

Medium Term Financial Strategy Questionnaire

The Council has agreed a draft strategy for its finances for the five year period covering the financial year 2007/08 to the financial year 2011/12. This covers all the Council's spending except on the provision, management and maintenance of council housing.

We would like your views on any aspect of the strategy, which is summarised below. At the end of this summary is a questionnaire to enable you to give your views. The closing date for responses is Sunday 7 January 2007.

The Background to the Strategy

South Cambs is a low spending council. Spending per head of population is in the lowest spending quarter of councils in the country for all services except for planning and housing provision (not including the spending on the provision of council housing). Our spending is higher on these services to reflect the pressures on the district and our priorities. Our spending is particularly low on cultural services and street cleaning.

For the current year our budget for spending on services is a total of £16,899,030 – allocated between services as follows:

Service		% of spending
Planning	Including development control, conservation, tourism and concessionary fares	22
Waste Management	Including refuse collection, recycling and street cleaning	20
Housing	Including support for housing associations, homelessness, grants and housing advice	11
Environmental Health	Including food safety, pest control, drainage, lighting, licensing, emergency planning.	9
Community Development	Including sports, arts, community safety	7
Community Planning	Including new communities and sustainability	3
Travellers	Planning enforcement and action to address community cohesion	5
Revenues and benefits	Including collection of council tax and business rates, benefits and relief.	7
Democratic representation	Including electoral registration, elections, PR and information	10
Corporate Management	Including performance improvement, inspection and audit.	6

Spending is met mainly from the following sources:

Government Support (Grant and Business Rates)	50%
Use of Balances	10%
Council Tax	40%

The Council Tax charged by the district council is low - currently £97.48 per annum for an average (Band D) house. This is the 9th lowest in the country. The national average for district councils is £147.29. It represents 8% of your Council Tax bill – the rest being charged by the County Council, the Police, Fire Service and your parish council (the exact percentage will depend on the amount charged by your parish council). Government capping restricts Council Tax increases to about 5% (ie about £5 per household per year). A 5% increase brings in about £280,000 of income to the Council.

Income from charges for services is lower than for most councils because the Council has few assets or income producing services such as car parking or directly managed leisure facilities because of the non-urban nature of the district.

The Council receives relatively low levels of Government Grant – the lowest per head of population in Cambridgeshire. Despite recent increases, it is still lower in real terms per head of population than it was in 1993.

In the past the Council has kept Council Tax low by using reserves to finance expenditure. However, these reserves are finite and are running down. Also, capital receipts (largely from the sale of Council houses) are diminishing because the number of houses sold has reduced and the Government now takes 75% of those receipts into a national pool. The interest from receipts to support spending has also fallen greatly.

In the period up to 2016 the new town of Northstowe and major new developments around Cambridge will increase the population of South Cambridgeshire from about 135,000 to 170,000. The Council will have to make significant investment to plan and develop these new areas and provide services to the new communities. There is a time lag between expenditure to plan for the new communities and the income from additional Council Tax. Some of the costs will not be recouped at all. At present, the level of Council Tax charged does not meet the real cost of services (because it is subsidised by reserves); hence the addition of new residents increases the deficit.

Our priorities are to:

- improve services to our customers;
- increase the supply of affordable housing;
- plan for and achieve successful, sustainable communities at Northstowe and the other major new developments.

While our spending is lower than most other councils the standard of service provided, measured by national performance indicators, is about average and in some cases (particularly recycling) well above average. This indicates good value for money in terms of a positive service quality to spending ratio

The financial position faced by the Council may change substantially as a result of the Lyons review of local government finance (commissioned by the Government) which is expected to report in 2007.

The Main Aspects of Our Strategy

We will plan for the following additional revenue spending to meet future spending pressures from the growth areas and other legal or inescapable requirements.

2007/08	2008/09	2009/10	2010/11	2011/12
£400,000	£700,000	£1,000,000	£1,300,000	£1,500,000

We have identified the following new spending needs for 2007/08; a similar pattern will apply for future years, but with greater emphasis on services for the new communities.

Plans for additional spending in 2007/08	Costs	
	Revenue	Capital
Planning and development of Northstowe and other growth areas:- <ul style="list-style-type: none"> • Urban Designer • Adviser on environmental health matters • Housing Market assessment • Northstowe Community Trust – set up 	40,000 50,000 30,000 25,000	
Services for new communities:- <ul style="list-style-type: none"> • Street Sweeping • Revenues and benefits • Electoral Registration/elections 	120,000 34,000 6,000	60,000
Improving customer service and performance:- <ul style="list-style-type: none"> • Choice based lettings scheme • Service First – improvements to ensure new standards meet customer needs • Performance management system to record, improve and publish performance targets. • Training for senior managers • Equalities legislation – training, translation etc 	10,000 15,000 10,000 25,000 10,000	50,000
Other unavoidable new spending:- <ul style="list-style-type: none"> • Increased fuel costs • Disabled facilities grants • Air Quality monitoring equipment – replacement • Accountancy assistant (PT) 	10,000 15,000	70,000 80,000

To meet the additional spending pressures over the next five years (and allow for the run down of reserves) we will have to cut our existing spending substantially. The only alternative would be a major increase in the Council Tax which would not be allowed by the government. We therefore plan to make the following savings:-

07/08	08/09	09/10	10/11	11/12
£1,498,000	£1,482,000	£1,518,000	£1,556,000	£1,997,000

For the 2007/08 year those savings totals will be achieved as follows. We have tried to achieve those savings with minimum impact on services and on our priorities.

Type of saving	Saving	How
Efficiency Savings	£433,000	More realistic estimates; reducing support costs; procurement savings; more efficient working; etc. Examples include reducing the salary bill by 2% to allow for vacancies; lower running costs for the Contact Centre; reducing and centralising the training budget; and changing mobile phone tariffs
Reducing Internal Costs	£115,000	Examples include: redundancies in support services; staff restructuring; termination of staff buses and travel allowances introduced as a result of the move of the offices to Cambourne.
Senior Management Team	£144,000	Savings from the restructuring of the senior management structure earlier in the year
Business Process Reviews	£221,000	Review of major service processes to achieve savings and improved customer service, in particular through more effective use of existing computer systems and the Contact Centre
Savings in Services	£585,000	Savings or additional charges which will have some impact on users of Council services – including: <ul style="list-style-type: none"> • increasing the cost of a summons for non-payment of Council Tax or business rates • phasing out postal payments • reducing additions to the fund to tackle travellers issues • reducing action on dogs • grants to museums and arts development • Milton Country Park – increase income through sponsorships and charges • Savings in conservation. • Introduce a charge for the delivery of wheeled bins to new households.
TOTAL	£1,498,000	

We will investigate a range of other potential areas for savings or increased income, including charging developers for consultations; savings in procurement; maximising income –generating developments at the growth areas.

We will increase the Council Tax to the maximum allowable under Government capping limits (likely to be 5%) up to the district council average to achieve a Council Tax income commensurate with the needs and economic circumstances of the area.

We will continue to press the Government for a fairer financial system which reflects the growth area and other factors affecting the district.

The Council already provides good value for money, but will pursue this more systematically and transparently by greater use of unit costs, comparisons with other councils and performance summaries in the 2008/09 budget process.

There are a number of major uncertainties facing the Council over the next few years which will affect the achievability of the financial planning targets and we will review the factors affecting the strategy on a regular basis and undertake two formal reviews of the strategy each year in October and February.

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Your priorities for spending

We want to know whether our current and future spending plans meet your priorities. From the list of services below, please select FIVE where you feel expenditure should be increased or protected in order to maintain or improve services:

Arts development and support & promotion for arts/music/theatre events in villages	
Administering Housing and Council Tax benefits	
Community Grants (eg support for village halls, community groups and projects)	
Community safety (projects to tackle crime and disorder)	
Conservation (eg historic buildings, landscape and nature)	
Economic development and tourism	
Food safety, pollution monitoring & control, and pest control	
Housing advice, home improvement grants, affordable housing, help for homeless	
Planning permissions and enforcement action against unauthorised development (including for growth areas)	
Planning policy – shaping future land use in the district, including	
Refuse collection and recycling	
Regulation and licensing (eg building safety, taxi licensing, liquor licensing)	
Sports development, sports facilities and Milton Country Park	
Street cleaning, including the removal of fly-tipping and abandoned vehicles.	
Traveller issues (incl action against illegal encampments, lobbying for a national approach and community development)	
Youth provision (support for young people and youth involvement)	
Other (please specify)	

Your priorities for savings

Wherever possible we are planning to make savings through efficiencies. However, the savings needed will require some savings or additional charges in ways which affect the public. Please give the FIVE services where you think that savings would be **most acceptable**:

Arts development and support & promotion for arts/music/theatre events in villages	
Administering Housing and Council Tax benefits	
Community Grants (eg support for village halls, community groups and projects)	
Community safety (projects to tackle crime and disorder)	
Conservation (eg historic buildings, landscape and nature)	
Economic development and tourism	
Food safety, pollution monitoring & control, and pest control	
Housing advice, home improvement grants, affordable housing, help for homeless	
Planning permissions and enforcement action against unauthorised development (including for growth areas)	
Planning policy – shaping future land use in the district, including	
Refuse collection and recycling	
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Youth provision (support for young people and youth involvement)	
Other (please specify)	

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Savings Strategy

In developing our strategy we considered two options:

Option A	Spread the savings required over the period of the Medium Term Financial Strategy. This is the option preferred by the Council. It enables the Council to plan more effectively. Further savings would be required in 2012/13.
Option B	Use reserves to reduce the savings required in the first two years and then make a higher level of savings (over £2m) in 2009/2010 onwards. This would enable the Council to defer most of the savings. It is possible that the review of local government finance by the government might improve the Council's financial position and reduce the need for savings. However, the threat of major savings in 2/3 years' time would make the planning of services difficult and is likely to lead to problems of workforce retention and recruitment.

Which option do you support (circle one)?

- Option A?
- Option B?
- No view?

Level of Council Tax

For an average (Band D) property, the district council element of the Council Tax is £97.48 (on a scale of £64.99 for Band A to £194.96 for Band H). We are planning to increase this by 5% for 2007/08 – ie about £5 per household per year for a Band D property. This is the maximum that we are likely to be able to increase the Council Tax without capping. Please indicate your views about Council Tax below.

A 5% increase (average £5 per year) is too much	
A 5% increase is about right	
I would be prepared to pay up to 10% extra (average of £10 per year)	
I would be prepared to pay up to 20% extra (average of £20 per year)	

Given current Government capping limits we could not increase Council Tax by more than 5%, but your views on this issue would be of great help to us in discussions with the Government.

Your overall opinion of the strategy:

Which of the options below best reflects your overall view of the Strategy?

- I fully support the strategy
- The strategy is on the right lines. I have some reservations.
- I neither support nor oppose the strategy.
- I have major reservations about the strategy.
- I am very opposed to the strategy.
- I have no opinion about the strategy.

Anything else on the strategy?

Please use the space below to expand your answer to the above question or to give any further comments on the Council's draft financial strategy. Attach further sheets if necessary.

Please return your completed form by 7 January 2007 to:
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