

## SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

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**REPORT TO:** Leader and Cabinet  
**AUTHOR/S:** Senior Management Team

10 February 2011

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### SETTING THE COUNCIL'S BUDGET AND POLICY FRAMEWORK

#### **Purpose**

1. To approve and recommend to Council (subject to any changes which may be announced by the Government on council tax freeze grant, new homes bonus and the capping criteria):
  - (a) The level of expenditure necessary to carry out those services chargeable to the District Council's General Fund in the financial year 2011/12 and the demand on the Collection Fund required to meet District Council Expenses after allowing for the use of balances and Formula Grant;
  - (b) The Council Tax for 2011/12 required to meet the demand on the Collection Fund from the District Council; and
  - (c) The indicators required by the Prudential Code for Capital Finance in Local Authorities.
2. To note the updates on the Medium Term Financial Strategy reported in September.
3. To review the Council's Vision, corporate aims and approaches and agree key actions following consultation as the basis for final 2011-12 service plans and the emerging Corporate Plan for 2011-2014.
4. This is a key decision because:
  - (a) it is likely to result in the Council incurring expenditure which is, or the making of savings which are, significant having regard to the Council's budget for the service or function to which the decision relates;
  - (b) it is likely to be significant in terms of its effects on communities living or working in an area of the District comprising all wards;
  - (c) it increases financial commitments (revenue and / or capital) in future years above existing budgetary approvals;

and it was first published in the November 2010 Forward Plan.

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## Recommendations

5. Cabinet is requested to recommend to Council:
  - a) That the capital programme (**Appendix A**) and the associated funding up to the year ending 31st March 2016 be approved as submitted;
  - b) That the revised revenue estimates for the year 2010/11 and the revenue estimates for 2011/12 be approved as submitted in the General Fund summary (**Appendix B**);
  - c) That the Medium Term Financial Strategy (**Appendix C**) be approved based on the assumptions set out in the report;
  - d) That the District Council demand for general expenses for 2010/11 be £6,934,200;
  - e) That the Council sets the amount of Council Tax for each of the relevant categories of dwelling in accordance with Section 30(2) of the Local Government Finance Act 1992 on the basis of a District Council Tax for general expenses on a Band D property of £115.46 plus the relevant amounts required by the precepts of Parish Councils, Cambridgeshire County Council and the Cambridgeshire Police and Fire Authorities, details of those precepts and their effect to be circulated with the formal resolution required at the Council meeting;
  - f) That the prudential indicators in **Appendix E** be approved;
  - g) That Senior Management Team be instructed to identify further savings of around £300,000 per annum with effect from 2013/14 onwards;
  - h) That the further continuation of the Council's Vision and Corporate Aims and Approaches, as set out in paragraph 65 and **Appendix F** of the report, be agreed as the strategic planning framework for the organisation, and
  - i) That the List of Corporate Actions at **Appendix F** be agreed as the Council's key priority actions for 2011-12, for incorporation within the emerging Corporate Plan (2011-14) and final service plans for 2011-12.
6. Members are requested to approve the list of precautionary items (**Appendix D**) to be used under delegated powers already given to the Finance and Staffing Portfolio Holder and the Chief Financial Officer.

## Reasons for Recommendations

7. (a) to (g) The determination of the budget and council tax will provide resources for the Council to continue its services in order to achieve the strategic aims as far as possible within the current financial constraints.
8. (h) to (i) It is necessary for the Council to agree, through its strategic policy framework, clear priorities for the coming year which will show how it intends to focus its limited resources on the most important areas for customers through clear, realistic and achievable actions. The recent consultation on the draft actions has provided endorsement from our customers that the Council has chosen the right priorities to satisfy these criteria.

## **Executive Summary**

9. This report brings together the estimates endorsed by Portfolio Holders in January and includes the General Fund summary for 2011/12 and an updated medium term financial strategy based on:
  - (a) no increase in the district council tax in 2011/12 and the associated receipt of council tax freeze grant for four years;
  - (b) two years new homes bonus starting in 2011/12 and no allowance for the following years three to six of the six year bonus (which has still to be confirmed at the time of writing this report);
  - (c) no further decrease in formula grant in years three and four of the spending review and in later years (or that any decrease will be offset by a corresponding amount of locally retained business rates);
  - (d) an increase in council tax of 3.5% per annum from 2012/13 onwards to be quoted as an increase of 8 pence per week.
10. The medium term financial strategy was last reported to Cabinet in September 2010. The latest MTFS includes new income from new homes bonus which does not fully offset the loss of income from housing growth funding (Cambridgeshire Horizons) (the loss of income from Housing Planning Delivery Grant had already been factored in to the September figures), lower interest and lower formula grant, which would then have resulted in a reduction in the General Fund balance as at 31 March 2016 of £917,000.
11. In order to maintain the balance at around £3 million as reported in September, it is proposed that Senior Management Team be instructed to identify further savings of around £300,000 per annum with effect from 2013/14.
12. The Council has revised its key actions in light of a wide-ranging consultation process, and recent developments in local intelligence and emerging legislative changes. The results are recommended for approval as challenging but realistic aims of meeting our Vision, strategic aims and approaches for the district.

## **Background – Financial estimates**

13. The estimates have been considered by Portfolio Holders and by the Scrutiny and Overview Committee. The following appendices are included with this report to show the overall effect of the proposals:

Appendix A	Capital Programme
Appendix B	General Fund Summary
Appendix C	Medium Term Financial Strategy (MTFS)
Appendix D	Precautionary Items
Appendix E	Prudential Indicators

The detailed estimates are being sent out as a separate document.

## PART 1 – APPROVING THE ESTIMATES

### Considerations

#### CAPITAL PROGRAMME

14. The capital programme up to the year ending 31st March 2016 is submitted for Members' approval as **Appendix A** showing capital expenditure of around £9 million in 2010/11, reducing to around £7 million from 2012/13 onwards, together with the associated financing and balance of capital receipts. The balance of capital receipts brought forward is fully utilised in 2012/13 and thereafter the programme is dependent on in-year capital receipts and grants, including the use of brought forward reserves of Housing and Planning Delivery Grant and revenue financing to meet the deficit.
15. Capital Expenditure can be classified as:
  - a) expenditure on fixed assets such as buildings which is accounted for on an accruals basis. A capital charge for depreciation is made to the revenue accounts to reflect the use of the asset in providing the service;
  - b) Expenditure on grants to individuals and organisations which is accounted for on a cash payments basis.
16. The capital programme now shows the effect of transferring 213 equity share properties, where nil rent is charged, from the Housing Revenue Account to the General Fund to avoid 75% of the sale proceeds being pooled and paid to the Government when repurchased properties on pre 1st April 2006 leases are resold.
17. With regard to the pooling of capital receipts, it has been assumed that capital receipts from both Right to Buy and HRA equity share sales will continue to be pooled at the rate of 75% for the full duration of the capital programme.
18. The financing policy inherent in Appendix A can therefore, be summarised as:
  - i. run down the balance of capital receipts to zero in the years 2011/12 to 2012/13 to finance both Housing Revenue Account (HRA) and General Fund capital expenditure;
  - ii. from 2012/13 onwards, finance HRA capital expenditure from the Major Repairs Allowance, £100,000 from capital receipts, miscellaneous minor grants and £200,000 from revenue resources as in the HRA Business Plan approved by Council in April 2010 and a further £200,000 provided by the lower revenue payment to the Government due to the equity share properties being transferred to the General Fund;
  - iii. from 2012/13 onwards, use the balance of capital receipts after pooling to finance General Fund capital expenditure on General Fund equity share repurchases and improvement grants/loans (capital receipts after pooling substantially equate to General Fund capital expenditure on housing improvement grants and loans);
  - iv. use the balance of the capital reserve for Housing and Planning Delivery Grant to finance the balance of General Fund capital expenditure with financing from revenue thereafter (using some of the additional revenue resources arising from New Homes Bonus); and

- v. in addition, earmarked capital grants are received and used to finance specific capital expenditure.

## LOCAL AUTHORITY FINANCE SETTLEMENT

19. The provisional settlement was announced on 13<sup>th</sup> December. A formal response to the provisional settlement was then made within the consultation period and a reply was received with an assurance that all comments would be carefully considered. The Leader and Deputy Leader have also been to see Baroness Hanham, CBE, Parliamentary Under Secretary of State at the CLG, on 12 January to press the Council's case for more funding.
20. The figures in this report are the final figure for 2011/12 and the provisional figure for 2012/13, announced on 31 January 2011. They are slightly different to the provisional figures announced in December being £39,000 better in 2011/12 and £59,000 worse in 2012/13.
21. The figures are for two years and not for the four years of the Government's Spending Review. The two year settlement is "a transitional settlement using an inherited system" pending the outcome of the local government resource review which was due to start in January 2011 and end in July 2011.
22. The Spending Review forecast a 28% reduction in grant over four years so a revised MTFs was reported to Cabinet in September broadly reflecting this forecast. The reductions were then front-loaded such that almost all the forecast reduction occurred in the first two years – there is no guarantee that there will not be further reductions in years 3 and 4.
23. The figures are:

Actual 2010/11 £'000	<b>Department for Communities and Local Government (DCLG)</b>	Final 2011/12 £'000	Provisional 2012/13 £'000
7,823	DCLG Formula Grant	6,026	5,185
	% decrease year on year – cash basis	Less 23.0%	Less 14.0%
	% cumulative decrease		Less 33.7%
Less 717	Adjustment for Concessionary Fares transferred to County, etc		
7,106	DCLG Formula Grant	6,026	5,185
	% decrease year on year on like for like basis	Less 15.2%	Less 14.0%
	% cumulative decrease		Less 27.0%

24. The figures of £6,026,000 and £5,185,000 have been included in the MTFs for the years 2011/12 and 2012/13. For subsequent years from 2013/14 onwards, it has been assumed that government grant will remain at £5,185,000. The DCLG are intending by April 2012 to introduce proposals for the local retention of (some of the) business rates collected. This Council should benefit from this proposal and any benefit might offset any further reductions in formula grant.
25. The % reduction quoted by the DCLG for South Cambridgeshire is less 6.72% but this is the reduction in revenue spending power consisting of council tax income from the District, formula grant and some other grants. In the consultation, revenue

spending power also included parishes but parishes are not included in the figures announced on 31 January.

## NEW HOMES BONUS

26. The new homes bonus is a new grant from 2011/12 based on:
- Net additions to the number of dwellings (the main factor)
  - Increases in affordable housing
  - Empty homes brought back in to use; and
  - Increase in gypsy and traveller pitches.
27. The DCLG website shows an example calculation for South Cambridgeshire based on 735 net additions to the number of dwellings and 41 empty homes brought back in to use for the period from October 2009 to October 2010. Data is not yet available for affordable housing and gypsy and traveller sites. The calculation is also based on a national average council tax of £1,439 for 2010/11, i.e. the total council tax bill for counties, districts, police, fire and parishes.
28. The consultation was based on an 80% / 20% split between districts and counties and on this basis the example calculation would give a grant, payable for six years, of £869,000. If the net additions to the housing stock and empty homes brought back in to use are achieved each year in the future then the grant would accumulate as:

		Financial year						
		2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
		£ '000	£ '000	£ '000	£ '000	£ '000	£ '000	£ '000
Year of grant	2011/12	869	869	869	869	869	869	
	2012/13		869	869	869	869	869	869
	2013/14			869	869	869	869	869
	2014/15				869	869	869	869
	2015/16					869	869	869
	2016/17						869	869
	2017/18							869
	Total	869	1,738	2,607	3,476	4,345	5,214	5,214

29. On this basis, the Council could be receiving £5.2 million in 2016/17. Net additions of 735 per annum is approximately in line with the housing trajectory in the Annual Monitoring Report approved by the Planning Portfolio Holder in December
30. However, at the time of writing this report, the final format and grant allocations for 2011/12 have not yet been announced and:
- a) the new homes bonus payable for six years is being introduced by the Coalition Government but there may be a new government within the six year period which may change the bonus;
  - b) the 80% allocated to district councils may be reduced;
  - c) the new homes bonus is a replacement for Housing Planning Delivery Grant (HPDG); this Council received one of the highest allocations of HPDG but its allocation was capped in 2008/09; the new homes bonus may also be capped in future years; and
  - d) the housing trajectory may be too optimistic.

31. The medium term financial strategy only shows new homes bonus of £0.8 million for 2011/12 and then a constant £1.6 million for each year thereafter.
32. The new homes bonus is a welcome and vital grant for this Council as HPDG and housing growth funding (via Cambridgeshire Horizons) have ended. The Council received £1.841 million and £1.954 million from HPDG and housing growth funding in 2008/09 and 2009/10 respectively.

#### **COUNCIL TAX FREEZE GRANT**

33. The Government is proposing to pay a council tax freeze grant to all councils which do not increase their council tax in 2011/12. Again, final details are still awaited.
34. The proposed grant compensates councils for foregoing an assumed 2.5% increase. The Government have given a provisional figure for this Council of £173,000 which seems to be calculated as:

council tax for 2010/11 £115.46  
multiplied by number of band D dwellings for 2011/12 60,057  
equals council tax income of £6,934,000  
multiplied by 2.5%  
equals council tax freeze grant of £173,000

35. The council tax freeze grant is only payable for the four years of the Spending Review so there will be a loss of income when the grant ends in 2015/16 unless the council tax is increased in that year by an additional 2.5%.
36. The estimates for 2011/12 and the medium term financial strategy assume no council tax increase in 2011/12 and a council tax freeze grant of £173,000 in the four years from 2011/12 to 2014/15.

#### **REVENUE ESTIMATES**

37. The General Fund summary up to the year ending 31 March 2012 is submitted for Members' approval as **Appendix B**.
38. Inescapable expenditure and new savings proposals were reported to Cabinet on 13 January and these are included in the General Fund and Housing Revenue Account estimates presented to this meeting. As reported in January, discussions have been taking place with Improvement East with a view to securing their financial support to meet a proportion of the initial costs of these proposals. The Leader and Deputy Leader (together with SMT) met with representatives from Improvement East on 24 January at which an outline shortlist of projects was agreed. These proposals will be formally considered at a meeting of Improvement East in early February and a verbal update will be provided to Cabinet on the outcome of those discussions.
39. The assumptions underlying the estimates and the medium term financial strategy are set out in the next section.
40. The figures in Appendix B show the original estimate 2010/11 for Net District Council General Fund Expenditure of £15.556 million decreasing to £15.018 million in the revised estimate 2010/11. The decrease is £0.538 million in cash terms (3.5%). The number of unallocated items in the original estimate 2010/11 which have now been allocated in the revised estimate 2010/11 complicates any comparison.

41. The figures in Appendix B also show the original estimate 2010/11 for Net District Council General Fund Expenditure of £15.556 million decreasing to £14.969 million in the estimate 2011/12, a decrease of £0.587 million in cash terms (3.8%), the main variances being in very approximate terms:

		£ million
		+ increase in expenditure ( ) decrease in expenditure
Services		
Corporate Management		(0.114)
Refuse Collection	Growth, management and depot recharges	+0.111
Dry Recycling Contract	Recycling strategic review	(0.488)
Development Control	Restructuring savings	(0.141)
Concessionary Fares	Service transferred to County	(0.640)
Growth Agenda	Loss of Cambridgeshire Horizons grant	+0.782
	Sub Total	(0.490)
Other variances in summary or less than £100,000		(0.097)
	Grand Total	(0.587)

42. Appendix B shows the General Fund balance decreasing from £7.1 million as at 31 March 2010 to a revised estimate of £6.8 million as at 31 March 2011 and then decreasing further to an estimated £5.8 million as at 31 March 2012. This decrease in balances is sustainable over the period of the Medium Term Financial Strategy as shown in the next section of the report but longer term pressures remain as described below.

#### **MEDIUM TERM FINANCIAL STRATEGY (MTFS)**

43. The MTFS has updated the projections for future years to incorporate the latest figures, which are shown in **Appendix D**.
44. The Strategy is dependent on the assumptions that are built in to it and these include:
- pay inflation of 0% for a second year in 2011/12 and 2.5% thereafter;
  - non pay inflation of 2.5% where applicable or actual rates where known;
  - no provision has been made for the cost of adopting the job evaluation scheme in the 2011/12 budget nor in the five year medium term financial strategy as the intention is to adopt the scheme "at no addition to the pay bill in five years' time"
  - employer's pension contributions of 23.5% in 2011/12, 24.5% in 2012/13 and 25% thereafter. The pensions deficit has been calculated by the Actuary as 30% as at the last triennial valuation on 31<sup>st</sup> March 2010. The calculation of the pensions deficit takes account of the reduced pensions liability due to the two year pay freeze and to pension increases now being linked to the usually



lower consumer price index instead of the retail price index. The Hutton Report on pensions due in a few months' time may also reduce employers' pension liabilities by recommending increases in employees' contribution and by capping employers' contributions but the effective date may be postponed; and

- e) the inescapable growth and quantified savings reported to Cabinet on 13 January but no specific contribution towards the revenue funding for supporting community facilities at Northstowe or any other major development;
- f) a modest increase in income from planning and land charges over the period of the strategy;
- g) the £50,000 for Council actions as recurring expenditure each year and the £150,000 for support for the economic downturn as one-off expenditure in 2011/12 only;
- h) an increase in council tax of 3.5% each year from 2012/13 onwards; the Finance Task and Finish Group recommended that council tax increases should be quoted in £ and pence; for 2012/13, the increase is £4.04 or 8 pence per week. This percentage increase would be almost in line with the current consumer price index (CPI) and, being higher than the long term target consumer price index of 2%, should help to compensate for the loss of council tax freeze grant from 2015/16 onwards; and
- i) an increase in the tax base (number of band D equivalent dwellings) in line with the housing trajectory in the Annual Monitoring Report approved by the Planning Portfolio Holder in December.

- 45. The result is that by the end of the projection period, 31 March 2016, the General Fund balance is £2.9 million (credit balance). However, the medium term position of a £1.4 million deficit/use of balances on the General Fund in 2015/16 indicates that there can be no relaxation in the search for savings or in pressing for fairer funding and more certainty over future years' new homes bonus.
- 46. **Appendix E** sets out details of "precautionary" items of expenditure totalling £470,720. These are items of expenditure over which there is some doubt as to whether they would occur in 2011/12, but if they did, the Council would be required to meet them. It has been assumed that expenditure of £75,000 will be incurred on precautionary items in 2011/12 on the basis that there has been limited use of precautionary items in the previous year and that in previous years most additional demands have been met by virement.

#### **COLLECTION FUND BALANCE**

- 47. The Council's Collection Fund includes transactions relating to the Council Tax.
- 48. Regulations provide that the balance on the Collection Fund at 31st March 2011, whether in hand or overdrawn, must be transferred to the Billing Authority and the major precepting authorities in the same ratio as their 2010/11 precepts.
- 49. It is estimated that the balance at 31 March 2011 will be a surplus of £53,500 of which £6,530 will be transferred to the District in 2011/2012.

## PART 2 – SETTING THE COUNCIL TAX

### CALCULATION OF THE TAX

50. The Council Tax figures quoted in this report relate to the tax on a Band D property occupied by two or more adults unless otherwise indicated. Council Tax benefits and discounts are excluded.
51. The figure for a Band D property is arrived at by dividing the amount of the demand by the tax base of band D equivalents. A tax base of 60,057.2 for 2011/12 has been approved by the Executive Director (Corporate Services).
52. If the Council approves the demand of £6,934,200 on the Collection Fund, then the tax on properties in bands A- to H will be the same as the current year 2010/11:

Valuation Band	Range of values	Ratio to band D	Council Tax
A-		5/9	£64.14
A	Up to and including £40,000	6/9	£76.97
B	£40,001 - £52,000	7/9	£89.80
C	£52,001 - £68,000	8/9	£102.63
D	£68,001 - £88,000	-	£115.46
E	£88,001 - £120,000	11/9	£141.12
F	£120,001 - £160,000	13/9	£166.78
G	£160,001 - ££320,000	15/9	£192.43
H	More than £320,000	18/9	£230.92

53. The full amount of the tax is arrived at by adding the requirements of the County Council, the Police and Fire Authorities and the relevant Parish to the District figure and these figures, together with a full list of parish precepts, will be presented to the Council meeting on 24 February 2011.

## PART 3 – FINANCIAL ADMINISTRATION

54. When a local authority is calculating its budget requirement and consequent council tax, the Chief Financial Officer is now required under Section 25 of the Local Government Act 2003 to report on:
- the robustness of the estimates made for the purposes of the calculations; and
  - the adequacy of the proposed financial reserves.
55. The emphasis is to ensure that the estimates are sufficient to cover regular recurring costs plus any reasonable risks and uncertainties and, in the event of unexpected expenditure, that there are adequate reserves to draw on. The calculations relate to the budget requirement for the forthcoming year and the legal requirement may, therefore, be interpreted as reporting only on the 2011/12 estimates and the reserves up to 31 March 2012.
56. At South Cambridgeshire District Council, the Executive Director (Corporate Services) as the Chief Financial Officer considers the estimates for the financial year 2011/12 to be sufficiently robust and the financial reserves up to 31 March 2012 to be adequate, the main risks being the actual realisation of savings which have been included in the estimates and the lack of certainty over new homes bonus where the

80% contribution may be cut or capped and the underlying growth in the number of dwellings may not be achieved.

57. As at the end of March 2012, the estimated balances are £5.8 million and £2.0 million on the General Fund and Housing Revenue Account respectively. The minimum balance for the General Fund is normally £1.5 million but it is now considered that the minimum balance for future years should temporarily be increased to £2.5 million until the outcome of the local government resource review. The target balance as at 31 March 2016 is slightly above this at £2.9 million. The minimum balance for the Housing Revenue Account has been increased to £2 million because in future years any unexpected capital works may have to be financed from revenue and to provide cover for uninsured losses.

#### **PART 4 – PRUDENTIAL INDICATORS**

58. The Prudential Code for Capital Finance in Local Authorities came in to effect from 1 April 2004, the objective being to provide a framework for capital programmes to ensure that:
- capital expenditure plans are affordable;
  - all external borrowing and other long term liabilities are within prudent and sustainable levels; and
  - treasury management decisions are taken in accordance with professional good practice.
59. Prudential indicators must be set by Council before the beginning of the financial year but can be revised at any time. The Chief Financial Officer is required to establish procedures to monitor performance against the prudential indicators and to ensure that any borrowing is for capital purposes. The indicators are primarily to show whether a local authority is entering into long term commitments which it may not be able to afford in the future and they are, therefore, of less relevance to debt free authorities like South Cambridgeshire.
60. The prudential indicators are set out in **Appendix F**.

## **PART 5 - STRATEGIC POLICY FRAMEWORK (AIMS, APPROACHES AND ACTIONS) FOR 2011-2012**

61. The Council has agreed a Vision for the district, supported by:
- Aims setting out how the Vision will be achieved
  - Approaches providing a framework within which the aims will be achieved;
  - Specific Actions, using these approaches to deliver the aims.
  - Service plans setting out service, team and individual objectives, aligned to the Vision and Corporate Aims through a 'Golden Thread'.
62. The Council has worked towards a series of key annual actions as part of the 'Three A's' approach during 2009-10 and 2010-11, and it is intended that a similar approach is taken for 2011-12. The eleven key actions for the current year are monitored through quarterly reports to senior management and Members.
63. Following informal discussions between Cabinet and the Executive Management Team, the Council's Vision and corporate aims have been reviewed, and a number of key draft actions agreed (by Cabinet at its September 2010 meeting) to enable these aims to be achieved during 2011-12.
64. Cabinet considered that the Council's Vision and Corporate Aims remained relevant and appropriate and should therefore be retained. This was based partly on a desire to move to a longer-term model of strategic planning to improve consistency and stability, and on the organisation's understanding of the needs of the community brought about through a wide evidence base including the district's demographic profile, formal and informal feedback, local, regional and national policy trends and performance patterns.
65. Cabinet agreed to recommend that the Council's Vision remains:

***To make South Cambridgeshire a safe and healthy place where residents are proud to live, and where there will be opportunities for employment, enterprise and world-leading innovation. We will be a listening Council, providing a voice for rural life and first-class services accessible to all***

That the five key corporate aims remain:

**AIM A – We are committed to being a listening Council, providing first class services accessible to all**

*AIM B – We are committed to ensuring the South Cambridgeshire continues to be a safe and healthy place for you and your family*

*AIM C We are committed to making South Cambridgeshire a place in which residents can feel proud to live*

*AIM D We are committed to assisting provision for local jobs for you and our family*

*AIM E We are committed to providing a voice for rural life,*

And that the Council's strategic approaches to the delivery of these aims remain as set out in **Appendix F**.

## Considerations

### CONSULTATION ON COUNCIL ACTIONS

66. Following agreement of draft actions by Cabinet, a comprehensive consultation process has taken place, using the following methods:
- (a) A paper copy, website and Intranet survey, publicised through a press release. The survey asked customers to establish the extent to which each action addressed important issues, was clear, realistic and achievable, and would, if implemented, improve the quality of life for the customer. It also asked whether there were key areas which the Council had missed, and provided space for customers to provide brief details. 84 responses were received;
  - (b) Publicity and survey distribution at the November - December 2010 round of Neighbourhood Panels, and at the Tenants' Forum;
  - (c) Targeted consultation with our Gypsy and Traveller community, in conjunction with Ormiston Children and Families Trust. This involved an agent carrying out face to face surveys with a representative sample of this community living in mobile and settled accommodation, using a modified version of the survey referred to in (a) above. 40 responses were received;
  - (d) A workshop with Year 8 and 11 students at Swavesey Village College. The workshop grouped the fifteen actions into eight key themes, and asked for students' views on the importance of each, and how the Council could best go about addressing each.
67. The general picture arising from the consultation is one of endorsement that the Council has chosen to focus on actions covering issues of importance to customers, albeit arising from a very small sample of the district's population. As a consequence, changes to the draft actions have been minor, focussing on clarity of wording. SMT is also recommending the inclusion of additional actions relating to public health (Action B4) and affordable homes (Action C3) to reflect priorities arising from the government's policy announcements and financial settlement, made since the draft actions were proposed in September 2010. The proposed Actions, updated in light of the consultation, are recommended for Cabinet and Council approval as set out in **Appendix F attached**. Cabinet is asked to note that the draft actions contain footnotes explaining terms; this is primarily aimed at providing clarity and accessibility for customers in subsequent publicity.
68. Fewer respondents to the survey felt that the Council's actions were clear, realistic and achievable, and would improve the quality of their lives if implemented, which may reflect lower expectations in light of national publicity surrounding public sector cuts and take into account subjective opinions of the relative impact of different actions on quality of life. The results will be subject to more detailed analysis to identify trends; however, they did not demonstrate significant opposition to any of the actions, and are again considered to represent an endorsement that the Council has proposed realistic actions which will improve the quality of life for its customers.
69. There were some variances between the results to the general and Gypsy and Traveller consultations. As above, these variances will be analysed in more detail. It is particularly noticeable that, in respect of Action C1 (Recycling and composting), where 80% of general survey respondents yet only 28% of Gypsies and Travellers

agreed that the action covered an important issue. This may in part be due to the greater access to recycling opportunities, and hence engagement in recycling, amongst the settled community. The Council is aware from previous work that it needs to raise awareness of, and access to, recycling opportunities amongst its Gypsy and Traveller communities; to the end, Health and Environmental Services has begun a specific project designed to address this issue.

70. The Council is grateful for the input of its customers into setting future priorities and will produce and communicate response details via its website and residents' magazine. Further details regarding the outcomes of the consultation are set out in the covering report and appendices considered by the Council's Executive Management Team and referred to in the Background Papers section of this report (below).
71. Given the current level of uncertainty regarding future funding levels and the expected pressures on resource levels moving forward, the actions for 2011-12 will require no additional funding and will be delivered through the allocation and reallocation of existing resources. As such, they are considered a realistic set of goals that will achieve positive results within a financial context in which, as identified elsewhere within this report, ongoing efficiencies must be sought.
72. The Council's annual budget and policy planning cycle is evolving to a position where future priorities for action and resource allocation are informed at the earliest stage by timely community intelligence and consultation. To this end, Members are asked to note that a general consultation on future spending and service priorities will be undertaken during Summer 2011, effectively an additional stage before annual priorities are drafted for more targeted consultation in late 2011. The setting of strategic aims over a 3-year period will also assist in providing a coherent strategic framework within which the Council can work to meet the needs of its diverse communities.

### **Options**

73. Options, which have not been evaluated, for the revenue estimates 2011/12 and the medium term financial strategy include one or a combination of the following:
  - (a) finding further revenue savings and/or capital savings financed from revenue;
  - (b) incorporating a third and possibly fourth year for new homes bonus for 2013/14 and possibly 2014/15;
  - (c) anticipating the local government resource review and the local retention of some of the business rates collected from 2013/14 onwards;
  - (d) increasing the council tax in 2011/12 and foregoing the council tax freeze grant;
  - (e) increasing the council tax by more or less than 3.5% from 2012/13 onwards; and
  - (f) running the General Fund balance down to the minimum £1.5 million.
74. Cabinet may agree the Vision, Aims, Approaches and draft Actions as recommended, or bring forward amendments as it wishes, providing such amendments can be demonstrated to be meeting the needs of the organisation and community it serves.

## Implications

75.	Financial	As above
	Legal	The pressure to reduce budgets and the continuation of a poor financial settlement could adversely affect the provision of statutory services
	Staffing	The restructurings and reductions in staffing levels have been incorporated in the estimates
	Risk Management	<p>Issues relating to the revenue and capital estimates and to MTFS assumptions have been described earlier in this report:</p> <ul style="list-style-type: none"> <li>• future capital financing (paragraphs 14 to 18); and</li> <li>• local authority finance settlement (paragraphs 19 to 25);</li> <li>• new homes bonus (paragraphs 26 to 32);</li> <li>• council tax freeze grant (paragraphs 33 to 36);</li> <li>• MTFS assumptions (paragraphs 42 to 45).</li> </ul> <p>The Executive Director (Corporate Services) highlights the main risks as the realisation of savings included in the estimates and uncertainty over the new homes bonus (paragraph 55 refers). Risks and control measures concerning financial projections in the MTFS are included in the strategic risk register, which is due for its quarterly review next month.</p>
	Equality and Diversity	The consultation surveys contained questions designed to provide equality information relating to specific protected equality characteristics. This information will be analysed and will be of valuable assistance in building the Council's knowledge and understanding of its customer groups.
	Equality Impact Assessment completed	<p>Yes</p> <p>A partial EQIA of the Council's draft actions has been completed, identifying potentially adverse equality impacts in respect of Action C2, specifically sub-actions relating to the gardening competition and celebrating a traditional Christmas. Officers will proceed to a full assessment in respect of these issues, which will identify the extent to which it may be appropriate to review actions to mitigate against adverse impacts.</p>
	Climate Change	The Council is proposing specific actions in 2011-12 to move towards a more sustainable community, as part of its commitment to reduce the severity and mitigate the likely impacts of climate change

## Effect on Strategic Aims

76. The determination of the budget and council tax will provide resources for the Council to continue its services in order to achieve the strategic aims as far as possible within the current financial constraints.
77. The consultation results have provided an important means of informing the agreement of final corporate actions for 2011-12 which will in turn enable the Council's strategic aims and approaches, as set out in the updated Corporate Plan, to be achieved.

**Background Papers:** the following background papers were used in the preparation of this report:

Estimate files in the Accountancy Division  
Reports and estimates approved by Portfolio Holders

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