing commitments, until such a point as we have clarity on water supply, as set out in the Development Strategy Update at paragraph 3.11: “Further detail on the quantum of water supply and how that relates to housing and non-domestic growth will be provided in the Water Company WRMPs. These were due to be published around the same time as the Regional Plan but have been delayed. Until such time as they are published and we are able to analyse the detailed proposals it is not clear how water supply will compare with current commitments, the First Proposals growth levels, or the new increased needs for jobs and homes.”

To the supplementary question, Councillor Henry Batchelor responded thus:

“North East Cambridge, Cambridge East and Cambridge Biomedical Campus are confirmed as central building blocks’ of any future strategy for development drawing on their unique features: the Development Strategy Update identifies North East Cambridge and Cambridge East as the first and second most sustainable locations for strategic scale development available within Greater Cambridge; Cambridge Biomedical Campus is an important location for the City, of national and international importance for health, life-sciences and biotechnology. The Strategy [topic paper](#) supporting the Development Strategy Update at para 2.71 identifies that there are no other strategic sites available for development in these broad spatial locations.

Noting the uncertainties set out in the Development Strategy Update including in relation to water supply, the Councils have not ruled any other sites, including Cambourne, either in or out of the strategy at this point. The Development Strategy Update is clear at 4.4 that the Councils will “define ... appropriate housing and employment targets, having regard to all material factors including water supply and housing delivery” and, as may be appropriate, “will identify further sites beyond North East Cambridge, Cambridge East and Cambridge Biomedical Campus if needed to meet our identified targets... [and will] reach a view on the sites included in the First Proposals as a first step. East West Rail company have also not yet confirmed a clear alignment for the railway, and location for the proposed station at Cambourne. The Council does expect to renew its engagement with E-W rail during 2023 to understand these potential parameters, as well as delivery timescales and the potential role that the railway might play in the future spatial strategy.”

Daniel Fulton (Fews Lane Consortium) had been expected to make a statement but was not present either in person or by video link.

7. Greater Cambridge Local Plan: Development Strategy Update (Regulation 18 Preferred Options)

The Scrutiny and Overview Committee reviewed a report recommending that Cabinet confirms selected elements of the Greater Cambridge Local Plan development strategy via a Development Strategy Update (Regulation 18 Preferred Options) as set out in

Appendix A to that report, namely

- Updated needs for jobs and homes
- Exploring provision of employment and housing – what is deliverable and how we will determine what is appropriate in terms of environmental, social and economic impacts – in particular water supply
- Confirming our development strategy
- Confirming key strategic sites
- Development strategy next steps

The Scrutiny and Overview Committee Chair specifically invited members of the Climate and Environment Advisory Committee (CEAC) to this meeting.

On the subject of water, Scrutiny and Overview Committee members expressed concern about the challenge of water supply and consequent impacts on the chalk aquifer. They discussed the issues set out in the Development Strategy Update regarding the sequencing and timing of development in relation to water infrastructure, and the connected issue of realistic rates of housing delivery in the period following provision of water supply infrastructure.

Also in relation to water, CEAC members emphasised the importance of the two Councils' (South Cambridgeshire District Council and Cambridge City Council) independent water cycle study exploring all relevant issues in full. They expressed a desire to use all policy levers possible to influence high water efficiency, and carbon, standards in new development. They called on central government to support accelerated delivery of water supply infrastructure.

A concern raised was that South Cambridgeshire District Council and Cambridge City Council might be obliged by water constraints to refuse preferred strategic-scale sites while not having the ability to refuse smaller scale development. Dispersal of development to villages would be unacceptable and Councillor Bridget Smith (Leader of the Council) assured those present that South Cambridgeshire District Council was committed to the current spatial strategy. She added that water capacity would determine the extent to which such development could be permitted.

With reference to jobs, those present discussed

- the robustness of the employment forecasts in relation to the level of scrutiny officers had had regarding the assumptions made
- specific queries about the forecasting model and methodology
- the forecasts' statistical bases
- commuting patterns; and
- comparison of the employment forecasts with those for other comparable locations such as Oxford.

Comments from Scrutiny and Overview Committee members included:

- Concern regarding the impact of proposed national policy changes on the appropriateness of identifying updated needs at this point
- Question regarding what could be done to encourage the mid-tech sector in Greater Cambridge. Officers confirmed that this was an issue being explored through the plan

Scrutiny and Overview Committee members then considered the development strategy. They said that South Cambridgeshire District Council and Cambridge City Council should seek reassurance that, in considering sustainability impacts to identify a development strategy, the environment would be given priority in relation to the three elements of economic, environmental, and social - each of which was dependent on water resources.

They added that consideration was needed of the likely implications of not delivering enough homes to support the expected increase in the number of local jobs.

Members noted central Government's use of the phrase 'gentle density', in relation to its proposed revision of national planning policy, and Councillor Tom Bygott asked officers to provide a written explanation of what that phrase might mean in reality.

Members explored the rationale for considering whether exceptional circumstances existed for releasing Green Belt at land south of the Cambridge Biomedical Campus, and the potential benefits of providing a better range of uses on the site. There was a desire that a new Cambridge Biomedical Campus Masterplan be prepared to improve amenity and effective functioning of the site.

Speaking as Chair of the Climate and Environment Committee, Councillor Pippa Heylings supported the climate-focused development strategy principles set out in the First Proposals, and sought confirmation that South Cambridgeshire District Council and Cambridge City Council would follow such principles when considering additional sites, rather than the housing delivery study's conclusions that a change towards a more dispersed spatial strategy could support higher annual housing delivery rates if that was the councils' priority, which she said would be unacceptable from a climate perspective. She said that CEAC would like to be involved in confirming the definition of unacceptable environmental harm referenced at paragraph 3.13 of the Development Strategy Update.

Other comments made at the meeting included:

- Concern about the risks to South Cambridgeshire District Council's 5-year housing land supply of identifying a high objectively-assessed need that may not be deliverable. Discussion followed regarding the proposal to manage this risk through the production of a stepped housing target as set out at 3.20 of the Development Strategy Update.
- Anxiety about the balance of development between South Cambridgeshire and Cambridge and support for engaging with other neighbouring district councils about those districts potentially meeting some of Greater Cambridge's identified development needs.

On housing, discussion ensued about the desirability that infrastructure such as electricity, transport, healthcare, schools, green space, and community facilities (including Faith provision) be delivered ahead of or alongside market and policy-compliant affordable housing.

Scrutiny and Overview Committee members emphasised the importance of

- creating communities, not just jobs and housing
- ensuring that healthcare facilities were placed close to where new housing would be built
- minimising the impact of building new homes
- providing for key workers

CEAC members raised concerns about the impact of proposed national changes to infrastructure funding mechanisms on infrastructure and affordable housing delivery and about the ability of the South Cambridgeshire District Council and Cambridge City Council to support delivery of a diverse range of housing types in the current economic climate. In response to a specific concern raised by Councillor Geoff Harvey, Councillor Bridget Smith (Leader of the Council) said that the Cabinet would be considering the question of electricity capacity and battery storage. The Chief Executive would also write to OFGEM about those same issues.

Having reviewed the draft Cabinet report and Appendix A, and subject to the comments made during the meeting, the Scrutiny and Overview Committee **noted and supported** by affirmation the submission of the Greater Cambridge Local Plan to Cabinet on 6 February 2023.

8. Standing Order no. 9 - Duration of meetings

During the course of Minute no. 7 (Greater Cambridge Local Plan) and in accordance with Standing Order no. 9, the Chair proposed, Councillor Anna Bradnam seconded, and the Committee agreed by affirmation that the meeting should continue beyond the four-hour mark.

9. Work Programme

Members noted the work programme attached to the agenda.

10. To Note the Date of the next meeting

Members noted that the next Scrutiny and Overview Committee meeting would be on Thursday 19 January 2023.

The Meeting ended at 9.50 p.m.

South Cambridgeshire District Council

Minutes of a meeting of the Scrutiny and Overview Committee held on
Thursday, 19 January 2023 at 5.20 p.m.

PRESENT: Councillor Stephen Drew – Chair
Councillor Graham Cone – Vice-Chair

Councillors: Anna Bradnam Tom Bygott
Sue Ellington James Hobro
Helene Leeming Judith Rippeth
Richard Stobart Dr. Aidan Van de Weyer

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Officers in attendance for all or part of the meeting:

In the Chamber: Anne Ainsworth (Chief Operating Officer), Farzana Ahmed (Chief Accountant), Peter Maddock (Head of Finance), Jonathan Malton (Cabinet Support Officer), Ian Senior (Scrutiny and Governance Adviser), Liz Watts (Chief Executive)

Remotely: Philip Bird (Corporate Programme Manager), Peter Campbell (Head of Housing), Jon Hall (Commercial and Licensing Services Manager), Heather Jones (Strategic Lead 3C Building Standards), Stephen Kelly (Joint Director of Planning and Economic Development), Rory McKenna (Monitoring Officer) and Alex Snelling-Day (Policy, Climate and Environment Team Manager)

Councillors Heather Williams (Leader of the Opposition), Brian Milnes (Deputy Leader) and John Williams (Lead Cabinet Member for Resources) were in attendance, by invitation.

Councillors Henry Batchelor (Lead Cabinet Member for Environment), John Batchelor (Lead Cabinet Member for Housing), Bill Handley (Lead Cabinet Member for Communities) and Peter McDonald (Lead Cabinet Member for Economic Development) were in attendance remotely, by invitation.

1. Chair's announcements

The Chair made several brief housekeeping announcements.

2. Apologies for absence

Councillors Libby Earle, Peter Fane and Sally Ann Hart (each a member of the Scrutiny and Overview Committee) sent apologies.

Apologies were also received from Councillors Dr. Tumi Hawkins (Lead Cabinet Member for Planning) and Bridget Smith (Leader of the Council).

3. Declarations of Interest

Councillor Richard Stobart declared an interest as a Director of both the South Cambridgeshire Investment Partnership LLP and South Cambridgeshire Projects LLP.

4. Minutes of Previous Meeting

The minutes of the meeting held on 12 January 2023 would be presented to the Scrutiny and Overview Committee meeting on 28 February 2023.

5. Public Questions

There were no public questions or statements.

6. Business Plan Action Plan (2023-24 Revision)

The Scrutiny and Overview Committee reviewed the Business Plan Action Plan for 2023-24 reflecting work that had been ongoing throughout 2022-23, the continuing evolution of Council priorities, and planned works coming forward from service areas.

Councillor John Batchelor (Lead Cabinet Member for Housing) and the Head of Housing responded briefly to a request for some context to proposed measures such as new council homes to be built. Councillor Brian Milnes (Deputy Leader) undertook to seek the best way to incorporate a degree of context into the next version of the Business Plan. Related to the issue of context, Councillor Helene Leeming asked whether the aim of building 75 new council homes a year included homes for refugees or whether the recent grant for refugees would enable the Local Housing Authority to build homes for refugees above and beyond the planned annual target figure. The Head of Housing explained that the budget had been set prior to the grant for refugees being announced but that the situation would be clarified in the updated Business Plan.

Members engaged in a wide-ranging discussion about energy efficiency. This included the ongoing installation of energy-saving measures in all Council properties and the provision of electric vehicle charging points throughout the district. They supported an ambition, as a headline objective, encouraging residents to reduce total waste material generated (in addition to the residual waste reduction and increased recycling initiatives). Members asked officers to develop this objective looking at best practice elsewhere and considering realistic interventions for achieving behavioural change.

Councillor Sue Ellington highlighted the risk to the viability of the mobile wardens scheme in South Cambridgeshire posed by significantly increased costs. Councillors Brian Milnes (Deputy Leader) and Bill Handley (Lead Cabinet Member for Communities) said they were already acting in this regard and would keep Councillor Ellington informed of progress.

Councillor Helene Leeming requested that supporting fledgling High Streets in Cambourne and Northstowe be specifically included in the Business Plan alongside the ongoing programme to support established High Streets elsewhere in the district seeking to recover from the Covid 19 pandemic and cope with the cost-of-living crisis.

In response to a comment, the Head of Transformation, HR, and Corporate Services gave an assurance that the telephone remained an essential element of the holistic approach to improving residents' ability to communicate with the Council.

The Chief Executive summarised how Key Performance Indicators and staff health and wellbeing surveys would be assessed and then independently reviewed before a decision was made about whether or not to proceed to the next phase.

Following further discussion, and subject to the comments made during the meeting, the Scrutiny and Overview Committee **noted and supported** submission of the Business Plan to Cabinet on 6 February 2023.

7 (a) **Draft Budget 2023-24**

The Scrutiny and Overview Committee reviewed the draft budget for 2023-24 alongside an updated probable outturn for 2022-23.

Councillor Richard Stobart expressed concern about pressure surrounding Section 106 income. In reply, Councillor John Williams (Lead Cabinet Member for Resources) attributed this in part to a slow down in the occupation of properties (a common Section 106 trigger point) and the fact that Section 106 Agreements were largely related to major developments. The Joint Director of Planning and Economic Development summarised several measures adopted recently that had resulted in improved working practices and monitoring of Legal Agreements made under Section 106 of the Town and Country Planning Act 1990 and Planning Performance Agreements.

Councillor John Williams assured Councillor Tom Bygott that the Council remained committed to the self-build concept notwithstanding that the current economic climate made viability an important factor.

In response to Councillor Aidan Van de Weyer, the Joint Director of Planning and Economic Development explained how recharges worked with regard to the Greater Cambridge Shared Planning Service and 3C Building Control.

Councillor Helene Leeming asked for clarity on how the Council could prepare for the Fair Funding Review expected in 2025-26. Councillor John Williams said that such review was likely to move central government grant money away from district councils towards county councils and unitary authorities. He added that South Cambridgeshire District Council would therefore be transfer any unused surpluses to its reserves in an effort to minimise the anticipated impact on the Medium-Term Financial Strategy. The Head of Finance assured the Committee that the Council's finances looked to be stable during 2023-24 and 2024-25.

Members noted that the payback period in respect of the 'greening of South Cambs Hall' was likely to be shorter than envisaged because of increases in the cost of gas and electricity.

Members discussed the issue of ambient noise and recognised the nature of evidence needed before the Council could investigate.

Committee members supported the aim of developing an arts and culture policy and noted Councillor Heather Williams' request that Section 106 monies received in respect of arts and culture, but not yet spent, should be retained.

The Chief Executive explained that potential budgetary implications arising from the introduction of Voter I.D. should be negated by central Government covering the cost in full.

Councillor Sue Ellington mentioned the challenges being faced by small villages in maintaining street lighting in the face of substantially increased costs. Councillor Brian Milnes (Deputy Leader) said he would discuss this at a later date with Councillor Ellington but mentioned that the Eastern Shires Purchasing Organisation (ESPO) was available with

whom Parish Councils could jointly procure energy contracts.

Following further discussion, and subject to the comments above, the Scrutiny and Overview Committee **noted and supported** submission of the Budget to Cabinet on 6 February 2023.

8. **Conservative Group Budget Proposal for 2023-24**

The Scrutiny and Overview Committee reviewed alternative budget proposals from the Conservative Group.

Referring to the proposal to increase funding for fraud prevention and investigation in part by reducing publication of the *South Cambs Magazine* from four times a year to twice a year, Councillor Aiden Van de Weyer said that the *South Cambs Magazine* was an important way of disseminating information. In reply, Councillor Heather Williams (Leader of the Opposition) argued that greater impact could be achieved by focussing on schools and community centres in promoting fraud prevention.

Discussion ensued about the proposal to freeze Council Tax. Councillor James Hobro said that such a measure represented a real-terms cut in revenue for the Council, which might impact on service provision. There was also a brief discussion about the need for additional resources for the Council's Enforcement (Compliance) team.

The Scrutiny and Overview Committee **supported** submission of the Conservative Group Budget Proposals for 2023-24 to Cabinet on 6 February 2023 and **noted** that the proposals would be formally moved at the meeting of Full Council on 21 February 2023.

9. **Work Programme**

Members noted the work programme attached to the agenda.

Councillor Richard Stobart, Chair of the Young People Task & Finish Group, briefly updated the Committee about the Group's progress to date.

The Chair reported that arrangements were being made for an all-Member briefing on Legal Agreements made under Section 106 of the Town and Country Planning Act 1990.

10. **To Note the Date of the next meeting**

Members noted that the next Scrutiny and Overview Committee meeting would be on Tuesday 28 February 2023 at 5.20pm.

The Meeting ended at 8.50 p.m.

Agenda Item 6



South
Cambridgeshire
District Council

Report to:	Scrutiny & Overview Committee	28 February 2023
Lead Cabinet Member:	Councillor John Williams (Lead Cabinet Member for Resources)	
Lead Officer:	Peter Maddock, Head of Finance Anne Ainsworth, Chief Operating Officer	

Investment Strategy

Executive Summary

1. To undertake a review of the existing Investment Strategy in response to wider economic changes and to consider a refreshed version of the Strategy for consideration and adoption by the Council.

Recommendations

2. It is recommended that Members:
 - a) Consider and comment on the report and the Investment Strategy attached at Appendix A and recommend it to Cabinet for approval, with any amendments as required.

Reasons for Recommendations

3. To establish and approve an updated Investment Strategy that complies with CIPFA's revised Prudential Code for Capital Finance in Local Authorities (2017 edition) and Prudential Code Guidance Notes for Practitioners (2018 edition), CIPFA's Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes (2017 edition), revised Statutory Guidance on Local Government Investments (3rd Edition) issued in February 2018 and new rules on borrowing from the Public Works Loans Board effective from 26 November 2020.

Details

Statutory Guidance on Local Government Investments

4. The Local Government Act 2003 (the Act) and supporting regulations requires the Council to 'have regard to' the Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code, the CIPFA Treasury Management Code of Practice (the Code) and Investment Guidance (the Guidance) issued by The Ministry of Housing Communities and Local Government (MHCLG) in order to ensure that the Council's capital investment plans are affordable, prudent and sustainable.
5. The revised Statutory Guidance in relation to Local Government Investments, issued in February 2018, widened the definition of an investment to include all the financial assets of a local authority as well as other non-financial assets held primarily or partially

to generate a profit. This wider definition includes investment property portfolios as well as loans made to wholly owned companies or associates, joint ventures or third parties. The Guidance applies for financial years commencing on or after 1 April 2018 and was reflected in the new Investment Strategy that was considered and approved by Cabinet at its meeting on 6 December 2021.

6. Previous editions of the Guidance covered treasury investments only, but the current edition focuses on non-treasury investments including:
 - Loans made for service purposes e.g. to wholly owned companies, suppliers, local businesses, to support local public services and stimulate local economic growth;
 - Shares in companies bought for service purposes;
 - Debt Instruments (Loans) and Equity in subsidiaries;
 - Non-financial assets (e.g. property) held primarily or partially to generate profit.
7. The Guidance requires the Strategy to be approved by Full Council on an annual basis and sets out the disclosure and reporting requirements. Any mid-year material changes to the Strategy must also be subject to Full Council approval. The Strategy should also be publicly available on the local authority's website.
8. In March 2020 the Public Works Loan Board (PWLB) launched a consultation on the terms of its lending and proposed reform aimed at tackling perceived abuse of borrowing powers by some authorities. The consultation ended in July 2020 and a response was published immediately following the spending review by HM Treasury on 26 November 2020 along with guidance on the new borrowing terms. The implications of these new borrowing rules were outlined in the report to Council on 23 February 2021 in respect of the annual review of the Treasury Management Strategy.

Investment Strategy

9. The Investment Strategy seeks to ensure compliance with the Government's requirements, including the need for an Investment Strategy to include:
 - the contribution that investments make towards the service delivery objectives and/or place making role of the authority, recognising that each investment can make more than one type of contribution. This could include:
 - Yield/Profit;
 - Regeneration;
 - Economic benefit/business rates growth;
 - Responding to local market failure;
 - Treasury management;
- and, where the authority, classifies an investment as contributing to regeneration or local economic growth, it should be able to demonstrate that the investment forms part of a project in its Local Plan;
- quantitative indicators that allow Councillors and the public to assess a local authority's total risk exposure as a result of its investment decisions;

- how investments are funded and the rate of return and, where investment decisions are funded by borrowing, the indicators should reflect the additional debt servicing costs taken on;
- indicators to assess the risks and opportunities of the investment;
- the security of the investment as a paramount consideration to protect the capital sum invested from loss. Treasury management investments should consider security, liquidity and yield in that order of importance whilst other types of investment (such as property investments) should consider the balance between security, liquidity and yield based upon the risk appetite and the contribution the investment activity makes;
- demonstration that total financial exposure to loans (e.g. to local enterprises, local charities, wholly owned companies and joint ventures as part of a wider strategy for local economic growth) is proportionate and formally setting out limits on the total level of loans;
- for investment property, with a fair value above cost, the Strategy should include a statement that a fair value assessment has been made within the past twelve months, and that the underlying assets provide security for the capital investment;
- for investment property, with a fair value below cost, the Strategy should detail of the mitigating actions that the local authority is taking or proposes to take to protect the capital invested;
- how the authority has assessed the market that it is/will be competing in, the nature and level of competition, how it thinks that the market/customer needs will evolve over time, barriers to entry and exit and any ongoing investment requirements;
- whether and, if so how, a local authority uses external advisors be they treasury management advisors, property investment advisors or any other relevant persons; and how it monitors and maintains the quality of advice provided by external advisers;
- the sources of information used to assess and monitor risk;
- for financial investments that are not treasury management investments or loans (e.g. equity investments) the Strategy should set out procedures for determining the maximum periods for which funds may prudently be committed; what those maximum periods are; and how the local authority will stay within its stated investment limits;
- for non-financial investments (e.g. property) the Strategy should set out the procedures for ensuring that the funds can be accessed when they are needed, for example to repay capital borrowed, and the local authority's view of the liquidity of the investments that it holds, recognising that assets can take a considerable period to sell in certain market conditions;
- the extent to which funding expenditure to meet the service delivery objectives and/or place making role of the local authority is dependent on achieving the expected net profit from investments and the local authority's contingency plans should it fail to achieve the expected net profit;

- the commitment not to borrow more than, or in advance of needs, purely in order to profit from the investment of the extra sums borrowed and, where the authority plans to borrow or has borrowed purely to profit from the investment of the extra sums borrowed, why the local authority has decided not to have regard to the Guidance and the local authority's policies for investing the money borrowed, including management of the risks, for example, of not achieving the desired profit or borrowing costs increasing;
- the steps taken to ensure that those elected members and statutory officers involved in the investments decision making process have appropriate capacity, skills and information to enable them to take informed decisions as to whether to enter into a specific investment, to assess individual assessments in the context of the strategic objectives and risk profile of the local authority and to enable them to understand how the quantum of these decisions have changed the overall risk exposure of the local authority;
- the steps taken to ensure that those negotiating commercial deals are aware of the core principles of the prudential framework and of the regulatory regime within which local authorities operate;
- the corporate governance arrangements that have been put in place to ensure accountability, responsibility and authority for decision making on investment activities within the context of the Council's corporate values.

10. The review has identified some updates to the Investment Strategy as follows:

- The need to recognise the changing economic climate since the current version of the strategy was developed and adopted, and in particular the change in interest and borrowing rates.
- Continue to give due regard to the rules in relation to local authority borrowing from the PWLB and, in particular, the impact of borrowing for the acquisition of commercial assets on the Council's wider borrowing requirements.
- Recognise that investments may include smaller projects, if they have a regeneration or environmental impact.
- A reduction from previous versions of this strategy with regard to the amount of money (£44m) it is proposed the Council consider for Investment opportunities.
- A review of how these changes impact upon the indicators in line with the adopted 23/24 budget and Medium Term Financial Strategy
- Update the capital programme values, recognising that this will be further reviewed.
- The current position of the Minimum Revenue Provision (MRP) on investment properties to reflect the annual valuation of these properties.
- To better reflect, given experience and market factors, the profile of investment between financial years.
- To undertake the annual review and update of Prudential Indicators that are identified in the adopted Strategy (at Section 8 of **Appendix A**).

- Changes to reflect the time period of the updated Strategy and staff changes within the Council.
11. An updated version of the Investment Strategy is attached at **Appendix A** which seeks to meet the requirements of the statutory investment guidance and effective governance arrangements.
 12. The Medium Term Financial strategy has recently been updated and reduced levels of investment income included as the level of investment now possible look rather less than that included in the strategy agreed in December 2021.

Options

13. The option of not reviewing the Investment Strategy is not considered to be appropriate. Local authorities are required to have regard to guidance issued in relation to investments and are accountable to their communities for the performance of them. Local politicians and officers operate within local governance frameworks of checks and balances to ensure that decision-making is lawful, informed by objective advice, transparent and consultative. Good governance means that proper arrangements are in place to ensure that intended objectives are achieved, and the security, liquidity and yield of investments are paramount commitments.
14. The Council is required to obtain approval for the Investment Strategy each financial year and, where the Council proposed to make a material change to its Strategy during the year, a revised Strategy must be presented to Council for approval before the change is implemented.

Implications

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

Policy

16. The Investment Strategy has been developed to fulfil the requirements of the revised Statutory Investment Guidance, and provides the framework for:
 - governance of service loans, equity investments and commercial property investment;
 - assessing risk of providing loans, equity investments and investing in commercial property;
 - borrowing in advance of need;
 - income generating investment activities.

Legal

17. The Local Authorities (Capital Finance and Accounting) Regulations 2003 provides operational detail and specifically states that Authorities must have regard to CIPFA's Prudential Code when setting and reviewing borrowing limits. Local Authorities must also have regard to the Investment Guidance issued by Secretary of State under section 15(1)(a) of the Local Government Act 2003.

Financial

18. The Investment Strategy sets out how the Council determines its capital investment priorities in particular in relation to corporate priorities taking into account the capital resources available including borrowing in line with the Council's approved Prudential Indicators. There are no additional resource requirements as a result of the refreshed Investment Strategy, but it does provide the framework for determining investment priorities for the Council from allocated capital resources.
19. The Investment Strategy currently identifies the sum of £44 million for Service and Commercial Investments as follows:

Funding Allocation	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m
Investment Strategy	4	10	10	10	10

20. A full review of the capital programme, including new scheme bids, was considered by Council on 21st February 2023.

Risk

21. The Investment Strategy is a key financial planning and resource management tool for the Council. An effective strategy for capital investment provides the framework for reducing the risk of approving schemes which:
- are not affordable in either capital or ongoing revenue terms.
 - do not meet legal obligations or the Council's key stated priorities.

Environmental

22. There are no environmental implications arising directly from the report. The environmental impacts of each capital investment opportunity will need to be considered as part of the feasibility assessments and evaluations.

Equality Analysis

23. In preparing this report, due consideration has been given to the District Council's statutory Equality Duty to eliminate unlawful discrimination, advance equality of opportunity and foster good relations, as set out in Section 149(1) of the Equality Act 2010. It is considered that the report has no relevance to South Cambridgeshire District Council's statutory equality duty to eliminate unlawful discrimination, advance equality of opportunity and foster good relation.
24. An equality analysis is not needed. Individual capital investments may, however, have specific equality impacts that need to be considered and evaluated.

Alignment with Council Priority Areas

25. This process does not change any of the overarching themes within the Council priority areas or Business plan but establishes the parameters for investments during the next financial year.

Background Papers

The following documents are relevant to this report:

- Corporate Asset Plan – Report to Cabinet: 2nd October 2019
- Investment Strategy – Report to Cabinet: 6th December 2021
- Medium Term Financial Strategy – Report to Cabinet: 12th December 2022
- Medium Term Financial Strategy – Report to Council: 21st February 2023
- General Fund Budget Report – Report to Cabinet: 6th February 2023
- General Fund Budget Report – Report to Council: 21st February 2023
- HM Treasury Document entitled “Public Works Loan Board: future lending terms – Response to the consultation” issued on 25 November 2020.

Appendices

Appendix A: Investment Strategy – Revised March 2023

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Investment Strategy

March 2023

1. Introduction

The Local Government Act 2003 (the Act) and supporting regulations requires the Council to 'have regard to' the Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code, the CIPFA Treasury Management Code of Practice (the Code) and Investment Guidance (the Guidance) issued by The Ministry of Housing, Communities and Local Government (MHCLG) to ensure that the Council's capital investment plans are affordable, prudent and sustainable.

In February 2018 the Secretary of State issued new guidance on Local Government Investments (the Guidance), which widened the definition of an investment to include all the financial assets of a local authority as well as other non-financial assets held primarily or partially to generate a profit. This wider definition includes investment property portfolios as well as loans made to wholly owned companies or associates, joint ventures or third parties. The Guidance applies for financial years commencing on or after 1 April 2018.

The Guidance requires the Investment Strategy to be approved by Full Council on an annual basis and sets out the disclosure and reporting requirements. Any mid-year material changes to the Strategy will also need to be subject to Full Council approval.

Due regard has also been given to the prevailing rules in relation to local authority borrowing from the Public Works Loan Board (PWLB) and, in particular, the impact of borrowing for the acquisition of commercial assets on the Council's wider borrowing requirements. Due regard has been given to the guidance published by HM Treasury on 25 November 2020 and, accordingly, the Council does not intend to buy commercial assets primarily for yield (even by using available reserves).

The Council has set out within this Strategy its approach to risk and risk mitigation, including the requirement for fully tested and scrutinised business cases, sound due diligence indicators and the need for regular and formal reporting and the effective scrutiny of investment decisions and performance.

This Strategy should be read alongside the Council's Business Plan. This document reflects the Council's ambition to support sustainable economic growth and local entrepreneurship; create employment opportunities during a very difficult and uncertain economic climate and contribute to the importance of creating strong and vibrant places across our district.

2. The Investment Strategy

2.1 South Cambridgeshire is located centrally in the East of England region at the junction of the M11/A14 roads and with direct rail access to London and to Stansted Airport. It is a largely rural district which surrounds the city of Cambridge and comprises over 100 villages and 2 small but growing towns (Cambourne and Northstowe). It is surrounded by a ring of market towns just beyond its borders, which are generally 10–15 miles from Cambridge. Together, Cambridge, South Cambridgeshire and the Market Towns form the Cambridge Sub-Region. South Cambridgeshire has long been a fast growing district and in 2022 had a population of 162,000 (bigger than Cambridge itself, and an increase of 15,000 since the 2011 Census) and has become home to many of the clusters of high technology research and development in the Cambridge Sub-Region.

2.2 The current macro-economic challenges facing the UK, coupled with changes in PWLB rules and government guidance on council investments mean that it is prudent to take a

different approach to Investments over the next 2-4 years than that previously adopted by the Council.

2.3 While the Council will protect and enhance its existing investments (the income from which will continue to be used to support local services and support the financial position of the Council), the next 2-4 years will focus on the following categories of investments:

- i. Investment to support local public services by lending to or buying shares in other organisations (known as **Service Investments**), including the wholly owned housing development company, South Cambs Ltd (Trading as Ermine Street Housing)

and

- ii. Investment to generate economic growth (known as **Commercial Regeneration Investments**) through:
 - a. Providing facilities and infrastructure that will enable local business start-up and growth
 - b. Supporting economic development and regeneration opportunities
 - c. Opportunities which support the Sustainable Growth and the Environmental agenda
 - d. Employment Zones
 - e. Investment Partnerships
 - f. Larger scale opportunities linked to growing and emerging sectors (though we expect these to be fewer in number given the current economic position)

2.4 We want to ensure that the whole of South Cambridgeshire (*not just the growing and new towns*) become places that offer opportunities for new and developing businesses and take advantage of the continued expected growth in the Greater Cambridge region.

2.5 Investments must deliver positive financial returns.

2.6 Investments must comply with the Responsible Investment Policy, at Appendix 1.

2.7 The Strategy relates only to the General Fund; The Housing Revenue Account will develop its own investment strategy relating to maintenance and acquisitions.

2.8 The Council will continue to take independent advice on each proposed investment and ensure that its officers and members are engaged in continual professional development in relation to property investment activities by local authorities.

Funding

2.9 The Investment Strategy identifies the sum of up to £44 million between 1 April 2023 and 31 March 2028 for Service and Commercial Regeneration Investments (as described above) and outlined in more detail at Section 7.

2.10 The existing portfolio of investments comprises:

- (a) A loan to Cambridge Ice Arena with a value of £2.4 million for a term of 25 years at a rate of 4.31%. The interest cost for the loan is based on a PWLB rate of 2.56% plus a margin of 1.75%;
- (b) Loans to South Cambs Ltd, Trading as Ermine Street Housing (ESH), with a value of £94.62 million (as at March 2022) at a rate of 3.78% (reviewed annually). The Council earmarked a total investment of £100 million to Ermine Street in its capital programme to enable the supply of 500 private rented housing stock; loans are based on an opportunity cost of 1% plus a margin of 2.78% (subject to review).

Loans to ESH have to date been on the basis of interest only repayment; following a review by Savills Plc, this may be reviewed to consider some capital repayment.

- (c) An established commercial property estate that is managed in accordance with an approved Corporate Asset Plan. The following table provides details of the current categories of investment and purchase value:

Table 1

Category	Value £000
Offices	31,150
Industrial	2,900
Development Land	18,559
Other	0
TOTAL	52,609

Security

- 2.11 In accordance with government guidance, the Council considers a property investment to be secure if its accounting valuation is at or higher than its purchase cost including taxes and transaction costs. A fair value assessment of the Council's investment property portfolio has been made within the past twelve months, and the underlying assets provide security for the capital investment. Should year end accounts preparation and audit processes value these properties below their purchase cost, then an updated Investment Strategy will be presented to Council detailing the impact of the loss on the security of investments and any revenue consequences arising therefrom.
- 2.12 In relation to third party loans, the Council will ensure that the total exposure to loans remains proportionate to the size of the Council. The Council has significant control over ESH being its only shareholder. However, the risk that the borrower, ESH, will be unable to repay loans provided by the Council represents a significant risk. In order to limit this risk, and ensure that total exposure to loans remains proportionate, an upper limit on outstanding loans to ESH has been set at £100 million. This will be kept under review. Accounting standards require the Council to set aside a loss allowance for loans, reflecting the likelihood of non-payment. The figures for loans in the Council's statement of accounts will, therefore, be shown net of this loss allowance.

Financing the Strategy

- 2.13 The Council will fund Service will fund Service and Commercial Investments (incorporating Regeneration Investments) by utilising the most appropriate and efficient funding strategy available at the time of investment. The Council has the option of

utilising prudential borrowing, capital receipts, and reserves and may consider other structures such as joint ventures. Financing decisions will link to the Council's Medium Term Financial Strategy and Treasury Management Strategy.

- 2.14 As a condition of accessing the PWLB, Local Authorities must submit a high-level description of their capital spending and financing plans for the following three years, including their expected use of the PWLB. As part of this, the Head of Finance will need to confirm that there is no intention to buy investment assets primarily for yield at any point in the next three years. This assessment is based on the Head of Finance's professional interpretation of guidance issued. When applying for a new loan, the Local Authority must confirm that the plans they have submitted remain current and provide assurance that they do not intend to buy investment assets primarily for yield.
- 2.15 The new borrowing rules, therefore, restrict the ability of local authorities to borrow from PWLB for pure investment in commercial property and the Council is aware that, if it intends to buy commercial assets primarily for yield (even by using reserves), then they will be prevented from taking any PWLB borrowing and will need to consider alternative sources of funding. The Council is not, therefore, permitted to reprofile the capital programme so that borrowing is only used on allowed projects, with internal borrowing used for commercial activities and will respect the guidance issued on investments. Accordingly, there is a presumption against primarily for yield investments, such as prime and close to prime commercial real estate investment.

Risk

- 2.16 The Council assesses the risk of loss before entering into and whilst holding property investments. The Council is engaged in the market through the proactive management of the investment portfolio, the asset valuation exercise and the economic growth activity and, through this, gaps/opportunities in the market are identified. Each asset is reviewed on an annual basis in order to review its performance, investment requirements and whether it should remain in the portfolio. The Council intends to develop a more detailed Acquisition and Disposal Strategy to sit alongside the Investment Strategy.
- 2.17 The Council assesses the risk of loss before entering into loans with third parties. Loans to ESH will be provided on a commercial basis to comply with Subsidy Controls (previously State Aid Rules) taking into account the level of risk, with a clear schedule of repayment of interest and principal that enable ESH to deliver its Business Plan and meet the Council's overall objectives. External advisors will be brought in as required to support Council officers in assessing the legal and financial risks of making loans.
- 2.18 In relation to the commercial property estate, typical measures for monitoring individual assets and the portfolio as a whole are summarised in the table below:

Outcome/Risk	Potential Measure	Benchmarks
Individual acquisitions are achieving strategy objectives	<ul style="list-style-type: none"> • Gross and Net Initial Yield measured against targets for the investments (stress tested by providing pessimistic as well as realistic scenarios) • Net Present Value and Internal Rate of Return Calculations to show longer term financial returns • Cumulative Year break-even 	<ul style="list-style-type: none"> • Industry benchmarks for type of investment • Other acquisitions in the portfolio • Overall portfolio and theme averages • Other Local Authorities

Acquisitions can be operationally managed effectively	<ul style="list-style-type: none"> Operating expenses as a proportion of gross effective income Operating expenses and debt service costs as proportion of effective income 	<ul style="list-style-type: none"> Established sector benchmarks
Acquisitions and portfolio are appreciating in value	<ul style="list-style-type: none"> Asset by asset as well as portfolio measurement of asset valuation against price paid and outstanding debt (initial borrowing minus accumulated Minimum Revenue Provision) 	<ul style="list-style-type: none"> Other acquisitions in the portfolio Established sector benchmarks Other Local Authorities
The Investment Strategy income target is being met	<ul style="list-style-type: none"> Close and regular financial monitoring of average yield as well as growth of the portfolio 	<ul style="list-style-type: none"> Actual v. Budget - variance explained by average yield and portfolio use

- 2.19 The Council's established commercial property estate (see Table 1 above) provides some degree of diversification, allowing a risk spread profile.
- 2.20 The Council recognises, however, that there is a need to assess the continuing appeal of the Council's existing property investments in the market. In some property investment classes this could be more significant than others, for example functional obsolescence in the industrial sector may have less impact on market appeal and rental growth than in the office sector. Economic obsolescence risk may be higher in markets which are more susceptible to social change and popular culture.
- 2.21 The economic landscape has changed immensely in the last few years, initially as a result of the uncertainty over the withdrawal process from the European Union, and Coronavirus pandemic (COVID-19) and more recently the war in Ukraine and global economic picture. This has all led to a marked increase in uncertainty within the economic markets. The Royal Institution of Chartered Surveyors (RICS) considers market impacts and publishes regular guidance on property valuations, with recommendations to reflect the uncertainty (such as the insertion of Market Uncertainty Clauses [MUCs] within property valuations). Due regard should be given to the guidance issued given the continuing uncertainty around the property sector.
- 2.22 Asset investment advice is provided by retained agents and, where necessary, additional specialist advice is procured from suitably experienced external advisers. This will include the provision of pre-purchase reports and building surveys and other due diligence required to support the business case. The advice by the retained agents will include an assessment of the market and how it will evolve over time, the nature and level of competition and the impact that any asset acquisition or disposal could have on the projected income generated. The retained agent advice is monitored against the specification of requirements detailed in the invitation to tender and contract.

Liquidity

- 2.23 Compared with other investment types, property is relatively difficult to sell and convert to cash at short notice and can take a considerable period to sell in certain market conditions. The Council has no immediate plans or needs to sell any of the property

investment assets. However, lower yielding assets may be sold and replaced with higher yielding assets within manageable risk tolerances.

- 2.24 **Loan Commitments:** Although not strictly counted as investments, since no money has exchanged, loan commitments and financial guarantees carry similar risks to the Council. The Council has no such loan commitments or financial guarantees.

3 Proportionality

- 3.1 In setting a balanced budget (as required by statute) the Council takes into account the contribution of income that is generated by its investment activity and, in doing this, it recognises that such investment activity meets wider economic and service objectives of the Council. The table below shows the extent to which expenditure planned to meet the service delivery objectives and/or place making role of the Authority is funded by the expected net income from investments over the lifecycle of the Medium Term Financial Strategy.

Investment Net Rate of Return	2023/2024 Budget £000	2024/2025 Budget £000	2025/2026 Budget £000	2026/2027 Budget £000	2027/2028 Budget £000
Net Revenue Stream	32,918	25,938	18,278	19,496	20,368
Net Investment Income	7,003	7,598	7,960	8,321	8,721
PROPORTION	21.3	29.3	43.5	42.7	42.8

- 3.2 An appropriate level of contingency within the General Fund Reserve is assessed annually as part of the outturn position each year. The Council also has a revenue contingency allocation of £350,000 to enable unforeseen and "one off" needs (i.e. having no long term ongoing revenue commitment) to be considered for funding during the financial year. These contingencies cover any net reduction in income sources, including rental income from investment properties, compared to the levels estimated.

4 Borrowing in Advance of Need

- 4.1 Government guidance is that local authorities must not borrow more than, or in advance of their needs, purely in order to profit from the investment of the extra sums borrowed.
- 4.2 Where exceptionally the Council chooses to disregard the CIPFA Prudential Code and Government Guidance in respect of borrowing to fund investment activity, the rationale for this decision must be explained in the Strategy.
- 4.3 The Council has noted and has had regard to the Guidance and has no plans to borrow in advance of need and is, therefore, compliant with the CIPFA Prudential Code in respect of this matter. The Council will only depart from it in exceptional cases, within the parameters set out in this Strategy, for the purposes of delivering Business Plan objectives and maintaining a robust financial position. In these exceptional cases, the reasons for so doing will be fully explained, together with the Council policies for investing the money borrowed, including management of the risks, for example, of not achieving the desired profit or borrowing costs increasing.

5 Capacity, Skills and Use of External Advisors

- 5.1 The Guidance requires that elected members and officers involved in the investment decision making process have appropriate capacity, skills and information to enable them to take informed decisions as to whether to enter into a specific investment. In addition, it places a duty on the Council to ensure that advisors negotiating deals on behalf of the Council are aware of the core principles of the prudential framework and the regulatory regime in which the Council operates. This will be achieved by ensuring an adequate and effective training programme, obtaining appropriate advice to inform the decision making process and by ensuring that procurement arrangements provide relevant information to potential advisers of the specific principles, regulations and governance relevant to the local authority sector.
- 5.2 The Council will appoint specialist advisors to provide training to ensure that relevant Officers and Members have the required skills to make informed decisions and assess the associated risks. This training will take place before any investment decisions associated with the Strategy are considered and on a regular basis to ensure that Officers are engaged in continual professional development in relation to property investment activity and that Members, as decision makers, have the skills, knowledge and relevant information to effectively assist the decision making process. This will include training for new Members of the Council.
- 5.3 The Council recognises that investing in land and property to achieve business objectives and to generate returns is a specialist and potentially complex area. The Council employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. Where skills, or capacity are lacking, the Council will engage the services of professional property, legal and financial advisors, where appropriate, to access specialist skills and resources to inform the decision-making process associated with this Strategy. The Council measures the impact of investment decisions on borrowing and affordability through Investment Indicators to ensure that the overall risk exposure remains within acceptable levels.

6 Governance Arrangements

- 6.1 It is necessary to have a framework for determining investment decisions.
- 6.2 A designated Investment Selection Team (IST) provides the setting for senior property, finance, service and legal professionals to share details of investment proposals ensuring that the core principle of the CIPFA Prudential Framework and the regulatory regime within which the Council operates are adhered to.
- 6.3 The Investment Team has day to day oversight of asset management issues, and is responsible for reviewing the extent, condition and value of the Council's corporate estate in line with the approved Corporate Asset Plan 2020-2024 and supporting Asset Management Plan which is continually monitored by IST.
- 6.3 The IST will advise the Investment Governance Board (IGB) on potential purchases and development opportunities that meet the pre-determined selection criteria contained within the Investment Strategy. The IST will scrutinise investment opportunities, based on the selection criteria set out in this Strategy, will carry out all necessary due diligence and will present a full business case to the IGB for approval. The purpose of the IGB is to challenge and scrutinise investment opportunities identified by the IST, ensuring that only credible options are progressed. It also

provides the forum for the strategic management of the overall portfolio of investments, consistent with the aims of the Strategy.

- 6.5 Investment decisions taken by Cabinet will be subject to the fulfilment of the minimum criteria set out within the Strategy, satisfaction with the business case and risk assessment, and will have regard to the recommendation of the IGB. Acquisitions and development opportunities that do not meet the minimum criteria set out within the Strategy may still be considered, where they would bring other compelling benefits to the District but would require Cabinet approval.
- 6.6 Cabinet is required to approve investment in new capital schemes prior to any expenditure being incurred and Council approval will be required if additional, or the reprofiling of, funding is required. There may be occasions when an investment opportunity may be lost by the market need for speed; in these exceptional cases, decisions may be taken by the Leader after consultation with IGB and in accordance with the Access to Information Procedure Rules as set out in the Constitution and a full report will be prepared to inform the decision, fully outlining the opportunities and risks. The requirements relating to the giving of notice of the decision in the Forward Plan and for call-in of any decision shall apply unless the urgency procedures in the Council's Constitution are required to be used for urgent investment decisions.
- 6.7 To enable the timely and decisive decision making which is essential in this type of industry, to respond to opportunities as they arise, regular meetings of the IGB will be scheduled. The Council's Scheme of Delegations provides the basis for enabling Officers to progress investment opportunities, including due diligence checks and the submission of non-binding offers in line with market practice.

7	Service and Commercial Regeneration Investments
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- 7.1 Investments will either be within the District or the Travel to Work Area as shown in [Appendix 2](#).
- 7.2 The Investment Strategy identifies the sum of up to £44 million for Service and Commercial Regeneration Investments as follows:

	2023/2024	2024/2025	2025/2026	2025/2026	2026/2027
Funding Allocation	£'000	£'000	£'000	£'000	£'000
Total Investment	4,000	10,000	10,000	10,000	10,000

- 7.3 Investment relating to commercial premises will be directed towards the following types of investment:

7.3.1 Service Investments

This category of investment is to support local public services. The Council may lend money or acquire shareholding in subsidiaries, suppliers, local businesses, local charities, housing associations, local residents and its employees to support local public services and stimulate local economic growth. The main risk when making these investments is that the borrower will be unable to repay the principal and interest due. The Council will, therefore, assess the risk of loss before entering into and whilst holding such investments and mitigate this risk where practicable.

The Council has a wholly owned housing development company called Ermine Street Housing (ESH). The Council's main objectives for creating the company is to provide good quality flexible rental housing and to meet housing needs and gaps in the housing by operating a commercial entity to manage both purchased and leased properties for the purpose of residential lettings. ESH acquire properties on the open market, borrowing at market interest rates via the Council, then lets the property at market rents to facilitate a reasonable pay back on the investment. ESH also brings the benefit of contributing to housing supply in the District with its implications for the economic and social well-being of residents and the local economy. The Council will provide capital loans to ESH on commercial terms to enable the company to deliver its objectives in line with an approved business plan.

7.3.2 Commercial Regeneration Investments

This category covers investment which can generate regeneration or economic development benefits as well as positive financial returns for the Council. Financial returns for the Council may come in the form of increased business rates income, New Homes Bonus where the investment is within the District and residential letting income from Build to Rent developments. The minimum target yield for commercial regeneration investments of this nature is 5%, excluding MRP and the cost of borrowing. Internal Rate of Return (IRR) may also be appropriate as a measure of an investment's rate of return.

The contributions from commercial regeneration investments will include positive financial returns for the Council, and may also include the following:

- Assets that provide accommodation for essential businesses and services that are critical to the health of the local economy.
- Investing in climate and environmental initiatives, including assets that can be developed to deliver green energy generation, in line with business plan objective of being "green to our core", and investment in green energy bonds/funds in so far as they meet PWLB criteria.
- Investing in Social Capital.
- Redeveloping Council owned assets.
- Building homes and commercial premises.
- Development of Employment Zones
- Using public land and buildings to achieve long-term socio-economic development within the District and wider Greater Cambridgeshire Area, as identified in the Local Plan and [Appendix 2](#).

To provide a longer-term perspective for commercial regeneration investments, the IRR may be an appropriate metric to assess the strength of an investment. The IRR is the interest rate at which the net present value of all cash flows arising from an investment is equal to zero.

7.3.3 Commercial Regeneration Investments: Investment Partnerships

The Council has two existing Investment Partnerships. One with Hill Group and one with Balfour Beatty. To date only one partnership (South

Cambridgeshire Investment Partnership) has produced a proposed scheme which is the subject of a live planning application.

In the current economic climate and with the changes to the Public Works Loan Board, it is anticipated that future financially viable projects may be limited, particularly given that South Cambridgeshire District Council does not own any significant land holdings suitable for development. The Investment Partnerships were established for a period of 4 years, from 2020-2024, and remain delivery vehicles which can be used if appropriate opportunities do arise.

The Investment partnerships can deliver new homes and regeneration opportunities that will include:

- Acquisition of 3rd party land
- Public sector and/or bank debt
- Incorporation of grants and other funding
- A sharing of risk and reward between partners

By the nature of these investments, returns are likely to be in the form of capital receipts from the sale of a constructed asset, potentially developed in phases depending on the scale of the project. These capital receipts will be identified in the capital programme as financing for priority capital projects determined by the Council. Capital projects may relate to the range of services provided by the Council, or for investments in redevelopment and regeneration projects that contribute to Business Plan objectives and which may deliver positive financial returns for the Council.

- 7.3.4 Further information about commercial investments (including Investment Partnerships), including the scope for investment, investment objectives, development methodology, green energy opportunities and risk management arrangements, is provided in **Appendix 3**, the expected business case coverage is identified in **Appendix 4** and investment assessment criteria for commercial investments is shown in **Appendix 5**.

8 Prudential Indicators

- 8.1 The Guidance requires local authorities to develop quantitative indicators that allow Councillors and the public to assess a local authority's total risk exposure as a result of commercial property investment decisions.
- 8.2 Local Authorities are required to charge to their revenue account each year a Minimum Revenue Provision (MRP) to make provision for the repayment of debt, as measured by the underlying need to borrow. The MRP should be prudent and, although it is for each authority to determine the amount, the published guidance by the Government is "local authorities should align the period over which they charge MRP to one that is commensurate with the period over which their capital expenditure provides benefits". Provision has, therefore, been made for MRP in the performance indicators in line with the approved Capital and Treasury Management Strategies and based on the equal instalment method, amortising expenditure equally over the estimated useful life of the asset for which borrowing is required. The application of

MRP will be adjusted to reflect the annual valuation of Investment properties and will be determined on a property by property basis

- 8.3 The approved Treasury Management Strategy does, however, confirm that 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. Evidence of the ability to repay the loan will be based on the company's business plan and asset valuation, and no MRP will be made. Exceptionally, where capital expenditure is part of a loan agreement to other than a wholly owned subsidiary – such as the loan to Cambridge Ice Arena – MRP will be applied in these cases.
- 8.4 The indicators associated with the Council's proposed Commercial Property Investment Strategy are detailed below.

8.4.1 Debt to Net Service Expenditure (NSE) Ratio

This indicator measures the gross debt (as cash or loan financing) associated with Commercial Investments and loans to third parties as a percentage of the Council's net service expenditure, where net service expenditure is a proxy for the size and financial strength of a local authority.

Estimate £'000	2023/24	2024/25	2025/26	2026/27	2027/28
Third Party Loans (a)	100,000	100,000	100,000	100,000	100,000
Commercial Investments (b)	62,609	72,609	82,609	92,609	102,609
Funding Allocation (a+b)	162,609	172,609	182,609	192,609	202,609
Net Service Expenditure (c)	30,246	22,843	22,659	23,228	23,588
Debt to NSE Ratio (a+b)/c	538%	756%	806%	829%	859%

The indicator shows that the debt level proposed by the Strategy will be approximately 8 times the level of the Council's net revenue budget if the proposed investment in the Strategy is funded solely from cash or loan financing.

Given that the Strategy will take the risk profile of investments into account in the decision-making process and the Council sees property investments as a long-term investment, this ratio is considered reasonable.

8.4.2 Net Commercial Income to NSE Ratio

This indicator measures the Council's dependence on the income from commercial property investments to deliver core services.

The commercial income is the gross income from all investments made through the strategy less all operational costs. All income forecasts should allow for void periods where applicable. The table below identifies gross income:

Estimate £'000	2023/24	2024/25	2025/26	2026/27	2027/28
Net Commercial Income (a)	7,003	7,598	7,960	8,321	8,721
MRP (b)	1,329	1,154	919	1,019	982
Net Income (after MRP) (a+b)	5,672	6,444	7,041	7,302	7,739
Net Service Expenditure (c)	30,246	22,843	22,659	23,228	23,588

Net Commercial income to NSE Ratio (a+b)/c	18.7%	28.2%	31.1%	31.4%	32.8%
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The additional income generated from the investments set out within this Strategy will be equivalent to 31.1% of the Council's Net Service Expenditure by 2025/2026.

The ratio shows an increase over time and given the potential risk in respect of reliance on this income, effective measuring of progress will be undertaken against income targets, both in terms of portfolio yield and size.

The indicator allows for MRP in accordance with the approved Treasury Management Strategy with the following allowance for each year:

Estimate £'000	2023/24	2024/25	2025/26	2026/27	2027/28
Minimum Revenue Provision	1,329	1,154	919	1,019	982

8.4.3 Investment Cover Ratio

This indicator measures the total net income from property investments compared to interest expense:

Estimate £'000	2023/24	2024/25	2025/26	2026/27	2027/28
Net Commercial income	7,003	7,598	7,960	8,321	8,721
Interest cost	3,032	2,500	2,250	2,400	2,500
Investment Cover Ratio	2.31	3.04	3.54	3.47	3.49

The net investment cover ratio reduces throughout the medium term. This is because interest payable is growing at a faster rate than commercial income due to the externalisation of some debt.

For commercial investments the rate of 4.75% is used in 2023/24 reducing to 3.5% in 2025/26 reflecting expectations that interest rates will fall after peaking during the next financial year. The interest rates on loans to third parties are determined on a case by case basis. The assumptions will be revised in future years as the size of the portfolio develops.

8.4.4 Loan to Value (LTV) Ratio

This indicator measures the amount of debt compared to the total asset value. In the period immediately after purchase it is normal for the directly attributable costs of purchasing commercial property investments to be greater than the realisable value of the asset (e.g. because of non-value adding costs such as stamp duty). Current market advice indicates that commercial property values are likely to be volatile for a while due to the effects of the pandemic and Brexit, however, borrowings will be repaid.

Estimate £'000	2023/24	2024/25	2025/26	2026/27	2027/28
Funding Allocation	162,609	172,609	182,609	192,609	202,609
Total asset values	188,900	222,700	257,100	292,900	328,000
LTV Ratio	1.02	1.03	1.05	1.06	1.07

Each year the Council will assess whether assets purchased via the Strategy retain sufficient value to provide security of investment using the fair value model in International Accounting Standard 40: Investment Property. If the fair value of assets is not sufficient to provide security for the capital investment the Strategy will provide detail of the mitigating actions that are being taken, or are proposed to be taken, to protect capital investment. The IST will also provide a liquidity assessment of the portfolio when undertaking the Fair Value assessment (see Section 2.7 of the Strategy).

8.4.5 Target Income Returns (Yield)

This indicator shows the target gross yield for each stream of investment activity and is a measure of the minimum expected return for the property investment portfolio. Green investments may deliver a lower return.

Target income returns	2023/24	2024/25	2025/26	2026/27	2027/28
Service Investments	2.5%	2.5%	2.5%	2.5%	2.5%
Commercial Investments	5%	5%	5%	5%	5%

8.4.6 Gross and Net Income

For this indicator, "Gross Income" means the revenues received in the form of commercial rents before the deduction of management costs and interest repayments. "Net Income" means the net income available, after the deduction of management costs.

Estimate £'000	2023/24	2024/25	2025/26	2026/27	2027/28
Gross Income:	7,483	8,090	8,464	8,838	9,251
Net Income	7,003	7,598	7,960	8,321	8,721

The achievement of the target income required from the Investment Strategy will be closely monitored as part of the Council's budget monitoring process.

8.4.7 Operating Costs

Estimate £'000	2023/24	2024/25	2025/26	2025/26	2026/27
Operating Costs	480	492	504	517	530

The above operating costs relate to the cost of acquiring and maintaining the investments made through the Strategy. The costs shown reflect the estimated cost of internal staff, external asset management and a budget for feasibility work to conduct due diligence prior to investment.

8.4.8 Vacancy Levels and Tenant Exposures

Estimate	2023/24	2024/25	2025/26	2026/27	2027/28
Vacancy Levels	3%	3%	3%	3%	3%

This indicator measures and sets a maximum threshold for the vacancy periods and tenant exposures within the property portfolio.

The target of 3% reflects the strong tenant covenant strengths that will be required under the commercial investment criteria. Void periods will be factored into the financial appraisals as part of the assessment criteria where relevant, therefore this indicator may be revised once investments are made.

9 Overall Portfolio Management

9.1 The Council have established a robust and very ambitious strategy for capital investment. The level of investment anticipated and the returns from that investment are significant and, as the strategy outlines, significant potential rewards come with equally significant risks. Closer performance management over and above the prudential indicators at Section 8 above and identified in the Capital Strategy will, therefore, be undertaken to help address potential fundamental risks such as:

- The financial returns as set out in the strategy are difficult to achieve resulting in lower than budgeted investment and rental income.
- Delays in investment, for any other reason, result in lower than budgeted investment and rental income;
- Wider economic impacts depress the value of investments in the short-term reducing balance sheet health;
- Access to borrowing is restricted by Government changes to PWLB lending rules.

9.2 The additional monitoring of the Investment Strategy and its resulting impact on Balance Sheet health will comprise:

9.2.1 The relationship between the Capital Financing Requirement, asset valuations and the Capital Adjustment Account and Revaluation Reserve as shown on the balance sheet, and

Appendix 1: Responsible Investment Policy

1. INTRODUCTION

- 1.1 This Responsible Investment Policy details the approach that will be followed in fulfilling the Council's commitment to integrate sustainable environmental policies across all areas of the Council's operations and activities. It also covers other responsible investment issues, which are set out below.
- 1.2 The policy will be reviewed annually as part of the annual refresh of the Treasury Management Strategy before being approved by Cabinet and Full Council.

2 PRINCIPLES

- 2.1 Responsible Investment is an approach to investing that aims to incorporate environmental, social and governance (ESG) factors into investment decisions, to better manage risk and generate sustainable long-term return.
- 2.2 The Principle for Responsible Investment (PRI) is the world's leading advocate for responsible investment. The PRI enables investors to publicly demonstrate commitment to responsible investment with signatories committing to supporting the six principles for incorporating ESG issues into investment practice.
- 2.3 The six principles are as follows:
- We will incorporate ESG issues into investment analysis and decision-making processes.
 - We will be active owners and incorporate ESG issues into our ownership policies and practices.
 - We will seek appropriate disclosure on ESG issues by the entities in which we invest.
 - We will promote acceptance and implementation of the Principles within the investment industry.
 - We will work together to enhance our effectiveness in implementing the Principles.
 - We will each report on our activities and progress towards implementing the Principles.
- 2.4 The principles are based on the notion that ESG issues, such as climate change, can affect the performance of investment portfolios and should, therefore, be considered alongside more traditional financial factors if investors are to properly fulfil their fiduciary duty.

3 BELIEFS

- 3.1 The Council takes a long-term approach to investing core balances and believes that businesses that are governed well and run in a sustainable way are more resilient, able to survive shocks and have the potential to provide improved financial returns for investors. ESG issues can have a material impact on the value of financial assets and on long-term performance of investments and, therefore, need to be considered in order to better manage risk and generate sustainable, long-term returns.

- 3.2 Well-managed organisations with strong governance are more likely to be successful long-term investments.

4 POLICY OBJECTIVES

- 4.1 As a long-term investor and asset owner the Council will, therefore, hold companies and asset managers to account regarding environmental, social and governance factors that have the potential to impact corporate value. The Council will incorporate ESG factors into investment analysis and decision-making, enabling long-term sustainable investment performance.
- 4.2 As a shareholder, the Council has a responsibility for effective stewardship of the companies it invests in but also acknowledges that it has limited influence over individual companies being a small unit holder in a large fund pooled with many other institutional investors. Asset managers, who also take their stewardship role seriously, through dialogue and use of voting rights, are key influencers for more responsible corporate behaviour and long-term sustainability. The Council's preference is, therefore, for active ownership of companies to rest with asset managers and for asset managers to engage with companies on behalf of the Council and other investors to improve the environmental and social performance of the asset or company in which they invest.
- 4.3 The Council will practice active ownership through its choice over asset managers and asset management strategies. The Council will monitor and report the approach taken by asset managers in integrating ESG risks and opportunities into their modelling as part of their value assessment.

5 GOVERNANCE

- 5.1 The Responsible Investment Policy is owned by the Investment Governance Board and approved by Cabinet and Full Council. The Chief Operating Officer is accountable for implementation of the policy, with the Head of Finance responsible for other treasury management policies and practices.

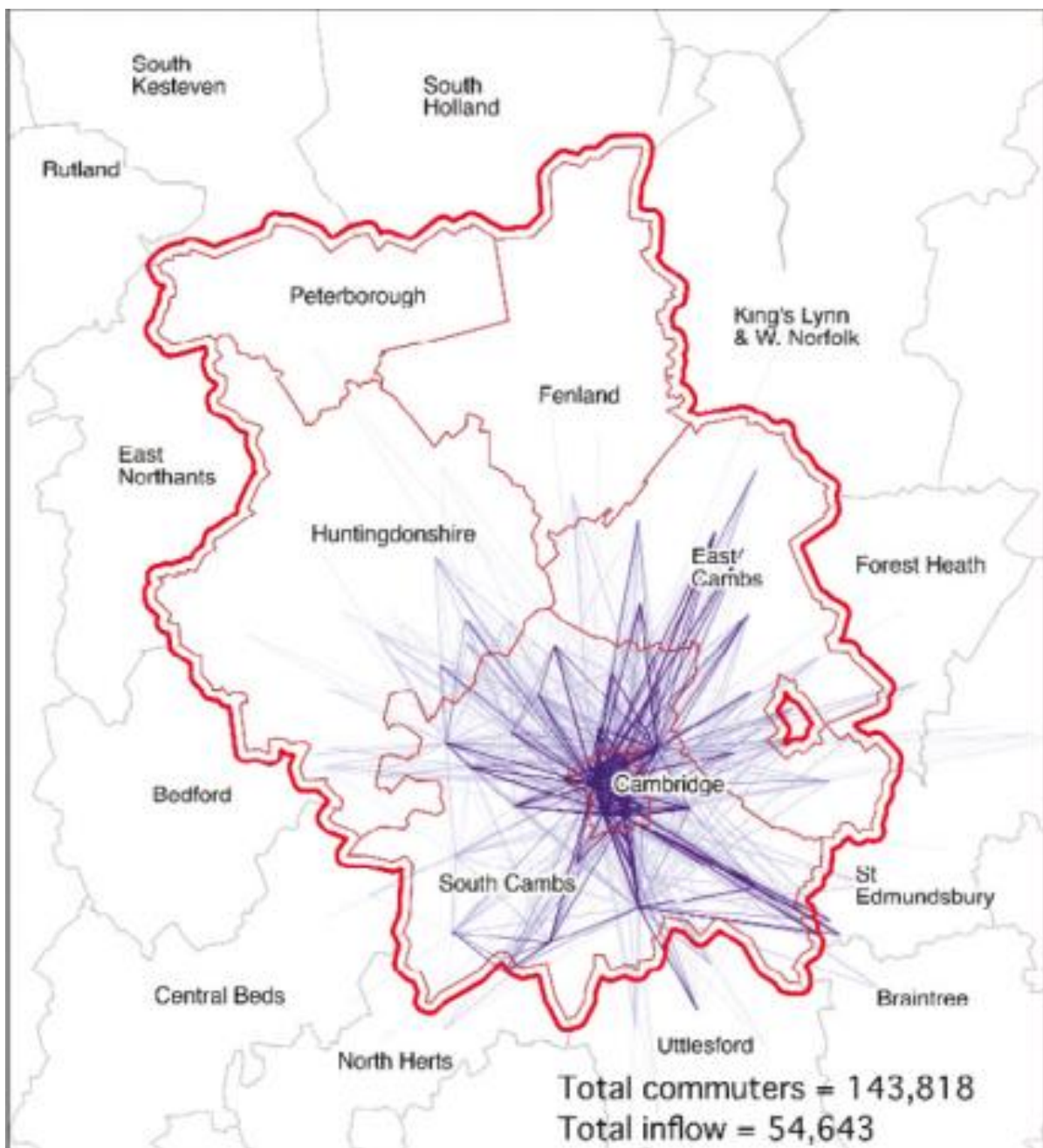
6 APPLICATION

- 6.1 The policy beliefs are applicable to the Council's long term strategic investment portfolio only. ESG integration and reporting in short term low volatility net asset money market funds is less developed so the scope of this policy does not extend to them but will be kept under review. However the Council will expect funds to be signatories of the Stewardship Code 2012 and working towards the 2020 Code that is being implemented in 2021.
- 6.2 External asset managers used by the Council should have Responsible Investment and ESG policies in place and a high UN PRI Assessment Score (awarded annually). A high score is defined as the highest possible bands being A or A+.
- 6.3 The Investment Governance Board will receive annually a report detailing how each asset management firm integrates ESG risks into their financial assessment and decisions. This will include a summary of the annual United Nations Principle for Responsible Investment (PRI) Assessment Scores

Appendix 2: Investment Area

Investment Target Area

The investment target area outside of the Local Plan boundary follows the definition of the Greater Cambridge commuting pattern, as identified in the Cambridgeshire and Peterborough Independent Economic Review (September 2018):



In the south of the district, the commuting area could include a number of districts outside the county and consideration will be given to including those within the investment target area.

Appendix 3: Commercial Regeneration Investments

1. Objective

The objective of commercial regeneration investments is to establish a framework for the identification of properties or land for redevelopment. These opportunities may deliver placemaking, environmental or economic development benefits, as defined in the Councils Business Plan, as well as positive financial returns for the Council in the form of future revenue income streams or capital uplifts. We want to ensure that sustainable economic growth opportunities can be identified and supported, as appropriate, across South Cambridgeshire and not just in the growing new towns. Future revenue income streams could include increases in retained business rates income and New Homes Bonus.

A key outcome of this category of investment will be the generation of economic growth through providing facilities and infrastructure. This includes the delivery of environmental benefits for the area.

Developed properties may be retained for the benefit of their long-term rental income and will become an investment asset after completion.

The decision on whether or not these investments would meet the overall objectives of this Strategy will be informed by a detailed financial appraisal. The commercial regeneration investment criteria will be designed to ensure that the financial returns delivered from investments are commensurate with the deemed levels of associated risk. A higher risk investment will, therefore, require the delivery of greater financial returns.

2. Scope of Investment

Commercial Regeneration investment opportunities could come in a diverse range of forms. Examples include, but are not limited to:

- Assets that provide accommodation for essential businesses and services that are critical to the health of the local economy.
- Investing in climate and environmental initiatives, further exploiting and supporting green energy generation and maximising energy efficiency.
- Investing in Social Capital.
- Redeveloping Council owned assets.
- Building homes and commercial premises.
- Using public land and buildings to achieve long-term socio-economic development within the District and wider Greater Cambridgeshire Area.
- Employment Zones

In line with Government guidance, commercial investment will need to be categorised for the purpose of “service delivery”, “housing”, “regeneration” or “preventative”. Given the new borrowing rules, there is a presumption against the acquisition of commercial assets primarily for yield, such as prime and close to prime commercial real estate investment (even by the use of existing reserves for this purpose).

Regeneration projects are permissible and are described in the guidance as having characteristics that fall into one of four areas:

- (a) The project is addressing an economic or social market failure by providing services, facilities, or other amenities of value to local people and that would not otherwise be provided by the private sector.
- (b) The Local Authority is making a significant investment in the asset beyond the purchase price: developing the assets to improve them and/or change their use, or otherwise making a significant financial investment.
- (c) The project involves or generates significant additional activity that would not otherwise happen without the local authority's intervention, creating jobs and/or social or economic value.
- (d) While some parts of the project may generate rental income, these rents are recycled within the project or applied to related regeneration projects, rather than being applied to wider services.

The "preventative" category can involve direct investments in companies or other assets to prevent social or economic decline (distinct from the regeneration category). The Government has defined this activity in the published guidance as action with all of the following characteristics:

- (a) The intervention prevents a negative outcome, such as by buying and conserving assets of community value that would otherwise fall into disrepair or providing support to maintain economic activity that would otherwise cease.
- (b) There is no realistic prospect of support from a source other than the local authority.
- (c) The local authority has an exit strategy and does not propose to hold the investment for longer than is necessary to achieve the objectives that justified the intervention.
- (d) The intervention takes the form of grants, loans, sale and leaseback, equity injections, or other forms of business support that generate a balance sheet asset.

The Housing category covers the continuation of HRA schemes and General Fund housing activity, or housing delivered through Council owned companies and thus does not restrict the borrowing for the purpose of social or affordable housing.

Individual projects and schemes may have characteristics of several different categories of spending. In these cases, the Section 151 Officer will need to use his professional judgment to assess the main objective of the investment and consider which category is the best fit.

The categorisation does not prevent the Council from borrowing for projects that are primarily for other purposes, which also happen to generate a financial yield. The challenge will be finding projects that deliver much more than financial yield, such that the Section 151 Officer is satisfied that the investment is not primarily for yield and that the yield in such projects will be secondary to another prime purpose. This could include:

- (a) Land assembly for development or regeneration purposes.
- (b) Using borrowing to acquire or build new service assets (e.g. a new administrative office building, or a new leisure centre) and then re-purposing the existing redundant building into a 'yield' asset.

- (c) Projects where the intention is to inject further investment beyond the initial purchase price; this could be through refurbishing or re-purposing the acquired asset. For example, purchasing an office building with the intention of converting it say into residential or other uses, for yield. Alternatively, acquiring a run-down industrial estate with a view to gaining vacant possession, demolishing it, and then redeveloping the site to create a new business or retail park.
- (d) Ring-fencing revenue income from existing yield-based assets to invest on that asset, or other yield bearing assets, to improve investment performance and yields.
- (e) Reviewing the existing 'legacy' property portfolio and identifying opportunities where investment could generate greater yields.

Every scenario will need to be reviewed on a case-by-case basis, and the S151 Officer will need to be satisfied that the scheme or acquisition meets the borrowing rules and will not fetter the ability to access PWLB borrowing.

3. Property Acquisition/Development Methodology

Identification, consideration and recommendation of assets suitable for acquisition and/or development will be undertaken by the Economic Development & Commercial Investments Team in conjunction with internal resource and outside specialist guidance and professional support, as required, procured in accordance with the Council's established Contract Procedure Rules. This may involve approaches and introductions of opportunities direct from sellers, their agents and third parties. In such cases, fees may be payable if, after an introduction is made, the Council wishes to pursue the purchase further.

All investments considered for purchase will undergo qualitative and quantitative appraisal to establish portfolio suitability and risks. In addition, 3rd party advice will be called upon where specialist market knowledge is required. Any purchase will be subject to due diligence on all physical, financial and legal aspects of the commercial investment to address its suitability as an asset for long term security and growth. It is recognised that some of the cost of feasibility work and technical appraisal and assessment will be abortive.

These investment opportunities will initially be submitted to IST for consideration and subsequently to the IGB.

All commercially based investments and/or developments involve risk and, at each stage of the process, the commitments made will be at risk as there can be no guarantee that the investment will be secured or a fully successful development will be achieved. The terms of the agreement between the parties will seek to mitigate the inherent risks. Moreover, the timing of the exercise can also be a critical factor in achieving optimum success, particularly in terms of market conditions, the state of the national economy and levels of investment confidence within the development industry.

4. Investment Partnerships

This category of investment includes the identification of properties or land for development of new homes and other assets through Investment Partnerships. Investment Partnerships could come in a diverse range of forms. Examples include, but are not limited to:

- Building homes and commercial premises;
- pursuing redevelopment and regeneration opportunities;

- Enabling long-term stalled developments;
- Using public land and buildings to achieve long-term socio-economic sustainability for the District and wider Greater Cambridgeshire Area.

These opportunities may deliver regeneration or economic development benefits as well as positive financial returns for the Council in the form of future revenue income streams or capital uplifts. Future income streams may include:

- Rental income from Council Housing (HRA Affordable Homes);
- Rental income from Private Rented Sector Housing (PRS) through Ermine Street Housing;
- Capital receipts from Intermediate Home Ownership stair-casing;
- Capital receipts from Right to Buy and the sale of constructed assets;
- Increases in retained business rates;
- New Homes Bonus.

By the nature of these investments, returns are likely to be in the form of capital receipts from the sale of a constructed asset, potentially developed in phases depending on the scale of the project. Developed properties may, however, be retained for the benefit of their long-term rental income and will become an investment asset after completion.

The investment criteria will be designed to ensure that the financial returns delivered from investments are commensurate with the deemed levels of associated risk. A higher risk investment will, therefore, require the delivery of greater financial returns.

5. Green Energy Projects

The approved Business Plan 2020-2025 identifies the Focus, Actions and Measures which relate to green energy investments within the 'Green to our core' priority.

The Investment Strategy will develop projects identified in the Green Energy Programme, which is responsible for co-ordinating transformation activities within the South Cambridgeshire District Council commercial estate and assess these using the same criteria as other commercial regeneration investments.

6. Minimum Investment Criteria

For a commercial regeneration investment to be considered by the IGB it must:

- Deliver a rate of return commensurate with the deemed level of risk associated with the investment.
- Be accompanied by a full business case, using the outline business case template at **Appendix 4**. If relevant to the form of commercial investment, the investment criteria matrix at **Appendix 5**, should be used. The minimum score target will be determined by IST having regard to Business Plan objectives.

- (c) Include an assessment of the carbon equivalent tonnes to allow proposals to be scored against the context of reducing the Council's carbon footprint.
- (d) Include an assessment of the strategic fit of the investment proposed against the Objectives and Focus Areas contained within the 2020-2025 Business Plan.

The assessment criteria needs to be agile enough to allow significantly different schemes to be assessed using the same overarching principles.

The investment opportunities could vary significantly and, due to the speculative nature of some schemes, there will be higher risks attached to some investment opportunities. Each potential investment will undergo a qualitative and quantitative appraisal and risk assessment to establish the financial returns, financial and legal implications and risks associated with the purchase. The findings of these appraisals will be reported to the IGB as part of the business case.

An investment opportunity that does not meet the minimum criteria may have separate investment or regeneration benefits and, therefore, may still be considered for progression, however, decision making in this case is to be reserved to the Cabinet. For investments where there is a variable revenue stream, such as some energy projects, or a long time gap between investment and first revenue, such as development projects, alternative valuation options, such as the Internal Rate of Return (IRR) may be appropriate as a measure of an investment's rate of return.

7. Risk Management

7.1 Financing Risk: As with all investments, there are risks that capital values, rental values and development values can fall as well as rise. Where the acquisition or development is reliant on increases in borrowing the business case will factor in fixed rate borrowing costs commensurate with the anticipated holding period of the asset. By utilising fixed rate borrowing options the Council will be protected from future increases in financing costs.

Financial returns may come in the form of capital receipts either in place of or in addition to revenue returns. This would need to be considered carefully as part of the overall Investment Strategy given the requirement to achieve net revenue returns of 2.5% overall.

7.24 Portfolio Risk: To mitigate portfolio risk, the Council will seek to maintain a diverse commercial property portfolio and, in this regard, future decisions on its established commercial property estate will have regard to diversification. Each asset is reviewed on an annual basis in order to review its performance, investment requirements and whether it should remain in the portfolio. Void periods for commercial investment properties held by the Council will be monitored and vacancy levels reported to the IGB during the year to ensure active management.

7.25 Development Risk: The Council assesses the risk of loss before entering into and whilst holding property investments, including adequate due diligence checks, surveys and technical reports to support the business case.

Appendix 4: Business Case Outline

The business case will include the following as a minimum:

- Reasons:** Why is the investment needed?
Options: What are the options available?
Benefits: What would be the benefits of the investment? How would it help deliver the Business Plan objectives?

Investment Appraisal: A detailed financial appraisal setting out the projected income and costs associated with a potential acquisition along with an assessment of the proposed financing options and associated risks and considerations.

Risk Management Assessment: A detailed risk assessment of the potential investment, including mitigation measures that can be employed:

Specific risks associated with the proposed investment:

- Risk of failure (sales/letting void risks)
- Costs of ownership and management
- Differing ownership structures (e.g. wholly owned subsidiaries).
- Sector risk (portfolio spread)
- Provide an exit strategy financial assessment as a 'worse case' scenario
- Liquidity assessment
- LTV ratio assessment

Market Risks, including risks of structural change or market failure, which may affect the market as a whole or particular subsectors or groups of property:

- Illiquidity upon sale (e.g. lot size, transaction times, availability of finance)
- Failure to meet market value expectations (forecast value growth)
- Failure to meet market yield expectations (forecast yield shift)
- Risk of locational, economic, physical and functional depreciation through structural change
- Risks associated with legislative change (e.g. planning or changes in fiscal policy)

Portfolio Assessment: An assessment to establish suitability against the Council's existing property portfolio which will consider rental levels, location, property type, rent review and lease expiry patterns, industry sector, tenure, lease covenants, market exit constraints and physical and environmental factors.

Legal Status/Advice: Including the following:

- Report on title (to confirm ownership)
- Options for legal structures (e.g. use of wholly owned subsidiaries)
- Advice on SDLT and VAT linked to use of legal structure options

Estimated Timescale: Including the following:

- Proposed start date/Estimated end date/duration

Estimated Project Resources: Including the following:

- Identify role and name of officers
- Estimate the demand on officer time
- Identify resource gaps and whether these can be met
- Identify external resources required and estimated budget cost

Appendix 5 – Commercial Regeneration Investment Criteria Matrix

For appropriate transactions, the IST will score the ~~property~~ investment against the scoring criteria shown below. The criteria will apply to the acquisition of new and existing assets and in these cases the minimum score for the investment would be at least 100 out of a maximum score of 184.

The criteria will not, however, cover all commercial investment scenarios, including regeneration opportunities and, in these cases, a detailed business case would need to be prepared in line with the outline at appendix 6, balancing the level of return with the project risk.

The Investment Criteria Matrix is based upon CIPFA guidance and is comparable with methods used by other local authorities, such as New Forest, Kettering and Redditch, which all broadly follow a format recommended by CIPFA. The table below shows the suggested scoring criteria to be applied when considering an investment opportunity.

Score		4	3	2	1	0
Scoring Criteria	Weighting Factor	Excellent / very good	Good	Acceptable	Marginal	Unacceptable
Location	4 10	Major Prime	Micro Prime	Major Secondary	Micro Secondary	Tertiary
Tenancy Strength	4 8	Single tenant with strong financial covenant	Single tenant with good financial covenant	Multiple tenants with strong financial covenant	Multiple tenants with good financial covenant	Tenants with poor financial covenant strength / vacant
Single/Multi Let	6	Single Let	2-3 Tenants	4-6 Tenants	6+ Tenants	Vacant
Occupiers lease length	5	Greater than 10 years	Between 7 and 10 years	Between 4 and 7 years	Between 2 and 4 years	Less than 2 years; vacant
Re-letting prospects (Void Period)	5	< 3 months	3-6 months	6-12 months	12-18 months	18+ months
Tenure	9 4	Freehold	Lease 125 years plus	Lease between 50 & 125 years	Lease between 20 & 50 years	Lease less than 20 years
EPC/Sustainability	4	Highly Sustainable A-B	Mainly Sustainable C	Moderate but some works would be beneficial - D	Unlikely to be problematic when re-letting or selling - E	Unsustainable - F or worse
Repairing Terms obligations	4 3	Full repairing and insuring	Internal repairing – 100% recoverable	Internal repairing – partially recoverable	Internal repairing – no recoverable	Landlord
Building Quality / obsolescence	4 2	Newly Built (useful life 50+ years)	Recently refurbished (within the past 5 years)	Average condition and likely to continue to be fit for current use for 25+ years	Aged property with redevelopment potential	Nearing end of useful life / unlikely to continue when lease expires
Income Profile	2	10% Reversionary	0-10% Reversionary	Rack Rented	Over Rented -10%	Over Rented - 10%+
Lot size	2 1	Between £6m and £12m	Between £4m & £6m or 12m and £18m	Between £2m & £4m or £18m and £20m	Between £1m & £2m or £20m & £25m	Less than £1m or more than £25m

Investment Criteria Definitions

Location - property is categorised as prime, secondary or tertiary in terms of its location desirability. For example, a shop located in the best trading position in a town would be prime, whereas a unit on a peripheral neighbourhood shopping parade would be considered tertiary.

Tenancy Strength – the financial strength and risk of failure of a tenant determines the security of the property's rental income. A financially weak tenant increases the likelihood that the property will fall vacant. Rating agencies, such as Dun & Bradstreet are often used to evaluate covenant strength, ranging from "5A" to "HH" to reflect company size based upon worth or equity, and a Composite Credit Appraisal from 1 to 4 to reflect the assessment of the firm's creditworthiness. The minimum acceptable financial strength for any given tenant will be determined through financial appraisal of company accounts and the use of appropriate methods of risk assessment and credit scoring. To minimise management and risk, the preference will be for single occupancy investments wherever possible.

Tenure – anything less than a freehold acquisition will need to be appropriately reflected in the price. If leasehold, is the lease free from unencumbered/onerous terms? Is the rent periodically reviewed to take into account inflation and upward market movement?

Occupational Lease Length – the lease term will determine the duration of the tenant's contractual obligation to pay rent. The most attractive investments offer a long lease with a strong tenant covenant. The lease term will reflect any tenant break clauses. The optimum lease length will depend on the sector, with commercial B1 offices typically 7+years and 10+ years for industrial. Retained agents will be expected to qualify the quality of the length lease in their pre-acquisition report.

Building Quality – a brand new or recently refurbished building with an anticipated life of at least 40 years will not usually require capital expenditure for at least 15 years. This is attractive for income investors requiring long term rental income with the minimum of ongoing capital expenditure.

Repairing Obligations – under a Full Repairing & Insuring Lease (FRI), the tenant is responsible for the building's interior and exterior maintenance/repair. The obligation is limited to the building's interior under an Internal Repairing & Insuring Lease (IRI). The preference will be to favour FRI terms (or FRI by way of service charge i.e. all costs relating to occupation and repairs are borne by the tenants and administered through a service charge).

Lot Size – to maintain portfolio balance the preference will be for no single property investment to exceed £12m for a single let property.

In addition to the above criteria the IGB should, when assessing the merits of an investment, specifically consider compatibility with all SCDG policies on matters relating to use such as: -

- Alcohol or tobacco production or sale;
- Animal exploitation;
- Environmentally damaging practices;
- Gambling;
- Pornography.

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Agenda Item 7



South
Cambridgeshire
District Council

Report to:	Scrutiny and Overview Committee	28 February 2023
Lead Cabinet Member:	Cllr John Williams (Lead Cabinet Member for Resources)	
Lead Officer:	Jeff Membery (Head of Transformation)	

2022-23 Quarter Three Performance Report

Executive Summary

1. This report presents the Council's Quarter Three (Q3) position regarding its operational Key Performance Indicators (KPIs), for consideration, comment and onward submission to Cabinet.
2. On this occasion the Business Plan Progress report is not included within this report. This is because the latest position in relation to Business Plan progress was included within the draft 2023-24 Business Plan that was submitted to the Scrutiny and Overview meeting on 19 January, and Cabinet on 06 February 2023. The Q4 performance report will return to the usual format.

Key Decision

3. No

Recommendations

4. It is recommended that Scrutiny and Overview Committee:
 - a) Review the KPI results and comments at **Appendix A**, recommending, where appropriate, any actions required to address issues identified, and approving onward submission to Cabinet.

Reasons for Recommendations

5. These recommendations are required to enable management and members to understand the organisation's performance. The information included within performance reports 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.

Details

Key Performance Indicator (KPI) Report

6. This report presents Key Performance Indicator (KPI) results that are aligned to high-level, business-as-usual activities that underpin the successful delivery of the Council's services.
7. The data in **Appendix A** shows actual performance against target and intervention levels and accompanying comments, as provided by performance indicator owners. The Council uses a 'traffic light' system to denote performance, whereby:
 - **Green** signifies performance targets that have been met or surpassed.
 - **Amber** denotes performance below target but above intervention level. It is the responsibility of service managers to monitor such performance closely, putting in place remedial actions to raise standards as required.
 - **Red** denotes performance below the intervention level. This represents underperformance of concern and should prompt interventions and may involve the reallocation of resources or proposals to redesign how services are provided.
8. This report also contains a column called 'Outlook RAG' which was a new addition earlier in the 2022-23 financial year. The purpose of this column is to provide an indication of expected performance levels over the following quarter. This is based on estimates provided by service managers and helps to flag any risks to performance levels and prompt discussion about how these may be mitigated.

Implications

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

There are no significant implications beyond those raised by performance indicator owners within the comments section of the Key Performance Indicator report at (**Appendix A**).

Consultation responses

10. All performance indicator results, and commentaries are provided by or at the instruction of performance indicator owners

Alignment with Council Priority Areas

11. The KPI report (**Appendix A**) allows business-as-usual performance to be monitored and managed across the Council's range of activities.

Background Papers

South Cambridgeshire District Council Business Plan 2020-25

Appendices

Appendix A: Key Performance Indicator Report

Report Author:

Kevin Ledger – Senior Policy and Performance Officer
Telephone: (01954) 713018

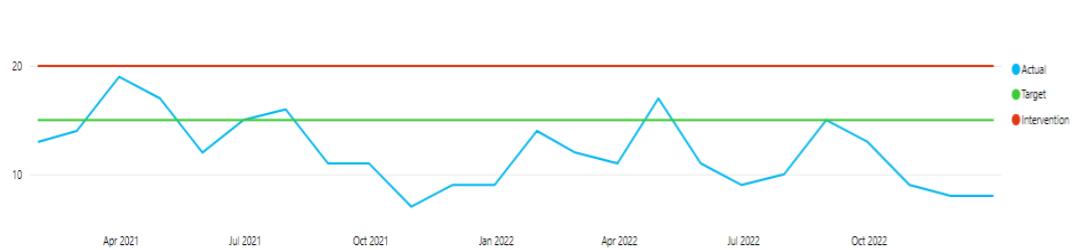
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Key Performance Indicator and Owner, organised by Directorate and Service Area	Actual	Target	Intervention	Outlook RAG	Comments
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Benefits

FS112 Average number of days to process new HB/CTS claims

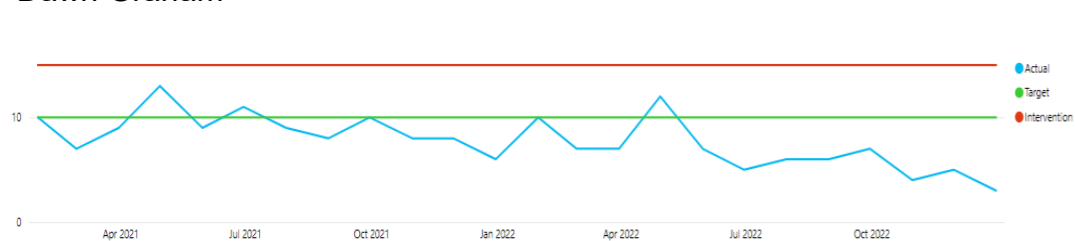
Dawn Graham



Oct	9	15	20	
Nov	8	15	20	
Dec	8	15	20	Green

FS113 Average number of days to process HB/CTS change events

Dawn Graham



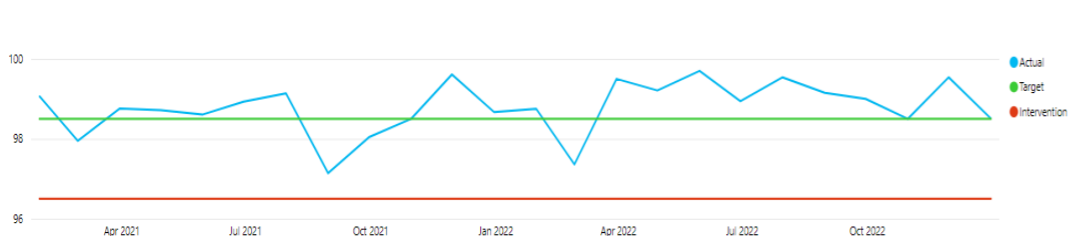
Oct	4	10	15	
Nov	5	10	15	
Dec	3	10	15	Green

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Finance

FS109 % undisputed invoices paid in 30 days

Peter Maddock



Oct	98.50	98.5	96.5	
Nov	99.54	98.5	96.5	
Dec	98.51	98.5	96.5	Green

Note: Whilst some KPIs are reported monthly, others are reported quarterly. For quarterly KPIs the results are labelled based on the month at the end of the quarter (e.g. Q1 = Jun, Q2 = Sep)

Key Performance Indicator and Owner, organised by Directorate and Service Area				Actual	Target	Intervention	Outlook RAG	Comments	
Revenues									
FS102 % Housing Rent collected									
Katie Kelly									
Line chart not included for this PI - chart scale means result is indistinguishable from the target.				Oct	96.73	97.2	95.26	Green	Whilst slightly lower than target, rents performance for December is a 0.23% increase on the same period last year.
				Nov	97.22	97.3	95.35		
				Dec	97.25	97.7	95.75		
FS104 % Business Rates collected (year to date)									
Katie Kelly									
Line chart not included for this PI - chart scale means result is indistinguishable from the target.				Oct	68.7	68.66	67.29	Green	The next collectible debit increased by £1.5m in December, largely due to two very large assessments being added to the rating list. As we report collection performance as the % of what is available to collect, this impacts on the outturn figure. Bills on these properties are not due to be paid until 1st Feb and so January performance figures are likely to show lower too, followed by improvements towards the end of the quarter.
				Nov	77.0	77.85	76.29		
				Dec	84.5	86.30	84.57		
FS105 % Council Tax collected (year to date)									
Katie Kelly									
Line chart not included for this PI - chart scale means result is indistinguishable from the target.				Oct	67.9	69.3	67.91	Green	Throughout this year council tax collection performance has tracked under target which is largely due to instalments shifting to Feb / Mar as accounts are updated. We have seen a slight increase in the number of recovery documents issued in December, but this could be due to the fact that these were issued earlier in the month, and so further monitoring is required. It's likely that this position will remain for January collection performance, but we are expecting a more positive change for February and March as instalments are due.
				Nov	77.1	79.0	77.42		
				Dec	86.3	88.5	86.73		

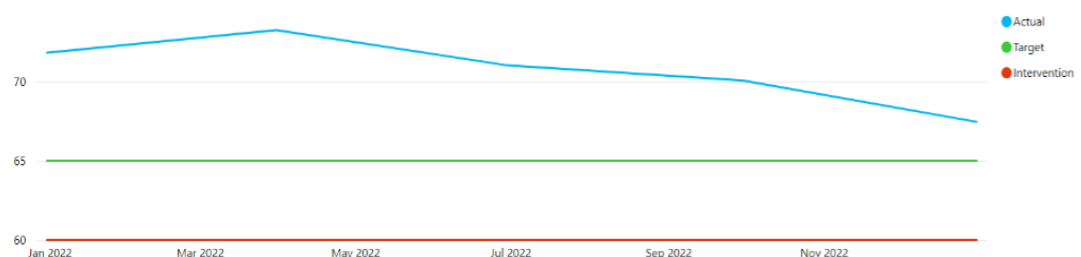
Report continues on the following page.

Key Performance Indicator and Owner, organised by Directorate and Service Area	Actual	Target	Intervention	Outlook RAG	Comments
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Dev. Management

PN510 % of major applications determined within 13 weeks or agreed timeline (2 year reporting period cumulative)

Heather Jones

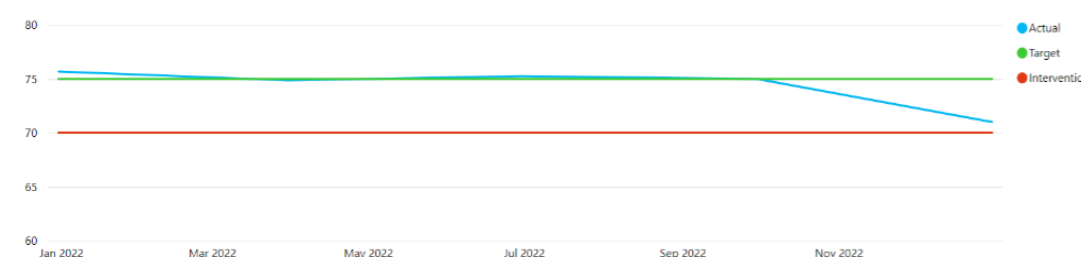


Sep	70.08	65	60	
Dec	67.47	65	60	Green

Additional verification has taken place resulting in minor changes to PN510 results up to December 2022. The result for September 2022 and the line chart to the left have been updated accordingly. None of these updates have resulted in a change in RAG status.

PN511 % of non-major applications determined within 8 weeks or agreed timeline (2 year reporting period cumulative)

Heather Jones



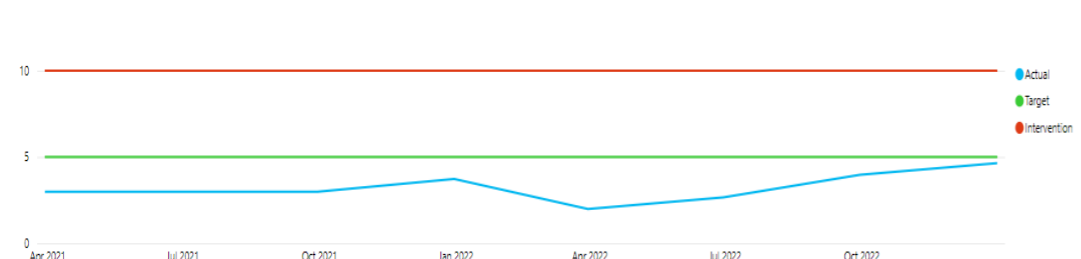
Sep	75.00	75	70	
Dec	71.00	75	70	Amber

December's result was amber, as was predicted with the Outlook RAG at the end of Q2. This is because we entered the next two year reporting period meaning strong monthly results from before Oct 2021 no longer contribute to the 2 year cumulative, while slightly lower results from this time last year continue to be included.

The team have worked hard to remove the validation backlog and we are progressing through the historical applications over 26 weeks with our Planning Additional Resource Team. PN519 (below) also shows the amount of time to determine validated householder applications is reducing.

PN512 % of appeals against major planning permissions refusal allowed (2 year reporting period cumulative)

Heather Jones



Sep	3.97	5	10	
Dec	4.64	5	10	Green

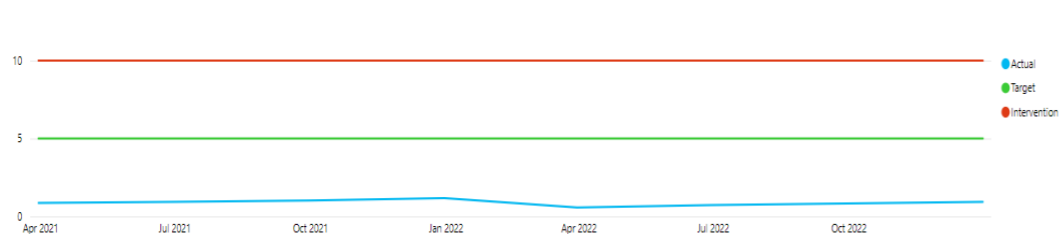
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Note: Whilst some KPIs are reported monthly, others are reported quarterly. For quarterly KPIs the results are labelled based on the month at the end of the quarter (e.g. Q1 = Jun, Q2 = Sep)

Key Performance Indicator and Owner, organised by Directorate and Service Area	Actual	Target	Intervention	Outlook RAG	Comments
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PN513 % of appeals against non-major planning permission refusal allowed (2 year reporting period cumulative)

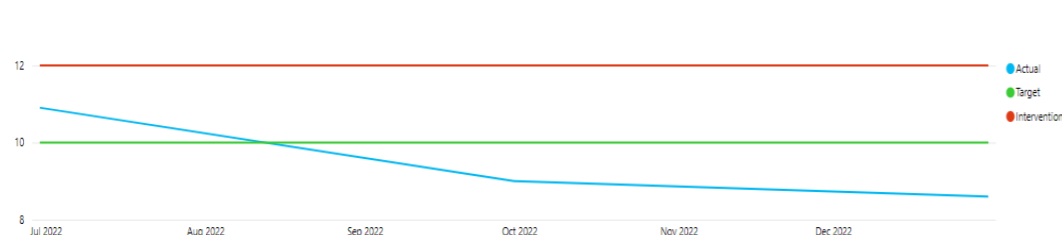
Heather Jones



Sep	0.83	5	10	
Dec	0.93	5	10	Green

PN519 Average time to determine validated householder Planning applications (weeks)

Heather Jones



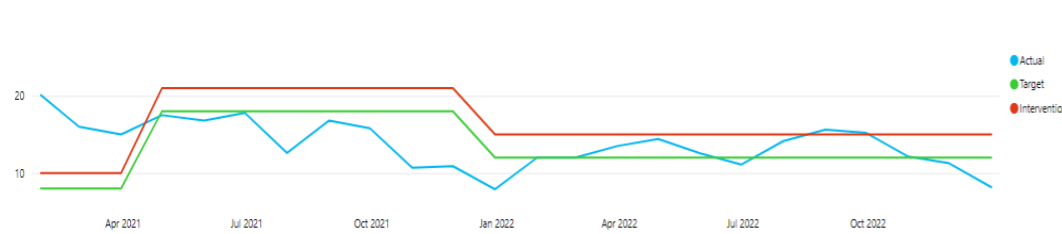
Sep	9.00	10	12	
Dec	8.60	10	12	Green

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Land Charges

SX025 Average Land Charges search response days

Heather Jones



Oct	12.13	12	15	
Nov	11.27	12	15	
Dec	8.17	12	15	Green

The Land Charges team have worked hard to reduce the turnaround time in Q3. The previous result from Q2 was impacted by sickness and annual leave over several weeks, plus an issue with the build control data migration affected Q2.

All of these issues were resolved in Q3 allowing the team to catch up and provide searches within target. With the support of the Technical Support (TSO) team we have also been able to cleanse a small amount of data (3000 listed buildings records) to help support the Land Charges team to produce searches without the need for manual correction of original application.

Report continues on the following page.

Key Performance Indicator and Owner, organised by Directorate and Service Area	Actual	Target	Intervention	Outlook RAG	Comments
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Housing Advice

AH230 Number of households with children leaving B&B accommodation after longer than 6 weeks

Heather Wood

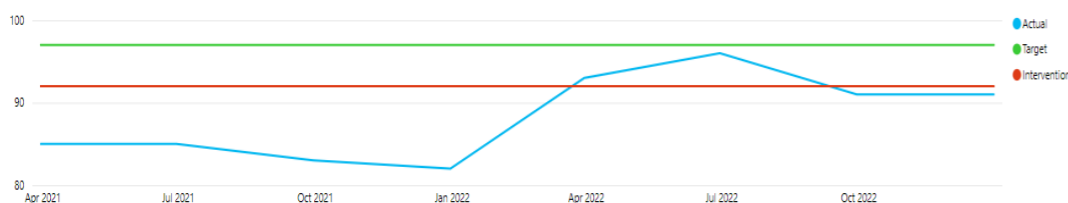
Sep	0	0	1	
Dec	0	0	1	Green

Line chart not included for this PI - chart scale means result is indistinguishable from the target.

Housing and Property Services

AH204 % tenants satisfied with responsive repairs

Eddie Spicer



Sep	91	97	92	
Dec	89	97	92	Amber

Work is taking place to revise the reporting method for this KPI to align with the new repairs contract with Mears that began in October 2022. This is expected to be in place for Q1 of the new financial year and will show greater detail, highlighting where work needs to be focused to reach target.

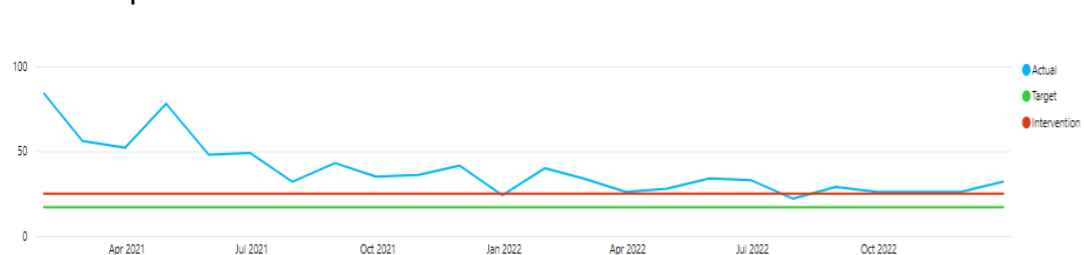
With the the new repairs contract we are developing a new methodology to collect customer feedback, and this will be reported from the new financial year.

Anecdotal evidence from residents is that satisfaction with repairs is improving, and linked to the new contract, but this is not yet shown using the current methodology.

Key Performance Indicator and Owner, organised by Directorate and Service Area	Actual	Target	Intervention	Outlook RAG	Comments
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AH211 Average days to re-let all housing stock

Eddie Spicer



Oct	26	17	25	
Nov	26	17	25	
Dec	32	17	25	Amber

We believe the cost of living crisis is starting to affect the behaviour of some tenants when they come to leave their council home. Financial, physical, and mental health considerations have meant that we are seeing greater numbers of tenants leaving unwanted possessions, household waste and properties generally in a poor condition.

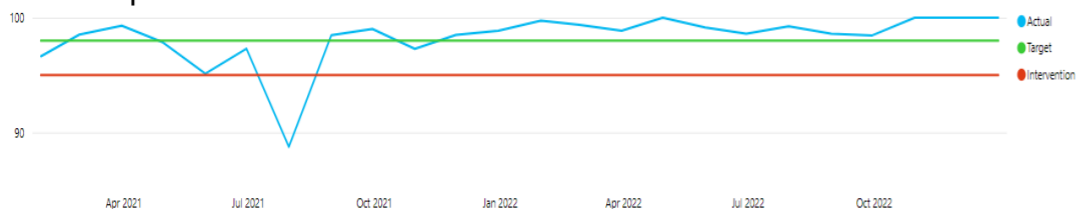
This means that before we can determine what repair and maintenance works are necessary, to enable a property to be re-let, we are having to instruct contractors to carry out extensive clearances and deep cleans. This increases the length of time some of our properties are standing empty. In addition, several properties returned to us in recent months have suffered from structural issues which have required specialist surveys and major refurbishment works. This has stretched the resources we have available to us to complete repair and maintenance work.

We have re-focussed our efforts on pre-termination inspections to try and mitigate against some of what we are seeing. Work is also taking place to breakdown the various elements of our 'empty homes process' with a revised reporting method for the new financial year.

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SH332 % emergency repairs in 24 hours

Eddie Spicer



Oct	100	98	95	
Nov	100	98	95	
Dec	100	98	95	Green

Report continues on the following page.

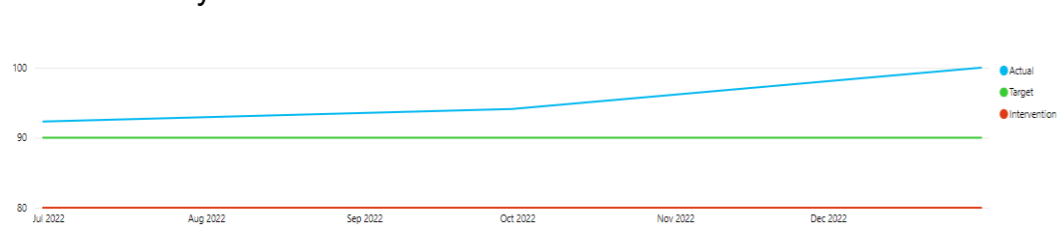
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Key Performance Indicator and Owner, organised by Directorate and Service Area	Actual	Target	Intervention	Outlook RAG	Comments
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Democratic Services

CC314 % of public hybrid meetings run without issues causing downtime exceeding 5 minutes

Jeff Membery

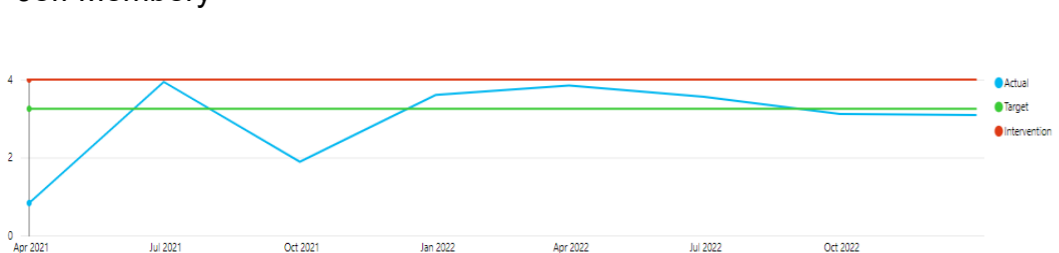


Sep	94	90	80	
Dec	100	90	80	Green

HR

FS117 % Staff turnover (non-cumulative)

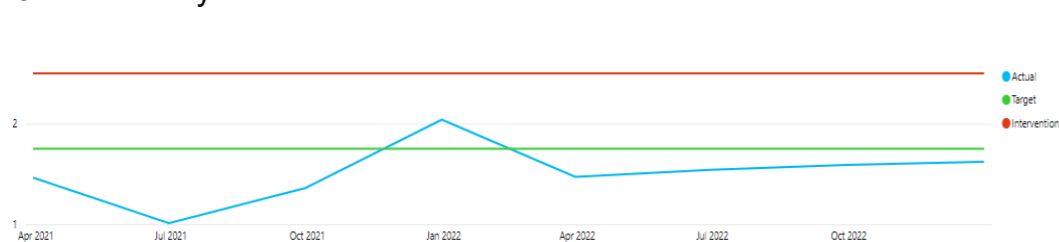
Jeff Membery



Sep	3.12	3.25	4	
Dec	3.09	3.25	4	Green

FS125 Staff sickness days per FTE excluding SSWS (non-cumulative)

Jeff Membery



Sep	1.59	1.75	2.5	
Dec	1.62	1.75	2.5	Green

A green Outlook RAG has been applied following two consecutive results that were better than target. In Q4 the council is also trialling the 4 day week, which may contribute to improved staff wellbeing.

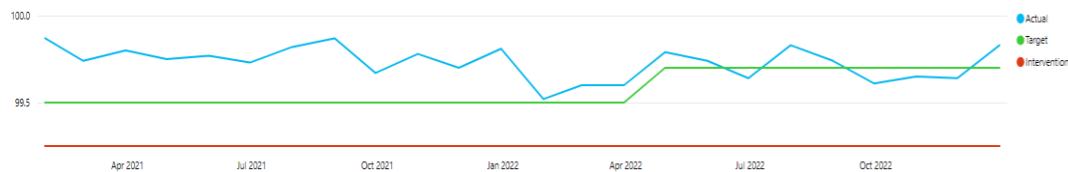
Report continues on the following page.

Key Performance Indicator and Owner, organised by Directorate and Service Area	Actual	Target	Intervention	Outlook RAG	Comments
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Shared Waste Service

ES408 % of bins collected on schedule

Bode Esan



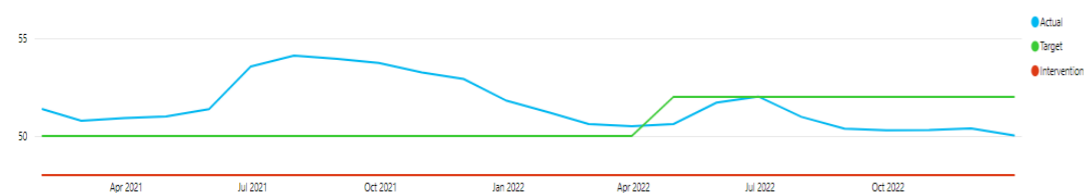
Oct	99.65	99.7	99.25
Nov	99.64	99.7	99.25
Dec	99.83	99.7	99.25

Green

One third of the missed bins came from organic (green) bins in Oct. This was due to a wave of staff shortages and sickness that meant the crew operated with less resources on these rounds. Half of the missed bins in Nov were for residual (black bin) rounds. This was a result of new staff and minor changes to trial different routes on a small number of streets. Performance stabilised in Dec and now back on track. Performance across is still above the target.

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

Bode Esan



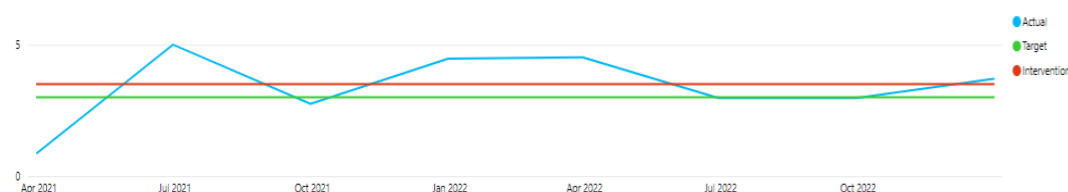
Oct	50.30	52	48
Nov	50.39	52	48
Dec	50.03	52	48

Amber

Dec figures are provisional with final recycling the final result for still to be confirmed from partners. Particularly cold weather in Dec resulted in a significantly low volume of organic waste (half that of Nov's tonnage). Dry recycling increased and residual (black bin) waste decreased per household in Dec which reinforces the contribution that the green bin tonnages have regarding the recycling rate.

SF786a Staff sickness days per FTE - Shared Waste Service Only

Bode Esan



Sep	2.97	3	3.5
Dec	3.70	3	3.5

Red

Although December's result was red, the total number of days lost to sickness was lower this quarter compared with Q3 2021-22. An increase in sickness levels over the winter is to be expected for non-office based colleagues and follows last year's pattern.

Preventative measures have taken place including flu clinics and health MOT sessions. The HR team continue to work closely with team managers to ensure prompt action to support staff to return to work, including promotion of employee assistance programme, occupational health and signposting to further support.

Training in February will focus on nutrition and health, with Everyone Health attending to present and provide guidance to crews. They will also be hosting health clinics.

Report continues on the following page.

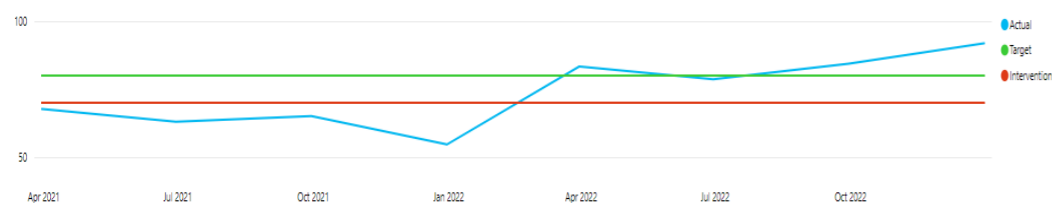
The Outlook RAG is red due to the seasonal nature of absence in this area.

Key Performance Indicator and Owner, organised by Directorate and Service Area	Actual	Target	Intervention	Outlook RAG	Comments
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Complaints

CC305 % of formal complaints resolved within timescale (all SDCC)

Jeff Membery

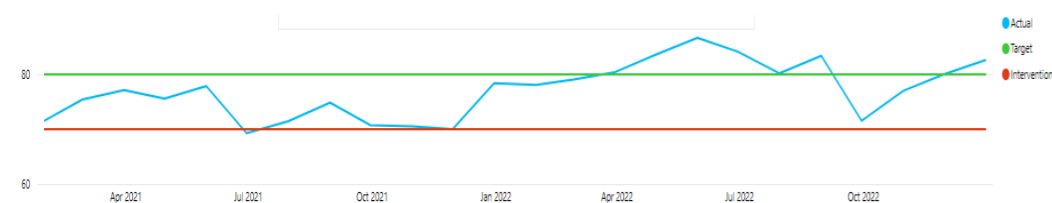


Sep	84.38	80	70	
Dec	91.84	80	70	Green

Contact Centre

CC302 % calls to the Contact Centre resolved first time

Jeff Membery



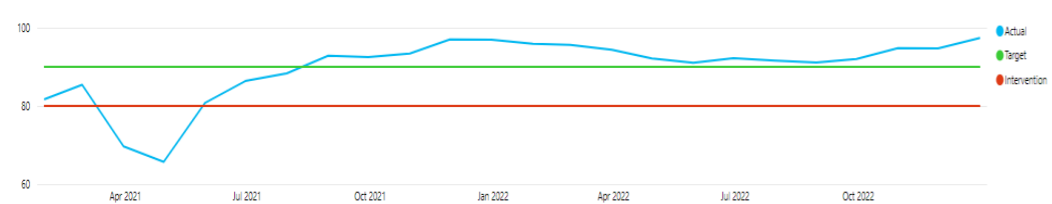
Oct	77.0	80	70	
Nov	80.0	80	70	
Dec	82.6	80	70	Amber

There has been an improvement throughout the quarter following September's lower result, and as new staff have become more established.

An amber Outlook RAG has been applied because historic data and lessons learned from previous years show that the Contact Centre's busiest time of year is Q4. In an attempt to maintain performance as much as possible, temporary staff are being sourced to specifically deal with the anticipated higher demand relating to Council Tax billing queries only and no other aspect of the business. This is a proactive approach to limit disruption caused by higher call volumes.

CC303 % of calls to the Contact Centre that are handled (answered)

Jeff Membery



Oct	94.79	90	80	
Nov	94.74	90	80	
Dec	97.37	90	80	Amber

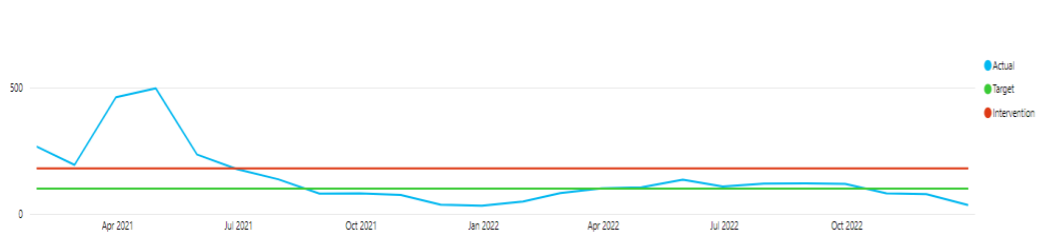
An amber Outlook RAG has been applied as explained in relation to CC302 above.

Note: Whilst some KPIs are reported monthly, others are reported quarterly. For quarterly KPIs the results are labelled based on the month at the end of the quarter (e.g. Q1 = Jun, Q2 = Sep)

Key Performance Indicator and Owner, organised by Directorate and Service Area	Actual	Target	Intervention	Outlook RAG	Comments
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CC307 Average call answer time (seconds)

Jeff Membery



Oct	81	100	180	
Nov	78	100	180	
Dec	35	100	180	Amber

An amber Outlook RAG has been applied as explained in relation to CC302 above.

Note: Whilst some KPIs are reported monthly, others are reported quarterly. For quarterly KPIs the results are labelled based on the month at the end of the quarter (e.g. Q1 = Jun, Q2 = Sep)

Agenda Item 8



**South
Cambridgeshire**
District Council

Report to:	Scrutiny & Overview Committee	28 February 2023
Lead Cabinet Member:	Councillor Bill Handley (Lead Cabinet Member for Communities)	
Lead Officer:	Liz Watts, Chief Executive Officer	

Further support for cost-of-living crisis for South Cambridgeshire residents

Executive Summary

1. To review the attached draft Cabinet report.

Recommendations

2. It is recommended that the Scrutiny and Overview Committee considers and comments on the report attached at Appendix A and recommends it to Cabinet for approval, with any amendments proposed.

Reasons for Recommendations

3. To inform the Cabinet decision.

Appendix

Appendix A: Draft report to Cabinet on 20 March 2023

Report Authors:

Ian Senior – Scrutiny and Governance Adviser
Telephone: 01954 713028

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Report to:	Cabinet	20 March 2023
Lead Cabinet Member:	Councillor Bill Handley, Lead Cabinet Member for Communities	
Lead Officer:	Liz Watts, Chief Executive Officer	

Further support for cost-of-living crisis for South Cambridgeshire residents

Executive Summary

1. This report provides Cabinet with recommendations for how the Council could continue to support residents through the cost-of-living crisis. Existing funding is available to deliver the recommended programme of support over the next two years. The recommendations aim to create self-sustaining systems that will continue beyond initial funding and provide support to residents across the district experiencing hardship. The funding recommended follows a package of support agreed by the Cabinet on 14 November 2022 for up until the end of March 2023.

Key Decision

2. Yes. The key decision was first published in the February 2023 Forward Plan.

Recommendations

3. It is recommended that Cabinet approve the priorities set out in paragraphs 28 – 35, and £206,000 funding set out in paragraph 37 to continue to support South Cambridgeshire communities during the ongoing cost-of-living crisis.

Reasons for Recommendations

4. Following the cost-of-living crisis declaration at a meeting of Full Council, a report was agreed by Cabinet on 14 November 2022 to provide a range of support targeted at more vulnerable residents to help with the current cost-of-living crisis.

The funding for many of the schemes proposed in that report comes to an end on 31 March 2023.

5. The cost-of-living crisis continues to have a major impact on individuals, families, and businesses nationally, including those living and working in South Cambridgeshire and this report summarises the work that has already been done and recommends additional support through the next 2 financial years.
6. The crisis is impacting people with moderate to good incomes as well as those already in hardship. The increase in day-to-day bills, especially energy and food, is pushing those struggling deeper into hardship and poverty.
7. We are hearing reports that the impossible choice between “heating and eating” may present more problems for our Health Services, which are still recovering from the demands caused by the Covid pandemic. Individuals who are unable to keep themselves warm, or feed themselves sufficiently, many of whom have underlying health conditions or are considered vulnerable, may develop health conditions as a result which require GP or hospital treatment.
8. There is evidence to suggest that some are less able to cope with the cost-of-living crisis so soon after the pandemic. Households, particularly those with low incomes, have run down savings and increased debt since the start of the pandemic. The Office for National Statistics found that by December 2020, nearly 9 million people had to borrow more money than usual because of coronavirus. Groups which are more likely to have taken on more debt since the start of the coronavirus pandemic include renters, people from minority ethnic groups, parents and carers, disabled people, and young people.
9. The effects of the cost-of-living crisis will continue for a number of years. Inflation will remain high through 2023 and the economic outlook continues to look challenging for many people and businesses. The Council has a duty to support the most vulnerable residents and with many existing projects ending on 31 March 2023, the recommendations in this report extend support over the following years.
10. The situation residents face is complex and there are no easy solutions. There are both long-term and short-term causes of the current crisis including:
 - The extraordinary rise in the cost of energy and fuel.
 - Interest rate rises.
 - The very high cost of housing which is extremely evident within South Cambridgeshire and its effects on rents in the area.
 - Rising food prices.
 - Income and wages, including social security benefits, have stagnated and some benefits such as Universal Credit (UC) have been reduced following increases during the pandemic.
 - The longer-term effects of the pandemic.
 - An ageing population.

- The current war in Ukraine (resulting in increased costs across a range of goods, services, foods, and energy).

The Council had already been supporting residents in the following ways: -

11. Dedicated income and money maximisation officer advice - available within Housing Advice and Benefits teams to help ensure people are claiming all support and assistance available to them including pre-tenancy advice and support in terms of managing finances, negotiating the costs of moving into a new home and some collaborative work with housing providers around affordability.
12. Specialist debt advice to residents at risk of homelessness because of affordability and debt (service accessed via the Housing Advice Team), provided by Citizen's Advice Bureau Money Advice Service.
13. Council tax payments – residents can spread payments over 12 instalments rather than 10 instalments as had traditionally been the case.
14. Improved information to increase and maximise income: [Cost of living support - South Cambs District Council \(scambs.gov.uk\)](https://www.scambs.gov.uk) – all information is now in one place to ensure people are aware of support by the Council and other organisations. This is supported by a printed resource.
15. Supporting residents with Trussell Trust Food Bank vouchers - authorising and providing vouchers offering onward support and signposting as appropriate.
16. Providing home energy improvements (for example, loft and wall insulation and solar PV) to homes where households are at risk of fuel poverty, funded through government schemes. (This work is delivered under the Action on Energy Cambridgeshire brand name, in collaboration with the other Cambridgeshire local authorities through the Cambridgeshire Energy Retrofit Partnership).
17. The Council is also working with partners to ensure good understanding locally of the support available such as:
 - Cambridgeshire County Council on the Household Support Fund that provides one off food and fuel payments. The Council is a trusted partner and able to authorise vouchers.
 - Local Energy Action Partnership (LEAP) who provide energy and money saving advice to residents and an onward referrals service for income, benefits debt advice and funded energy efficient improvements.

Following agreement by Cabinet on 14 November 2022, these additional measures commenced: -

18. Reducing the cost of heating and cooking by providing free slow cookers and electric blankets to those 'just about managing'. At the time of writing, over 300

people have been supplied with either an electric blanket or slow cooker, with many receiving both.

19. Expansion of Warm Hubs project that had commenced across South Cambridgeshire to provide a community space whereby residents are able to socialise and save on their heating bills while not heating their home during that time. So far, 25 Warm Hubs have opened across the district and as of 1 February 2023, have received over 2,000 visits.
20. The development of the Warm Hubs, where they have been successful, have provided opportunities for people living in loneliness and isolation to connect with their neighbours and make new friends building important local support networks. These appear to be proving most successful in those villages and communities which lack other amenities.
21. Introducing a food parcel service to those communities without access to a food bank but in need of food aid. The food parcel delivery provides a bespoke selection of foods to feed an individual or family group for up to a week and can be delivered within 24 hours of the initial request. Deliveries can be made to a registered Warm Hub or the residents' home in some circumstances.
22. Further support through Community Chest grants. An additional £20,000 was made available for projects specifically helping tackle the effects of the cost-of-living crisis.
23. Additional budget of £100,000 to be used over 2022/23 and 2023/24 for Discretionary Housing Payments for people on Universal Credit (UC) or Housing Benefits for help with housing costs.
24. A dedicated cost-of-living Project Officer to deliver projects thus far, and to act as a single point of contact for all cost-of-living crisis related enquiries through the Council.
25. Although initial feedback has already been overwhelmingly positive, a full evaluation report will be undertaken in May 2023 containing more data. Lessons learnt so far have shaped the recommendations in this paper to ensure residents continue to receive a high standard of support.

Focus of additional work to support residents through the cost-of-living crisis in 2023/24 and 2024/25

26. The Council declared a cost-of-living crisis at its September 2022 Council meeting, and subsequently passed a number of measures to support residents, with most of these measures ending on 31 March 2023. Below are the recommended options that officers have developed following engagement with the Lead Cabinet Member for Communities. The recommendations recognise the

need to create self-sustaining systems that do not require ongoing funding from the Council. Many of the recommended options require funding which is shown below. All the additional work can be funded through the use of available earmarked reserves.

27. Following on from the investment last year, the Integrated Care System (ICS) have indicated that they will provide further grant funding for 2023/24 to continue projects which demonstrate a focus on preventing people needing further health interventions and community engagement. Final confirmation is required to understand the details of this grant and its terms, but it is likely some match funding will be required for projects.

Priority Opportunities

28. **Cost-of-living crisis response strategy** – Develop a strategy to build on this report that would detail the Council’s approach to the cost-of-living crisis. An overarching strategy would help the Council to deliver a considered and budgeted range of holistic support. It would align to other strategies and policies such as equalities, health and wellbeing, and climate change, and link with projects such as housing initiatives with our own tenants, Community Led Planning (CLP), and Homes for Ukraine. The approach taken would be in collaboration with Parishes, Voluntary and Community Sector (VCS) groups, Cambridgeshire County Council’s Think Communities Team, and the ICS to create self-sustaining, place-based solutions.
29. **Roadshow of cost-of-living talks** – Existing community groups/events/meetings that take place in a community (or set up for this purpose if necessary) to raise the issue of the impacts of cost of living on the most vulnerable and highlight a range of support available. This would improve reach and uptake of grants and other support services. These would be organised in partnership with Parish Councils.

Recommendation: £1,000 to be allocated for this project. This covers room hire and materials cost for 10 talks in targeted areas.

30. **Evolution of Warm Hubs into Community Wellbeing Hubs** – Cambridgeshire Acre were appointed to provide warm community spaces in South Cambridgeshire and were provided with funding to last through to 31 March 2023. Learning from the extensive community engagement throughout this process, ‘Warm Hubs’ would evolve into Community Wellbeing Hubs, offering more services. These places could provide free, cheap, or ‘pay as you feel’ food and hot drinks, social interaction, access to affordable food, a warm space, connection to statutory services such as Job Centre, Housing Advice and voluntary groups such as Citizens Advice, energy and debt advice, and anything else the community wanted or needed. This project could be developed within Community Led Plan and be place-based, reflecting the needs of the particular village or town.

Recommendation: £25,000 to be allocated for a minimum of 5 Community Hubs across the district. Further funding will be bid for to increase this offering, subject to the terms of the ICS bidding process.

31. Council Tax Support Campaign - Run a larger communications campaign to increase uptake of the Council Tax reduction scheme. The campaign would use a range of communication channels but would include letters to areas with higher deprivation informing people of their potential eligibility. Data resulting from this scheme may also help the Council target future/additional support. This has been evident through the electric blanket/slow cookers scheme.

Recommendation: £10,000 allocated for a targeted letter campaign.

32. Extend the provision of electric blankets and/or slow cookers – Expand this scheme to provide energy saving appliances to residents just about managing. The feedback from this scheme has so far been very positive. We would also seek to target residents in receipt of care from the District Nursing Teams, again working in close collaboration with our partners in health. Planning a targeted approach will begin over the summer period to launch in November 2023.

Recommendation: £30,000 to support approximately 500 people.

33. South Cambridgeshire Sustainable Food Network - A sustainable food network would link together all foodbanks in the district to learn from one another and distribute food that would otherwise be going to waste; create links with local farmers to donate excess food that is not suitable for supermarkets; encourage communities to grow fresh vegetables for those most vulnerable; and promote healthy eating and more plant-based diets. This combats both the cost-of-living crisis and the climate crisis by creating a sustainable network, initially led by an officer at the Council, who would then mentor one of the volunteers to take over with external funding (funding currently available) once in operation.

At the Climate and Environment Advisory Committee's request, a report is being prepared by the Climate and Environment team for their meeting on 4 April setting out options for a South Cambridgeshire Sustainable Food Strategy. A sustainable food network would be an integral part of this.

This would include, though not be limited to, setting up new foodbanks, creating community vegetable gardens, facilitating a better relationship between supermarkets and foodbanks to donate excess food, and delivering food parcels to those in need. Funding would be provided to set up new foodbanks in target areas where gaps exist which should become self-sufficient after expiration of initial funding as work would be done to set up regular donations from the community and supermarkets. Community vegetable gardens would help create a more constant local supply of fresh seasonal vegetables to foodbanks in the district and encourage healthy eating and community cohesion. Food would be

distributed through the Sustainable Food Network, targeting food to those most vulnerable while also tackling food waste issues.

Recommendation: £45,000 allocated to the project as a whole. Initial allocation of this funding is £15,000 to fund 5 new foodbanks, £10,000 to cover land agreement and running costs for community vegetable gardens, and £20,000 for the provision of food parcels, although the sub-allocations are subject to change as work continues.

34. Data analysis to explore prevention methods - Many data sets are held within the Council and partner organisations that contain information on individuals and geographical areas at risk of, or already in, poverty. Officer resource would allow investigation of whether the Council's data could be used to attempt to implement prevention methods. This project is envisaged to run through to March 2025.

35. Officer resources – To deliver the projects set out in this report, a dedicated cost-of-living Project Officer at grade 4 is required beyond March 2023. Many of the projects outlined in this report will continue for a two-year period and thus require officer resource for that.

Recommendation: £80,000 for one full time equivalent Project Officer at Grade 4 on a two-year fixed term contract.

Options

1. Recommended option – accept all the recommendations set out in paragraphs 28 to 35 thereby continuing to support our commitment to helping residents through the ongoing cost-of-living crisis, initially approved by Cabinet in November 2022.
2. Cabinet could choose not to progress with any of the recommended options set out in the report and either do nothing, or ask officers to carry out further work.
3. Defer a decision until a later date, pending further information.
4. Approve some of the recommended options set out in the report and provide officers with feedback on those to be prioritised.

Implications

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

Financial

37. Funding for the projects outlined above will be drawn from existing and available earmarked reserves. Each option has been costed and evaluated as part of the

package of ongoing support that the council provides to residents. If all options were agreed, this would cost a total of £206,000 and all funding would come from earmarked reserves.

Financial summary of recommendations

	Funded by SCDC reserves (£)
Roadshow of cost-of-living talks	1,000
Evolution of Warm Hubs into Community Hubs	25,000
Council Tax support campaign	10,000
Extend the provision of electric blankets and/or slow cookers	30,000
South Cambridgeshire Sustainable Food Network	45,000
Officer resources (2 years)	80,000
Contingency	15,000
Total	206,000

Staffing

38. Creation of a new full time equivalent 2-year fixed term post at Grade 4 will be necessary to deliver the full range of projects outlined.

Risks/Opportunities

39. The recommendations in this report have the opportunity to ease the effects of the cost-of-living crisis to those most vulnerable in South Cambridgeshire. Were the Council not to continue its support to residents it is likely that more people will need to access other services offered by the Council and public sector partners.

Equality and Diversity

40. An Equality Impact Assessment (EqIA) was undertaken in November 2022 regarding cost-of-living support. As the recommendations in this report are a continuation of this work, it will rely upon the same EqIA. The EqIA has identified that the proposals have the potential to impact positively on several different protected characteristic groups, especially those who we know to be most vulnerable to the cost-of-living crisis, such as older people and young children, and disabled people.

Climate Change

41. The recommendations to set up a South Cambridgeshire Sustainable Food Network and to extend the provision of electric blankets and/or slow cookers align closely with the council's Zero Carbon Strategy, action plan and net zero targets. Electric blankets and slow cookers are likely to result in lower electricity use and associated greenhouse gas emissions. Food is a significant contributor to greenhouse gas emissions and a sustainable food network would be an important part of a strategy to reduce these.

Health & Wellbeing

42. The health impacts associated with financial hardship, debt, poor nutrition, and cold, damp homes are manifold. This project aims to deliver numerous positive health impacts by using a mix of universal and targeted approaches which will be localised and nuanced based on the needs of the neighbourhood.

Consultation

43. Community engagement with volunteers, residents, and services across South Cambridgeshire, which will be shared in full once the initial funding is complete. Ongoing and continued consultation with Think Communities, the ICS, Voluntary Sector and Council officers.

Alignment with Council Priority Areas

44. Growing local businesses and economies

This proposal involves working closely to deliver projects via the voluntary sector through the provision of grants. This creates positive impacts by supporting local not-for-profit organisations to develop their business models, provide employment for local people and build social value through the creation of increased volunteering roles across the District.

45. Housing that is truly affordable for everyone to live in

This project will link services such as Local Energy Advice Partnership and other debt and energy advice organisations to residents in need of housing and financial support. Leading to residents gaining access to fuel grants and home improvements which could lead to energy efficiency savings.

46. Being green to our core

The project plans to create a sustainable food network, bringing together foodbanks, allotment growing groups and supermarket chains to reduce food waste, and reduce food miles by offering locally grown, unwanted items to local people.

47. A modern and caring Council

This project aims to help support those people already suffering financial hardship and help prevent those just about managing from falling into debt by offering a range of practical and financial help. The breadth and depth of the project addresses the wider determinants as it aims to address matters relating to housing, income, jobs, social and community cohesion and access to health services.

Report Authors:

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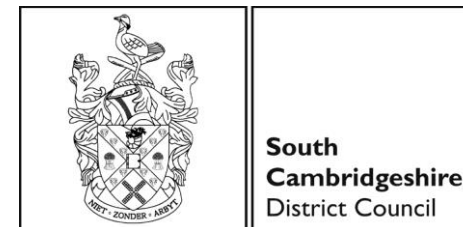
Scrutiny and Overview Committee Work Programme 2022-23

Meeting date	Potential Agenda item (subject to prioritisation by Chair and Vice Chair)		
	Pre-Scrutiny	Scrutiny review by Committee	Task and Finish Groups
28 March 2023	<ul style="list-style-type: none"> Annual Equality Scheme Update and Progress Report 	<ul style="list-style-type: none"> Ukraine update 	-
25 April 2023	<ul style="list-style-type: none"> New Collection Rounds (might be T&F Group) 	-	-
11 May 2023		-	-
June 2023	<ul style="list-style-type: none"> Quarter 4 Performance report 	<ul style="list-style-type: none"> Planning engagement with Town and Parish Councils (provisional) 	<ul style="list-style-type: none"> Final report with recommendations from the Young People T&F Group
July 2023	-	<ul style="list-style-type: none"> Stakeholder engagement 	-
September 2023	-		-

October 2023	<ul style="list-style-type: none">• Community Facilities at Northstowe (at the earliest)	-	-
November 2023	-	<ul style="list-style-type: none">• Update – the future use of South Cambs. Hall	-
Unscheduled	-	<ul style="list-style-type: none">• Civil Parking Enforcement	-

Notice of Key and Non-Key Decisions

To be taken under the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 from 1 February 2023



Notice is hereby given of:

- Key and Non-Key decisions that will be taken by Cabinet, individual Lead Cabinet Members or Officers
- Confidential or exempt executive decisions that will be taken in a meeting from which the public will be excluded (for whole or part)

A Key Decision is a decision by the Cabinet, or an individual Cabinet Member or officer, which is likely to either incur significant* expenditure or make significant savings, or to have a significant impact on those living or working in 2 or more wards.

*A decision to:

1. Incur expenditure or savings in excess of £200,000; or
2. Acquire or dispose of land or property with a value in excess of £1,000,000 shall be treated as significant for these purposes. However, a decision to invite a tender or award a contract shall not be treated as a key decision where the purpose of the contract is to fulfil the intention of any policy or scheme included in the policy framework or budget or involves a continuation of an existing policy or service standard.

A notice / agenda, together with reports and supporting documents for each meeting will be published at least five working days before the date of the meeting. In order to enquire about the availability of documents and subject to any restriction on their disclosure, copies may be requested from Democratic Services, South Cambridgeshire District Council, South Cambridgeshire Hall, Cambourne Business Park, Cambourne, Cambridge, CB23 6EA. Agenda and documents may be accessed electronically at www.scambs.gov.uk

Formal notice is hereby given under the above Regulations that, where indicated (in column 4), part of the meetings listed in this notice may be held in private because the agenda and reports for the meeting will contain confidential or exempt information under Part 1 of Schedule 12A to the Local Government (Access to Information) Act 1985 (as amended) and that the public interest in withholding the information outweighs the public interest in disclosing it. See overleaf for the relevant paragraphs.

Where two meetings (for example, Cabinet and Council) are listed for a particular item, the first will be making a recommendation to the second, which will then make a final decision.

If you have any queries relating to this Notice, please contact
Ian Senior on 01954 713028 or by e-mailing ian.senior@scambs.gov.uk

**Paragraphs of Part 1 of Schedule 12A to the Local Government (Access to Information) Act 1985 (as amended)
(Reason for a report to be considered in private)**

1. Information relating to any individual
2. Information which is likely to reveal the identity of an individual
3. Information relating to the financial or business affairs of any particular person (including the authority holding that information)
4. Information relating to any consultations or negotiations, or contemplated consultations or negotiations, in connection with any labour relations matter arising between the authority or a Minister of the Crown and employees of, or office holders under, the authority
5. Information in respect of which a claim to legal professional privilege could be maintained in legal proceedings
6. Information which reveals that the authority proposes:
 - (a) to give under any enactment a notice under or by virtue of which requirements are imposed on a person; or
 - (b) to make an Order or Direction under any enactment
7. Information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of crime

Page 8
The Decision Makers referred to in this document are as follows:
Cabinet

Councillor Bridget Smith
Councillor Brian Milnes
Councillor Henry Batchelor
Councillor John Batchelor
Councillor Bill Handley
Councillor Tumi Hawkins
Councillor Peter McDonald
Councillor Brian Milnes
Councillor John Williams

Leader of the Council
Deputy Leader
Environment
Housing
Communities
Planning
Economic Development
Environment
Resources

Key and non-key decisions expected to be made from 1 March 2023

Decision to be made	Description of Decision	Decision Maker	Date of Meeting	Reason for Report being considered in Private	Lead Cabinet Members and Contact Officer	Documents submitted to the decision maker
Business Rates Discretionary Relief Policy Key	Update to the Council's Discretionary Rate Relief Policy in line with Government direction.	Lead Cabinet member for Resources	Not before 04 November 2022		Lead Cabinet member for Resources Katie Kelly, Revenues Manager	
Greater Cambridge Joint Local Plan Key	To confirm preferred strategy	Cabinet	06 February 2023		Lead Cabinet member for Planning Jonathan Dixon, Planning Policy Manager, Caroline Hunt, Strategy and Economy Manager	Report publication expected on 27 January 2023
Responses to Water Resources East Regional Water Plan Non-Key	To agree the Council's responses to Water Resources East's Regional Water Plan.	Cabinet	06 February 2023		Lead Cabinet member for Planning Jonathan Dixon, Planning Policy Manager	Report publication expected on 27 January 2023
Update to New Build Council Housing Strategy	Update to the Council's New Build Council Housing	Cabinet Council	06 February 2023 21 February 2023		Lead Cabinet member for Housing	Cabinet report publication expected on 27

Key and non-key decisions expected to be made from 1 March 2023

Decision to be made	Description of Decision	Decision Maker	Date of Meeting	Reason for Report to be considered in Private	Lead Cabinet Members and Contact Officer	Documents submitted to the decision maker
	Strategy to reflect reviewed targets and economic position				Kirstin Donaldson, Service Manager - Acquisitions and Development	January 2023 Council report publication expected on 13 February 2023
Medium Term Financial Strategy Page 88	Review and ensure that Council is aware of the financial challenges over the medium-term.	Cabinet Council	06 February 2023 21 February 2023		Lead Cabinet member for Resources	Report publication expected on 27 January 2023
General Fund Budget 2023/24	Consider the General Fund Revenue Budget for 2023-24	Cabinet Council	06 February 2023 21 February 2023		Lead Cabinet member for Resources Lead Cabinet member for Resources	Report publication expected on 27 January 2023
Housing Revenue Account Budget 2023/24	Consider the Housing Revenue Account Budget for 2023-24	Cabinet Council	06 February 2023 21 February 2023		Lead Cabinet member for Resources	Report publication expected on 27 January 2023

Key and non-key decisions expected to be made from 1 March 2023

Decision to be made	Description of Decision	Decision Maker	Date of Meeting	Reason for Report to be considered in Private	Lead Cabinet Members and Contact Officer	Documents submitted to the decision maker
Capital Investments Programme 2023/24 - 2027/28	Consider the Council's Capital Programme	Cabinet Council	06 February 2023 21 February 2023		Lead Cabinet member for Resources	Report publication expected on 27 January 2023
Treasury Management Strategy	Consider a refreshed version of the Strategy for adoption by the Council.	Cabinet Council	06 February 2023 21 February 2023		Lead Cabinet member for Resources	Report publication expected on 27 January 2023
Capital Strategy	Consider a refreshed version of the Strategy for adoption by the Council.	Cabinet Council	06 February 2023 21 February 2023		Lead Cabinet member for Resources	Report publication expected on 27 January 2023
Review of Revenue Reserves and Provisions	Review the Council's Revenue Reserves and Provisions as	Cabinet Council	06 February 2023 21 February 2023		Lead Cabinet member for Resources	Report publication expected on 27 January 2023

Key and non-key decisions expected to be made from 1 March 2023

Decision to be made	Description of Decision	Decision Maker	Date of Meeting	Reason for Report to be considered in Private	Lead Cabinet Members and Contact Officer	Documents submitted to the decision maker
	part of the 2022/2023 budget setting process.					
2020-25 Business Plan Page 90	Approval of the 2023-24 iteration of the 2020-25 Business Plan	Cabinet Council	06 February 2023 21 February 2023		Leader of Council Kevin Ledger, Senior Policy and Performance Officer, Liz Watts, Chief Executive	Report publication expected on 27 January 2023
Pay Policy Statement Non-Key		Council	21 February 2023		Lead Cabinet member for Resources Jeff Membery, Head of Transformation, HR and Corporate Services	Report publication expected on 13 February 2023
South Cambs Limited t/a Ermine Street Housing Business Plan Update2022/23 - 2031/32	That Cabinet accepts the latest iteration of the Business Plan.	Cabinet Council	20 March 2023 30 March 2023	Report is open but the Business Plan is exempt as it contains commercially sensitive	Lead Cabinet member for Housing	Report publication expected on 10 March 2023

Key and non-key decisions expected to be made from 1 March 2023

Decision to be made	Description of Decision	Decision Maker	Date of Meeting	Reason for Report to be considered in Private	Lead Cabinet Members and Contact Officer	Documents submitted to the decision maker
				information	Duncan Vessey, Head of Ermine Street Housing	
Investment Strategy Non-Key	Annual review of the strategy to be adopted by the Council.	Cabinet Council	20 March 2023 30 March 2023		Lead Cabinet member for Resources Anne Ainsworth, Chief Operating Officer	Report publication expected on 10 March 2023
2022/2023 Revenue and Capital Budget Monitoring (Quarter 3) Non-Key	Consider the monitoring data and trends in respect of the 2022/23 budgets and issues.	Cabinet	20 March 2023		Lead Cabinet member for Resources	Report publication expected on 10 March 2023
Annual Equality Scheme Update and Progress Report Key		Cabinet	20 March 2023		Lead Cabinet member for Resources Kevin Ledger, Senior Policy and Performance Officer	Report publication expected on 10 March 2023

Key and non-key decisions expected to be made from 1 March 2023

Decision to be made	Description of Decision	Decision Maker	Date of Meeting	Reason for Report to be considered in Private	Lead Cabinet Members and Contact Officer	Documents submitted to the decision maker
Quarter 3 Performance report Non-Key	Review Key Performance Indicator results and comments recommending any actions required to address issues identified.	Cabinet	20 March 2023		Deputy Leader Kevin Ledger, Senior Policy and Performance Officer	Report publication expected on 10 March 2023
Rural Shared Prosperity Fund Non-Key	Review, approve or amend the policy, application criteria and determination process for the Rural Shared Prosperity grant scheme	Cabinet	20 March 2023		Lead Cabinet Member for Economic Development Katherine Southwood, Business Support Projects Team Leader	Report publication expected on 10 March 2023
Compliance Policy Key	To consider the policy	Cabinet	20 March 2023		Lead Cabinet member for Planning Heather Jones, Strategic Lead 3C Building Standards	Report publication expected 10 March 2023
Cost of living - options to continue support Key	To consider options for continuing support for those experiencing hardship because of	Cabinet	20 March 2023		Lead Cabinet Member for Communities Gareth Bell, Communications	Report publication expected on 10 March 2023

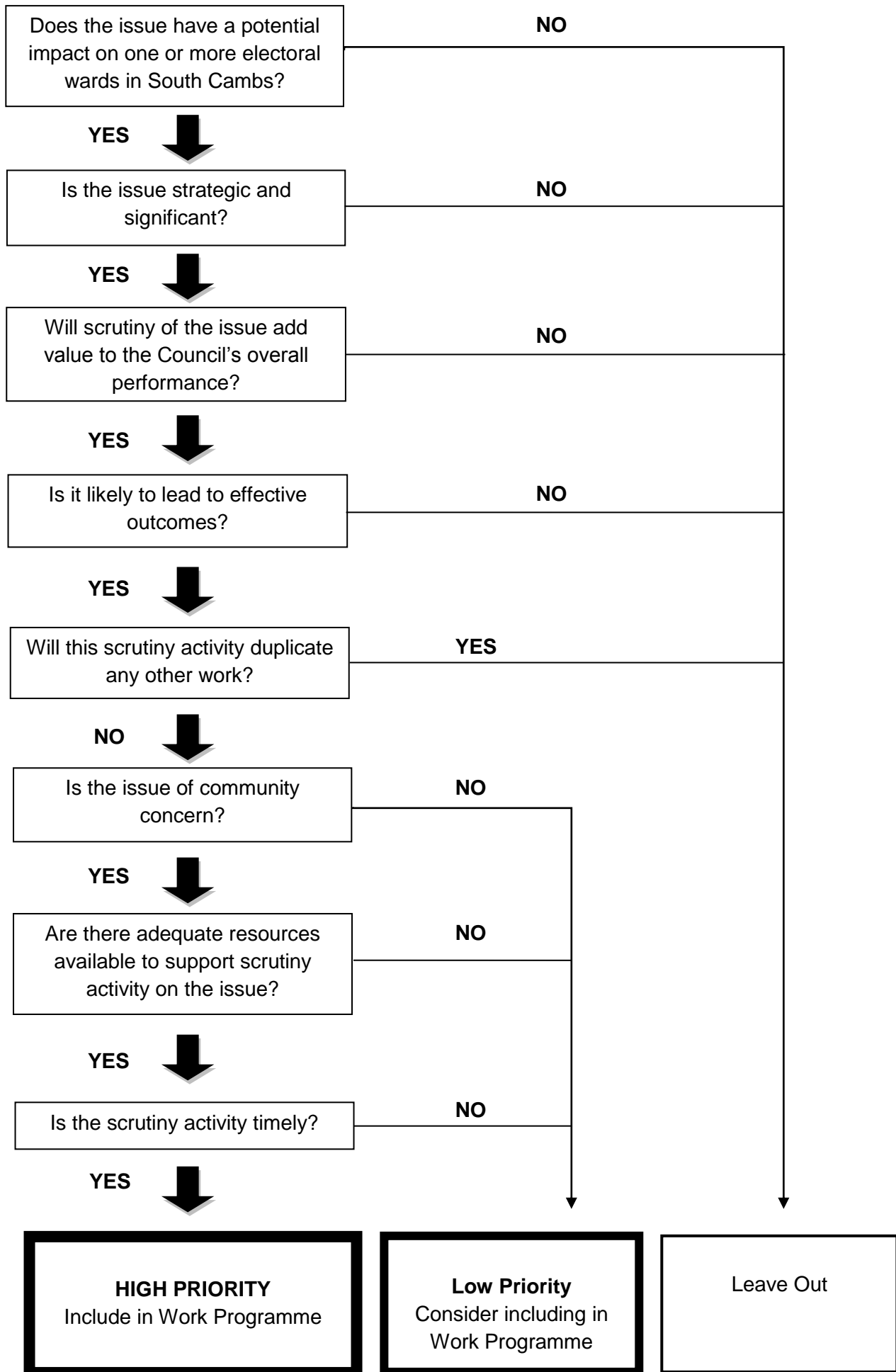
Key and non-key decisions expected to be made from 1 March 2023

Decision to be made	Description of Decision	Decision Maker	Date of Meeting	Reason for Report to be considered in Private	Lead Cabinet Members and Contact Officer	Documents submitted to the decision maker
	rising costs and inflation.				and Communities Service Manager	
Response to Cambridge Water's Water Resources Management Plan Non-Key	To agree the Council's response to Cambridge Water's Water Resources Management Plan	Cabinet	Not before 20 March 2023		Lead Cabinet member for Planning Jonathan Dixon, Planning Policy Manager	Report publication expected on 10 March 2023
Making of Fulbourn Neighbourhood Plan P 03 03 03	Full Council will need to formally adopt the neighbourhood plan if it has a successful referendum. Referendum date not set yet	Council	30 March 2023		Lead Cabinet member for Planning Jenny Nuttycombe, Principal Planning Policy Officer	Report publication expected on 22 March 2023
2021/22 Provisional Housing Revenue Account (HRA) Outturn	Reports the HRA Revenue and Capital outturn position for the financial year 2021/22	Council	Not before 30 March 2023			Report publication expected five clear working days before the meeting
New Collection Rounds Non-Key	Outputs of periodic (3 – 5 yr) review of collection rounds to optimise operations	Cabinet	15 May 2023		Lead Cabinet member for Environment	Report publication expected on 4 May 2023)

Key and non-key decisions expected to be made from 1 March 2023

Decision to be made	Description of Decision	Decision Maker	Date of Meeting	Reason for Report to be considered in Private	Lead Cabinet Members and Contact Officer	Documents submitted to the decision maker
	and re-balance rounds taking into account growth, new practices, vehicles, etc				Michael Parsons, Waste Operations Manager, Alex Snelling-Day, Policy, Climate and Environment Team Manager, Bode Esan, Head of Climate, Environment & Waste	

Scrutiny Work Programme Prioritisation Tool



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