

## **SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL**

Minutes of a meeting of the Cabinet held on  
Thursday, 12 November 2015 at 2.00 p.m.

**PRESENT:** Councillor Ray Manning (Leader of the Council)  
Councillor Simon Edwards (Deputy Leader of the Council & Finance and Staffing  
Portfolio Holder)

**Councillors:** Mark Howell Housing Portfolio Holder  
Mick Martin Environmental Services Portfolio Holder  
Peter Topping Corporate and Customer Services Portfolio Holder  
Robert Turner Planning Portfolio Holder  
Nick Wright Economic Development Portfolio Holder

Officers in attendance for all or part of the meeting:

Alex Colyer	Executive Director, Corporate Services
Emma George	Business Support Officer
Stephen Hills	Director of Housing
Jean Hunter	Chief Executive
Fiona McMillan	Legal Services Manager and Monitoring Officer
Duncan Vessey	New Business Initiatives Manager (Housing)
Graham Watts	Democratic Services Team Leader

Councillors David Bard, Anna Bradnam, Kevin Cuffley, Sue Ellington, Lynda Harford, Raymond Matthews, Cicely Murfitt, Bridget Smith, Hazel Smith and Bunty Waters were in attendance, by invitation.

### **1. APOLOGIES FOR ABSENCE**

An apology for absence was received by Councillor Tim Wotherspoon.

### **2. MINUTES OF PREVIOUS MEETING**

The minutes of the previous meeting held on 10 September 2015 were confirmed and signed as a correct record.

### **3. DECLARATIONS OF INTEREST**

Councillor Simon Edwards declared a non-pecuniary interest in item 8 as he was included on the register for the self-build vanguard.

Councillors Robert Turner and Nick Wright declared non-pecuniary interests in item 10 as they rented properties in South Cambridgeshire.

### **4. ANNOUNCEMENTS**

No announcements were made.

### **5. PUBLIC QUESTIONS**

No public questions had been received.

## 6. POSITION STATEMENT 2015/16: FINANCE, PERFORMANCE AND RISK

Cabinet considered a report which provided a statement on the Council's position with regard to its General Fund, Housing Revenue Account and Capital budgets together with an update on corporate objectives, performance indicators and strategic risks.

Councillor Peter Topping, Portfolio Holder for Corporate and Customer Services, presented the report and, in respect of the Corporate Plan, said that the Council was working to attain its vision through the three strategic aims around the themes of Engagement, Partnerships and Well-being. Appendix A of the report outlined a detailed commentary on progress and achievements with each of the actions, bringing together relevant finance and performance information. Councillor Topping referred Members to a number of significant milestones listed in paragraph 8 of the report and made the following additional points:

- problems had recently been experienced with the 'Good' application that was used to access emails and calendars on mobile devices. These issues had since been resolved, but Councillor Topping intended to bring a report back to Cabinet on this issue;
- the indicator in respect of the percentage of invoices paid within 30 days needed to be closely monitored as it was still performing under target;
- referring to the indicator regarding the number of households helped to prevent homelessness, Councillor Topping explained that this was not a reflection on the provision of service, but a consequence of the current wider housing market and welfare reform;
- the number of calls to the customer contact centre had fallen and there had also been a reduction in paper recycled by the Council during the same period. Councillor Topping was pleased to see both of these reductions, which he said were as a result of the Council's digital by default project where digital channels of communication and processes were being encouraged ahead of the more traditional forms of service provision. Furthermore, it was noted that the benefits e-form was currently going through a soft launch to ensure that any errors could be identified and rectified prior to its full launch. It was anticipated that the introduction of this e-form would have a significant impact on the number and length of calls made to the customer contact centre and reduce the amount of paper used;
- a workshop on risk had recently been held and was attended by officers and Members, further to which some risks set out in the Strategic Risk Register had been amended.

Reference was made to the Development Control Improvement Plan and Members were pleased to see that appointments to numerous planning posts had been made, with training plans in place. A question was asked as to how much staff time had been devoted to this training, which was additional on top of normal workload. Councillor Robert Turner, Portfolio Holder for Planning, said that training was going well. He acknowledged that it had taken up officer time, but emphasised that it was extremely worthwhile and reported that officers were undertaking training at the same time as the APAS system was having an upgrade in order to make as efficient use of officer time as possible.

Discussion also ensued on the Community Assets Register and Members took this opportunity to share their experiences of how it had impacted the communities they represented.

Cabinet:

- (a) **NOTED** the performance, risk matters and contextual information set out in the report and appendices A to D.
- (b) **APPROVED** the Strategic Risk Register and Matrix set out in Appendices E and F of the report.

## 7. **CORPORATE PLAN PRIORITIES 2016-2021**

Cabinet considered a report which set out emerging priorities as the basis for consultation on, and to inform the development of, a Corporate Plan for 2016-2021.

Councillor Peter Topping, Portfolio Holder for Corporate and Customer Services, presented the report and informed Members that the following emerging themes for the Plan were proposed:

- Living Well;
- Homes for our Future;
- Connectivity;
- Entrepreneurial.

Commentaries for what each theme was proposed to included, together with a draft of the Corporate Plan, were set out in the report.

Cabinet:

- (a) **AGREED** that the emerging priority areas set out in paragraph 9 of the report be confirmed as the basis for consultation on, and to inform development of, a Corporate Plan for 2016-2021.
- (b) **AGREED** that the Executive Director be authorised to agree consultation arrangements based on the outlines set out in paragraphs 18 and 19 of the report, in consultation with the Corporate and Customer Services Portfolio Holder.

## 8. **REVIEW OF MEDIUM TERM FINANCIAL STRATEGY INCLUDING CONSIDERATION OF CAPITAL ACCOUNTING POLICY**

Consideration was given to a report which provided Cabinet with an update to the General Fund forecasts and underpinning assumptions, together with their impact on the Medium Term Financial Strategy.

Councillor Simon Edwards, Deputy Leader and Portfolio Holder for Finance and Staffing, presented the report and stated that it had been more difficult this year to make assumptions in view of the Government's summer budget and subsequent key announcements. He made the following points in response to some of the changes imposed by the Government:

- the Revenue Support Grant was expected to gradually reduce to zero, but it was anticipated that this would occur much sooner than had been originally planned;
- it was unclear how tax credits would be affected alongside changes to working age benefits, the £20,000 benefits cap and out of work benefits;

- 18 to 21 years olds were no longer automatically entitled to housing benefit, with families also being affected by the Government's changes;
- housing benefit was paid for by the Government, but if the changes caused difficulties in terms of tenants being unable to pay their rent this could result in pressure being placed on the Council from a homelessness perspective;
- there may be a knock-on effect to people's Council Tax support entitlement as a result of the changes.

Councillor Edwards emphasised that these changes were very complex and that it was a very early stage to properly understand and assess how they would impact the Medium Term Financial Strategy. He also made the point that there were many possible combinations of other future changes or assumptions that might be modelled arising from the Government's spending review, Autumn statement or Local Government finance settlement. The potential impact of assumptions relating to New Homes Bonus on the Medium Term Financial Strategy was illustrated in paragraph 19 of the report. Furthermore, paragraphs 22 and 23 in the report outlined how changes to New Homes Bonus may affect the Greater Cambridge City Deal and the Council's Infrastructure Fund. Paragraphs 15 and 16 set out Council Tax income, based on no more than a 2% increase. It was noted that the Council Tax base was due to be determined in December 2015 with final figures and future trajectory projections to be used in the Medium Term Financial Strategy presented for approval to Cabinet and Council in February 2016.

In presenting the report, Councillor Edwards highlighted the following additional points:

- the savings or additional income target had increased by £670,000 and now totalled £1.44 million from 2016/17 onwards. The Council was making some headway in meeting this target, with paragraph 28 of the report listing a number of areas that had already been identified to meet the target;
- clarity was being sought with regard to the Business Rates Retention Scheme as it was still unclear what this consisted of following an announcement by the Chancellor of the Exchequer that Councils could retain 100% of business rates. Until further details were made available this could not be accurately reflected in the Medium Term Financial Strategy, other than through assumptions;
- additional income from the Council's housing company, Ermine Street Housing Limited, had not yet been modelled;
- the Housing Revenue Account Medium Term Financial Strategy had been published as a separate document for the first time and was appended to the report. It set out in more detail the consequences of the recent changes to housing and welfare reform. In particular, it was noted that the imposed rent increase of 1% per annum for the next four years had a significant impact on the Housing Revenue Account and its ability to invest, particularly in new homes.

In closing, Councillor Edwards said that the Council's response to planning and mitigating against these financial challenges demonstrated how it was moving forward as an authority. He reflected on the fact that the Council had to find an additional £670,000 in savings or additional income, but referred Members to the business case for Ermine Street Housing Limited which showed that this was achievable. Other sources of income were being investigated across the organisation and he was pleased to see the Council develop this commercial approach.

Cabinet:

- (a) **NOTED** the General Fund forecast at Appendix A of the report and **APPROVED** the assumptions underpinning the Medium Term Financial Strategy set out in the report.
- (b) **APPROVED** the Housing Revenue Account budget strategy and assumptions and **NOTED** the conclusions set out in Appendix B to the report.
- (c) **APPROVED** the addition of £150,000 in the Housing Revenue Account Capital Programme in relation to the Self-Build Vanguard pilot project.
- (d) **INSTRUCTED** the Head of Finance to bring forward detailed draft estimates for 2016-17 based on the assumptions and issues contained within the report.
- (e) **INSTRUCTED** the Executive Management Team to identify and develop other options for meeting the Medium Term Financial Strategy additional income/savings requirement.

## 9. SHARED TRADE WASTE SERVICE

Consideration was given to a report which sought Cabinet's agreement, in principle, to the formation of a shared trade waste service with Cambridge City Council, based on the high-level principles set out in Appendix 1 of the report and the development of a detailed trade waste business case and business plan.

Appendix 2 of the report contained exempt information in accordance with paragraph 3 of Schedule 12A of the Local Government Act 1972, as amended. Cabinet agreed that Members would not discuss or divulge any of the exempt information contained within this appendix, therefore meaning that the press and public did not need to be excluded from the meeting.

Councillor Mick Martin, Portfolio Holder for Environmental Services, presented the report and reminded Cabinet that the trade waste operations of both South Cambridgeshire District Council and Cambridge City Council had been co-located at the single, shared waste Waterbeach depot on 9 November 2015. However, at this point business accounts of the two trade waste services continued to be run separately. He, in conjunction with the City Council, had therefore investigated the prospect of a shared trade waste service but said that further time and money on developing a business case and business plan would only be committed if both Councils agreed to the high-level principles set out in Appendix 1 of the report. It was noted that these principles had been considered by the City Council's Environment Scrutiny Committee in October 2015 and were subsequently agreed by the City Council's Executive Councillor.

Cabinet:

- (a) **AGREED** the high-level principles set out in Appendix 1 of the report.
- (b) **AGREED**, in principle, to the formation of a Single, Shared Trade Waste Service with Cambridge City Council and to the development of a detailed business case and business plan for that Shared Trade Waste Service, for consideration by Cabinet before April 2016.

## 10. BUSINESS CASE FOR ERMINE STREET HOUSING

Cabinet considered a report which set out the performance of the housing company pilot and sought a decision on the future of the company. The appendices to the report contained exempt information in accordance with paragraph 3 of Schedule 12A of the Local Government Act 1972, as amended. Cabinet agreed that Members would not discuss or divulge any of the exempt information contained within the appendices, therefore meaning that the press and public did not need to be excluded from the meeting.

Councillor Mark Howell, Portfolio Holder for Housing, reminded Cabinet that Council had agreed to a housing company pilot project on 28 November 2013 and agreed to advance up to £7 million of funding to secure a market rented portfolio of homes, and that the pilot scheme went live in May 2014. A number of objectives for the housing company had been set by Cabinet at the outset of establishing the pilot, which were set out in paragraph 7 of the report.

The loan portfolio in respect of assets held at the time of writing the report was £6,837,970 and resulted in the company owning 34 homes, with two further acquisitions in progress, with all those intended for letting now occupied. In addition, the company had secured long-term management deals with the Defence Infrastructure Organisation and had a further 42 properties under management for five years, with more in the pipeline.

Councillor Howell reported that the pilot had been successful, it had generated an additional income stream for the Council and also provided the opportunity for learning in a new area of business. During the course of the pilot the Council had received interest payments from the company, providing returns in excess of £100,000. It was also noted that the pilot spanned the first year of operation for the company and, as a result, included significant set up costs resulting in the company making a trading loss in year 1. Councillor Howell emphasised that this was expected.

Referring to the options contained within the report, Councillor Howell proposed option C, which sought to expand the portfolio over a five year business period, investing approximately £100 million, with the aim of owning and managing 500 properties by the end of that period. He highlighted the proposed governance arrangements set out in paragraphs 29 to 31 of the report, which would see a Board established consisting of six voting members to include two elected Members, two executive officers (the Company Director and the Company Secretary) and two independent members selected for their skill sets. The lead manager for the company would also attend meetings of the Board as a non-voting member.

The following points were noted during discussion:

- the independent members of the Board should be in place prior to making a decision on next steps for the business, in order that they could have an influence. Councillor Howell accepted this point, but said that the next stage of the company had to start from somewhere. Once the board had been established with all members appointed, including the two independent members, the business plan may need to be revised to take into account any changes that the board agreed;
- some Members felt that a board of six voting members and one non-voting members was too small, whereas others were of the view that it was the right size. Councillor Howell made the point that this was a starting point and if more members were needed on the Board they could be added at a later stage;

- referring to the skills of the Council's small team that had been instrumental in setting the company up, a comment was made that consideration needed to be given to succession planning. Councillor Howell agreed that the officers in question had been invaluable and that the pilot would not have been as successful without their input. He agreed that this was a huge risk and said that it was something he was very aware of;
- querying the process for the Council's risk register and the company's risk register, clarity was sought over where they would go and who would own them in terms of governance and accountability. It was noted that the company's risk register would be considered by and be the responsibility of the Board of the company. The Council's risk register was regularly reviewed by the Council's Executive Management Team and formed part of Cabinet's responsibilities;
- a question was asked where the £100 million would come from. It was noted that funding sources could include the Public Works Loans Board or the Local Government Association Bonds Agency, but it was proposed that a report on the revised Treasury Management Strategy would be reported to Full Council alongside the proposal to approve option C.

The Leader, on behalf of Cabinet, took this opportunity to thank officers for the huge amount of work that they had undertaken to support the housing company.

Cabinet **RECOMMENDED** to Council:

- (a) The expansion of the housing company portfolio over a five year period 2016/17 to 2020/21, as set out in option C of the report.
- (b) The adoption of the five year business plan set out in Appendix B of the report.
- (c) Establishment of three new fixed term posts to deliver the business plan.
- (d) Establishment of a Board to oversee the work of the company as set out in paragraphs 29 to 31 of the report.
- (e) That the Executive Director be instructed to report in November 2015 to the Council the necessary amendments to the Council's Treasury Strategy.

## 11. **RECOMMENDATIONS TO CABINET FROM THE CORPORATE AND CUSTOMER SERVICES PORTFOLIO HOLDER**

Councillor Peter Topping, Portfolio Holder for Corporate and Customer Services, presented the indicative ICT Capital Programme that he had recommended for approval as the basis for discussions to ensure alignment with strategic partners as part of the emerging shared services business model. He had considered this item at his Portfolio Holder Meeting on 23 October 2015.

Cabinet **AGREED** the indicative ICT Capital Programme as the basis for discussions to ensure alignment with strategic partners as part of the emerging shared services business model.

## 12. **ISSUES ARISING FROM THE SCRUTINY AND OVERVIEW COMMITTEE**

No issues from the Scrutiny and Overview Committee were reported.

**13. ISSUES ARISING FROM THE PARTNERSHIPS REVIEW COMMITTEE**

No issues from the Partnerships Review Committee were reported.

**14. REPORTS FROM CABINET MEMBERS ATTENDING PARISH COUNCIL MEETINGS**

Councillor Robert Turner, Portfolio Holder for Planning, reported that he had recently attended a meeting of Fulbourn Parish Council to provide an update on the Local Plan process, discuss the possibility of the Parish Council producing a Neighbourhood Plan and explain proposed changes to the Council's Planning delegations.

**15. REPORTS FROM MEMBER CHAMPIONS**

No reports were received from Member Champions.

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**The Meeting ended at 3.50 p.m.**

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