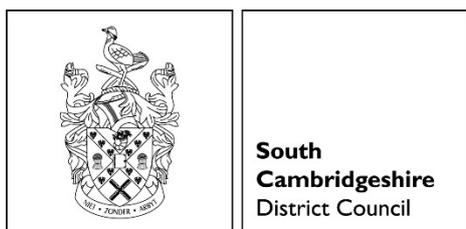


Budget-Setting Report 2019-20



**February
2019**

2019-20

South Cambridgeshire
District Council

Version Control

Version No.	Revised version / updates for:	Content / Items for Consideration
1	Executive Management Team (EMT) (21 November 2018)	Initial budget overview and budget proposals
2	Informal Cabinet (9 January 2019)	Review and approval of the draft Budget report
Current	2	Scrutiny & Overview Committee (22 January 2019)
	3	Cabinet (6 February 2019)
	4	Council (21 February 2019)

Anticipated Precept Setting Dates

Cambridgeshire Police and Crime Commissioner	Cambridgeshire & Peterborough Fire Authority	Cambridgeshire County Council
31 January 2019	8 February 2019	9 February 2019

Contents

Section No.	Topic	Page No.
1	Introduction	GF 1
2	Local and national policy context	GF 3
3	General Fund resources	GF 13
4	General Fund revenue budgets	GF 27
5	General Fund: Expenditure and funding 2019-20	GF 30
6	Five year General Fund revenue forecast 2019-20 to 2023-24	GF 31
7	Capital	GF 33
8	Risks and reserves	GF 44

Appendices

Reference	Topic	Page No.
A	Fees and charges	GF 47
B	Precautionary items	GF 48
C(a)	Bids and Savings – Revenue Bids	GF 49
C(b)	Bids and Savings – Capital Bids	GF 61
D	Earmarked and specific funds	GF 65

Section 1

Introduction

Purpose

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

On 7 November 2018, the Cabinet reviewed the Medium Term Financial Strategy (MTFS). The MTFS set out the financial strategy for the council in light of local and national policy priorities, external economic factors and the outlook for public sector funding. The MTFS also reviewed key assumptions and risks, thereby confirming the framework for detailed budget work for 2019- 20 and beyond.

The BSR reviews the impacts of developments since the MTFS and sets the financial context for the consideration of detailed recommendations to be made at council on 21 February 2019. The document proposes a detailed budget for the next financial year, and indicative budget projections for the following four years.

Background

The financial planning context for the BSR is set by the MTFS. This identified a total net savings requirement of £3.0m over the next 5 years after taking into account changes to base assumptions and pressures and savings identified at that time.

	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m
Annual savings requirement	0.00	1.10	1.00	0.90	0.00
Cumulative savings requirement	0.00	1.10	2.10	3.00	3.00

*this is after the annual vacancy saving of £0.5m allocated across the council

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

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

Key dates

The key member decision-making dates are as follows:

Date	Task
2019	
9 January	Informal Cabinet
22 January	Scrutiny and Overview Committee
6 February	Cabinet recommends the budget to Council
21 February	Council approves the budget and sets the council tax for 2019-20

Section 2

Local and national policy context

Local policy context

Corporate Plan

The Corporate Plan provides a key component of the local policy context setting a direction of travel for the council which responds to the future financial outlook.

Revisions to corporate priorities have emerged from discussions between Cabinet and the Executive Management Team. The Corporate Plan is currently being revised to reflect these new priorities and it will be brought forward for approval alongside the budget in February 2019.

Partnership working

South Cambridgeshire District Council (SCDC) works in partnership with a range of other bodies where this can bring additional benefits to the people who live, work and study in our area, especially when this leads to a pooling of resources and skills to achieve a common aim.

The Greater Cambridge Partnership

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

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

- accelerate the delivery of 33,500 planned homes

- enable delivery of 1,000 extra affordable new homes on rural exception sites
- deliver over 420 new Apprenticeships for young people
- provide £1bn of local and national public sector investment, enabling an estimated £4bn of private sector investment in the Greater Cambridge area
- create 44,000 new jobs
- create a governance arrangement for joint decision making between local councils

The Partnership is currently developing proposals for transport improvements to enable people, goods and ideas to move more quickly, reliably and sustainably between centres of research, innovation and enterprise, and between places of residence, work and study.

One aspect of this is likely to be proposals to tackle congestion, and this may require ways of managing the number of vehicles on the most congested routes at the most congested times of the day. Whatever proposals are ultimately implemented may have impacts on SCDC services, including potentially budgetary implications. The service and financial impact of such measures will be factored into the council's financial planning in more detail as the impacts become clearer.

The Partnership is also supporting delivery of affordable housing and a skills system that equips more young local people with the skills they need to engage in the knowledge-based industries that comprise the Cambridge Cluster.

The Partnership is also bringing together public, private and academic experts to develop and exploit "smart city" technologies to help identify and address the challenges that Greater Cambridge faces.

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

Cambridgeshire and Peterborough Combined Authority

In November 2016, eight organisations¹ in Cambridgeshire, including South Cambridgeshire District Council, agreed a devolution deal with the government to form the Cambridgeshire

¹ Cambridge City Council; Cambridgeshire County Council; East Cambridgeshire District Council; Fenland District Council; Huntingdonshire District Council; Peterborough City Council; South Cambridgeshire District Council; Greater Cambridge Greater Peterborough Local Enterprise Partnership

and Peterborough Combined Authority (CPCA). The deal gives delegated powers to the Combined Authority and a new elected Mayor and brings funding to the region. Following elections on 5 May 2017, James Palmer was elected as Mayor for the CPCA.

The CPCA will receive funding and powers from Central Government in a number of areas including:

- £100 million to deliver new homes over a five-year period in Peterborough and Cambridgeshire which includes affordable, rented and shared ownership housing, plus £70m for Cambridge City Council to deliver at least 500 new council homes.
- £20 million a year funding over 30 years to support infrastructure and boost economic growth in the region

The key ambitions for the CA include:

- doubling the size of the local economy
- accelerating house building rates
- improving transport and digital infrastructure.

It has been agreed that the CPCA costs will be funded from the gain share grant and therefore there will be no charge to SCDC for this. The Mayor has the power to raise a precept (i.e. a separate additional element of council tax to fund the running costs of the Mayoral office). The earliest this could take effect is from 2019/20.

The Combined Authority (but not the Mayor) can levy constituent councils to make a contribution towards its functions but this would need to be unanimously agreed by those authorities through the budget making process for the CPCA. Each Council could also decide voluntarily to make a financial contribution to the CPCA.

Cambridgeshire's economy should benefit from the additional investment and improved infrastructure in the local area that the CPCA brings.

Shared services

The council currently shares some services with neighbouring councils. Benefits include improvements in service delivery, efficiencies and greater resilience.

The following services are delivered in two or three way partnerships with Cambridge City Council (CCC), Huntingdonshire District Council (HDC) and West Suffolk (St Edmundsbury Borough Council and Forest Heath District Council):

With CCC and HDC:

- 3C Building Control
- 3C ICT
- 3C Legal
- Housing Development Agency
- Home Improvement Agency

With CCC:

- Greater Cambridge Shared Waste Service
- Greater Cambridge Shared Internal Audit
- Greater Cambridge Shared Planning
- Payroll

With West Suffolk

- Homelink (Shared service for Cambridgeshire and West Suffolk with 36 users)

Staff pay deal

The Council has agreed a two year pay deal with staff. The deal comprises improvements in pay and conditions as well as:

- 1% increase on all pay points with effect from 1st April 2018
- 2% increase on all pay points with effect from 1st April 2019

The 2018/2019 budget already included provision for 1% pay increase. The MTFS and 2019/2020 budget will reflect the 2% increase on pay as part of the two year deal. This deal also included enhancements to some terms and conditions, the costs of which have also been budgeted for. The Lead Cabinet Member can approve pay increases within approved budgets.

External factors

The European Union (EU)

- There is still a considerable amount of uncertainty as to the effect of the United Kingdom (UK) leaving the EU with regard to interest rates, inflation and business investment combined with associated business rates generation and retention. As presently understood, the UK will leave the EU on 29 March 2019, with a transition period lasting until midnight on 31 December 2020.

Inflation rates

- Inflation used to drive expenditure and income assumptions in the GF financial planning have been based on the Bank of England and Office of Budget Responsibility (OBR) forecasts. The percentage currently applied in the MTFS is 2%, reflecting the Government target for CPI. The Bank of England's November 2018 forecast shows a fall from 2.2% predicted rate for 2018-19 to 2.1%, increase from 2.0% to 2.1% for 2019-20, and a return to 2% rate by late 2021.

Interest rates on deposits

- The council lends its cash balances externally on a short-term basis, with a view to generating a return that can be spent on delivering council services whilst managing both security and liquidity of the cash. Members of the Bank of England Monetary Policy Committee (MPC) unanimously increased the bank rate to 0.75% (previously 0.50%) on 1st August 2018, the previous increase was on 2nd November 2017, when the Committee voted to increase the Bank Rate to 0.50%.
- Rates available to investors continue to be exceptionally low. Our assumption relating to the rates at which we can lend out our cash balances have been maintained.

Interest rates on external borrowing

- Loans are being taken out this year to fund lending to the Ermine Street Housing and to fund the Capital Programme. Estimates included in the BSR assume borrowing at the current rates available from PWLB.

Currency exchange rates and import tariffs

- Reducing value of sterling has had a negative impact on the procurement costs of the Council. Further increase in the value of foreign currencies is likely to cause additional pressure on the budget.
- Any potential tariffs on goods imported from the EU could increase the cost of material the council uses to achieve its Housing objectives.

National policy context

Government spending announcements

In his Spring 2018 statement, the Chancellor revised the government's pledge to eliminate the budget deficit from 2025 to "mid-2020s". A budget deficit revision could have considerable impact on the medium-term outlook for local government funding.

Two fiscal reports in July, from the OBR and Treasury, highlighted the pressures on public finances. Pressures on health, pensions and social care dominate long-term projections. When recent public sector pay awards are factored in, the future course of local government funding becomes very challenging.

Whilst reduced contributions to the EU will fund some additional demand, much will be used to maintain existing agricultural, scientific research and infrastructure support, with additional funding for Health also expected from this source.

Despite a fall in median incomes, higher levels of employment which are largely determined by the pace of economic growth, should translate into improvements in income tax revenues.

Local government finance

2019/20 and future years

The 2016/17 settlement offered councils a four-year settlement, giving greater certainty of funding until the end of the spending period. For the Council, this settlement gives certainty over Revenue Support Grant (RSG) and Business rates tariff and top-up payments. Effectively, RSG is to be phased out over the 4-year timeframe, with a proposal for negative RSG to be eliminated through the mechanism of the overall business rates settlement.

Provisional settlement announced on 13 December 2018 made no significant changes to funding allocations compared to prior year. This settlement forms the final year of the multi-year funding settlement accepted by 97% of councils in return for publishing efficiency plans.

Business rates retention is due to be increased to 75% from 2020, alongside a reform of the business rates system. 15 pilot areas for testing 75% rates retention have been announced, in addition to the pilots originally launched in 2017 in devolution deal areas, which will

continue on existing basis in 2019-20. There is concern over the reset of the system which will take effect from 2020/21. This will update baselines and may remove a significant amount of the additional funding that has arisen through growth since the system was established.

While the use of Negative RSG has not been implemented, from 2020-21, this could be replaced by a downward adjustment to a local authority's business rates tariffs and top ups for the less grant-dependent authorities.

Rural Services Delivery Grant has been kept on the same level as in 2018-19, in recognition of the extra costs of providing services in rural communities.

The Government shares CIPFA's concerns about the scale of borrowing for commercial purposes in some local authorities. MHCLG and HM Treasury are considering further potential interventions. It is not expected that the Council's investment strategy will be affected by these measures.

The 2019 Spending Review will confirm overall local government resourcing from 2020/21. Therefore, uncertainty remains for that year and beyond. Consultations on the Fair Funding Review and reform of business rates retention have been released on 13 December 2018 alongside the settlement.

This MTF5 assumes that, except for the removal of the negative RSG, the level of Settlement Funding Assessment (SFA) will be as indicated in the 2017/18 settlement, included in the February 2017 BSR and as shown below. There is considerable uncertainty relating to SFA for 2020/21, 2021/22 and 2022/23, as this is beyond the current parliamentary term and after the implementation of the change to the business rates retention.

	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
Revenue Support Grant (RSG)	-	-	-	-	-
Rural Services Grant	131	-	-	-	-
Business rates baseline	2,605	2,674	2,725	2,725	2,725
Total SFA - per 2017/18 finance settlement	2,735	2,674	2,725	2,725	2,725

New Homes Bonus

The New Homes Bonus (NHB) was launched in 2010 as a non-ringfenced payment to all local authorities based on the number of new homes added each year within its area. The eligible amount was then paid for each of a period of 6 years.

A cut of approximately two-thirds of the funding available for NHB was announced in the 2015 Spending Review, followed by a technical consultation on the future of the scheme. The outcome of the technical consultation was published alongside the provisional settlement in December 2016. This confirmed the expected direction of travel, 'sharpening the incentive' for councils to deliver new housing. Specifically:-

- The length of NHB payments was cut from six to five years in 2017/18, and further reduced to four years from 2018/19 onwards.
- A national baseline, or 'deadweight', of 0.4% was introduced, below which NHB will not be paid. The government has retained the option of adjusting this baseline, effectively providing a mechanism to control the total NHB payable to councils. The Council receives 80% of NHB payable on increases in housing stock above the 0.4% deadweight, with the County Council receiving the remaining 20%.
- From 2018/19 the government will consider withholding NHB payments from councils without a local plan, and for houses built following planning appeals. Work continues to complete the processes for adopting the Local Plan but the specifics including timing are also dependent on the Planning Inspection process.

The government has included ways of implementing reductions in NHB for houses built following planning appeals in its technical consultation of the local government finance settlement. At present no reductions have been included in the council's forecasts.

The table below includes estimates of future NHB payments based on expected housing completions and the years of payment and deadweight indicated in the government's consultation response. Any changes in these factors could materially impact these estimates. NHB is currently used to fund both revenue and capital spending related principally to growth and place. Along with partners, the Council has committed 40% of NHB funding each year to a City Deal Investment and Delivery Fund, with remaining amounts reserved for schemes to mitigate the impacts of the A14 upgrade. However, the council's revenue expenditure and A14 mitigation take priority over the contribution to the City Deal Investment and Delivery Fund. If NHB reduces, it is the contribution to this Fund that would be impacted first. Greater reductions may require savings in revenue or capital spending, with the spending listed above being considered against other spending priorities.

NHB receipt estimates, based on the current criteria, projections of future housing completions and empty homes brought back into use, are shown below.

New Homes Bonus	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000
Confirmed NHB funding at February 2018 BSR	3,010	1,994	943	530	-
Estimated NHB receipts for 2018/19	-	478	478	478	478
Estimated NHB receipts for 2019/20	-	-	1,147	1,147	1,147
Estimated NHB receipts for 2020/21	-	-	-	1,398	1,398
Estimated NHB receipts for 2021/22	-	-	-	-	1,364
Potential New Homes Bonus Total	3,010	2,473	2,569	3,552	4,387

Council Tax

The recently released technical consultation on the finance settlement indicates that district councils will be able to raise Band D council tax by £5 per annum. The Budget has been modelled on the basis that this level of increase will be allowed throughout the 5 year period. Differences also arise from changes in the modelled tax base.

Council tax Band D rate	2019/20 £	2020/21 £	2021/22 £	2022/23 £	2023/24 £
February 2019	145.31	150.31	155.31	160.31	165.31
Resulting council tax yield	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
February 2019	9,093	9,644	10,204	10,766	11,218

2018 Budget Statement

The government published the Budget on 29 October 2018.

The key political message from this Budget is that it heralds “the end to austerity”. This has an important political message: that is, the Government will not cut public spending just to balance the budget. Instead, additional funding for the Local Government has been announced for both 2018-19 and 2019-20.

However, the improved fiscal forecasts rely on the economy meeting expectations: a recession (or external shock, such as a disorderly Brexit) could easily upset these plans. For now, though, the prospects for public spending – and for local government as well – are starting to look more positive.

Borrowing is still only accepted to invest in infrastructure and innovation targeted at improving productivity. It was expected at the time of prior year budget that funding for local government would be flat (0%) but that growth in council tax yield (Band D and taxbase) could give local government overall growth in resources of about 2.6% per year. This now looks low compared to the average increase in public sector spending of 3.2%.

This gives grounds for some optimism for overall funding for local government in the next spending review period. Nothing has been released about the process and timetable for the Spending Review with the Budget, even if priorities are evident from the additional funding that has been announced. These priorities are: defence, schools, police and prisons/ justice.

For the first time in a long time, local government has been given a prominent role in the Budget, the Adult Social Care precept and the increase in business rate retention (to 75% in 2020-21) were mentioned, as well as the removal of the cap on borrowing in the housing revenue account.

Changes were announced in business rates relief:

- The Government is going to cut business rates by one-third for retail properties with a rateable value below £51,000 for 2 years from April 2019, subject to state aid limits. The Government will fully fund the cost of the relief.
- There will be £657m co-funding to help local authorities manage the changing pressures on the local high street. Local authorities will be asked to draw-up plans to change underused retail areas to residential use, and these will be accompanied by changes in the rules of compulsory purchase orders and use orders.
- The £1,500 local newspaper discount will be extended for another year.
- And local authorities will be able to award mandatory business rate relief to public lavatories, whether publicly or privately owned. Broadly half of any relief will be funded by local authorities.

Longer term decisions on overall local government funding will be made in the 2019 Spending Review. This was the government's second Autumn Budget, the next statement being an early 2019 forecast from the OBR followed by a Spring Statement.

Section 3

General Fund resources

Local government finance settlement 2019/20

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

On 13 December 2018 the Government announced the provisional settlement for 2019-20. There have not been great changes from methodology announced by the Secretary of State in 2016/17, which ensures that local councils delivering similar services receive a similar percentage change in settlement core funding for those services.

Rural Services Delivery Grant has been increased overall. This keeps the grant at the same level as it was in 2018-19. This is in line with our MTFS assumptions.

The New Homes Bonus national baseline will stay at 0.4%. The Government has decided to provide additional funding in 2019-20 so that the baseline can remain at 0.4% (as it did in 2018-19).

There are no changes to the council tax thresholds. As expected, the Government has decided to "directly eliminate" Negative RSG in 2019-20 using foregone business rates. The Government's objective to increase the local business rate share to 75% from 2020 was re-stated.

The provisional settlement provides funding figures for 2019-20 . However, certain elements are subject to the funding guarantee described above.

Uncertainty remains for 2020-21 and beyond as government continues to develop business rates retention scheme. Based on the Government announcements, it is likely that retention will be 75%. However, there is still work relating to identifying further responsibilities to devolve to councils to match higher levels of business rates retention and a review of needs and distribution, now known as the Fair Funding Review. The government has confirmed expectations that the Fair Funding Review will be finished in time for implementation in April 2020.

Core spending power

Element of core spending power (£000)	2018-19	2019-20 Provisional	Change
Settlement Funding Assessment (SFA) - per 2019-20 provisional settlement	2,546	2,605	2%
Compensation for under-indexing the business rates multiplier	58	85	45%
Rural Services Grant	105	131	24%
New Homes Bonus (NHB) grant ¹	3,010	2,473	(18%)
Council tax income ¹	8,658	9,042	4%
Core spending power	14,403	14,336	(0%)

¹ – Figures based on government projections

There are no material changes in the SFA from that included in BSR 2018, as this funding was guaranteed following the government's acceptance of the council's efficiency plan. However, Rural Services Delivery Grant was increased to £131k, rather than being retained at 2017/18 levels as expected.

Future prospects

While the level of Settlement Funding Assessment (SFA) for 2019/20 remains stable as indicated in the 2018/19 settlement, there is considerable uncertainty relating to the SFA for 2020/21, 2021/22 and 2022/23, as this is beyond the current parliamentary term and after the possible implementation of 75% business rates retention. It is now thought that the tier split may be changed. The outcome of the Fair Funding Review and a probable baseline reset create further uncertainty. Therefore, in the absence of better information, the overall SFA has been assumed to remain close to 2019/20 levels.

The final settlement will provide confirmed amounts for the SFA for 2019/20. However, NHB and therefore core spending power is not guaranteed by the multiyear settlement.

Local retention of business rates

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

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

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

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

Forecasting the effects and timing of new development and redevelopment on the area's tax base remains difficult. Significant changes include the introduction of three Enterprise Zones within the district at Cambourne, Waterbeach and Northstowe, and the transfer of Papworth Hospital facilities to Cambridge, followed by redevelopment of the Papworth site. The business rates taxbase could also be impacted by an outstanding application from a network provider to transfer their hereditaments from the council's list to the central list. Together, the potential loss of business rates income from the Papworth site and the network provider have impacted forecasts of business rates income to the council by around £600k per year.

There are also significant uncertainties around the operation of the business rates retention scheme in the next few years.

The DCLG began working with local authorities and other interested parties in 2016 on changes to the local government finance system to pave the way for the implementation of 100% business rate retention. Progress on the design of any future scheme was halted by the General Election and it became clear that there was unlikely to be the capacity for government to consider the primary legislation required for 100% retention. However, as part of the settlement announcement in December the DCLG gave some indication about the future shape of Business Rates Retention.

The Secretary of State has announced that the local share in the Business Rates Retention Scheme (BRRS) will increase from 50% to 75% in 2020/21.

The review is likely to rebalance the distribution of business rates away from district councils towards those authorities with social care responsibilities, for example by changing the tariff and top up payments, or the relative shares of income between the tiers of local government. The government has also indicated that the increase in the retention percentage will mean the transfer of additional responsibilities to local government.

It remains difficult to forecast the appeals position accurately. There was a business rates revaluation at 1 April 2017. Alongside this there was a move to a process of 'Check, Challenge, Appeal' in respect of valuations. Nationally there has been very little activity in respect of businesses appealing their rateable values and this makes the appeals position for the 2017 list particularly challenging.

There are also uncertainties in respect of residual 2010 list appeals, with appeals settled elsewhere in the country having knock-on effects nationally. NHS Foundation Trusts, including those in the city, are also pursuing a claim for award of mandatory charitable relief, backdated a number of years.

Given these uncertainties, the BSR takes a cautious approach to forecasting business rates income, particularly after the changes due in 2020-21, where figures from the council's advisers, Pixel, are used.

New Homes Bonus

The allocation of NHB for 2019/20 was announced by the DCLG in December 2018 and formed the basis for BSR 2019-20. An illustrative amount for 2019-20 was provided within the provisional finance settlement, see above. The provisional settlement confirms that the length of time that the bonus is paid for will be four years as expected. The threshold over which the bonus is paid will remain at 0.4% for 2019-20.

The settlement provides illustrative NHB allocations to authorities for 2018-19 and 2019-20 by apportioning the total available funding over councils on the basis of the percentage allocation for 2017-18. The table below includes updated estimates of future NHB payments based on expected housing completions, four years of payment for bonus awarded in 2018/19 and thereafter and 0.4% deadweight threshold. Any changes in these factors could materially affect these estimates.

NHB projections	2018-19 £000	2019-20 £000	2020-21 £000	2021-22 £000	2022-23 £000
MTFS November 2017	3,038	3,181	4,066	5,617	
MTFS January 2018	3,010	3,006	2,565	4,089	
MTFS January 2019	3,010	2,473	2,569	3,552	4,387

NHB is currently used to fund £1.8m of General Fund expenditure and small amounts of revenue expenditure on infrastructure projects supporting growth. Currently remainder NHB is set aside as a contribution to the Greater Cambridge Partnership Investment and Delivery Fund, if there are any remaining amounts, these are reserved for the A14 upgrade contribution. Due to the reduction in NHB funding receipts, it has been agreed to reduce GCP funding allocation from 40% in 2018-19 to 30% in 2019-20.

The draft settlement for 2019/20 was surprising as it did not deliver the much predicted further reduction in NHB funding. In fact the settlement included an additional £20m of funding so that the qualifying criteria could be maintained at the 2018/19 level. Despite this welcome additional funding, there remains a concern that the implementation of the Fair Funding Review from 2020/21 will still see a significant reduction and possibly at some point an end to NHB. As the picture becomes clearer, budgets in future years will need to be amended for contributions to the Greater Cambridge Partnership and A14. Any attempt to construct a strategy for NHB at this point would not have any reasonable foundation, although to reflect the concern the amount of NHB used to support the General Fund in the MTFS has been reduced in future years.

Fees and charges

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

Earmarked and specific funds

In addition to general reserves, the council maintains a number of earmarked and specific funds held to meet major expenditure of a non-recurring nature or where the income has been received for a specific purpose but not yet spent.

The major earmarked and specific funds are listed below with balances as at 1 April 2018, committed spend in the current year, projected balance as at 31 March 2019 and proposed spend in 2019-20.

General Fund Revenue Reserves - £18,729k

New Homes Bonus GCP Reserve - £4,610k

Of the NHB monies the authority receives from the Government, at least £1.8m are used towards GF expenditure previously funded by Housing & Planning Delivery Grant or to meet Local Plan and associated costs. It had been agreed between the Greater City Partnership partners for 40% of NHB receipts to be set aside to meet the GCP costs. Contributions of £500k in 2016-17 and £1,124k in 2017-18 were paid using the balance on this reserve and another £58.3k is expected to be billed in 2018-19. Due to reducing amounts paid out as NHB, from 1 April 2019 it has been agreed that only 30% of the money will be set aside to meet GCP costs. However, current projections indicate that to maintain contributions to GF at the current levels, the Council may have to use more than 70% of the receipts, leaving shortfall in GCP contributions.

New Homes Bonus A14 upgrade Reserve - £3,674k

The A14 contribution of £5m will eventually come from this reserve. Initial contributions to this reserve were funded from remainder of NHB after contribution to GF and GCP's 40%. No surpluses are forecast to remain to continue making contributions to this reserve from NHB money, therefore another source of funding needs to be found to provide remaining £1,326k for A14 upgrade costs. A possible source of funding is the Business Rates Growth Reserve, see below.

Renewables Reserves - £2,111k

Set up at the end of 2015/16 in order to fund an investment programme to build new sources of renewable energy. A proposal for use of these funds prepared by the Policy team has been approved by the Cabinet on 7 February 2018. This will utilise £1.2m element of the reserve arising from the Business Rates received from the Renewable Energy sources and permitted to be retained locally at 100% in order to be reinvested back in Renewable Energy. At the meeting of the 20th September 2018, the Climate and Environment Committee agreed to recommend to Cabinet a continuation of the current strategy, which sees retained renewable energy business rates earmarked through the Renewables Reserve for investment in green energy projects. There are 2 bids submitted for the use of this reserve in 2019-20, PP2 and HES15, totalling £437k, this is in addition to funding of £242,917 agreed earlier.

Business Rates Growth Reserve - £6,230k

Retained funds from the 100% Business Rates pilot. At the time the funds were made available, it was not clear if there was any restrictions on expenditure funded by this pilot, therefore funds were put in a reserve pending further clarifications from the Government. This reserve could be used to fund the A14 upgrade funding shortfall, see above.

Pension Deficit Reserve - £637k

An allocation from employer pension contributions to meet the current deficit on the Cambridgeshire Local Government Pension Scheme over the next few years. This reserve is being topped up and depleted through the year to smooth the pension contribution requirements.

Planning Enforcement Reserve - £500k

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

Business Efficiency Reserve - £240k

Set aside to meet costs associated with council actions, implementation of the Business Improvement and Efficiency Programme and Commercialisation Programme projects and the Shared Services Programme. Annual contribution of £50k is currently budgeted for transfer to this reserve. Some years ago, the Leaders of Cambridge City Council, Huntingdonshire District Council and SCDC had committed £200k of this reserve towards the costs of the 3C Programme Office over two years. This reserve was reduced by £60k to cover the costs of the 3C Shared Services Hub for 2016/17 and a further £40k relating to the

budgeted costs of the 3C Shared Services Hub for 2017/18, making the two year cost of the 3C Shared Services Hub £100K instead of £200k. A bid HR1 (Implementation of Customer Service portal) for £130k is made for use of this reserve in 2019-20. It is proposed that this reserve is topped up by £1m from the General Fund reserves.

It is also proposed that the use of this reserve is delegated to the Chief Executive, in consultation with the Lead Member for Finance.

Homelessness Reserve - £261k

This reserve was set up to transfer Flexible Homelessness Support Grant not utilised in year 2017/18. In Year 2018/19 we received a Flexible Homelessness Support Grant allocation of £219,318, which will be transferred to the reserve. Projected draw on the reserve in 2018/19 is £124,000, made up of homelessness staffing £84,000 and Housing Benefit nil subsidy £40,000. Projected 2018/19 year end reserve balance of the reserve is £260,927.

In Year 2019/20 Flexible Homelessness Support Grant allocation of £363,686 is expected to be transferred to reserve. Projected draw on the reserve in 2019/20 is £236,571, made up of homelessness staffing (18/19 bid) £117,571, trailblazer contribution (19/20 bid) £20,000, Shire Homes Lettings (19/20 bid) £59,000.00 and Housing Benefit nil subsidy £40,000.

Projected 2019/20 year end reserve balance is £388,042.

Taxi Licencing Reserve - £102k

Fund has been built up recently from excess income generated through the service compared to how much it costs to administer the function. Excess fee income must be re-invested back into the service or licence fees reduced to offset this excess sum on account. Plans are in-place to draw-down from this fund by employing additional resource to cope with the high demand whilst keeping the licensing fee within current levels in the short term.

Business Accommodation Reserves - £43k

Includes the Cambourne Office reserve of £23k relating to the access road and the Facilities Reserve of £75k created in 2015/16 to spread the cost of repairs. There is a separate capital reserve specifically for capital improvements to the Cambourne office (see below). It is planned that the reserves relating to the Cambourne office and Facilities improvements will be used to fund the office refurbishment programmes in the current year.

Land Charges - Appropriations - £99k

Set aside to either provide capital investment in Land Charges e.g. electronic service delivery or to offset unforeseen revenue demands that accrue but cannot be recovered through the current fee structure, set at the start of the year. The reserve has been

accumulated in recent years from high income levels which have out-stripped costs; a significant amount was withdrawn from this reserve in 2016-17, and a revenue bid approved for 2018-19 will use the £19k that was balance on the reserve at the time of the bid. By its nature, this reserve can only be utilised through the Land Charges function.

Private Stock Condition Survey - £90k

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

Children & Young People- £75k

Set side to fund the current and future costs of the South Cambridgeshire and Cambridge City Children and Young People Area Partnership. SCDC provide the financial support and administer the finances on behalf of the South Cambridgeshire and Cambridge City Children and Young Peoples Area Partnership. This is a partnership reserve shared with the County.

Business Hub- £57k

Reserve set up in 2015/16 to support the Business Hub initiative. Funds in this reserve include funds from the County Council (originally £72K), which cannot be used without their consent.

Planning Reserves - £1,326k

Planning Policy reserve - £568k

Planning Policy reserve was created in 2017-18 with the funds allocated from

1. Roll over from year 2016-17 relating to the Local Plan (£223,877);
2. Topped up from the underspend projected to occur this year and to be used for future "commissioning" of SCDC specific policy work from the shared planning service policy team.

Creation of the reserve is based on the need for a carry forward of unspent funds associated with the delay in adoption of the Local Plan and associated projects (such as CIL) – which will push some of the final bills and costs into 2018-19.

Major Developments Fees and Parish Liaison Reserve - £149k

This reserve has been established from pre-app and planning application fees received in respect of major developments, to be called on as and when necessary to ensure planning teams are resourced to support and progress applications for those developments.

This includes the balance remaining from the Planning Enforcement Reserve when it was decided to reduce that reserve from a maximum of £1m to £500,000, set aside to fund two two-year fixed term posts, one in housing and one in planning, to support parish liaison and site development initiatives. It is expected that this reserve will be used to cover Planning bids for funds in 2018-19, including the cost of setting up the shared service.

It is now not expected that this reserve will be depleted in line with the budget for 2018-19, it is therefore proposed that £500k of this reserve is used in 2019-20 instead to fund a transformation programme for the Planning Service.

Growth Agenda Reserve - £346k

Northstowe Reserve - £128k

Transfer of DCLG Capacity Funding income to reserve. This amount was previously incorrectly carried forward as receipt in advance is £144k in Growth Agenda Reserve. A further £202k is PPAs received in advance in 2017-18 in relation to future projects.

Northstowe reserve has been established from pre-app and planning application fees received in respect of Northstowe, identified separately in recognition of its importance, to be called on as and when necessary to ensure planning teams are resourced to support and progress applications for the Northstowe development.

S106 Admin Fees - £109k

Transfer of S106 Admin fees transferred to Reserve to cover future S106 Admin Officer costs.

Brownfield Sites Reserve - £30k

DCLG Brownfields Sites income transferred to Reserve for future use.

Capital Reserves - £1,494k

Refuse Collection reserve - £887k

Refuse Supervisors' vehicles - £76k

This is a sinking fund being built-up to fund future replacement vehicles for the Shared Waste Service. There is also a sum of £61k set aside for replacement of Supervisors' vehicles.

Street Cleansing reserve - £391k

This is a sinking fund being built-up to fund future replacement vehicles for the Street Cleansing Service.

Air Quality monitoring - £6k

The reserve was set up to fund replacement of equipment used for Air Quality monitoring.

Footway Lighting reserve - £87k

The reserve was set up in 2015-16 to fund the future planned replacement programme of those lights identified as of higher priority in the electrical and safety inspection survey undertaken recently.

Community Development - Capital - £5k

This reserve has been given up to provide extra Community Chest funding in 2017/18.

GF Revenue Reserves - Other - £296k

Travellers Site Reserve - £81k

This fund has built-up in the last two years from the excess rental income generated from the two Council owned sites at Milton and Whaddon. Both sites have had capital injected in them recently and as such are relatively newly developed with low maintenance costs, meaning rental income has out-stripped the costs of running the sites. The money on this fund could be used for future capital improvements in the sites or used to counter-balance unexpected and therefore unbudgeted day-to-day running costs.

RCV (Refuse Collection Vehicle) Sinking Fund - £41k

This is a revenue fund which we make contributions to as an insurance against heavy maintenance and repair costs that may be incurred on RCV's beyond their warranty period e.g. new engine or gearbox which aren't budgeted for within the running maintenance budget. Previously, these heavy costs would be covered under the contract lease agreement but SCDC are moving away from this policy to one of asset ownership.

South Cambs Crime & Disorder Partnership - £33k

Partnership reserve held on behalf of the South Cambridgeshire Crime & Disorder Reduction Partnership. Any decision to utilise spend from this is made at Board level.

Air Quality Monitoring x2 - £29k + £6k

These are in respect of two separate s106 agreements, one at Northstowe (£29k) and one on the Cambridge NW development site (£6k). These s106 contributions will have conditions attached to them ensuring that the funds are spent in accordance with the purpose set out in the agreement.

Street Cleansing Vehicles Sinking Fund - £24k

As RCV, but in respect to Street Cleansing vehicles.

Health & Environmental Services - £24k

Council was successful in securing funding from Improvement East towards a new systems thinking process design. Funds from this are earmarked towards the facilitation of better mobile working strategy within the H&ES department.

Economic Development - £13k

Council was successful in securing funding from Improvement East towards a new systems thinking process design. Funds from this are earmarked towards the facilitation of better mobile working strategy within the H&ES department.

Waterbeach Depot - £10k

There is an annual £5k appropriation into this fund (jointly funded with Cambridge City Council) as an insurance against any unexpected maintenance costs which as tenants, we would be expected to cover. It is proposed that a ceiling level be set for this so that when it reaches this point e.g. £20k, no more extra money is put in, only replenishments up to the £20k.

Tax base and council tax

Tax base

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

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

The tax base for 2019/20 has been calculated as 62,576.3. This reflects a 1.9% increase in the tax base compared with 2018-19.

Collection fund

Operation of the fund

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

Council tax thresholds

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

In recent years this threshold has been set at 2%, with some shire districts, including this council, permitted to increase their element of council tax by up to £5, where this is higher than 2%. For 2019-20, the government has proposed that all shire districts can raise council tax for a band D property up to 3% or £5, whichever is higher. As a £5 increase is equivalent to 3.6%, this council does not have the option to propose an increase above £5 without holding a referendum.

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

Council tax level

The option presented in this report is to increase Council tax by £5 p.a. in 2019/20 and each year thereafter.

	District council tax 2018-19 £	District council tax 2019-20 £	Difference £
Band A	93.54	96.87	3.33
Band B	109.13	113.02	3.89
Band C	124.72	129.16	4.44
Band D	140.31	145.31	5.00
Band E	171.49	177.60	6.11
Band F	202.67	209.89	7.22
Band G	233.85	242.18	8.33
Band H	280.62	290.62	10.00

Section 4

General Fund revenue budgets

Revised budget 2018-19

GF revenue budgets for the current year (2018-19) were reviewed as part of the MTFS. No adjustment of 2018-19 revenue budgets is proposed, as budgets are monitored monthly through the review of variances and forecast outturns, and management actions taken to ensure that spending is controlled and income optimised.

Budget 2019-20

Detailed budget estimates have been prepared for 2019-20, incorporating pressures, savings and additional income identified in the MTFS in November 2018. The resulting budget estimates are presented in Section 5. The GF revenue projections for 2019-20 to 2023-24 have been reviewed and changes proposed. These proposals are listed below and the resulting GF revenue forecast is presented in Section 6.

Directorate	Estimate 2018-19	Estimate 2019-20	Difference
Corporate Services - overheads	5,745	6,293	548
Directorate overheads			
Environmental Health	115	0	-27
Housing Management Service	31	31	1
Planning Admin	273	615	342
Total Directorate Overheads	419	646	315
Total overheads recharged to services	6,164	6,939	863
Service expenditure including overhead recharges			
Corporate Services	6,399	6,004	-395
Health & Environmental Services	6,639	7,247	608
Housing (General Fund)	1,373	1,561	189
Planning	4,727	5,247	520
Overheads not included in recharges	85	130	45
Total service expenditure	19,223	20,189	966

Precautionary items

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

Bids and Savings

Revenue and capital bids are submitted for review, assessment and recommendation to council for funding. Tables of bids to be recommended are attached in Appendix C(a) – Revenue, and Appendix C(b) – Capital.

Strategy to deliver net savings target

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

- The council's housing company, Ermine Street Housing Limited (ESH), will have its business plan and objectives reviewed to ensure these align with the emerging priorities in the Council's new Corporate Plan. To date, returns forecast in the company's business plan have been achieved a year ahead of schedule. However, whilst increased returns are expected to be significant, the timing and amounts are dependent on the local housing market and general economic factors. The MTFs includes returns estimated in line with the latest ESH business plan and these will need to be reviewed in subsequent versions if the objectives of ESH are significantly revised.
- A programme of transformation and service review will be developed to ensure that the council is 'fit for the 21st century'.
- Further opportunities will be sought to identify and develop income streams through the commercialisation of council services where appropriate.
- Opportunities for investment of council funds, for example, in commercial property and green energy projects, will be pursued.

All of the items mentioned above are intended to generate recurring savings rather than single year items such as salary underspends.

Section 5

General Fund: Expenditure and funding 2019-20

NET EXPENDITURE	Estimate 2018-2019 £000	Estimate 2019-2020 £000
Directorate		
Corporate Services - overheads	5,745	6,293
Corporate Services	6,399	6,004
Health & Environmental Services	6,639	7,247
Housing (General Fund)	1,373	1,561
Planning	4,727	5,247
Items not included within Recharges - 09/01/18	85	130
Net Direct Service Expenditure	19,223	20,189
City Deal Funding Contribution	922	742
(Surplus)/Deficit on Infrastructure Reserve Fund	-	-
Savings not included in Service estimates	(449)	-
Expenditure on Precautionary Items	75	75
Council Actions	50	50
Net Service Expenditure	19,820	21,056
Internal Drainage Boards	198	202
Cost of borrowing to fund Capital spend	-	9
Interest on Balances	(1,702)	(2,004)
Capital Charges, MRP, etc.	(864)	(887)
Net District Council General Fund Expenditure	17,452	18,376
Appropriation to/(from) Earmarked Reserves	(443)	(390)
Appropriation to/(from) General Reserve	-	251
New Homes Bonus	(3,010)	(2,473)
General Expenses (Budget Requirement for capping purposes)	14,000	15,764
Revenue Support Grant	191	-
Rural Services Grant	(105)	(131)
(Surplus)/Deficit on Collection Fund re Council Tax	-	(100)
Retained Business Rates and Grant	(5,470)	(6,440)
Demand on Collection Fund to be raised from council taxpayers	8,617	9,093

Section 6

Five year General Fund revenue forecast 2018-19 to 2023-24

Five year General Fund revenue forecast is presented below:

MEDIUM TERM FINANCIAL STRATEGY for the General Fund	2018/19 Budget	2018/19 Projection	2019/20 Budget	2020/21 Budget	2021/22 Budget	2022/23 Budget	2023/24 Budget	5 year total
DRAFT	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Inflation forecast for income and services			2.2%	2.0%	2.0%	2.0%	2.0%	
Employee costs	17,416	16,799	19,196	21,633	22,246	22,833	23,330	126,037
Service costs (net of income and recharges)	1,808	1,685	993	(607)	(619)	(632)	(644)	176
Cumulative savings from prior year(s)				-	(1,100)	(2,100)	(3,000)	(3,000)
Net direct service expenditure	19,223	18,484	20,189	21,026	20,527	20,102	19,686	120,013
Expenditure not included in service costs								
Precautionary items	75	-	75	75	75	75	75	375
Funding for Council Actions (transfer to Earmarked Reserve)	50	50	50	50	50	50	50	300
Rollovers from 2017-18 to 2018-19		84						84
Internal Drainage Boards	198	198	202	206	210	214	219	1,249
MRP on 2018-19 Capital bids			176	178	178	183	115	829
Total expenditure before bids	19,546	18,815	20,692	21,535	21,039	20,624	20,144	122,850
New bids in 2019-20				443	474	363	520	1,799
Additional MRP requirement due to Capital Bids				197	197	180	106	679
Cost of borrowing to fund the Capital spend (3% assumed rate)			9	6	7	10	15	48
Expenditure including bids in the year	19,546	18,815	20,701	22,180	21,718	21,177	20,786	125,377
Income and savings not included in service income								
Reversal of Depreciation included in Service costs	(864)	(1,063)	(1,063)	(1,063)	(1,063)	(1,063)	(1,063)	(1,063)
Revenue Support Grant	191							-
Rural Services Grant	(105)	(105)	(131)	(105)	(105)	(105)	(105)	(655)
Transition Grant								-
New Homes Bonus Contribution to GF	(2,088)	(2,088)	(1,731)	(1,798)	(1,798)	(1,519)	(1,200)	(10,134)
Interest on balances including ESH growth per Business plan	(1,702)	(2,004)	(2,004)	(2,637)	(2,743)	(2,736)	(2,728)	(14,852)
Retained Business Rates	(5,470)	(5,553)	(6,440)	(3,439)	(3,490)	(3,543)	(3,586)	(26,061)
Council Tax	(8,616)	(8,616)	(9,093)	(9,644)	(10,204)	(10,766)	(11,218)	(59,541)
(Surplus)/Deficit on Collection Fund		(9)	(100)					
Appropriations to/from Earmarked Reserves	(443)	(443)	(390)					(833)
Total income and funding not from services	(19,097)	(19,972)	(20,952)	(18,686)	(19,404)	(19,732)	(19,910)	(118,655)
Additional income/(savings) requirement to maintain working balance in the year	(449)	1,157	251	(3,494)	(2,314)	(1,446)	(874)	(6,720)
Potential appropriations to/from General Fund Reserve	-	1,157	251	(2,394)	(1,314)	(546)	(874)	(3,720)
Remaining cumulative savings requirement after appropriations		-	-	(1,100)	(1,000)	(900)	-	(3,000)
General Fund Reserve balances	(6,751)	(7,908)	(8,159)	(5,765)	(4,451)	(3,905)	(3,031)	

Section 7

Capital

The GF capital programme is summarised below:

Capital Programme	Revised	Budget	Budget	Budget	Budget	Budget
	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
	£'000	£'000	£'000	£'000	£'000	£'000
General Fund	34,506	15,923	20,435	3,332	3,294	3,569
Housing Revenue Account	18,637	27,031	35,851	21,947	12,000	13,616
Total Capital Expenditure	53,143	42,954	56,286	25,279	15,294	17,185
Financed By:						
Capital Receipts	(4,718)	(6,796)	(8,822)	(5,066)	(4,233)	(3,094)
S106 Agreement Contribution (ring fenced for Housing)	(4,026)	(3,058)	(9,342)	(4,253)	(3,937)	(1,404)
Cambridgeshire County Council (DFG)	(312)	(630)	(630)	(630)	(630)	(630)
Revenue	(5,095)	(12,622)	(12,603)	(7,323)	0	(2,435)
Housing Capital Reserve	(6,727)	(6,689)	0	(7,032)	(5,714)	(8,567)
Revenue Contribution from HRA towards software etc	(43)	(134)	(17)	(17)	(17)	(17)
Internal Borrowing - re Commercial Vehicles	(846)	0	(214)	(442)	(342)	(665)
Internal Borrowing - re other projects	0	0	0	(146)	0	0
External funding from CCC for Waste Vehicle	0	0	(61)	(67)	0	(68)
Earmarked Reserves	(922)	(518)	(5,041)	(305)	(422)	(305)
External Borrowing	(30,455)	(12,507)	(12,689)	0	0	0
	(53,143)	(42,954)	(49,418)	(25,279)	(15,294)	(17,185)

NET EXPENDITURE - General Fund	Revised	Budget	Budget	Budget	Budget	Budget
	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Directorate/Cost centre	£'000	£'000	£'000	£'000	£'000	£'000
CORPORATE SERVICES - OVERHEADS						
ICT Development :						
PC Refresh Programme	15	10	10	10	10	10
New Server Technologies					15	15
Share Point Portal Server		10	10	10	10	10
Government Connect		5	5	5	5	5
Network security		10	10	10	10	10
Housing management system		102	5	5	2	2
Financial Management System (FMS)	130	10	10	10	10	10
Revenues / Benefits System	28					
Cash Receipting System		69				
Aerial Photography Refresh		15				
Desktop Transformation Programme	180	53		89	89	89
Customer Portal to Website	15					
Telephony Replacement		150				
Secure Phone Payments		34				

NET EXPENDITURE - General Fund	Revised 2018-19	Budget 2019-20	Budget 2020-21	Budget 2021-22	Budget 2022-23	Budget 2023-24
South Cambridgeshire Hall :	£'000	£'000	£'000	£'000	£'000	£'000
Secure Storage Facility at SC Hall	30					
Fire Escape Enclosures	50					
Planning Shared Service- Adaptions for flexible working on first floor	28					
Enhancement of ground floor facilities and catering provision	233					
Ground Floor Adaptations	130					
CORPORATE SERVICES DIRECTORATE						
Advance funding for housing company pilot scheme	28,055	12,507	12,689			
CLIC investment	2,400					
Contribution towards A14 upgrade			5,000			
CORPORATE SERVICES TOTAL	31,294	12,975	17,739	139	151	151

NET EXPENDITURE - General Fund	Revised	Budget	Budget	Budget	Budget	Budget
	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
	£'000	£'000	£'000	£'000	£'000	£'000
HEALTH & ENVIRONMENTAL SERVICES DIRECTORATE						
Greater Cambridge Shared Waste Service :						
Team Manager Vehicles		15	23			
Refuse Collection Vehicles	846		275	508	342	734
Land Drainage :						
Tractors		80			80	
Flail Mowers		37	10		37	
Trailer	8		8			
Street Cleansing :						
Pavement Street Sweepers	67					
Mechanical Road Sweeper and Truck Replacements				305	305	305
Environmental Protection :						
Air Quality Monitoring Equipment		50				
Noise Monitoring Equipment		16				
Environmental Services Enforcement Vehicle		20				
Footway Lighting :						
LED Pilot Scheme		350				
HEALTH & ENVIRONMENTAL SERVICES TOTAL	921	568	316	813	763	1,038

NET EXPENDITURE - General Fund	Revised 2018-19	Budget 2019-20	Budget 2020-21	Budget 2021-22	Budget 2022-23	Budget 2023-24
HOUSING DIRECTORATE (GENERAL FUND)	£'000	£'000	£'000	£'000	£'000	£'000
Required GF Share of HRA Capital Expenditure	10	10	10	10	10	10
Repurchase of General Fund Sheltered Properties	1,100	1,100	1,100	1,100	1,100	1,100
Grants for the provision of Social Housing	502	500	500	500	500	500
Improvement Grants/Loans :						
Home Repairs Assistance	100	100	100	100	100	100
Disabled Facilities						
Mandatory	490	660	660	660	660	660
Discretionary	10	10	10	10	10	10
HOUSING (GENERAL FUND) TOTAL	2,212	2,380	2,380	2,380	2,380	2,380
PLANNING DIRECTORATE						
ICT new Planning system	80					
PLANNING TOTAL	80					
Gross Capital Expenditure (General Fund)	34,506	15,923	20,435	3,332	3,294	3,569

NET EXPENDITURE - General Fund	Revised	Budget	Budget	Budget	Budget	Budget
	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
	£'000	£'000	£'000	£'000	£'000	£'000
Fixed Assets	2,869	2,146	1,476	2,062	2,024	2,299
Revenue Expenditure funded from Capital under Statute (REFCUS)	31,637	13,777	18,959	1,270	1,270	1,270
	34,506	15,923	20,435	3,332	3,294	3,569
Financed By:						
Capital Receipts	(1,701)	(1,634)	(1,283)	(1,372)	(1,384)	(1,384)
S106 Agreement Contribution (ring fenced for Housing)	(502)	(500)	(500)	(500)	(500)	(500)
Cambridgeshire County Council (DFG)	(312)	(630)	(630)	(630)	(630)	(630)
Housing Capital Reserve	(298)					
Revenue Contribution from HRA towards software etc	(43)	(134)	(17)	(17)	(17)	(17)
Internal Borrowing - re Commercial Vehicles	(846)		(214)	(442)	(342)	(665)
Internal Borrowing - re other projects	(30,455)					
External funding from CCC for Waste Vehicle			(61)	(67)		(68)
Earmarked Reserves	(349)	(518)	(5,041)	(305)	(422)	(305)
External Borrowing		(12,507)	(12,689)			
	(34,506)	(15,923)	(20,435)	(3,332)	(3,294)	(3,569)

Housing Revenue Account	Revised	Budget	Budget	Budget	Budget	Budget
	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Improvements - Existing Stock						
Water / Drainage Upgrades	80	81	83	85	86	88
Drainage Upgrades	310	310	310	0	0	0
Disabled Adaptations	849	866	883	902	920	938
Change of Tenancy - Capital	500	500	500	500	500	500
Rewiring	484	325	332	338	345	352
Heating Installation	1,980	2,020	2,062	2,103	2,145	2,188
Energy Conservation	1,020	200	204	208	213	217
Estate Roads, Paths & Lighting	15	60	61	63	64	65
Garage Refurbishment	52	53	54	55	56	57
Parking/Garages	86	149	153	156	159	163
Window Replacement	270	276	282	287	293	299
Re-Roofing	446	455	464	473	483	493
Full Refurbishments	200	200	200	200	200	200
Structural Works	10	250	250	250	250	250
Non-Traditional Refurbishment	0	0	0	0	0	0
Asbestos Removal	34	60	61	63	64	65
Kitchen Refurbishment	743	723	739	753	768	784
Bathroom Refurbishment	318	282	288	294	299	305
Fire Door Replacement Programme	0	180	184	187	0	0
Assumed adjustment in spend for varying stock numbers	0	10	38	77	42	(62)
Total Improvements - Existing Stock	7,397	7,000	7,148	6,994	6,887	6,902
Other Improvements						
Sheltered Housing and Other Stock	110	50	50	50	50	50
Flats	20	20	20	20	20	20
Central / Departmental Investment	19	0	0	0	0	0
Total Other Improvements	149	70	70	70	70	70

Housing Revenue Account	Revised	Budget	Budget	Budget	Budget	Budget
	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Re-Provision of Existing Homes						
Robinson Court, Gamlingay	910	0	0	0	0	0
Total Re-Provision of Existing Homes	910	0	0	0	0	0
HRA New Build						
Pembroke Way, Teversham	483	353	0	0	0	0
Pampisford Road, Great Abington	200	0	0	0	0	0
High Street, Balsham	1,532	0	0	0	0	0
Woodside, Longstanton	249	0	0	0	0	0
Bannold Drove, Waterbeach	94	0	0	0	0	0
Gibson Close, Waterbeach	1,444	0	0	0	0	0
Highfields, Caldecote	446	0	0	0	0	0
Linton Road, Great Abington	1,302	2,605	0	0	0	0
Grace Crescent, Hardwick (Rented)	785	3,141	785	0	0	0
Grace Crescent, Hardwick (Shared Ownership)	521	2,084	521	0	0	0
Burton End, West Wickham	0	730	0	0	0	0
Acquisitions	1,560	0	0	0	0	0
Unallocated New Build / Acquisition Budget	300	9,573	25,890	13,369	4,224	5,700
Unallocated New Build / Acquisition - Section 106 funded	0	216	500	500	500	500
Total HRA New Build	8,916	18,702	27,696	13,869	4,724	6,200

Housing Revenue Account	Revised	Budget	Budget	Budget	Budget	Budget
	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Other HRA Capital Spend						
Shared Ownership Repurchase	300	300	300	300	300	300
Self-Build Vanguard - Up front HRA Land Assembly Costs	695	540	618	695	0	0
HRA Share of Corporate ICT Development	270	419	19	19	19	19
Total Other HRA Capital Spend	1,265	1,259	937	1,014	319	319
Total HRA Capital Spend	18,637	27,031	35,851	21,947	12,000	13,491
Inflation Allowance	0	0	0	0	0	125
Total Inflated Housing Capital Spend	18,637	27,031	35,851	21,947	12,000	13,616
Housing Capital Resources						
Right to Buy Receipts	0	0	0	0	0	0
Other Capital Receipts (Land and Dwellings)	0	0	0	0	0	0
Other Capital Receipts (Self-Build Plot Sales)	(977)	(1,266)	(1,477)	(1,688)	(1,900)	0
Major Repairs Reserve	(6,429)	(6,689)	(6,868)	(7,032)	(5,714)	(8,567)
Direct Revenue Financing of Capital	(5,095)	(12,622)	(12,603)	(7,323)	0	(2,435)
Other Capital Resources (Grants / Shared Ownership / S106 funding)	(3,524)	(2,558)	(8,842)	(3,753)	(3,437)	(904)
Retained Right to Buy Receipts	(2,039)	(3,896)	(6,061)	(2,005)	(949)	(1,710)
Retained Right to Buy Receipts (Used by Registered Provider)	0	0	0	0	0	0
HRA CFR / Prudential Borrowing		0	0	(146)	0	0
Total Housing Capital Resources	(18,064)	(27,031)	(35,851)	(21,947)	(12,000)	(13,616)
Net (Surplus) / Deficit of Resources	573	0	0	0	0	0
Capital Balances b/f	(573)	0	0	0	0	0
Use of / (Contribution to) Balances in Year	573	0	0	0	0	0

Section 8

Risks and reserves

Risks and their mitigation

Risks and sensitivities

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

- Savings plans may not deliver projected savings to expected timescales;
- Assumptions and estimates, such as inflation and interest rates, may prove incorrect;
- Funding from central government (NHB and other grants) may fall below projections;
- The actual impact and timing of local growth on the demand for some services may not reflect projections used;
- The economic impact of the United Kingdom leaving the European Union may impact the council's income and expenditure, for example, planning fee income and inflation on good and services;
- Increases in council tax and business rates receipts due to local growth may not meet expectations;
- Business rates appeals, which may be backdated to 2010, may significantly exceed the provision set aside for this purpose. In particular, claims for mandatory charitable relief in relation to NHS hospitals may adversely impact business rates income;
- The business rates revaluation, which came into effect in April 2017, may reduce business rates receipts and increase the level of appeals;
- The impact of 100%/75% business rates retention, coupled with any additional responsibilities handed down to the council at that time and the outcome of the Fair Funding Review, may create a net pressure on resources;
- New legislation or changes to existing legislation may have budgetary impacts; and
- Unforeseen capital expenditure may be required.

Section 25 Report

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

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

This includes reporting and taking into account:

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

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

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

- MTFS 2018
- The Corporate plan and the budget reports to the February cycle of meetings.

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

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

The Section 25 report will be included as Appendix 5 to the main MTFS report.

General reserves

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

GF reserves	£m
November 2016 MTFS / February 2017 BSR – Recommended levels	
- Target level	3.00
- Minimum level	2.50

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

Description	2018-19 £000	2019-20 £000	2020-21 £000	2021-22 £000	2022-23 £000	2023-24 £000
Balance as at 1 April (b/fwd)	(6,751)	(7,908)	(8,159)	(5,765)	(4,451)	(3,905)
Contribution (to) / from reserves	(1,157)	(251)	2,394	1,314	546	874
Balance as at 31 March (c/fwd)	(7,908)	(8,159)	(5,765)	(4,451)	(3,905)	(3,031)

GF BSR Appendix A

Fees and charges

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

HRA rents and charges are addressed in the HRA BSR, presented in Appendix 2 to the main MTFs report.

Home Improvement Agency fees

Approval of the Portfolio Holder (Housing) is requested to delegate the decision in respect of any variation in fees to be charged by the Home Improvement Agency (HIA), to the Director of Housing, following agreement of the proposed level of charges by the Shared HIA Board. Although a consistent fee needs to be agreed for the HIA, the formal approval of each of the three partner authorities is required, as the fees are payable as part of the capital Disabled Facilities or Repair Assistance Grants awarded by each Council.

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

GF BSR Appendix B

Precautionary items

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

	Total approved £000	Used in 2018-19 to Jan 2019 £000
Precautionary Items for 2018/19		
Homelessness - additional accommodation	60	0
DWP grant reduction - Universal Credit roll out	50	0
Additional use of credit cards - related fees	15	0
Awarded Watercourses - emergency works	15	0
Contaminated Land - remedial works	82	0
Clearance of Private Sewers	6	0
National Assistance Burials Act	5	0
District Emergencies	50	0
Material Price Managed Through MRF Contract	50	0
Fuel Inflation above the CPI allowance	20	0
Community Street Cleansing Initiative	30	
Total	383	0

Precautionary Items for 2019/20		
Homelessness - additional accommodation	60	
Waste MRF Contamination	100	
Potential cost of Holiday/Overtime back pay claims	70	
District By-Election	10	
Total	240	

GF BSR Appendix C(a) – Bids and Savings – Revenue bids

Category	Reference	Title	Description	2019/20	2020/21	2021/22	2022/23	2023/24
	Reference	Title	Description	2019/20	2020/21	2021/22	2022/23	2023/24
Bid	RB2	Additional resource required to support residents through the implementation of Universal Credit	Bid for staffing resources to aid the implementation of UC full service across SCDC. Key areas are Rents, OPHB and LCTS. The bid includes a Revenues and Benefits Support officer (grade 4) focussed on OPHB / LCTS / CTAX, a Contact Centre apprentice and 50% of a Recovery Officer (grade 4), split Council Tax (GF) Rents (HRA) 50/50. There is a separate HRA bid for 2xRent Officers and the other 50% of Recovery Officer post.	66,292	69,127	72,062	75,092	78,218
Unavoidable Revenue Pressure	RB2b	New bid for Grant Reduction-Universal Credit Implementation transfer of payment of Housing Costs to DWP	The introduction of UC may reduce the grant the Council receives from Department or Work and Pensions towards the cost of administer Housing Benefit. Modelling has been undertaken to estimate the likely reduction. The alternative to proving finance would be that 1.5 staff would need to be redeployed or may redundant. The processing times for HB, Council Tax Support, Discretionary Housing Payment would increase; which if severe could result in DWP intervention in respect of Housing Benefit. 2017/18 is significant year for SCDC as UC is introduced district wide as new claimants claim they will no longer claim hb but still claim CTS. Budget for year 2018-19 included £50k provision for the grant reduction and this is now part of the base budget. The bid shows the incremental increase on that cost.	12,270	29,953	29,953	29,953	29,953

GF BSR Appendix C(a) – Bids and Savings – Revenue bids

Bid	DS1	Establishment of post to support the Council's overview and scrutiny function - Democratic Representation Budget (F57)	Establishment of post of Scrutiny & Governance Adviser to support the development of an effective, evidence-based & outward looking scrutiny and overview function at SCDC through provision of advice, research & other support. The new post is required to support the new system of pre-decision scrutiny, monthly committee meetings & ambitious programme of scrutiny reviews through task & finish groups. No dedicated support or capacity exists to project manage the delivery of scrutiny reviews or undertake research. The Lead Cabinet Member for Customer Service & Business Improvement & Chairman of Scrutiny & Overview Committee support the establishment of a dedicated resource to enable the ambitions for the overview and scrutiny function to be achieved.	40,884	41,293	41,706	42,123	42,544
Bid	DS2	Establishment of Cabinet Support Officer post - Democratic Representation Budget (F57)	Establishment of Cabinet Support Officer post to provide a specialist support service to the Leader, Deputy Leader & Cabinet overall & overseeing the delivery of support services for Members & the Civic Function. At present the Chief Executive's EA provides some secretarial support for the Leader but there is insufficient capacity to provide the more dedicated support needed by the Leader or to support the wider Cabinet. This post will provide enable the Leader & Cabinet more effectively to carry out their roles. This post would also line manage a proposed new role of Members' Resource Officer ensuring that there is more resilience and greater flexibility in covering workloads.	34,817	35,465	35,517	35,872	36,231

GF BSR Appendix C(a) – Bids and Savings – Revenue bids

Bid	DS3	Establishment of Resource Officer (Members) post - Democratic Representation Budget (F57)	Establishment of Resource Officer post to contribute to the operation of the Democratic Services Team, providing support services for the Civic function. The post is needed to provide the capacity to support the Civic Function which is proposed to transfer from the Chief Executive's team to Democratic Services. This would free up capacity amongst the Democratic Services Officers to respond to the increased committee support workload associated with the new political management structure.	9,160	9,452	9,746	10,044	10,344
Bid	PP2	Establishment of a temporary post for two years initially to support the Council's Green Energy Investment Agenda (F02)	Establishment of post of Climate and Environment Officer to progress the Council's Green Energy investment agenda, particularly in relation to projects falling under the Re:fit programme and other projects for direct investment in green energy. This will be a fixed term post for a period of two years and will aim to be financial self-supporting. The primary objectives of the post will be to identify and implement projects with a view to generating income for the Council and to drive the SCDC green agenda.	42,917	44,567			
Funding	PP2a	Withdrawal from Earmarked Reserves	Withdrawal from Renewables reserve to fund bid PP2	(42,917)	(44,567)			
Bid	PP5	Restructuring of the Council's Policy, Performance & Projects function (F02)	Establishment of a post of Senior Policy, Performance & Project Officer (grade 7) and 2 Policy, Performance & Project Officers to support the development of an effective, evidence-based & outward looking function at SCDC through provision of advice, research & other support. The structure will be kept under review.	125,146	127,881	132,175	135,086	138,088

GF BSR Appendix C(a) – Bids and Savings – Revenue bids

Saving	PP6	Vacancies in Policy and Performance team	There are currently 4 vacancies in the Policy and Performance team the savings would fund the additional posts.	(165,885)	(169,203)	(172,587)	(176,038)	(179,559)
Unavoidable Revenue Pressure	FM7	Security guard	To employ a contract security guard that holds the relevant SIA accreditation that can deal with site security for ten hours per day and will include covering securing the site at the end of daily business. This is a trial for 1 year, with effectiveness of this solution reviewed for next budget.	36,400				
Unavoidable Revenue Pressure	HR1	Implementation of Customer Service portal	To provide project management and business analysis support for fast and complete implementation of the new customer services portal. It is envisaged that this will include business capacity and project management resource.	130,000				
Funding	HR2	Withdrawal from Earmarked Reserves	Withdrawal from Business Efficiency reserve to fund bid HR1	(130,000)				
Unavoidable Revenue Pressure	ICT1	ICT Security Enhancements	In June 2018 the government released the 'Cyber Security Minimum Standards' framework. This standard attempts to reduce and detect Cyber Attacks on ICT systems and council services. Failure to implement this would leave all councils under 3C support open to undetected attacks and failure to meet minimum government standards. The solution involves two discrete systems (1) centralised log and event monitoring and (2) automated remediation of security vulnerabilities. Both of these areas were highlighted recently within audit. Full cost: Year 1: 90k, year 2 onwards £75k. This is a 3 way initiative therefore HDC share will be £30k and £25k respectively.	30,000	25,000	25,000	25,000	25,000

GF BSR Appendix C(a) – Bids and Savings – Revenue bids

Unavoidable Revenue Pressure	ICT2	MS Licensing (Business Case Revenue)	Prior to the 3C ICT Shared Service Microsoft Licensing was a capital expense. With the implementation of Office 365 this cost was removed from SCDC budget. Consequently, SCDC had no budget for MS Licensing to transfer to 3C ICT, this bid is to correct that assignment.	50,000	50,000	50,000	50,000	50,000
Income	ICT3	Income Management System Replacement - revenue saving	The scope of this work is to replace the whole income solution with a more cost effective product that enables the councils to improve services to customers. There have been a lot of industry improvements in recent years and we could offer more digital payment options and integration with online forms and applications.		(10,600)	(14,500)	(14,500)	(14,500)
Unavoidable Revenue Pressure	ICT5	Secure Telephone Payments - PCI DSS	Cambridge City Council (CCC), Huntingdonshire District Council (HDC) and South Cambridgeshire District Council (SCDC) are currently not compliant with the Payment Card Industry Data Security Standard (PCI DSS). All are working together with 3C ICT to support becoming compliant with PCI DSS. Customers can currently call both the Call Centre and back office services to make payments. These payments are processed by an agent using the Capita Paye.net system for all three councils. This system complies from a data entry perspective but the telephone connection is a risk as the user currently reads out their sensitive card/ personal details. We no longer record or store calls that include sensitive card data but there is a risk calls on our network could be compromised and the data stolen.	9,000	9,000	9,000	9,000	9,000

GF BSR Appendix C(a) – Bids and Savings – Revenue bids

Saving	ICTR2	Adjusted Revenue Budget due to resubmitted 3cICT Business Case - effect of a prior year bid	As per the revised 3C ICT Business Plan adopted by the Cabinet in April 2018, these are the savings proposed by the re-modelled 3C ICT business case.	(25,000)	(40,000)	(64,000)	(64,000)	(64,000)
Bid	PI1	Resource to lead a project to develop a process for sharing information on planning permissions and development	The Property Information Project was initiated in 2016 as a corporate project, with a view to developing a better understanding and intelligence on housing delivery and to improve data sharing across the organisation. The project has not progressed due to lack of resource capacity to lead and implement it, however the need remains, not only to inform monitoring (e.g. planning and s106 monitoring, revenues monitoring), but also to inform dwelling and financial forecasts. The bid is to fund a fixed term project manager and business analyst posts to review current processes and implement appropriate systems and procedures to meet the desired outcome.	43,354				
Funding	PI1a	Withdrawal from Earmarked Reserves	Withdrawal from Earmarked Reserves to fund bid PI1	(43,354)				

GF BSR Appendix C(a) – Bids and Savings – Revenue bids

Bid	SHL1	Homelessness Prevention work via Shire Homes Lettings - private sector leasing scheme	The Council set up a private sector leasing scheme, through a SCDC owned company - Shire Homes Lettings. The first property was taken on In September 2017 with an aim to increase to 40 by the end of 2018/19. The scheme provides affordable, good quality privately rented accommodation for those at risk of homelessness or currently homeless, helping to minimise the need for temporary accommodation especially, for example, expensive B&B accommodation. There is already an approved budget of £182,000 however the SHL Business plan shows increased costs taking into account an increase in the number of properties (10 per year), rental increases and staffing/ management costs. The Council receives a flexible homeless support grant which can be used to cover these costs. To date we know this grant will continue to be provided until 2019/20.	59,000	86,000	109,000	133,000	146,000
Bid	HGF10	Maintain a self-build register	The authority has a statutory duty to maintain a self-build register and a statutory planning duty to provide permissioned, serviced self-build plots to meet the need identified on the register. A budget bid of £15,290 is made to the General Fund as part of the 2019/20 budget process (rising to £30,290 from 2020/21) to meet the costs of maintaining a statutory self-build register, where initial grant funding is being phased out and the sub-regional rollout anticipated has not been possible.	15,290	30,290	30,290	30,290	30,290

GF BSR Appendix C(a) – Bids and Savings – Revenue bids

Bid	HGF1	Contribution to extend Cambridgeshire and Peterborough Trailblazer work	Short term funding was secured to for a Cambridgeshire and Peterborough Trailblazer project in 2017. The aim of the project was to create a multi agency approach to homeless prevention, including earlier work with families at risk of homelessness, training and awareness raising with other agencies to spot the signs of potential homelessness and to take action, and a landlord rents and solutions service to support landlords and their tenants. The project is due to end in June 2019, and discussions have started with partners on the possibility of extending the project due to the excellent work achieved and progress made. Agreement is therefore sought to enable us to contribute to the continuing work of the Cambridgeshire and Peterborough Trailblazer project subject to further negotiation and discussion with other partners. Sufficient resources for this will be available from the Council's flexible homeless support grant.	20,000					
Income	HGF2	Flexible Homeless Support Grant	Bids SHL1 and HGF1 will be funded through the Council's Flexible Homeless Support Grant during 2019/20 - we have not had any indication that this grant will not continue beyond that (although the amounts have been different every year), but neither have we had any confirmation for after 2019/20. Grant received in 2018-19 is approximately £210k, this is ringfenced. Some of it is used towards temporary accomodation costs and homelessness prevention payments (claimed back via Housing Benefit)	(79,000)	(79,000)	(79,000)	(79,000)	(79,000)	(79,000)

GF BSR Appendix C(a) – Bids and Savings – Revenue bids

Bid	HGF8	Study to identify suitable and available sites for accommodating gypsy & travellers/caravan dwellers	<p>Local Plan Inspector's Report indicated that the needs of gypsy & travellers no longer meeting the PPTS definition should be addressed through the plan review. The Housing Needs Assessment 2016 identified an additional need for 61 pitches for those that no longer meet the definition and provision of 12 plots for Travelling Showpeople. Given the increase in unauthorised encampments, and the costs associated with moving on/clear up, a transit/emergency stopping place should also be provided.</p> <p>This Bid is seeking revenue funding to commission a study to identify suitable and available sites and the funding streams available to deliver sites. Previously (approx 2 years) funds had been made available for a planning officer specialising in G&T issues but this post could not be recruited to.</p>	30,000				
Bid	HES1	Housing in Multiple Occupancy (HMO) Licensing	<p>In October 2018, legislation changes the definition of properties defined as Housing in Multiple Occupancy (HMO's) - properties with 5+ people from two or more separate households. HMO's are required to be licensed by SDC. It is anticipated that this legislative change will lead to a significant increase in the number of HMO's throughout the district, currently 73. It is anticipated that there could be up to 500 HMO's meeting the new definition.</p> <p>This proposal is to fund a temporary two-year full-time position. The role will identify all premises within the district which require licensing; inspect all new HMO's; and enforce against non-compliance to ensure a high standard of housing availability for communities within South Cams. Undertaking 122 inspections in 2 years will make the role self financing.</p>	45,000	46,000			
Income	HES23	Income from HMO Licences	<p>Assuming that will issue 122 licences @£750 = £91,500, would cover the cost of the temporary position. However he is not certain of the timing of when the licences will be issued.</p>	(68,625)	(22,875)			

GF BSR Appendix C(a) – Bids and Savings – Revenue bids

Bid	HES3	Volunteer Groups - Continue with Officer support with recycling and cleansing groups in City and South Cambs	<p>The service has a number of volunteers (150+) that work with our coordinator to improve their local environment and reduce waste.</p> <p>The volunteer support the service by helping out at local events; distributing leaflets to local residents; acting as a focal point in your community for recycling issues; talking to local groups about recycling; displaying posters on local notice boards; undertaking sweeping and community education events. This post will also support with compositing advice to offset changes to gargen waste service. The officer will support residents to reduce contamination in the the dry recycling thus reducing contract fee.</p> <p>The bid is to secure funding for a two year period after which the programme will be reviewed</p> <p>The cost is to be shared between City and South Cambs 33/66 - ie £20k/£40k respectively.</p>	40,000	40,000			
Bid	HES8	Continuation of Healthy New Towns programme and roll-out to other growth sites in South Cambs	<p>The Northstowe Healthy New Towns Programme Manager post has been funded by NHS England between 28 November 2016 and 31 March 2019. The programme has achieved the following outcomes, which would not have been possible without the Programme Manager post: modelling tools to help understand number & type of housing for older people across district, additional investment from developer (£4.7m), age proofing development plans, early work on new care model (onward investment by CCG agreed). Funding for further three years would enable continuation to translate plans into reality, healthy living programme with community, ongoing collaboration with research partners and sharing learning and development of good practice with other sites. Includes salary, NI & pension. Seeking partner funding.</p>	57,764	60,023	60,635		

GF BSR Appendix C(a) – Bids and Savings – Revenue bids

Bid	HES4	MRF cost – reduction in income and increase costs (with current contract and market) under Amey contract	The pressure is due to changes in the world commodity market which has lead to a fall in the secondary material value and an increase in the quality requirements of material for recycling. The cost is to be split between City and South Camb 50/50 - ie £100k per council.	100,000	100,000	100,000	100,000	100,000
Unavoidable Revenue Pressure	HES9	Property Growth	Property growth has a direct impact on that total cost of collection for over 3000 households built, the service requires an additional vehicle and 3 staff. The revenue cost for vehicle and staff in £155k per year. This calculation is for the service not just SCDC. The growth figures come from Greater Cambridge Housing Trajectory which shows greater growth in City in early years, which them balanced in future years. This updates the 2018-19 assumptions	(83,000)	69,000	221,000	221,000	465,000
Income	HES10	Property Growth	Contribution from CCC towards HES9	41,500	(787)	(55,490)	(55,490)	(158,353)
Income	HES11	Chargeable additional Garden Waste	There are currently approximately 3,000 additional garden waste bins being used by SCDC residents, from April 2019 this service will become chargeable. To dovetail into Cambridge City Council additional garden waste system the annual charge will operate from October to September at an annual charge of £35 per year. To enable sign up there will be a reduced charge of £20 per bin for resident from April 2019 to September 2019. It is estimated that this will generate net income of £20k for this period. In October 2019 subscribers will be charged £35 per bin for the full year – this will generate a net income of £60k for the period October 2019 – September 2020, and in following years this will increase to generate a net income of £70k in each October-September period.	(50,000)	(65,000)	(70,000)	(70,000)	(70,000)

GF BSR Appendix C(a) – Bids and Savings – Revenue bids

Bid	HES14	Support for Climate Change & Environment Advisory Committee	The new Climate Change and Environment Advisory Committee will be developing a work programme (to be agreed by Cabinet). In order to support the Committee, progress new actions, research good practice and lead the implementation of related change, a Grade 6 Development Officer post will be essential to support this. It is suggested that the post is funded via savings from the vacant Head of Environment Commissioning post (vacant from 25/09/18). It is likely that this post would be filled with an existing member of staff and that position back-filled. The saving is from a Grade 8 to a Grade 6. Costs include salary, NI and pension.	42,917	45,026	47,174		
Bid	HES30	Air Quality Resource officer	An air quality resource officer, a grade 3 post, to support the Capital bid HES22 using savings from HES23.	26,692	27,780	29,205		
Saving	HES23	Support for Climate Change & Environment Advisory Committee	The saving from the vacant post	(69,724)	(71,118)	(72,541)	(73,992)	(75,471)
	Total Net Bids / (Savings)	Total Net Bids / (Savings)	Total Net Bids / (Savings)	350,898	442,706	474,346	363,440	519,784

GF BSR Appendix C(b) – Bids and Savings – Capital bids

Category	Reference	Title	Description	2019/20	2020/21	2021/22	2022/23	2023/24
Bid	ICT7	Council Anywhere Hardware (62 devices)	Budget required to provide staff with ICT hardware which will allow them to work more collaboratively and flexibly; supporting the transformational change SCDC are striving towards. This will support the creation of future savings as a result of services becoming significantly more efficient and productive through the use of technology.	53,457				
Income	ICT7	Council Anywhere Hardware (62 devices)	Recharge to City for the above costs	(17,819)	(17,819)	(17,819)		
Bid	ICT10	Income Management System Replacement	The scope of this work is to replace the whole income solution with a more cost effective product that enables the councils to improve services to customers. There have been a lot of industry improvements in recent years and we could offer more digital payment options and integration with online forms and applications.	69,000				
Saving	ICT10a	Income Management System - existing budget	Current budget in the Capital programme will no longer be required, so can be used towards funding the new system	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)
Unavoidable capital expenditure	ICT11	Telephony Replacement	The telephone system at South Cambridgeshire District Council (SCDC) is a BT Avaya CS1000 (Nortel) set up which has been in place since 2004. The system is currently in support but due to being in place for 14 years needs to be updated as it is no longer the most cost efficient or effective service available. The system is at its limit for extra extensions unless more licences are purchased, and the 2 ISDN 30s that form the core of the system are a reasonably expensive solution in the current market. The system offers limited scalability and no redundancy/failover or disaster recovery.	150,000				

GF BSR Appendix C(b) – Bids and Savings – Capital bids

			<p>The set up uses Nortel handsets which are end of life with no new units available for purchase, thus restricting the ability for SCDC to roll out more desks with these handsets provided. Recent purchases had to be 2nd hand and getting increasingly hard to source.</p> <p>The provision identified will fund a replacement. Investigation will be proposed to identify and implement technology to support the Council Anywhere programme eg. VOIP.</p>					
Unavoidable capital expenditure	ICT13	Secure Phone payments	<p>Cambridge City Council (CCC), Huntingdonshire District Council (HDC) and South Cambridgeshire District Council (SCDC) are currently not compliant with the Payment Card Industry Data Security Standard (PCI DSS). All are working together with 3C ICT to support becoming compliant with PCI DSS.</p> <p>Customers can currently call both the Call Centre and back office services to make payments. These payments are processed by an agent using the Capita Paye.net system for all three councils. This system complies from a data entry perspective but the telephone connection is a risk as the user currently reads out their sensitive card/ personal details. We no longer record or store calls that include sensitive card data but there is a risk calls on our network could be compromised and the data stolen.</p> <p>There are a number of technology solutions available that would take us out of scope for PCI DSS for phone payments and reduce the risk of credit card fraud. These options are currently being investigated and we are awaiting costings for additional options. We have used option 4 for costing this bid.</p> <p>Details for options obtained so far can be viewed in the attached draft Business Case.</p>	34,000				
Bid	HES15	Footway Lighting Service	<p>The bid is to enable the Footway Lighting LED Upgrade Project to progress; Year one funding of £376k was secured in 2017, from the Renewables Fund, with a capital bid for Year 2 costs being made to include the results of the High</p>	350,000				

GF BSR Appendix C(b) – Bids and Savings – Capital bids

			<p>Level Assessment (HLA) under the Re:fit programme. Unfortunately, due to delays in negotiating the Re:fit Access Agreement it has not been possible to carry out the HLA this time.</p> <p>This year two bid is therefore the capital cost necessary to complete the LED upgrade of all SCDC footways lights.</p>					
Funding	HES15	Footway Lighting Service	Withdrawal from Renewables Earmarked Reserve	(350,000)				
Unavoidable capital expenditure	HES20	Waste Service vehicles	<p>Scheduled replacement vehicles and additional vehicles for growth for service this includes vehicles for City and SCDC waste and SCDC Streets service.</p> <p>Figure for replacement vehicle cost net of existing budget for refuse collection and supervisor vehicles</p>	259,000	40,000	531,000	369,000	704,000
Unavoidable capital expenditure	HES21	Waste Service vehicles	<p>Scheduled replacement vehicles and additional vehicles for growth for service this includes vehicles for City and SCDC waste and SCDC Streets service. Figure for costs for vehicle growth.</p>		185,000	185,000		185,000
Bid	HES22	Mobile air quality monitors	<p>The Council is currently developing a new air quality strategy, which is being presented to the Climate and Environment Advisory Group. It is anticipated that one of the Actions to deliver the new strategy will be extend the Council's current air quality network, particularly in relation to particulates, throughout the district at identified hotspots or other areas of concern, in order to build an evidence based assessment of current local air quality throughout the entire district which will be essential in delivering the strategy objectives.</p> <p>The bid is an initial estimate for the purchase of mobile air quality monitors, diffusion tube chemical monitors and additional fixed continuous particulate monitoring stations. There is a budget rollover of £50k from 2017-18 to 2018-19 for purchase of Air Quality monitors, but the full cost of the required equipment is £100k</p>	50,000				

GF BSR Appendix C(b) – Bids and Savings – Capital bids

			Total All Net Capital Position Bids / (Savings)	587,638	197,181	688,181	359,000	879,000
			MRP	0	148,929	148,929	131,929	64,110
			Total with MRP	587,638	346,110	837,110	490,929	943,110

GF BSR Appendix D – Earmarked and specific funds

Fund	Balance at 31 March 2018 £000	Committed spend in 2018-19 £000	Projected balance at 31 March 2019 £000	Bids submitted for 2019-20 £000
Revenue reserves				
New Homes Bonus GCP Reserve	(4,668)	58	(4,610)	
New Homes Bonus A14 upgrade Reserve	(3,674)		(3,674)	
Business Rates Growth	(6,230)		(6,230)	
Renewables Reserve	(2,666)	555	(2,111)	£87,484 were requested to fund bid PP2 (Establishment of a temporary post for two years initially to support the Council's Green Energy Investment Agenda), of which 37,107 relates to year 2019-20, and £350k for bid HES15 (Footway Lighting Service). £200,000 is committed on the basis of the strategy agreed by the Cabinet in February 2018 and a further £42,917 relates to year 2019-20 of 2018-19 bid, total £630,024 expenditure projection.
Pension Deficit Reserve	(637)		(637)	
Planning Enforcement Reserve	(500)		(500)	
Business Efficiency Reserve	(240)		(240)	£130k requested to fund bid HR1 (Implementation of Customer Service portal) Proposed transfer of £1m from General Fund reserve to fund further efficiency initiatives.
Homelessness Reserve	(166)	(95)	(261)	Homelessness Support Grant allocation = £364k to be transferred to reserve. Projected draw on the reserve in 2019/20 is £237k: £197k in bids and £40k Housing Benefit Support
Taxi Licencing Reserve	(147)	45	(102)	£57,125 withdrawal planned to utilise the potential surplus being built in the reserve in 2018-19.
Business accommodation reserves	(141)	98	(43)	
Land Charges- appropriations	(118)	19	(99)	
Private Stock Condition Survey	(90)		(90)	
Children & Young People	(75)		(75)	
Business Hub	(57)		(57)	
Subtotal	(19,409)	680	(18,729)	

Planning reserves (revenue)				
Planning Policy	(568)		(568)	
Major Developments and Parish Liaison Fees Reserve	(472)	323	(149)	It is now not expected that this reserve will be depleted in line with the budget for 2018-19, it is therefore proposed that £500k of this reserve is used in 2019-20 instead to fund a transformation programme for the Planning Service.
Growth Agenda and Northstowe Reserve	(473)		(473)	
S106 Admin Fees	(109)		(109)	
Planning Fee Reserve excl Growth agenda	(179)	179	0	
Service Contingency- Planning	(100)	100	0	
Planning other	(92)	95	3	
Brownfield Sites Reserve	(30)		(30)	
Subtotal	(2,023)	697	(1,326)	
Other	(296)		(296)	
Total General Fund Revenue Earmarked reserves	(21,728)	1,377	(20,351)	
Capital reserves				
Refuse Collection sink fund	(647)	(240)	(887)	
Supervisors' vehicles sink fund	(61)	(15)	(76)	
Street Cleansing sink fund	(310)	(81)	(391)	
Air Quality Monitoring	(106)	100	(6)	
Footway Lighting	(87)		(87)	
Cambourne Office	(83)	83	0	These funds were spent on improvements following a fire risk assessment.
Heritage Initiatives and historic buildings	(40)	40	0	
Community Development - Capital	(5)		(5)	
Other	(42)		(42)	
Total General Fund Capital Earmarked reserves	(1,381)	(113)	(1,494)	
Total General Fund Earmarked reserves	(23,109)	1,264	(21,845)	

Breakdown of "Other" in GF Revenue				
Travellers Site Reserve	(81)		(81)	
RCV's Sinking Fund	(41)		(41)	
South Cambs Crime & Disorder Partnership	(33)		(33)	
Air Quality Monitoring	(29)		(29)	
Street Cleansing Vehicles Sinking Fund	(24)		(24)	
Health & Environmental Services	(24)		(24)	
Economic Development Portfolio Reserve	(13)		(13)	
Waterbeach Depot	(10)		(10)	
Land Charges- new burdens grant	(9)		(9)	
Swavesey Byeways Fund	(6)		(6)	
Contributions-Cambridge Sports Lake Trust	(6)		(6)	
Insurance All Risks	(6)		(6)	
Air Quality Monitoring	(6)		(6)	
Community Chest Grants	(3)		(3)	
Webb's Hole Sluice	(3)		(3)	
2012/13	(1)		(1)	
Total General Fund Revenue Earmarked reserves "Other"	(296)		(296)	