



South Cambridgeshire District Council

Council Meeting
Tuesday, 21 February 2023

Agenda and Reports

South Cambridgeshire Hall
Cambourne Business Park
Cambourne, Cambridge
CB23 6EA

Exclusion Of Press And Public

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

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

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

South Cambridgeshire District Council

TO: The Chair and Members of the
South Cambridgeshire District Council

Notice Is Hereby Given that the next meeting of the **Council** will be held in the **Council Chamber - South Cambs Hall** at **2.00 P.M.** on

Tuesday, 21 February 2023

and I therefore summon you to attend accordingly for the transaction of the business specified below.

Dated this 13 February 2023

Liz Watts
Chief Executive

The Council is committed to improving, for all members of the community, access to its agendas and minutes. We try to take all circumstances into account but, if you have any specific needs, please let us know, and we will do what we can to help you.

Agenda

1. **Apologies**
To receive Apologies for Absence from Members.
2. **Declaration of Interest**
3. **Register of Interests**
Members are requested to inform Democratic Services of any changes in their Register of Members' Financial and Other Interests form.
4. **Minutes**
To authorise the Chair to sign the Minutes of the meeting held on Thursday 24 November 2022 as a correct record.

(Pages 17 - 36)
5. **Announcements**
To receive any announcements from the Chair, Leader, the executive or the head of paid service.
6. **Questions From the Public**
To answer any questions asked by the public.

The deadline for receipt of public questions is midnight on Wednesday 15 February 2023.

The Council's scheme for public speaking at remote meetings may be inspected here:

[Public Questions at Remote Meetings](#)

7. Petitions

To note all petitions received since the last Council meeting.

8. To Consider the Following Recommendations:

8 (a) Medium Term Financial Strategy 2023-2028 (Cabinet 12 December 2022) (Key)

Cabinet

Recommended that Council

- (a) Acknowledge the projected changes in service spending and the overall resources available to the Council over the medium-term to 2025/2028.
- (b) Approve the refreshed Medium Term Financial Strategy at Appendix A and updated financial forecast at Appendix B.

(Pages 37 - 64)

8 (b) New Build Council Housing Strategy 2020-25 (Cabinet, 6 February 2023)

Cabinet

Recommended that Council

- Approves the updates to the New Build Council Housing Strategy 2020-25, including
- i) Setting the target annual completions for 2023-24 and 2024-25 at 75 homes per year; and
 - ii) Increasing the modelling period for payback from 35 to 45 years

(Pages 65 - 78)

8 (c) Business Plan Action Plan - 2023-24 (Cabinet 6 February 2023)

Cabinet

Recommended that Council

- a) Consider and approve the proposed Business Plan Action Plan for 2023-24 at **Appendix A**.
- b) Authorise the Chief Executive to make any minor wording changes

required to final drafts, in consultation with the Leader

(Pages 79 - 100)

8 (d) Capital Strategy (Cabinet 6 February 2023)

Cabinet

Recommended that Council

Consider the report and, if satisfied, to approve the updated Capital Strategy attached at **Appendix A** to the report which sets the policy framework for the development, management and monitoring of capital investment, including Prudential Indicators.

(Pages 101 - 122)

8 (e) Treasury Management Strategy (Cabinet 6 February 2023)

Cabinet

Recommended that Council

Consider the report and, if satisfied, to approve the updated Treasury Management Strategy attached at **Appendix A** to the report which sets the policy framework for the Council's treasury management activity, including (i) the Treasury Management Policy Statement, (ii) Minimum Revenue Provision Policy and (ii) Treasury Indicators.

(Pages 123 - 160)

8 (f) Review of Revenue Reserves and Provisions (Cabinet 6 February 2023)

Cabinet

Recommended that Council

Consider the report and, if satisfied, to approve:

- A)** That the Reserves as summarised at paragraph 11 of the report be released to the General Fund, or transferred to other Earmarked Reserves as shown, on 31 March 2023.
- B)** That the IT software and hardware reserves be amalgamated at 31 March 2023 to provide the necessary flexibility.
- C)** That the movement in Reserves in 2022/2023 as set out in Appendix A, and the estimated balance of Reserves of £29.830 million (+), be noted.

(Pages 161 - 170)

8 (g) Capital Programme 2023/24 - 2027/28 (Cabinet 6 February 2023)

Cabinet

Recommended that Council

Consider and approve the General Fund Capital Programme following a detailed review of the rolling programme by Cabinet at its meeting on 06 February 2023.

(Pages 171 - 180)

8 (h) Localised Council Tax Support 2023/24 (Cabinet 6 February 2023)

Cabinet

Recommended that Council

Approves Scheme Option 1 which comprising the LCTS Income Band scheme currently in operation and increases working age scheme to a maximum 100% reduction for all working age claimants, with an uprating of calculation annually in line with CPI in September adjustment to earnings disregards increasing support to those who are working.

(Pages 181 - 186)

8 (i) General Fund Budget 2023/24 (Cabinet 6 February 2023)

Cabinet

Recommended that Council

- (a) Take into account the detailed budgets presented at Appendix B, and summarised at Appendix A, with an estimated General Fund Gross Operating Expenditure for 2023/2024 of £84.868 million, estimated Gross Operating Income of £54.622 million and estimated General Fund Net Operating Expenditure of £30.246 million.
- (b) Acknowledge the key factors which have led to the proposed 2023/2024 General Fund Revenue Budget, with service pressures summarised at Appendix C and offsetting efficiency savings/policy options summarised at Appendix D.
- (c) Acknowledge that the 2023/2024 General Fund Revenue Budget gross expenditure is covered by forecast income sources (assuming no change in Government grant) and, therefore, any addition(s) to expenditure that are made by the Cabinet or Council will need to be met from the General Fund Balance.
- (d) Approve the 2022/2023 General Fund Revenue Budget taking into account the statement by the Chief Finance Officer on the risks and robustness of the estimates as required under Section 25 of the Local Government Act 2003 (reproduced at Appendix F).
- (e) Set the Council Tax Requirement for 2023/2024 at £11,130,440.
- (f) Approve an increase in the District element of the Council Tax of £5 per annum, giving an average Band D Council Tax of £165.31, plus the relevant amounts required by the precepts of the Parish Councils, Cambridgeshire County Council, Cambridgeshire Police & Crime Commissioner, and the Cambridgeshire Fire Authority.
- (g) Approve the estimates of the amounts required to be made under the Non-domestic Rating (Rates Retention) Regulations 2013 as set out in paragraphs 38 and 39.
- (h) Approve the use of the additional income from the Business Rate Pool, estimated at £1,000,000 in 2023/2024, for transfer to the

established Renewables Reserve for priority projects.

- (i) Subject to any changes to the recommendations above, Council approves:
 - (i) The 2023/2024 General Fund Revenue Budget based on known commitments at this time and planned levels of Service/functions resulting in a Budget Requirement of £32.918 million.
 - (ii) The District Council Precept on the Collection Fund (Council Tax Requirement) of £11.130 million in 2023/2024 (based on the Provisional Government Settlement) and a Band D Council Tax of £165.31.

Proposed Amendments Submitted

The Conservative Group has submitted its alternative budget proposals, to be proposed as amendments. The proposals were considered by the Scrutiny and Overview Committee at its meeting on 19 January 2023 and are included in the agenda pack for Council, following the report and appendices for this item.

(Pages 187 - 234)

8 (j) Housing Revenue Account Budget 2023/24 (Cabinet 6 February 2023)

Cabinet

Recommended that Council

Housing Revenue Account (HRA): Revenue

- (a) approve the HRA revenue budget for 2023/2024 as shown in the HRA Budget Summary as presented at **Appendix A**.

HRA: Review of Rents and Charges

- (b) Approve that council dwelling rents for all social rented properties be increased by 7%, recognising that inflation measured by the Consumer Price Index (CPI) at September 2022, plus 1% would result in an increase of 11.1%, but that the government has introduced a cap on rent increases at 7% from April 2023.
- (c) Approve that affordable rents (inclusive of service charge) are also increased by 7% in line with the increase for social rents.
- (d) Approve that rents for affordable shared ownership properties are increased by 7% or RPI at January 2023 plus 0.5% whichever is the lower, from April 2023, recognising that although the government rent cap does not apply to this tenure, an increase of in excess of 7% may put undue financial pressure on these households.
- (e) Approve that garage rents be increased by 7% in line with the increase for social rents.

- (f) Approve the proposed service charges for HRA services and facilities provided to both tenants and leaseholders, as shown in **Appendix D**.

HRA: Capital

- (g) Approve the required level of funding for new build investment between 2023/2024 and 2027/2028 to ensure that commitments can be met in respect of the investment of all right to buy receipts currently retained or anticipated to be received by the authority for this period. This expenditure will take the form of HRA new build, with the 60% top up met by other HRA resources.
- (h) Approve the HRA Medium Term Financial Strategy forecasts as shown in **Appendix B**.
- (i) Approve the Housing Capital Programme as shown in **Appendix C**.
(Pages 235 - 262)

9. Council Tax Resolution

To approve the formal Council Tax resolution for 2023/24.

(Pages 263 - 284)

10. Swavesey Byeways Rate 2023/24

The Swavesey Byeways Committee

Recommended that Council

It retains the level of the Swavesey Bye-ways rate at £1.20 per hectare for land within the charge paying area for the period 2023/24 in order to fund the required level of maintenance.

(Pages 285 - 288)

11. Report of the Independent Remuneration Panel - Members' Allowances Scheme 2022/23

It is recommended that Council:

- (a) Agree a revised Scheme of Members' Allowances for 2022/23 (see Appendix A) and, if adopting the recommendations of the Independent Remuneration Panel, to approve the implementation of:-
 - (a) The increase in the Basic Allowance to £5,501 (equivalent to a 4.25% increase) retrospectively with effect from 1 April 2022; and
 - (b) The increase to all the Special Responsibility Allowances of 4.25%, retrospectively with effect from 1 April 2022.
- (b) Authorise the Head of HR, Transformation and Corporate Services to implement and advertise the new scheme and make any consequential amendments required to the Scheme of Members' Allowances in Part 6 of the Constitution.

(Pages 289 - 304)

12. Calendar of Meetings 2023/24

To approve the Calendar of Meetings for 2023/24.

(Pages 305 - 310)

13. Membership of Committees and Outside Bodies

Council is asked to:

- i) In respect of the Cambridgeshire and Peterborough Combined Authority Housing Committee, note the appointment of Councillor Bridget Smith in place of Councillor John Batchelor, Councillor Peter Sandford as substitute;
- ii) In respect of the Employment and Staffing Committee, note the appointment of Councillor Bridget Smith as a substitute and
- iii) Note any other changes in roles, membership or substitutes in respect of any other committee;
- iv) Note, and, where required, endorse any changes to Outside Bodies appointments; and
- v) Note any executive appointments.

14. Cambridgeshire and Peterborough Combined Authority

Attached are two reports summarising the work of the Cambridgeshire and Peterborough Combined Authority from November 2022.

(Pages 311 - 376)

15. Greater Cambridge Partnership

Feedback from the Greater Cambridge Partnership Joint Assembly meeting on 23 November 2022 is attached.

(Pages 377 - 380)

16. Update on the Ox Cam Regional Partnership

It is recommended that Council supports South Cambridgeshire District Council Cabinet's intention to confirm its membership of the Oxford to Cambridge Partnership as it becomes formally recognised and funded by Government as a Pan-Regional Partnership (PRP) and the appointment of the Leader as the Council's representative on the PRP.

(Pages 381 - 388)

17. Questions From Councillors

A period of 30 minutes will be allocated for this item to include those questions where notice has been provided (as set out on the agenda below) and questions which may be asked without notice.

Members wishing to ask a question without notice should indicate this intention to the Interim Democratic Services Team Manager prior to the commencement of the item. Members' names will be drawn at random by the Chairman until there are no further questions or until the expiration of the time period.

17 (a) From Councillor Daniel Lentell

To the Leader of the Council

"In her reply to the last Full Council regarding her decision that SCDC should participate in the latest incarnation of the OxCam Arc development project the Leader asserted that this is, "a liberal democrat council."

Will she explain what is liberal or democratic about just one person deciding that SCDC should participate in OxCam (or express total support for East/West rail) without a debate at Full Council in public session or even a discussion in private among the Liberal Democrat party group?"

17 (b) From Councillor Carla Hofman

To Lead Cabinet Member for Communities

"Can the lead member provide an update on the support the council has provided to local people on the cost of living crisis following the approval by cabinet of a package of measures late last year?"

17 (c) From Councillor Sally Ann Hart

To Lead Cabinet Member of Housing

"Can Councillor John Batchelor explain why residents in South Cambridgeshire should feel positive about the future of council housing in our district?"

Supplementary: Do you believe that there are any particular risks that the council currently faces in relation to council housing?

17 (d) From Councillor Natalie Warren-Green

To the Lead Cabinet Member for Communities

"As we approach the end of the first year of the Homes for Ukraine programme, can the lead member provide an update on the scale of support South Cambridgeshire Communities have offered and what is the council's main focus at the moment to ensure hosts and guests get the support they need?"

17 (e) From Councillor Dr Susan van de Ven

To the Lead Cabinet Member for Economic Development

"Can Councillor McDonald explain how the council is supporting local businesses outside of the booming science and IT sectors to survive and thrive during this difficult economic period?"

17 (f) From Councillor Corrine Garvie

To the Leader

Question: "How might the newly formed Oxford Cambridge Partnership benefit South Cambridgeshire?"

Supplementary: "What will you do if the Government rescinds on its promise that the OCP is focused on the economy and the environment and starts to talk about large

scale housing developments again?”

17 (g) From Councillor Paul Bearpark

To the Lead Cabinet Member for Resources:

“Can Councillor John Williams explain how the Council is responding to the increasingly challenging financial situation that councils are facing in England?”

17 (h) From Councillor Graham Cone

Following the recent call from government for councils to ensure homes are free of dangerous mould, what steps has the Leader taken to ensure this call is answered?

17 (i) From Councillor Tom Bygott

SCDC recently took part in a meeting, called by LEGG (the Longstanton Environmental and Groundwater Group) about the disappearance of Longstanton's groundwater. There were 18 attendees, including 7 local elected representatives and 3 from Homes England. It was agreed that there should be regular follow-up meetings, the first of which is due later this week. Longstanton residents are pleased that the loss of their groundwater is now being taken seriously by SCDC. In the four weeks since this meeting, what new initiatives have SCDC taken to address the loss of Longstanton's groundwater?

17 (j) From Councillor Sue Ellington

The council is planning to build a solar farm at Waterbeach in order to supply sufficient electricity to power its fleet of electric refuse vehicles. The installation will include batteries to store generated power and a number of charging points for vehicles. Can the leader tell us how many electric refuse lorries will be involved, how much power they will need each day and can we be reassured that this facility will provide sufficient electricity in all weathers?

17 (k) From Councillor Mark Howell

Over Christmas we were informed that the collection of furniture for disposal had been discontinued because the law would be enforced from January 2023. Subsequently this service was reinstated. Can the leader tell council what arrangements have been made to enable this service to be reinstated?

18. Notices of Motion

A period of 30 minutes will be allowed for each Motion to be moved, seconded and debated, including dealing with any amendments. At the expiry of the 30 minute period, debate shall cease immediately, the mover of the original Motion, or if the original Motion has been amended, the mover of that amendment now forming part of the substantive motion, will have the right of reply before it is put to the vote.

18 (a) Standing in the names of Councillors Bridget Smith and Heather Williams

The intimidation and abuse of councillors, in person or otherwise, undermines democracy; preventing elected members from representing the communities they serve, deterring individuals from standing for election, and undermining public life in democratic processes.

This council notes that increasing levels of toxicity in public and political discourse is having a detrimental impact on local democracy and that prevention, support and responses to abuse and intimidation of local politicians must improve to ensure councillors feel safe and able to continue representing their residents.

This council therefore commits to challenge the normalisation of abuse against councillors and uphold exemplary standards of public and political debate in all it does. The council further agrees to sign up to the LGA’s Debate Not Hate campaign. The campaign aims to raise public awareness of the role of councillors in local communities, encourage healthy debate and improve the response to and support for local politicians facing abuse and intimidation.

In addition, the council resolves to:

- Use the LGA template letter to write to the local Members of Parliament to ask them to support the campaign
- Use the LGA template letter to write to the Government to ask them to work with the LGA to develop and implement a plan to address abuse and intimidation of politicians
- Regularly review the support available to councillors in relation to abuse and intimidation and councillor safety
- Work with the local police to ensure there is a clear and joined-up mechanism for reporting threats and other concerns about the safety of councillors and their families
- Take a zero-tolerance approach to abuse of councillors and officers

19. Chair's Engagements

To note the Chair’s engagements since the last Council meeting:

Date	Venue / Event
5 December	USAF 501 st Combat Support Wing Winter Reception, RAF Alconbury
7 December	Mayor’s Carol Service, St Mary’s Church, Haverhill

Guidance For Visitors to South Cambridgeshire Hall

Notes to help those people visiting the South Cambridgeshire District Council offices

While we try to make sure that you stay safe when visiting South Cambridgeshire Hall, you also have a responsibility for your own safety, and that of others.

Security

When attending meetings in non-public areas of the Council offices you must report to Reception, sign in, and at all times wear the Visitor badge issued. Before leaving the building, please sign out and

return the Visitor badge to Reception.

Public seating in meeting rooms is limited. For further details contact Democratic Services on 03450 450 500 or e-mail democratic.services@scams.gov.uk

Emergency and Evacuation

In the event of a fire, a continuous alarm will sound. Leave the building using the nearest escape route; from the Council Chamber or Mezzanine viewing gallery this would be via the staircase just outside the door. Go to the assembly point at the far side of the staff car park opposite the staff entrance

- **Do not** use the lifts to leave the building. If you are unable to use stairs by yourself, the emergency staircase landings have fire refuge areas, which give protection for a minimum of 1.5 hours. Press the alarm button and wait for help from Council fire wardens or the fire brigade.
- **Do not** re-enter the building until the officer in charge or the fire brigade confirms that it is safe to do so.

First Aid

If you feel unwell or need first aid, please alert a member of staff.

Access for People with Disabilities

We are committed to improving, for all members of the community, access to our agendas and minutes. We try to take all circumstances into account but, if you have any specific needs, please let us know, and we will do what we can to help you. All meeting rooms are accessible to wheelchair users. There are disabled toilet facilities on each floor of the building. Infra-red hearing assistance systems are available in the Council Chamber and viewing gallery. To use these, you must sit in sight of the infra-red transmitter and wear a 'neck loop', which can be used with a hearing aid switched to the 'T' position. If your hearing aid does not have the 'T' position facility then earphones are also available and can be used independently. You can get both neck loops and earphones from Reception.

Toilets

Public toilets are available on each floor of the building next to the lifts.

Recording of Business and Use of Mobile Phones

We are open and transparent about how we make decisions. We allow recording, filming and photography at Council, Cabinet and other meetings, which members of the public can attend, so long as proceedings at the meeting are not disrupted. We also allow the use of social media during meetings to bring Council issues to the attention of a wider audience. To minimise disturbance to others attending the meeting, please switch your phone or other mobile device to silent / vibrate mode.

Banners, Placards and similar items

You are not allowed to bring into, or display at, any public meeting any banner, placard, poster or other similar item. Failure to do so, will result in the Chairman suspending the meeting until such items are removed.

Disturbance by Public

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

Smoking

Since 1 July 2008, South Cambridgeshire District Council has operated a Smoke Free Policy. No one is allowed to smoke at any time within the Council offices, or in the car park or other grounds forming part of those offices.

Food and Drink

Vending machines and a water dispenser are available on the ground floor near the lifts at the front of the building. You are not allowed to bring food or drink into the meeting room.

Declarations of Interest - Information for Councillors

DECLARATIONS OF INTEREST

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

Disclosable pecuniary interests

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

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

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

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

It is a criminal offence to:

- fail to notify the monitoring officer of any disclosable pecuniary interest within 28 days of election
- fail to disclose a disclosable pecuniary interest at a meeting if it is not on the register
- fail to notify the Monitoring Officer within 28 days of a disclosable pecuniary interest that is not on the register that you have disclosed to a meeting
- participate in any discussion or vote on a matter in which you have a disclosable pecuniary interest
- knowingly or recklessly provide information that is false or misleading in notifying the Monitoring Officer of a disclosable pecuniary interest or in disclosing such interest to a meeting.

Other registerable interests

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

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

Disclosure of non-registerable interests

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

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

Where a matter arises at a meeting which affects – a. your own financial interest or well-being; b. a financial interest or well-being of a relative or close associate; or c. a financial interest or wellbeing of a body included under Other Registrable Interests as set out in Table 2 you must disclose the interest.

In order to determine whether you can remain in the meeting after disclosing your interest the following test should be applied. Where a matter (referred to in the paragraph above) affects the financial interest or well-being: a. to a greater extent than it affects the financial interests of the majority of inhabitants of the ward affected by the decision and; b. a reasonable member of the public knowing all the facts would believe that it would affect your view of the wider public interest, you may speak on the matter only if members of the public are also allowed to speak at the meeting. Otherwise you must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation.

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

[Where you have an Other Registerable Interest or Non-Registerable Interest on a matter to be considered or is being considered by you as a Cabinet member in exercise of your executive function, you must notify the Monitoring Officer of the interest and must not take any steps or further steps in the matter apart from arranging for someone else to deal with it]

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Agenda Item 4

South Cambridgeshire District Council

Minutes of a meeting of the Council held on
Thursday, 24 November 2022 at 2.00 p.m.

PRESENT: Councillor Anna Bradnam – Chair
Councillor Peter Fane – Vice-Chair

Councillors: Henry Batchelor, John Batchelor, Paul Bearpark, Tom Bygott, Ariel Cahn, Dr. Martin Cahn, Graham Cone, Stephen Drew, Libby Earle, Sue Ellington, Corinne Garvie, Jose Hales, Bill Handley, Sally Ann Hart, Geoff Harvey, James Hobro, Carla Hofman, Mark Howell, Helene Leeming, Daniel Lentell, Dr John Loveluck, Peter McDonald, Brian Milnes, Annika Osborne, Dr Lisa Redrup, Judith Rippeth, Peter Sandford, Bridget Smith, Dr. Aidan Van de Weyer, Natalie Warren-Green, Bunty Waters, Heather Williams, John Williams and Dr. Richard Williams

Councillors Cllr Michael Atkins, Cllr Dr Shrobona Bhattacharya, Cllr Sunita Hansraj, Cllr William Jackson-Wood and Cllr Lina Nieto were in attendance remotely.

Officers:	Rebecca Dobson	Democratic Services Manager
	Kirstin Donaldson	Service Manager - Acquisitions and Development
	Rory McKenna	Monitoring Officer
	Peter Maddock	Head of Finance
	Liz Watts	Chief Executive

1. Apologies

Apologies were received from Councillors Dr Tumi Hawkins, Pippa Heylings, Richard Stobart and Dr Susan van de Ven.

2. Declaration of Interest

Councillor Helene Leeming declared an interest in agenda item 11, Making of Gamlingay Neighbourhood Plan, as an employee of the Wildlife Trust. Councillor Leeming left the Council Chamber whilst this item was discussed and did not vote.

Councillor Bridget Smith declared an interest in agenda item 11, Making of Gamlingay Neighbourhood Plan, as a former employee of Gamlingay Parish Council. Councillor Smith left the Council Chamber whilst this item was discussed and did not vote.

Councillor Mark Howell declared an interest in agenda item 6, Questions From the Public, as a question had been received from Cambourne Town Council and he was the County Councillor for Cambourne.

Councillors Paul Bearpark, Annika Osborne and Heather Williams all declared

interests in agenda item 15 Great Cambridge Partnership, as members of the Greater Cambridge Partnership Joint Assembly. Councillor Brian Milnes declared an interest in the same item as a member of the Greater Cambridge Partnership Executive Board.

3. Register of Interests

Members were reminded to inform Democratic Services of any changes in their Register of Members' Financial and Other Interests form.

4. Minutes

The minutes of the meeting held on 22 September 2022 were agreed as a correct record, subject to the inclusion of the words "Member of the public" to the beginning of the second paragraph of minute 6.

5. Announcements

The Chair reported that Councillor Peter McDonald had won the LGIU 2022 Cllr Award for Resilience and Recovery, which was testament to the Council's commitment to support local businesses in difficult times.

The Leader welcomed Councillor Tom Bygott and Councillor Natalie Warren-Green, who had been elected in the by-elections held earlier that month.

The Leader was pleased to announce that Mayor Nik Johnson was out of hospital and was recovering at home.

The Leader reported that the Council was working with Cambridgeshire ACRE and Cambourne Town Council to set up a warm hub in Cambourne where residents would be able to enjoy a safe, warm and friendly environment for free.

The Leader explained that Councillor Judith Rippeth had stood down as Deputy Leader, a role that was now being fulfilled by Councillor Brian Milnes. Councillor Henry Batchelor had joined the Cabinet as the Lead Member for Environment, Waste and Licensing.

6. Questions From the Public

The Chair announced that as a public question had been received from Gamlingay Parish Council, agenda item 11, Making of Gamlingay Neighbourhood Plan, would be discussed after this agenda item.

Councillor David Jones from Cambourne Town Council expressed disappointment in a recent presentation by the South Cambridgeshire Investment Partnership (SCIP) on the proposed development of 260 homes on land at Cambourne Business Park where it had been made clear that SCIP were not proposing to provide a road connection between the Business Park and West Cambourne as part of their development. Councillor Jones asserted that road access was critical to integrate West Cambourne with the wider town and this

had been understood when the District Council determined MCA's outline planning application for West Cambourne, as the planning permission and subsequently approved Design Code secured the delivery of a spine road up to the boundary of the Business Park. The development of West Cambourne was only found to be acceptable on the basis that the opportunity would exist to secure an access with any future application for the land at the Business Park. The provision of this link road was also critical to provide safe access for around 2,000 children attending Cambourne Village College and Hardwick and Cambourne Primary Schools. The land required to deliver the link road was wholly within the control of the District Council but there was a cost attached to the works. Councillor Jones then asked the following question:

"Can Councillor Smith therefore please explain to the people of Cambourne why the integration of their town and the safety of around 2,000 of their children is now considered secondary to the wish of the Council to profit from its chosen role as a developer of 260 additional houses on a green space in the centre of our town?"

The Leader stated that the current proposals by SCIP sought to deliver cycle, pedestrian and bus access between the Business Park and Cambourne West. She explained that Policy SS/8 identified the need to address a number of access issues. This included "...vehicular access between the Business Park and Cambourne West" (Paragraph 12 (g)) and "bus prioritisation measures...including a bus link ... linking through to Great Cambourne by the Cambourne Business Park" (Paragraph 12 (h)).

The Leader explained that according to the current evidence, the traffic impact generated by the development of the SCIP did not require access for private vehicles to be available from Cambourne West. It was important to note that the Business Park site access road had not been adopted and opening up this link so that it formed one of three primary access points into Cambourne West would require physical works to rebuild and upgrade parts of the road. The transport effects of the development proposed by the SCIP does not require such an upgrade. The current proposals would enable the realisation of bus prioritisation measures listed in SS/8 without the need to upgrade the existing road. The cost of improving the road through the SCIP proposals would therefore need to be considered against the consequences for other infrastructure requirements set out for development of this type, such as the provision of high quality greenspaces, buildings with appropriate environmental performance and the need for infrastructure contributions towards education, community and health infrastructure. The Council's local plan policy also required the development to deliver affordable housing at levels up to 40%. The Council was committed to shifting away from private car use to more sustainable forms of transport and whilst it will be a matter for the SCIP whether they wish to argue for delivery of such a link to be prioritised over other infrastructure contributions, given that the development was unlikely to be able to fund all the policy objectives of the plan, the prioritisation of the respective policy objectives identified in the question and those other policy objectives across the Local Plan, will ultimately be a matter for the Planning Committee to balance in due course.

As a supplementary question, Councillor David Jones asked the Leader to confirm if the discount in the cost of the site allowed the link road to West Cambourne will SCIP show the level of profit from the site? The Leader explained that a written answer would be provided to this question and it would be included in the minutes.

Councillor Sam Martin, Chair of Gamlingay Parish Council, explained that the Gamlingay Neighbourhood Plan was the culmination of seven years' work and involved various the engagement of various stakeholders. Councillor Martin thanked Councillor officers and councillors for their support and asked whether Gamlingay Parish Council could offer some training to the area planning officers and councillors on the main characteristics and aspects of the plan.

Councillor Brian Milnes congratulated Gamlingay Parish Council on their Neighbourhood Plan and stated that the Council would welcome an opportunity for the Parish Council to provide a briefing on the ambitions of the Plan to local Members and the officers of the West Area planning team.

7. Petitions

It was noted that no petitions had been received since the last Council meeting.

8. To Consider the Following Recommendation:

8 (a) 2021/22 Provisional General Fund Revenue and Capital Outturn (Cabinet, 14 November 2022)

Councillor John Williams introduced this report on the General Fund Revenue and Capital outturn position for the financial year 2021/22 with Reserve balances as at 31 March 2022, which proposed changes to the Capital Programme. He stated that the actual outturn for the General Fund was close to the predicted revised budget. The actual figures for the Capital Budget were different from the predicted budget as a number of projects had been delayed and so moved into the budget for 2022/23. He reminded Council that the report provided details of last year's accounts.

Councillor John Batchelor was pleased with the accuracy of the General Fund budget and hoped that this would be sustained for the 2022/23 budget.

The Chair asked why the funding allocation for the Vitrum Building had been £10,000 but the actual cost had been £118,000. Councillor John Williams promised a written answer to this question.

Councillor Heather Williams asked a number of questions that the Head of Finance then answered.

Overspend in the Planning service

The Head of Finance explained that the overspend in the Planning service had been due to the hiring of agency staff as the Council had been unable to recruit

permanent staff.

Tenants on 270 Cambridge Science Park

The Head of Finance explained that the Council had two tenants in place at 270 Cambridge Science Park and councillors could expect to be updated regarding current negotiations with a prospective tenant.

Air Quality Monitoring Equipment project

The Head of Finance explained that the table on page 29 of the report should be amended as the Air Quality Monitoring Equipment project had not been completed on budget. £1,000 had been allocated but the project had not been completed.

Allocation of councillors' laptops

The Head of Finance stated he believed that the laptops for councillors had been allocated in April 2022 and so did not appear in the 2021/22 accounts.

Delays to the greening of South Cambs Hall project

The Head of Finance explained that delays to the greening of South Cambs Hall project had been due to the contractor, who had agreed to pay the costs of the delay.

Funding of the Investment Strategy

The Head of Finance explained that the £450,000 allocated to the Investment Strategy had been carried forward to the 2022/23 accounts, as the project had not been completed.

Written answers to unanswered questions

Councillor John Williams promised written answers to the following questions from Councillor Heather Williams:

- When would the parish maintained street lights project be completed?
- When would the Aerial Photography Refresh project be completed? Or would it be cancelled?
- Who was the officer responsible for commercial investments now that the Head of Economic Development and Commercial Investments officer had left?

Councillor John Williams proposed and Councillor John Batchelor seconded the recommendations in the report. A vote was taken and

Council unanimously

Agreed to

- A)** Acknowledge the 2021/22 general fund revenue outturn position as summarised in Appendix A, the operational underspend of £0.490 million, and the shortfall after income from Taxation and Government Grants in the year of £0.747 million, and the explanations provided for the variances compared to the revised 2021/22 revenue budget;

- B)** Acknowledge the consequent increase in the General Fund as at 31 March 2022 of £2.955m to around £14.7m;
- C)** In relation to the Capital Programme:
 - (i)** Note the 2021/22 capital outturn of £32,420 million;
 - (ii)** Acknowledge the performance achieved in relation to the Capital Programme schemes substantially completed in 2021/2022, summarised in Appendix B.
 - (iii)** Approve the carry forwards of £3.344 million in relation to General Fund capital projects due mainly to slippage.

9. Returning Officer's report of Councillors Elected

The Chief Executive congratulated Councillor Tom Bygott and Councillor Natalie Warren-Green on their election for the ward of Longstanton.

Council **noted** the report.

10. Political Proportionality

The Democratic Services Manager presented this report, which sought the Council's approval of the review of political proportionality for the authority following a change of political group membership arising from the by election for the Longstanton ward. It was noted that the amendments had the support of both Group leaders.

The Chair proposed and the Vice-Chair seconded the recommendations in the report. A vote was taken and Council unanimously

Agreed to

- A)** Approve the allocation of seats on committees as set out at Table 2 in Appendix A; and
- B)** Note the nominations of the Political Group leaders to seats on the Audit and Corporate Governance Committee and Licensing Committee as set out in Appendix B.

11. Making of Gamlingay Neighbourhood Plan

This item was discussed after item 6, public questions.

Councillor Brian Milnes expressed his admiration for everyone involved in the production of the Gamlingay Neighbourhood Plan, which had taken seven years to develop. A referendum had been held on 10 November and 76.77% of those who had voted had supported it. If agreed, the Neighbourhood Plan would form part of the Local Development Plan.

Councillor Henry Batchelor supported the adoption of the Neighbourhood Plan. He explained that two of the parishes in his ward had produced Neighbourhood Plans and so he knew the work involved. He also acknowledged the benefit of Neighbourhood Plans to the Planning Committee when considering planning applications.

Councillor Heather Williams congratulated those involved in the production of Gamlingay's Neighbourhood Plan and welcomed the positive impact the Plan would have on Gamlingay and the surrounding area.

Councillor Brian Milnes proposed and Councillor Henry Batchelor seconded the recommendations in the report. A vote was taken and Council unanimously

Agreed to

- A) Note that the referendum for the Gamlingay Neighbourhood Plan took place on November 2022.
- B) 'Make' (adopt) the Gamlingay Neighbourhood Plan as it was a successful referendum. The made version of the plan is Appendix 1 of this report.

12. Report of the Independent Remuneration Panel - Members' Allowances Scheme 2022/23

The Head of Finance presented this report on the recommendations of the Independent Remuneration Panel in respect of the Scheme of Members' Allowances 2022/23.

The Leader suggested that there should have been more engagement of councillors on this issue and recommended that more information was required for Council to make a decision on the Scheme of Members' Allowances for 2022/23. Councillor Brian Milnes agreed that additional work was required.

Councillor Heather Williams suggested that in the current economic climate Council should vote to reject the recommendations made by the Panel to increase allowances for 2022/23. Councillor Daniel Lentell agreed that it would be inappropriate for Council to agree an increase in Members' allowances at this time.

The Leader proposed that more information be sought from the Panel and extra work be carried out if necessary. Councillor Brian Milnes seconded this proposal.

A vote was taken and were cast as follows:

In favour (27):

Councillors Henry Batchelor, John Batchelor, Paul Bearpark, Anna Bradnam, Ariel Cahn, Dr Martin Cahn, Stephen Drew, Libby Earle, Peter Fane, Corinne Garvie, Jose Hales, Bill Handley, Sally Ann Hart, Geoff Harvey, Dr James Hobro, Carla Hofman, Helene Leeming, Dr John Loveluck, Peter McDonald, Brian

Milnes, Dr Lisa Redrup, Judith Rippeth, Peter Sandford, Bridget Smith, Dr Aidan Van de Weyer, Natalie Warren-Green and John Williams

Against (8):

Councillors Tom Bygott, Graham Cone, Sue Ellington, Mark Howell, Daniel Lentell, Bunty Waters, Dr Richard Williams and Heather Williams.

Abstain (0)

Council

Agreed to request that the Independent Remuneration Panel undertake additional work on its recommendations regarding the Members' Allowances Scheme 2022/23.

13. Membership of Committees and Other Bodies

The Democratic Services Manager presented this report on changes to the membership of committees and other bodies.

Councillor Henry Batchelor proposed and Councillor Bridget Smith seconded that Councillor Peter Fane be elected as Chair of Planning Committee, Councillor Geoff Harvey as Vice Chair and Councillor Sunita Hansraj be appointed as Substitute Member of the Adults and Health Committee. A vote was taken and Council unanimously

Agreed to endorse the following appointments:

- A)** The election of Councillor Peter Fane as Chair of the Planning Committee;
- B)** The election of Councillor Geoff Harvey as Vice Chair of the Planning Committee
- C)** The appointment of Councillor Sunita Hansraj as Substitute Member of the Adults and Health Committee to fill the vacancy arising from the resignation of Alex Malyon.

Council

Noted the following changes in the membership of Committees:

Audit and Corporate Governance Committee

The appointment of Councillor Jose Hales as the Liberal Democrat Group's 5th Substitute Member.

Climate and Environment Advisory Committee

The appointment of Councillor Natalie Warren-Green as the Liberal Democrat Group's 4th Substitute Member.

Employment and Staffing Committee

The appointment of Councillor Peter Sandford as the Liberal Democrat Group's

4th Substitute Member.

Grants Advisory Committee

A change in order of Substitute Member hierarchy so that the Liberal Democrat Group's Substitute Members are Councillor Peter Sandford 1st, Councillor Peter McDonald 2nd and Councillor Dr Martin Cahn 3rd.

Planning Committee

The appointment of Councillor Dr Lisa Redrup in place of Councillor Paul Bearpark as the Liberal Democrat Group's 3rd Substitute Member.

Scrutiny and Overview Committee

The appointment of Councillor Judith Rippeth and Councillor Tom Bygott in place of Councillor Sunita Hansraj and Councillor Heather Williams as ordinary Members of the Committee, and the appointment of Councillor Paul Bearpark in place of Councillor Peter Sandford as the Liberal Democrat Group's 2nd Substitute Member.

Cabinet

The Leader appointed Councillor Brian Milnes as Deputy Leader and Councillor Henry Batchelor to join the Cabinet as Lead Cabinet Member for Environment, Waste and Licensing.

Changes to Outside Bodies appointments

Council **noted** the following changes to appointments on the Cambridgeshire and Peterborough Combined Authority's executive committees made by the Leader:

Combined Authority Skills Committee: Councillor Natalie Warren-Green replaces Councillor Peter McDonald who is now appointed as substitute member.

Combined Authority Transport and Infrastructure Committee: Councillor Brian Milnes replaces Councillor Bridget Smith as substitute member.

Combined Authority Housing and Communities Committee: Councillor Peter Sandford replaces Councillor Bridget Smith as substitute member.

Combined Authority Employment Committee: Councillor John Williams replaces Councillor Judith Rippeth as substitute member.

14. **Cambridgeshire and Peterborough Combined Authority**

Councillor Bridget Smith explained that an Improvement Board had been established, the Combined Authority's senior management team had been restructured and £50,000 had been allocated to an independent climate change commission to identify what work could be carried out.

Councillor Heather Williams wished the Mayor a swift recovery and asked about the interim arrangements. Councillor Bridget Smith stated that the Deputy Mayor was Councillor Anna Smith, Leader of the City Council. She was ensuring that work continued and the governance review was implemented in the Mayor's

absence.

15. Greater Cambridge Partnership

Councillor Heather Williams reported that the minutes of the recent Greater Cambridge Partnership Joint Assembly were 60 pages long and she urged members to look at them to get an impression of the meeting.

Council **noted** the report.

16. Ox-Cam Regional Partnership

The Leader reported that the Ox-Cam Regional partnership was now focusing on the environment and the economy. Councillor Heather Williams stated that there was a lack of transparency regarding the Ox-Cam Regional partnership and asked if the minutes and agendas of the Partnership would become publicly available. The Leader agreed that the Partnership should be open and transparent but up until now the Government was in control of the project and had decided not to set up a website. In response to questioning the Leader assured Council that according to the Government, the Partnership's focus was on the environment and the economy and not additional housing.

Councillor Daniel Lentell suggested that Council should discuss what it wanted the Partnership to achieve and expressed concern that one person was making decisions on this matter on behalf of the District. The Leader explained that it was in the Council's interests to be involved in the Partnership, as funding will be secured to deliver environmental and economic schemes.

17. Questions From Councillors

17 (a) From Cllr Dan Lentell

In her reply to my question at the last Full Council meeting, the Deputy Leader referenced the government statistic underpinning the congestion charge proposal, and the inclusion of our hospitals at Addenbrooke's in particular, namely, the claim that Cambridge residents on low or no income are less likely to own, or have access to, a car.

While this claim may be correct for our densely-packed urban centre, is it also true for very rural parts of the South Cambridgeshire District such as my ward in Over & Willingham? And, as a professional schoolteacher, will the Deputy Leader show her working out by providing the data to justify her answer?"

Councillor Brian Milnes agreed to provide the detailed data, which he assured Council supported the contention that improved bus services would benefit those on low incomes the most. Councillor Daniel Lentell asked if this information was specific to South Cambridgeshire residents. Councillor Brian Milnes replied that the data was from nationally based statistics.

As his supplementary question, Councillor Daniel Lentell asked what impact the

congestion charge would have on lower income residents who were struggling to afford to run a car. Councillor Brian Milnes replied that the charge would fund affordable alternative transport.

17 (b) From Cllr Heather Williams

Is the Leader happy with the current levels of planning enforcement?

The Leader explained that the data for the year 1 October 2021 to 31 September 2022 indicated that 322 complaints were received on planning matters and 417 cases were closed. The Council also issued the following over the same period:

- Six Breach of Condition Notices.
- Eight Enforcement Notices.
- Two Listed Building Enforcement Notices.
- Two Section 215 Untidy Land Notices.
- One Tree Replacement Notice.
- One Temporary Stop Notice.
- One High Hedges Remedial Notice.
- Seven Planning Contravention Notices.

The Leader reported that with the support of our transformation team, the shared planning service had expanded the use of the Council's planning software to include planning compliance case management. This will allow more efficient case management as well as an improved online reporting process allowing complainants to report a complaint and upload photos and videos at any time. The advice on the Shared Planning Website had also been revised to provide additional information on the enforcement process. In November, the service presented a revised draft planning compliance policy – for consultation. The draft policy proposes priorities for the teams and sets out new standards for response times to enable members and our communities to track and see how the team is performing. Central to this was the successful appointment of a permanent and experienced compliance team manager who will start with the Council in the first week of January.

The Leader noted concerns about the planning enforcement function, however, the figures above indicated that the Shared Planning Service already takes more "formal" action than any other area of Cambridgeshire. The Leader reported that following the end of lockdown there was a growing momentum around development of the planning compliance service – which included some really positive signs that the service was listening to and responding to the feedback the Council was giving with a comprehensive approach to systems, staffing, performance and processes.

As her supplementary question Councillor Heather Williams asked how much the Council had paid in compensation for failing to enforce planning conditions. The Leader promised that this information would be provided in writing.

17 (c) From Cllr Graham Cone

How many complaints is the Leader aware of that have been marked complete

by mistake in the last four years?

The Leader replied that she was not aware of any complaints being “closed by mistake”, but no process was totally infallible and if this has happened the complainant only has to contact the Council and point this out and the complaint will be re-opened, and the investigation completed.

Councillor Graham Cone stated that he was aware of some complaints that had been marked as complete when they were still ongoing and members of the public had expressed concern that their right to refer their case to the Ombudsman had been removed. The Leader replied that a complainant was free to refer their case to the ombudsman if they were unhappy. A new web-based complaints system had been installed that would keep track of complaints.

17 (d) From Cllr Sue Ellington

How long is reasonable in the Leader’s view to have a complaint answered?

The Leader replied that for a first stage complaint it was reasonable for a complainant to expect a reply in 10 working days in most cases, but in more complex cases 20 working days was reasonable. For second stage complaints it was reasonable to expect a response with 20 working days with more in-depth investigations getting a response in 30 working days.

Councillor Sue Ellington stated that she was aware of a complaint from 2019 that had not been addressed. It was agreed that this specific complaint should be discussed outside the meeting.

17 (e) From Cllr Dr Richard Williams

Does the Leader accept that if it is this council that wants excessive house building then this council is responsible for resolving key issues like water supply?

The Leader explained that the housing levels identified in the First Proposals for the joint Greater Cambridge Local Plan were based on detailed modelling of evidence of the forecast economic growth in this area up to 2041 and the housing needed for those future employees. The Leader explained that for some time, both this Council and the City Council have been lobbying the water industry and Government in an effort to ensure that they take the necessary action to address our shared concerns for the environment caused by water abstraction in particular.

Councillor Dr Richard Williams suggested that the water resources were inadequate to support the proposed housing figures and as his supplementary question he asked whether these numbers should be revised. The Leader replied that the figures would be revised, as part of the properly agreed process that ensured that any changes were evidence based.

17 (f) From Cllr Dr Shrobona Bhattacharya

Since the Leader came to Cambourne Town Council in February 2019 to say the council was removing their support for the High Street nothing really seems to have moved on. Will the Leader confirm if there will ever be enough priority given to a High Street in Cambourne by this administration or will we have another 3 years of nothing?

The Leader explained that the redevelopment of the privately owned site in Cambourne High Street has been the subject of engagement between the Shared Planning Service, members of the Town Council and the landowner. Pre-application discussions with the owner of the land had taken place for a mixed retail and residential development. In response to concerns about development viability raised by the applicant and their team, the planning officers have advised that subject to justification, they are prepared to be flexible in respect of affordable housing requirements. The Joint Director of Planning had met with the Town Council and the applicant to work through design challenges associated with the sites shape and size.

The Leader stated that officers had recently contacted the agents for the applicants who confirmed that they were not seeking anything further from the Council at this time. In conclusion, she shared the hope that the High Street area of Cambourne would be developed.

Councillor Dr Shrobona Bhattacharya expressed her disappointment at the lack of progress and asked if the Council could do more to encourage the owners of the site to agree development. The Leader explained that the economic climate had become more challenging and the Council had been informed by the applicants that the authority's assistance was not required at this time.

17 (g) From Cllr Tom Bygott

In July 2021 the Lead cabinet member for Planning stated that 'The Council had developed an action plan which had been shared with Local Ward Councillors for comment and with the Parish Council. The Action plan sets out the measures that the Council proposes following the recommendations of HR Wallingford. Subject to the Parish Councils feedback on the action plan, the Council will then seek to progress with the measures outlined in that plan.' Where is it?

The Leader disagreed with the suggestion that there was no action plan, as the Council had developed and agreed a plan with the Parish Council. The measures in that plan were implemented or are underway. Ongoing investigations with Northstowe Town Council were continuing. A copy of the Action Plan was already available to view online on the Council's website, along with other reports and information on this matter.

As his supplementary question Councillor Tom Bygott asked whether the action plan would resolve the underlying problems. The Leader replied that the Council was working closely with both Longstanton Parish Council and Northstowe Town Council who were pleased with the progress being made.

18. Notices of Motion

18 (a) Standing in the name of Councillor Heather Williams

This council notes the concerns raised by many residents across South Cambridgeshire about the introduction of a 'Sustainable travel zone' that would charge people to enter the zone via motor vehicle. This council will formally respond to the Greater Cambridge Partnerships consultation relaying these concerns on behalf of the residents we serve. This council, as part of the consultation, will raise opposition to the introduction of said charge and cite the inclusion of Addenbrooke's and Royal Papworth Hospital as absolutely unacceptable.

Councillor Heather Williams stated that other councils were making representations as part of the consultation process and this authority needed to be clear on what its vision was. On behalf of the District's residents, she expressed her opposition to the proposed charge, in particular for those visiting the Addenbrookes site.

Councillor Graham Cone expressed his support for the motion. He had received a considerable number of responses from residents on this issue and the Council should represent these people. He declared an interest as he worked on the Addenbrookes site, but was not paid by the Hospital.

Councillor Brian Milnes explained that this authority was a voting member of the Greater Cambridge Partnership Executive Board, which had decided to consult on the proposed sustainable travel zone. He stated that it would be pre-emptive of the Council to express a view on this matter before this consultation had concluded.

Councillor Sue Ellington suggested that many residents were unaware of the consultation process and did not know how to respond. She stated that the guided buses were often full and residents with heavy shopping found it difficult to use the bus service. The proposed charge would adversely affect tradespeople from the District who frequently visited Cambridge. It was unclear how blue badge holders, who could nominate two vehicles, could always be exempt from the charge.

Councillor Dr Richard Williams spoke in favour of the motion. He disagreed with the suggestion that the public consultation prevented the Council for expressing its view on the proposed charge. He explained that residents in places such as Heathfield had no alternative but to use a car to travel into Cambridge, as there was no bus service. He expressed concern that the leadership of the Greater Cambridge Partnership relied on officers to express its views and concluded that the Council had an obligation to represent its residents.

Councillor Mark Howell expressed concern about the cost for visitors to Addenbrookes Hospital, in particular those on low income who had a family

member on one of the wards.

Councillor Daniel Lentell stated that the proposed congestion charge was unjust as all residents would have to pay the same regardless of income. He suggested that people should not be charged for visiting Addenbrookes.

Councillor Heather Williams asserted that the proposed charge would impact more on those living in rural areas and those who had to visit loved ones in hospital.

Councillor Heather Williams proposed and Councillor Graham Cone seconded the motion. A vote was taken and cast as follows:

In favour (8):

Councillors Tom Bygott, Graham Cone, Sue Ellington, Mark Howell, Daniel Lentell, Bunty Waters, Dr Richard Williams and Heather Williams.

Against (25):

Councillors Henry Batchelor, John Batchelor, Paul Bearpark, Anna Bradnam, Dr Martin Cahn, Stephen Drew, Peter Fane, Corinne Garvie, Jose Hales, Bill Handley, Sally Ann Hart, Geoff Harvey, Dr James Hobro, Carla Hofman, Helene Leeming, Dr John Loveluck, Peter McDonald, Brian Milnes, Dr Lisa Redrup, Judith Rippeth, Peter Sandford, Bridget Smith, Dr Aidan Van de Weyer, Natalie Warren-Green and John Williams

Abstain (2):

Councillors Ariel Cahn and Libby Earle

Council **Rejected** this Motion.

18 (b) Standing in the name of Councillor Tom Bygott

This council notes the lack of planning enforcement actually taken in the last 2 years and raises its concerns. We as a council wish to make clear that we will take enforcement action when breaches are made. We will instruct officers that it is this council's view that enforcement should be taken unless good grounds not to as opposed to the apparent current reverse ethos.

Councillor Tom Bygott asserted that planning enforcement was an essential part of the planning service and it was important that the Council takes swift action to rectify any breaches in order to ensure that planning law was followed. He implied that this was not happening and that breaches of planning law were not being properly investigated.

Councillor Henry Batchelor opposed the motion as each case of planning enforcement needed to be judged on its merits and any action needed to be justifiable and enforceable. He informed Council that the compliance team would be fully staffed in January and so would have the capacity to respond to the demand on the service.

Councillor Sue Ellington stated that it was important that the Council enforced its planning decisions. She expressed concern regarding the increase in fly tipping.

Councillor Jose Hales suggested that those supporting the motion were being critical of officers, who worked evenings and weekends and he wanted to thank them for their hard work and commitment. Councillor Heather Williams assured Council that officers were not being criticised and that councillors were responsible for giving direction to the planning team and ensuring that they had the resources to carry this out. The purpose of the motion was to highlight that currently there were too many cases to enforce.

Councillor Stephen Drew stated that he would be voting against the motion, which he saw as unnecessary. He added that officers had ensured compliance with planning law in his ward.

Councillor Dr Martin Cahn explained that planning enforcement was a complex issue and the officers responsible for this work needed to be supported. The Council had found it difficult to recruit staff to the planning service, which had put pressure on existing staff. Councillor Daniel Lentell praised Councillor Dr Martin Cahn for his comment, but lamented the political nature of the debate and suggested that those opposed to the motion should have proposed an amendment.

Councillor Dr Richard Williams spoke in support of the motion. He asserted that the compliance team were under resourced and it was possible to be critical of the Council without being critical of officers.

Councillor Tom Bygott stated that if the Council left a problem unaddressed it would get worse. He explained that councillors were responsible for setting the policy of the authority and this could be done without criticising officers. He hoped that the budget agreed in February would provide adequate resources to planning enforcement.

Councillor Tom Bygott proposed and Councillor Dr Richard Williams seconded the motion. A vote was taken and were cast as follows:

In favour (8):

Councillors Tom Bygott, Graham Cone, Sue Ellington, Mark Howell, Daniel Lentell, Bunty Waters, Dr Richard Williams and Heather Williams.

Against (27):

Councillors Henry Batchelor, John Batchelor, Paul Bearpark, Anna Bradnam, Ariel Cahn, Dr Martin Cahn, Stephen Drew, Libby Earle, Peter Fane, Corinne Garvie, Jose Hales, Bill Handley, Sally Ann Hart, Geoff Harvey, Dr James Hobro, Carla Hofman, Helene Leeming, Dr John Loveluck, Peter McDonald, Brian Milnes, Dr Lisa Redrup, Judith Rippeth, Peter Sandford, Bridget Smith, Dr Aidan Van de Weyer, Natalie Warren-Green and John Williams

Abstain (0)

Council **rejected** this Motion.

18 (c) Standing in the name of Councillor Graham Cone

1.This council accepts that there is no operational need for the water treatment plant to be relocated to the Honey Hill site between Horningsea and Fen Ditton, the relocation allows houses to be built on the current site via the Housing Infrastructure Fund.

2.This council does not believe that the relocation of the water treatment plant to the Honey Hill site should be deemed acceptable.

3.This council will clearly distinguish where the proposed relocation is situated within the Local Plan documentation going forward.

4.The council will make clear how many dwellings could be allocated without relocation of the water treatment plant. These measures would ensure full transparency in all future documents so residents can accurately ascertain the emerging Local Plan's impact to the green belt.

Councillor Graham Cone stated that the process for the relocation of the water treatment plan had not been open or transparent. This Council had not given a preference but the relocation could result in 8,000 fewer homes in the Local Plan.

Councillor Heather Williams explained that the relocation of the treatment plant was linked to the Local Plan and the purpose of this motion was to ensure that the Council gave a view on this issue.

Councillor Brian Milnes explained that the location of the treatment plant was beyond the remit of this authority. He was therefore not going to support the motion.

Councillor Carla Hoffman stated that it was too late for the Council to influence this decision, which was the responsibility of the Government.

Councillor John Williams stated this matter was discussed at a Planning Portfolio Holder meeting under the previous administration. He had opposed the move to the Honey Hill site but it had been supported by the administration, the Conservative controlled County Council and the Conservative Mayor. It was now preferable for the Council to work with Anglia Water to get a development that was suitable for the District.

Councillor Dr Richard Williams spoke in favour of the motion. He stated that the Council was the local planning authority and was responsible for housing in the District. He therefore disagreed with the suggestion that the Council could not influence the process to the benefit of its residents.

Councillor Graham Cone explained that housing cannot built on the current site without the relocation of the Waste Water Treatment Plant and the purpose of this motion was to try and get this to happen.

Councillor Graham Cone proposed and Councillor Heather Williams seconded the motion. A vote was taken and were cast as follows:

In favour (9):

Councillors Tom Bygott, Graham Cone, Sue Ellington, Carla Hofman, Mark Howell, Daniel Lentell, Bunty Waters, Dr Richard Williams and Heather Williams.

Against (25):

Councillors Henry Batchelor, John Batchelor, Paul Bearpark, Anna Bradnam, Dr Martin Cahn, Stephen Drew, Libby Earle, Peter Fane, Corinne Garvie, Jose Hales, Bill Handley, Sally Ann Hart, Geoff Harvey, Dr James Hobro, Helene Leeming, Dr John Loveluck, Peter McDonald, Brian Milnes, Dr Lisa Redrup, Judith Rippeth, Peter Sandford, Bridget Smith, Dr Aidan Van de Weyer, Natalie Warren-Green and John Williams.

Abstain (1):

Councillor Ariel Cahn.

Council **Rejected** this Motion.

19. Chair's Engagements

Council noted the Chair's Engagements as laid out in the agenda.

20. Northstowe Interim Community Facilities

Councillor Bill Handley introduced this item on the delivery of a community building for the new town of Northstowe. He explained that the Council needed to be flexible to respond to a rapidly changing situation.

Councillor Heather Williams thanked the administration for managing to get this report ready in time for this Council meeting, as she was opposed to any further delay to the provision of community facilities at Northstowe. She reminded Council that the Conservative Group had previously supported the recommendation proposed in the report and she hoped that the administration would listen to their practical solutions in the future. She also agreed with the decision to have the discussion in open session, noting that Council's previous debate on this matter had been in closed session.

The Service Manager – Acquisitions and Development explained that the changes in the previous costs was partly due to a change in the market but mostly due to the fact that the proposed facility was much larger.

The Leader expressed her support for the recommendations in the report, stating that she wanted to avoid any further delays. She had asked officers to ensure that the size of the facility was larger than originally planned.

Local Members, Councillor Natalie Warren-Green and Councillor Tom Bygott, both confirmed the support of local residents and Northstowe Town Council for

the recommendations in the report.

Councillor Bill Handley proposed and the Leader seconded the recommendations in the report. A vote was taken and Council unanimously

Agreed to

- A)** To purchase/rent a modular building for the interim community facility and delegate to the Chief Executive Officer negotiation over the final contractual price (estimated cost in Table 1 of the exempt appendix).
- B)** An annual revenue budget for budget years 2023-2026 to cover the net costs of running the interim facility (estimated cost in Table 1 of the exempt appendix).
- C)** To place the interim facility on Council owned land at Northstowe (either Parcel 2 or Parcel 6), depending on the advice received through the Planning pre-application process.

The Meeting ended at 5.30 p.m.

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Report to:	Council	21 February 2023
Lead Cabinet Member:	Councillor John Williams, Lead Cabinet Member for Resources	
Lead Officer:	Peter Maddock, Head of Finance	

General Fund Medium Term Financial Strategy

Executive Summary

1. The Council reviews its Medium-Term Financial Strategy (MTFS) and financial forecasts twice a year in accordance with best practice.
2. This report updates the MTFS to the financial year 2027/2028 and sets out the updated medium term financial plan following the outcome of a mid-year review of financial forecasts and projected changes in service spending.

Key Decision

3. This is not a key decision as there are no resource implications directly arising from the report at this stage. The report does, however, ensure that the Council is aware of the financial challenges over the medium term and the financial forecasts outlined in the MTFS assist in the Council's financial planning.

Recommendations

4. **That Council is requested to consider the report and, if satisfied, to:**
 - (a) **Acknowledge the projected changes in service spending and the overall resources available to the Council over the medium-term to 2025/2028.**
 - (b) **Approve the refreshed Medium Term Financial Strategy at Appendix A and updated financial forecast at Appendix B.**

Reasons for Recommendations

5. To ensure that Council is aware of the financial challenges over the medium-term and the strategy that is required to ensure that the Council will be in a position to deliver sustainable public services in the future.
6. To provide Council with an update of the financial position and forecasts for the General Fund over the medium term following a review of financial assumptions. This follows detailed consideration of the MTFS by Cabinet at its meeting on 12 December 2022, and a further review of forecast having regard to the Local Government Finance Settlement published on 6 February 2023.
7. To enable the Council to adopt the MTFS to assist in the Council's financial planning.

Details

Background

8. The MTFS is the Council's overarching Financial Strategy document and gives financial expression to the Council's plans and fiscal challenges over the medium term. It sets out a range of financial assumptions and in so doing sets parameters within which the Council will deliver key public services over the medium term. This report includes an updated financial forecast, including risks due to high inflation and cost of living crisis.
9. The MTFS comprises two key elements (i) an assessment of the resources available to the Council over the medium term and (ii) an assessment of spending pressures based on existing levels of service delivery and known policy/legislative changes. Taken together the movement over the planning period of these two elements represents the financial challenge facing the Council.
10. There is a need, as part of effective medium term financial planning, to undertake a mid-year review of financial forecasts and projected changes in service spending. This will enable an updated forecast of the level of savings that need to be achieved to deliver the indicative Council Tax level.
11. The impact of COVID-19 previously, and now the cost of living crisis and rising inflation, have impacted on the financial forecasts and projections have, therefore, been further refreshed from the report that was submitted to Cabinet on 6 September 2021 to take account of (i) the subsequent announcements made by the Department for Levelling Up, Housing and Communities (DLUHC) on public sector funding and (ii) actual experience in the year to date. Specifically, the forecast takes account of:
 - Forecast pressures against the Council Tax Yield in the initial MTFS period.
 - Forecast pressures against Business Rates Yield in the initial MTFS period.
 - Forecast reduction in service-related income in the initial MTFS period; and
 - Forecast additional expenditure in the initial period of the MTFS.
12. It should be noted that these forecasts are based on assumptions around the impact of rising inflation, the cost of living crisis and the speed of the UK economic recovery. A longer duration will increase costs and reduce income to a greater degree; an increased severity in economic terms will increase demand led spending and suppress recovery of income levels. The MTFS assumes that the economy will broadly recover by the end of financial year 2023/2024.
13. To be able to deliver the Council's aspirations, set out in the refreshed Business Plan approved by Council on 22 February 2022, and meet its statutory responsibilities the Council must take a proactive approach to managing its resources effectively. The MTFS is a key tool for proactive financial management which allows for future projected funding requirements to be identified thus enabling the Council to identify appropriate actions to deal with any funding shortfalls. Coupled with the Service Transformation Programme, introduced during 2019/2020, the Council is able to manage its resources effectively in line with its established priorities.
14. The MTFS covering the period 2022/2023 to 2026/2027 was considered by Cabinet on 6 September 2021 and subsequently approved by Council at its meeting on 23 September 2021. The document sets out the framework within which financial forecasts, as part of the medium-term financial plan, are determined. The Strategy has now been reviewed and refreshed to cover the period 2023/2024 to 2027/2028. The updated version of the MTFS is attached at **Appendix A** with the proposed minor changes identified in red and crossed through text.

15. This document sets out the framework within which the financial forecast, summarised at **Appendix B**, has been determined. The forecast shows the estimated funding gap between expected resources and expenditure, and between the period 2023/2024 and 2027/2028, stands at **£3.944 million**.
16. In considering the impact of the financial forecasts on revenue budgets during the MTFS period and the key issues for consideration, due regard has been given to the local and national policy context, current financial position, economic indicators, risks and assumptions relating to financial planning. It must be stressed, however, that the financial forecasts, and imminent budget setting process, are being prepared in the context of difficult economic circumstances with the ongoing financial challenges associated with the recovery from the Coronavirus pandemic (COVID-19) and high inflation levels; these factors have created real uncertainty and some market volatility.
17. Whilst the UK inflation is expected to ease slightly, prices are still continuing to rise at nearly their fastest rate in 40 years. Inflation, as a measure of price rises, increased marginally to 10.1% in the 12 months to September 2022, from 9.9% in August 2022 (based upon the Office for National Statistics (ONS) information). The prospects for economic growth look somewhat limited and a cautious approach is, however, being maintained given the level of uncertainty. In response to the prevailing economic conditions the Bank of England Base Rate has been increasing during the financial year 2022/2023, with the base rate now at 3.50% (compared to 0.75% at the start of the financial year, effective from 17 March 2022).

Autumn Statement 2022

18. The Chancellor's Autumn 2022 Statement was announced on 17 November 2022 with four main areas potentially affecting local government at District Council level:
 - The Council Tax referendum limit will rise from 2% to 3% in 2023/2024 (with the adult social care precept flexibility rising from 1% to 2% for Cambridgeshire County Council). Increases of up to £5 on a Band D property will continue to be permitted where this is higher than 2.99%.
 - Business rates will be subject to a revaluation but relief schemes to offset the impact of the revaluation will continue. The business rates multiplier (which usually increases with CPI) will be frozen in 2023/2024 for the third year running and local authorities will be fully compensated for any loss of income as a result of the 2023 revaluation.
 - Social housing rents will be capped at 7% (This though affects the Housing Revenue Account rather than the General Fund).
 - Local Housing Allowance rates will remain frozen in cash terms at the current levels.
19. Like most local authorities in England, South Cambridgeshire District Council is facing a shortfall in its budget, made worse by the impact of inflation with increased running costs, including employee and utility costs. The announcement that Council Tax can be raised does provide flexibility, though the £5 increase will still be the determining factor for the Council. There is, however, a significant impact on households from the prevailing economic situation and the Council will need to be responsible in budget setting; thus minimising the inflationary increase and to, wherever possible, absorb cost increases. The Council is, therefore, facing some very difficult decisions in helping to tackle a cost-of-living crisis coupled with increasing demand for services and a reduction in budgets.

20. The funding allocations that the Council will receive from the government for 2023/2024 were confirmed on 6 February 2023, with final allocations largely following the methodology that existed for 2022/2023.

Medium Term Financial Planning

21. The MTFs forecast, reproduced at **Appendix A**, has now been updated to outline the current financial position, economic forecasts and the headline figures for the medium term based upon the risks and assumptions relating to financial planning. The financial forecasts are based upon the latest modelling data, but the medium-term forecasts should be treated with caution as the final position is uncertain until the outcome of the local government funding review is known.
22. The revised financial forecasts are set out in the table below which incorporates a number of planned savings and estimated additional investment income but factors in only limited additional service pressures beyond 2022/2023. Further service pressures will exaggerate the funding gap and, wherever possible, these should be managed within existing budgets.

	2023/2024 £'000	2024/2025 £'000	2025/2026 £'000	2026/2027 £'000	2027/2028 £'000
Council Tax	11,155	11,824	12,513	13,203	13,811
Retained Business Rates	12,107	11,530	5,691	6,241	6,525
Revenue Support Grant	228	245	921	899	879
New Homes Bonus	1,508	1,000	-	-	-
Rural Services Grant	260	260	153	153	153
3% Funding Guarantee	1,072	1,079	-	-	-
Section 31 Grant	5,818	-	-	-	-
Collection Fund Surplus	770	-	-	-	-
Total Resource	32,918	25,938	19,278	20,496	21,368
Net Budget Requirement	31,624	22,843	22,659	23,228	23,588
Net Resource Position	1,294	3,095	(3,381)	(2,732)	(2,220)

23. Spending pressures are, however, inevitable as the Council responds effectively to the needs of the service and customer expectations and, in this regard, Service Areas have been tasked to identify the existing budget pressures that need to be managed, and to prepare growth bids where existing resources and budgets need to be strengthened; these will be subject to review and refinement as part of the 2023/2024 budget setting process. Service Areas are also continuing to identify efficiency opportunities across the Council's services that are realistic, achievable and sustainable (including possible invest to save and income generation opportunities). The forecast includes the bids currently being considered but this list is subject to change.

24. The forecast assumes the continuation of the service transformation programme that was developed during 2019 in response to the funding gap and the financial challenges over the medium term. This includes a programme of targeted service reviews to ensure that value for money is obtained in the delivery of services. The transformation agenda will continue to be pursued to target and deliver financial savings to contribute to the inevitable funding challenges that will arise from the review and redistribution of local government funding. It is also relevant that the impact of COVID-19 has to some extent necessitated a reorientation of the programme and a reassessment of some projects and lead times and the resulting impact of the range of planned savings and areas of potential additional income has been regularly reported to Cabinet as part of the ongoing budget monitoring. The forecast assumes that £2 million savings will be achieved, and these are phased over the three-year period from 2022/2023 until 2024/2025 and included in the financial forecast.
25. The overall impact of the budget pressures, planned savings opportunities and other base budget adjustments (such as the cost of borrowing, investment income and pay and price inflation) is shown in the table below:

	2023/2024 £'000	2024/2025 £'000	2025/2026 £'000	2026/2027 £'000	2027/2028 £'000
Net Budget Requirement: Before Adjustments	24,316	31,624	22,843	22,659	23,228
Budget Pressures	347	99	22	-	-
Savings/Income Identified	(1,054)	(1,125)	-	-	-
Borrowing Cost Changes	1,305	(532)	(250)	150	100
Other Base Budget Changes	6,710	(7,223)	44	419	260
Budget Requirement c/f	31,624	22,843	22,659	23,228	23,588

* Further service pressures will exaggerate the funding gap and, wherever possible, should be managed within existing budgets.

** Other base budget adjustments include investment income variations and pay/price inflation.

26. It is inevitable that the expected major review of local government financing will be accompanied by some form of “damping support” to reduce any sudden, adverse impact, on Council finances although it is acknowledged that this reduction would be phased out over a number of years.
27. The financial forecasts are based upon the latest modelling data, as explained in the report below, but the medium-term forecasts should be treated with caution as the final position is uncertain until decisions on future local government funding are eventually confirmed. There is also concern that any further service pressures over the medium term will exaggerate the funding gap. The estimated damping has not, therefore, been included in the current figures.

Financial Modelling: Assumptions

28. The Council subscribes to an external funding advisory service, with access to well developed and well-respected modelling data. The financial modelling is based upon the latest available data and the following key assumptions have been made in deriving the latest MTFS financial planning forecast:

(1) Council Tax

29. Council Tax has been the most predictable and stable element of Local Government funding. This source of income is predicted to yield £11,155 million in 2023/2024 based upon an assumed £5 increase in Council Tax (the maximum level permitted by Government) and an increase in Council tax base based upon the latest estimates of housing growth.
30. Council Tax Yield has been adversely affected through a combination of an increased uptake of Council Tax Support (Council Tax Reduction Scheme) and an assumed reduction in Council Tax collected in year. Despite this a surplus of £75,000 has been declared on Council Tax Collection Fund and included in 2023/2024.
31. It is expected that the authority will continue to see moderate growth in the number of dwellings introduced through the introduction of new developments across the MTFS period, with an assumed Council Tax base increase of around 2.5%. The financial forecast continues to include an assumed increase in Council Tax of £5 each year until 2025/2026 when the 3% limit will become the determining factor. The increase is for planning purposes only, and no decision has been made on the actual level of Council Tax increases in the medium-term.

(2) Business Rates

32. The Business Rate Retention Scheme (BRRS) was introduced in April 2013 to provide Councils with stronger financial incentives to support property development and boost the economy in their local area. The scheme provides that Councils bear a proportion of the real terms change in business rates revenues in their area: gaining when revenues grow in real terms, losing when they fall. The proportion was initially set at 50% across England. In two-tier areas, like Cambridge, 40% is retained by the District Council and 9% is retained by Cambridgeshire County Council and 1% by the Cambridgeshire Fire Authority.
33. In estimating rates yield from retained business rates for the purpose of the MTFS, COVID-19 has been considered in terms of the immediate and medium-term impact on business activity and economic recovery. The following key assumptions have also been made:
- The provision for Appeals has been increased significantly as a result of the revaluation, though recognising that there is little data available to inform this.
 - There are no further significant changes to valuation schemes resulting from Tribunal or Court decisions.
 - There are no significant variations to the levels of rate reliefs.
 - Projected bad debts is higher than historical trends, with the potential impact of business bankruptcies and, therefore, non-payment of business rates. The overall forecast used is that bad debts will be around 3% of gross rates.
 - The compensation to Local Authorities by way of Section 31 grants to cover the cost of measures introduced to help businesses (e.g. Small Business Rates Relief) will continue and will be increased annually in-line with inflation levels (it is further assumed that, if the grants are discontinued, it is anticipated there will be a compensating increase in the yield).

34. Significant relief has been awarded to a number of businesses during the current financial year to recognise the pressures on trading opportunities. The Council was recompensed for the lost rates income in the form of section 31 grants. For the purposes of the MTFS, it is assumed that reliefs will be consistent with those recorded prior to the pandemic.
35. It is also expected that the Council will see some growth in rates yield as a result of new developments across the MTFS period. The financial forecast assumes neither a surplus or deficit in the period to 2027/2028.
36. There continues to be uncertainty over the timing of the local government funding reforms, previously planned for introduction from April 2021, including the originally proposed Fair Funding Review, the expected increase in local business rate share to 75% (from 50%), a business rate baseline reset or a potential alternative BRR system, and further other changes to key funding streams, such as social care and New Homes Bonus (NHB). The issues highlighted in previous MTFS reports (and set out below), therefore, remain relevant:
- (a) There is no recognition of the proposed increase in local business rate share to 75% (from 50%) in that it is unclear when (or indeed whether) this will be introduced given current public finance turbulence. It should be noted that in the event of this being introduced that it is intended to be fiscally neutral, i.e. existing grants will be funded by Business Rates.
 - (b) The Government will consult on Fair Funding proposals that will form the mechanism to allocate a share of the Local Government Control Total to Local Authorities. The Review will look at factors that drive spend (population, deprivation) as well as a Council's ability to raise local finance (Council Tax).
 - (c) The Government is additionally looking at how best to build on the current business rates retention scheme and will consider issues such as appeals, growth and revaluation frequencies/baseline resets.
37. Given the extent of unknowns in relation to the Fair Funding Review and 75% Business Rates Retention, it has been assumed that Business Rates (for modelling purposes) will continue at a 50% retention level as at present (movement to 75% will be funding neutral for councils). It is further assumed that the Fair Funding Review will not now be implemented until 2025/2026.

(3) Rural Services Grant

38. The Council currently receives a Rural Services Grant in the sum of £137,000 in recognition of the additional cost of providing services in sparse rural areas. It is now assumed that this grant will be continued for the foreseeable future but at the increased level of £153,000

(4) Revenue Support Grant

39. The Council will now receive Revenue Support Grant for the first time in a number of years in 2023/2024 this is at £228,000 rising to £245,000 in 2024/2025. This support is also expected to be a feature in 2025/2026 and beyond and at an increased level.

(5) Services Grant

40. This was a new grant in 2022/2023 and has continued into 2023/2024 albeit at the reduced level of £107,000. It has been assumed in 2024/2025 before being discontinued thereafter.

(5) New Homes Bonus

41. The New Homes Bonus (NHB) was introduced in 2011 to provide an incentive for local authorities to encourage housing growth in their areas. The aim of the bonus was to provide a financial incentive to reward and encourage local authorities to help facilitate housing growth. It is based on the amount of extra Council Tax revenue raised from new-build homes, conversions and long-term empty homes brought back into use. NHB funding has been based on the following:
- (a) Housing growth over a threshold of 0.4% of the Tax Base.
 - (b) Payments are based on a rolling 4-year period.
42. The Government launched a consultation in 2021/2022 regarding the reform of the NHB that was due to be introduced in the 2022/2023 financial year. The consultation contained a number of options on the operation of the scheme and indicated that legacy payments from the existing scheme would not be continuing in the longer term. The future of NHB is still very unclear but a further one-off allocation has been made for 2023/2024 of £1,508,000. The medium-term forecast now assumes the continuation of the existing NHB scheme for a further year into 2024/2025 before being discontinued.

(6) 3% Funding Guarantee

43. The Final Settlement introduced a 3% funding guarantee allocation for both 2023/2024 and 2024/2025. The intention of this is that all authorities should receive at least a 3% increase in their spending power for those two years. The amount included in the final settlement is £1,070,000. Like other grants referred to above this too is expected to be discontinued in 2025/2026.

(7) Other Base Budget Changes

44. The economic landscape has continued with a degree of uncertainty and volatility during 2022/2023, with the ongoing financial challenges associated with the cost of living crisis and high inflation levels.
45. An allowance has also been made for inflation on the Council's key contracts and fees and charges. Allowance for a pay award and pay increments (including National Living Wage) over the period has also been included.
46. The revenue impact of the latest approved Capital Programme has been included in the revised projections. Investment income has been determined having regard to the level of expected balances, including capital receipts and expenditure, together with Reserves and Provisions held by the Council and in line with the Council's approved Treasury Management Strategy.
47. There has also been significant volatility recently with interest rates and it is expected that the base rate will peak at 4.75% during 2023/2024 before falling back again over the following 12 to 18 month period. The Council's General Fund borrowing is predominately short term and, based on the current information, there will be a peak in interest costs during 2023/2024 and this is the main driver for the emergence of a budget gap in that year. The borrowing rates the Council faces are expected to be around 0.5% higher than base rates.

(8) General Reserve

48. The Council is expected to have a healthy General Reserve balance of around £17.4 million as at 31 March 2023.
49. The risks and assumptions will continue to be reviewed and this, together with planning savings from the transformation agenda and known service pressures, will enable the forecasts, reproduced at **Appendix A**, to be refined and updated as part of the Council's medium term financial planning.
50. It must be recognised, however, that the assumptions used in the financial forecasts could vary significantly for the actual outcome and there is more uncertainty than ever about the long-term funding for Local Government.

Alternative Scenarios

51. The table and chart below set out the impact of alternative scenarios on the cumulative funding gap. The alternative scenarios reflect a change to Council Tax, Business Rates, Corporate Pressures (including inflation) and the ability to realise planned savings. The Negative Economic View additionally increases the Base Budget reflecting a broader assessment of an increased net spend.

	Pessimistic View (A), (B) and (C):		Optimistic View:	Negative Economic View:
Base Budget Requirement				2.5% increase on Base Budget Requirement due to cost and demand pressure arising from increased economic friction due to a move away from the existing trading relationship with the EU and slower recovery from the pandemic.
Council Tax	2.5% reduction in yield due to weaker economic recovery forecast		2.5% increase in yield due to improving economic conditions	As per Pessimistic View (A)
Business Rates	(A)	2.5% reduction in yield due to weaker economic recovery forecast	2.5% increase in yield due to improving economic conditions	As per Pessimistic View (A)
	(B)	10% reduction in yield		
	(C)	20% reduction in yield		
Budget Pressures/Demand	5.0% increase in demand due to socio economic factors arising from a forecast weaker economic recovery		2.5% reduction in demand due to improving socio economic factors leading to less demand for Council services	As per Pessimistic View (A)
Other Base Budget Changes (inc. Inflation)	5.0% increase in demand due to socio economic factors arising from a forecast weaker economic recovery		2.5% reduction in corporate costs due to lower pay and price uplift assumptions	As per Pessimistic View (A)
Ability to realise planned savings/income identified (e.g. due to cost of living crisis and COVID-19 recovery)	5.0% reduction in overall planned savings level from service reviews		No variation from Baseline Scenario	As per Pessimistic View (A)

52. The impact of the scenarios is set out in the table below. This demonstrates the gap in resources to spend over the medium-term period and compares the scenario to the Baseline Case. It should be noted that, although these are high level assessments, the scenarios nevertheless give an indication of the potential impact on the Council's budgets over the MTFs period.

	2023/2024	2024/2025	2025/2026	2026/2027	2027/2028	TOTAL
Baseline Case	1,294	3,095	(3,381)	(2,732)	(2,220)	(3,944)
Outcome of Scenarios:						
Pessimistic View (A)	306	2,089	(3,840)	(3,239)	(2,741)	(7,425)
Pessimistic View (B)	4	1,801	(3,982)	(3,395)	(2,904)	(8,476)
Pessimistic View (C)	(602)	1,224	(4,266)	(3,707)	(3,230)	(10,581)
Optimistic View	2,053	3,862	(2,925)	(2,236)	(1,706)	(952)
Negative Economic View	(302)	1,298	(4,411)	(3,805)	(3,322)	(10,542)
Comparison to Baseline:						
Pessimistic View (A)	(988)	(1,006)	(459)	(507)	(521)	(3,481)
Pessimistic View (B)	(1,290)	(1,294)	(601)	(663)	(684)	(4,532)
Pessimistic View (C)	(1,896)	(1,871)	(885)	(975)	(1,010)	(6,637)
Optimistic View	759	767	456	496	514	(2,992)
Negative Economic View	(1,596)	(1,797)	(1,030)	(1,073)	(1,102)	(6,598)

Options

53. The option of not approving the updated MTFs and financial forecasts exist.

Implications

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

Legal

55. It is a legal requirement that the Council set a balanced budget for the ensuing financial year; the MTFs provides the framework for this and brings together funding and spending assumptions over the medium-term thereby identifying funding shortfalls and providing sufficient time for decisions to be made in order to achieve balanced budgets over the medium term.

Policy

56. To demonstrate financial resilience, the Council sets out its potential funding position over the medium term thereby enabling the most effective strategies to be put in place to ensure that the Council is able to set a balanced budget (as required by statute) on an annual basis. Given the demand for services outstripping income sources, coupled with the prevailing economic situation with high inflation and increased running costs, (including employee and utility costs), and the continued recovery from COVID-19, the MTFS identifies a funding gap that needs to be addressed over the medium term.
57. The financial strategy needs to have regard to the “resource envelope” available to the Council. This includes the transition to the new funding model, introduced in 2013/2014, predicated on the Business Rates Retention Scheme which means that the Council’s net spending is financed from local sources; Business Rates and Council Tax. As part of this continued transition the Government have been consulting on a Fair Funding Formula that will change the method of distributing funding levels across Councils based on “Need” and “Local Resources”. In addition, the MTFS period is outside of the current Spending Review period and, as such, the Government has not set out the spending limits beyond 2022/2023.
58. The Council has adopted its Business Plan for the period 2020-2025 and this was refreshed by Council on 22 February 2022. The areas of focus and key priorities within the Business Plan inform the policy framework for achieving the required ongoing savings whilst meeting the Council’s strategic objectives and statutory obligations.

Financial

59. The MTFS is the Council’s key financial planning document and sets out the Council’s strategic approach to the management of its finances and Council Tax levels over the medium term, thereby allowing sufficient lead time to develop services consistent with the forecast resource envelope.
60. The updated medium-term forecast covering the period 2023/2024 to 2027/2028, is attached at **Appendix B**, and is based upon the assumptions underpinning the financial projections and overarching plan. The forecast shows the level of savings that need to be achieved to deliver the indicative Council Tax level.
61. As further information is available in respect of the review of local government funding, it may be necessary to review the forecasts and provide a further report to Cabinet and Council on the implications.

Staffing

62. There are no additional staff resource implications as a result of the refreshed MTFS.

Risk/Opportunities

63. There are inherent risks in developing a financial strategy over the medium term, not least due to the uncertainty of funding streams (this is particularly relevant as the outcomes of the Fair Funding Review and Spending Review post 2024/2025 are not known) and the demands placed on the Council in delivering services.
64. The current economic environment, arising from the impact of the cost of living crisis and rising inflation, creates further risks in that the Council’s resource forecasts take into account the impact on Council Tax and Business Rates yields. These assumptions are based on an economic recovery over the period to 2027.

65. The Council's overall reputation and performance assessment is at risk if it is not aware of the challenges presented by the reduction in resources available to it and their impact on key areas of performance of the Council. There are a number of other risks that need to be understood and these broadly fall into the following categories:
- (a) **Savings:** It is increasingly more difficult to continue to reduce service costs and identify further areas of savings after an extended period of reduced funding, without impacting on service provision. It is, however, a legal requirement to set a balanced budget on an annual basis and this requires the Council to reduce its net costs in line with funding.
 - (b) **Economic:** The economic landscape has continued with uncertainty in the last 12 months, with the ongoing financial challenges associated with recovery from the Coronavirus pandemic and high inflation levels acting as a dampener on growth and impacting on Council services. There is, therefore, an impact on the Council's finances over the medium term with potential risk arising from (i) reduced economic activity adversely business rate income and increased levels of unemployment, (ii) reduced income from fees and charges, (iii) increased costs, including welfare related costs and increased demand for services and (iv) potential impact on the Council's supply chain
 - (c) **Climate Change:** The Office for Budget Responsibility review of Fiscal Risks (July 2019) set out risks in relation to climate change and additionally recognised the need to develop greater sophistication in modelling such impacts. Adverse climate events will have financial consequences; an estimate of the one-off costs will form part of the General Fund risk assessed level whereas those that potentially impact ongoing income/spending need to be considered as potential cost implications over an MTFS period.
66. As the Council reviews the MTFS twice a year, it is able to assess the robustness of the financial forecast, reassess risk and, where appropriate, refresh the forecast.

Climate Change

67. There are no environmental implications arising directly from the report. The Council is fully committed to the "Green to Our Core" agenda as part of its approved Business Plan and it is, therefore, appropriate that environmental implications will need to be considered in the context of specific proposals that emerge.

Equalities & Diversity

68. In preparing this report, due consideration has been given to the Council's statutory Equality Duty to eliminate unlawful discrimination, advance equality of opportunity and foster good relations, as set out in Section 149(1) of the Equality Act 2010.
69. A relevance test for equality has been completed. The equality test determined that the activity has no relevance to the Council's statutory equality duty to eliminate unlawful discrimination, advance equality of opportunity and foster good relation. An equality analysis is not needed.

Effect on Council Priority Areas

70. Timely and robust consideration of the Council's financial forecasts and budget setting is vital to ensure that financial performance is in line with expectations, emerging issues are identified and tackled and that Business Plan priorities are met.

Background Papers

Where the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 require documents to be open to inspection by members of the public, they must be available for inspection:

- (a) at all reasonable hours at the offices of South Cambridgeshire District Council;
- (b) on the Council's website; and
- (c) in the case of documents to be available for inspection pursuant to regulation 15, on payment of a reasonable fee required by the Council by the person seeking to inspect the documents at the offices of South Cambridgeshire District Council.

The following documents are relevant to this report:

- Service Transformation Programme – Report to Cabinet: 4 December
- Capital Programme Update and New Bids – Report to Cabinet: 12 December 2022
- Medium Term Financial Strategy – Report to Cabinet: 12 December 2022
- General Fund Revenue Budget 2023/2024 – Report to Cabinet: 6 February 2023
- Business Plan 2020/2025 – Report to Cabinet: 6 February 2023

Appendices

- A Medium-Term Financial Strategy
- B Financial Forecasts 2023/2024 to 2027/2028

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Medium Term Financial Strategy ~~2022-2027~~ 2023-2028

September 2021 February 2023

Councillor John Williams
Lead Member for Resources

Peter Maddock
Head of Finance

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Introduction

1. The Medium-Term Financial Strategy (MTFS) is the Council's key financial planning and policy document. It sets out the:
 - Policy Context of the Strategy;
 - Linkage of the Medium-Term Financial Strategy to the Business Plan;
 - Revenue Budget;
 - Capital Budget;
 - Financial Outlook – Capital and Revenue;
 - Efficiency Requirements;
 - Risk.
2. The MTFS has to be considered as part of a corporate wide process and it links into the wider decision making of the Council.

Policy Context of the MTFS

3. The MTFS is the Council's overarching Financial Strategy and Policy document. The purpose of the MTFS is to give financial expression to the Council's plans over the medium term in the context of the Council's longer-term plans as set out in the approved Business Plan (approved by Council on ~~20 May 2024~~ **22 February 2022**).
4. The MTFS sets out the Council's funding plan, for achieving its goals and priorities, thus balancing available financing and spending ambitions. It highlights the financial projections for financing, spending (revenue and capital), and reserves. It also highlights the underlying financial strategy, the financial assumptions, and the inherent financial risks. Importantly, it endeavours to link decisions on resource allocation to decisions on policy priorities.
5. In addition, the Council has approved corporate policies which, in addition to the MTFS, act as a cornerstone of its Financial Management. These include:
 - Investment Strategy;
 - Corporate Asset Plan;
 - Value for Money Strategy;
 - Procurement Strategy;
 - Organisational Development Strategy;
 - Risk Management Strategy;
 - Digital Strategy.
6. Looking ahead, the Council's financial planning process will continue to develop. It will promote the best use of limited financial resources and facilitate the alignment of those resources to the Council's priorities. Base budgets will be analysed with increasing sophistication and spending that does not contribute to Council priorities will come under increasing levels of scrutiny.

Linkage to the Business Plan

7. The Council's key priorities and areas of focus are expressed in its approved Business Plan and the allocation of resources over the medium term is intended to reflect the established priorities.
8. In developing the Business Plan and the MTFS, it is important to give full regard to the following:
 - national and local priorities;
 - stakeholder and partner views;
 - external drivers, including funding variations and requirements to improve economy, efficiency and effectiveness;
 - capital investment plans and their revenue implications;
 - risk assessments and financial contingency planning;
 - sensitivity analysis;
 - expected developments in services.
9. The Council needs to manage the continued high level of population growth and economic growth and the resulting impact on Council services, while continuing to improve, in order to meet its ambition to become an excellent authority. The MTFS must recognise these challenges and, in doing so, takes its lead from the strategic goals and priorities outlined in the approved Business Plan.

Revenue Budget

Revenue Budget Planning

10. The Council's financial planning for ~~2022/2023 to 2026/2027~~ **2023/2024 to 2027/2028**, as set out in this Strategy, is to contribute to the Council's overall vision and priorities by:
 - Securing stable and sustainable budgets within the financial resources available;
 - Ensuring that limited resources are focussed towards the Council's highest priorities;
 - Recognise risks and ensure an adequate level of financial protection against risk by maintaining a prudent level of financial reserves;
 - Securing an understanding of sources of potential finance;
 - Building financial capacity for fundamental change;
 - Being flexible to allow shifts in spending if circumstances change;
 - Ensuring that the Council is not overburdened with financial commitments.
11. The Council's MTFS is reviewed twice per year on a rolling basis and, through the revenue budget determination process, seeks to link decisions on resource allocation with decisions on policy priorities.

12. The clear message is that budget setting and medium term financial planning will be tough over the duration of the MTFS and the following financial objectives will, therefore, help guide budget proposals:
 - A sustainable medium term financial plan that allows the achievement of the Council's key objectives;
 - Realistic levels of year on year spending which are supportable via annual income streams and do not require the use of general reserves to support recurring expenditure;
 - General reserves should be maintained at all times at or above the agreed minimum level;
 - Constraining annual Council Tax increases to an acceptable level (and within any Referendum Limit issued by The Secretary of State);
 - The pursuance of "invest to save" opportunities with a financial return on the investment in transforming activities over an acceptable payback period;
 - A commitment to explore income generation opportunities and to maximise income from fees and charges;
 - A commitment to maximise efficiency savings.
13. Full regard will be given to Revenue Budget forecasts (annually updated in this Strategy) and any increase in the ongoing annual Revenue Budget (by way of use of the contingency provision or virement) will be subject to the expenditure being either legally unavoidable or considered affordable after taking into account:
 - any forecast savings targets;
 - Implications on Council Taxpayers in future years.
14. In the light of any forecast savings targets, every effort will be made to increase annual income sources and reduce annual expenditure without materially reducing front line services provided by the Council.
15. Notwithstanding 14 above, if the Council is facing a position whereby the ensuing year's forecast expenditure is more than the forecast total income to be received, it can elect to consult Council Taxpayers on either the option to reduce service levels or increase Council Tax and the Council will have regard to the consultation outcome before it reaches its final decision. The Council is required to hold a referendum for any Council Tax rise in excess of an amount set by the Secretary of State, in January each year, to ensure that Taxpayers support the proposed Council Tax increase.

Revenue Budget Policy

16. To ensure a continuously stable financial base for the provision of Council services and functions, the Council will ensure that annual ongoing General Fund revenue expenditure can be covered by annual income sources across the MTFS period.
17. The Council recognises that any significant use of reserves to fund ongoing expenditure commitments is unsustainable in the medium term.
18. A prudent level of revenue contingency [defined as Precautionary Items] will be maintained to enable unforeseen and "one off" needs (i.e. having no long term ongoing revenue commitment) to be considered for funding.

19. Under Section 25 of the Local Government Act 2003, before approving the ensuing year's Capital and Revenue Budget, the Council is required to receive and take into account a report of the Chief Finance Officer on the robustness of the estimates leading to the Council's Council Tax requirement and the adequacy of financial reserves. Council needs to consider:
- affordability (having regard to Council Tax implications);
 - prudence (having regard to Council policies/strategies);
 - sustainability (having regard to forecast annual expenditure and income);
 - In addition, it must also take into account risks and impact on reserves.
20. The Council's financial strategy reflects the anticipated funding gap over the medium term and, as such, it highlights that over the period resources are not going to be able to sustain the current level of spend. Consequently, the Council has put in place a transformation programme comprising service and efficiency reviews that will look to reduce costs and better focus resources on the Council's Business Plan priorities.

Revenue Budget Monitoring

21. There is a need for effective budget monitoring to be undertaken in line with the Council's Financial Regulations as this will enable the Cabinet to put plans in place to address forecast budget issues.
22. The Cabinet will, therefore, receive regularly reports in respect of budget trends and, as part of these monitoring reports, will identify potential variations to the approved budget and consider appropriate action. Where possible, performance data will be developed over time and reported as part of the process of linking budget allocations to performance attainment.

Value for Money

23. Each Service/Function Budget submitted to Cabinet/Council as part of the annual budgetary process will have regard to the need to secure economy, effectiveness and efficiency as detailed in the Council's approved Value for Money Strategy.

Financial Regulations

24. Council, Cabinet and Lead Cabinet Members shall adhere to all Budgeting (including Budget Preparation, Monitoring and Control) requirements as set out in the approved Financial Regulations of the Council. Officers shall adhere to detailed financial procedures issued by the Head of Finance (as the statutory Chief Finance Officer) as required by Financial Regulations.

One-Off Savings, Fortuitous Income and Fixed Term Funding

25. Given that the Council, from time to time, achieves one-off revenue savings or receives fortuitous income these monies will ordinarily accrue to the general contingency and could be used to meet:
- any unavoidable one-off expenditure;
 - one-off expenditure consistent with Business Plan Priorities.

Growth Prospects

26. The Local Government Finance Act 2012, and associated subsequent regulations, introduced extensive changes to local government finance from April 2013, including provisions for local authorities to retain a portion of the revenue that is collected from the Non-Domestic Rates payable in respect of properties situated in their area.
27. The Business Rates Retention Scheme is based upon a policy initiative to promote economic growth through aligning financial and business growth benefit for Councils and, given the economic outlook and the increased reliance on locally raised taxation, the Council's financial planning needs to address the benefits and risks of this funding structure. The Council will, therefore, actively pursue growth opportunities through its Economic Growth Strategy in order to maximise revenue from this source but also give due regard to the potential for and impact of reduced yield arising, for example, from rating appeals (i.e. reductions in rateable value).

Investment Opportunities

28. The Council has finite resources and will seek to supplement its resource base by exploring income generation opportunities, with appropriate emphasis on the pursuance of "invest to save" opportunities where statutory powers exist and where there is a financial return on the investment over an acceptable payback period. This includes, for example, returns generated from the wholly owned company (Ermine Street Housing) and investment in the Council's commercial property portfolio in line with the approved Investment Strategy. Investment opportunities solely for yield (i.e. acquisition of commercial assets) is not part of the Council's Capital Strategy.
29. The Investment Strategy sets out how the Council determines its capital investment priorities in particular in relation to corporate priorities taking into account the capital resources available including borrowing in line with the Council's approved Prudential Indicators. In determining the appropriateness of investment opportunities, the provisions of the Investment Strategy should be fully observed.

Reserves

30. The Cabinet, as part of the annual budgetary process, or at such other times where it is necessary, will identify one-off unavoidable expenditure and one-off expenditure for identified requirements. Such funding will be held in earmarked reserves until spent but will be subject to annual review by the Cabinet as part of the annual budget process to determine whether the monies still need to be held and that the balances held comply with professional guidance.
31. The General Fund Balance is based on a risk assessment and is an integral element of the MTFs in that the General Fund's purpose is Financial Resilience over the medium term.

Capital Budget

Capital Strategy

35. The Council's Capital Programme is determined, prioritised, delivered and monitored in accordance with the Council's approved Capital Strategy. This Strategy is subject to annual review by the Cabinet.
36. The Capital Strategy outlines the Council's approach to capital investment ensuring that it is directed to the Council's Business Plan priorities. It provides the framework for the Council to maximise the finance available for investment together with the allocation of capital reserves.
37. The Strategy, therefore, provides a mechanism for the Council, the Cabinet and its officers to manage, measure and monitor the Council's Capital Programme including an annual review of investment needs targeted to key investment priorities.
38. Capital Scheme Bids will be evaluated and prioritised in accordance with the approved Capital Strategy and based on the priorities in the approved Business Plan.

Capital Finance Policy

39. The Council has a number of methods of ensuring the most effective use of available capital finance. These include:
 - (i) The Council will each year consider the proposed Capital Programme having regard the CIPFA prudential indicators. Council will consider the extent of borrowing based on these indicators.
 - (ii) The Council will seek to maximise resources for capital investment from all potential sources.
 - (iii) Any savings made on capital schemes will potentially reduce the need for external borrowing.
 - (iv) A prudential financial framework will be maintained so that, once priorities have been determined, no capital scheme can be authorised (and no commitment made) until:
 - (a) capital finance is in place to cover the full capital costs; and
 - (b) it has been determined that the ongoing revenue cost consequences are affordable in the light of forward three year Revenue Budget forecasts and related Council Tax consequences.
40. An annual review of the Capital Programme will be undertaken and, in doing so, full regard will be given to the Prudential Indicators before any proposals/decisions are made in respect of a revised programme. There is a need to be cautious in terms of future borrowing requirements given the capital financing costs and future decisions will need to balance the need for, and cost of, investment or failure to invest. Endeavours will be made to support revenue contributions to capital expenditure to ensure that funding is available for essential ongoing investment needs.

Efficiency Requirements

41. The ongoing financial challenges will require the Council to continue to make radical changes in order to transform itself to deliver sustainable services to its residents. The indications are that future spend pressures will significantly exceed the forecast growth in resources (with a significant impact on the delivery of services), which requires the Council to plan for ongoing efficiencies in relation to the provision of services. The financial planning process will, therefore, facilitate the identification and delivery of efficiency savings with emphasis on challenging service delivery, comparing performance, outcomes and delivery options, ensuring competitiveness and consulting fully on emerging proposals and service options.
42. In recognition of the level of Government Grant, set against anticipated spending demands, and the ongoing commitment to efficient and cost effective service delivery, the Council has put in place a programme of initiatives designed to review services delivered, review and improve internal processes and reappraise the workforce model required to deliver services in the most efficient and effective manner.
43. The Council will continue to look for efficiencies and better ways of working as part of the day to day operations of the business, including:
 - (a) Creating capacity through additional efficiencies and service delivery options;
 - (b) Implementing demand management strategies including investment in technology to enable Channel Shift, including greater agile working;
 - (c) Increasing Business Rate income through economic development activity;
 - (d) Raising additional revenue such as increasing income and external funding;
 - (e) Identifying opportunities to “invest to save”.
44. As part of this process, all bids for additional resources must be accompanied by a quality business case and such proposals will be subjected to more rigorous challenge through the strong corporate ‘management line’ within Services, as well as peer review by other Services.



Risk

45. As far as possible, changes in the Council's financing and spending from year to year should be predictable and manageable so that key services can be protected. That can never be entirely the case, hence the need for the Council to recognise and manage financial risks, including the identification of the significant risks in terms of the spending assumptions (see section 43 above). Sound financial planning processes are critical in predicting and managing the limited resources available.
46. The purpose of this strategy is to provide the key financial planning tool of the Council. Without forward financial planning difficulties will arise in respect of:
 - not meeting the Council's own policy on Council Tax increases;
 - not meeting any Government targets on Council Tax increases so as to avoid a Council Tax Referendum;
 - not having sufficient Capital Resource to fund the approved Capital Programme.
47. It is important that, in considering Revenue and Capital Budgets, factors which could make the projections worse are identified. The Council will, therefore, as part of its decision making, consider the risk implications of all proposals. By adopting the actions in this Strategy, the risks outlined above should be mitigated.
48. The impact of the COVID-19 pandemic has and continues to have an impact on the demand for Council services, both in terms of how services are delivered and the income generated by the Council. This will have an undoubted impact on the Council during the period of the MTFS. This impact will be kept under review.

Summary & Conclusion

49. This Strategy sets out how the Council will resource its Revenue Budget and Capital Programme over the Medium-Term having regard to the policy objectives of keeping Council Tax increases within Government guidelines.
50. The MTFS represents the Council's overarching Financial Strategy and Policy document and it gives financial expression to the Council's plans for the next five years, in the context of the plans set out in its Business Plan. It, therefore, sets out the Council's funding plan, for achieving its goals and priorities, balancing available financing and spending ambitions and, in doing so, highlights the underlying financial strategy, the financial assumptions, and the inherent financial risks. Importantly, decisions on resource allocation are linked to decisions on policy priorities.
51. The MTFS will be kept under review and, as a minimum, will be reviewed:
 - In Autumn prior to considering the annual budget setting report to Council;
 - As part of the budget setting report, taking into account the financial forecasts that are available at that time.



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Medium Term Financial Strategy

Financial Forecasts 2023/2024 to 2027/2028

For Information

	2022/2023 £'000	2023/2024 £'000	2024/2025 £'000	2025/2026 £'000	2026/2027 £'000	2027/2028 £'000
Council Tax	10,489	11,155	11,824	12,513	13,203	13,811
Retained Business Rates	9,401	12,107	11,530	5,691	6,241	6,525
Revenue Support Grant	-	228	245	921	899	879
New Homes Bonus (NHB)	2,376	1,508	1,000	-	-	-
Rural Services Grant	546	260	260	153	153	153
3% Funding Guarantee	-	1,072	1,079	-	-	-
Section 31 Grant	4,095	5,818	-	-	-	-
Collection Fund Surplus/(Deficit)	(2,591)	770	-	-	-	-
Total Resource	24,316	32,918	25,938	19,278	20,496	21,368
Net Budget Requirement: Before Adjustments		24,316	31,624	22,843	22,659	23,228
Budget Pressures *		347	99	22	-	-
Savings/Income Identified		(1,054)	(1,125)	-	-	-
Borrowing Cost Changes		1,305	(532)	(250)	150	100
Other Base Budget Changes **		6,710	(7,223)	44	419	260
Net Operating Expenditure *	22,157	31,624	22,843	22,659	23,228	23,588
Net Resource Position	2,159	1,294	3,095	(3,381)	(2,732)	(2,220)
				(3,944)		

* Further service pressures will, however, exaggerate the funding gap and, wherever possible, should be managed within existing cash limit budgets.

** Other base budget adjustments include investment income variations and pay and price inflation.

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Report to:	Council	21 February 2023
Lead Cabinet Member:	Lead Member for Housing	
Lead Officer:	Head of Housing	

New Build Council Housing Strategy 2020-25 Update

Executive Summary

1. Since the New Build Council Housing Strategy was published in July 2020, SCDC have successfully met their target to double the number of new homes they deliver.
2. Furthermore, the economic landscape has changed considerably during the period since publication: the successive crises of Covid-19, the War in Ukraine, and rising inflation have had a considerable impact on the cost of development.
3. This paper proposes a mid-term update of the New Build Council Housing Strategy 2020-25 which acknowledges the achievement of the previous target, and sets targets for the next two years in light of changed economic circumstances.

Key Decision

4. No

Recommendations

5. It is recommended that Council approves the updates to the New Build Council Housing Strategy 2020-25, including
 - i) Setting the target annual completions for 2023-24 and 2024-25 at 75 homes per year; and
 - ii) Increasing the modelling period for payback from 35 to 45 years

Reasons for Recommendations

6. SCDC successfully met their published target of doubling the number of new homes they deliver from 35 to 70 in 2021-22, a year ahead of target. They have also exceeded the published target (74) for 2022-23. In recognition of this, it is appropriate to reset targets for the remaining 2 years of the current strategy.
7. It is recommended that the target is set at 75 new homes per year in recognition of the increased costs of delivery associated with macro-economic factors and increased building performance.
8. It is recommended that the modelling period for payback is increased from 35 to 45 years. This is to provide greater flexibility in viability modelling in light of increased costs associated with macro-economic factors and increased building performance.

Details

9. The New Build Council Housing Strategy 2020-2025 was published in July 2020, and was largely based on a pre-pandemic, pre-War in Ukraine, pre-recession economic outlook.
10. While based on a considerably different economic picture, our existing strategy has been sufficiently robust to absorb the economic fallout of the above situations; namely rising costs associated with both material production and availability, inflation, shortage of skilled workforce, and costs associated with changes in policy (Building Regulations Part L).
11. This paper proposes minor revisions to that New Build Strategy 2020-25 as opposed to a wholesale review, which it is proposed should remain scheduled for 2025, by which point we expect the economic outlook to have stabilised.
12. The changes listed below give the paragraph reference in the Strategy as amended:
 - a) Paragraph 2.4 updated to include reference to Building Regulations Part L published June 2022;
 - b) Paragraph 3.3 added to acknowledge previous target achieved, table included;
 - c) Paragraph 3.4 updated to present current challenges: cost inflation; rent cap; increased costs associated with delivering higher energy performance (Part L);
 - d) Paragraph 3.12 added to provide details of Building Regulations Part L (June 2022) namely 31% reduction in carbon emissions for new build homes;
 - e) Paragraph 3.14 updated to include a change to the proposed payback modelling period for viability purposes, increasing period from 35 to 45 years to reflect economic outlook, higher build quality, and to bring Council in line with competing providers in s106 tenders. Reference to specific appraisal software removed as this is inappropriate without competitive tender process;
 - f) Paragraph 4.2 updated to reflect current borrowing position;
 - g) Paragraph 4.3 updated to set a renewed target for financial years 2023-24 and 2024-25. Removed commentary on greening existing stock as this is out of scope of new build strategy and is addressed in other strategies (Asset Management Strategy 2022). Table updated to reflect actual and projected spending to 2024-24;
 - h) Paragraph 4.4 updated: Cambridgeshire and Peterborough Combined Authority no longer have funding available for this work;
 - i) Paragraph 4.5 added to outline current economic landscape – post-pandemic, War in Ukraine, inflation and cost of living crises – and their impacts on this Strategy;
 - j) Paragraph 5.1 updated to reflect current SCDC Housing Asset figures;
 - k) Paragraph 5.2 updated to reflect Asset Management Strategy is now adopted;
 - l) Paragraph 5.4 updated to removed Right to Buy commentary from this section. Risk of Right to Buy and mitigation is moved to 9.2 Risk Management;

- m) Paragraph 6.1 updated to reflect changes to the New Build Team;
- n) Paragraph 6.3 updated to reflect Investment Partnerships position: these partnerships are no longer in their “early stages”. Commentary removed re: SCDC not being selected as the Registered Provider on IP schemes – this would be a commercial decision and not a matter for this Strategy;
- o) Paragraph 6.4 added to include planning submission by South Cambridgeshire Investment Partnership for a scheme on which SCDC would act as Registered Provider;
- p) Paragraph 6.5 updated to clarify that Ermine Street Housing is out of scope of this Strategy;
- q) Paragraph 7.1 updated to reflect proposed changes re: financial modelling period;
- r) Paragraph 9.2 added to address how SCDC will mitigate the risk associated with the Right to Buy

Options

1. Council could approve all of the suggested amendments to the New Build Council Housing Strategy 2020-25 (2023 Amended) including
 - i) Setting the target for delivery in 2023-24 and 2024-25 at 75 per year; and
 - ii) Increasing the payback modelling period from 35 to 45 years; or
2. Council could approve some of the changes, and reject others, providing details; and/or
3. Council could set a different delivery target; or
4. Council could reject all suggested amendments.

Implications

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

Financial

14. Full financial appraisals are undertaken on all new build acquisitions and developments. While this report proposes extending the modelling period from 35 to 45 years this is to allow for flexibility. When negotiating an acquisition the Service Manager – Acquisitions and Development will always seek to reduce the payback period as far as possible while remaining competitive. All acquisitions need to “payback” in order to be deemed financially viable. All developments and acquisitions are signed-off by the Lead Accountant for Housing to confirm financial viability before presentation to members for decision.

Climate Change

15. The introduction of the Building Regulations Part L (June 2022) has had the effect of reducing new build carbon emissions by 31% per property.

Alignment with Council Priority Areas

Housing that is truly affordable for everyone to live in

16. This paper proposes continuing SCDC's commitment to delivering high-quality new affordable homes for rent and shared ownership. The targets set represent an increase on the initial target set in 2020 (now achieved), while exercising some caution to allow for current economic challenges and focussing on further improvements in build quality and energy performance.

Being green to our core

17. The paper proposes that wherever possible/financially viable SCDC will seek to deliver new build homes that exceed planning policies for carbon reduction/energy generation.

Background Papers

"Refreshed New Build Council Housing Strategy 2020 – 2025", Council, 14 July 2020
[New Build Housing Strategy.pdf](#)

Appendices

Appendix A: New Build Council Housing Strategy 2020- 2025 (Amended 2023)

Report Author:

Kirstin Donaldson – Service Manager Acquisitions and Development
Telephone: (01954) 71 2908

New Build Council Housing Strategy 2020 – 2025 (Amended 2023)

1. Why Build?

The Council is committed to putting the heart into South Cambridgeshire by:

- Building homes that are truly affordable to live in
- Helping business to grow
- Being green to our core
- Putting our customers at the centre of everything we do

The New Build Strategy supports all these objectives. It also links to other agreed strategies, primarily:

- The Greater Cambridge Housing Strategy 2019 – 2023
- The South Cambridgeshire Local Plan 2018
- The Greater Cambridge Sustainable Design and Construction SPD 2020

The strategy will be updated to reflect major changes in these linked strategies.

2. Current Position

2.1 This New Build Strategy sets out the reasons for, and context within which, South Cambridgeshire District Council (SCDC) will acquire or directly commission new build affordable homes to be owned and managed directly by the Council. It brings the strategy which was agreed in June 2015 up to date.

2.2 This strategy retains those elements from 2015 which are still relevant but takes account of and makes clear where there are changes to policy and practice. The 2020 New Build Strategy will provide an updated framework for future activity, reflecting the significant changes that have taken place since the previous Strategy was written and agreed.

2.3 The 2015 Strategy gave the following reasons for the SCDC acquiring new build properties.

- Increase the supply of housing which is affordable to local people, including (but not exclusively) Council rent, Council shared ownership, Council owned intermediate rented properties.
- Re-balancing of housing supply (number of bedrooms) to offset welfare benefit changes.
- Increase the housing choices available to people with disabilities – including an increased supply of wheelchair accessible housing.

- To make the best use of the Council’s land and property assets
- Reducing fuel poverty and promoting energy efficiency
- Being able to build homes that achieve high standards of design and construction; and the procurement of new homes to achieve best value for SCDC.

2.4 All the above remain relevant, but both the national and the local political landscape for housebuilding have changed since 2015, bringing additional considerations. Most influential for this strategy are the revised SCDC target to at least double the annual number of Council new builds by 2024; the removal of restrictive cap on Housing Revenue Accounts (HRA) for borrowing; the mix of available sites across the District to meet the 5 year land supply requirements; and the creation of a new Investment Partnership between the Council and two development companies. In addition, in June 2022 the new Building Regulations ‘Part L’ were introduced significantly improving building energy efficiency performance. The significance of these changes will be explored in the following sections setting out criteria for selection of sites, funding, delivery and risks.

3. Updated Criteria for Selection of Sites

3.1 The following are desirable criteria against which any future purchases will be evaluated. The Council is providing affordable housing alongside other providers – mainly Housing Associations, and these criteria focus on the added value that new builds bring to Council owned housing.

Increasing HRA properties

3.2 Following the elections in May 2018 a revised target was set in the Business Plan for the number of new build homes acquired by the Council, increasing the target from 35 completions per year to 70 over 5 years. This would be achieved by a 20% year-on-year increase.

3.3 The Council have achieved their target to double the number of annual completions in ahead of schedule in 2022. The below table accounts for completions across all tenures, both affordable rent and shared ownership.

Year	Target Completions	Total Completions	Right to Buy Sales	Net Increase
2018 –19		41	15	26
2019 –20	42	36	19	17
2020 –21	52	64	10	54
2021 –22	62	89	14	75

2022 –23	74	88 (tbc)	18 (tbc)	70 (tbc)
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3.4 In recognition of current economic challenges including cost-inflation, the affordable rent cap, and borrowing costs; but also the increased costs associated with the improved energy performance of new homes legislated for in Building Regulations Part L 2022, the following delivery targets have been set for 2023 – 2024

Year	Target Completions
2023 – 2024	75
2024 – 2025	75

3.5 Increasing the numbers of affordable homes the Council is able to offer will ensure that the HRA maintains a healthy income stream from rents and shared ownership sales and staircasing.

Meeting Identified Housing Need

3.6 The Council new build programme will seek to address housing needs that are not adequately catered for by the current market.

3.7 The welfare reforms highlighted in 2015 are one, but not the only reason, that the supply of smaller homes is not sufficient to cater for demand. The housing needs register shows that for December 2019 51% of applicants were registered for a 1 bed property, 31% for a 2 bed property, and 12% for a 3 bed property, leaving 6% requiring a 4 bed or larger property. This pattern is consistent over time, reinforcing the greater requirement for 1 and 2 bed properties.

3.8 Local villages often have specific housing needs. Assessment of individual village housing need based on local connections, usually undertaken by Cambridgeshire ACRE, differ from the district wide assessments used on larger strategic sites. Alignment with village needs assessments, particularly to address deficits, will be taken into account when considering potential HRA purchases.

3.9 On both larger strategic sites and village sites there remain deficits not only in terms of numbers but also in certain types of home. As identified in the Greater Cambridge Housing Strategy 2019-2023 there is a lack of homes for older people (including homes attractive to those wanting to downsize), entry level homes for first time buyers, and homes built to accessible and adaptable dwellings standards. Some types of homes for older people are exempt from

Right to Buy, and new build will provide attractive opportunities for downsizing and releasing family sized property; additional reasons to favour this type of tenure.

- 3.10 For all sites where HRA purchases are considered decisions will take account of the benefits of promoting homes that are well located to services and facilities and well-integrated into communities.

Design Standards – Building Greener Homes

- 3.11 Being green to our core means a commitment to create a cleaner, greener, zero carbon future. This applies to new build. The January 2020 Greater Cambridge Sustainable Design and Construction SPD provides requirements and guidance on how new developments can be built in a sustainable and environmentally friendly way, better insulated with lower energy consumptions and therefore a lower carbon footprint, and potentially reduced heating bills. We will seek through a revised housing design specification to set out the features SCDC will seek in new build purchases, aligned to the Council's green to the core objective. This will include modern methods of construction, including modular builds, where this meets the requirements set out in our design specification for Council homes.
- 3.12 In June 2022 the new Building Regulations Part L was introduced, with the effect that any planning application submitted for approval after 15 June 2022 must meet the requirements of the new legislation. The new Part L represents a 31% reduction in carbon emissions for new homes consented after the date of the legislation.
- 3.13 For purchases from Section 106 sites the ability to specify precise standards for affordable housing will be limited, as these are largely pre-agreed, and although they must meet planning requirements, cost considerations for developers mean that enhanced specifications are not standard. Where there are opportunities to negotiate enhanced standards to meet our new build desired specifications SCDC will do so.

Achieving Best Value

- 3.14 As in the previous strategy sites will be evaluated to ensure they provide value for money. The payback period for a scheme, using a blended rate where there is a mix of tenures, will have a payback of no more than 45 years, reflecting current property and HRA rental values, unless there are justifiable reasons relating to better design standards to meet our broader aspirations. In 2020 a reasonable payback period was considered to be 35 years. Based on current performance 35 years is unlikely to provide sufficient flexibility in modelling when we account for the increased costs associated with high

energy performance and allow for the impact of caps placed on rents. Increasing the modelling period to 45 years would bring the Council in-line with other Housing Associations. This alignment is critical when bidding on s106 sites, in which instances the Council are in competition with other providers. Circumstances which warrant purchases of affordable housing schemes with a payback in excess of 45 years will be agreed by the Head of Housing in consultation with the Lead Member for Housing if valued under £2 million, or Cabinet if over this amount.

4. Funding

- 4.1 Funds have been allocated in the Capital Programme to meet all the current commitments. Unallocated sums have been retained to meet further acquisitions to 2024/25. The following table shows the breakdown of allocated and unallocated funds, and the available funding streams. The mid-year revision of the Medium-Term Financial Strategy will enable adjustments to be made as pipeline commitments are confirmed.
- 4.2 The lifting of the HRA borrowing cap provides capacity to borrow a further £45 million as set out in the HRA budget paper agreed at Council in February 2020, only £2 million of which is currently included within the current funding schedule.
- 4.3 The HRA business plan shows that there is sufficient funding to deliver the target of 75 homes a year until 2024/25.

Housing Revenue Account	Actuals	Actuals	Budget	Budget	Budget
	2020-21	2021-22	2022-23	2023-24	2024-25
	£'000	£'000	£'000	£'000	£'000
HRA New Build					
Allocated	10,804	9,525	15,662	16,007	9,648
Unallocated New Build	0	0	0	5,000	15,000
Total HRA New Build	10,804	9,525	15,662	21,007	24,648
Housing Capital Resources					
Other Capital Receipts (Land, Shared-Ownership, other Dwellings)	0	(2,703)	(377)	(3,049)	(7,299)
Direct Revenue Financing of Capital	(7,576)	(3,823)	(9,162)	(7,414)	(12,549)
Other Capital Resources (Grants / S106 funding)	(1,045)	(425)	(475)	(600)	(450)
Retained Right to Buy Receipts	(2,183)	(2,574)	(5,648)	(3,944)	(2,350)

HRA CFR / Prudential Borrowing	0	0	0	0	(2,000)
Total Housing Capital Resources	(10,804)	(9,525)	(15,662)	(15,007)	(24,648)

- 4.4 Homes England would be a potential source of additional funding.. Homes England funding programmes are targeted towards additionality - that is providing subsidy for new build that is additional to the numbers and type agreed through Section 106 agreements, or homes built on land where the units provided are additional to any pre-existing units. The added value for SCDC new build programme of external funding will be kept under review.
- 4.5 The consequences of successive economic impacts including Covid-19, the War in Ukraine, and the subsequent inflation and cost of living crises on the construction industry, the ability of prospective tenants to pay an affordable rent, and the take up of shared ownership will be stress tested within the current financial model, when the impact is known. If available capital funding remains the same the model is flexible enough to accommodate changes by extending payback periods. If any funding streams were to reduce, without compensating funding from elsewhere this would reduce the numbers of new dwellings that could be achieved.

5. Opportunities for Development

HRA Land and Property Assets

- 5.1 The position outlined in the 2015 strategy has not substantially changed. The Council owns and manages 5355 rented properties, including sheltered housing with communal facilities, flats with leaseholders and equity share properties. In addition, the Council owns 549 leasehold properties. The Council also owns a number garage blocks throughout the district with widely differing levels of usage.
- 5.2 An up-to-date audit is underway to inform the potential for the Council to build on HRA owned land. This is a prerequisite to deciding whether, and how, to commission new build on HRA land. Availability of HRA land for new build is known to be limited. Alongside this, the Asset Management Strategy 2022 supports potential land and property development including garage sites, where assets are in very poor condition and could release valuable land, or in the case of sheltered schemes provide a greater number of homes built to a higher standard.

Large Sites

- 5.3 Council New Build on larger strategic sites will come through the purchase of affordable housing required under s106 agreements. Section 106 sites will remain the primary source of achieving the target number of new homes set out in the business plan as new sites come forward for consideration. These large strategic sites will be brought forward by developers, including the Council's Investment Partnerships, and the affordable housing element is required to meet planning obligations. The reasons for purchase will relate to specific Council objectives as set out in the criteria in sections 2 and 3 of this paper. As we have seen the HRA has a need for certain types of housing, and the Council has broader objectives that mean it may want to invest in a geographical area, and meet specific lower carbon, more sustainable, design standards.

Rural Exception Sites

- 5.4 SCDC is very supportive of bringing forward rural exception sites. These are sites, usually on the edge of villages and sometimes in green belt or arable land sites, agreed to address the housing need of a village. These sites have a long lead in time and deliver relatively small numbers of dwellings. To date the Council has been the provider of the affordable housing on only two rural exception sites. In the first instance households eligible to be allocated affordable housing on rural exception sites will have a local connection and incomes that are potentially higher than the district wide housing needs register.

SCDC will only seek to deliver on Rural Exception sites in larger villages where the demonstrable need is sufficiently high; or where there is no other reasonable alternative for the provision of affordable homes.

Other 5 Year Land Supply Sites

- 5.5 The Council have a 5 year land supply as set out in the South Cambridgeshire Local Plan, agreed in 2018. This is updated annually. Sites agreed for housing development will be at various stages of development. The New Build Strategy can have a part to play where sites have outstanding permissions and purchase of affordable housing contribute to unlocking a site and meeting Council priorities at the same time.

6. Capacity to Deliver

New Build Team

- 6.1 The 2015 Strategy relied heavily on the Housing Development Agency, a previously shared service which is now solely focused on delivering new build for Cambridge City Council. SCDC's own New Build Team comprises of a Service Manager, 4NO. Development Project Officers, a Consultant Project Manager and a Support Administrator. The New Build Team work closely with the Housing Strategy Team to ensure new acquisitions and developments meet local housing needs.
- 6.2 The size and capacity within the New Build Team is sufficient to manage the current approach to acquiring new build Council housing and has the necessary skills to directly commission and manage the new build contracts on sites owned or acquired by the HRA. If SCDC were to embark on a major new direct-build programme, capacity would need to be reviewed. Because SCDC would have greater control over building on owned sites there are enhanced opportunities to build to a higher specification and give preference to housebuilders who contribute to the local economy and have an apprenticeship scheme.

Investment Partnership

- 6.3 In March 2020 the SCDC Cabinet agreed the terms of Investment Partnerships with two separate developers – Hill Partnership Ltd and Balfour Beatty Investments - to deliver homes of all tenures including affordable housing, and to deliver positive financial returns for the Council.

Ermine Street Housing

- 6.4 Ermine Street Housing is a wholly owned company operating from 2014 to purchase buy-to-rent properties, returning an investment for the Council. Ermine Street's operations are out of scope of this policy.

7. Landlord Considerations

Affordability of Rent Levels

- 7.1 Most of SCDC Council housing remain at social rent levels which equate to approximately 45% of market rents. Current practice is to set rent levels for new build affordable rented homes at the level of the Local Housing Allowance (LHA) which equates to about 60-65% of market rents. This ensures that New

Build can achieve reasonable payback of capital investment, typically within 35 years. Affordable rents set at this level can be covered by Housing Benefit where this is paid, although it should be noted that Universal Credit is not differentiated for local rental values but is capped at an overall amount. Nevertheless, LHA levels remain the best indicator of affordability available and will be retained as the benchmark rental values for SCDC new build affordable rent.

8. Monitoring Arrangements

- 8.1 The budget for the new build programme is agreed in the HRA business plan and will be reviewed at least every 6 months. Acquisitions valued below £2 million that are within budget and meet current policy can be agreed with the Head of Housing and the Lead Member for Housing. Acquisitions above the amount will be agreed by Cabinet.

9. Risk Management

- 9.1 The corporate strategic risk register includes risks relating to the New Build programme. The Housing Service Plan provides an annual update of risks.
- 9.2 Whilst new build Council homes are not excluded from Right to Buy Legislation, SCDC will apply the cost floor rule to all Right to Buy applications made on new build council homes, with the effect that for a period of 15 years post-completion the Council have the right to recover the cost to deliver the property.

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Report to:	Council	21 February 2023
Lead Cabinet Member:	Cllr Bridget Smith (Leader)	
Lead Officer:	Liz Watts (CEO)	

Business Plan Action Plan (2023-24 Revision)

Executive Summary

1. The Council agreed four key priorities during the development of its 2020-25 Business Plan. Beneath these sits an Action Plan detailing the objectives the Council would carry out under each of the four priority areas.
2. It was agreed that the Business Plan Action Plan would be reviewed annually to ensure that priorities are continuing to deliver the outcomes needed for local people. When developing the latest updates, the four priority areas have remained unchanged, but a review has been undertaken of the Action Plan.
3. The updates that have been made reflect work that has been ongoing throughout 2022-23, the continuing evolution of Council priorities, and planned works coming forward from service areas. The updated version of the plan for 2023-24 is intended to provide clear priorities that will make sure we can easily track progress and delivery of the agreed actions and priorities.

Key Decision

4. No

Recommendations

5. It is recommended that Council:
 - a) Consider and approve the proposed Business Plan Action Plan for 2023-24 at **Appendix A**.
 - b) Authorise the Chief Executive to make any minor wording changes required to final drafts, in consultation with the Leader.

Reasons for Recommendations

6. The business plan outlines clear and measurable actions that the Council will carry out with a focus on activities in 2023-24. It is used to ensure officers and financial resources are allocated appropriately to achieve the actions and objectives detailed within it.

Details

7. Completed actions from the 2022-23 iteration of the action plan are highlighted at **Appendix A** under each of the four priority areas.
8. Each of the priority areas at **Appendix A** contain a number of objectives, outputs to be delivered in 2023-24 and longer-term outcomes the Council will seek to measure the delivery of as part of our regular performance reporting arrangements.

Implications

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

The Business Plan Action Plan is used to ensure officer and financial resources are allocated appropriately to achieve the objectives detailed within it.

The Business Plan Action Plan is closely related to the Council's Equality Scheme. The Equality Scheme contains three core Equality Objectives, all of which are reflected within this plan. Throughout 2023-24 Equality Impact Assessments will be completed and published to further assess the equality implications of key pieces of work within the action plan, and opportunities to increase positive and minimise negative impacts on protected characteristic groups.

Consideration of additional implications is evident within **Appendix A**, for example in relation to objectives that directly relate to the mitigation of climate change and doubling nature.

Consultation responses

10. A detailed public consultation was carried out in 2019 to develop the four key themes as part of their business plan. These four areas remain unchanged.

Alignment with Council Priority Areas

11. This process does not change any of the overarching themes but establishes clear priorities falling within each of these for the next business planning period (2023-24)

Background Papers

None

Appendices

Appendix A: Draft 2023-24 Business Plan Action Plan

Report Author:

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

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Appendix A: Draft 2023-24 Business Plan Action Plan

Growing local businesses and economies

Objective	What are the outcomes we want to work towards? (This may stretch beyond 23-24)	How we will achieve the Objective	2023-24 Outputs
1) We will support businesses in meeting economic challenges	<p>South Cambridgeshire business survival rate remains below the predicted 1 in 4 closures</p> <p>Visit South Cambs listed businesses satisfied that the website has had a positive impact</p> <p>70% of webinar / workshop attendees found the workshop or webinar useful in helping them to meet economic challenges</p>	<p>1a) Run communication and marketing campaigns promoting local independent businesses</p> <p>1b) Deliver a series of business support resources to help businesses meet economic challenges</p> <p>1c) Develop tailored support for Businesses and strengthen our relationships with local companies to better understand their specific challenges and tailor support accordingly</p> <p>1d) Identify funding opportunities to help businesses meet economic challenges</p>	<p>1ai) Number of local independent businesses promoted through the Visit South Cambs website reaches over 400 (Q4)</p> <p>1aii) Through social media engagement, monthly visits to Visit South Cambs website exceeds 1500 (Q4)</p> <p>1aiii) Create topical content to increase our reach through social media by 50% (Q4)</p> <p>1bi) Deliver 10 business support and resilience webinars and/or workshops, helping businesses to meet economic challenges (Q4)</p> <p>1bii) Work with partners to launch business resilience webpages in order to provide a comprehensive online guide to resources to help businesses meet economic challenges (Q1)</p> <p>1ci) 240 conversations with businesses to collate data to help inform planned interventions and identify support required (Q4)</p> <p>1cii) Increase Business newsletter subscriptions by 20% and introduce monthly topical themed content to encourage open/click throughs (Q3)</p> <p>1di) Signpost/deliver any funding that comes forwards in helping businesses meet economic challenges (Q4)</p>
2) We will support start-ups and small businesses to set up and grow	<p>Number of new business start-ups in South Cambs over the next 4 years</p> <p>Number of small businesses are supported to grow</p>	2a) Provide space for start-ups and small businesses via the provision of space at our South Cambs Hall office building	2ai) Space rented to start-ups or small businesses at our South Cambs Hall office building (Q3)

Appendix A: Draft 2023-24 Business Plan Action Plan

Objective	What are the outcomes we want to work towards? (This may stretch beyond 23-24)	How we will achieve the Objective	2023-24 Outputs
	Satisfaction with start up support from SCDC	2b) Provide space for small businesses and start-ups at our commercial premises 2c) Identify and provide pop-up or market trading opportunities for small businesses 2d) Identify funding opportunities specifically to help start-ups and small businesses to grow 2e) Deliver a series of business support resources to help new business to start up or grow	2bi) Increase and maintain occupancy at our commercial premises (Q4) (Ongoing) 2ci) Create 100 meanwhile trading opportunities for small business (Q3) 2di) £200k Shared Prosperity funding administered to help start-up and small businesses to grow over two years (2023-25) 2ei) Deliver 2 webinars and/or workshops alongside delivery partners, helping businesses to start up or grow (Q3)
3) We will support local businesses to become more environmentally sustainable	Year on year reduction in greenhouse gas emissions from industry and commerce in South Cambridgeshire (as reported in BEIS statistics) 70% of businesses indicate that support has helped them take steps towards making their business greener Greater take up of our Commercial Shared Waste services by businesses	3a) Provide advice and resources to help businesses to understand what they can do to become greener 3b) Identify funding opportunities to help businesses meet economic challenges specifically to help businesses to be greener	3ai) Conduct 120 1-2-1 direct business conversations helping businesses to reduce their carbon emissions (Q4) 3aii) Provide 4 webinars with internal and sector experts to inform business on how to make their businesses greener (Q4) 3aiii) Provide thermal imaging camera loans to help businesses assess heat loss (ongoing) 3aiv) Run social media campaigns encouraging businesses to recycle using the Commercial Waste Service (Q2) 3bi) Promote services of our Commercial Shared waste team to businesses (Q2) 3bi) Deliver £170,000 Shared Prosperity Fund Green Business Grant funding to 53 businesses over two years (2023-25)
4) We work with partners to promote skills development	Increased numbers of apprenticeships being undertaken in South Cambs Take up of other skills development pathways, such as Region of Learning	4a) Promote skills development opportunities through the implementation of the South Cambs specific actions within the CPCA Employment and Skills Strategy, including by:	4ai) Host a skills event in conjunction with partners at South Cambs Hall showcasing in house and partner skills and career pathways (Q3) 4aii) Apprenticeships focussed communications campaign to businesses (Q2)

Appendix A: Draft 2023-24 Business Plan Action Plan

Objective	What are the outcomes we want to work towards? (This may stretch beyond 23-24)	How we will achieve the Objective	2023-24 Outputs
opportunities to businesses		<ul style="list-style-type: none"> Promoting and contributing to employer and skills events Encouraging businesses to take up apprenticeship schemes Developing and promoting a South Cambs Region of Learning (digital badge learning scheme – subject to funding) Good Employer Charter - (an accreditation scheme which supports a network of responsible local businesses that improve employment standards in South Cambridgeshire- subject to funding) 	<p>4aiii) South Cambs Region of Learning career specific digital badge pathway developed and launched (subject to funding)</p> <p>4aiv) Develop and adopt the Good Employer Charter as an employer (subject to funding)</p>
5) We will work to promote the vibrancy and health of South Cambridgeshire high streets and commercial areas	Increased footfall at key high street and commercial locations within the district	<p>5a) Delivery of funding for the improvement of existing and fledgling high streets</p> <p>5b) Run communication and marketing campaigns promoting high streets within the district</p> <p>5c) Provide support for the set-up of new markets within the district</p> <p>5d) Take evidence-based land use planning decisions to ensure appropriate employment provision, in the right place, to meet business needs</p>	<p>5ai) £200,000 allocated through the Shared Prosperity Fund over two years (2023-25) to local communities and businesses to enhance the look, desirability and safety of existing and fledgling high streets</p> <p>5bi) 8 high streets featured in communication and marketing campaigns run throughout the year (Q4)</p> <p>5ci) Provided support leading to the set-up of 6 new markets in the district (Q4)</p> <p>5di) Publish economic forecasts associated with the Joint Local Plan as part of the evidence base to the Greater Cambridge Local Plan (Q1)</p>

Actions completed from 2022-23:

- Implemented a new and improved policy to support the street trading sector across South Cambridgeshire. This policy will ensure high levels of safety compliance and enable the sector to thrive through the introduction of flexible trading models.
- Created an SCDC specific operational/implementation plan based on the Nov 2021 refreshed CPCA Employment and Skill Strategy.
- Provided business support advice to over 100 businesses.
- Completed a feasibility study looking at how South Cambs Hall could be used to provide workspace for businesses, including start-ups.
- Established an up-to-date list of Business Premises for start-ups.

Appendix A: Draft 2023-24 Business Plan Action Plan

- Undertaken a market review to inform the development of plot 4010 at Cambourne.

Actions on target to be completed by end of 2022-23:

- Expand our Visit South Cambridgeshire brand alongside wider collaboration with Cambridgeshire and Peterborough partners, to support local businesses.
- Deliver at least 8 Sector specific events/webinars/support initiatives as part of an ongoing engagement programme.
- Provide a new space for growing small businesses or shared workspace for start-ups or micro businesses.
- Appraise our own commercial inventory (including South Cambs Hall) and investigate meanwhile/partial let use for start-ups during void periods and/or designate space specifically for this purpose.

Housing that is truly affordable for everyone to live in

Objective	What are the outcomes we want to work towards? (This may stretch beyond 23-24)	How we will achieve the Objective	2023-24 Outputs
1) We will continue to deliver new, high quality Council homes	<p>375 new Council homes delivered over the 5-year period from 2023-28</p> <p>Customers are satisfied with new build rent and shared ownership homes</p> <p>Properties that we build ourselves meet new carbon reduction standards (standards to be agreed)</p> <p>Increase in the number of affordable homes across the district</p>	<p>1a) Maintain the rate of new Council homes delivery having doubled this from 2019 levels</p> <p>1b) Introduce higher standards for carbon reduction for properties we develop ourselves</p> <p>1c) Use our SCIP partnership to deliver an exemplar site with net zero / passive house (agreed standards tbc)</p> <p>1d) Deliver additional housing for refugees above the levels detailed at 1a) and 1ai) as part of the Local Authority Housing Fund (LAHF)</p>	<p>1ai) 75 new homes completed for rent and / or shared ownership (Q4)</p> <p>1bi) Agree new carbon reduction standards for properties we develop ourselves and incorporate into new developments (Q4)</p> <p>1ci) Achieve planning permission for the first SCIP housing scheme (timescales to be confirmed)</p> <p>1d) Delivery of new homes for refugees (quantity and timescales to be confirmed subject to additional funding details)</p>
2) We will engage with local people to set out where and how new homes and communities are built, to minimise	<p>Community forum attendees feel their input has been valued</p> <p>Communities across the District are able to provide feedback on the policies and strategy underpinning future Development across the District</p>	<p>2a) Run community liaison meetings and forums where significant new developments are planned</p> <p>2b) Consult communities on the development of a Joint Local Development Plan for the Greater Cambridge</p>	<p>2ai) Community forums are run where significant new developments are planned, allowing issues to be raised and discussions about how developments are moving forward (Q4)</p> <p>2bi) Publish draft Local Plan for public consultation with our communities (Q3)</p>

Appendix A: Draft 2023-24 Business Plan Action Plan

Objective	What are the outcomes we want to work towards? (This may stretch beyond 23-24)	How we will achieve the Objective	2023-24 Outputs
disruption and to help new residents to settle in		<p>area identifying the quantity and location of new homes across the district</p> <p>2c) Produce a Housing Strategy setting out how we will meet housing challenges in the district, including ensuring we have the right homes in right places – by June 2024</p>	<p>2ci) Consult on a Housing Strategy to shape our Housing activity (Q1)</p>
3) We will improve the energy efficiency of existing Council housing to reduce carbon impact and running costs	All Council properties below a 'C' EPC rating are improved to a 'C' rating by 2025	<p>3a) Produce a plan for the improved energy efficiency of Council Housing</p> <p>3b) Continue to identify and implement opportunities for energy efficiency improvement works as part of relet works, as properties become vacant</p>	<p>3aii) Use EPC and stock data to create a costed 5-, 10- and 15-year plan for the improved energy efficiency of Council housing (Q3)</p> <p>3aii) Carry out a Stock Condition Survey on all stock (Q4)</p> <p>3bi) Completion of energy efficiency improvement works as part of relet works on empty properties (Ongoing)</p>
4) We will support energy efficiency improvements in private sector housing	Improved energy efficiency of South Cambs private housing stock	<p>4a) With partners and under the 'Action on Energy Cambridgeshire' branding:</p> <ul style="list-style-type: none"> • Deliver government-funded energy improvements to homes occupied by eligible households • Establish a route for able-to-pay households to access high quality home energy efficiency improvements from the council's commercial partners <p>4b) Ensure Private Rental Sector meets legislative requirements in relation to energy efficiency</p>	<p>4ai) Delivery of HUG2 (Home Upgrade Grant) scheme to upgrade off-gas properties (Q4)</p> <p>4aii) All necessary processes (including marketing) in place for households to access self-funded work through Action on Energy Cambridgeshire (Q4)</p> <p>4bi) Run Minimum Energy Efficiency Standards (MEES) project to identify Private Rental Sector properties which fall below minimum standards and actions required (Q4)</p>

Appendix A: Draft 2023-24 Business Plan Action Plan

Objective	What are the outcomes we want to work towards? (This may stretch beyond 23-24)	How we will achieve the Objective	2023-24 Outputs
			4bii) Establish a private-rented sector landlord forum to share best practise and advise on support for improvement measures (Q4)
5) We will work to create healthy and connected communities	Increased public transport use Increased rates of active travel Increased access to open space	<p>Through the development of the Greater Cambridge area Local Plan:</p> <ul style="list-style-type: none"> 5a) Seek to create diverse and connected neighbourhoods where people can live close to where they work, play and access health providers and education 5b) Review approaches to open space and recreation provision, to underpin the delivery of healthy places and sustainable ways of living <p>5c) Work with partners to influence the delivery of significant improvements in public transportation to our villages</p> <p>5d) Support improved access to green spaces that provide health and wellbeing benefits to our residents</p>	<p>5ai) Publication for consultation the Regulation 18 Joint Local Plan preferred options capturing spatial and local planning policy considerations (Q3)</p> <p>5aii) Create a policy framework to ensure significant future development proposals are connected to cycle and walking networks, including support for the GCP Greenways programme (Q3)</p> <p>5bi) Work with the health community on the development of a contemporary open spaces policy for the Joint Local Plan that places wellbeing as a central policy objective (Q3)</p> <p>5ci) Support the GCP and Cambridgeshire County Council's delivery of Cambridgeshire Southeast Transport (CSET) and Cambourne to Cambridge through to Transport and Works Act order (Ongoing)</p> <p>5cii) Support the implementation of Cambridgeshire County Council's Transport Strategy, that aims to reduce private car use and congestion, and accompanies the adopted Local Plan (Ongoing)</p> <p>5ciii) Work with partners to influence improved links between villages in the north of the district to existing transport routes (e.g., guided bus ways) (ongoing)</p> <p>5di) Allocate £150k of Shared Prosperity Funding over two years (2023-25) for projects that bring about improvements to green spaces to bring about improvement to the health and wellbeing of our residents (Q4)</p>

Appendix A: Draft 2023-24 Business Plan Action Plan

Objective	What are the outcomes we want to work towards? (This may stretch beyond 23-24)	How we will achieve the Objective	2023-24 Outputs
		5e) Continue to meet annual housing delivery targets identified in the 2018 South Cambridgeshire Local Plan	5dii) Develop a toolkit to help parish councils provide more allotments with better facilities (Q4) 5ei) Deal with applications for appropriate new residential development effectively and promptly, meeting national targets for speed and quality of decision making (Ongoing)
6) We will take action to bring empty homes back into use	40 empty homes brought back into use (empty longer than 6 months) by end of 24-25	6a) Identify and prioritise empty homes across the district that need to be brought back into use 6b) Engage and correspond with empty homeowners and take appropriate action, where necessary	6ai) Finalise the Council's Empty Homes Database (Q1) 6aii) Assign 200 empty homes a priority classification using the scoring and rating system against agreed criteria (Q4) 6bi) Bring 20 empty homes back into use which have been empty for longer than 6 months (Q4)

Actions completed from 2022-23:

- Produced a report assessing feedback provided by local people from the first Local Plan consultation. This will inform the next steps in the Local Plan process.
- Produced an Asset Management Plan. This will improve the energy efficiency of existing Council housing to reduce carbon impact and running costs.
- Delivered 53 new affordable homes.
- Implemented new maintenance contract for all council housing stock.
- Adopted an Empty Homes Strategy.
- We have installed solar Photovoltaic Systems on 60 Properties.

Actions on target to be completed 2022-23:

- 74 New Homes Completed (acquired or built) this year.
- Continue to support the liaison meetings in Cottenham, Sawston, Hardwick, Caldecote, Swavesey and Barrington and community forums in Northstowe, Waterbeach, North-West Cambridge, Cambridge East, North-East Cambridge and Bourn Airfield and Cambourne.
- Approve a work programme for insulation measures over the next four years to narrow the gap on the zero-carbon target.

Appendix A: Draft 2023-24 Business Plan Action Plan

Being green to our core

* Please note that objectives and actions contributing to our green to our core agenda are also included under other headings in this document where they have close links with other business plan priorities.

Objective	What are the outcomes we want to work towards? (This may stretch beyond 23-24)	How we will achieve the Objective	2023-24 Outputs
1) We will create and implement planning policies that address the climate and ecological emergencies (including working towards net zero by 2050)	Reduction in South Cambridgeshire Carbon emissions Increased biodiversity in South Cambridgeshire	1a) Create policies that will help us to achieve net zero carbon as part of work on the Greater Cambridge Local Plan and North East Cambridge Area Action Plan 1b) Create processes and policies that will help us to double nature as part of wider work on green infrastructure and the Greater Cambridge Local Plan 1c) Implement and communicate to all stakeholders the Council's agreed hierarchy for achieving Biodiversity Net Gain ahead of formal regulation in Autumn 2023	1ai) Publish the preferred option (regulation 18) draft of the Joint Local Plan (Q3) 1bi) As per 1ai) 1bii) We will plan and prepare processes for the examination of Biodiversity Net Gain obligations on developers (timescale subject to further announcements from DEFRA) 1biii) Subject to successful funding bid to HLF, assist parish councils to identify locations within their areas that could be improved (Q4) 1ci) Develop and deliver an engagement programme with the development community, stakeholders and Parish Councils to explain the opportunities around Biodiversity Net Gain (Q4)
2) We will work with the City Council, water industry and stakeholders to address water scarcity in the Greater Cambridge area	Sustainable development that safeguards the environmental quality of our rivers and streams	2a) Engage with the Environment Agency, Water Industry, Lead Local Flood Authority and local stakeholders [including the Cam Valley Forum] to develop a response to water scarcity challenges caused by development in the district	2ai) A strategy for managing new development alongside new water supply and demand management measures set out in approved Water Resource Management Plans for the area (Q3)

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Objective	What are the outcomes we want to work towards? (This may stretch beyond 23-24)	How we will achieve the Objective	2023-24 Outputs
3) We will support nature recovery as part of our 'doubling nature' agenda	<p>Completing a pilot with at least 2 Parish reviews of TPOS including designation of new trees and digitisation of all records</p> <p>Increasing the number of trees provided by SCDC since 2020</p>	<p>3a) Review arrangements for the protection of Trees and Hedgerows across the District, including commencing a programme of work with Parish Councils to review and update the register of Tree Protection Orders (TPOs)</p> <p>3b) Identify and deliver new opportunities to plant trees, establish wildflower strips and in other ways enhance nature, in consultation with residents</p> <p>3c) Support local communities to plant trees and help deliver 'doubling nature' at the parish level</p> <p>3d) Share information and local case studies through our Zero Carbon Communities programme of events, e-bulletins and webpages</p>	<p>3ai) A review of the process to designate and record TPOs across the District (Q4)</p> <p>3bi) Plant 35 trees across two sites on our own estate, as part of the Treescapes fund (Q4 subject to funding)</p> <p>3bii) Create wildflower areas on four sites located across the district on our own estate (Q2)</p> <p>3biii) Undertake a pilot using alternative methods to control weed growth, avoiding harmful environmental impacts (timescale tbc)</p> <p>3biv) Engage with communities on sustainable agriculture and food production (Q4)</p> <p>3ci) Provide grants to villages to plant trees and help biodiversity projects to deliver 'doubling nature' at the parish level (Q4)</p> <p>3cii) Deliver trees to at least 50 parish councils through our '6 Free Trees' initiative (Q4)</p> <p>3di) Deliver conference sessions, webinars and visit two case studies (Q4)</p>
4) We will decarbonise the Council's estate and operations	<p>Reduction in total carbon emissions from our estate and operations</p> <p>Reduction in fleet related carbon emissions from 2018-19 baseline</p> <p>Reduction in carbon emissions from our community rooms from 2018-19 baseline</p>	<p>4a) Procure low emissions vehicles or alternative fuels (e.g., HVO biofuel) as replacements for our existing fleet</p> <p>4b) Deliver the Waterbeach Renewable Energy Network (WREN) project - to deliver solar PV, battery storage and electric vehicle charging at the Council's Waterbeach depot</p>	<p>4ai) Deployment of at least 20% alternative fuels as proportion of total fuel usage by refuse fleet (Q4)</p> <p>4bi) Complete design and implementation review and finalise contracts for the WREN project (Q1)</p> <p>4bii) Start on-site (Q2)</p>

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Objective	What are the outcomes we want to work towards? (This may stretch beyond 23-24)	How we will achieve the Objective	2023-24 Outputs
	<p>Reduction in carbon emissions from our office building from 2018-19 baseline</p> <p>Reduction in carbon emissions for our commercial buildings</p> <p>Reduction in carbon emissions from business travel</p>	<p>4c) Increase the energy efficiency of our South Cambs Hall office building</p> <p>4d) Increase the energy efficiency of our sheltered housing communal rooms</p> <p>4e) Improved energy performance of our Commercial buildings</p> <p>4f) Reduce carbon emissions from SCDC business travel by reducing mileage and promoting low carbon alternatives</p>	<p>4bii) Finalise installation and commissioning (Q4)</p> <p>4ci) Realisation of year 1 benefits (reduced energy costs and carbon emissions) from Greening of South Cambs Hall project (Q4)</p> <p>4cii) Explore opportunities to further decarbonise our office building (Q4)</p> <p>4di) Install solar PV array at Elm Court sheltered housing scheme, Over (Q4)</p> <p>4dii) Complete energy retrofit assessments of communal rooms, identify feasible improvements and agree delivery plan (Q1)</p> <p>4ei) Review Asset Register for commercial assets and schedule opportunities for energy efficiency improvements at tenant breaks (Q4)</p> <p>4fi) Communications to help reduce carbon emissions through business travel (Q4)</p>
<p>5) We will support parish councils and local communities to respond to the climate emergency</p>	<p>10 tonnes p.a of estimated CO2 emissions reduction through projects receiving Zero Carbon Communities funding (consistent with figures for 2022-23 projects)</p> <p>2,500 people p.a. expected to be engaged through engagement projects receiving Zero Carbon Communities funding (consistent with figures for 2022-23 projects)</p> <p>At least 10 publicly accessible EV chargers installed to village halls and other community facilities</p>	<p>5a) Award Zero Carbon Communities grants to community projects that support carbon reduction and community engagement around climate change</p> <p>5b) Promote delivery of EVCPs in Parishes via Electric Vehicle Charge Point Grants Programme</p> <p>5c) Provide a programme of networking and information sharing (Zero Carbon Communities and Green Connect)</p>	<p>5ai) Funding of £125k (up from £100k during 21-22) awarded to eligible projects (Q4)</p> <p>5bi) Award up to £50k funding via Electric Vehicle Charge Point Grants Programme to eligible applicants (Q4)</p> <p>5ci) Deliver at least four webinars, four e-bulletins and a one-day conference, covering subjects including carbon-friendly diets, community energy and behavioural change (Q4)</p>

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Objective	What are the outcomes we want to work towards? (This may stretch beyond 23-24)	How we will achieve the Objective	2023-24 Outputs
	75% of Participants gain in knowledge, make useful contacts, feel encouraged or inspired		
6) We will work to promote and protect air quality in the district	Reduced risk of non-compliance with measures designed to protect air quality	<p>6a) Run communications to promote and educate on air quality within the district</p> <p>6b) Undertake Environmental Permit inspections in line with our new regime, to ensure compliance.</p> <p>6c) Ensure compliance with the Taxi Licencing Policy with regard to emissions standards (Euro 6 compliance, zero or ultra-low emissions category from 1 December 2023 for new licences or renewals)</p>	<p>6ai) Monitor and publish reports on air quality in at least 6 targeted areas utilising portable equipment (Zephyrs) (Ongoing)</p> <p>6aii) Communications campaign highlighting the impacts of air quality, to coincide with Clean Air Day (Q1)</p> <p>6bi) Undertake all Environmental Permit processes in accordance with programmed inspection (Ongoing)</p> <p>6ci) Compliance of taxi fleet with current taxi policy (Ongoing)</p>
7) We will reduce consumption of resources and waste	<p>Reduction in household waste / materials from 21-22 levels (kgs per household)</p> <p>Increase in household recycling rates from 21-22 levels (kgs per household)</p> <p>Reduction in household residual waste in the district from 21-22 levels (kgs per household)</p>	7a) Identify and implement strategies for overall waste / materials reduction, decreased residual waste and increased recycling	<p>7ai) Work with RECAP partners on new Joint Waste Municipal Strategy setting out how authorities across Cambridgeshire and Peterborough will collect and dispose of waste over the next 10-20 years (Q4)</p> <p>7aii) Provide support for schemes (such as repair cafes, reuse, refill, kit hire and food waste redistribution schemes) that help the transition to a circular economy (Ongoing)</p> <p>7aiii) Carry out communications campaigns focussed on increasing recycling rates and reducing non-recyclable waste from Circular Resource Plan (Ongoing)</p>
8) We will build carbon reduction and nature recovery perspectives into	Carbon reduction and nature recovery perspectives are embedded within our decision making	8a) Work towards becoming a carbon literate organisation.	<p>8ai) Secure Bronze status as a Carbon Literate Organisation (Q2)</p> <p>8aii) Develop reporting on our Scope 3 (supply chain) carbon emissions reporting (Q4)</p>

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Objective	What are the outcomes we want to work towards? (This may stretch beyond 23-24)	How we will achieve the Objective	2023-24 Outputs
decision making across the Council		8b) Undertake carbon impact assessments in relation to all new budget bids exceeding £20k	8bi) Share carbon impact assessment tool with service areas and put guidance in place to utilise during bids/savings MTFS process (Q2)
9) Our Councillors will act as climate and environment advocates to promote action by organisations and stakeholders beyond South Cambridgeshire	Maximum influence of SCDC in the area of climate and environment, encouraging others to take action	9a) Promoting action on climate change mitigation and environment, including showcasing good practice	9ai) Articles and presentations promoting action on climate change mitigation and environment, including showcasing good practice (Q4) 9aii) Representation at key regional, national and international events relating to climate change and environment (Q4)

Actions completed from 2022-23:

- Provided equipment and information kits to minimise waste and separate recycling at community events.
- Reviewed the impact and outcomes of the existing food waste collection trial and the future of the scheme including budget requirements.
- 2 electric refuse collection vehicles to replace the diesel versions have been received.
- Annual Statutory Status report for air quality has been submitted to DEFRA and accepted.

Actions on target to be completed 2022-23:

- Review community rooms and other small sites to identify and deliver opportunities for carbon reduction.
- Develop planning policies consistent with zero carbon by 2050 for adoption in the Greater Cambridge Local Plan, in partnership with Cambridge City Council.
- Identify and deliver opportunities to invest in publicly accessible electric vehicle charge points in priority locations in the district, working with partners - pilot installations of fast EV Chargers at Sheltered Housing Schemes for public use, and install one rapid charger for public use.
- Identify and deliver new opportunities to plant trees, establish wildflower strips and in other ways enhance nature on our own estate, in consultation with residents.
- Work to ensure that development in South Cambridgeshire contributes to the goal of doubling nature by developing planning policies for adoption in the Greater Cambridge Local Plan, and by adopting a new Biodiversity Supplementary Planning Document in partnership with Cambridge City Council.
- Work with partners to develop landscape-scale habitat creation projects.
- Deliver '6 Free Trees' initiative to increase the amount of tree cover of parish council land, enhancing biodiversity and carbon capture.
- Define and implement required improvements at the depot to prepare for further electric refuse collection vehicle (eRCV) charging.

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- Procure up to 3 electric refuse collection vehicles to replace diesel version.
- Develop outline business case for on-site solar PV energy generation with partners to aid the charging of vehicles.
- Deliver fourth round of funding through our Zero Carbon Communities grant scheme, awarding grants totalling £100,000 to community-based projects.
- Continue to strengthen the Zero Carbon Parish and Community Network through our programme of workshops, web-based resources and e-bulletins for community-based zero carbon and nature recovery initiatives - at least 6 workshops to be delivered.
- Submit annual statutory reporting to DEFRA on-time; monitor air quality in at least 6 targeted areas utilising portable equipment; compile report following each monitoring period and publish this on the council's website.
- Provide required technical inputs to consultations on major developments to ensure good air quality is experienced.
- Subject to air quality monitoring results, explore the feasibility of creating a Public Space Protection Order (PSPO) specifically targeting idling vehicles.
- Develop campaigns to improve recycling based on the outcomes of the waste composition analyses.
- Reporting of all sites (existing and new) that take up recycling / food bins & note our increased volumes / tonnes collected with associated savings.
- Install cameras at 6 locations and monitor numbers of visits required at those sites to establish a baseline to minimise fly tipping.
- Deliver targeted educational campaign in the area about fly tipping and increase awareness of responsible methods for disposal. To include the delivery of at least 12,000 leaflets.

A modern and caring Council

Objectives	What are the outcomes we want to work towards? (This may stretch beyond 23-24)	How we will achieve the Objective	2023-24 Outputs
1) We will ensure the Council is structured and appropriately resourced to deliver efficient and effective services	<p>Increase customer satisfaction from 2022-23 baseline levels</p> <p>£2 mil of savings delivered through the Transformation programme by end 2024-25</p>	<p>1a) Complete reviews of all services, identifying and implementing opportunities for improved efficiency and service delivery by the end of 2023.</p> <p>1b) Assess the impact of the initial 4 Day Week trial on the efficiency and quality of service delivery and the health and wellbeing of colleagues</p> <p>1c) Secure approval and undertake a further trial in the Shared Waste Service</p> <p>1d) Implement approach for the ongoing review of customer feedback in relation to all council services, identifying and acting upon opportunities for improved service delivery</p>	<p>1ai) 3 service reviews completed and recommendations made (Q4)</p> <p>1aii) Service Review recommendations implemented (Q4)</p> <p>1bi) Report produced assessing the findings from the 3-month 4 Day week trial (Q1)</p> <p>1c) As per 1bi)</p> <p>1di) Introduction of annual tenant satisfaction survey to allow implantation of new performance monitoring under new requires by the Social Housing Regulator (Q1)</p> <p>1dii) Implementation of new approaches to the collection and review of customer feedback (Q2)</p>

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Objectives	What are the outcomes we want to work towards? (This may stretch beyond 23-24)	How we will achieve the Objective	2023-24 Outputs
2) We will attract and retain the best talent and ensure we are an employer of choice	<p>Increased vacancy fill rate of 70% (up from 65%)</p> <p>Wellbeing survey score of 4 out of 5 'good days at work' (up from 3.95 in 2022-23)</p> <p>Annual (voluntary) staff turnover of 3.25% or less</p>	<p>2a) Offer a wide range of development initiatives to ensure we're growing our own talent and providing development opportunities for staff</p> <p>2b) Assess the impact of the initial 4 Day Week trial on our ability to attract and retain talent and consider a longer trial to enable better data collection and analysis</p> <p>2c) Promote SCDC as an employer of choice</p>	<p>2ai) 10 apprenticeship courses completed by SCDC staff during the 2023-24 year (Q4)</p> <p>2aii) Promotion of apprenticeships as a development route for SCDC staff and recruit a new intake of apprentices (internally or externally) to commence their courses during the year (Q4)</p> <p>2aiii) Complete the delivery of a modular leadership development program for 49 managers (Q2)</p> <p>2aiv) Assess the outcomes of the 'Essential Tools for Managers' training pilot for new and first line managers (Q1)</p> <p>2b) See 1di) re 4 Day Week trial</p> <p>2ci) Attend 3 careers fairs to develop better relationships with schools and colleges and encourage SCDC as a realistic local employment opportunity, including the provision of work experience opportunities (Q4)</p>
3) We will generate additional income through our services and commercial activities	<p>Increase in gross service-related income as a proportion of gross service-related expenditure</p> <p>Reduced cost to the Council of the Shared Planning service (£400Kpa for 2023/24)</p>	<p>3a) Explore and pursue ways of increasing income generation through our services</p> <p>3b) Generate rental income from our office space</p> <p>3c) Maximise returns from commercial space owned by the Council</p>	<p>3ai) Increase Greater Cambridge Commercial Waste Service customers by 150 over the course of the year (Q4)</p> <p>3aii) Improve cost recovery for discretionary services provided within the Shared Planning Service through the effective use of Planning Performance Agreement and pre-application charging regimes and appropriate partnership working arrangements where possible (Q4)</p> <p>3bi) Lease office space at our South Cambs Hall office (Q3)</p> <p>3ci) Lease office space at our 270 Science Park premises (Q4)</p>

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Objectives	What are the outcomes we want to work towards? (This may stretch beyond 23-24)	How we will achieve the Objective	2023-24 Outputs
4) We will make it easier for customers to access and carry out transactions online	<p>Increased satisfaction with the My South Cambs Customer portal</p> <p>Increased satisfaction with accessibility of information on our website</p> <p>60% of customer interactions online</p> <p>40% of customer interactions dealt with by contact centre of specific service experts</p>	<p>4a) Make it easier for customer to access and complete services online</p> <p>4b) Make it easier for customer to find information on our webpages</p>	<p>4ai) 12 services made easier for customers to access online, via self-service, online (Q4)</p> <p>4aii) Provide an integrated portal for businesses to access SCDC online services (Q4)</p> <p>4aiii) Launch of web-chat functionality (Q4)</p> <p>4bi) Design and implement new websites for SCDC and Greater Cambridge Shared Planning (Q4)</p>
5) We will work with communities and individuals to tackle issues that are affecting them locally	<p>Increase in the number of community-led plans (including Neighbourhood plans)</p> <p>Reduction in fly tip incidences at hotspots due to presence of cameras and SCDC response times from initial data benchmark April 2023</p>	<p>5a) Support communities to consider and address the local initiatives that matter to them using our Community Led Plan framework.</p> <p>5b) Ensure a consistent approach to consultation, providing all groups with opportunities to make their views known</p> <p>5c) Work with partners to produce an agreed cultural strategy for South Cambridgeshire</p> <p>5d) In partnership with Cambridgeshire County Council and the Greater Cambridge Partnership deliver a civil parking enforcement scheme for South Cambridgeshire.</p> <p>5e) Establish mechanisms for council tenants to have an input into wider estate management issues</p>	<p>5ai) Carry out a review to consider best way to support communities to consider issues that are affecting them locally beyond existing Community Led Plan work (Q4)</p> <p>5aii) Continued support for the creation of neighbourhood plans and village design guides (Q4)</p> <p>5bi) Launch an internal SCDC consultation toolkit to achieve a consistent approach to consultation (Q2)</p> <p>5bii) Carry out a review of the Greater Cambridge Statement of Community Involvement (SCI) which outlines how communities are engaged on planning related matters (Q4)</p> <p>5ci) Release an action plan and toolkit for the delivery of a cultural strategy (Q4)</p> <p>5di) Launch the civil parking enforcement scheme (Q3)</p> <p>5ei) Complete at least 86 estate inspections (note inspections take place over an 8-month period) (Q4)</p>

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Objectives	What are the outcomes we want to work towards? (This may stretch beyond 23-24)	How we will achieve the Objective	2023-24 Outputs
		5f) Take action to minimise fly tipping	5fi) Deploy additional cameras at new locations to deter fly tipping (Q4) 5fii) Prompt clearance of fly tips to reduce further occurrences at the same site (Q4) 5fiii) Deter criminal activity through development and use of 'fly tip under investigation sticker' highlighting ongoing investigations (Q4) 5fiv) Undertake joint roadside checks initiatives with the Police, HMRC and other partners (Q4)
6) We create places where people feel safe, and communities thrive		6a) Undertake all landlord safety checks (including electrical safety, gas installations and where appropriate fire risk assessments and water safety tests). 6b) Provide support to help people to live safely in their homes	6ai) 100% compliance with landlord safety checks to council housing (including, electrical safety, gas installations and where appropriate fire risk assessments and water safety tests) (Q4) 6bi) Support 200 new clients through the housing department's visiting support service (Q4) 6bii) Spend disabled facilities grant and repairs grant to allow people to live independently and safely in their homes (Q4) 6biv) Run a communications campaign promoting the reporting of concerns about private rental housing conditions to the Council (Q4) 6bv) Undertake inspection visits to all caravan sites to ensure that residents have suitable housing provision (Q4) 6bvi) Run a workshop to promote the Mobile Wardens scheme and plan the development of the new scheme which will run from 2024-27 (Q2) 6bvii) Support tenants facing mental health issues to maintain their tenancies and prevent homelessness 6ci) Run a series of outdoor activity events to support young people to improve their mental health (Q4)

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Objectives	What are the outcomes we want to work towards? (This may stretch beyond 23-24)	How we will achieve the Objective	2023-24 Outputs
		<p>6c) Target support to improve health and wellbeing outcomes for vulnerable residents</p> <p>6d) Assist in the relocation and support for refugees and asylum seekers in the district</p> <p>6e) Provide support to residents through the cost-of-living crisis</p> <p>6f) Work as part of the South Cambridgeshire Community Safety Partnership to identify and take action to combat local crime and anti-social behaviour issues</p> <p>6g) Build on Domestic Abuse Housing Alliance accreditation to ensure best practice and fully embedded response to domestic abuse</p>	<p>6cii) Provide funding to support activities that benefit the health and wellbeing of our residents, in the form of Service Support Community Chest and Let's Get South Cambridgeshire Active grants (Q4)</p> <p>6di) Coordinate the Homes for Ukraine scheme to ensure support for hosts and guests, and to help guests to transfer from hosted to more independent living where required (Q4)</p> <p>6dii) Support further requests to aid and support refugees, should they be located in the district (Q4)</p> <p>6ei) Review (Q1) and implement the cost-of-living support package for the 2023-24 financial year (Q4)</p> <p>6fi) Plan the delivery of a £100k Shared Prosperity Fund project to prevent ram raids against ATM machines (Q4) (physical measures to be delivered in 2024-25)</p> <p>6gi) All staff complete mandatory domestic abuse training and targeted training updated for roll out to specific roles (Q1)</p> <p>6gii) Role out and promotion of a network of Domestic Abuse Champions across the organisation (Q1)</p>
<p>7) We will deliver a range of community buildings at Northstowe</p>	<p>Community groups and individuals using interim community facilities and permanent facilities once built</p>	<p>7a) Delivery of two Sports Pavilions</p> <p>7b) Delivery of Community Centre (including the delivery of an Interim Community facility)</p> <p>7c) Delivery of Civic Hub (containing health, library and community facilities)</p>	<p>7ai) Phase 1 Sports Pavilion delivery (Q1)</p> <p>7aii) Start land transfer process for Phase 2 Sports Pavilion (Q4)</p> <p>7bi) Delivery of the Interim Community facility (Q1)</p> <p>7bii) Submit Planning application for delivery of Phase 1 Community Centre (Q2)</p> <p>7ci) Full stakeholder consultation prior to submission of planning application for the Civic Hub (Q3)</p>

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Actions completed from 2022-23:

- Complete and analyse a staff satisfaction survey.
- Introduced hybrid working arrangements further increasing our attractiveness as an employer.
- Introduced a modular management skills program for middle managers.
- Completed a survey of all council tenants to better understand their priorities and to be able to compare satisfaction with other organisations.
- Refresh caravan site licencing policy, fees and charges. The new policy will ensure that caravan sites are inspected periodically and that residents have suitable housing provision.

Actions on target to be completed 2022-23:

- Use the Council's Community Led Plan toolkit to support local communities identify, plan and address the issues they identify in their communities.
- Support 150 new clients through the housing department's visiting support service.
- Spend £500,000 in total in the form of disabled facilities grant and repairs grant to allow people to live independently and safely in their homes.
- Prevent homelessness for at least 50% of the people who approach us who are at risk of becoming homeless throughout the year and offer support to those who are homeless.
- Continue the proactive working relationship with the job centre in delivering mentoring circles plus upskilling and cross training initiatives throughout the year.
- 100% compliance with landlord safety checks to council housing including, electrical safety, gas installations and where appropriate fire risk assessments and water safety tests.



Report to:	Council	21 February 2023
Lead Cabinet Member:	Councillor John Williams Lead Cabinet Member for Resources	
Lead Officer:	Peter Maddock, Head of Finance	

Capital Strategy

Executive Summary

1. To undertake the annual review of the Capital Strategy and to consider a refreshed version of the Capital Strategy following consideration of it by Cabinet at its meeting on 6 February 2023.

Key Decision

2. This is not a key decision.

Recommendation

3. **That Council is requested to consider the report and, if satisfied, to approve the updated Capital Strategy attached at Appendix A to the report which sets the policy framework for the development, management and monitoring of capital investment, including Prudential Indicators.**

Reason for Recommendation

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

Details

Background

5. The Capital Strategy outlines the Council's approach to capital investment and seeks to ensure that it maximises the contribution of the Council's limited capital resources to priority areas. It also recognises the need to deliver value for money.
6. The Prudential Code (2017 edition) introduced a new requirement for Local Authorities to have an annually approved Capital Strategy and, as such, it is reviewed on an annual basis to reflect the changing needs, priorities and circumstances of the Council. The review has also sought to ensure that the Capital Strategy reflects the requirements of the Prudential Code.

7. The Prudential Code requirements include:
- greater focus on the Local Authorities' approach to commercial investment activities, including processes ensuring effective due diligence and defining risk appetite including proportionality in respect of overall resources;
 - a requirement that the Capital Strategy is written in plain English and that it is concise enough to be read and understood by elected members that are not financial specialists;
 - a recommendation that the Capital Strategy includes the authorised limit and operational boundary indicators as well as other relevant prudential indicators;
 - a summary of the knowledge and skills available to the Council and confirmation that these are commensurate with the Council's risk appetite.

Capital Strategy

8. The intention of the Prudential Code is to have an overarching document which sets the policy framework for the development, management and monitoring of all capital investment. The Strategy focuses on core principles that underpin the capital programme, the key issues and risks, and the governance framework required to ensure the capital programme is delivered and provides value for money.
9. The Capital Strategy was fully reviewed and refreshed as part of the 2022/2023 budget setting process having regard to established guidance and best practice and an updated version, reproduced at **Appendix A**, was approved by Council for adoption at its meeting on 22 February 2022.
10. In reviewing the Capital Strategy, the following guiding principles continue to be applied as these underpin the strategy and approach:
- (a) The Council complies with the requirements of the Prudential Code when considering its capital investment requirements, linking this with the revenue budget. Compliance with the Prudential Code ensures that proposed investment is prudent, sustainable and affordable.
 - (b) Capital schemes are prioritised and that the forward capital programme only includes schemes that can be funded from approved borrowing levels, revenue contributions, grants and available and projected capital receipts during the life of the programme;
 - (c) Capital investment requirements are considered in the context of a sustainable revenue budget and, as such, the revenue implications of proposed schemes are fully considered, including positive contributions from "invest to save" schemes;
 - (d) Endeavours will be made to support revenue contributions to capital expenditure to ensure that funding is available for essential ongoing investment needs. Asset maintenance (property) and replacement equipment (ICT and vehicles) will be fully funded depreciating assets from revenue, subject to affordability;

- (e) Capital projects will be selected via an agreed capital project approval framework, incorporating a robust capital appraisal and feasibility process, and having full regard to affordability. Effective arrangements will be established for monitoring project deliverability, project outcomes and the achievement of value for money.
11. The annual review has identified some updates to the Capital Strategy as follows:
- The need to reflect the revised Department for Levelling Up, Housing and Communities (DLUHC) guidance in relation to Capital Receipts Flexibilities. DLUHC issued updated Statutory Guidance on the Flexible Use of Capital Receipts in April 2022 that took effect from 1 April 2022. This flexibility allows revenue spending to be treated as capital where such spending generates ongoing savings, i.e. elements of the Council's Transformation Programme. Where a Council opts to use the Capital Receipts flexibility it is required to set out plans that incorporate the type of transformation spending and the anticipated saving arising from this. Whilst the Council has not opted to utilise the Capital Receipts flexibility, the Capital Strategy does need to be updated at Section 7: Asset Management to refer to the Capitalisation Directions and the requirement to establish a Flexible Use of Capital Receipts Policy.
 - The annual review and update of Prudential Indicators that are identified in the adopted Strategy at **Annex A**.
 - Changes to reflect the time period of the updated Strategy and minor designation variations.
12. The Medium-Term Financial Strategy (MTFS) identifies that an annual review of the Capital Programme will be undertaken and that, in doing so, full regard will be given to the Prudential Indicators before any proposals/decisions are made in respect of a revised programme. The range of Prudential Indicators to be adopted are summarised at **Annex A** to the revised Capital Strategy.
13. An updated version of the Capital Strategy is attached at **Appendix A** with the proposed changes to the current version of the Strategy, approved on 22 February 2022, identified in red and crossed through text.

Investment Strategy

14. In addition to the Capital Strategy, the Council is now required to have a separately approved Investment Strategy. Guidance requires the Strategy to be approved by Full Council on an annual basis and, moreover, that any mid-year material changes to the Strategy must also be subject to Full Council approval.
15. The Investment Strategy was reviewed in response to new borrowing rules for commercial investments introduced from 26 November 2020 and an updated version was considered by Cabinet at its meeting on 6 December 2021. The Strategy is due to be further updated shortly.

Treasury Management Strategy

16. The Council also has a separate Treasury Management Strategy covering treasury investments and borrowing and this is subject to review on an annual basis. A separate report is included on the agenda following the annual review.

Options

17. The option of not adopting the revised Capital Strategy is not considered to be appropriate. Local authorities are accountable to their communities for how they spend their money and for ensuring that this spending is prioritised and represents value for money. Local politicians and officers operate within local governance frameworks of checks and balances to ensure that decision-making is lawful, informed by objective advice, transparent and consultative. Good governance means that proper arrangements are in place to ensure that an authority's intended objectives are achieved and establishing a policy framework for the development, management and monitoring of all capital investment and the prioritisation of the Council's capital resources must be a key commitment to ensure that authorities remain financially sustainable and respond efficiently and effectively to service needs.

Implications

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

Financial

19. The Capital Strategy is one of the fundamental resource management strategies of the Council which should be reviewed annually to determine its ongoing appropriateness in relation to the capital control framework. The Capital Strategy provides the framework for:

- considering bids for inclusion in the Capital Programme;
- maximising and allocating the finance available for investment;
- determining the Council's capital investment priorities;
- achieving Value for Money from capital schemes;
- ensuring an ongoing review process;
- enabling the implementation process of approved schemes;
- partnership working;
- cross cutting issues;
- performance measurement;
- Minimum Revenue Provision.

20. The Capital Strategy sets out how the Council determines its capital investment priorities in particular in relation to corporate priorities taking into account the capital resources available including borrowing in line with the Council's approved Prudential Indicators. There are no additional resource requirements as a result of the Capital Strategy, but it does provide the framework for assessing and prioritising the use of the Council's limited capital resources.

Legal

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

Staffing

22. There are no additional staff resource implications as a result of the refreshed Capital Strategy.

Risk/Opportunities

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

Equality & Diversity

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

Climate Change

26. There are no environmental implications arising directly from the report. The environmental impacts of each capital scheme are considered as part of the implementation stage of a specific project.

Consultation Responses

27. Consultations have been undertaken with the Lead Cabinet Member for Resources and the Council's advisers on financial planning.

Alignment with Council Priority Areas

28. Timely and robust consideration and review of the Council's financial practices, policies and core strategies is vital to ensure that effective financial management arrangements are in place.

Background Papers

Where the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 require documents to be open to inspection by members of the public, they must be available for inspection:

- (a) at all reasonable hours at the offices of South Cambridgeshire District Council;
- (b) on the Council's website; and
- (c) in the case of documents to be available for inspection pursuant to regulation 15, on payment of a reasonable fee required by the Council by the person seeking to inspect the documents at the offices of South Cambridgeshire District Council.

The following documents are relevant to this report:

- HM Treasury Document entitled "Public Works Loan Board: future lending terms – Response to the consultation" issued on 25 November 2020.
- Medium Term Financial Strategy – Report to Cabinet: 6 September 2021
- Medium Term Financial Strategy – Report to Council: 23 September 2021
- Investment Strategy – Report to Cabinet: 6 December 2021
- Capital Strategy – Report to Cabinet: 7 February 2022
- Capital Strategy – Report to Council: 22 February 2022
- Capital Strategy – Report to Cabinet: 6 February 2023

Appendices

A Capital Strategy

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**South
Cambridgeshire
District Council**



Capital Strategy

FEBRUARY 2022 2023

Councillor John Williams
Lead Member for Finance **Resources**

Peter Maddock
Head of Finance

1. Introduction

The Capital Strategy forms a part of the Council's overall corporate planning framework. It provides the mechanism by which the Council's capital investment and financing decisions can be aligned with the Council's overarching corporate priorities and objectives over a medium term, five year, planning horizon.

It sets the framework for all aspects of the Council's capital expenditure; including planning, prioritisation, funding, management and monitoring. The strategy has direct links to the Corporate Asset Plan (CAP) and Housing Revenue Account (HRA) Asset Management Plan and forms a key part of the Council's Medium Term Financial Strategy (MTFS).

The Capital Strategy includes sufficient detail to allow Members to understand how stewardship, value for money, prudence, sustainability and affordability will be secured and how this meets legislative requirements on reporting.

2. Strategic Aims

- 2.1 The Council's long term vision is set out in the 2020-2025 Business Plan in which four themes guide the approach, each focussed on enhancing South Cambridgeshire as a place where people, communities, businesses can grow and realise their potential.
- 2.2 The 2020-2025 Business Plan is seen as an overarching document that links individual Service Plans and Council Strategies, including the Capital Strategy. The Capital Strategy supports the achievement of the Council's vision through investment in the assets the Council owns, the delivery of key infrastructure to support growth and improvement in services, and through improvements to the services and systems that the Council utilises. The key aims of the Capital Strategy are to:
 - Provide a clear context within which proposals for new capital expenditure are evaluated to ensure that all capital investment is targeted at meeting the Council's vision, aims, approaches and actions;
 - Deliver projects that focus on delivering revenue benefits in the form of spend to save, spend to earn or generate growth in revenue income;
 - Set out how the council identifies, programmes and prioritises capital requirements and proposals arising from the Business Plan, Service Plans, CAP and other related strategies;
 - Consider options available for funding capital expenditure and how resources may be maximised, to generate investment in the area, to determine an affordable and sustainable funding policy framework whilst minimising the ongoing revenue implications of any such investment;
 - Identify the resources available for capital investment over the MTFS planning period; and
 - Establish effective arrangements for the management of capital expenditure including the assessment of project outcomes, budget profiling, deliverability, and the achievement of value for money.

3. Investment Priorities

- 3.1 Underlying the Capital Strategy is the recognition that the financial resources available to meet corporate priorities are constrained in the current economic and political climate. Central government support for capital investment has reduced significantly over the last few years, along with these reductions is the recognition that the Council must rely on internal resources and find ways in which investment decisions can be either self-sustaining or generate positive returns both in terms of meeting corporate objectives and producing revenue savings.

- 3.2 Against the background of limited central government support the capital programme identifies the total investment needed to support the achievement of Council's aims and objectives such as housing, economic development and climate emergency. The Council's capital investment plans are also important to the ongoing financial resilience of the authority given the key objective of investing in commercial assets to deliver a positive financial return for the benefit of the revenue budget.
- 3.3 Significant investment in council housing over the last few years has succeeded in producing a property portfolio generally at or above the decent homes standard and the delivery of a new build programme. Imposed reductions in property rent of 1% for 4 years from April 2016 and the threat of the need to sell high value voids impacted the Council's ability to continue this level of programme in the longer term, necessitating a strategic review of assets, service delivery and financing. In the short term the new build programme has been maintained by utilising resources previously ear-marked for potential debt redemption, but this does mean that the authority will need to refinance its housing debt when it matures. A commitment to repeal the sale of high value voids legislation and the removal of the HRA borrowing cap mean that a longer-term program of new build can now be developed.
- 3.4 Although the Council has commercial property investments, housing continues to make up the Council's largest asset, so there are limited opportunities to raise capital receipts through disposals, therefore, the limited capital resources available through grant, capital receipts and private sector contributions are prioritised to maximise outputs with minimum ongoing future revenue costs.
- 3.5 Capital investment in the Council's wholly owned subsidiary, Ermine Street Housing, and other loans for commercial & service investment purposes, offer the opportunity to realise interest receipts which will contribute to the Council's revenue funding.
- 3.6 Cambridgeshire is an area of growth with the Greater Cambridge Partnership (formerly City Deal) offering financial support to deliver infrastructure to facilitate the delivery of homes and business space, as set out in the draft local plans for Cambridge City and South Cambridgeshire council areas. This will in turn contribute towards council funding in the longer term in the form of additional council tax and business rates receipts.
- 3.7 A further opportunity is the designation of Enterprise and Development Zones, including sites at Cambourne Business Park, Cambridge Research Park and Northstowe, which have the potential to offer incentives to enable the creation of new businesses and employment.
- 3.8 The major themes of the Capital Programme are, therefore, as follows:
- **Economic Investment:** The Council will continue to seek investments that generate longer term growth. These projects will yield a combination of revenue generation (business rates, rent or interest), jobs and capital infrastructure investment, based on sound business cases. This also includes investment to support the Business Plan priority "Green to the Core" with consequent carbon reduction and revenue payback benefits.
 - **Existing Housing:** Significant investment has been made in recent years to raise the standard of council dwellings to meet the government's decent homes standard. In addition to the decent homes investment, the authority has previously invested in energy conservation projects such as external wall insulation, solar energy initiatives and renewable heating sources.

- **New Housing Supply and Housing Partnerships:** The Council are managing a new build programme in-house, which is anticipated to deliver an average of just over 50 new homes per annum to meet local housing need. Opportunities to work with the Combined Authority to deliver new affordable homes in the district are also being fully explored.
- **Commercial Housing Enterprise Initiatives:** The Council has established a Housing Company (South Cambs Limited trading as Ermine Street Housing) to enable the supply of private rented housing stock.
- **Strengthen the Council's Asset Base:** An approved Investment Strategy aims to provide a robust and viable framework for the acquisition of commercial property investments in the pursuance of redevelopment and regeneration opportunities that contribute to Business Plan objectives and can deliver positive financial returns to the Council.
- **Maintaining Corporate Property Assets:** Significant investment is committed in the capital programme towards maintaining the Council's assets, including environmental improvements. To manage its maintenance liability, the Council is rationalising its office accommodation through sub-let of office space, providing a contribution to ongoing revenue savings. A process of on-going reviews will identify potential alternative use of office buildings and car park for capital investment to generate long term revenue savings.
- **Efficiency through Technology:** The Council is investing in technology to deliver a digital solution to the transformation of service delivery and in so will increase the accessibility of Council services and reduce operating costs. The Council's ICT service is shared with Cambridge City and Huntingdonshire District Councils, and appropriate investment into ICT hardware and software will continue to be undertaken on a case by case basis, the primary focus being improved technologies on a spend to save basis.
- **Refuse and Recycling Collection:** A shared trade and domestic waste collection service with Cambridge City Council, supported by capital investment, will achieve long term revenue savings through service rationalisation and vehicle efficiencies.
- **Community Projects:** Capital grants to other organisations will be considered where the council incurs no staff or other recurring costs; these organisations are, however, expected to raise additional capital resources from the National Lottery, Sports Council, etc. The Council has a funding toolkit on its website to assist organisations seeking funding.

4. Governance Arrangements

- 4.1 The Council has various mechanisms in place which seek to ensure that there is an integrated approach to addressing cross-cutting issues and developing and improving service delivery through its capital investment in pursuance of the Council's over-arching aims.
- 4.2 An integrated service and financial planning process is followed. Within this framework all proposals for capital investment are required to demonstrate how they contribute to the Council's aims and objectives. The evaluation process for investment proposals aligns corporate objectives with costs and benefits ensuring delivery of efficiency and value for money. Investment appraisal forms and the criteria for prioritising capital bids are available to managers on the Council intranet.

4.3 Specific governance processes include:

- Democratic decision making and scrutiny processes which provide overall political direction and ensure accountability for the investment in the capital programme. These processes include:
 - The Council which is ultimately responsible for approving investment and the capital programme;
 - The Cabinet which is responsible for setting the corporate framework and political priorities to be reflected in the capital programme, with Cabinet receiving regular monitoring reports;
 - The Scrutiny and Overview Committee which is responsible for scrutiny of the Capital Strategy and capital programme;
 - The need for compliance with Standing Orders and Financial Regulations.
- Officer groups which bring together a range of service interests and professional expertise. These include:
 - The Leadership Team which has overall responsibility for the strategic development, management and monitoring of the capital programme;
 - Corporate Management Team, providing service manager review and monitoring of key areas;
 - Specific project boards with wide ranging membership, for example the Greater Cambridge Partnership Board;
 - Management teams which overview reports for investments prior to Leadership Team and Cabinet approval;
 - Project Teams created to oversee significant capital projects as required.

4.4 Council assets are kept under review, valuations of land and property being undertaken by a professionally qualified valuer every five years, with an annual review at year end to ensure material changes in asset value are accounted for. The CAP and HRA Asset Management Plan will ensure that a comprehensive forward plan of maintenance and improvement work is identified to support funding allocations in the Council's forward capital programme.

5. Capital Programme Monitoring

5.1 Effective arrangements for the management of capital expenditure are essential, including the assessment of project outcomes, budget profiling, deliverability and the achievement of value for money. In terms of project outcomes and deliverability, the Cabinet will, therefore, receive an annual report covering:

- the details of schemes commenced on time;
- the details of schemes completed on time;
- how many schemes were completed within budget;
- the extent to which predetermined investment objectives were met.

5.2 A post implementation review of key capital projects should be undertaken by the relevant Lead Officer and reported to Cabinet as part of the annual report.

5.3 Established monitoring processes should ensure that project risks, such as project slippage, lack of engagement from project managers, skills shortage, poor IT systems, are identified, evaluated and managed. Risks should be clearly identified in the Council's risk register and the impact of any such risks on key investment priorities should be reported to Cabinet as part of regular monitoring reports.

6. Capital Expenditure and Financing

- 6.1 Capital expenditure is where the Council spends money on assets, such as property or vehicles that will be used for more than one year. For local government this includes spending on assets owned by other bodies, i.e. loans and grants enabling them to acquire assets. The Council has limited discretion on what counts as capital expenditure; capital spending below £10,000 (the deemed de-minimus value) is not capitalised and, as such, is charged to revenue.
- 6.2 Details of gross capital expenditure approved in the current Capital Programme are set out in Annex A **Prudential Indicator 1: Estimates of Capital Expenditure**.
- 6.3 Under certain circumstances the Council acts as an intermediary for central government in relation to transferring specific capital grants to third parties. The Council is committed to actively working with partners in the public, private and voluntary sectors to maximise capital investment in order to promote the social, economic and environmental wellbeing of the District and its residents.
- 6.4 Capital expenditure must be financed, either from external sources (government grants/external contributions), the Council's own resources (revenue, reserves, and capital receipts) or debt (borrowing and leasing). The main sources of capital funding are summarised below:
- **Central Government:**
 - Grants are allocated in relation to specific programmes or projects and the Council would seek to maximise such allocations, developing appropriate projects which reflect government and partnership led initiatives and agendas while addressing the needs of the District. In general terms, the major source of capital funding available to the Council has been grant approvals allocated by Central Government to specific or non-specific projects. This is, however, a diminishing resource and, where a priority is identified, alternative funds need to be sourced.
 - A significant amount of current funding is in the form of the New Homes Bonus (NHB) part of which is allocated to fund future capital infrastructure through the Greater Cambridge Partnership.
 - **Third Party Funding:**
 - Capital grants represent project specific funding for capital projects, in addition to those from central government, more usually received from quasigovernment sources or other national organisations. In developing capital proposals, the Council will seek to maximise such external contributions, subject to any related grant conditions being consistent with the Council's policy, aims and outcomes.
 - **Private Contributions:**
 - The Council will seek to maximise developer contributions (e.g. for the provision of affordable housing or sustainable community needs) through the Section 106 process and will also review the potential of the new Community Infrastructure Levy (CIL) to support on-going investment.

- The Council will continue to work with the private sector to utilise or re-purpose redundant assets to facilitate regeneration and employment creation.
- **Borrowing:**
 - The Council has discretion to undertake prudential 'unsupported' borrowing under the Prudential Code. This discretion is subject to compliance with the Code's regulatory framework which requires any such borrowing to be prudent, affordable and sustainable.
 - Given the pressure on the Council's revenue budget in future years, prudent use will be made of this discretion in cases where there is a clear financial benefit such as invest to save, spend to earn or regeneration schemes which do not increase expenditure in the longer term.
- **Capital Receipts:**
 - Unallocated capital receipts received prior to April 2012 are available for general use and, as such, will be used for General Fund and/or HRA capital expenditure. Capital receipts received after April 2012 primarily relate to HRA property and land sales, the use of which is subject to detailed national regulations and associated guidance. The Capital Programme will detail anticipated capital receipts and the proposed use of these within the constraints imposed.
 - Most disposals relate to dwellings sold under the government right to buy scheme; the scheme allows the retention of some of the receipts subject to certain conditions i.e. used to fund the delivery of new social housing to a maximum of 30% of any dwelling funded through this method, with the balance being funded from the Council's own resources or by borrowing.
 - Capital receipts from asset disposal are a finite funding source and it is important that a planned and structured manner of disposals is created to support the priorities of the Council. Cash receipts from the disposal of surplus assets are to be used to fund new capital investment as and when received, with restrictions on the use of HRA receipts for any other purpose.
- **Lease Finance:**
 - Where alternative funding is not available for vehicles or minor equipment, and the revenue budget does not allow for a full capital repayment, and there is a robust business case then the option of leasing may be considered.
- **Revenue Contributions:**
 - Capital expenditure may be funded directly from revenue as specific budget provision, however, the pressures on the Council's revenue budget and Council Tax levels limits the extent to which this may be exercised as a source of capital funding for the General Fund. Revenue is used extensively to support the HRA programme, whilst maintaining the minimum level of reserves.

- 6.5 External contributions include Section 106 developer contributions and CIL. Local Authorities in receipt of CIL or S106 contributions must now produce an Infrastructure Funding Statement (IFS) as a result of recent changes to legislation - the Community Infrastructure Levy (Amendment) (England) (No.2) Regulations 2019. It sets out income receivable and how the money is being spent or plans to be spent. A link to the Council's IFS is included in the Strategy.
- 6.6 Council resources will be allocated to programmes based on asset values to manage long term yield and revenue implications. Where possible, capital receipts will be focussed on assets with short term life span, e.g. vehicles and equipment, and the unsupported borrowing on long term assets e.g. land and buildings.
- 6.7 Debt is only a temporary source of finance, since loans and leases must be repaid, and this is, therefore, replaced over time by other financing, usually from revenue which is known as Minimum Revenue Provision (MRP). The Council sets aside the MRP for debt repayment in accordance with its MRP policy as set out in the Treasury Management Strategy.
- 6.8 The Council's cumulative outstanding amount of debt finance is measured by the Capital Financing Requirement (CFR). This increases with new debt financed capital expenditure and reduces with MRP and capital receipts used to replace debt. The planned Capital Financing Requirement is set out in Annex A **Prudential Indicator 2: Estimates of Capital Financing Requirement.**

7 Asset Management

- 7.1 To ensure that General Fund capital assets continue to be of long term use, the Council has a **Corporate Asset Plan (CAP)**. The CAP priorities are to:
1. Manage assets strategically as a corporate resource and continue to embed the Corporate Landlord model;
 2. Support and empower local people by providing the right property, in the right place, at the right time;
 3. Provide value for money and secure efficiencies for the future;
 4. Support economic growth and regeneration by supporting and responding to local business needs;
 5. Work effectively with partners to maximise sharing and delivery opportunities;
 6. Reduce the environmental impact of the estate through initiatives such as energy reduction/efficiencies.
- 7.2 Asset condition assessments will be regularly undertaken to inform the identification of capital replacements within the CAP.
- 7.3 A separate HRA Asset Management Plan also exists to ensure the effective management of the Council's HRA assets.
- 7.4 **Asset disposals: Where a capital asset is no longer needed by the Council, it may be sold so that the proceeds, known as capital receipts, can be used to fund investment on new assets or to repay outstanding debt. The Council has also been permitted to spend capital receipts on service transformation projects based on the Direction issued by the Secretary of State under Sections 16(2)(b) and 20 of the Local Government Act 2003: Treatment of costs as Capital Expenditure. Further statutory guidance, effective from 1 April 2022, requires the Council to establish a Flexible Use of Capital Receipts Policy.**

- 7.5 The Council's Flexible Use of Capital Receipts Policy is, therefore, as follows: The Council may treat as capital expenditure, expenditure which although in normal circumstances is a revenue cost is deemed to be Capital Expenditure consistent with Capitalisation Directions issued by DLUHC for the period 2022/2023 to 2024/2025. The Capitalisation Direction sets out the categories of revenue that can be deemed capital and the reporting requirements applicable. All revenue expenditure that is capitalised should give rise to ongoing revenue savings, i.e. transformational in nature. The type of revenue spend, limits on spending and the savings arising from this are required to be set out in a schedule and approved by Full Council (as part of the Capital Strategy). The spending limits cannot be exceeded without further approval by Full Council. Whilst this option is available for use, there is no expectation that the Council will make use of the Capital Receipts flexibility.

8 Treasury Management

- 8.1 Treasury management is concerned with keeping sufficient but not excessive cash available to meet the Council's spending needs. Surplus cash is invested until required, while a shortage of cash will be met by borrowing, to avoid excessive credit balances or overdrafts. The Council typically has cash available in the short-term as revenue income is received before it is spent, but in the long-term capital expenditure is incurred before being financed. The short term revenue cash balances are offset against capital expenditure to reduce overall borrowing.
- 8.2 The Council's main objective when borrowing from external sources is to achieve a low but certain cost of finance while retaining flexibility should plans change in future. These objectives are often conflicting and the Council, therefore, seeks to strike a balance between less costly short term loans and long term fixed rate loans where the future cost is known but is higher.
- 8.3 Projected levels of the Council's total outstanding debt (which comprises borrowing and lease liabilities) compared with the Capital Financing Requirement are shown in Annex A **Prudential Indicator 3: Gross Debt and the Capital Financing Requirement**. Debt remains below the Capital Financing Requirement as required by statutory guidance.
- 8.4 The Council is legally obliged to set an affordable borrowing limit (also termed the authorised limit for external debt) each year. In line with statutory guidance, a lower "operational boundary" is also set as a warning level should debt approach the limit. The Limits are set out in Annex A **Prudential Indicator 4: Authorised Limit and the Operational Boundary for External Debt**.
- 8.5 Treasury investments arise from receiving cash before it is paid out again. Investments made for service reasons or for pure financial gain (i.e. commercial venture with a long term revenue stream anticipated) are not considered to be part of treasury management. The Council's policy on treasury investment is to prioritise security and liquidity over yield; that is to focus on minimising risk rather than maximising returns. Cash that is likely to be spent in the near term is invested securely, for example with the government, other local authorities or selected high-quality banks, to minimise the risk of loss. Money that will be held for longer terms is invested more widely, including in bonds, shares and property, to balance the risk of loss against the risk of receiving returns below inflation.
- 8.6 Decision on treasury management investment and borrowing are made daily and are, therefore, delegated to the Head of Finance, being the Council's Chief Finance Officer and appropriately qualified staff, who must act in line with the Treasury Management Strategy that is approved annually by Council.

- 8.7 Due regard will be given to the prevailing rules in relation to local authority borrowing from the PWLB and, in particular, the impact of borrowing for the acquisition of commercial assets on the Council's wider borrowing requirements. Due regard will be given to the guidance published by HM Treasury on 25 November 2020 entitled, "Public Works Loan Board: future lending terms – Response to the consultation". The new borrowing rules restrict the ability of local authorities to borrow from PWLB for pure investment in commercial property.
- 8.8 As a condition of accessing the PWLB, Local Authorities must submit a high-level description of their capital spending and financing plans for the following three years, including their expected use of the PWLB. As part of this, the Head of Finance will need to confirm that there is no intention to buy investment assets primarily for yield at any point in the next three years. This assessment is based on their professional interpretation of guidance issued. When applying for a new loan, the Local Authority must confirm that the plans they have submitted remain current and provide assurance that they do not intend to buy investment assets primarily for yield.
- 8.9 If the Council intends to buy commercial assets primarily for yield (even by using reserves) then they will be prevented from taking any PWLB borrowing and will need to consider alternative sources of funding. It is not, therefore, permitted to reprofile the capital programme so that borrowing is only used on allowed projects, with internal borrowing used for commercial activities.

9 Investment Strategy

- 9.1 In addition to the Capital Strategy, the Council is now required to have a separately approved Investment Strategy.
- 9.2 With central government financial support for local public services declining, Council investment in commercial property, although not purely for financial gain does nevertheless generate a financial return. In addition, the Council may lend to its wholly owned company Ermine Street Housing for financial gain.
- 9.3 A key objective of the Investment Strategy was to invest in commercial assets to achieve a positive financial return, however, following the PWLB consultation response of November 2020 there is now a presumption against investments made purely for yield. The capital programme currently assumes spend of £~~173~~ 106 million between ~~2021/2022~~ 2022/2023 and ~~2026/2027~~ 2027/2028. This will be reviewed annually in light of progress against the Strategy and availability of potential investments that meet the new criteria. This Investment Strategy still continues to be important to the Council's capital investment plans and to the ongoing financial resilience of the authority.
- 9.4 With financial return of the existing investments being a key objective (i.e. not a subsidised provision), the Council acknowledges higher risk on commercial property investment than with treasury investments. The principal risk exposures include vacancy rates due to market conditions and external economic influences; potential reduction in both rental and capital values due to market changes; obsolescence due to changing demand and technological changes; and the impact of Minimum Energy Efficiency Regulations 2015. These risks are managed in accordance with the Council's approved CAP through proactive estates management practices and regular reviews of the performance of and continued requirement for each asset.

10 Revenue Budget Implications

- 10.1 Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and MRP are charged to revenue, offset by any investment income receivable. The net annual charge is known as financing costs; this is compared to the net revenue stream i.e. the amount funded from Council Tax, Business Rates and general Government Grants. Forecasts are set out in Annex A **Prudential Indicator 5: Proportion of Financing Costs to Net Revenue Stream.**
- 10.2 Due to the very long term nature of capital expenditure and financing, the revenue budget implications of capital expenditure incurred in the next few years could potentially extend for up to 50 years into the future. The Capital Programme is formulated within the financial constraints of the Council's Prudential Indicators set out in Annex A to this Strategy.
- 10.3 In assessing affordability, the Council takes a whole life costing approach to capital investment decisions whereby the Council not only has to consider the availability of internal and external resources but also has to quantify the impact of such investment decision on future revenue budgets and tax-payers.
- 10.4 The Council is committed to achieving value for money when making investment decisions and compliance with the regulations relating to the Prudential Framework for Capital Finance and reporting requirements set out in the Code of Practice on Local Authority Accounting. The Head of Finance as the Council's Chief Finance Officer is required, under Section 25 of the Local Government Act 2003, to report on the robustness of estimates (in relation to the proposed budget) and the adequacy of financial reserves. This Section 25 Report takes into account the Council's capital investment plans and, as such, incorporates the Prudential Code requirements of the proposed capital programme being prudent, affordable and sustainable.

11 Knowledge and Skills

- 11.1 The Council employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. The Chief Executive is a qualified accountant with 45 16 years' experience. The Head of Finance is a qualified accountant and has 28 29 years' experience. A designated Accountancy Assistant with relevant experience completes the structure which will ensure the Council meets the requirements of MiFiD II Professional Investor. The Council supports junior staff to study towards relevant professional qualifications including CIPFA and RICS.
- 11.2 Where Council staff do not have the knowledge and skills required, use is made of external advisors and consultants that are specialists in their field. The Council currently contracts Link Asset Services as its Treasury Management Advisor and, where property consultants are required, they will be RICS qualified. The use of consultants is regarded as more cost effective than employing such staff directly, and the approach adopted ensures that the Council has access to knowledge and skills commensurate with its risk appetite.
- 11.3 Councillors undertake training on the Capital Strategy and supporting Investment Strategy and Treasury Management Strategy, and regular reports on treasury

management performance are submitted to the established Audit & Corporate Governance Committee.

12 Reference Documents and Relevant Documents

12.1 The key reference documents include:

- CIPFA Prudential Code for Capital Finance in Local Authorities 2017 Edition
- CIPFA Prudential Code for Capital Finance in Local Authorities Guidance Notes for Practitioners 2018 Edition
- CIPFA Treasury Management in the Public Services Code of Practice and Cross-Sectoral Guidance Notes 2017 Edition
- CIPFA Guidance on Prudential Property Investment
- CIPFA Code of Practice on Local Authority Accounting in the UK 2019/2020
- Statutory Guidance on Local Government Investment (3rd Edition) 2018
- Statutory Guidance on the Minimum Revenue Provision 2018

12.2 Reference is made to a number of relevant documents that provides more details of the projects, risks, funding and timescales. The links are as follows:

- Business Plan:
<https://www.scams.gov.uk/your-council-and-democracy/performance-and-plans/council-plans-and-reports/our-business-plan/>
- Revenue and Capital Estimates: [2023/2024 budget to be considered at the meeting]
- Corporate Asset Plan:
<https://www.scams.gov.uk/your-council-and-democracy/performance-and-plans/council-plans-and-reports/corporate-asset-plan/>
- HRA Asset Management Plan:
- Medium Term Financial Strategy:
<https://www.scams.gov.uk/your-council-and-democracy/performance-and-plans/council-plans-and-reports/medium-term-financial-strategy/>
- Investment Strategy:
<https://www.scams.gov.uk/your-council-and-democracy/performance-and-plans/our-investment-strategy/>
- Treasury Management Strategy: [Draft document to be considered at the meeting]
- Infrastructure Funding Statement
[Infrastructure Funding Statement - South Cambs District Council \(scams.gov.uk\)](https://www.scams.gov.uk/your-council-and-democracy/performance-and-plans/council-plans-and-reports/infrastructure-funding-statement/)
- Standing Orders:
<https://scams.moderngov.co.uk/documents/s106702/01%20-%20Standing%20Orders>

- Financial Regulations:

<https://scams.moderngov.co.uk/documents/s106707/06%20-%20Financial%20Regulations>

Recommended Prudential Indicators

The Prudential Indicators and Limits are based on currently known information and, in particular, the approved capital programme. Consequently, the indicators and limits set out below are subject to change (e.g. if any amendments are made to the capital programme).

These indicators and limits are to ensure the Council manages its finances in a clear and transparent manner, and that the impact of capital expenditure decisions on current and future budgets is understood.

1. Estimates of Capital Expenditure (National Indicator)

This indicator provides the level of gross capital expenditure that is estimated to be incurred. The estimated expenditure includes schemes where funding has already been approved.

	2021/2022 Actual £000	2022/2023 Forecast £000	2023/2024 Forecast £000	2024/2025 Forecast £000	2025/2026 Forecast £000
Capital Expenditure	49,905	42,444	60,371	62,932	56,031

2. Estimates of Capital Financing Requirement (National Indicator)

This indicator provides a limit for which net external borrowing will not be exceeded, except on a short-term basis. The Council has met this requirement in previous years and there are no difficulties envisaged in the current or future years based on current plans and policies known at this time.

	2021/2022 Actual £000	2022/2023 Forecast £000	2023/2024 Forecast £000	2024/2025 Forecast £000	2025/2026 Forecast £000
Capital Financing Requirement	358,666	363,076	365,976	374,671	383,401

3. Gross Debt and the Capital Financing Requirement (National Indicator)

Statutory guidance is that debt should remain below the capital financing requirement, except in the short term. As can be seen from the indicator, the Council expects to comply with this in the medium term.

	2021/2022 Actual £000	2022/2023 Forecast £000	2023/2024 Forecast £000	2024/2025 Forecast £000	2025/2026 Forecast £000
Debt (including Leases)	255,123	245,123	295,123	305,123	315,123
Capital Financing Requirement	358,666	363,076	365,976	374,671	383,401
Difference	103,543	117,953	70,853	69,548	68,278

4. Authorised Limit and the Operational Boundary for External Debt (National Indicator)

This Authorised Limit determines the maximum total amount the Council will be able to borrow. The limit for Other Long-Term Liabilities has been included to allow the Council to enter into Finance Leases; the limit needs to accommodate the new leasing Accounting Standard IFRS 16 (adopted by CIPFA in the Code of Practice on Local Authority Accounting from 1 April 2020) which requires all leases and rental agreements to be held on the Council's Balance Sheet as an asset and lease liability. The Operational Boundary indicator represents the prudent level of borrowing and will be reviewed annually. The figures from 2022/2023 onwards have been reduced due to the reduction in the capital programme relating to the investment strategy allocations.

	2021/2022 Limit £000	2022/2023 Limit £000	2023/2024 Limit £000	2024/2025 Limit £000
Authorised limit – borrowing	433,693	437,673	447,673	457,673
Authorised limit – other long term liabilities	-	-	-	-
Authorised limit – total external debt	433,693	437,673	447,673	457,673
Operational boundary – borrowing	428,693	432,673	442,673	452,673
Operational boundary – other long term liabilities	-	-	-	-
Operational boundary – total external debt	428,693	432,673	442,673	452,673

5. Proportion of Financing Costs to net revenue stream (National Indicator)

This indicator provides the ratio of financing costs to the Council's estimated net revenue expenditure budget (i.e. the expenditure financed by the revenue support grant, business rate redistribution, council tax and collection fund surplus share).

	2021/2022 Actual £000	2022/2023 Forecast £000	2023/2024 Forecast £000	2024/2025 Forecast £000	2025/2026 Forecast £000
Financing Costs	186	591	2,002	2,600	2,650
% of Net Revenue Stream	0.1	0.2	0.7	0.9	13.9

The national indicators for capital expenditure, capital financing requirement and debt expenditure as a percentage of net revenue stream show significant increases which need to be set against the context of significant income contributions to the revenue budget from commercial property investment. This is identified in the "Net Commercial Income to Net Service Expenditure" ratio at paragraph 8.4.2 of the separate Investment Strategy.

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Report to:	Council	21 February 2023
Lead Cabinet Member:	Councillor John Williams Lead Cabinet Member for Resources	
Lead Officer:	Peter Maddock, Head of Finance	

Treasury Management Strategy

Executive Summary

1. To undertake the annual review of the Treasury Management Strategy and to consider a refreshed version of the Strategy following consideration of it by Cabinet at its meeting on 6 February 2023.

Key Decision

2. This is not a key decision.

Recommendation

3. **That Council is requested to consider the report and, if satisfied, to approve the updated Treasury Management Strategy attached at Appendix A to the report which sets the policy framework for the Council's treasury management activity, including (i) the Treasury Management Policy Statement, (ii) Minimum Revenue Provision Policy and (ii) Treasury Indicators.**

Reason for Recommendation

4. To establish and approve an updated Treasury Management Strategy that complies with the Chartered Institute of Public Finance & Accountancy (CIPFA) revised Prudential Code for Capital Finance in Local Authorities.

Details

Treasury Management Strategy

5. Treasury management at the Council is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice 2017 Edition (the CIPFA Code) which requires the Authority to approve a treasury management strategy before the start of each financial year. This report fulfils the Authority's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code.
6. In addition to the annual report to Council on the treasury management strategy in advance of the financial year, a quarterly review of treasury management performance and an annual review after the close of the financial year are submitted to the Audit and Corporate Governance Committee for consideration.

7. By adopting the key recommendations of the CIPFA Code, the Council maintains as the cornerstones for effective treasury management:
- A treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities.
 - A treasury management strategy, with supporting suitable treasury management practices, setting out the manner in which the Council will seek to achieve the policies and objectives in the treasury management policy statement, and prescribing how it will manage and control those activities.
8. The Treasury Management Strategy was fully reviewed and refreshed as part of the 2022/2023 budget setting process having regard to established guidance and best practice and, as such, only minor updates are required. An updated version is attached at **Appendix A** with the proposed changes to the version approved by Council on 22 February 2022 identified in red and crossed through text.

Treasury Management Policy Statement

9. The adopted Treasury Management Strategy incorporates a Treasury Management Policy Statement. This is reproduced below and it is considered that it will remain appropriate and applicable during 2023/2024:

This statement relates to the management of the Council's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities and the pursuit of optimum performance consistent with those risks.

The Council has arrangements in place to meet the statutory requirements relating to the Prudential Code for Capital Finance in Local Authorities.

The Council requires that the successful identification, monitoring and control of risk will be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation.

The Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is, therefore, committed to the principles of achieving best value in treasury management and to employing suitable performance measurement techniques within the context of effective risk management.

The Council's borrowing will be affordable, sustainable and prudent and consideration will be given to the management of interest rate risk and refinancing risk. The source from which borrowing is taken and the type of borrowing should allow the Council transparency and control over its debt.

The Council's primary objective in relation to its investments is to ensure that long term capital is not put at risk but that within acceptable risk parameters the portfolio is managed to ensure that interest is maximised. Liquidity is managed through the use of money market funds with additional access to the liquid PWLB and Local Authority borrowing market.

The Council will have regard to Environmental, Social & Governance (ESG) considerations when monitoring performance and making investment decisions. As part of this the Council, as a responsible investor, will work with all Counterparties and Treasury Advisors to promote active ESG policies.

Treasury Management Arrangements

10. The Head of Finance, as the Council's designated Section 151 Officer, is responsible for implementing and monitoring the Treasury Management Strategy and for establishing effective treasury management practices. The Council has access to specialist advice where appropriate and, in this regard, Link Asset Services have been appointed to provide treasury management advice on developments and best practice in this area and to provide information on the creditworthiness of potential counterparties, deposit and borrowing interest rates and the economy generally.

Options

11. The option of not adopting the revised Treasury Management Strategy is not considered to be appropriate. The CIPFA Code of Practice (2017) requires the Council to approve the Strategy before the start of each financial year. Local politicians and officers operate within local governance frameworks of checks and balances to ensure that decision-making is lawful, informed by objective advice, transparent and consultative.
12. Good governance means that proper arrangements are in place to ensure that an authority's intended treasury management objectives are achieved and establishing a policy framework for the development, management and monitoring of all treasury management activity.

Implications

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

Financial

14. The Treasury Management Strategy and associated Treasury Management Practices set out the parameters by which the Council's treasury management function is operated on a day-to-day basis.
15. There are no additional resource requirements as a result of the refreshed Treasury Management Strategy. The prudential and treasury indicators have been amended to take account of known financial activities.

Legal

16. The statutory framework for the prudential system under which local government operates is set out in the Local Government Act 2003 and Capital Financing and Accounting Statutory Instruments. The framework incorporates four statutory codes:
 - The Prudential Code prepared by the Chartered Institute of Public Finance & Accountancy (CIPFA).
 - The Treasury Management Code prepared by CIPFA.
 - The Statutory Guidance on Local Authority Investments prepared by the Department for Levelling Up, Housing and Communities (DLUHC), formerly the Ministry for Housing, Communities and Local Government (MHCLG).
 - The Statutory Guidance on Minimum Revenue Provision prepared by DLUHC.

17. CIPFA have published a revised Prudential Code (2017 edition) with accompanying Guidance Notes for Practitioners (2018 edition) and the Treasury Management Code (2017 edition).
18. The DLUHC have also published a revised Investment Guidance and Minimum Revenue Provision Guidance (both commenced on 1st April 2018). The most notable change is the requirement to expand the Investment Strategy to non-financial assets such as investments in property.

Staffing

19. There are no additional staff resource implications as a result of the refreshed Treasury Management Strategy.

Risk/Opportunities

20. Compliance with the Treasury Management Strategy and associated Treasury Management Practices seeks to mitigate the risks inherent with the treasury management function. The consideration of Security, Liquidity and Yield, in that order, is critical when assessing potential treasury investments.

Equality and Diversity

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

Climate Change

23. There are no environmental implications arising directly from the report. The environmental impacts of each capital scheme are considered as part of the implementation stage of a specific project.

Consultation Responses

24. Consultations have been undertaken with the Lead Cabinet Member for Resources and the Council's advisers on financial planning.

Alignment with Council Priority Areas

25. Timely and robust consideration and review of the Council's financial practices, policies and core strategies is vital to ensure that effective financial management arrangements are in place.

Background Papers

Where the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 require documents to be open to inspection by members of the public, they must be available for inspection:

- (a) at all reasonable hours at the offices of South Cambridgeshire District Council;
- (b) on the Council's website; and
- (c) in the case of documents to be available for inspection pursuant to regulation 15, on payment of a reasonable fee required by the Council by the person seeking to inspect the documents at the offices of South Cambridgeshire District Council.

The following documents are relevant to this report:

- HM Treasury Document entitled "Public Works Loan Board: future lending terms – Response to the consultation" issued on 25 November 2020.
- Medium Term Financial Strategy – Report to Cabinet: 12 December 2022
- Medium Term Financial Strategy – Report to Scrutiny: 15 December 2022
- Investment Strategy– Report to Cabinet: 6 December 2021
- General Fund Budget Report – Report to Cabinet: 2 February 2022
- General Fund Budget – Report to Council: 22 February 2022
- Treasury Management Annual Report 2021/2022 – Report to Audit and Corporate Governance Committee: 29 September 2022
- Mid-Year 2022/2023 Treasury Management Report – Report to Audit and Corporate Governance Committee: 1 December 2022
- Treasury Management Strategy – Report to Cabinet: 6 February 2023

Appendices

A Treasury Management Strategy

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**South
Cambridgeshire
District Council**



TREASURY MANAGEMENT STRATEGY

FEBRUARY 2022 2023

Councillor John Williams
Lead Member for **Resources** Finance

Peter Maddock
Head of Finance

1. INTRODUCTION

- 1.1 The Council has adopted the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice 2017 Edition (the CIPFA Code) which requires the Authority to approve a Treasury Management Strategy before the start of each financial year.
- 1.2 This Strategy fulfils the Authority's legal obligation under the Local Government Act 2003 to have regard to the CIPFA code and the **Department for Levelling Up, Housing and Communities (DLUHC) Guidance, formerly the** Ministry of Housing, Communities and Local Government (MHCLG) **Guidance**.
- 1.3 The Treasury Management Strategy sets the framework for the Council's treasury management activity and includes:
- Treasury Management Policy Statement;
 - Minimum Revenue Provision Policy Statement;
 - Treasury Management Indicators for ~~2022/2023~~ **2023/2024**.
- 1.4 The Council has borrowed and invested substantial sums of money and, therefore, has potential exposures to financial risks, including the loss of invested funds and the effect of changing interest rates. The successful identification, monitoring and control of risk is, therefore, central to the Council's Treasury Management Strategy.
- 1.5 The Strategy requires the Council to receive and approve, as a minimum, the following treasury management reports each year, namely:
- The annual review of the Treasury Management Strategy incorporating prudential and treasury indicators;
 - A mid-year treasury management report to update members on the progress of the capital position, the performance against approved prudential indicators as necessary and to advise if any policies require revision;
 - An annual report of the treasury management activities, including the outturn position that compares actual performance to the estimates in the Strategy.
- 1.6 Investments held for service purposes or for commercial reasons are considered in a different report called the Investment Strategy which was considered by Cabinet on 6 December 2021 ~~for onward approval by Council on 22 February 2022~~.

2. POLICY OBJECTIVES

- 2.1 To set a balanced General Fund Revenue Budget in accordance with Section 33 of the Local Government Act 1992.
- 2.2 Having regard to affordability considerations manage the Council's long-term debt. Variable rate and fixed rate borrowing and debt rescheduling will be considered as appropriate and as variations in interest rates occur.
- 2.3 To invest Council capital and revenue balances until they are used/spent in order that the Council gains investment income to help finance its annual revenue expenditure.

- 2.4 To keep within the Council's approved Treasury Management Policy and Practices.
- 2.5 The Council's primary objective in relation to its investments is to ensure that long term capital is not put at risk but that within acceptable risk parameters the portfolio is managed to ensure that interest is maximised. Liquidity is managed through the use of money market funds with additional access to the liquid PWLB and Local Authority borrowing market.

3. TREASURY MANAGEMENT POLICY STATEMENT

- 3.1 The Council's Treasury Management Policy Statement is as follows:

This statement relates to the management of the Council's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities and the pursuit of optimum performance consistent with those risks.

The Council has arrangements in place to meet the statutory requirements relating to the Prudential Code for Capital Finance in Local Authorities.

The Council requires that the successful identification, monitoring and control of risk will be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation.

The Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is, therefore, committed to the principles of achieving best value in treasury management and to employing suitable performance measurement techniques within the context of effective risk management.

The Council's borrowing will be affordable, sustainable and prudent and consideration will be given to the management of interest rate risk and refinancing risk. The source from which borrowing is taken and the type of borrowing should allow the Council transparency and control over its debt.

The Council's primary objective in relation to its investments is to ensure that long term capital is not put at risk but that within acceptable risk parameters the portfolio is managed to ensure that interest is maximised. Liquidity is managed through the use of money market funds with additional access to the liquid PWLB and Local Authority borrowing market.

The Council will have regard to Environmental, Social & Governance (ESG) considerations when monitoring performance and making investment decisions. As part of this the Council, as a responsible investor, will work with all Counterparties and Treasury Advisors to promote active ESG policies.

4. GOVERNANCE ARRANGEMENTS

- 4.1 The Audit and Corporate Governance Committee is responsible for monitoring treasury management activity and the Committee receives reports from the Section 151 Officer on treasury management policies and performance. The scrutiny and approval of the mid-term and annual treasury management reports is delegated to the Audit and Corporate Governance Committee.

- 4.2 Treasury management reports are required to be adequately scrutinised before being recommended to Council. The Treasury Management Strategy is scrutinised by the Overview and Scrutiny Committee alongside the Council's budget papers each financial year.
- 4.3 Members of these Committees are responsible for ensuring that they have the necessary skills and training to properly discharge their responsibilities in relation to the Council's treasury management function.

5. ROLE OF S151 OFFICER

- 5.1 The Head of Finance, as the designated Section 151 Officer, has delegated responsibility to implement and monitor the Treasury Management Policy Statement and Treasury Management Strategy approved by the Council.
- 5.2 All monies in the hands of the Council are controlled by the Head of Finance.
- 5.3 Decisions on borrowing, investment or financing are taken by the Head of Finance.
- 5.4 The Head of Finance is responsible for reporting to the Council on treasury management issues as set out in Section 1.5 above.
- 5.5 To ensure that members and officers with treasury management responsibilities have access to training relevant to their needs and responsibilities.
- 5.6 The Council has appointed a Treasury Management Advisor, Link Asset Services, to enable independent specialist advice to be obtained on all aspects of the treasury management function. This includes forecasts of the potential influence of interest rates on treasury management issues for the Council. A detailed economic and interest rate forecast provided by Link Asset Services is attached at [Annex A](#).

6. CAPITAL FINANCING REQUIREMENT

- 6.1 The Council undertakes capital expenditure on long-term assets. These activities may either be:
- Financed immediately through the use of capital or revenue resources (capital receipts, capital grants, developer contributions, revenue contributions, use of earmarked reserves etc.), which has no resultant impact on the Council's borrowing need, or;
 - If insufficient financing is available for the investment, or a decision is taken not to apply other resources, the funding of capital expenditure will give rise to a borrowing need.
- 6.2 The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. The Authority's current strategy is to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing. The proposed capital expenditure and how it will be financed is shown at [Annex B](#).

- 6.3 As at 5 January ~~2022~~ 2023, the Council held £250 £255 million of borrowing and £125 £171 million of investments. The Council is not committed to further short-term borrowing of ~~£15 million~~ by year end. This portfolio is set out in detail at [Annex B](#) with forecast changes in these sums are shown in the balance analysis in [Annex C](#).
- 6.4 CIPFA's prudential code for Capital Finance in Local Authorities recommends that the Authority's total debt should be lower than its highest forecast CRF over the next three years. [Annex C](#) shows that the Authority expects to comply with the recommendation during ~~2022/2023~~ 2023/2024.

7. LIABILITY BENCHMARK

- 7.1 To compare the Council's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing at [Annex D](#). This assumes the same forecasts as [Annex C](#), but that cash and investment balances are kept to a minimum level of £10 million at each year end to maintain sufficient liquidity but minimise credit risk.

8. BORROWING STRATEGY

- 8.1 The Council is permitted to borrow under the Prudential Framework, introduced with effect from 1 April 2004.
- 8.2 The Authority is forecast to hold £205.123 million of long-term loans with no scheduled repayments during the year. This represents the only debt currently held by the Council, relating to 41 loans from the PWLB for self-financing the Housing Revenue Account (HRA) taken out in 2012 and totalling £205.123 million.
- 8.3 Based on the Capital Programme approved by Cabinet on ~~6 December 2021~~ 12 December 2022 it is anticipated that there will be some external borrowing for capital financing purposes during ~~2022/2023~~ 2023/2024. There may also from time to time be an operational cash flow need that requires short-term borrowing to be taken. The Authority could borrow in addition to this to pre-fund future years' requirements, providing this does not exceed the authorised limit for borrowing of £10 million.
- 8.4 The Council will not borrow more than or in advance of its needs purely to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates and will be considered carefully to ensure that value for money can be demonstrated and that the council can ensure the security of such funds.
- 8.5 In the event that external borrowing is undertaken the Council will be eligible to access funds at the PWLB Certainty Rate (that provides a 0.20% discount on loans).
- 8.6 **Objectives:** The Authority's chief objective when borrowing money is to strike an appropriately low risk balance between securing low interest rates and achieving cost certainty over the period for which funds are required. The flexibility to renegotiate loans should the Authority's long-term plans change is a secondary objective.
- 8.7 **Strategy:** Given the significant cuts to public expenditure and in particular to local government funding, the Authority's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. With short-term interest rates currently much lower than long-term rates, it is likely to be more cost effective in the short-term to either use internal resources or to borrow short-term loans instead.

By doing so, the Authority is able to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk. The benefits of internal borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise modestly. The Council's treasury adviser will assist the Authority with this 'cost of carry' and breakeven analysis. This may determine whether the Authority borrows additional sums at long-term fixed rates in ~~2022/2023~~ 2023/2024 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.

Alternatively, the Authority may arrange forward starting loans during ~~2022/2023~~ 2023/2024, where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period. In addition, the Authority may borrow short-term loans to cover unexpected cash flow shortages.

8.8 **Sources:** The approved sources of long-term and short-term borrowing are:

- Public Works Loan Board (PWLB) and any successor body.
- Any institution approved for investments (see below).
- Any other bank or building society authorised to operate in the UK.
- Any other UK public sector body.
- UK public and private sector pension funds.
- Municipal Bond Agency.
- Capital Market Bond Investors.
- Local Capital Finance Company and other special purpose companies created to enable local authority bond issues.

In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:

- Leasing.
- Hire purchase.
- Sale and leaseback.

The Council has previously raised the majority of its long-term borrowing from the PWLB, but it continues to investigate other sources of finance, such as local authority loans and bank loans that may be available at more favourable rates.

8.9 **Municipal Bond Agency:** UK Municipal Bonds Agency was established in 2014 by the Local Government Association as an alternative to the PWLB. It plans to issue bonds on the capital markets and lend the proceeds to local authorities. This will be a more complicated source of finance than the PWLB for three reasons:

- Borrowing authorities may be required to provide bond investors to guarantee the risk that other local authority borrowers default on their loans.
- There will be a lead time of several months between committing to borrow and knowing the interest rate payable.
- Up to 5% of the loan proceeds will be withheld from the Authority and used to bolster the Agency's capital strength.

Any decision to borrow from the Agency will, therefore, be the subject of a separate report to Full Council.

- 8.10 **Short-term and Variable Rate loans:** These loans leave the Council exposed to the risk of short-term interest rate rises and are, therefore, subject to the interest rate exposure limits in the treasury management indicators below.
- 8.11 **Debt Rescheduling:** The PWLB allows authorities to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. Other lenders may also be prepared to negotiate premature redemption terms. The Council may take advantage of this and replace some loans with new loans, or repay loans without replacement, where this is expected to lead to an overall cost saving or a reduction in risk.
- 8.12 **PWLB:** Due regard will be given to the prevailing rules in relation to local authority borrowing from the PWLB and, in particular, the impact of borrowing for the acquisition of commercial assets on the Council's wider borrowing requirements. Due regard will be given to the guidance published by HM Treasury on 25 November 2020 entitled, "Public Works Loan Board: future lending terms – Response to the consultation". The new borrowing rules restrict the ability of local authorities to borrow from PWLB for pure investment in commercial property.

As a condition of accessing the PWLB, Local Authorities must submit a high-level description of their capital spending and financing plans for the following three years, including their expected use of the PWLB. As part of this, the Head of Finance will need to confirm that there is no intention to buy investment assets primarily for yield at any point in the next three years. This assessment is based on their professional interpretation of guidance issued. When applying for a new loan, the Local Authority must confirm that the plans they have submitted remain current and provide assurance that they do not intend to buy investment assets primarily for yield.

If the Council intends to buy commercial assets primarily for yield (even by using reserves) then they will be prevented from taking any PWLB borrowing and will need to consider alternative sources of funding. It is not, therefore, permitted to reprofile the capital programme so that borrowing is only used on allowed projects, with internal borrowing used for commercial activities.

9. MINIMUM REVENUE PROVISION

- 9.1 Minimum Revenue Provision (MRP) is the revenue charge that the Council is required to make for the repayment of debt, as measured by the underlying need to borrow, rather than actual debt. The underlying debt is needed to finance capital expenditure which has not been fully financed by revenue or capital resources. As capital expenditure is generally expenditure on assets which have a life expectancy of over one year it is prudent to charge an amount for the repayment of debt over the life of the asset or some similar proxy figure.
- 9.2 The Local Authorities (Capital Finance and Accounting) regulations require local authorities to calculate for the financial year an amount of MRP which is considered to be 'prudent'.
- 9.3 There is no requirement to charge MRP where the Capital Financing Requirement (CFR) is nil or negative at the end of the preceding financial year.
- 9.4 The Housing Revenue Account share of the CFR is not subject to an MRP charge.
- 9.5 There is no requirement to make an MRP charge on an asset until the financial year after that asset becomes operational.

- 9.6 The Government has issued revised guidance (in January 2018) on the calculation of MRP. The Council is required to have regard to the guidance based on the underlying principle that the provision should be linked to the life of the assets for which the borrowing is required. However, the guidance is clear that differing approaches can be considered if the resulting provision is prudent.
- 9.7 In general, the Council will make an MRP based on the equal instalment method, amortising expenditure equally over the estimated useful life of the asset for which the borrowing is required. However, no provision will be made in respect of expenditure on specific projects where the Chief Financial Officer determines that receipts will be generated by the project to repay the debt.
- 9.8 Where a loan is made to a wholly owned subsidiary of the council, the loan is deemed to be secured on the assets of the company. Evidence of the ability to repay the loan will be based on the company's business plan and asset valuation, and no MRP will be made. The Council will review the loan and business plan annually, where there is evidence that suggests the full amount of the loan will not be repaid it will be necessary to reassess the charge to recover the impaired amounts from revenue.
- 9.9 Exceptionally, where capital expenditure is part of a loan agreement to other than a wholly owned subsidiary, the Council may register a fixed and floating charge over the counterparty assets to secure the Council's interest in the investment, or alternately an equity share interest in an asset with value.
- 9.10 The Council continues to pursue a programme of investment in commercial property using powers under S12 of the Local Government Act 2003. This is deemed capital expenditure and will be financed from cash balances and/or external borrowing as appropriate at the time. MRP will ordinarily be provided for using the useful life determinant with regard to maximum lives permitted in the revised **DLUHC MHCLG** MRP guidance of 50 years for freehold land and 40 years for all other assets. MRP will be made on the purchase of these properties in the year following the year of purchase and will be set having regard to its annual valuation. The application of MRP will be adjusted to reflect the annual valuation of these properties and will be determined on a property by property basis.
- 9.11 The Council's MRP Policy is summarised at [Annex E](#).

10. INVESTMENT STRATEGY

- 10.1 The Council holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. In the past 12 months, the investment balance has ranged between ~~£134.8~~ **£171** million and ~~£103.8~~ **£135** million. ~~These levels will reduce in the forthcoming year as these figures included Government Covid Grants prior to redistribution.~~
- 10.2 **Objectives:** The CIPFA Code requires the Authority to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Authority's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.

The portfolio will target as a whole to achieve a return above the Bank of England Consumer Price Inflation (CPI) target in order to maintain the spending power of the sum invested. Where balances are expected to be invested for more than one year, the Council will aim to achieve a reasonable return **recognising that in the medium term it is unlikely to be able to return a rate** that is equal or higher than the prevailing rate of inflation, ~~in order to maintain the spending power of the sum invested.~~

The Council will have regard to Environmental, Social & Governance (ESG) factors in decision making, particularly when considering long term strategy funds as these issues can have a material impact on the value of financial assets and on the long-term performance of investments and, therefore, should be considered to better manage risk and generate sustainable, long-term returns. Well managed companies with strong governance are more likely to be successful long-term investments.

The Council will endeavour to be an active owner and steward of its investments, both internally and externally managed, by engaging with Fund Managers in relation to their ESG policies.

- 10.3 **Strategy:** To achieve the objective above the Council has set a target based on CPI inflation (November CPI was 10.7%). The aim is to exceed the Bank of England's target of 2% while maintaining security and liquidity. Inflation is expected to peak at 6% in April 2022 and then subside peaked at 11.1% in October 2022 and is now expected to reduce. A cautious approach is, however, being maintained given the uncertainty.

To achieve this target the Council will continue to lend to Ermine Street Housing, and spread other investments across approved counterparties as set out in [Annex G](#). The Council will use Money Market Funds and Ultra Short Dated Bond Funds with limits of £10 million per entity to manage liquidity in low volatility price risk funds. The remaining funds will be assessed against the evolving cash flow outlook and invested in the approved counterparties.

- 10.4 **Business Model:** Under the IFRS 9 standard, the accounting for certain investments depends on the Authority's "business model" for managing them. The Council aims to achieve value from its internally managed treasury investments by a business model of collecting the contractual cash flows and, therefore, where other criteria are also met, these investments will continue to be accounted for at amortised cost.
- 10.5 **Approved Counterparties:** The Authority may invest its surplus funds with any of the counterparty types in [Annex E](#), subject to the cash limits (per counterparty) and the time limits shown. A more detailed breakdown of this can be seen in [Annex G](#).
- 10.6 **Credit Rating:** Investment limits are set decisions and made by reference to the lowest published long-term credit rating from a selection of external rating agencies. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken into account.
- 10.7 **Banks Unsecured:** Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail.
- 10.8 **Banks Secured:** Covered bonds, reverse repurchase agreements and other collateralised arrangements with banks and building societies. These investments are secured on the bank's assets, which limits the potential losses in the unlikely event of insolvency, and means that they are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the highest of the collateral credit rating and the counterparty credit rating will be used to determine cash and time limits. The combined secured and unsecured investments in any one bank will not exceed the cash limit for secured investments.

- 10.9 **Government:** Loans, bonds and bills issued or guaranteed by national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is generally a lower risk of insolvency, although they are not zero risk. Investments with the UK Central Government may be made in unlimited amounts for up to 50 years.
- 10.10 **Corporates:** Loans, bonds and commercial paper issued by companies other than banks and registered providers. These investments are not subject to bail-in, but are exposed to the risk of the company going insolvent. Loans to unrated companies will only be made following an external credit or to the value of £1 million per company as part of a diversified pool in order to spread the risk widely.
- 10.11 **Registered Social Landlords (RSL's):** Loans and bonds issued by, guaranteed by or secured on the assets of registered providers of social housing and RSL's, formerly known as housing associations. These bodies are tightly regulated by the Regulator of Social Housing (in England), the Scottish Housing Regulator, the Welsh Government and the Department for Communities (in Northern Ireland). As providers of public services, the likelihood of receiving government support if needed exists.
- 10.12 **Pooled Funds:** Shares or units in diversified investment vehicles consisting of any of the above investment types, plus equity shares and property. These funds have the advantage of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a fee. Short Term Money Market Funds that offer same-day liquidity and that offer very low or no volatility will be used as an alternative to instant access bank accounts, while pooled funds whose value changes with market prices and/or have a notice period will be used for longer investment periods.
- 10.13 **Bond, equity and property funds:** Offers enhanced returns over the longer term, but are more volatile in the short term. These allow the Authority to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Authority's investment objectives will be monitored regularly.
- 10.14 **Real estate investment trusts:** Shares in companies that invest mainly in real estate and pay the majority of their rental income to investors in a similar manner to pooled property funds. As with property funds, REITs offer enhanced returns over the longer term, but are more volatile especially as the share price reflects changing demand for the shares as well as changes in the value of the underlying properties.
- 10.15 **Operational Bank Accounts:** The Authority may incur operational exposures, for example through current accounts, collection accounts and merchant acquiring services, to any UK bank with credit ratings no lower than BBB- and with assets greater than £25 billion. These are not classed as investments, but are still subject to the risk of a bank bail-in, and balances will, therefore, be kept below £1 million per bank. The Bank of England has stated that in the event of failure, banks with assets greater than £25 billion are more likely to be bailed-in than made insolvent, increasing the chance of the Authority maintaining operational continuity.
- 10.16 **Risk Assessment and Credit Ratings:** Credit ratings are obtained and monitored by the Authority's treasury advisor, who will notify changes in ratings as they occur. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:

- no new investments will be made,
- any existing investments that can be recalled or sold at no cost will be, and
- full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.

Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as “rating watch negative” or “credit watch negative”) so that it may fall below the approved rating criteria, then only investments that can be withdrawn on the next working day will be made with that organisation until the outcome of the review is announced.

This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.

- 10.17 **Other Information on the Security of Investments:** The Authority understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential government support and reports in the quality financial press and advice from the Council’s treasury management adviser. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may otherwise meet the above criteria.

When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008 and 2011, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Authority will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Authority’s cash balances, then the surplus will be deposited with the UK Government, via the Debt Management Office or invested in government treasury bills for example, or with other local authorities. This will cause a reduction in the level of investment income earned, but will protect the principal sum invested.

- 10.18 **Investment Limits:** The revenue reserves available to cover investment losses are forecast to be ~~£16 million on 31 March 2022~~ **£16.1 million on 31 March 2023**. In order that available reserves will not be put at risk for unsecured investments in the case of a single default, the maximum that will be lent to any one organisation (other than the UK Government) will be £10 million per entity on unsecured investments.

A group of banks under the same ownership will be treated as a single organisation for limit purposes. Limits will also be placed on fund managers, investments in brokers’ nominee accounts, foreign countries and industry sectors as outlined in [Annex H](#). Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign country, since the risk is diversified over many countries.

- 10.19 **Liquidity Management:** The Authority uses purpose-built cash flow forecasting spreadsheets to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a prudent basis, with receipts underestimated and payments over-estimated to minimise the risk of the Authority being forced to borrow on unfavourable terms to meet its financial commitments. Limits on long-term investments are set by reference to the Authority’s medium term financial plan and cash flow forecast.

11. PRUDENTIAL INDICATORS

- 11.1 The Local Government Act 2003 requires the Authority to have regard to the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code) when determining how much money it can afford to borrow. The objectives of the Prudential Code are to ensure, within a clear framework, that the capital investment plans of local authorities are affordable, prudent and sustainable, and that treasury management decisions are taken in accordance with good professional practice.
- 11.2 To demonstrate that the Authority has fulfilled these objectives, the Prudential Code sets out the following indicators that must be set and monitored each year and these are identified in the separate Capital Strategy.
- 11.3 The following indicators are identified in the Capital Strategy:
- (1) **Estimates of Capital Expenditure:** This indicator provides the level of gross capital expenditure that is estimated to be incurred. The estimated expenditure includes schemes where funding has already been approved.
 - (2) **Estimates of Capital Financing Requirement (CFR):** This indicator provides a limit for which net external borrowing will not be exceeded, except on a short-term basis.
 - (3) **Gross Debt and the CFR:** Statutory guidance is that debt should remain below the CFR, except in the short term.
 - (4) **Authorised Limit and the Operational Boundary for External Debt:** This determines the maximum total amount the Council will be able to borrow. The Operational Boundary indicator represents the prudent level of borrowing and will be reviewed annually.
 - (5) **Proportion of Financing Costs to Net Revenue Stream:** This indicator provides the ratio of financing costs to the Council's estimated net revenue expenditure (i.e. the expenditure financed by the revenue support grant, business rate redistribution, council tax and collection fund surplus share).

12. TREASURY MANAGEMENT INDICATORS

12.1 The Authority measures and manages its exposures to treasury management risks using the following indicators.

A. Interest Rate Exposures: This indicator is set to control the Authority's exposure to interest rate risk. The Authority minimises its risk to interest rate changes by undertaking all borrowing in fixed rate products such as PWLB or short-term Local Authority loans.

B. Maturity Structure of Borrowing: This indicator is set to control the Authority's exposure to refinancing risk. The upper and lower limits on the maturity structure of borrowing will be:

Refinancing Rate Risk Indicator	Upper Limit	Lower Limit
Under 12 months	30%	0%
12 months and within 24 months	30%	0%
24 months and within 5 years	30%	0%
5 years and within 10 years	30%	0%
10 years and within 20 years	40%	0%
20 years and within 30 years	60%	0%
30 years and above	100%	20%

Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.

C: Principal Sums Invested for Periods Longer than a year: The purpose of this indicator is to control the Authority's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the long-term principal sum invested to final maturities beyond the end of the period will be:

Price Risk Indicator	2023/2024	2024/2025	2025/2026
Limit on principal invested before year end	£10 million	£10 million	£10 million

D: Security: The Authority generally but not exclusively follows the guidance provided by its Advisers on the selection of Counterparties and duration of investments. The Advisers provide a Weighted Average Credit Risk score at the end of each month for the investment portfolio as part of its benchmarking service.

The lower the score calculated indicates a lower credit risk has been taken by the Council for its internal investments. The Council aims to perform at a level less than or equal to the target:

Link Credit Risk Indicator	Target
Portfolios weighted average risk number	< 5.0

E: Liquidity: The Authority has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments within a rolling three-month period, without additional borrowing.

Liquidity Risk Indicator	Target
Total cash available within 3 months	£7 million

F: Yield: The Authority, in order to maintain the spending power of the money it invests, has adopted a voluntary yield target for the portfolio of the Bank of England Consumer Price Inflation (CPI) target. In light of the current level of CPI (5.4% ~~10.7%~~ in the 12-month period to November 2021 ~~2022~~ and ~~expected to peak at 6%~~) it is unrealistic to achieve yields in line with actual CPI inflation while maintaining security and liquidity. The target has, therefore, been ~~retained at~~ **increased to** the Bank's target level of +2%. This will, however, need to be kept under regular review given the current uncertainties over future inflation trends.

Inflation Risk Indicator	Target
Minimum Yield on Portfolio	2% 4%



13. OTHER ITEMS

- 13.1 The CIPFA code requires the Authority to include the following in its treasury management strategy.
- 13.2 **Policy on Use of Financial Derivatives:** Local authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (e.g. interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (e.g. LOBO loans and callable deposits). The general power of competence in Section 1 of the Localism Act 2011 removes much of the uncertainty over local authorities' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment).

The Authority does not use Financial Derivatives and does not expect to use these in ~~2022/2023~~ **2023/2024**. The Authority will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Authority is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. Embedded derivatives, including those present in pooled funds and forward starting transaction, will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.

Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria. The current value of any amount due from a derivative counterparty will count against the counterparty credit limit and the relevant foreign country limit.

In line with the CIPFA Code, the Authority will seek external advice and will consider that advice before entering into financial derivatives to ensure that it fully understands the implications.

- 13.3 **Markets in Financial Instruments Directive:** The Authority has opted up to professional client status with its providers of financial services, including advisers, banks, brokers and fund managers, allowing it access to a greater range of services but without the greater regulatory protections afforded to individuals and small companies. Given the size and range of the Authority’s treasury management activities, the Chief Financial Officer believes this to be the most appropriate status.

14. OTHER OPTIONS CONSIDERED

The CIPFA Code does not prescribe any particular treasury management strategy for local authorities to adopt. The Chief Financial Officer having consulted the Lead Cabinet Member for Finance, believes that the above strategy represents an appropriate balance between risk management and cost effectiveness. Some alternative strategies, with their financial and risk management implications, are listed below.

Alternative	Impact on Income and Expenditure	Impact on Risk Management
Invest in a narrower range of counterparties and/or for shorter times	Interest income will be lower	Lower chance of losses from credit related defaults, but any such losses will be greater
Invest in a wider range of counterparties and/or for longer times	Interest income will be higher	Increased risk of losses from credit related defaults, but any such losses will be smaller
Borrow additional sums at long-term fixed interest rates	Debt interest costs will rise; this is unlikely to be offset by higher investment income	Higher investment balance leading to a higher impact in the event of a default; however long-term interest costs will be more certain
Borrow short-term or variable loans instead of long-term fixed rates	Debt interest costs will initially be lower	Increases in debt interest costs will be broadly offset by rising investment income in the medium term, but long term costs will be less certain
Reduce level of borrowing	Saving on debt interest is likely to exceed lost investment income	Reduced investment balance leading to a lower impact in the event of a default; however long-term interest costs will be less certain

15. GLOSSARY OF TERMS

A glossary of terms and abbreviations used in Treasury Management is available at [Annex I](#).

Treasury Management Adviser: Economic & Interest Rate Forecast as at January 2023

Interest Rate Forecast

Link Group Interest Rate View	19.12.22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25
BANK RATE		3.50	4.25	4.50	4.50	4.50	4.00	3.75	3.50	3.25	3.00	2.75	2.50	2.50
3 month ave earnings		3.60	4.30	4.50	4.50	4.50	4.00	3.80	3.30	3.00	3.00	2.80	2.50	2.50
6 month ave earnings		4.20	4.50	4.60	4.50	4.20	4.10	3.90	3.40	3.10	3.00	2.90	2.60	2.60
12 month ave earnings		4.70	4.70	4.70	4.50	4.30	4.20	4.00	3.50	3.20	3.10	3.00	2.70	2.70
5 yr PWLB		4.20	4.20	4.20	4.10	4.00	3.90	3.80	3.60	3.50	3.40	3.30	3.20	3.10
10 yr PWLB		4.30	4.40	4.40	4.30	4.10	4.00	3.90	3.80	3.60	3.50	3.40	3.30	3.30
25 yr PWLB		4.60	4.60	4.60	4.50	4.40	4.20	4.10	4.00	3.90	3.70	3.60	3.50	3.50
50 yr PWLB		4.30	4.30	4.30	4.20	4.10	3.90	3.80	3.70	3.60	3.50	3.30	3.20	3.20

PWLB forecasts are based on PWLB certainty rates.

Economic Background

Against a backdrop of stubborn inflationary pressures, the easing of Covid restrictions in most developed economies, the Russian invasion of Ukraine, and a range of different UK Government policies, it is no surprise that UK interest rates have been volatile right across the curve, from Bank Rate through to 50-year gilt yields, for all of 2022.

Market commentators' misplaced optimism around inflation has been the root cause of the rout in the bond markets with, for example, UK, EZ and US 10-year yields all rising by over 200bps since the turn of the year. The table below provides a snapshot of the conundrum facing central banks: inflation is elevated but labour markets are extra-ordinarily tight, making it an issue of fine judgment as to how far monetary policy needs to tighten.

	UK	Eurozone	US
Bank Rate	3.5%	2.0%	4.25%-4.50%
GDP	-0.2%q/q Q3 (2.4%y/y)	+0.2%q/q Q3 (2.1%y/y)	2.6% Q3 Annualised
Inflation	10.7%y/y (Nov)	10.1%y/y (Nov)	7.1%y/y (Nov)
Unemployment Rate	3.7% (Oct)	6.5% (Oct)	3.7% (Nov)

Q2 of 2022 saw UK GDP revised upwards to +0.2% q/q, but this was quickly reversed in the third quarter, albeit some of the fall in GDP can be placed at the foot of the extra Bank Holiday in the wake of the Queen's passing. Nevertheless, CPI inflation has picked up to what should be a peak reading of 11.1% in October, although with further increases in the gas and electricity price caps pencilled in for April 2023, and the cap potentially rising from an average of £2,500 to £3,000 per household, there is still a possibility that inflation will spike higher again before dropping back slowly through 2023.

The UK unemployment rate fell to a 48-year low of 3.6%, and this despite a net migration increase of c500k. The fact is that with many economic participants registered as long-term sick, the UK labour force actually shrunk by c500k in the year to June. Without an increase in the labour force participation rate, it is hard to see how the UK economy will be able to grow its way to prosperity, and with average wage increases running at over 6% the MPC will be concerned that wage inflation will prove just as sticky as major supply-side shocks to food and energy that have endured since Russia's invasion of Ukraine on 22 February 2022.

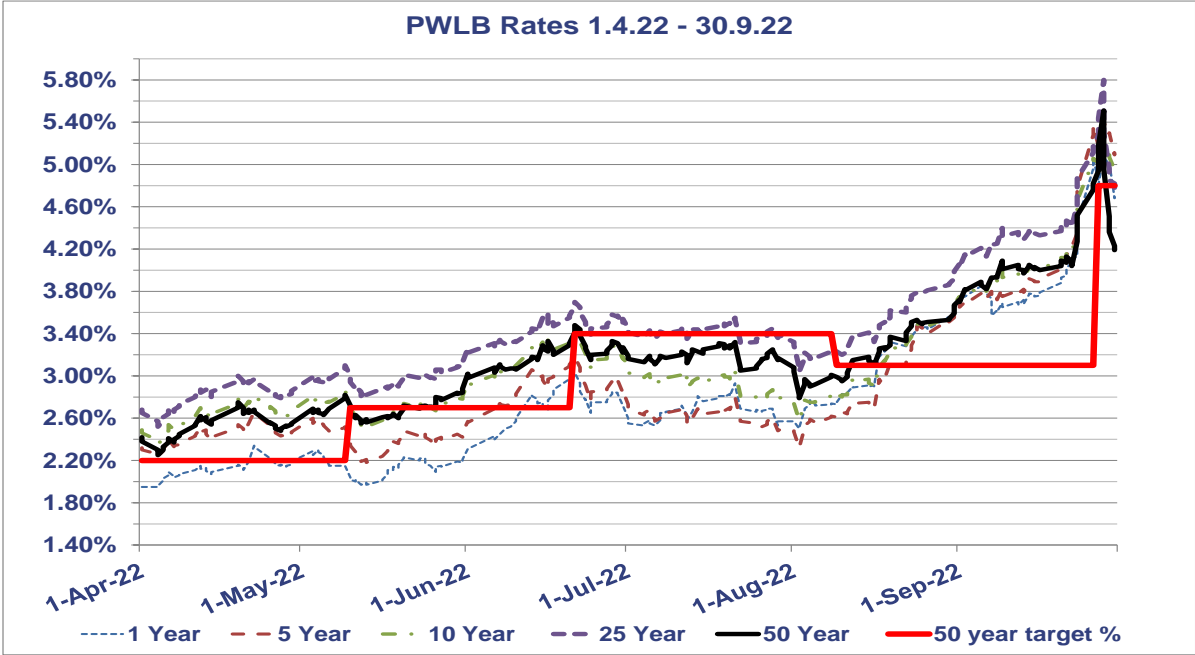
Throughout Q3 Bank Rate increased, finishing the quarter at 2.25% (an increase of 1%). Q4 has seen rates rise to 3.5% in December and the market expects Bank Rate to hit 4.5% by May 2023.

During the Autumn markets were volatile in response to proposals for tax cutting and increased spending which led to a spike in market interest rate expectations. The subsequent Autumn Statement was relatively well received and interest rate expectations retreated closer to where they were in later summer.

Globally, though, all the major economies are expected to struggle in the near term. The fall below 50 in the composite Purchasing Manager Indices for the UK, US, EZ and China all point to at least one, if not more, quarters of GDP contraction. In November, the MPC projected eight quarters of negative growth for the UK lasting throughout 2023 and 2024, but with Bank Rate set to peak at lower levels than previously priced in by the markets and the fiscal tightening deferred to some extent, it is not clear that things will be as bad as first anticipated by the Bank.

The £ has strengthened of late, recovering from a record low of \$1.035, on the Monday following the Truss government’s “fiscal event”, to \$1.22. Notwithstanding the £’s better run of late, 2023 is likely to see a housing correction of some magnitude as fixed-rate mortgages have moved above 5% and affordability has been squeezed despite proposed Stamp Duty cuts remaining in place.

In the table below, the rise in gilt yields, and therein PWLB rates, through the first half of 2022/23 is clear to see.



However, the peak in rates on 28 September 2022, as illustrated in the table covering April to September 2022 below, has been followed by the whole curve shifting lower. PWLB rates at the front end of the curve are generally over 1% lower now whilst the 50 years is over 1.75% lower.

	1 Year	5 Year	10 Year	25 Year	50 Year
Low	1.95%	2.18%	2.36%	2.52%	2.25%
Date	01/04/2022	13/05/2022	04/04/2022	04/04/2022	04/04/2022
High	5.11%	5.44%	5.35%	5.80%	5.51%
Date	28/09/2022	28/09/2022	28/09/2022	28/09/2022	28/09/2022
Average	2.81%	2.92%	3.13%	3.44%	3.17%
Spread	3.16%	3.26%	2.99%	3.28%	3.26%

After a shaky start to the year, the S&P 500 and FTSE 100 have climbed in recent weeks, albeit the former is still 17% down and the FTSE 2% up. The German DAX is 9% down for the year.

CENTRAL BANK CONCERNS – DECEMBER 2022

In December, the Fed decided to push up US rates by 0.5% to a range of 4.25% to 4.5%, whilst the MPC followed by raising Bank Rate from 3% to 3.5%, in line with market expectations. EZ rates have also increased to 2% with further tightening in the pipeline.

Having said that, the sentiment expressed in the press conferences in the US and the UK were very different. In the US, Fed Chair, Jerome Powell, stated that rates will be elevated and stay higher for longer than markets had expected. Governor Bailey, here in the UK, said the opposite and explained that the two economies are positioned very differently so you should not, therefore, expect the same policy or messaging.

Regarding UK market expectations, although they now expect Bank Rate to peak within a lower range of 4.5% - 4.75%, caution is advised as the Bank of England Quarterly Monetary Policy Reports have carried a dovish message over the course of the last year, only for the Bank to have to play catch-up as the inflationary data has proven stronger than expected.

In addition, the Bank's central message that GDP will fall for eight quarters starting with Q3 2022 may prove to be a little pessimistic. Will the £160bn excess savings accumulated by households through the Covid lockdowns provide a spending buffer for the economy – at least to a degree? Ultimately, however, it will not only be inflation data but also employment data that will mostly impact the decision-making process, although any softening in the interest rate outlook in the US may also have an effect (just as, conversely, greater tightening may also).

Capital Programme & Financing: 12 December 2022

£'000	2021/22 Actual	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate
Capital expenditure:					
General Fund	21,793	10,541	27,779	29,541	23,741
HRA	17,485	26,403	32,592	33,391	32,290
Third Party Loans - ESH	10,627	5,500	-	-	-
Third Party Loans - Other	-	-	-	-	-
Total Capital Expenditure	49,905	42,444	60,371	62,932	56,031
Resourced By:					
Capital Receipts	(6,852)	(12,728)	(21,413)	(20,890)	(11,744)
Other Contributions	(14,833)	(24,216)	(34,978)	(32,042)	(28,787)
Total Available Resource for Capital Financing	(21,685)	(36,944)	(56,391)	(52,932)	(40,531)
Unfinanced Capital Expenditure	28,220	5,500	3,980	10,000	15,500

Actual Portfolio: 12 January 2022

	Actual Portfolio £m
External borrowing:	
Public Works Loan Board	205.1
Local Authorities	50
LOBO loans from banks	Nil
Total external borrowing	255.1
Other long-term liabilities:	
Finance Leases	Nil
Total other long-term liabilities	Nil
Total gross external debt	255.1
Treasury investments:	
Banks & building societies (unsecured)	47.0
Ermine Street Housing	96.1
Government (incl. local authorities)	13.0
Money Market Funds	12.8
Registered Social Landlords	Nil
Cambridge Leisure and Ice Centre	2.4
Total treasury investments	171.3
Net debt	83.8

Note: all values are on a principal/nominal basis

Medium Term Forecasts: 12 December 2022

	31.3.2022 Actual £m	31.3.2023 Estimate £m	31.3.2024 Forecast £m	31.3.2025 Forecast £m	31.3.2026 Forecast £m
Loans CFR	358.7	363.1	366.0	374.7	383.4
Less: Other debt liabilities					
Loans CFR	358.7	363.1	366.0	374.7	383.4
Less: External Borrowing	255.1	245.1	295.1	305.1	315.1
Internal (over) borrowing	103.6	118.0	70.9	69.6	68.3
Usable Reserves	82.9	82.5	76.2	70.0	67.0
Working Capital	70.0	68.0	65.0	62.0	60.0
Minimum Liquidity	7.0	7.0	7.0	7.0	7.0

Liability Benchmark

	31.3.2022 Actual £m	31.3.2023 Estimate £m	31.3.2024 Forecast £m	31.3.2025 Forecast £m	31.3.2026 Forecast £m
Loans CFR	358.7	363.1	366.0	374.7	383.4
Less: Usable reserves	82.9	82.5	76.2	70.0	67.0
Less: Working Capital	70.0	68.0	65.0	62.0	60.0
Plus: Minimum Liquidity	7	7	7	7	7
Liability Benchmark	212.8	219.6	231.8	249.7	263.4

Minimum Revenue Provision Policy

- 1.1 Local Authorities are required to charge to their revenue account each year a Minimum Revenue Provision (MRP) in relation to capital spend that has yet to be financed, i.e. borrowing. The Capital Financing Requirement (CFR) reflects the underlying need to borrow to finance capital expenditure.
- 1.2 The MRP should be prudent and, although it is for each authority to determine the amount, the published guidance by the Government is that “local authorities should align the period over which they charge MRP to one that is commensurate with the period over which their capital expenditure provides benefits”.
- 1.3 The MRP policy is set out below:
- (1) There is no requirement to charge MRP where the CFR is nil or negative at the end of the preceding financial year.
 - (2) The Housing Revenue Account share of the CFR is not subject to an MRP charge.
 - (3) There is no requirement to make an MRP charge on an asset until the financial year after that asset becomes operational.
 - (4) For capital expenditure expected to be financed by borrowing between 1 April 2020 and 31 March 2025, the MRP will be based on a straight-line basis, using equal annual instalments over the average estimated life of the assets for which borrowing is required. However, no provision will be made in respect of expenditure on specific projects where the Chief Financial Officer determines that receipts will be generated by the project to repay the debt.
 - (5) Investment in commercial property is deemed capital expenditure and will be financed from cash balances and/or external borrowing as appropriate at the time. There is a requirement for these investments to clearly demonstrate security, liquidity and yield and these factors will influence the applicability of MRP. MRP will ordinarily be provided for using the useful life determinant with regard to maximum lives permitted in the revised **DLUHC MHCLG** MRP guidance of 50 years for freehold land and 40 years for all other assets. MRP will be made on the purchase of these properties in the year following the year of purchase and will be set having regard to its annual valuation. The application of MRP will be adjusted to reflect the annual valuation of Investment properties and will be determined on a property by property basis; an increase in the valuation of a property that results in revaluation gains in the Council’s Capital Adjustment Account will result in a corresponding reduction in MRP whilst, conversely, falling valuations may result in voluntary increases in MRP to ensure that the authority is retaining increasing equity in the property.
 - (6) Investments in Council Wholly Owned Companies, in the form of borrowing or equity, will be assessed on an investment by investment basis. The general assumption is that the loan is deemed to be secured on the assets of the company such that the net value of the assets held by the company will be sufficient to repay any borrowings invested. Advances to the company will be met by loan repayments, treated as a deferred capital receipt, so over time there is no impact on the CPR and, therefore, no MRP needs to be charged. The Council will review the loan and business plan annually and, where there is evidence that suggests the full amount of the loan will not be repaid, it will be necessary to

reassess the charge to recover the impaired amounts from revenue. MRP in relation to equity will be provided for over 20 years in line with CIPFA guidance.

- (7) Exceptionally, where capital expenditure is part of a loan agreement to other than a wholly owned subsidiary, the Council may register a fixed and floating charge over the counterparty assets to secure the Council's interest in the investment, or alternately an equity share interest in an asset with value.

Approved Investment Counterparties and Limits

Counterparty	Minimum Short-Term Rating	Minimum Long-Term Rating	Maximum Duration	Suggested Duration
UK Government	N/A	N/A	Unlimited	N/A
UK Clearing Banks	Moody's P-2 Or equivalent	Moody's A3 Or equivalent	5 years	Provided by Link
Other Banks	Moody's P-2 Or equivalent	Moody's A3 Or equivalent	5 years	Provided by Link
UK Building Societies	Moody's P-2 Or equivalent	Moody's A3 Or equivalent	5 years	Provided by Link
Registered Social Landlords	Moody's P-2 Or equivalent	Moody's A3 Or equivalent	5 years	Provided by Link
Local Authorities	N/A	N/A	5 years	N/A
MMF's and USDBF's	AAA	N/A	MMF's: T+0 USDBF's: T+3	Liquidity Funds

Approved Investment Counterparties: Detailed List

The full listing of approved counterparties is shown below, showing the category under which the counterparty has been approved, the appropriate deposit limit and current duration limits. These counterparties have also been shown under Specified and Non-Specified Investments (in line with **DLUHC MHCLG** Guidance).

Name	Council's Current Deposit Period	Category	Limit (£)
Specified Investments:			
All UK Local Authorities	N/A	Local Authority	10m
All UK Police Authorities	N/A	Police Authority	10m
All UK Fire Authorities	N/A	Fire Authority	10m
Debt Management Account Deposit Facility	N/A	DMADF	Unlimited
Barclays Bank Plc	Using Link Asset Services Credit Criteria	UK Bank	10m
HSBC Bank Plc	Using Link Asset Services Credit Criteria	UK Bank	10m
Lloyds Bank Plc	Using Link Asset Services Credit Criteria	UK Bank	10m
Santander UK Plc	Using Link Asset Services Credit Criteria	UK Bank	10m
Other UK Retail & Clearing Banks	Using Link Asset Services Credit Criteria	UK Banks	10m
Subsidiaries of UK Banks (provided the subsidiaries are UK- incorporated deposit takers under the Financial Services and Markets Act 2000 and provided loans are for a maximum period of three months)	Using Link Asset Services Credit Criteria	UK Banks	3m

Places for People Homes Ltd	Using Link Asset Services Credit Criteria	Registered Housing Association	5m
Close Brothers Ltd	Using Link Asset Services Credit Criteria	UK Domiciled Bank	5m
Standard Chartered Bank	Using Link Asset Services Credit Criteria	UK Domiciled Bank	10m
Goldman Sachs International Bank	Using Link Asset Services Credit Criteria	UK Domiciled Bank	5m
SMBC Bank International PLC	Using Link Asset Services Credit Criteria	UK Domiciled Bank	5m
Handelsbanken PLC	Using Link Asset Services Credit Criteria	UK Domiciled Bank	5m
Landesbank Hessian-Thuringen Girozentrale (Helena) Frankfurt	Using Link Asset Services Credit Criteria	Germany	5m
Bayerische Landesbank	Using Link Asset Services Credit Criteria	Germany	5m
National Bank of Canada	Using Link Asset Services Credit Criteria	Canada	5m

Name	Council's Current Deposit Period	Category	Limit (£)
Ultra-Short Dated Bond Funds: Aberdeen Standard Life Federated Hermes Other providers where approved by Head of Finance	Liquid Rolling Balance	Financial Instrument	10m (per fund)

Name	Council's Current Deposit Period	Category	Limit (£)
Money Market Funds: HSBC GLF MMF Aberdeen Standard Life Deutsche GLS Aviva Investors Liquidity Funds Federated Hermes Barclays Call Account Other MMF's where approved by Head of Finance	Liquid Rolling Balance	Financial Instrument	10m (per fund)

Name	Council's Current Deposit Period	Society Asset Value (£'m) As at November 22	Limit (£)
Other Specified Investments - UK Building Societies: -			
Nationwide Building Society	Using Link Asset Services Credit Criteria	269,072	Assets greater than £10,000m Limit - £10m
Yorkshire Building Society		66,125	
Coventry Building Society		53,876	Assets between £10,000m and £5,000m Limit - £5m
Skipton Building Society		27,230	
Leeds Building Society		22,574	
Principality Building Society		10,724	Assets between £5,000m and £1,500m Limit - £3m
West Bromwich Building Society		5,997	

Name	Council's Current Deposit Period	Category	Limit (£)
Non-Specified Investments: -			
All UK Local Authorities – longer term limit	Over 1 year and up to 5 years	Local Authority	10m per single counterparty
CCLA Local Authorities' Property Fund	Minimum of 5 years	Pooled UK Property Fund	Up to 10m
South Cambs Ltd - Housing Co.	Up to 5 years	Loan	107m
UK Municipal Bonds Agency	N/A	Share Capital	0.050m
Cambridge Leisure and Ice Centre	25 Years	Loan	2.4m
Cambourne Town Council	TBC	Loan	0.5m

Limits on Investment Per Sector

	Cash limit
Any single organisation, except the UK Central Government	£10 million each
UK Central Government	Unlimited
Any group of organisations under the same ownership	£10 million per group
Foreign countries	£5 million per country
Registered providers and registered social landlords	£5 million each
Unsecured investments with building societies	£10 million each
Loans to unrated corporates	£5 million in total
Money market funds	£30 40 million in total
Real estate investment trusts	£5 million in total

Treasury Management: Glossary of Terms and Abbreviations

Term	Definition
Authorised Limit for External Borrowing	Represents a control on the maximum level of borrowing
Capital Expenditure	Expenditure capitalised in accordance with regulations i.e. material expenditure either by Government Directive or on capital assets, such as land and buildings, owned by the Council (as opposed to revenue expenditure which is on day to day items including employees' pay, premises costs and supplies and services)
Capital Financing Requirement	A measure of the Council's underlying borrowing need i.e. it represents the total historical outstanding capital expenditure which has not been paid for from either revenue or capital resources
Certificates of Deposit (CDs)	Low risk certificates issued by banks which offer a higher rate of return
CIPFA	Chartered Institute of Public Finance and Accountancy
Corporate Bonds	Financial instruments issued by corporations
Counterparties	Financial Institutions with which funds may be placed
Credit Risk	Risk of borrower defaulting on any type of debt by failing to make payments which it is obligated to do
DLUHC MHCLG	Department for Levelling Up, Housing & Communities (formerly the Ministry for Housing, Communities & Local Government, MHCLG)
Enhanced Cash Funds	Higher yielding funds typically for investments exceeding 3 months
Eurocurrency	Currency deposited by national governments or corporations in banks outside of their home market
External Gross Debt	Long-term liabilities including Private Finance Initiatives and Finance Leases
Government CNAV	Highly liquid sovereign stock based on a Constant Net Asset Value (CNAV)
HRA	Housing Revenue Account - a 'ring-fenced' account for local authority housing account where a council acts as landlord
HRA Self-Financing	A new funding regime for the HRA introduced in place of the previous annual subsidy system
London Interbank Offered Rate (LIBOR)	A benchmark rate that some of the leading banks charge each other for short-term loans

Term	Definition
London Interbank Bid Rate (LIBID)	The average interest rate which major London banks borrow Eurocurrency deposits from other banks
Liquidity	A measure of how readily available a deposit is
MPC	Monetary Policy Committee - The Bank of England Committee responsible for setting the UK's bank base rate
Low Volatility Net Asset Value (LVNAV)	Highly liquid sovereign stock based on a Constant Net Asset Value (CNAV)
Non-Ring-Fenced Bank (NRFB)	Government & Bank of England rules will apply to all UK Banks which have to split their business into 'core' retail and investment units known as Ring and Non-Ring Fenced Banks for the 1 st January 2019 deadline
Non-Specified Investments	These are investments that do not meet the conditions laid down for Specified Investments and potentially carry additional risk, e.g. lending for periods beyond 1 year
Operational Boundary	Limit which external borrowing is not normally expected to exceed
PWLB	Public Works Loans Board - an Executive Government Agency of HM Treasury from which local authorities & other prescribed bodies may borrow at favourable interest rates
Ring Fenced Bank (RFB)	Government & Bank of England rules will apply to all UK Banks which have to split their business into 'core' retail and investment units known as Ring and Non-Ring Fenced Banks for the 1 st January 2019 deadline
Security	A measure of the creditworthiness of a counter-party
Specified Investments	Those investments identified as offering high security and liquidity. They are also sterling denominated, with maturities up to a maximum of 1 year, meeting the minimum 'high' credit rating criteria where applicable
Supranational Bonds	Multi-lateral Development Bank Bond
UK Government Gilts	Longer-term Government securities with maturities over 6 months and up to 30 years
Variable Net Asset Value (VNAV)	MMFs values based on daily market fluctuations to 2 decimal places known as mark-to-market prices
UK Government Treasury Bills	Short-term securities with a maximum maturity of 6 months issued by HM Treasury
Weighted Average Life (WAL)	Weighted average length of time of unpaid principal
Weighted Average Maturity (WAM)	Weighted average amount of time to maturity
Yield	Interest, or rate of return, on an investment

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Report to:	Council	21 February 2023
Lead Cabinet Member:	Councillor John Williams Lead Cabinet Member for Resources	
Lead Officer:	Peter Maddock, Head of Finance	

Review of Earmarked Reserves

Executive Summary

1. To consider the level and allocation of the Council's Earmarked Revenue Reserves as part of the 2023/2024 budget setting process following a detailed review by Cabinet at its meeting on 6 February 2023.

Key Decision

2. This is a key decision as earmarked reserves are held to fund specific projects or proposals and the total balance held is significant in the context of the Council's overall financial position.

Recommendations

3. That Council is requested to consider the report and, if satisfied, to approve:
 - (a) That the Reserves as summarised at paragraph 11 of the report be released to the General Fund, or transferred to other Earmarked Reserves as shown, on 31 March 2023.
 - (b) That the IT software and hardware reserves be amalgamated at 31 March 2023 to provide the necessary flexibility.
 - (c) That the movement in Reserves in 2022/2023 as set out in Appendix A, and the estimated balance of Reserves of £29.830 million (+), be noted.

Reason for Recommendations

4. To ensure that the Council regularly reviews the balances held in established reserves to confirm that the allocations remain valid and thus still needed for the purposes outlined and that they are at the correct level to meet this requirement.

Details

Background

5. When reviewing their medium-term financial plans and preparing annual budgets local authorities should consider the establishment and maintenance of reserves but they should not be held without a clear and identified purpose. Reserves can be held for three main purposes:

- a working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing – this forms part of general reserves;
 - a contingency to cushion the impact of unexpected events or emergencies – this also forms part of general reserves;
 - a means of building up funds, often referred to as earmarked reserves, to meet known or predicted requirements; earmarked reserves are accounted for separately but remain legally part of the General Fund.
6. The Cabinet is invited, as part of the 2023/2024 revenue budget determination process, to review the level and purpose of the Council's Revenue Reserves. A summary of the various Reserves held during 2022/2023 is attached at **Appendix A**.
7. The value of earmarked Revenue Reserves held at 1 April 2022 was £32.891 million. Based upon current forecasts, it is expected that between the period 1 April 2022 and 31 March 2023 the level of earmarked reserves will have reduced to £29.830 million.

Review Process

8. The Cabinet, in reviewing the existing reserves, must give due regard to professional guidance which includes consideration of the following issues:
- The reason/purpose of the reserve;
 - How and when the reserve can be used;
 - Procedures for the reserves management and control;
 - A process and timescale for review of the reserve to ensure continuing relevance and adequacy.
9. The focus of the review, as part of the 2023/2024 revenue budget process, will be to ensure that they are still relevant and held at the right balance.
10. The schedule of Reserves, at **Appendix A**, identifies the General Fund Earmarked Reserves currently held and the movements included in the 2022/2023 estimates. This includes additions, removals from and transfers between Earmarked Reserves.
11. The revenue reserves proposed for release or transfer to other reserves at 31 March 2023, following the review, total £78,000 and are summarised below:

RESERVES	Estimated Balance 31/03/2023* £'000
Transformation and Corporate Services (Release to General Fund)	
Sports Development	4
	<u>4</u>
Environmental Services (Transfer to Accommodation Reserve)	
Air Quality Monitoring	50
Environmental General Reserve	24
	<u>74</u>
TOTAL	<u><u>78</u></u>

(Note: Further expenditure could potentially be incurred during the remainder of 2022/2023, therefore, reducing these balances as at 31 March 2023).

12. It is also proposed that the software and hardware IT reserves be amalgamated as this should provide more flexibility. The most significant call on this reserve is likely to be for laptop replacement and indeed £100,000 is required in 2023/2024.

Options

13. The option of not reviewing Earmarked Reserves is not considered to be appropriate as otherwise valuable resource which may be needed elsewhere could be inappropriately allocated.

Implications

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

Financial

15. The Medium-Term Financial Strategy (MTFS), approved by Cabinet on 12 December 2022, requires Cabinet to identify, as part of the annual budgetary process or at such other times where it is necessary, one-off unavoidable expenditure and one-off expenditure for identified requirements. Such funding will be held in earmarked reserves until spent but will be subject to annual review by the Cabinet as part of the annual budget process to determine whether the monies still need to be held.
16. The value of Earmarked Reserves held is set out at **Appendix A**. They are reviewed on an annual basis to determine whether (i) they are still needed for purposes outlined and (ii) they are at the correct level to meet this requirement.

Legal

17. Reserves are held to fund specific initiatives or held to cover unforeseen events within the Council's prudent financial management arrangements. The requirement for financial reserves is acknowledged in statute; specifically, Sections 32 and 43 of the Local Government Finance Act 1992 require billing and precepting authorities in England and Wales to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement.

Staffing

18. There are no additional staff resource implications as a result of the review of Earmarked Revenue Reserves.

Risk/Opportunities

19. The Council maintains Revenue Reserves to help fund specific initiatives or to cover unforeseen events (i.e. risk mitigation) within the Council's prudent financial management arrangements.

Equality & Diversity

20. This report is exclusively to consider support and administrative arrangements and has no direct relevance to the Council's duty to promote equality of opportunity, promote good relations and eliminate unlawful discrimination.

Climate Change

21. There are no environmental implications arising from this report.

Consultation Responses

22. Consultations have been undertaken with the Lead Cabinet Member for Resources and relevant budget holders.

Background Papers

Where the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 require documents to be open to inspection by members of the public, they must be available for inspection:

- (a) at all reasonable hours at the offices of South Cambridgeshire District Council;
- (b) on the Council's website; and
- (c) in the case of documents to be available for inspection pursuant to regulation 15, on payment of a reasonable fee required by the Council by the person seeking to inspect the documents at the offices of South Cambridgeshire District Council.

The following documents are relevant to this report:

- Review of Reserves & Provisions – Report to Cabinet: 5 February 2020
- General Fund Revenue Budget 2022/2023 – Report to Cabinet: 7 February 2022
- General Fund Revenue Budget 2022/2023 – Report to Council: 22 February 2022
- Medium Term Financial Strategy – Report to Cabinet: 12 December 2022
- Review of Earmarked Reserves – Report to Cabinet: 6 February 2023

Appendices

- A Reserves held in 2022/2023

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Earmarked Reserve Balances 2022/23

Name of Reserve	Description of Reserve	Balances as at 01/04/2022 £'000	Transfer From Reserve £'000	Transfer to Reserve £'000	Revised Balance £'000
<u>General Fund Earmarked Reserves</u>					
GCP Reserve	Funding received from the NHB initiative has, in the past, been used towards General Fund expenditure previously funded by the Housing & Planning Delivery Grant or to meet Local Plan and associated costs. The Greater City Partnership (GCP) partners also agreed that 40% of NHB receipts would be set aside to meet the GCP costs but, due to reducing amounts from NHB, this was reduced to 30% from 1 April 2019 and further reduced to 10% during 2021/22. Draw down from this reserve has so far been limited though we have been informed there will be a significant call in 2023/24. A full review of this reserve is best left until 2023/24.	4,330	238	238	4,330
A14 Upgrade Reserve	The Reserve was established to fund the A14 contribution of £5m and initial contributions to this reserve of £3.318 million were funded from the balance of NHB after contributions to the General Fund and GCP. The amount due from the County Council has been paid to South Cambs and will be administered alongside the existing amounts due. A new payment profile to include funding passed to the Council by the County Council has been agreed starting in 2023/24 for 25 years.	6,050	-	-	6,050
Business Rates Retention Reserve	Created as part of the 2020/2021 budget setting process to help manage the short-term financial impact in the event of an unpredictable reduction in retained receipts occurring. The reserve is necessary due to the volatile nature of the non-domestic tax base.	1,000	-	-	1,000
Property Investment Reserve	The reserve was created as part of the 2020/2021 budget setting process for the investment and refurbishment costs above and beyond tenant repairing lease obligations (e.g. investment to encourage improved re-letting terms). This could include upgrades to improve environmental standards. Works to the roof of 270 Science Park have been funded from here during 2022/23.	3,948	755	100	3,193

Name of Reserve	Description of Reserve	Balances as at 01/04/2022 £'000	Transfer From Reserve £'000	Transfer to Reserve £'000	Revised Balance £'000
Renewables Reserve	The reserve was set up at the end of 2015/2016 to fund a programme of priority green energy investment projects. In line with established policy, the reserve is topped up annually by earmarking the retained renewable energy business rates for investment in green energy projects. Also more recently it has been agreed to add the gain from the Business Rates Pool to this reserve. Current investment projects include a range of green energy measures at South Cambridgeshire Hall, the LED lighting replacement programme and the Waterbeach renewable energy project.	5,370	1,261	740	4,849
Accommodation Reserve	The reserve was created as part of the 2020/2021 budget setting process and replaced the former Business Accommodation Reserve. This reserve is being used to fund repairs and other works that fall within the definition of revenue expenditure.	576	320	124	380
Business Hub	The business hub reserve holds amounts to be spent at the two business hubs in Gt Shelford and Over. Spend is expected in 2023/24.	57	57	-	-
Safety Advisory Group	A sum of £15,000 was set aside at the end of 2021/22. The group has agreed that this be utilised during 2022/23 and 2023/24.	15	8	-	7
Community Development	This reserve was originally established for community development initiatives and has in the past been used to provide extra Community Chest funding. The reserve was amalgamated with the existing Child and Young People Reserve as part of the 2020/2021 budget setting process to create the capacity for priority community based projects. It is currently being used to finance a temporary member of staff.	24	51	45	18
Air Quality Monitoring	An amount was set aside for the purchase of air quality monitoring equipment but Section 106 funding was secured for this instead. It is proposed to move this amount to the Accommodation Reserve.	50	50	-	-
Sports Development	This is an amount left over from funding a number of initiatives and can now be returned to the General Fund.	4	4	-	-
Shared Waste	An amount has been set aside for one off additional fuel costs of £120,000 and £70,000 for replacement of the waste management system. The intention is to fund the additional fuel costs from existing budgets if possible.	190	-	-	190

Name of Reserve	Description of Reserve	Balances as at 01/04/2022 £'000	Transfer From Reserve £'000	Transfer to Reserve £'000	Revised Balance £'000
Pension Deficit Reserve	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 was topped up and depleted through the year to smooth the pension contribution requirements. The change in deficit as a result of the latest triennial review is not significant to warrant setting money aside for so it is proposed to close this reserve and review whether it is required after the triennial valuation in 2025.	89	89	-	-
Transformation Reserve	The Cabinet, at its meeting on 2 October 2019, approved the re-designation of the Business Efficiency Reserve as the Transformation Reserve, with the appropriation of £3 million from the unallocated balance on the General Fund Reserve (following consideration of the General Fund revenue budget outturn position for the financial year 2018/2019). Significant spend is programmed for 2022/23 and indeed 2023/24 as the programme progresses.	2,731	1,024	-	1,707
Elections	An annual contribution to meet the cost of future election expenses. This will be reviewed during 2023/24 to ensure enough resources are available to fund estimated necessary expenditure.	172	172	82	82
South Cambs Crime & Disorder Partnership	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.	27	5	-	22
Homelessness Reserve	This reserve holds unspent year end balances on the Flexible Homelessness Support Grant and it is used to meet project commitments. The projected year end reserve balance is currently estimated at £682,000.	806	467	591	930
Land Charges – Appropriations Reserve	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. By its nature, this Reserve can only be utilised through the Land Charges function.	103	-	-	103
Private Stock Condition Survey	Funding has been set aside to fund a survey on the condition of private housing in the district. The Survey has commenced and £30,000 is expected to be spent both in the 2022/23 and 2023/24.	101	30	-	71

Name of Reserve	Description of Reserve	Balances as at 01/04/2022 £'000	Transfer From Reserve £'000	Transfer to Reserve £'000	Revised Balance £'000
Homelink	This Reserve holds historical surpluses relating to this initiative and is used from time to time to fund any deficits that occur. A small amount is expected to be used in 2022/23.	132	4	-	128
Travellers Site Reserve	This fund has built-up 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. It is proposed that this reserve is retained to enable needs assessments to be undertaken and for any enforcement action.	111	-	-	111
Swavesey Byeways Fund	Amounts have been received from a third party toward maintenance of the Byways and can only be used for that purpose. The balance relates to amounts yet to be utilised.	14	-	3	17
Contributions: Cambridge Sports Lake Trust	This relates to a contribution towards the maintenance of the lake at Milton Country Park. It is not clear whether there are any restrictions on the use of this contribution and further work is needed to determine the conditions that apply.	6	-	-	6
Webb's Hole Sluice	This small amount is held for any one-off equipment replacement that might be required. It has been in existence for at least three years and further work is needed to assess the necessity for it.	12	-	-	12
Environmental Health	This has been held for a number of years and there is no immediate prospect of it being used so it is suggested it be moved to the Accommodation Reserve during 2022/23.	24	24	-	-
Supporting People	A grant from Central Government was received toward the end of 2018/2019 for improvements to parks and open spaces within the District. It is proposed to use this at Northstowe.	38	32	-	6
Saxon Close, Oakington Commuted Sum	This reserve comprises S106 monies held to provide grounds maintenance on a shared space at this housing development.	16	-	-	16
Awarded Watercourses	This will be used to fund future Plant and Equipment represented within the Authority's capital programme.	71	-	12	83
Planning Reserve	The reserve was created as part of the 2020/2021 budget setting process from the amalgamation of a number of existing planning related reserves to provide funding for unforeseen and unexpected	1,712	-	-	1,712

Name of Reserve	Description of Reserve	Balances as at 01/04/2022 £'000	Transfer From Reserve £'000	Transfer to Reserve £'000	Revised Balance £'000
	levels of service, the resource needs associated with major developments, legal and other costs arising from planning enforcement actions and a contribution to consultancy and other resource needs associated with Local Plan preparations.				
Northstowe Reserve	The Northstowe reserve was originally 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. A number of other reserves identified for Northstowe were amalgamated into this reserve as part of the 2020/2021 revenue budget setting process. The Reserve is now also being topped up and used for the temporary building at Northstowe.	507	201	423	726
Repair and Renewal (Vehicles & Plant) Fund	The reserve was created as part of the 2020/2021 revenue budget setting process for the purpose of defraying expenditure to be incurred from time to time in repairing, maintaining, replacing and renewing vehicles and plant belonging to the Council. Annual revenue contributions will be made to the R&R Fund to equalise costs over the life of the asset. A range of existing reserves for vehicle acquisitions were amalgamated into this Fund.	3,645	897	850	3,598
IT Fund	The reserve was created as part of the 2020/2021 revenue budget setting process for the purpose of defraying expenditure to be incurred from time to time on IT replacement equipment and software solutions. Annual revenue contributions will be made to the Fund to meet expected replacement costs.	300	20	100	380
Total Earmarked Reserves		32,231	5,709	3,308	29,830

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Report to:	Council	21 February 2023
Lead Cabinet Member:	John Williams - Lead Cabinet Member for Resources	
Lead Officer:	Peter Maddock - Head of Finance	

Capital Programme 2023/2024 to 2027/2028

Executive Summary

1. To consider the Council's Capital Programme for financial years 2023/2024 to 2027/2028. The Cabinet recommend the updated General Fund Capital Programme for approval

Key Decision

2. No

Recommendations

3. **That Council consider and approve the General Fund Capital Programme following a detailed review of the rolling programme by Cabinet at its meeting on 06 February 2023.**

Reasons for Recommendations

4. To enable the Council to consider the Capital Programme 2022/2023 to 2026/2027 and if satisfied to approve the revised programme as outlined in Appendix A.

Details

5. The Capital Programme is prepared on a five-year rolling programme in accordance with the Capital Strategy. The Council is, therefore, requested to consider the programme for 2022/2023 (being the current year), 2023/2024, 2024/2025, 2025/2026, 2026/2027 and 2027/2028 financial years and following review recommends Council approved the revised programme.
6. In determining its Capital Programme, the Council must comply with the regulations relating to the Prudential Framework for Capital Finance in local authorities and related prudential indicators, i.e. is it prudent, affordable (in Council Tax terms) and sustainable (in the Medium Term). Due regard should, therefore, be given to:

- (i) The estimate of available capital finance (from borrowing and capital receipts if any) needed to cover existing committed schemes and any residual sum available for uncommitted and future priority schemes.
 - (ii) The estimate of capital finance resource becoming available in the ensuing four years for uncommitted schemes and new priority schemes (e.g., from external borrowing, forecast new capital receipts (if any) or external funding).
 - (iii) The estimated revenue implications (estimated at £45,000 per year per £1 million borrowed over 25 years) of the proposed total programme and impact on Council Tax in terms of affordability.
7. Consequently, the number of new priority capital schemes which can be approved at each annual review of the programme, and during the financial year, will be limited by these affordability factors. The corporate focus of capital investment will need to accord with the Business Plan and the requirements of the updated Capital Strategy (see separate report on the agenda).
8. To enter into excessive long-term borrowing would only exacerbate the financial position and, on this basis, it is strongly recommended that the Council only agrees a level of capital investment that is affordable in the long term.
9. The proposed changes to the capital programme since it was approved by Cabinet on 12 December 2022 are identified in the full Capital Programme from 2022/2023 (current year) to 2027/2028 at **Appendix A**.
10. The table below sets out a summary of the revised Capital Programme based on the latest estimates of project completion dates and cash flows with an explanation of the key variations.

Summary Capital Programme	2023/2024 £'000	2024/2025 £'000	2025/2026 £'000	2026/2027 £'000	2027/2028 £'000
Gross Directorate Budgets:					
Chief Executive	11,419	10,334	10,000	10,000	10,000
Head of Climate, Waste & Environment	2,572	5,460	4,484	974	1,728
Head of Finance	272	261	261	251	242
Head of Housing	13,155	13,737	8,271	1,405	1,405
Head of Transformation, HR & Corporate Services	2,049	83	725	515	615
Gross Total	29,467	29,875	23,741	13,145	13,990
Financed By:					
Grants / Contributions	14,994	11,023	6,562	1,290	1,780
Revenue	3,401	2,963	2,986	712	974
Capital Receipts	7,092	5,889	4,193	1,143	1,236
Borrowing	3,980	10,000	10,000	10,000	10,000
Total Financing	29,467	29,875	23,741	13,145	13,990

Key variations are summarised as follows:

New Capital Schemes

11. New bids for capital expenditure were included in the previous update to the capital programme submitted to Cabinet on 12 December 2022. The programme presented has changed in relation to those schemes as summarised by below:
 - a. The Council has bid for an amount of funding from the UK Prosperity Fund allocation to help with various revenue and capital projects. An amount of £1.753 million has been included in the programme for 2023/24 and 2024/25. £1.168 million will be treated as Revenue expenditure funded from capital as it does not result in the creation of a Council asset, but the expenditure is of a capital nature.

Revised Schemes & Reprofiting

12. Since the Cabinet meeting, held on 12 December 2022, further changes to the capital programme have emerged to reflect recent developments and expectation of the timing of expenditure. This has reduced the gross budget for 2022/23 by £526,000, for 2023/24 increased by £1.688 million and for 2024/25 increased by £334,000. The revised spend profile is set out in detail in **Appendix A** and summarised below:
 - a. The purchase of the electric street cleansing vehicles originally included in 2022/2023 has been moved into 2023/2024 due to a change in the timing of the delivery of the vehicles.
 - b. The truck replacement project initially planned for 2023/24 has been rephased to occur in both 2022/23 and 2023/24 due to a vehicle becoming available for purchase sooner than initially anticipated.
 - c. An additional £30,000 has been included in 2023/24 for the proposed electric vehicle charging points parish grant scheme funded from the Renewables reserve.

Capital Programme Financing

13. The Council will need to rely on borrowing to fund capital investment going forward and this has a direct impact on the revenue budget. The level of borrowing is clearly a factor that needs to be considered by the Council, but excessive borrowing must be considered with caution as repayment of any loans would fall on Council Tax, at a time when significant budgetary savings must be made to avoid an unacceptable increase in Council Tax or reductions in key services.
14. The use of Capital Receipts is prescribed by Regulations made under the Local Government Act 2003. Where excess Capital Receipts are held, i.e. not needed to finance capital expenditure in year, then the Council can either (i) carry any unapplied balance forward into subsequent years or (ii) reduce the Capital Financing Requirement and, as a consequence, reduce MRP (i.e. generate a revenue saving with effect from the following year).

Scheme Commitments

15. To help safeguard the Council capital resources, the revised Capital Strategy only allows schemes to be actually committed when sufficient capital finance has been identified to cover the full forecast cost and where the estimated ongoing revenue consequences have been taken into account and approved by Council as affordable.

Options

16. The option exists to vary the capital programme, but the allocations included reflect Business Plan priorities and decisions previously made by the Council, including the last update to the capital programme on 12 December 2022 and any further slippage identified since then. The programme was recommended for approval by Cabinet on 6 February 2023.

Implications

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

Financial

18. The Capital Programme is financed from a number of sources including specific grants/external funding, capital receipts, direct revenue financing, Section 106 and borrowing. Borrowing defrays the cost of the capital spending over a predetermined period of time and gives rise to the Minimum Revenue Provision (MRP) being the setting aside of Revenue Budget for the repayment of debt. The overall programme must be assessed in terms of estimated revenue implications of each scheme including their impact on Council Tax in terms of affordability.
19. In determining its Capital Programme, the Council must have regard to the Prudential Framework i.e. is it prudent, affordable (in Council Tax terms) and sustainable (in the Medium Term). The Capital Strategy, therefore, requires the Council to consider the proposed capital programme having regard to the CIPFA prudential indicators and the Council will consider the extent of borrowing based upon these.

Legal

20. The Local Government Act 2003 provides the legal basis for capital finance, namely a general power to borrow and a duty to set an affordable borrowing limit. The Local Authorities (Capital Finance and Accounting) Regulations 2003 provides operational detail and specifically states that Authorities must have regard to CIPFA's Prudential Code when setting and reviewing borrowing limits.
21. In respect of individual capital schemes, some are legally unavoidable whereas others are discretionary but undertaken within the powers available to the Council.

Risks/Opportunities

22. In relation to Capital resources, the following risks should be taken into account when considering this report:
 - (i) New capital schemes can emerge at any time based on newly identified needs or changes in legislation which require funding.
 - (ii) The forecast cost/timing of existing schemes and the ability to undertake schemes may vary as implementation is undertaken.

- (iii) Forecast capital receipts may not be achieved which will result in some schemes not proceeding until other sources of capital finance become available or unless further recourse is made to borrowing.
- (iv) There is a risk that external contributions may not fully materialise and, as such, there is a risk that schemes relying on external funding may require alternative sources of funding to be identified.

Consultation responses

23. None, except budget holders.

Alignment with Council Priority Areas

Housing that is truly affordable for everyone to live in

24. The Council is committed to providing new homes for tenants through the New Build programme which has been built into the Capital Programme for 2022/2023 and subsequent years. This report supports the Councils business plan by recommending rephasing budgets where required in the housebuilding programme.

Being green to our core

25. The Capital Programme provides an update on a number of schemes which relate to the green to our core element of the Councils business plan.

Background Papers

- Budget Reports – Report to Cabinet: 07 February 2022
- Budget Reports – Report to Council: 22 February 2022
- General Fund Medium Term Financial Strategy – Report to Cabinet: 12 December 2022
- General Fund Capital Programme Update and New Bids 2023/24: Report to Cabinet: 12 December 2022
- General Fund Capital Programme – Report to Cabinet 6 February 2023.

Appendices

Appendix A: Revised Capital Programme

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General Fund - Directorate / Service	Budget	Revised	Budget	Budget	Budget	Budget	Budget
	2022-23	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Chief Executive							
Investment Strategy	29,800		3,980	10,000	10,000	10,000	10,000
270 Cambridge Science Park	800	755					
Vitrum Building		0					
Waterbeach Renewable Energy Network (WREN)	3,000	200	6,020				
Rural England Prosperity Fund Grant (REPF)			1,168				
Shared Prosperity Fund (SPF)			251	334			
Total Chief Executive	33,600	955	11,419	10,334	10,000	10,000	10,000
Head of Climate, Environment & Waste							
Greater Cambridge Shared Waste Service :							
Waste Management System				300			
Depot Electric Charging Infrastructure	100						
Refuse Collection Vehicles	3,015	1,292	2,114	4,732	4,404	910	1,568
Street Cleansing :							
Pavement Street Sweepers			263		80		
Mechanical Road Sweepers	280			280			
Truck Replacements		33	22	30		64	160
Land Drainage :							
Tractors				80			
4x4 Vehicles	28		28	28			
Excavator	45	49					
Flail Mowers				10			
Trailer (funded from s106 Capital Contributions)	10						
Other Plant & Equipment	7						
Environmental Protection :							
Air Quality Monitoring Equipment		98					
Footway Lighting :							
Parish Maintained Street Lights	145	130	45				

General Fund - Directorate / Service	Budget	Revised	Budget	Budget	Budget	Budget	Budget
	2022-23	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Renewable Energy:							
Additional EV Rapid Charging Facility	110	13	70				
Parish Councils		20	30				
Total Head of Climate, Environment & Waste	3,740	1,635	2,572	5,460	4,484	974	1,728
Head of Finance							
Cash Receipting System	39	0	10	19	19	9	
Corporate Fraud Case Management System	20	0	20				
Loans to Ermine Street Housing		5,500					
Contribution towards A14 upgrade (Inf)	200	0	242	242	242	242	242
Total Head of Finance	259	5,500	272	261	261	251	242
Head of Housing							
Housing management system		19					
Northstowe							
Activity Hub	5,099	427	8,105	8,532	4,266		
Sports Pavilion	1,770	3,060	340				
Community Centre	1,500	400	2,800	3,200	1,600		
Phase 2 Sports Pavillion			400	600	1,000		
Other Housing General Fund							
Required GF Share of HRA Capital Expenditure	25	25	25	25	25	25	25
Repurchase of General Fund Sheltered Properties	500	650	500	500	500	500	500
Improvement Grants / Loans :							
Home Repairs Assistance	100		100	100	100	100	100
Disabled Facilities & Repairs Grants	877	877	885	780	780	780	780
HEAD of HOUSING TOTAL	9,871	5,458	13,155	13,737	8,271	1,405	1,405

General Fund - Directorate / Service	Budget	Revised	Budget	Budget	Budget	Budget	Budget
	2022-23	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Head of Transformation, HR & Corporate Services							
ICT Development :							
PC Refresh Programme							
New Server Technologies	15	50	15	15	15	15	15
Hybrid Cloud Data Centre Refresh			215				
Democratic Services Systems			37				
A single source Council Business CRM system	10						
Data Centre Physical Refresh	75	75					
Replacement of Servers Running Windows/SQL 2012	13	13					
Extended Support for the Shared Datacentre	36	36					
Security Information & Event Management	3	3					
South Cambridgeshire Hall :							
Energy Efficiency (Rnew)		761					
Rapid Electric Charging Facility	40	56					
Office adaptations and enhancements	1,230	966	1,775	68	710	500	600
Human Resources System		7	7				
Total Head of Transformation, HR & Corporate Services	1,422	1,967	2,049	83	725	515	615
GROSS CAPITAL EXPENDITURE (GENERAL FUND)	48,892	15,515	29,467	29,875	23,741	13,145	13,990
Fixed Assets	47,570	8,158	26,927	28,753	22,619	12,023	12,868
Revenue Expenditure funded from Capital under Statute (REFCUS)	1,322	7,357	2,540	1,122	1,122	1,122	1,122
	48,892	15,515	29,467	29,875	23,741	13,145	13,990

General Fund - Directorate / Service	Budget	Revised	Budget	Budget	Budget	Budget	Budget
	2022-23	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Financed By:							
Capital Receipts	(2,813)	(3,520)	(7,092)	(5,889)	(4,193)	(1,143)	(1,236)
S106 Agreement Contribution (ring fenced for Housing) - used for Northstowe	(8,369)	(2,149)	(6,977)	(7,389)	(4,114)		
S106 Agreement Contribution (ring fenced for Waste Vehicle)				(200)			
Capital Contributions (from s106)		(98)					
Cambridgeshire County Council (DFG)	(877)	(877)	(885)	(780)	(780)	(780)	(780)
Cambridgeshire, Peterborough Combined Authority funding for WREN project			(2,700)				
Revenue Contribution from HRA towards software etc	(14)	(31)	(60)	(9)	(9)	(6)	(4)
Revenue Contribution from General Fund	(90)	(49)	(28)	(41)			
External funding from Parish Council for Footway Lighting		(30)					
External funding from CCC for Waste Vehicle	(1,755)	(433)	(1,353)	(2,170)	(1,668)	(510)	(1,000)
External funding from CCC for Waste IT System				(150)			
Excess Funding for E-RCV vs Standard RCV from renewables	(686)	(233)	(183)	(936)	(936)		
Vehicle Sinking Fund	(854)	(659)	(783)	(1,736)	(1,800)	(464)	(728)
WREN project funding from Renewables Reserve	(1,500)	(100)	(1,660)				0
WREN project funding from Cambridge City Council	(1,500)	(100)	(1,660)				0
SPF external funding			(1,419)	(334)			
Other Earmarked Reserves	(635)	(1,735)	(687)	(242)	(242)	(242)	(242)
External Borrowing	(29,800)	(5,500)	(3,980)	(10,000)	(10,000)	(10,000)	(10,000)
Total General Fund Capital Resources	(48,892)	(15,515)	(29,467)	(29,875)	(23,741)	(13,145)	(13,990)

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Agenda Item 8h



**South
Cambridgeshire
District Council**

Report to:	Council	21 February 2023
Lead Cabinet Member:	Councillor John Williams, Lead Cabinet Member for Resources	
Lead Officer:	Peter Maddock, Head of Finance	

LOCALISED COUNCIL TAX SUPPORT: 2023/24

Executive Summary

1. The approve the Localised Council Tax Support (LCTS) scheme for 2023/24

Key Decision

2. This is not a key decision as the financial commitments are within the existing budget

Recommendations

3. That Council approves Scheme Option 1 which comprising the LCTS Income Band scheme currently in operation and increases working age scheme to a maximum 100% reduction for all working age claimants, with an uprating of calculation annually in line with CPI in September adjustment to earnings disregards increasing support to those who are working.

Reasons for Recommendations

4. There is considerable economic uncertainty due to the current cost of living crisis and the LCTS has supported South Cambridgeshire's residents to pay their Council tax.
5. The Council has announced a cost-of-living Crisis and the identified changes to LCTS for 2023/24 will increase the support to the most vulnerable residents.
6. The proposed option (Option1) will increase the support provided to residents, including those who are on lower incomes and in work, and enable the service to expand the use of automation software. The software enables most of the income changes for Universal Credit to be processed automatically without manual intervention.

7. The Cabinet approved at its meeting on the 14 November 2022 Scheme (Option1) for consultation with residents, stakeholders Precepting authorities and Parish Council's
8. A consultation has been undertaken which has now ended despite active promotion on social media, direct contacting stakeholders and including it within Parish e-newsletter and whilst they have a very small number of responses. Details of the responses to questions asked: -
 - 88% Agreed with increasing the working age scheme to 100% for all working age residents
 - 82% Agreed that income bands used to calculate entitlement should be increased with CPI
 - 82% Agreed that disregards for earnings should be increase
 - 12% Agreed that Council Tax Support scheme should remain unchanged

The responses suggest that those residents who responded broadly agreed with the proposed changes to the Localised Council Tax Support Scheme

Details

9. The current schemes for working age residents have worked well and are based on a banded discounts scheme; currently there are 2 schemes for residents: -
 - Protected Scheme -100% Maximum scheme for those working age families with disabilities, carers, including lone parents with children under 5
 - Working Age Scheme – 95% for those who do not meet the requirements for the protected scheme.
10. The Council has acknowledged and announced there is a cost-of-living crisis and has committed to reviewing the scheme.
11. There has been a significant increase in take up of LCTS from residents who have been financially impacted due to the current cost of living crisis which has followed the Covid 19 Pandemic.
12. Whilst the current schemes worked well there are some small improvements which could be made which will enable those who are working to be supported further and as a result increase the level of automated processing of monthly Universal Credit (UC) changes from its current level of 65% to 85%
13. The Council consulted with residents and stakeholders and whilst a small response, more than 80% of respondents agreed with the proposed new scheme (Option1) The option supports the continuation of a Banded Discount Scheme but the council ambitions to increase automation of processing which reduces resource requirements.
14. The option proposed will see minor amendments to the Banded Discount Scheme and principles will remain that minor income changes will not result in most cases a change to Council Tax and reducing the number of changes to payments.

15. The changes to LCTS will not change the current 100% disregard of War Pension income from calculation which is mirrored in Housing Benefit calculations as a Local scheme.

16. The Housing Benefit service have worked with Council's Transformation team to review the service and automation was introduced as part of the review resulting in a significant reduction resources requirements needed to process notification of Universal Credit income changes from the Department of Works (DWP) significantly as a result.

Options

17. The following options have been considered

Option 1-Current Banded Scheme with minor amendments

- Maximum of 100% reduction scheme for all working age claimants of LCTS
- Uprate LCTS calculation annually in line with September CPI mirroring DWP uprating arrangements for income-based benefits
- Adjust earnings disregards within calculation to enable extra support to be provided to residents who are working as well as improving levels of automated processing.

The amendment to current banded Scheme enables smaller changes not to affect CTS awards. The modelling undertaken based on uprating for CPI will only affect several claimants increasing total LCTS awarded in total by estimate of £160,000 annually; the increased cost would be shared between the major preceptors based on their share of total council tax. proposed scheme will increase marginally the cost of LCTS. including Precepting Authorities and Parish Council

This option was the one which members agreed at the Cabinet meeting of 14 November 2022 for consultation with residents, at relevant stakeholders.

Option 2

- Maximum of 100% reduction scheme for all working age claimants of LCTS
- Uprate LCTS calculation annually in line with September CPI mirroring DWP uprating arrangements for income-based benefits

This support residents but less incentives to encourage residents to actively seek employment and secondly would not enable the council to fully utilise the automation software.

Option 3- Continue with current scheme

- Protected Scheme -100% Maximum scheme for those working age families with disabilities, carers, including lone parents with children under 5
- Working Age Scheme – 95% for those who do not meet the requirements for the protected scheme

This option would mean that some low-income households would be paying more council tax although the numbers are small; cost of living rises in income claimant received may not cover all increases in living cost and they may be financially worse off.

Implications

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

Financial

19. The current cost of LCTS is around £7,4 million which is currently within budget, but the current financial crisis may mean that more residents will qualify, the council's tax base for 2023/24 will reflect any changes to the scheme.

20. The cost of LCTS IS shared between major preceptors but this excludes the cost of administration. The parish council are affected as LCTS is accounted for by a reduction of chargeable properties (Tax Base)

21. The council has conducted financially modelling of the schemes based on current claimants to assess the likely impact, initially modelling suggest that 1100 working age families will be better off with the recommended option (Option1)

22. The council has conducted financially modelling of the schemes based on current claimants to assess the likely impact, initially modelling suggest that 1100 working age families will be better off with the recommended option (Option1)

The LCTS scheme, at its inception, was part-funded by making changes to some Council Tax discounts that can be set locally. That is:

Class C – empty and substantially unfurnished – 0%

Class D – Undergoing major / structural repair – 100% up to 1 year

Empty Property Premium – 2-5 years – 100% 5-10 years – 200% More than 10 years – 300%

No changes are proposed to the above discounts, and they will remain at the levels previously agreed

23. The cost of LCTS IS shared between major preceptors but this excludes the cost of administration. The parish council are affected as LCTS is accounted for by a reduction of chargeable properties (Tax Base)

Staffing

24. Option 1 facilitates an ongoing reduction in resources to be achieved. The Revenues and Benefits team will be reviewing staffing requirements and structure following on from the current service reviews and initial restructures currently proposed

Risks/Opportunities

25. This proposal will contribute to the mitigation of the current cost of living crisis and support the most vulnerable residents

Equality and Diversity

26. An Equality Impact Assessment (EqIA) has been undertaken in relation to the proposals detailed within this report. This has identified that the proposals have the potential to impact positively on a number of different protected characteristic groups, especially those who we know to be most vulnerable to the cost-of-living crisis

Health & Wellbeing

27. The cost-of-living crisis will have a direct impact of the health and wellbeing of our most vulnerable residents, additional support provided will have a beneficial impact directly on the health and wellbeing of our residents.

Alignment with Council Priority Areas

Housing that is truly affordable for everyone to live in

28. The changes to LCTS will enable those most vulnerable residents to support them paying council tax..

A modern and caring Council

29. The support for LCTS and residents for the cost-of-living crisis links with priorities that we work with in communities and individuals to tackle issues that are affecting them locally

Background Papers

Responses to LCTS consultation 2023-24

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Agenda Item 8i



REPORT TO: Council

21 February 2023

LEAD CABINET MEMBER: Councillor John Williams
Lead Cabinet Member for Resources

LEAD OFFICER: Peter Maddock, Head of Finance

Summary General Fund Revenue Budget 2023/2024

Executive Summary

1. To consider the summary General Fund Revenue Budget for 2023/2024.
2. This is a key decision because it results in the authority incurring expenditure which is, or the making of savings which are, significant having regard to the Council's overall budgets.

Recommendations

3. That Council is requested to consider the report and, if satisfied, to:
 - (a) Take into account the detailed budgets presented at Appendix B, and summarised at Appendix A, with an estimated General Fund Gross Operating Expenditure for 2023/2024 of £84.868 million, estimated Gross Operating Income of £54.622 million and estimated General Fund Net Operating Expenditure of £30.246 million.
 - (b) Acknowledge the key factors which have led to the proposed 2023/2024 General Fund Revenue Budget, with service pressures summarised at Appendix C and offsetting efficiency savings/policy options summarised at Appendix D.
 - (c) Acknowledge that the 2023/2024 General Fund Revenue Budget gross expenditure is covered by forecast income sources (assuming no change in Government grant) and, therefore, any addition(s) to expenditure that are made by the Cabinet or Council will need to be met from the General Fund Balance.
 - (d) Approve the 2022/2023 General Fund Revenue Budget taking into account the statement by the Chief Finance Officer on the risks and robustness of the estimates as required under Section 25 of the Local Government Act 2003 (reproduced at Appendix F).
 - (e) Set the Council Tax Requirement for 2023/2024 at £11,130,440.
 - (f) Approve an increase in the District element of the Council Tax of £5 per annum, giving an average Band D Council Tax of £165.31, plus the relevant amounts required by the precepts of the Parish Councils, Cambridgeshire County Council, Cambridgeshire Police & Crime Commissioner, and the Cambridgeshire Fire Authority.

- (g) Approve the estimates of the amounts required to be made under the Non-domestic Rating (Rates Retention) Regulations 2013 as set out in paragraphs 38 and 39.
- (h) Approve the use of the additional income from the Business Rate Pool, estimated at £1,000,000 in 2023/2024, for transfer to the established Renewables Reserve for priority projects.
- (i) Subject to any changes to the recommendations above, Council approves:
 - (i) The 2023/2024 General Fund Revenue Budget based on known commitments at this time and planned levels of Service/functions resulting in a Budget Requirement of £32.918 million.
 - (ii) The District Council Precept on the Collection Fund (Council Tax Requirement) of £11.130 million in 2023/2024 (based on the Provisional Government Settlement) and a Band D Council Tax of £165.31.

Reason for Recommendations

4. To enable the Council to consider and approve the 2023/2024 General Fund Revenue Budget.

Details

(A) Prospects for Local Government

5. This report sets out the draft revenue budget proposals for 2023/2024 that have been prepared in the context of an economic landscape that has continued with a degree of uncertainty and market volatility during 2022, with the ongoing financial challenges associated with the recovery from the Coronavirus pandemic (COVID-19) and high inflation levels. In addition, there is continued uncertainty about the timing of local government funding reforms that, when implemented, could have a significant impact on the distribution of resources.
6. The funding reforms, previously planned for introduction from April 2021, had been further delayed and the long-standing funding issues remain unresolved. There was no update within the 2022/2023 Local Government Settlement on the business rates retention (BRR) reset or funding reform although the Government did announce that the BRR pilots would continue throughout the spending review period. It is reasonable to assume that these reforms are likely to be further delayed to 2024/2025 at the earliest, some five years later than originally planned. These reforms are expected to fundamentally change how, and to what level, all Local Authorities are to be funded but there remains uncertainty as to the level and distribution of local government funding beyond 2023/2024.
7. A detailed refresh of the Medium-Term Financial Strategy (MTFS) was considered by Cabinet, at its meeting on 12 December 2022, and this provided (i) an assessment of the resources available to the Council over the medium term and (ii) an assessment of spending pressures based on existing levels of service delivery and known policy/legislative changes. The determination of the 2023/2024 revenue budget has, therefore, been informed by the MTFS financial forecasts, together with established and effective budget monitoring arrangements that have created a sound foundation

for the management of the Council's financial resources. A further refresh of this is required in light of the provisional settlement and proposed 2023/2024 budget.

8. The financial landscape requires a reliance on an effective budget strategy and sound medium-term financial planning to ensure that the Council's limited resources are targeted to priority services and outcomes.

(B) Economic Outlook

9. The economic landscape has continued with uncertainty in the last 12 months, with the ongoing financial challenges associated with recovery from the Coronavirus pandemic and high inflation levels acting as a dampener on growth and impacting on Council services. UK inflation remains a concern with prices continuing to rise at nearly their fastest rate in 40 years. Consumer Price Index (CPI) inflation, as a measure of price rises, increased by 10.1% in September 2022 from 9.1% in August 2022 (based upon the Office for National Statistics (ONS) information). The prospects for economic growth and recovery are now a little more encouraging but a cautious approach is, however, being maintained given the level of uncertainty.
10. In response to the prevailing economic conditions the Bank of England Base Rate has been increasing during the financial year 2022/2023. The increase to 0.75% from 17 March 2022 was followed by further increases, in response to market conditions, to 1.00% from 5 May 2022, to 1.25% from 16 June 2022, and to 1.75% from 4 August 2022. The Bank of England's Monetary Policy Committee delayed its decision on whether to raise the base rate further, due the period of national mourning following the sad death of Her Majesty Queen Elizabeth II, but further increased the rate to 2.25% when the Committee reconvened on 22 September 2022. The base rate influences the interest rates that lenders charge for mortgages, loans and other types of credit.
11. Inflation used to drive expenditure and income assumptions in revenue budget planning have been based on the Bank of England and Office for Budget Responsibility (OBR) forecasts; the percentage applied in the MTFs and in the proposed budget is 5% for employee related costs and for other costs inflation has been reflected using the percentage most suitable on an individual case basis taking the current economic situation into consideration.
12. 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. Whilst there is marginal benefit from prevailing interest rates in terms of investment returns, local authorities have experienced unforeseen cost pressures as a result of increased energy prices, spiralling inflation, and national living wage pressures. These factors will need to be fully taken into account as part of the 2023/2024 budget setting process.
13. Long term loans were used during 2022/2023 to fund lending to Ermine Street Housing and to fund other items in the Capital Programme and it is anticipated that external borrowing will be required during 2023/2024. For budgeting purposes, available interest rates have been factored into the borrowing cost projections associated with the capital programme.

(C) Budget Formulation

14. The detailed budgets continue to be presented in service area packs. Each service pack has a title page, a budget summary, individual budget pages (with similar budgets

grouped together) and a subjective analysis which shows the service area spend by type of expenditure.

15. In looking specifically at the 2023/2024 Revenue Budget, the Council needs to be mindful of the financial backdrop and will need to ensure that any proposals, in particular around efficiencies and policy options, need to be realistic and above all sustainable. The financial landscape will, therefore, require reliance on an effective budget strategy and sound medium-term financial planning to ensure that the Council's limited resources are targeted to priority services and outcomes.
16. The Revenue Budget has been prepared in accordance with the Council's MTFS approved by Cabinet on 12 December 2022. The clear message is that budget setting and medium-term financial planning will be tough over the duration of the MTFS (to 2028) and, as such, the financial objectives identified at paragraph 57 below have helped guide the budget process. In determining the 2023/2024 revenue budget, due and proper regard has been given to its ongoing sustainability and the observance of a number of overarching principles. This has involved:
 - (a) An overall commitment to endeavour to increase annual income sources and reduce annual expenditure without materially reducing front line services provided by the Council.
 - (b) A comprehensive review of the base budget to provide greater assurance for the future. The review has been based upon regular established monitoring processes and has incorporated a review of the alignment between the original budget and service activity.
 - (c) The commitment, in response to the financial challenges, to an ambitious 4-year plan to transform service quality, realign financial resources to business plan priorities and improve customer service.
 - (d) A positive commitment to achieve better value for money for the service areas whilst maintaining quality, accessible front-line services, and the adoption of a Value for Money Strategy by the Cabinet on 4 September 2019.
 - (e) The continued review and tight control of the capital programme given the impact of borrowing on the revenue budget.
17. The resulting draft 2023/2024 revenue budget sets out the Council's finances and the efficiencies required to produce a balanced budget in the light of the ongoing reduction in Government grant funding and other pressures. A detailed revised estimate for 2022/2023 has also been prepared.
18. In preparing the budget for 2023/2024 a detailed revised estimate for 2022/2023 has also been prepared considering the changes to expenditure and funding owing to a number of national and global factors: Brexit, the Covid-19 pandemic, global supplies production, rising inflation, the fuel crisis and Russian sanctions.
19. In line with accounting requirements, the revised budget for 2022/2023 and proposed budget for 2023/2024 continue to include relevant pension adjustments. Accounting requirements are such that the pension costs recognised in the net cost of services should be the value of the pension fund related to those employees delivering the services, rather than the actual contributions to the fund in relation to those employees. The effect of this is to increase the net cost of services but reverse the effect out within the net operational expenditure.

(D) Local Government Settlement – Funding Sources

20. The 2021 Spending Review, announced on 27 October 2021, set out Government's spending plans and departmental budgets for the period 2022/2023 to 2024/2025. It confirmed, at that time, that the Core Spending Power for local government was expected to increase by 3% per annum real terms (5% in cash terms). In addition, it was confirmed that there would not be a reset of the business rates baseline in 2022/2023 but there was no update on the timescale for the funding reforms.
21. The finance settlement announcement, on 19 December 2022, made no significant changes to the funding allocations compared to 2022/2023, although allocations no longer include any ring-fenced spending for COVID-19. Whilst the delay in implementing the intended funding reforms benefits the Council in 2023/2024, there remains very significant risks to the funding level for District Council's in future years with the expectation that the Council will lose a significant share of its funding as a result of the funding changes – the expected, but deferred, business rate baseline reset could be particularly damaging. To offset the adverse impact of the local government funding reforms, when implemented, some form of damping support would be inevitable, although it will be phased out over time.
22. The key headlines in relation to the Local Government Finance Settlement which was confirmed on 6th February are as follows:
- (i) Council Tax referendum principle of the higher of 2.99% or £5 per dwelling for 2023/2024.
 - (ii) Continuation of the existing Business Rate Retention Scheme for a further year, with 100% business rates pilots continued for a further year. It remains unclear what is happening with the proposed Business Rates reset. The Cambridgeshire Business Rates Pool was also confirmed for a further year.
 - (iii) A new allocation referred to as the funding guarantee of £1,070,000 has been made. This is provided to ensure all authorities receive at least a 3% increase in core spending power. It was mooted in the budget in November 2022 that funding for local authorities would be broadly maintained at existing levels and this is the main reason the settlement is better than forecast.
 - (iv) The Lower Tier Services Grant un-ringfenced grant has been discontinued.
 - (v) Continuation of the Rural Service Grant of £153,000 for a further year in recognition of the additional cost of providing services in sparse rural areas, pending implementation of the Fair Funding Review.
 - (vi) A one-off services grant of £107,000. Although the settlement states this is for one year only it also states the total amount of £882 million will remain within local government but be allocated differently in future years.
 - (vii) Revenue Support Grant (RSG) of £228,000 has been allocated for 2023/2024 and expected to continue into 2024/2025 and beyond.
 - (viii) The original consultation on the New Homes Bonus (NHB) scheme closed on 7 April 2021 proposing a range of options to provide an incentive that is more focussed and targeted on ambitious housing delivery. Further expected consultation during 2022/2023 did not take place which means there is still

considerable uncertainty around support going forwards. It had been assumed that the support provided in the settlement would be on the basis of a revised scheme, however, the Council has received an allocation of £1,508,000 on the basis of the current scheme.

23. The spending power of the Council, based upon the provisional settlement, can be summarised as follows:

	2022/2023 £'000	2023/2024 £'000	Change %	2024/2025 Forecast £'000
Settlement Funding Assessment (SFA):				
- Baseline Funding Level	2,647	2,746	3.7%	2,950
- Revenue Support Grant (RSG)	-	-		
Total SFA – Per 2023/2024 Settlement	2,647	2,746	3.7%	2,950
- Rural Services Grant	137	153	11.7%	153
- Revenue Support Grant	-	228	100%	245
- Lower Tier Services Grant	113	-	-100%	-
- Funding Allocation Guarantee	-	1,070	100%	1,079
- Services Grant	182	107	-70.1%	107
New Homes Bonus (NHB) Grant	2,376	1,508	-57.6%	1,000
Council Tax Income	10,489	11,130	6.1%	11,824
Core Spending Power	15,944	16,942	6.3%	17,358

24. While the level of Settlement Funding Assessment (SFA) for 2023/2024 remains stable as a result of the settlement that has been announced, there is still uncertainty relating to the SFA for 2024/2025 and beyond. The outcome of the Fair Funding Review, a probable baseline reset (and potential review of the Business Rate Retention system), and the review of NHB create uncertainty but this is now more likely to impact budgets from 2025/26.
25. The key elements of local government funding, some of the assumptions made for the period from 2024/2025 and local prospects were outlined in the refresh of the MTFs reported to Cabinet on 12 December 2022. These are outlined in more detail in the “Funding the Budget Requirement” Section below.

(E) Spending Baseline, Spending Pressures and Savings

26. The table below sets out headline movements between the 2023/2024 draft budget and the 2022/2023 approved budget (Column 1 and 7 on appendix A) Detailed analysis by service area is outlined in **Appendices A and B**.

	Increased Resource £'s	Decreased Resource £'s
Resources		
Council Tax	511,000	
Business Rates	6,980,000	
Funding Guarantee Allocation	1,070,000	
Rural Services Grant/Services Grant/RSG	56,000	
New Homes Bonus		868,000
Net Increase in Resources	8,617,000	868,000

	Reduced Spending/ Funding changes £'s	Increased Spending £'s
Spending		
Chief Executive	442,000	
Climate, Environment and Waste Services		881,000
Finance Service		4,637,000
Housing Services		438,000
Planning Services	952,000	
Transformation, HR & Corporate Services		1,206,000
Interest Payable		1,713,000
Investment Income	1,548,000	
Other Levies & Contributions		333,000
Capital Financing & MRP	2,100,000	
Contribution to Earmarked Reserves		4,227,000
Contribution to General Fund	644,000	
Change in budget requirement between 2022/2023 and 2023/2024	5,686,000	13,435,000

27. The most significant of these are set out below:

- (a) The “Net Increase in Resources” is set out in more detail at Section “G” below. The increase in Council Tax is based upon a proposed £5 increase on 2022/2023 levels.
 - (b) Spending pressures and growth bids have been submitted and have been refined as part of the budget build process. These are summarised at **Appendix C**.
 - (c) Pay and prices incorporate a pay increase of 5% and an assessment of contracted service inflation.
 - (d) Funding changes (e.g. incorporating the additional S31 grants related to business rates and additional income from the Council’s investments).
 - (e) Capital financing charges to support the forward capital programme (see separate report on the agenda).
 - (f) Savings proposals are set out in more detail at **Appendix D**.
28. It has been established practice, since 2020/2021, to maintain a prudent level of revenue contingency to enable unforeseen and "one off" needs (i.e. having no long-term ongoing revenue commitment) to be considered for funding during the financial year. The draft 2023/2024 revenue budget includes a sum of £350,000 for this purpose, which represents a little over 1% of the net operating expenditure.

(F) Proposed Savings

29. The Council has embarked on an ambitious 4-year plan to transform service quality, realign financial resources to business plan priorities and improve customer service.
30. Progress with the range of savings proposals, including income generation opportunities, has been considered and refined as part the ongoing budget monitoring reports to Cabinet. The proposals have been subject to further refinement and consultation with stakeholders and the schedule of proposals, at **Appendix D**, have been included in the 2023/2024 Revenue Budget.
31. The profile of savings is influenced by deliverability and lead in times and an analysis by years at **Appendix D** together with an estimate of how much is expected to fall on the General Fund and how much are HRA related savings.
32. There continues to be, in addition, a great deal of work undertaken, in consultation with Heads of Service on budget challenge, in order to identify other savings on budgets sufficient to reduce the level of costs to the level of resources available, or to ensure that budgets are appropriately aligned. This has resulted in budget adjustments being made in the context of maintaining the relationship between resource allocation and the Council’s Business Plan priorities.
33. In relation to partnership arrangements, a “recharge model” was introduced in 2020/2021 for existing shared services to ensure that recharges are fair and consistently applied and that taxpayers in one area are not subsidising services provided in another. The level of recharges applied has been factored into the 2023/2024 revenue budget.

(G) Funding the Budget Requirement

34. Funding the Budget Requirement incorporates:

- (i) Revenue Support Grant/Business Rates
- (ii) Other Specific Grants
- (iii) Council Tax

(i) Revenue Support Grant/Business Rates Retention

35. The Business Rate Retention Scheme (BRRS) was introduced in April 2013 to provide Councils with stronger financial incentives to support property development and boost the economy in their local area. It means that Councils bear a proportion of the real terms change in business rate revenues in their area: gaining when revenues grow in real terms, losing when they fall. The proportion was initially set at 50% across England. In two-tier areas, like Cambridge, 40% is retained by the District Council and 9% is retained by Cambridgeshire County Council and 1% by the Cambridgeshire Fire Authority.

36. The review of Local Government Finance that will comprise (i) the quantum and how existing funding streams will feature within this and (ii) the methodology to allocate funding (known as Fair Funding) has now been further delayed. It is uncertain when the introduction of the new funding model predicated on changes to BRSS to enable a 75% retention of Business Rates (with most, if not all of the 25% increase, allocated to authorities with adult social care responsibilities) will be introduced. The 2023/2024 revenue budget has, therefore, been based upon the existing funding regime.

37. The Local Government Finance Settlement was announced on 19 December 2022 and sets out the Council's SFA for 2023/2024. This is identified in the table below, together with the other factors relevant to determining the Business Rates Yield for 2023/2024:

	2022/2023 £'000	2023/2024 Provisional £'000	Change %	2024/2025 £'000
Settlement Funding Assessment (SFA):				
- Baseline Funding Level	2,647	2,746	3.7	2,950
- Tariff	26,482	33,902	28.0	36,416
- Business Rates Baseline	29,129	36,648	25.8	39,365
- Section 31 Grants	4,667	5,818	24.7	-
Total SFA – Per 2023/2024 Settlement	2,647	2,746	3.7	2,950
Safety Net Threshold	2,449	2,540	3.7	2,729
Levy Rate (p in £) applicable if outside pool	£0.50	£0.50		£0.50

38. Specifically, in relation to the preparation of the 2023/2024 Revenue Budget:
- (a) The net Business Rates Yield has been estimated at £96.749 million for 2023/2024 as set out in **Appendix E**. The Council's share of this together with the deficit set out in Appendix E equates to £45.557 million compared to a Business Rates Baseline of £36.648 million as set out in the table above. The forecast is based on the number and rateable values of non-domestic properties currently shown in the valuation list. The Business Rates forecast is predicated on the following assumptions:
 - Where growth or decline in the tax base, i.e. new developments, can be predicted with reasonable certainty this is reflected in the forecast yield.
 - There will be no significant changes to the overall value of reliefs, e.g. empty property rate relief or charitable rate relief over the course of the financial year.
 - (b) The Council is entitled to a number of Section 31 Grants in relation to Business Rates to compensate for yield that is foregone due to national government policy, for example, the extension to eligibility for Small Business Rate Relief. These Section 31 Grants are included within the Council's net expenditure (at Appendix F).
 - (c) The business rates revaluation has gone ahead as planned, and been carried out by the Government's Valuation Office Agency. After being delayed by a number of years by Government, this is the first revaluation since 2017 and the overall value of the rating list has increased by around £57 million and as a result so has the yield from business rates. The key issue in relation to forecasting the Business Rates Yield relates to the value of appeals and this is extremely difficult to predict. Given the economic situation and the cost of living crisis, not to mention that businesses are still recovering from the effects of the pandemic there is likely to be a significant number of appeals coming forward as a result of increased business rates liabilities. Appeals relating to the previous "2010 List" and "2017 List" have been resolved, and whilst the provision rate used was based on the national rate of 4.7% there is little confidence that this is a guide to future appeal rates and whilst there is no real data to base the provision on going forward a figure of 8% has been used to reflect the expectation that appeals lodged will be higher than those seen previously.
 - (d) Where ratepayers are faced with increased rates liabilities, the government will apply transitional measures so that new liability levels are reached over a three-year period. The value of transitional relief in these cases is estimated at a little over £11 million. Those ratepayers that see reduced rates liabilities will benefit from those reductions immediately.
 - (e) The estimated Business Rates Tariff and Baseline are both projected to increase by around 7.5% in 2024/25 but it is unlikely that actual income from business rates will increase by these sorts of levels given the expected level of appeals going forward, and economic climate, so it is proposed that some of the additional income in 2023/24 be set aside to meet the expected shortfalls in 2024/25 and beyond.
39. Under the business rates retention scheme local authorities are able to come together, on a voluntary basis, to pool their business rates, giving them scope to generate

additional growth through collaborative effort and to smooth the impact of volatility in rates income across a wider economic area. The Council successfully applied to be the lead authority of a consortium which also includes Cambridgeshire County Council, Peterborough City Council, Fenland District Council, East Cambridgeshire District Council and Cambridgeshire Fire Authority. The formal designation of the pool was confirmed on 18 December 2019 and was introduced on 1 April 2020. The Pool successfully continued in 2021/2022 and 2022/2023 and has also been re-designated to continue in 2023/2024. It is estimated that the Council will benefit from an additional income in excess of £1 million during 2023/2024 and, in line with established policy, it is proposed that the sum continues to be transferred annually to top up the Renewables Reserve to fund priority projects determined by the Council.

(ii) Rural Services Grant

40. The Council currently receives a Rural Services Grant in the sum of £137,000 in recognition of the additional cost of providing services in sparse rural areas. This has been confirmed to continue into 2023/2024 at the higher level of £153,000.

New Homes Bonus

41. The New Homes Bonus (NHB) was introduced in 2011 to provide an incentive for local authorities to encourage housing growth in their areas. The aim of the bonus was to provide a financial incentive to reward and encourage local authorities to help facilitate housing growth. It is based on the amount of extra Council Tax revenue raised from new-build homes, conversions and long-term empty homes brought back into use. NHB funding has been based on the following:
- (a) NHB is payable on housing growth over a threshold of 0.4% of the Tax Base.
 - (b) Payments are based on a rolling 4-year period.
42. Housing growth has been significant for this Council area and, as such, the Council has benefited from high levels of NHB. The Government has, however, stated its commitment to review NHB and the long-awaited consultation on the replacement for NHB, published on 10 February 2021 and closing on 7 April 2021, outlined a number of options for reforming NHB to provide an incentive more focused and targeted on ambitious housing delivery, that complemented wider planning reforms, and that sought to dovetail with the wider financial mechanisms the government is putting in place, including the community infrastructure levy and the Single Housing Infrastructure Fund. The Council has been a major beneficiary of the grant, receiving a peak of £5.2 million in 2016/2017 and there is a risk that the long outstanding review could result in a reduced financial benefit.
43. It had been expected that the changes to NHB would be implemented alongside the wider local government reform package, but the timescale for the review remains uncertain. It is now evident that the provisional settlement would be on a similar basis to 2022/2023 and the 2023/2024 budget, therefore, includes a reward from NHB in the sum of £1.508 million based on the existing scheme.
44. In line with the agreement of the partners, 10% of NHB has been set aside as a contribution to the Greater Cambridge Partnership (GCP) Investment and Delivery Fund from 2021/2022 (a reduction from the 30% level that applied up to 2020/2021).

(iv) Council Tax

45. Council Tax has been the most predictable and stable element of Local Government funding, despite the uncertainty created by COVID-19. This source of income is predicted to yield £11.130 million in 2023/2024 based upon an assumed £5 increase in Council Tax (the maximum level permitted by Government) and an increase in tax base based upon the latest estimates of housing growth. An additional £25,000 is also estimated from the Council Tax sharing agreement.
46. The Local Government Finance Act 1992 requires the Council to set its Council Tax Base for the ensuing financial year by 31 January preceding the start of the new financial year and to notify precepting bodies of the Tax Base that will apply to their area. The Council Tax base for the financial year 2023/2024 has been set at 67,330.7 Band D equivalent properties (an increase of 2.9% compared to the 2022/2023 Tax Base of 65,432.00).
47. The proposed increase in Council Tax for 2023/2024 is 3.1%. This proposal equates to an increase of £5.00 on the average Band D property giving a Council Tax of £165.31 based upon the 2023/2024 Council Tax base of 67330.7 Band D dwellings. The proposed 3.1% increase in Council Tax, results in a total yield from Council Tax of £11.230 million (including £0.075 million Collection Fund surplus and £0.025 million from the council tax sharing agreement).

(H) Review of Reserves

48. A review of Reserves has been made as part of the budget setting process and a separate report on the agenda outlines the recommendations following the review.

(I) Capital Programme

49. A review of the capital programme has been undertaken in conjunction with lead officers to ensure that proposed investment is prudent, sustainable, and affordable and a separate detailed report to the Cabinet proposes a revised profiled capital programme. The Capital Financing implications of the proposed capital programme are reflected in the proposed General Fund Revenue Budget. In the event that all changes are approved, and the latest forecast capital receipts are forthcoming, a forecast borrowing requirement of £43.98 million will be needed to support the total capital programme to 2027/2028.
50. The revenue implications of the Capital Programme have also been taken into account in the draft 2023/2024 revenue budget and are detailed at Appendix A.

(J) General Fund Revenue Budget Summary

51. The 2023/2024 General Fund Revenue Budget Summary is detailed at Appendix A and the following is relevant:

(i) Revenue Support Grant (RSG) and Business Rates

These figures reflect the Settlement for 2023/2024. Any adjustment (dependent on its effect) will be reported to Council on 21 February 2023.

(ii) Council Tax Collection Fund Balance in aid of Council Tax

The Council's share of estimated Council Tax surplus as at 31 March 2023 has been determined by the Head of Finance and totals £0.075 million.

(iii) Net District Requirement from Council Tax

After allowing for the increase in the Council's Taxbase, the average Band D Council Tax will be **£165.31**.

(iv) District Precept on Collection Fund

In accordance with legislative requirements the District Precept on the Collection Fund will include Parish Precepts when known.

52. In pursuance of Section 25 of the Local Government Act 2003 the Chief Finance Officer is required to make a statement on the robustness of estimates and the adequacy of Reserves in relation to the Council's budget calculations. Provided Members fully take into account the risks that are outlined in the report at Appendix F, I can confirm that Heads of Service are satisfied with the level of budgets put forward for 2023/2024 relating to their respective service areas although it must be recognised that the budget allocations in 2023/2024, and the future prospects for service delivery, will be challenging and that pressures and constraints during the next financial year will be inevitable.

Options

53. There are options to remove or add items to the budget but, based on previous Cabinet decisions and the detailed discussions held with spending officers, the General Fund Revenue Budget as presented includes all items required to deliver council services and member priorities. The gross expenditure is covered by forecast income sources (assuming no change in Government grant) and, therefore, any addition(s) to expenditure that are required will need to identify matching savings and/or additional income if the proposed level of Council Tax is not to change.

Implications

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

Policy

55. The MTFS identifies that the Council will ensure that annual ongoing General Fund revenue expenditure can be covered by annual income sources across the MTFS period in order to ensure a continuously stable financial base for the provision of Council services and functions. In doing so, the Council recognises that any significant use of reserves to fund ongoing expenditure commitments is unsustainable in the medium term.
56. The MTFS identifies that a prudent level of revenue contingency will be maintained to enable unforeseen and "one off" needs (i.e. having no long-term ongoing revenue commitment) to be considered for funding and, in this regard, the proposed General Fund Revenue Budget includes a revenue contingency of £350,000.

57. In accordance with the MTFS, the following financial objectives have guided the formulation of the 2023/2024 revenue budget:
- A sustainable medium term financial plan that allows the achievement of the Council’s key objectives;
 - Realistic levels of year on year spending which are supportable via annual income streams and do not require the use of general reserves to support recurring expenditure;
 - General reserves should be maintained at all times at or above the agreed minimum level;
 - Constraining annual Council Tax increases to an acceptable level;
 - The pursuance of “invest to save” opportunities with a financial return on the investment in transforming activities over an acceptable payback period;
 - A commitment to explore income generation opportunities and to maximise income from fees and charges;
 - A commitment to maximise efficiency savings;
 - The continued review and control of the Capital Programme given the impact on borrowing (see separate report on the agenda).

Legal

58. The Council is required by law to set a balanced revenue budget each year. There are two specific dates in relation to budget and Council Tax setting that are required by statute to be achieved. Firstly, it is a requirement that each local authority approves its Revenue Budget by 28 February each year for the forthcoming financial year. Secondly, a billing authority (i.e. this Council) is required to set the Council Tax for its area by 11 March each year for the forthcoming financial year.
59. It is a legal requirement (under Section 25 of the Local Government Act 2003) that before approving the ensuing year’s Capital and Revenue Budget, the Council are required to receive and take into account a report of the Chief Finance Officer (Head of Finance) on the robustness of the estimates leading to the Council’s Council Tax requirement and the adequacy of financial reserves. This needs to cover issues of affordability (having regard to Council Tax implications), prudence (having regard to Council policies/strategies) and sustainability (having regard to forecast annual expenditure and income). This report is at **Appendix F**

Financial

Budget Overview

60. The proposed 2023/2024 revenue budget is set out in the table at **Appendix A**.

Government Funding Settlement

61. This report is based on the Government settlement relating to the revenue support grant and business rates redistribution. The consultation on the proposed settlement ended on 16 January 2023 and the final settlement has now been formally confirmed.

Parish Council Precepts

62. Parish Councils had until 31 January to notify the Council of their precepts for the forthcoming year and, as such, the total of the precepts will be reported directly to Full Council on 21 February 2023 as part of Council Tax Resolution.

Risk

General

63. The Revenue Budget for 2023/2024 has been prepared on a prudent basis but there are risks which may affect the budget. These risks include the following:
- The extent of service pressure being higher or lower than anticipated.
 - The delivery of planned efficiency savings.
 - Unforeseen costs during the year which may exceed the provision in the general contingency of £250,000.
 - The economic situation is either better or worse than anticipated with fluctuations in income sources (NB: This affects capital financing costs and fees and charges).
 - Increases in inflation above those known or expected at this time.
 - Member aspirations regarding service levels.
 - The impact of changes in legislation.

It is also critical that the budget setting timescale is followed to ensure that statutory deadlines are complied with.

Specific

64. When the Council considers each revenue service and function budget endeavours are made to identify potential risks. Inevitably, during the year, some of these risks will occur and impact on the budget by either requiring further expenditure or by reducing the Council's budgeted income. The budget process has identified a number of service specific risks relating to the range of District Council Services and related budgets. An overall assessment of risk and an assessment of the robustness of estimates are set out in **Appendix F**.

Environmental

65. There are no environmental implications arising from this report.

Background Papers

Where the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 require documents to be open to inspection by members of the public, they must be available for inspection:

- (a) at all reasonable hours at the offices of South Cambridgeshire District Council;
- (b) on the Council's website; and

(c) in the case of documents to be available for inspection pursuant to regulation 15, on payment of a reasonable fee required by the Council by the person seeking to inspect the documents at the offices of South Cambridgeshire District Council.

The following documents are relevant to this report:

- Budget Report – Report to Cabinet: 2 February 2022/Council: 22 February 2022
- Medium Term Financial Strategy – Report to Cabinet: 12 December 2022
- Capital Programme Update and New Bids – Report to Cabinet: 12 December 2022
- 2021/22 Revenue & Capital Budget Monitoring – Report to Cabinet: 12 December 2022
- Budget Report – Report to Cabinet: 6 February 2023

Appendices

- A Revenue Budget 2023/2024: Summary
- B1-7 Revenue Budget 2023/2024: Summary Budgets
- C Service Pressures Taken into Account
- D Service Efficiencies/Income Generation Opportunities
- E Business Rate Yield Estimate 2023/2024
- F Revenue Budget – Risks and Robustness

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Appendix A

GENERAL FUND ESTIMATE SUMMARY

2022/23				2023/24 Budget		
Original Estimate	Probable Outturn		Note	Gross Expenditure	Gross Income	Net Expenditure
£ 000's	£ 000's			£ 000's	£ 000's	£ 000's
2,899	2,271	Chief Executive & Chief Operating Officer	B(1)	3,722	(1,265)	2,457
9,703	9,975	Head of Climate, Environment & Waste	B(2)	19,728	(9,144)	10,584
3,970	3,786	Head of Finance	B(3)	26,837	(18,230)	8,607
2,585	2,542	Head of Housing	B(4)	6,496	(3,473)	3,023
0	0	Monitoring Officer	B(5)	0	0	0
7,041	6,553	Director of Greater Cambridge Shared Planning	B(6)	12,407	(6,318)	6,088
3,546	2,563	Head of Transformation, HR & Corporate Services	B(7)	5,792	(1,040)	4,752
29,744	27,690	Net Corporate Expenditure		74,982	(39,471)	35,512
250	70	Contingency and unallocated		350		350
29,994	27,760	Net Cost of Services		75,332	(39,471)	35,862
(5,456)	(5,603)	Income from Investments	(a)		(7,003)	(7,003)
1,887	1,858	Other Levies and Contributions	(b)	2,120		2,120
1,319	1,727	Interest Payable (Inc. HRA)	(c)	3,032		3,032
(6,174)	(6,748)	Depreciation Reversals & Other Adj.			(8,148)	(8,148)
1,090	1,090	Minimum Revenue Provision		1,329		1,329
3,420	2,646	Revenue Contributions to Capital		3,054		3,054
26,079	22,731	Net Operating Expenditure		84,868	(54,622)	30,246
1,938	2,159	Contribution to/(from) General Fund		1,294		1,294
(2,849)	(574)	Contribution to/(from) Other Reserves			1,378	1,378
25,169	24,316	To be met from Government Grants and Local Taxpayers		86,162	(53,244)	32,918
		Taxation and Grants				
(11,641)	(10,709)	Business Rates inc Section 31			(18,621)	(18,621)
(10,720)	(10,685)	Council Tax			(11,230)	(11,230)
(2,808)	(2,922)	Other Government Grants			(3,067)	(3,067)
(25,169)	(24,316)	Total Taxation and Grants				(32,918)

Notes:-

(a) This includes Rental income from the Councils Commercial Portfolio and Interest Receivable from Ermine Street Housing and Other Counterparties.

(b) This includes the Drainage Levy and Contributions to the Combined Authority and Greater Cambridge Partnership.

(c) This Includes all Interest payable by the General Fund for both external borrowing and Investment Income passed to the Housing Revenue Account (HRA).

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**Chief Executive and Chief Operating Officer
Estimates 2023/24
Summary**

	2021-22	2022-23		2023-24		
	Actuals	Original Estimate	Probable Outturn	Gross Expenditure	Gross Income	Net Expenditure
	£000's	£000's	£000's	£000's	£000's	£000's
Corporate Management	764	625	637	655	-	655
Economic Development & Commercial Investment	923	1,593	957	2,679	(1,263)	1,416
Elections	448	681	677	388	(2)	386
Service Area Total	2,135	2,899	2,271	3,722	(1,265)	2,457
Continuing Services Budget	2,089	2,727	2,055			2,413
Funded from Earmarked Reserves	46	172	215			44
Total	2,135	2,899	2,271			2,457
Total Expenditure to General Fund	2,135	2,899	2,271			2,457

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**Head of Climate, Environment and Waste
Estimates 2023/24
Summary**

	2021-22	2022-23		2023-24		
	Actuals	Original Estimate	Probable Outturn	Gross Expenditure	Gross Income	Net Expenditure
	£000's	£000's	£000's	£000's	£000's	£000's
Change & Innovation - Green to our Core	336	573	521	574	(19)	555
Commercial & Licensing	1,002	885	945	1,404	(530)	875
Greater Cambridge Shared Waste Operations	4,909	5,237	5,584	14,539	(8,502)	6,037
People, Protection & Planning	1,151	1,413	1,254	1,420	(69)	1,350
Waste Operations - Other	1,461	1,595	1,670	1,792	(24)	1,767
Service Area Total	8,860	9,703	9,975	19,728	(9,144)	10,584
Climate, Environment & Waste Support Services	516	492	501	542	(1)	541
Externally Recharged	(516)	(492)	(501)	(542)	1	(541)
Total Expenditure to General Fund	8,860	9,703	9,975	19,728	(9,144)	10,584
Continuing Services Budget	8,475	9,273	9,471			10,142
Funded from Earmarked Reserves	385	430	504			442
Total	8,860	9,703	9,975			10,584
Total Expenditure to General Fund	8,860	9,703	9,975			10,584

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**Head of Finance
Estimates 2023/24
Summary**

	2021-22	2022-23		2023-24		
	Actuals	Original Estimate	Probable Outturn	Gross Expenditure	Gross Income	Net Expenditure
	£000's	£000's	£000's	£000's	£000's	£000's
Housing Benefits	856	1,320	1,366	18,968	(17,722)	1,246
Local Taxation	1,598	1,877	1,915	3,044	(508)	2,536
Other Activities	625	774	505	4,824	-	4,824
Service Area Total	3,079	3,970	3,786	26,837	(18,230)	8,607
Finance Support Services	2,707	3,000	3,091	3,303	-	3,303
Externally Recharged	(2,707)	(3,000)	(3,091)	(3,303)	-	(3,303)
Total Expenditure to General Fund	3,079	3,970	3,786	26,837	(18,230)	8,607
Continuing Services Budget	2,539	3,212	3,139			3,450
Funded from Earmarked Reserves	540	758	647			5,157
Total	3,079	3,970	3,786			8,607
Total Expenditure to General Fund	3,079	3,970	3,786			8,607

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**Head of Housing
Estimates 2023/24
Summary**

	2021-22	2022-23		2023-24		
	Actuals	Original Estimate	Probable Outturn	Gross Expenditure	Gross Income	Net Expenditure
	£000's	£000's	£000's	£000's	£000's	£000's
Acquisition & Development	20	63	18	70	-	70
Ermine Street Housing	69	57	56	962	(869)	93
Housing Advice & Options	1,067	1,378	1,214	2,530	(1,071)	1,459
Housing Strategy	348	416	561	1,453	(754)	699
Neighbourhood Services	531	672	693	1,482	(779)	702
Service Area Total	2,035	2,585	2,542	6,496	(3,473)	3,023
Housing Support Services	43	57	50	45	-	45
Internally Recharged	(43)	(57)	(50)	(45)	-	(45)
Total Expenditure to General Fund	2,035	2,585	2,542	6,496	(3,473)	3,023
Continuing Services Budget	1,542	2,183	2,149			2,498
Funded from Earmarked Reserves	492	403	393			525
Total	2,035	2,585	2,542			3,023
Total Expenditure to General Fund	2,035	2,585	2,542			3,023

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**Monitoring Officer
Estimates 2023/24
Summary**

	2021-22	2022-23		2023-24		
	Actuals	Original Estimate	Probable Outturn	Gross Expenditure	Gross Income	Net Expenditure
	£000's	£000's	£000's	£000's	£000's	£000's
Legal Services	467	439	495	523	(1)	523
Internally Recharged	(467)	(439)	(495)	(523)	1	(523)
Service Area Total	-	-	-	-	-	-
Continuing Services Budget	-	-	-			-
Funded from Earmarked Reserves	-	-	-			-
Total	-	-	-			-
Total Expenditure to General Fund	-	-	-			-

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**Director of Greater Cambridge Shared Planning
Estimates 2022/23
Summary**

	2021-22	2022-23		2023-24		
	Actuals	Original Estimate	Probable Outturn	Gross Expenditure	Gross Income	Net Expenditure
	£000's	£000's	£000's	£000's	£000's	£000's
3C Shared Services & Land Charges	(97)	345	856	1,341	(620)	721
Greater Cambridge Shared Planning Contribution	(1,209)	(1,796)	(1,600)	-	(1,381)	(1,381)
Planning Delivery	1,910	2,083	1,924	5,328	(3,692)	1,636
Planning Operations	1,663	2,372	1,745	1,476	(76)	1,401
Strategy & Economy	3,999	4,037	3,628	4,261	(550)	3,711
Service Area Total	6,266	7,041	6,553	12,407	(6,318)	6,088
Continuing Services Budget	6,194	6,054	6,123			5,926
Funded from Earmarked Reserves	72	987	430			163
Total	6,266	7,041	6,553			6,088
Total Expenditure to General Fund	6,266	7,041	6,553			6,088

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Head of Transformation, HR and Corporate Services
Estimates 2023/24
Summary

	2021-22	2022-23		2023-24		
	Actuals	Original Estimate	Probable Outturn	Gross Expenditure	Gross Income	Net Expenditure
	£000's	£000's	£000's	£000's	£000's	£000's
Communications & Sustainable Communities	2,142	2,124	1,318	4,405	(1,037)	3,368
Corporate Programme	266	393	268	338	-	338
Democratic Representation	880	1,010	958	1,027	-	1,027
Emergency Planning	15	20	20	23	(3)	20
Service Area Total	3,303	3,546	2,563	5,792	(1,040)	4,752
Facilities Management	2,051	2,436	2,466	2,376	(77)	2,299
HR & Corporate Support Services	1,195	1,177	1,306	1,300	(10)	1,290
Transformation Support Services	4,850	5,928	5,683	5,854	(2)	5,852
Internally Recharged	(8,095)	(9,542)	(9,455)	(9,530)	89	(9,441)
Total Expenditure to General Fund	3,303	3,546	2,563	5,792	(1,040)	4,752
Continuing Services Budget	2,097	3,006	1,717			3,212
Funded from Earmarked Reserves	1,206	540	846			1,540
Total	3,303	3,546	2,563	-	-	4,752
Total Expenditure to General Fund	3,303	3,546	2,563	5,792	(1,040)	4,752

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General Fund Revenue Bids Ongoing - 2023/24 Budget

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Directorate Directorate	Cost Centre Cost Centre	Title	Edited Description	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
				£'000	£'000	£'000	£'000	£'000	£'000
CEW	Environment Operations	Increase in wholesale fuel costs for SCDC Awarded Watercourses (Plant and road vehicles)	Sharp increase in fuel costs through legislation change for the Awarded Watercourse service to white diesel. Price per litre rose by a total of .90p, this is an unavoidable ongoing increase in service cost.		20				
CEW	Environment Operations	HVO Fuel Bid	The service is intending to run up to 20 Refuse trucks on HVO to help improve and reduce CO2 emissions in the two Authorities. HVO can include raw materials such as cooking oil, vegetable oil processing waste and residues and animal fat from the food industry waste. The increase cost of HVO over diesel is 20ppl. The increase in future years is as a result of the 3-year roll-out transitioning from diesel to HVO.		62	23	22		
CEW	SWSS	Replacement of End of Life Street Furniture (Litter Bins)	Litter bin replacement project within the district.		32				
CEW	SWSS	Increase in staff resource for Awarded Watercourses - flood protection to land, businesses and residential properties	Additional member of staff to maintain the provision of service to cover increased demand by new and existing developments and their drainage requirements.		40				
Planning	Planning - Delivery	Planning - Delivery budget adjustments	Increases due to investment in planning apprentices to ease recruitment issues and reduce agency dependency (£174k (£98k in 2023-24 as starting from July 2023)). Anticipated reduction in application (£99k) and pre-application fees (£33k). Offset by better S106 cost recovery (£30k), Enforcement team restructure (£38k) and increased PPA income (£43k).		119	76			
Transformation, HR, CS	Democratic Services	Move to hosting and on-premise server move for ModernGov - ICT-3	This is the increased revenue cost associated with moving the hosting to an on-site server, due to the current provider withdrawing service.		27				
Transformation, HR, CS	HR	HR Apprentice	An apprentice post is now proposed to be made ongoing.		23				
Transformation, HR, CS	ICT	Windows 2012 Server Migrations - ICT-7	Migration of systems and services to, where possible, cloud based systems, and support from vendors. This is caused by withdrawal of Microsoft support for existing servers.	50					

General Fund Revenue Bids Ongoing - 2023/24 Budget

Directorate Directorate	Cost Centre Cost Centre	Title	Edited Description	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
				£'000	£'000	£'000	£'000	£'000	£'000
Transformation, HR, CS	Transformation	Single Point of Contact (SPOC) Role	Creation of one post which encompasses all single point of contact issues and Risk matters instead of 3-4 separate officers maintaining individual contacts.		36				
			Total Net Bids / (Savings)	50	358	99	22	0	0
			HRA SHARE	10	12	0	0	0	0
			Earmarked Reserves						
			General Fund	40	347	99	22	0	0

General Fund Revenue Bids One Off - 2023/24 Budget

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Directorate	Cost Centre	Title	Edited Description	2023/24	2024/25	2025/26	2026/27	2027/28
				£'000	£'000	£'000	£'000	£'000
CE&COO	Economic Development and Investment	Small team to lead the development at North East Cambridge	Three posts for three years, £60k for next year only, with a view to getting developer funding thereafter	60				
CEW	Environment Operations	Recycling Credit payment reduction	Income reduction from recycling credits due to the reduction of glass in the recycling collections. (Loss of income)	40				
CEW	Climate and Environment	Extension Climate & Environment Project Officer - for energy and EV programme delivery	A Project Officer post submitted as a one-off bid previously, now seeking extension for another year. This will enable the C&E Team to meet the Council's Net Zero targets and deliver key Member priorities as outlined within the business plan. Will use £30k received from CCityC for this role within the Sustainable Warmth project as withdrawal from Earmarked reserves.	12	22			
Housing	Housing	Money advice posts	3 posts to be funded by external flexible homelessness funding. It has been approved previously for 2021/22 & 2022/23, but was delayed due to service demand and team restructure. This is a resubmitted bid.	125	125			
Transformation, HR, CS	Facilities Management	Replacement of the Southern Elevation Curtain Walling Glass Replacement	The revenue bid covers additional security requirement of the curtain wall project.	15				
Transformation, HR, CS	ICT	3C ICT Portfolio Team Extension of Fixed Term Resource - Change Delivery Manager - ICT2	Extension of the Change Delivery Manager Role for an additional 24 months with the aim of making the role self-funded (through recharges) after this period. 75% to be funded next year, 25% the following year then 0%. This is to fund ICT Project delivery support for requirements that arise in year for work that has not been identified as part of service planning and resource bidding in the previous year.	12	8			
Transformation, HR, CS	ICT	Additional Temporary Information Governance resource as discussed by CMT August 2022. ICT-6	A new Request Manager post for 12 months to deal with FOI requests and free up time from the staff currently supporting this function and to allow them to receive training.	25				

General Fund Revenue Bids One Off - 2023/24 Budget

Directorate	Cost Centre	Title	Edited Description	2023/24	2024/25	2025/26	2026/27	2027/28
				£'000	£'000	£'000	£'000	£'000
Transformation, HR, CS	HR	HR Systems Administrator	HR systems administrator post extended for another year due to the requirement to support the system is now seen as ongoing.	39				
Transformation, HR, CS	Transformation	Recruitment of 1 FT Business Analyst to support the Admin review	To support the recommendations to deliver the outcomes from the Corporate Admin review.	49	49			
Transformation, HR, CS	Transformation	Applying for funding for extension of Digital Transformation Consultant	An extension to employ a Digital Transformation Consultant until September 2023.	17				
			Total Net Bids / (Savings)	394	204	0	0	0
			HRA Share	31	11	0	0	0
			Earmarked Reserves	279	193	0	0	0
			General Fund	83	0	0	0	0

General Fund Savings and Income Ongoing - 2023/24 Budget

Directorate	Cost Centre	Title	Edited Description	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
CEW	Environmental Protection	Savings on Consultancy Budget within Environmental Protection	Consultancy budgets not required within the service as sufficient skillset is now available internally.	(15)				
Finance	Interest	Additional income from ESH lending	Increase in interest % charged on ESH loans: to increase all loans to Ermine St to 4.25% for 2023/24 the increase in income (or saving) will be £399,000 compared to the current loans at 3.85% and 1%.	(399)				
			Total Net Bids / (Savings)	(414)	0	0	0	0
			HRA SHARE	(80)	0	0	0	0
			Part of Capital Programme					
			Earmarked Reserves					
			General Fund	(334)	0	0	0	0

General Fund Savings and Income One off - 2023/24 Budget

Directorate	Cost Centre	Title	Edited Description	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
CEW	Commercial and Licensing	Additional income from certificate services	Creation of additional income streams through additional primary authority and export certificate services to private sector clients (£10k) and additional street Trading policy income (£5k)	(15)				
Planning	Planning - Strategy and Economy	Planning - Strategy and Economy budget adjustments	Increased revenue from delivery against BNE Business Plan offset by changes in income streams.	(59)				
			Total Net Bids / (Savings)	(74)	0	0	0	0
			HRA SHARE					
			Part of Capital Programme					
			Earmarked Reserves					
			General Fund	(148)	0	0	0	0

Business Rates Yield		Appendix E				
	Total	Central govt.	SCDC	CCC	Fire	
	1	0.5	0.4	0.09	0.01	
	£	£	£	£	£	
NNDR YIELD ESTIMATE 2023/24						
Share of Collection fund						
Net yield (after reliefs and provisions)	96,749,406					
Less						
Transitional Payment Protection	11,024,263					
Cost of collection	- 252,489					
Yield from renewable energy	- 1,018,644					
Enterprises	- 1,310,635					
Yield for distribution	<u>105,191,901</u>	52,595,951	42,076,760	9,467,271	1,051,919	
Add						
Cost of collection			252,489			
Yield from renewable energy			1,018,644			
Enterprises			1,310,635			
Designated area relief		- 203,288	203,288			
Total Income from rates yield	<u>107,773,669</u>	<u>52,392,663</u>	<u>44,861,816</u>	<u>9,467,271</u>	<u>1,051,919</u>	
Estimated Surplus / (deficit) from 2022/23	<u>1,737,369</u>	<u>868,685</u>	<u>694,948</u>	<u>156,363</u>	<u>17,374</u>	
	<u>109,511,038.00</u>	<u>53,261,347</u>	<u>45,556,764</u>	<u>9,623,634</u>	<u>1,069,293</u>	

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REVENUE BUDGET RISKS AND ROBUSTNESS

In pursuance of Section 25 of the Local Government Act 2003, the Council's designated Head of Finance (Chief Finance Officer) is required to make a statement on the robustness of estimates and the adequacy of Reserves in relation to the Council's budget calculations.

The economic landscape has continued with uncertainty in the last 12 months, with the ongoing financial challenges associated with recovery from the Coronavirus pandemic and high inflation levels acting as a dampener on growth and impacting on Council services. UK inflation remains a concern with prices continuing to rise at nearly their fastest rate in 40 years. Consumer Price Index (CPI) inflation, as a measure of price rises, increased by 11.1% in October 2022 from 10.1% in September 2022 (based upon the Office for National Statistics (ONS) information). The prospects for economic growth appear limited and a cautious approach is, therefore, being maintained given the level of uncertainty.

The relevant issues in relation to the 2023/2024 budget are as follows:

Budget Process

1. The formulation of the annual budget has allowed for best estimates of the commitments necessary to maintain service levels and these have been reviewed and refined throughout the process. Service Areas have engaged in a robust challenge of, and determination of, the 2023/2024 budgets rather than adopting an entirely incremental approach to budgeting. In this process key cost drivers have been identified such that activity can be assessed as to its impact on future costs. This has enabled a good understanding of budget issues faced, thus improving the prospects of budget compliance.
2. The determination of the 2023/2024 revenue budget has been informed by established and effective budget monitoring arrangements that have created a sound foundation for the overall management of the Council's financial resources. The Council continues to improve its budget monitoring processes such that it focuses greater attention on those budget areas that represent the greatest risk as determined by a number of risk factors. Budget monitoring is supplemented by service data that relates to the cost drivers thereby enabling a non-financial analysis and early identification of emerging trends. This risk-based approach is supplemented by a quarterly review of all budget areas.
3. The budget monitoring process provides the basis for the monitoring of compliance with the savings proposals and efficiency assumptions built into the revenue budget and it has also enabled budget pressures to be identified, managed, and appraised as part of the 2023/2024 budget setting process. There are a number of budget reductions proposed within the budget as part of the transformation programme; every attempt is being made to prioritise services, and to streamline processes to avoid an adverse impact on service delivery, but there is a risk that there will be unpredicted impacts on services.

4. Each savings proposal is the responsibility of a named Officer and all proposals, including previously agreed savings, have been assessed on an ongoing basis to ensure continued deliverability. It is possible that some of the proposed reductions may not be achievable or may not be achievable in the time frame anticipated, potentially leading to the need for other reductions, budget overspends, or the use of contingency funding. These areas will be kept under review as part of the established budget monitoring arrangements.
5. In determining financial forecasts, and specifically in preparing the 2023/2024 revenue budget, due regard has been given to (i) the actual experience of the Council in the year to date and (ii) the impact of the economic climate including the high levels of inflation and the cost of living challenges impacting on households and Council services. Specifically, the forecasting and budgeting seeks to provide best estimates for Council Tax and Business Rates Yield, service-related income and expenditure.
6. The Council regular reviews the Medium-Term Financial Strategy (MTFS) and, in doing so, forecast resources and spending plans are updated in light of more up to date information. The MTFS sets out the funding gap facing the Council over the medium term. The budget has been prepared in accordance with the approved MTFS and the following financial objectives, as part of the Revenue Budget Strategy, have helped guide the budget proposals:
 - (a) A sustainable medium term financial plan that allows the achievement of the Council's key objectives.
 - (b) Realistic levels of year-on-year spending which are supportable via annual income streams and do not require the use of general reserves to support recurring expenditure.
 - (c) General reserves should be maintained at all times at or above the agreed minimum level.
 - (d) Constraining annual Council Tax increases to an acceptable level.
 - (e) The pursuance of "invest to save" opportunities with a financial return on the investment over an acceptable payback period.
 - (f) A commitment to explore income generation opportunities and to maximise income from fees and charges.
 - (g) A commitment to maximising efficiency savings.
7. As part of the overall budget strategy, the Council has sought to protect front line service budgets. This has included a review of service delivery options and emphasis on the optimisation of corporate budgets and the continuation of a service transformation programme developed in 2019/2020 as part of a 4-year plan to transform service quality, improve organisational productivity and improve customer services. The programme is aimed at delivering Council services more efficiently and in a more convenient way for the public.

8. The formulation of the budget has allowed for best estimates of inflation and applied at a level to reflect efficiency requirements. In this regard, general inflation has been provided on certain budgets (such as contract costs) and, in relation to staff costs, an allowance has been made for incremental shift. An inflationary allowance of 12% has been made for energy costs.
9. It is important to acknowledge that there are risks inherent in the budget estimates and these include specific areas set out below, with an attempt to quantify them where possible:
 - (a) Pay inflation for local government employees in 2023/2024 has been assumed at 5%.
 - (b) Inflation on specific contracts has been based on information related to those contracts and, in some cases, this will require robust contract negotiations. The timely review of business requirements in relation to contracted services should, however, reduce the risk of an increase in some contract values in excess of the budgetary allocation made.
 - (c) Interest is allowed for as both an income item (on daily balances for example) and as an expense (on borrowing for capital for example). In response to the prevailing economic conditions the Bank of England Base Rate has been increasing during the financial year 2022/2023, with the base rate now at 3.5% (compared to 0.75% at the start of the financial year, effective from 17 March 2022). Rates available to investors have marginally improved but, from a borrowing perspective, the Council's General Fund borrowing is predominately short term and, based on the current information, there will be a peak in interest costs during 2023/2024.
 - (d) Given the current economic outlook there is a risk that the forecast level of income budgeted in 2023/2024 in some areas (e.g. planning income, land charge fees) may not be achieved. The determined budget has, however, been prepared having regard to income trends which should reduce the risk involved. With the continued uncertain economic conditions there is a possibility that benefit caseload will increase and, though an increase in numbers receiving Universal Credit would see cases transfer to the Department of Work and Pensions, Council income could still be impacted, and debts would become more difficult to collect.
 - (e) In terms of benefits, the increased stringency of the subsidy claim audit increases the risk of subsidy being withheld and this may require additional resources to be deployed on quality assurance.
 - (f) It is proposed to maintain the Contingency at £350,000 as part of its risk mitigation strategy reflecting (i) the challenges faced by local government at this time and (ii) general appreciation of budget risks.

10. In determining the 2023/2024 revenue estimates, regard has been given to its ongoing sustainability and the observance of a number of overarching principles. This has involved:
 - (a) An overall commitment to endeavour to increase annual income sources and reduce annual expenditure without materially reducing front line services provided by the Council.
 - (b) A preparedness to consult service users and providers to ensure that services can be remodelled and tailored within acceptable tolerances.
 - (c) A comprehensive review of the base budget to provide greater assurance for the future. The review has been based upon regular established monitoring processes and has incorporated a review of the alignment between the original budget and service activity.
 - (d) The identification, as a result of (c) above, of service pressures and endeavours to make adequate provision in the 2023/2024 base budget.
 - (e) The provision of funding to support Business Plan priorities.
 - (f) Continued review and tight control of the capital programme given the impact of borrowing costs on the revenue budget.
11. In terms of the capital programme, regular assessments need to be made to ensure that schemes and costs meet the test as to what can be classified as Capital Expenditure. In addition, the long-term affordability of the capital programme has been reviewed and this has resulted in proposals for a revised and reprofiled programme, including priority for invest to save proposals and prudent allocation of grant and other income to reduce borrowing costs.
12. In submitting the 2023/2024 revenue budget for approval, regard has also been given to issues of affordability (having regard to Council Tax implications), prudence (having regard to Council policies/strategies) and overall sustainability (having regard to forecast annual expenditure and income).
13. It has been the Government's intention for some time to introduce new funding arrangements, including the proposed increase in local business rate share to 75% (from 50%), a business rate baseline reset, a Fair Funding Review, and further other changes to key funding streams, such as social care and New Homes Bonus. There has, however, been no confirmation on the timescale for implementation of the wider funding reforms, but an emerging view is that the reforms may not now impact until the financial year 2025/2026. The risks relating to these changes has, therefore, been considered as part of the review of the MTFs and the future financial forecasts.

Reserves

1. The Council's Revenue Reserves and Provisions are held to fund specific initiatives or held to cover unforeseen events within the Council's prudent financial management arrangements.
2. The Council, as at 1 April 2022, held a Bad Debt Provision to a value of £2.4 million and Revenue Reserves of around £45.9 million of which £29.8 million was earmarked. The balance of £16.1 million represents the General Reserve and working balance. An annual review of Reserves has been carried out as part of the budget process and a number have been re-aligned or combined. The overall level is significant and accords with the optimum level required calculated on a risk basis. A process exists to regularly refresh the risk assessed level of General Fund Reserve having regard to the needs and risks of the Council on an ongoing basis.
3. In reviewing Reserves, due regard has been given to professional guidance. Since 1992 the Chartered Institute of Public Finance and Accountancy (CIPFA) Local Authority Accounting Panel (LAAP) has issued LAAP Bulletins to local authority practitioners. These Bulletins provide guidance on topical issues and accounting developments and when appropriate provide clarification on the detailed accounting requirements.
4. Based on an assessment of the risks facing the Council, including transformation, demographic and transition factors and past experience of budget pressures, the Reserves that are proposed to be retained is considered appropriate, but should be subject to review to ensure that excessive balances are not maintained. Some of these reserves can only be used for specific purposes, but others could be called upon if necessary and so provide additional flexibility.
5. In view of the unsettled economic background, and significant changes that will impact upon medium term finances (such as the localisation of business rates), it is recognised that there is an ongoing need to review and establish a level of reserves which allows the Council to withstand the financial impacts of future developments, unanticipated or otherwise, at a local or national level.

Conclusions

1. The process for the formulation of budgets provides a reasonable assurance of their robustness.
2. The level of the Reserves is sufficient to provide a working balance to cushion the impact of unexpected events or uneven cash flows (general reserves) and funds to meet known or anticipated liabilities (earmarked reserves).
3. It is recognised that the financial pressures facing the Council are not going to ease over the medium term. The economic situation, coupled with a downward funding trajectory outlined in the spending review, will require the Council to put in place sustainable budget proposals in order to set a balanced budget.

4. In addition, there are still expected to be a number of changes in how local government is funded over the medium term, in particular the Business Rates Retention Scheme and the Fair Funding Review. This reshaped funding landscape has the effect of increasing financial uncertainty and risk and the Council's financial resilience will depend upon appropriate mitigating actions ranging from effective financial control, a clear financial strategy and strong financial governance. The ongoing assessment of the Council's financial resilience, including the sufficiency of Reserves, will form a major element of the response to this new financial landscape.

Conservative Group Budget Proposal for 2023/2024

1. Freeze the council tax

It has been a difficult couple of years for residents dealing with the pandemic and on top of what feels like ever increasing household bills particularly in relation to heating and fuel costs which have hit people hard. It is proposed to freeze the council tax at 2022/23 levels to assist residents struggling to meet their living costs. The income forgone in 2023/24 as a result will be around £336,650.

2. Additional funding for fraud prevention and investigation

Local Authorities have in recent years seen increasing amounts of attempted fraud against them and if anything the Pandemic and cost of living crisis has seen this sort of activity increase further. It is important to tackle this growing trend and preventative work is seen as a key element to achieving this. It is therefore proposed to invest £50,000 in further fraud prevention work and raising fraud awareness in the community. This could be achieved by employing a fraud prevention officer and providing resources to support them in this work.

3. Additional planning enforcement (compliance) officer

There is a need to bolster resources in the planning enforcement team and it is proposed to add an additional officer at a cost of £45,300 to provide for the growing demand to investigate breaches of planning conditions and consent.

4. Funding

It is proposed that the amount required of £431,950 be funded in part from a saving by discontinuing the current policy that allows councillors to receive more than one Special Responsibility Allowance, this will save around £14,000. Also Reducing the number of South Cambs Magazines from 4 to 2 which will save around £26,000 with the remaining difference (£391,950) to be met from the transformation reserve.

Heather Williams

Conservative Member for The Mordens Ward

Agenda Item 8j



REPORT TO: Council 21 February 2023

LEAD CABINET MEMBER: Councillor John Williams,
Lead Cabinet Member for Resources

LEAD OFFICER: Peter Maddock, Head of Finance

Housing Revenue Account Revenue & Capital Budget: 2023/2024

Executive Summary

1. To consider the summary Housing Revenue Account (HRA) Revenue and Capital Budget for 2023/2024 and if satisfied to approve the HRA Budget.

Key Decision

2. This is not a key decision.

Recommendations

3. That Council is requested to consider the report and, if satisfied, to:

Housing Revenue Account (HRA): Revenue

- (a) approve the HRA revenue budget for 2023/2024 as shown in the HRA Budget Summary as presented at Appendix A.

HRA: Review of Rents and Charges

- (b) Approve that council dwelling rents for all social rented properties be increased by 7%, recognising that inflation measured by the Consumer Price Index (CPI) at September 2022, plus 1% would result in an increase of 11.1%, but that the government has introduced a cap on rent increases at 7% from April 2023.
- (c) Approve that affordable rents (inclusive of service charge) are also increased by 7% in line with the increase for social rents.
- (d) Approve that rents for affordable shared ownership properties are increased by 7% or RPI at January 2023 plus 0.5% whichever is the lower, from April 2023, recognising that although the government rent cap does not apply to this tenure, an increase of in excess of 7% may put undue financial pressure on these households.
- (e) Approve that garage rents be increased by 7% in line with the increase for social rents.

- (f) Approve the proposed service charges for HRA services and facilities provided to both tenants and leaseholders, as shown in Appendix D.

HRA: Capital

- (g) Approve the required level of funding for new build investment between 2023/2024 and 2027/2028 to ensure that commitments can be met in respect of the investment of all right to buy receipts currently retained or anticipated to be received by the authority for this period. This expenditure will take the form of HRA new build, with the 60% top up met by other HRA resources.
- (h) Approve the HRA Medium Term Financial Strategy forecasts as shown in Appendix B.
- (i) Approve the Housing Capital Programme as shown in Appendix C.

Reason for Recommendations

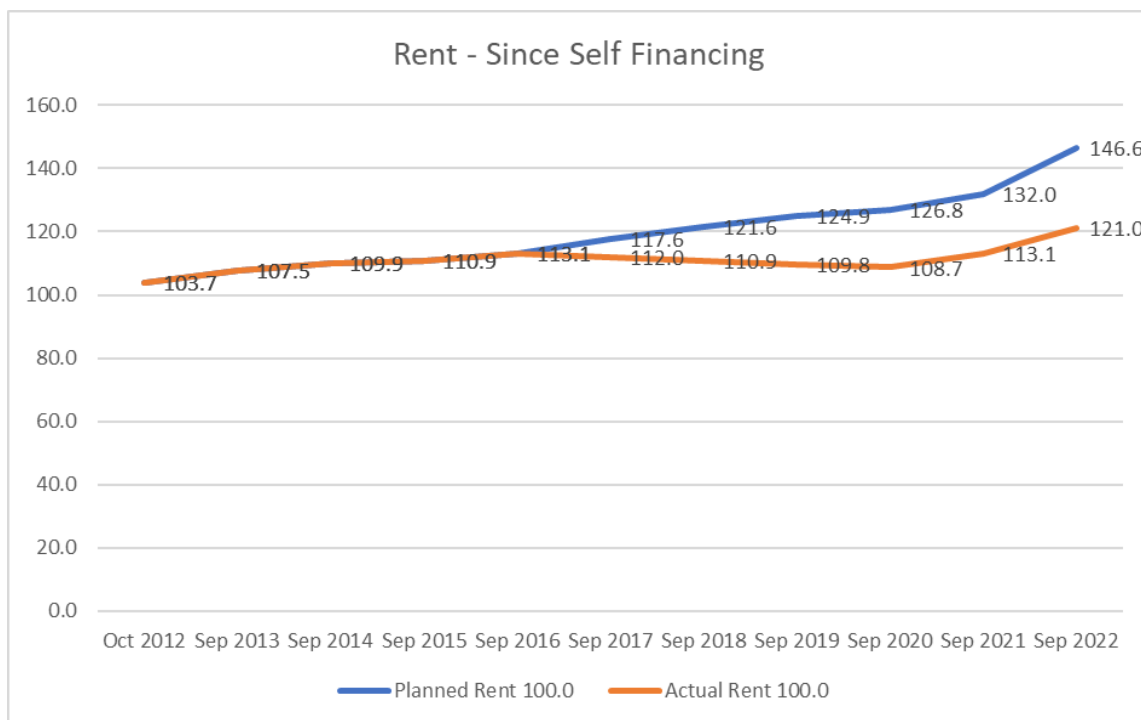
4. To enable the Council to consider and approve the 2023/2024 Housing Revenue Account (HRA) Revenue Budget and Capital Programme.

Details

(A) Background

5. The HRA is a ring-fenced area of the Council's activity and represents the landlord activity which the authority carries out as a stock retaining authority.
6. HRA budgets continue to be set in the context of a 30-year business plan, which is reviewed each year. The HRA budget setting report covers both HRA revenue and capital spending. As the authority's landlord account, the HRA accounts for all services to tenants and leaseholders and is the account into which the proceeds of the rent and landlord service charges are credited.
7. The total resource available to invest in housing is dependent upon the income streams for the HRA, the most significant of these being the rental income for the housing stock. For the four-year period ending 31 March 2020, the Council were required to reduce rents by 1% per annum to comply with a national approach to rent setting. From 1 April 2020 rents were permitted to be increased by the total of the September Consumer Prices Index (CPI) plus 1%. This was intended to be for a period of 5 years, but the current high levels of inflation prompted a government consultation seeking views on the intention to cap rent increases for 2023/24. A 7% cap was announced after the consultation concluded, recognising the increased costs being borne by social housing landlords, the need to improve energy efficiency in rented homes and the need for more affordable housing.

The graph below demonstrates the gap between the rent to be charged in 2023/24 against the potential rent charge if the rent policy of permitting annual increases of up to CPI inflation plus 1% had been retained. Starting with a weekly rent figure of £100.00 in 2012 as an example, the rent in 2023/24 will now be £121.00 compared to a charge of £146.60 if annual increases of CPI inflation + 1% had been applied across the whole period.



Properties below target rent levels are moved directly to target rent only when they become void. Target rents continue to be set with reference to January 1999 property values. Affordable rent increases are subject to the same constraints as social rents, but with the ability to re-set the rent at up to 80% of market rent upon re-let.

8. There is a key requirement to ensure that the HRA can support a significant level of housing debt whilst also ensuring ongoing delivery of housing services. As at April 2022, the authority continued to support a housing debt of £205 million. The current policy does not assume set-aside of resource to allow for repayment of housing debt, but instead assumes the resource is used to deliver a new build programme in the medium term, in an attempt to ensure sustainability of the HRA.

(B) Budget Formulation

9. Consideration needs to be given to the fluid nature of some of the assumptions that are required to be incorporated into the financial forecasting for the HRA, particularly in relation to the impact of changes in national housing policy.
10. Assumptions will need to be continually reviewed and amended as information is made available and any changes in the economic environment become apparent.
11. The budget for 2023/2024 has been constructed in the wider context of the national position for social housing. The Council still seeks to achieve a balance in investment against key housing priorities as follows, although this still proves challenging:
 - Investment in the existing housing stock with a commitment to increase energy efficiency, reduce the carbon footprint and increase the sustainability of the Council's properties.
 - Investment in the delivery of new affordable homes.

- Investment in new initiatives.
 - Spend on landlord services (i.e. housing management, responsive and void repairs).
 - Support for, and potential repayment of, housing debt.
12. The draft revenue and capital estimates for the HRA are outlined in detail in **Appendices A to C** of the report.
 13. The detailed budgets continue to be presented as a service area pack. Each pack has a title page, budget summary, individual budget pages (with similar budgets grouped together) and a subjective analysis which identifies the service area spend by type of expenditure. The budget summary gives the total of each of the budget pages and the overall budget for the HRA, whilst the detailed budget pages provide some commentary on each service budget to outline the purpose of that particular budget, together with reference to any bids and savings relating to the budget.
 14. The subjective analysis shows the total budget by type of expenditure as defined by the CIPFA Service Reporting Code of Practice (SeRCOP) for Local Authorities. SeRCOP is recognised across the local authority sector as the standard way of reporting expenditure and income by type.
 15. The budget is divided up into distinct areas known as Cost Centres and these are either Direct Services or Support Services (sometimes referred to as frontline or back-office services). The CIPFA accounting code requires the Council to allocate all support services to direct services and, therefore, the budget presented represents the total cost of direct services including the support costs relating to them. It is important to note, however, that cost control and responsibility for support services rests with the service area where the support service resides, not the service area where the cost is eventually allocated.
 16. In line with accounting requirements, the revised budget for 2022/2023 and proposed budget for 2023/2024 continue to include relevant pension adjustments. Accounting requirements are such that the pension costs recognised in the net cost of services should be the value of the pension fund related to those employees delivering the services, rather than the actual contributions to the fund in relation to those employees. The effect of this is to increase the net cost of services but reverse the effect out within the net operational expenditure. The overall budget is not, therefore, affected as legislation requires the Council to charge only the employers contributions to the Housing Revenue Account.

(C) National and Local Policy Context

17. The Government White Paper “The Charter for Social Housing Residents”, published on 17 November 2020, remains relevant and sets out key areas that every social housing tenant should expect. Much of the responsibility for delivering against the charter sits with the landlord, and the Council continues to work positively to ensure delivery against the commitments. The Regulator of Social Housing is leading in developing a strengthened consumer regulation regime.
18. The rollout of Universal Credit continues to cause concern and challenges both for residents and for the Council, with the impact of direct payment on rent collection and rent arrears yet to be realised. The Council has resources in the budget to support and advise tenants who need financial support and will signpost to options to increase their incomes.

19. The Council's HRA owns and/or manages the following properties, broken down by category of housing provided:

Housing Category	Actual Stock Numbers as at 1/4/2022	Estimated Stock Numbers as at 1/4/2023
General Housing (Incl. use as Temporary Housing)	4,280	4,327
Sheltered Housing	1,070	1,070
Sheltered Housing – Equity Share	69	69
Miscellaneous Leased Dwellings	3	3
Shared Ownership / FTB Dwellings	112	136
Total Dwellings	5,534	5,605

20. A breakdown of the housing stock by property type is outlined in the table below:

Stock Category (Property Type)	Actual Stock Numbers as at 1/4/2022	Estimated Stock Numbers as at 1/4/2023
Bedsits	20	20
1 Bed	1,124	1,146
2 Bed	2,459	2,500
3 Bed	1,853	1,859
4 Bed	74	76
5 Bed	1	1
6 Bed	3	3
Total Dwellings	5,534	5,605

21. The HRA maintains the freehold in respect of flats sold under the right to buy process on long leases. Services continue to be provided to these properties in respect of repairs and improvements to communal areas and services for common facilities.
22. As at 31 March 2022, the Council held £4,892,023 of right to buy receipts under the retention agreement with the Department for Levelling Up, Housing and Communities (DLUHC). This compares to the balance of £5,115,662 as at 31 March 2021.
23. In 2021/22 the Government amended the rules regarding the use of the capital receipts arising from the sale of Right to Buy properties and the Council has entered into a new retention agreement that reflects these changes. Under the new rules, receipts will be accounted for annually rather than quarterly and the Council will now be able to fund up to 40% of new property costs from the receipts and the time limit for using the funds has increased from 3 to 5 years. Whilst up to 40% of the cost of a development can be financed from this source, the balance must be funded from the Council's own resources, or through borrowing, and the receipts cannot be used on replacement dwellings or dwellings receiving any other form of public subsidy.

(D) HRA Resources

24. HRA resources comprise rent, service charges, income from garages/other property, investment income, external funding and earmarked funds. These are each considered below:

(i) Rent: Rent Arrears, Bad Debt Provision and Void Levels

25. At the end of December 2022, current tenant arrears stood at £679,170 and former tenant arrears at £369,660 compared with £672,825 and £321,253 respectively as at 31 March 2022. The position is being monitored, with staff working proactively with tenants in arrears.
26. The level of annual contribution to the bad debt provision was reviewed again as part of the HRA budget, with the contribution set at 0.5% from 2022/2023. This assumption has not been amended as part of this HRA budget setting report.
27. As at 31 March 2022, the provision for bad debt stood at £703,859, representing 75% of the total debt outstanding at the time.
28. The estimated value of rent not collected as a direct result of void dwellings in 2022/2023 is £524,043, representing a void loss of 1.66%.
29. At the end of December 2022, 84 properties were unoccupied, representative of 1.5% of the housing stock.
30. The current assumption of 1.4% voids in general housing has been increased to 1.7% for the purposes of this budget setting report.

(ii) Rent: Restructuring and Rent Levels

31. The authority still lets property on two differing rent levels, social rent and affordable rent, with the latter capped locally at the level of the Local Housing Allowance.
32. Property specific rent restructured target social rents apply for the socially rented stock held in the HRA. From 1st April 2021 both the target rent and actual rent increased by CPI plus 1% so the convergence of the actual and target rents, which was abandoned when the 1% rent reduction targets were brought in, will still not happen unless a property becomes void and the rent is moved to target on re-let.
33. The average social rent in 2022/2023, at the time of writing this report, across the socially rented housing stock was £109.04, and after applying the expected increase of 7% will become £116.67. At the time of writing this report, 47% of the social rented housing stock was being charged at target rent levels, compared with 43% in the previous year.
34. There are 338 new build or acquired properties charged at the higher 'affordable rent' levels, with 87 of these being shared ownership homes.

(iii) Rent Setting

35. Rent levels continue to be set by Council in February of each year, following consideration at Cabinet.
36. The Department for Levelling Up, Housing and Communities (DLUHC) updated, in November 2021, the Rent Standard guidance that registered providers of social housing must comply with. The Rent Standard is one of three economic standards that the Regulator of Social Housing (RSH) expects private registered providers of social housing to comply with and applies to local authority providers of social

housing. It sets the requirements around how registered providers set and increase rents for social housing in line with government policy as set out in DLUHC's Policy Statement on Rents for Social Housing.

37. In September each year the annual CPI figure is set which has been used to establish the limit on annual rent increases for social housing. The CPI figure for September 2022 was 10.1%, which would have led to rent increases of up to 11.1%. The government, recognising the potential for a significant rise, conducted a consultation from September to October 2022 on the imposition of a cap on rent increases. It was announced as part of the Autumn Statement on 17 November 2022 that the cap would be imposed at 7%, recognising the increased costs for social housing providers, the need for decent homes and energy investment in existing housing stock and the need for more affordable housing.
38. Affordable rents increases are also limited to a maximum increase of 7% from April 2023, but with the ability to re-set the rent at up to 80% of market rent upon re-let. Council policy is to cap affordable rents (inclusive of all service charges) at the Local Housing Allowance level. The average affordable rent in 2022/23, at the time of writing this report, was £151.56.
39. The Rent Standard published by the Regulator of Social Housing does allow for some "Rent Flexibility", when setting the rent for a new tenant to a property. An upwards tolerance of 5% of the target rent is permitted. We will use this provision within the Rent Standard to increase the rent on re-let to 105% of target rent for those properties with an EPC rating of A or B. The increased rental income will help to finance the cost of improving thermal efficiency and reducing carbon emissions across our whole stock.

(iv) Service Charges

40. Service charges continue to be levied for services that are not true landlord functions, and are provided to some tenants and not others, depending upon the type, nature and location of the property. Some service charges are eligible for housing benefit, depending upon the nature of the service.
41. The approach to setting service charge levels for 2023/2024 is detailed in the report at **Appendix D**.

(v) Other Sources of Income

42. The HRA had 955 residential garages as at 1 April 2022, which are outside the curtilage of the dwelling. Approximately 256 garages were vacant at the time of compiling this report. A number of the vacant garages have been identified as needing repairs or major works prior to being ready to let, or are being considered for demolition, disposal, self-build sites or redevelopment.
43. A two-tier charging structure is applied for garages, with one rate for garages rented to tenants, and another for rental of garages by others, with the latter subject to VAT at the prevailing rate. If a tenant holds more than two garages, VAT is also payable.
44. In addition to dwellings held for rent, the HRA has a number of communal rooms in sheltered schemes. Currently the costs of these buildings are recovered through service charges levied to residents. A review of these assets continues to ensure that they are either well utilised for the purpose intended, or that consideration is given to

alternative options for the use of each site, generating an income for the HRA where possible. Extensive consultation is being carried out as part of this review to ensure that all local views are taken account of.

45. The HRA receives interest on general and ear-marked revenue balances, any funds set-aside in the major repairs reserve or the revenue debt repayment reserve, any unapplied capital balances and in respect of any internal lending to the General Fund. The interest rates available to the Council have risen during 2022/23 following the increases made to the Bank of England base rate.

(vi) Other External Funding

46. In addition to income direct from service users, the HRA anticipates receiving external funding from Section 106 Funding. The Council has a policy in respect of Section 106 Commuted Sums, which allows the first call on these to be to fund the delivery of new build affordable housing in the HRA. The assumption that this funding is utilised to deliver new affordable homes is identified into the Housing Capital Investment Plan.

(vii) Earmarked & Specific Funds: Revenue

47. In addition to General Reserves, the HRA Account still maintains a number of earmarked or specific funds. Details of the current level of funding in these reserves is shown at **Appendix E**.
48. A Self-Insurance Fund is maintained to mitigate the risks associated with the authority self-insuring its housing stock. Costs in lieu of insurance claims are charged to the HRA in year, with the reserve available to meet any higher than anticipated remedial costs, allowing the HRA time to react to the additional expenditure incurred.
49. A statutory Major Repairs Reserve is credited with depreciation in respect of the housing stock each year, with funding then in the Housing Capital Investment Plan, to meet the capital cost of works to HRA assets, or alternatively to repay housing debt.
50. Change in national housing policy, and the continued desire to invest resource in new build to replace lost stock and appropriately spend retained right to buy receipts, impacts the ability to set-aside resource to repay debt. This means the Council will have no alternative but to refinance a significant proportion of the loan portfolio as each loan matures. The approach of using an ear-marked reserve, as opposed to making a formal voluntary revenue provision, allows the HRA to retain flexibility over the use of the limited resource that is available for set aside in the future.

(viii) Earmarked Funds: Capital Receipts

51. The HRA retains an element from all right to buy receipts over and above those assumed in the self-financing settlement, in recognition of the debt held in respect of the asset. These sums are held in a separate ear-marked capital reserve, allowing them to be utilised to repay debt should the authority so choose, or alternatively reinvest as deemed appropriate.
52. With the Right to Buy Receipt Retention Agreement in force, this reserve ensures that resource is identified for re-investment and, if necessary, repayment purposes.

(E) HRA Revenue Account Budget: Revised Budget 2022/2023

53. Service budgets for the current financial year were reviewed as part of the budget setting process for the coming year in order to ascertain what the likely balance would be on the Housing Revenue Account at the end of the financial year. The changes are summarised in the table below:

2022/23 Revised Budget	Original Budget Feb-2022	Proposed Changes	Revised Jan-2023
	£ 000's	£ 000's	£ 000's
Rental Income	(31,668)	184	(31,484)
Other Income	(1,995)	(141)	(2,136)
Supervision and Management	7,178	(369)	6,809
Repairs	5,351	358	5,709
Depreciation	6,902	388	7,290
Other Expenditure	1,311	(105)	1,206
Revenue Funding of Capital Expenditure	9,162	0	9,162
Loan interest	7,193	0	7,193
Interest receivable	(960)	(264)	(1,224)
IAS 19 (Pension Cost) Reversals	(613)	105	(508)
Transfer from Earmarked Reserves	0	0	0
Revised Net HRA Use of Reserves	1,861	156	2,017

54. The above figures include any rollover approvals from 2021/2022 in the second column along with other amendments listed on a category-by-category basis. The resulting change in the use of reserves is also identified for the current year. The middle column shows the difference between the original and revised budgets. The net increase in costs for 2022/2023 will result a higher call on the use of HRA reserves and a deficit to the HRA reserve.

(F) HRA Revenue Account Budget: Budget 2023/2024

55. The HRA balance at the start of the financial year was just above £5.3 million. It is considered that this balance is adequate for HRA purposes and above the minimum level of £2.5 million considered prudent.
56. The Council has commenced a transformation programme which will deliver savings across the authority and some of these savings will fall on the HRA services. It will also be necessary to ensure that efficiency savings are sought within the HRA to ensure that the account remains viable so the savings initiatives that were undertaken during this budget process for the General Fund should be extended to encompass the HRA for the next budget cycle.
57. Expenditure excluding capital charges has increased by £1,106,000 over the 2022/2023 original position, although £537,000 relates to accounting adjustments for pension costs that are reversed out. Capital expenditure charged to revenue has increased significantly on the previous year by £5,752,000 but the increase is funded from earmarked reserves. The reprofiling of the capital program to include £15 million in 2023/24 for the acquisition of homes for refugees has led to this increase.

- 58. Rental income has increased by £2,514,000 as a result of the aforementioned rent increase of 7% and the additional homes being delivered by the New Homes Programme.
- 59. The proposed budget is based on an HRA deficit of £2.0 million in 2022/2023 and a deficit of £0.5 million in 2023/2024.
- 60. The overall revenue budget position for the HRA for 2023/2024 is presented in **Appendix A**. A balanced budget can be set for 2023/2024, with the account balance on the account balance remaining above the desirable £2.5 million minimum level.

(G) Housing Capital Budget

(i) Stock Investment and Decent Homes

- 61. The new Housing Management Information System, known as “Orchard” allows for better use of asset management data, more efficient planning of future works, and better integration between revenue (day to day repairs) and capital (investment) for council housing. A full stock condition survey of all tenanted properties will take place during 2023/24 to update the asset management data held.
- 62. As at 31 March 2022, 95.13% of the housing stock was reported as decent, compared with 94.23% at 31 March 2021; with 269 properties that were considered to be non-decent (in addition to refusals by tenants to access the property and undertake the necessary works). In the year to 31 March 2022, access to properties considered to be non-decent was refused by 168 tenants.
- 63. The Council aims to be carbon neutral by 2050 which includes the housing stock. As part of the work to explore and trial technical solutions, South Cambridgeshire District Council joined NetZero Collective in 2019, which brings together a number of organisations including the Dept Climate Change, Buildings and Energy, Southampton University and a number of Social Landlords.
- 64. An application has been made to the Social Housing Decarbonisation Fund (SHDF), to improve the energy performance of properties identified with a current EPC rating below C, up to that standard. The total works value is £4.2 million but if successful, 50% of the cost will be funded through the SHDF. Applications to other similar funding initiatives are being explored.
- 65. There is no statutory requirement in existing dwellings to provide either smoke or Carbon Monoxide Detectors but it is considered good practice to do so. The Council, therefore, provides smoke detectors to all properties. In addition, Carbon Monoxide Detectors are provided to all properties with gas. The budget includes provision for the full replacement of both wired in detectors on a rolling programme of 10 years for smoke detectors and 10 years for Carbon Monoxide Detectors. Battery alarms are replaced more frequently, between 5-10 years.
- 66. The Capital programme has been updated and is reproduced at **Appendix C**.

(ii) New Build and Re-Development

- 67. At the time of writing this report 235 new homes had been completed since April 2012, all of which were built as affordable rented homes, with a further 87 shared ownership homes also completed.

The table below shows the movement in the rented stock numbers over recent years, with the increased number of properties delivered through the New Homes Programme giving rise to a net gain in stock numbers over the period:

Year	Right to Buy Sales	Acquisitions	New Build Rented	Net Gain / Net Loss	Demolitions / Disposals	Total Net Gain / Net Loss
2013/2014	28	0	0	-28	0	-28
2014/2015	29	0	0	-29	0	-29
2015/2016	23	0	0	-23	0	-23
2016/2017	33	12	37	16	0	16
2017/2018	20	3	6	-11	24	-35
2018/2019	15	6	24	15	0	15
2019/2020	19	0	22	3	4	-1
2020/2021	10	0	46	36	0	36
2021/2022	14	0	72	58	0	58
	191	21	207	37	28	9

68. The table below updates the position in respect of schemes either in progress or with Lead Cabinet Member approval, with the budgeted expenditure included at **Appendix C**.

Scheme	Status	Number of Affordable Units
Babraham Road, Sawston	On site	18 rented plus 3 shared ownership to be completed
Strawberry Farm, Great Abington	On site	2 rented plus 1 shared ownership
Meadowcroft Way, Orwell	On site	4 rented
Phase 2B, Northstowe	Contracts to be exchanged	60 rented
Downing Gardens, Gamlingay	On site	24 rented plus 10 shared ownership
New Road, Over	On site	13 rented plus 5 shared ownership
Rampton Road, Cottenham	Contracts to be exchanged	39 rented plus 17 shared ownership
Total		160 rented 36 shared ownership

69. There are a number of schemes where feasibility work is being carried out with a view to building out the sites for the HRA directly, or alternatively negotiations are in progress with developers, for the HRA to acquire the affordable housing on existing new build development schemes. These schemes do not yet have formal approval and, as such, have not yet been built into the Housing Capital Investment Plan on a scheme specific basis. Instead, an unallocated new build budget is included, which when a scheme receives Head of Housing and Lead Cabinet Member approval, allows resource to be transferred from this unallocated new build/acquisition budget to the scheme specifically to allow monitoring of progress.
70. Some schemes deliver only new provision of affordable rented housing and, as such, will be eligible for 40% of the scheme to be funded using retained right to buy receipts. Many of these schemes, in order to be planning policy compliant, include a mix of affordable rented and intermediate housing (usually shared ownership). Shared ownership dwellings are not currently eligible for use of retained right to buy resource, but instead can be part funded using S106 commuted sums if available.
71. The assumption has been retained, that the authority utilise resource previously set-aside for the potential redemption of housing debt, combined with revenue resource that can be released as a result of capital receipts that have been received from the sale of HRA land and dwellings on the open market in recent years, or that are anticipated to be received, to fund building new homes. This is anticipated to provide sufficient resource to allow the appropriate re-investment of existing and anticipated retained right to buy receipts.
72. Where a suitable parcel of land is identified and it can accommodate more than one plot, the Council will first consider preparing the land for its own development and the provision of affordable rented homes.
73. It has been recognised that the effort and cost involved to prepare and market parcels of HRA land for sale as self-build plots is not achieving the desired level of capital receipt. The HRA is required to ensure that best value is achieved on a plot-by-plot basis, achieved and demonstrated by marketing the dwelling(s) on the open market. Plots are now, therefore, marketed more widely, with the Council prepared to consider and accept competitive offers from developers as well as self-builders, in order to achieve the best capital return for the HRA. The capital receipts achieved from this process will then be available for re investment by the HRA to release resource elsewhere in the capital programme, thus facilitating the delivery of new homes in the district.
74. The Council has been awarded £4.5 million as part of the Governments Local Authority Housing Fund. The funding is to help the Council to acquire 30 additional homes. These will initially be used to accommodate refugees from Ukraine and Afghanistan, but when they are no longer needed for this purpose, the home will be available through the housing waiting list. 28 of the homes will be for Ukrainian refugees, and the council will receive 40% of the cost plus £20k per property. The other 2 properties will be larger properties, 4 bedrooms or over, and the council will receive 50% of the cost plus £20k per property.

The Capital programme shown in **Appendix C** has been updated to bring forward £11 million of the unallocated new build budget allocation into 2023/24 for these acquisitions.

(iii) Section 106 Funding

75. Commuted sum payments received through the planning process, in lieu of the delivery of affordable housing, are made available in the first instance to the HRA to invest in affordable homes.
76. The Council currently holds £2.1 million in commuted sums for affordable housing. The following table provides an update of when current sums held must be spent (year-end prior to deadline date), against the resource committed to date.

Year	Section 106 sum to be spent	Cumulative Section 106 sum to be spent	Resource committed / spent General Fund	Resource committed HRA	Cumulative resource still to be committed
	£	£	£	£	£
2026/27	931,420	931,420	0	931,420	0
2027/28	0	931,420	0	931,420	0
2028/29	494,614	1,426,034	0	1,426,034	0
2029/30	339,654	1,765,688	0	1,765,688	0
2030/31	44,517	1,810,205	0	1,810,205	0
2031/32	127,500	1,937,705	0	1,925,000	12,705
2032/33	172,377	2,110,082	0	1,925,000	185,082
	2,110,082			1,925,000	

Commitments to date include:

Scheme	Fund	2022/23 £	2023/24 £	2024/25 £	2025/26 £
Babraham Road, Sawston – contribution to 3 shared ownership home	HRA	150,000			
High Street, Meldreth – contribution to 3 shared ownership home	HRA	75,000			
Swavesey, Boxworth End – contribution to 4 shared ownership home	HRA	200,000			
Gt Abington, Strawberry Farm – contribution to 1 shared ownership home	HRA	50,000			
Waterbeach, Cody Road – contribution to 2 shared ownership home	HRA	100,000			
Gamlingay, Downing Gardens – contribution to 10 shared ownership home	HRA	250,000	250,000		
Rampton Road, Cottenham – contribution to 17 shared ownership home	HRA			450,000	400,000
	HRA	825,000	250,000	450,000	400,000

77. With £185,082 of resource still to be re-invested, there is a commitment to invest the sum in new HRA homes wherever possible. It is likely, although not guaranteed, that the funds will be utilised predominantly to deliver other forms of affordable and intermediate housing, such as shared ownership or shared equity.

(iv) Asset Acquisitions and Disposals

78. The Right to Buy Retention Agreement with DHUHC allows the acquisition of existing dwellings, as an alternative to building new homes, although new supply remains the priority. Acquisition is a valid option when new build is not possible within a quarterly deadline for the use of retained receipts. If a decision is taken at the end of a quarter that there is a risk that new build schemes will deliver in the required timeframes, resources can be vired from the unallocated new build/acquisition budget into the budget for direct market acquisition. This risk has, however, been reduced under the new retention agreement, which allows 5 years from the original receipt for right to buy receipts to be spent.

79. Receipts from individual asset disposals are only recognised in the HRA's reserves when received, and after all relevant costs have been provided for. There are assumptions incorporated in the budget about the level of receipts from the sale of self-build plots and HRA land. These capital receipts will allow planned utilisation of the funds to release resource elsewhere in the HRA to facilitate the appropriate reinvestment of retained right to buy receipts.

(v) Capital Spend and Phasing

80. The updated Capital programme is presented to Cabinet and includes re-profiling and updating the capitalised repairs budgets, new house building budgets and transferring resources from the unallocated sum to schemes that have now been identified.

(H) HRA Treasury Management

(i) Background

81. Statutorily, the HRA is required to set a balanced budget, including recognition of the revenue implications that arise from capital financing decisions.

(ii) HRA Borrowing

82. The loans As at 1 April 2022, the HRA was supporting external borrowing of £205 million in the form of 41 maturity loans with the Public Works Loans Board (PWLB), with rates ranging between 3.44% and 3.53%. have varying maturity dates, with the first £5 million due to be repaid on 28 March 2037 and the last on 28 March 2057.

83. The HRA Capital Financing Requirement (HRA CFR) stood at £204 million due to a small amount (£694,000) of internal borrowing from the HRA by the General Fund. The General Fund is required to pay the HRA annual interest on the internal borrowing as part of the Item 8 Determination for the HRA. The interest rate payable to the HRA can be determined by the authority but must be deemed reasonable and stand up to external scrutiny from auditors.

84. Recent changes in legislation mean that the HRA is no longer subject to a borrowing debt cap. The authority can borrow within its HRA as long as it can demonstrate that

the HRA can support the borrowing and that the resource is being utilised in the provision of social or affordable housing. A local debt cap has been calculated at £250 million as of 1st April 2019 rising to £300 million at 31st March 2022. This has been reviewed and based upon expected HRA income and expenditure levels, is still considered to be at the correct level.

85. The Council may choose to borrow to deliver additional affordable housing to ensure that it can maintain a programme of new build affordable housing over the longer-term. The Capital Programme assumes that no borrowing will be required in 2023/2024 but that £9.5 million will be borrowed over the years 2024/25 to 2027/28.
86. The 2022/2023 HRA Budget Setting Report does not review the potential sources of lending (i.e. Internal, Inter-Authority, Public Works Loans Board, Market) types of borrowing, lengths of loans or rates available for taking out any additional borrowing at this stage. This will need to be undertaken at the point at which any borrowing is considered as part of the coming year's budgets.

(iii) Debt Repayment/Re-Investment

87. The current debt repayment strategy for the HRA, not to set-aside resource to repay housing debt, but to instead invest resource in new build housing, assumes the need to re-finance the borrowing when loans mature.
88. The potential debt repayment or re-investment reserve stood at £8.5 million as at 1 April 2022 with the current assumption that this will be re-invested in order to extend the life of the business plan, once other resources are fully exhausted.
89. Regular consideration will need to be given, in the context of the current financial climate, whether the authority wants to retain the current re-investment strategy or re-consider some element of set-aside if resources allow.

Options

90. There are a number of other options regarding budget setting, but the budget as presented represents the best use of resources within the constraints that exist.

Implications

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

Policy

92. Housing is one of the Council's top priorities, with a commitment to deliver good quality housing which is affordable for people to live in, near to where they work. There are currently 1,885 households on the Council's waiting list, with Council housebuilding continuing to be regarded as a high priority.

Legal

93. The pressure to reduce budgets and the continuation of a poor financial settlement could adversely affect the provision of statutory services. Officers will be required to

seek legal advice in relation to a few the national changes in housing policy as the regulations are released by Central Government.

Financial

94. These are outlined in the report and its supporting appendices.

Risk

General

95. An annual update to the assessment of the key risks which the HRA faces in financial terms was included as part of the HRA Medium Term Financial Strategy.
96. The authority maintains a risk register, incorporating specific risks affecting the Housing Revenue Account, considering the likelihood and impact associated with each risk, and the mitigation in place to counteract these. The risk register is regularly reviewed and updated.
97. General reserves are held to help manage risks inherent in financial forecasting. Risks include changes in legislative and statutory requirements, inflation and interest rates, unanticipated service needs, rent and other income shortfalls and emergencies. The reserve allows the authority time to respond to unanticipated events, without an immediate and unplanned impact on service delivery.
98. For the HRA, the minimum level of reserves of £2.5 million is proposed to be retained, recognising the need to safeguard the Council against the risk and uncertainty in the current financial and operational environment for housing.

Environmental

99. There are no environmental implications arising from this report. The Council's housing stock is largely energy-efficient and in a good state of repair and but there is a need to improve it where the Council is able to and keep it in good condition.

Equality Analysis

100. In preparing this report, due consideration has been given to the Council's statutory Equality Duty to eliminate unlawful discrimination, advance equality of opportunity and foster good relations, as set out in Section 149(1) of the Equality Act 2010.
101. Further equalities work is being completed. Where that assessment concludes that a proposal has no relevance to the Council's equalities duties then no further action will be taken. Where it is determined that the proposal does have relevance to these duties, a full equality analysis will be undertaken by the relevant service area to establish the impact of the proposal on a protected group or groups and to identify the necessary mitigating actions.

Background Papers

Where the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 require documents to be open to inspection by members of the public, they must be available for inspection:

- (a) at all reasonable hours at the offices of South Cambridgeshire District Council;
- (b) on the Council's website; and
- (c) in the case of documents to be available for inspection pursuant to regulation 15, on payment of a reasonable fee required by the Council by the person seeking to inspect the documents at the offices of South Cambridgeshire District Council.

The following documents are relevant to this report:

- 2022/2023 Budget Report – Report to Cabinet: 2 February 2022
- Capital Programme Update and New Bids – Report to Cabinet: 12 December 2022
- 2022/2023 Revenue and Capital Budget Monitoring Q2 – Report to Cabinet: 12 December 2022

Appendices

- A HRA Budget Summary 2023/2024
- B HRA Medium Term Financial Strategy: Financial Forecast 2023/2024 to 2027/2028
- C HRA Capital Programme 2023/2024 to 2027/2028
- D Proposed HRA Service Charges 2023/2024
- E HRA Earmarked and Specific Funds

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**Head of Housing
Housing Revenue Account
Estimates 2022/23
Summary**

	2021-22	2022-23		2023-24		
	Actuals	Original Estimate	Probable Outturn	Gross Expenditure	Gross Income	Net Expenditure
	£000's	£000's	£000's	£000's	£000's	£000's
Supervision & Maintenance General	5,180	5,487	5,100	5,535	-	5,535
Supervision & Maintenance Special	1,312	1,691	1,710	1,769	-	1,769
Rents, Rates & Other Charges	277	225	250	254	-	254
Repairs & Maintenance	5,244	5,351	5,709	6,334	(21)	6,314
Management & Maintenance Total	12,013	12,755	12,769	13,892	(21)	13,872
Capital Charges	6,902	6,902	7,290	7,436	-	7,436
Corporate Management Charge	353	330	287	296	-	296
Democratic Representation Charge	293	337	316	342	-	342
Provision for Bad or Doubtful Debts	50	140	80	140	-	140
Treasury Management Charge	44	73	67	80	-	80
Expenditure Total	19,655	20,537	20,809	22,187	(21)	22,166
Charges for Services & Facilities	(1,200)	(1,342)	(1,262)	-	(1,347)	(1,347)
Contribution from General Fund	(145)	(163)	(410)	-	(374)	(374)
De-Minimus Receipts	(21)	(3)	(3)	-	(3)	(3)
Garages	(362)	(370)	(381)	-	(402)	(402)
Gross Rent of Dwellings	(29,582)	(31,668)	(31,484)	-	(34,182)	(34,182)
Ground Rents	(11)	(13)	(11)	-	(11)	(11)
Other Income	(100)	(104)	(70)	-	(68)	(68)
Income Total	(31,421)	(33,663)	(33,620)	-	(36,386)	(36,386)
Net Cost of Service	(11,765)	(13,126)	(12,812)			(14,220)

**Head of Housing
Housing Revenue Account
Estimates 2022/23
Summary**

	2021-22	2022-23		2023-24		
	Actuals	Original Estimate	Probable Outturn	Gross Expenditure	Gross Income	Net Expenditure
	£000's	£000's	£000's	£000's	£000's	£000's
Net Cost of Service	(11,765)	(13,126)	(12,812)	-	-	(14,220)
Interest Receivable on Balances	(1,159)	(960)	(1,224)	-	(1,082)	(1,082)
Interest Payable on Loans	7,193	7,193	7,193	7,193	-	7,193
Pension Deficit Funding	206	206	206	216	-	216
Net Operating Income	(5,526)	(6,688)	(6,638)	7,409	(1,082)	(7,894)
Revenue Funding of Capital Expenditure	3,933	9,162	9,162	14,914	-	14,914
AS 19 (Pension Cost) Reversals	(621)	(613)	(508)	(537)	-	(537)
Transfer From Earmarked Reserve	-	-	-	-	(6,000)	(6,000)
Appropriations Total	3,312	8,549	8,654	14,377	(6,000)	8,377
Deficit / (Surplus) for the Year	(2,215)	1,861	2,017	21,786	(7,082)	483
Balance Brought Forward	(3,097)	(5,312)	(5,312)			(3,295)
Deficit / (Surplus) for the Year	(2,215)	1,861	2,017			483
Balance Carried Forward	(5,312)	(3,450)	(3,295)	-	-	(2,812)

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	2022-23	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
	Original Estimate	Probable Outturn	Original Estimate	Original Estimate	Original Estimate	Original Estimate	Original Estimate
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Expenditure							
Supervision & Management - General	5,487	5,100	5,535	5,701	5,872	6,048	6,230
Supervision & Management - Special	1,691	1,710	1,769	1,804	1,840	1,877	1,915
Repairs & Maintenance	5,351	5,709	6,314	6,314	6,630	6,961	7,309
Depreciation – t/f to Major Repairs Res.	6,902	7,290	7,436	7,808	8,198	8,608	9,038
Debt Management Expenditure	73	67	80	82	84	85	87
Other Expenditure	1,032	933	1,032	1,053	1,074	1,096	1,118
Total Expenditure	20,537	20,809	22,166	22,762	23,698	24,675	25,697
Income							
Rental Income (Dwellings)	(31,668)	(31,484)	(34,182)	(36,574)	(37,880)	(39,166)	(40,531)
Rental Income (Other)	(487)	(461)	(481)	(490)	(500)	(510)	(520)
Service Charges	(1,342)	(1,262)	(1,347)	(1,374)	(1,401)	(1,429)	(1,458)
Contribution towards Expenditure	(163)	(410)	(374)	(381)	(389)	(397)	(405)
Other Income	(3)	(3)	(3)	(3)	(3)	(3)	(3)
Total Income	(33,663)	(33,620)	(36,386)	(38,822)	(40,174)	(41,506)	(42,917)
Net Cost of HRA Services	(13,126)	(12,812)	(14,220)	(16,060)	(16,476)	(16,830)	(17,220)
HRA Share of operating income and expenditure included in Whole Authority I&E Account							
Interest Receivable	(960)	(1,224)	(1,082)	(501)	(328)	(347)	(368)
HRA (Surplus) / Deficit for the Year	(14,086)	(14,036)	(15,303)	(16,561)	(16,804)	(17,177)	(17,589)
Items not in the HRA Income and Expenditure Account but included in the movement on HRA balance							
PWLB Loan Interest	7,193	7,193	7,193	7,193	7,193	7,193	7,193
Interest payable on additional borrowing				50	175	313	425
Pension Deficit Funding	206	206	216	220	225	229	234
Appropriation from Ear-Marked Reserve		0	(6,000)	(2,500)			
Direct Revenue Financing of Capital	9,162	9,162	14,914	12,549	9,606	9,861	10,361
IAS 19 (Pension Cost) Reversals	(613)	(508)	(537)	(547)	(558)	(569)	(581)
(Surplus) / Deficit for Year	1,861	2,017	483	403	(164)	(151)	43
Balance b/f	(5,312)	(5,312)	(3,295)	(2,812)	(2,409)	(2,572)	(2,724)
Total Balance c/f	(3,451)	(3,295)	(2,812)	(2,409)	(2,572)	(2,724)	(2,681)

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Housing Revenue Account	Original	Revised	Budget	Budget	Budget	Budget	Budget
	2022-23	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Improvements - Existing Stock							
Water / Drainage Upgrades	87	200	91	96	98	100	102
Drainage Upgrades	0	0	0	0	0	0	0
Disabled Adaptations	926	750	972	1,021	1,041	1,062	1,083
Change of Tenancy - Capital	832	1,600	874	917	936	954	973
Rewiring	395	250	415	435	444	453	462
Heating Installation	988	1,200	1,037	1,089	1,111	1,133	1,156
Electrical Heating Replacement	520	150	546	573	585	596	608
Energy Conservation	255	400	268	281	287	292	298
Estate Roads, Paths & Lighting	100	75	105	110	112	115	117
Garage Refurbishment	52	50	55	57	58	60	61
Parking/Garages	166	166	174	183	187	190	194
Window Replacement	624	700	655	688	702	716	730
Re-Roofing	572	200	601	631	643	656	669
Full Refurbishments	312	300	328	344	351	358	365
Structural Works	208	500	218	229	234	239	243
Asbestos Removal	63	130	66	69	71	72	74
Kitchen Refurbishment	520	600	546	573	585	596	608
Bathroom Refurbishment	312	310	328	344	351	358	365
Compliance Works & Fire Door Replacement	144	150	151	159	162	165	168
Painting	73	130	77	80	82	84	85
Retro-Fit / Carbon Reduction works	0	0	840	1,260	0	0	0
Self-Insurance Works		130					
Total Improvements - Existing Stock	7,149	7,991	8,346	9,142	8,039	8,200	8,361
Other Improvements							
Sheltered Housing and Other Stock	50	175	50	53	54	55	56
Flats	20	20	21	22	22	23	23
Total Other Improvements	70	195	71	75	76	78	79
HRA New Build							
Bennel Farm, Toff	20	161	0	0	0	0	0
Babraham Road, Sawston	679	1,933	0	0	0	0	0
High Street, Meldreth	600	594	0	0	0	0	0
Swavesey, Boxworth End	2,113	2,104	0	0	0	0	0
Great Abington, Strawberry Farm	446	794	0	0	0	0	0
Orwell, Meadowcroft Way	626	275	551	0	0	0	0

Housing Revenue Account	Original 2022-23	Revised 2022-23	Budget 2023-24	Budget 2024-25	Budget 2025-26	Budget 2026-27	Budget 2027-28
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cody Road, Waterbeach	0	1,426	356	0	0	0	0
Northstowe, Phase 2b	0	0	2,510	2,510	2,510	2,510	2,510
Gamlingay, Downing Gardens	0	3,394	3,394	0	0	0	0
Melbourn, New Road	0	1,336	0	0	0	0	0
Over, New Road	0	2,058	2,058	0	0	0	0
Cottenham	0	1,586	7,138	7,138	0	0	0
Local Authority Housing Fund Acquisitions			11,000				
Unallocated New Build	12,680		5,000	15,000	17,140	16,500	16,500
Total HRA New Build	17,164	15,662	32,007	24,648	19,650	19,010	19,010
Other HRA Capital Spend							
Shared Ownership Repurchase	150	150	150	150	150	150	150
Sale of HRA Land - Up front HRA Land Assembly Costs	25	25	25	25	25	25	25
Total Other HRA Capital Spend	175	175	175	175	175	175	175
Total HRA Capital Spend	24,558	24,023	40,600	34,040	27,940	27,463	27,625
Housing Capital Resources							
Capital Receipt Reserves	(3,540)	(588)	(8,250)	(7,500)	(4,495)	(4,500)	(4,500)
Major Repairs Reserve	(7,219)	(8,186)	(8,418)	(9,217)	(8,115)	(8,278)	(8,440)
Direct Revenue Financing of Capital	(9,125)	(9,126)	(14,888)	(12,523)	(9,580)	(9,835)	(10,335)
Other Capital Resources (Grants / S106 funding)	(475)	(475)	(600)	(450)	(400)	0	0
Retained Right to Buy Receipts	(4,199)	(5,648)	(3,944)	(2,350)	(2,350)	(2,350)	(2,350)
HRA CFR / Prudential Borrowing	0	0	0	(2,000)	(3,000)	(2,500)	(2,000)
DLUHC Grant Funding			(4,500)				
Total Housing Capital Resources	(24,558)	(24,023)	(40,600)	(34,040)	(27,940)	(27,463)	(27,625)

2025-26

C

Service Charges

Appendix D

Charge Description	Charge Basis	Current Charges 2022/23 (£)	Proposed Charges 2023/24 (£)	Increase (%)	Increase (£)
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General Housing

Use and Occupation Fee	Weekly	As per Target Rent	As per Target Rent	7%	Variable
Sewage	Weekly	5.47 to 5.88	As per Anglian Water Standard Rates	TBC	TBC
White Goods Charge (per item)	Weekly	1.50	1.50	0%	0.00
Management Charge (Third Party)	Weekly	As per third party charge	As per third party charge	TBC	TBC

General Stock - Flats

Blocks with Door Entry	Weekly	3.64	3.89	7%	0.25
Blocks without Door Entry	Weekly	2.42	2.59	7%	0.17

General Sheltered Schemes

Sheltered Charge (Staffing)	Weekly	5.98 to 8.07	6.06 to 8.56	Variable	Variable
Communal Premises Charge	Weekly	2.41 to 19.47	3.24 to 27.03	Variable	Variable
Grounds Maintenance Charge	Weekly	0.24 to 2.18	0.37 to 2.43	Variable	Variable
Communal Heating (Elm Court) *	Weekly	7.69	42.89	+557%	+35.20
Water (Elm Court)	Weekly	1.61	1.72	+6.8%	+0.11
White Goods Charge (per item)	Weekly	1.50	1.50	0%	0.00
Alarm Charge	Weekly	3.00	3.00	0%	0.00
Mobile Alarm Solution	Weekly	3.50	3.50	0%	0.00
Private Hire of Communal Room	Hourly	5.00	5.00	0%	0.00

Elderly Equity Share (As per Sheltered Housing recovered quarterly, plus charges below)

External Property Repairs	Quarterly	1.04 to 20.28	1.04 to 20.28	Variable	Variable
Management Fee (10%)	Quarterly	9.49 to 37.70	10.01 to 40.17	Variable	Variable

Temporary Accommodation

Temporary Let Charge	Weekly	32.00	32.00	0%	0.00
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Garage and Storage Unit Rents

Garages or Storage Unit Rented to Tenant	Weekly	9.55	10.22	7%	0.67
More than 2 Garages Rented to Tenant	Weekly	9.55 plus VAT	10.22 plus VAT	7%	0.67 plus VAT
All Other Garage and Storage Unit Rentals	Weekly	12.92 plus VAT	13.82 plus VAT	7%	0.90 plus VAT

Leasehold Charges for Services

Solicitors' pre-sale enquiries (Standard sale pack)	One-Off	150.00	150.00	0%	0.00
Copy of lease / document provision	One-Off	30.00	30.00	0%	0.00
Re-mortgage Enquiry/Copy of Insurance schedule	One-Off	30.00	30.00	0%	0.00
Notice of Assignment/Notice of Charge/Notice of Transfer	One-Off	100.00	100.00	0%	0.00
Deed of Variation – Administration Plus	One-Off	50.00	50.00	0%	0.00
SCDC Solicitor fees and own solicitor fees		550.00+	550.00+		
Home Improvement – Administration Only	One-Off	30.00	30.00	0%	0.00
Inclusive of Surveyor Visit		125.00	125.00		
Retrospective consent for home improvements	One-Off	Above + 25.00	Above + 25.00	0%	0.00
Registering sub-let details	One-Off	75.00	75.00	0%	0.00
Advice interview for prospective purchasers	One-Off	50.00	50.00	0%	0.00

*Increase is a consequence of a 3-year fixed gas tariff ending. Energy costs have risen significantly over that period.

Meters have been fitted to all flats in Elm Court to allow billing per flat based on usage.

The weekly Communal Heating charge will stop once the billing system has been fully implemented during 2023/24.

HRA Earmarked & Specific Funds 2022/23 (£'000)

HRA Earmarked & Specific Revenue Funds (£'000)

Self-Insurance Reserve

	Current Balance
Self-Insurance Reserve	(1,000.0)

Debt Set-Aside (Revenue)

	Current Balance
Debt Set-Aside	(8,500.0)

HRA Earmarked & Specific Capital Funds (£'000)

Debt Set-Aside (Capital)

	Current Balance
Debt Set-Aside	(6,219.9)

Major Repairs Reserve

	Current Balance
MRR	(2,570.3)

RTB Retained Receipts Reserve

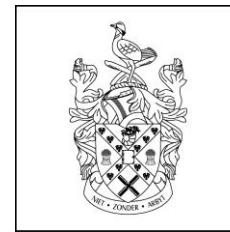
	Current Balance
RTB Retained Receipts	(4,892.0)

Capital Receipts

	Current Balance
Capital Receipts	(5,461.6)

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Agenda Item 9



South
Cambridgeshire
District Council

Report to:	Council	21 February 2023
Lead Cabinet Member:	Councillor John Williams, Lead Cabinet Member for Resources	
Lead Officer:	Peter Maddock, Head of Finance	

Council Tax Resolution - 2023/2024

Executive Summary

1. The Council is scheduled to agree its budget and level of Council Tax for 2023/2024 at this meeting, following consideration of the proposals by Cabinet at its meeting on 6 February 2023. The Council is required to formally approve the total Council Tax for the residents of South Cambridgeshire District, including the Council Tax requirements of precepting organisations.

Recommendation

2. That the Council Tax Resolution, detailed at Appendix A, be approved.

Reason for Recommendation

3. To enable Full Council to comply with the Local Government Finance Act 1992 and the Localism Act 2011 in respect of setting Council Tax.

Details

4. The proposed Council Tax Resolution for the financial year 2023/2024 is attached at **Appendix A**.
5. The precepting authorities have agreed the following precepts:
 - (1) Cambridgeshire County Council agreed their precept on 7 February 2023. Their element of the Council Tax will be £1,542.87 an increase of 4.98% (2% social care, 2.98% general) on the 2022/2023 level of £1,469.61. This is in line with the referendum limit of 3% General Precept, 2% Adult Social Care Precept and provides for an increased precept of 4.98%.
 - (2) The Cambridge Police & Crime Commissioner agreed their precept on 1 February 2023. Their element of the Council Tax will be £272.52 an increase of 5.80% on the 2022/2023 level of £257.58. This is in line with the referendum limit of £15 and provides for an increased precept of 5.8%.
 - (3) The Cambridgeshire Fire & Rescue Authority agreed the precept on 10 February 2023. Their element of the Council Tax will be £79.92 an increase of 6.60% on the 2022/2023 level of £74.97. This is in line with the referendum limit of £5 and provides for an increased precept of 6.6%.

- (4) The Cambridgeshire and Peterborough Combined Authority agreed the precept on 25 January 2023. Their element of the Council Tax will be £12.00. The 2022/2023 level was £0.
6. The Resolution, detailed at **Appendix A**, is based on the Notice of Precepts submitted to the Council.
7. The following points should be considered by Members before approving the Resolution:

(1) Council Tax Requirements – District and Parishes

(a) District Requirement for Own Needs

Based on the budget presented to Council at this meeting, summarised at **Appendix E**, the proposed District level Council Tax average Band D requirement for 2023/2024 is £165.31 which represents a £5 per dwelling increase year on year, in line with the threshold set by the Secretary of State.

(b) Parish Precepts

Parish Council Precepts total £6,964,258 for 2023/2024. This is an increase of £448,480 (6.88%) in comparison to the total Parish Council Precepts of £6,515,778 for 2022/2023. Due to the increase in Council Tax base for 2022/2023, this has resulted in an increase in the average Band D Council Tax for parishes from £99.58 in 2022/2023 to £103.43 for 2023/2024 (equal to 3.87%). Council Tax Base figures for Parish Councils in 2023/2024 is summarised at **Appendix B** and Parish Council tax levels at **Appendix C**.

Parish precepts are made on this Council's own Council Tax Requirement on the Collection Fund. Expressed, therefore, in terms of an **Average Band D Council Tax for the whole District**, it amounts to £103.43 in 2023/2024 compared to £99.58 in 2022/2023 representing a 3.87% increase.

(c) District including Parishes Requirement – Band D Council Tax

The average Band D Council Tax in 2023/2024 for the District (including parish precepts) is £268.74. This may be compared to the Council Tax requirement for 2022/2023 of £259.89. The average Band D Council Tax has increased year on year by 3.40%.

(2) Summary Council Tax Requirements – Collection Fund Precepts 2023/2024

It is this Council's responsibility, as the billing authority, to set a Council Tax each year that comprises all precepts on the Collection Fund.

Following the requirements of the other precepting bodies on the Collection Fund, the average Band D Council Tax for 2023/2024 is:

Major Preceptor	Proposed Council Tax		
	2023/2024 £	2022/2023 £	Change %
SCDC including Parish Councils	268.74	259.89	3.40
Cambridgeshire County Council	1,542.87	1,469.61	4.98
Cambridgeshire Fire Authority	79.92	74.97	6.60
Cambridgeshire & Peterborough Combined Authority	12.00	0	100.00
Cambridge Police & Crime Commissioner	<u>272.52</u>	<u>257.58</u>	<u>5.80</u>
Total average Band D Council Tax	<u>2,176.05</u>	<u>2,062.05</u>	<u>5.53</u>

(3) Clarification of Figures in the Resolution

The following narrative is provided in order to clarify the technical nature of section 3 of the resolution attached at **Appendix A.**

Proposed Resolution	Details
3(a) £140,832,056	This represents the gross expenditure of the Council including Parish precepts.
3(b) £122,737,360	This represents the total income to the Council, including Government support and share of Council Tax surplus.
3(c) £18,094,696	This represents the balance to be raised by Council Tax including Parish precepts.
3(d) £2,176.05	This represents the average Band D Council Tax for the year (including Parish precepts).
3(e) £6,964,258	This represents the amount reappropriated under Special Area Charges and Parish precepts.
3(f) £165.31	This represents the average Band D Council Tax excluding the amounts covered by Special Area Charges and Parish precepts.

8. The Council is also required to determine that the Council's basic amount of Council Tax for 2023/2024 is not excessive in accordance with principles approved under Section 52ZB and 52ZY Local Government Finance Act 1992 and Section 4ZA Local Government Finance Act 1992: Referendums relating to Council Tax Increases.
9. For 2023/2024 the level deemed to be excessive, as determined by the Government in its Referendums Relating to Council Tax Increases (Principles) Report (England), is an increase of 3% or more, or £5 per dwelling whichever is the greater. As such, the Council can determine, for its portion of the Council Tax that the level of Council Tax increase for 2023/2024 is not excessive or requiring a local referendum.

10. The total Council Tax to be paid by residents in 2023/2024 by Council Tax band, including the precepting authorities, is detailed in **Appendix D**.

Implications

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

Legal

12. It is a requirement that each major precepting authority approves its Council Tax Requirement before 1 March each year, for the forthcoming financial year. The billing authority (i.e. this Council) is required to set the Council Tax for its area by 11 March each year, for the forthcoming financial year. However, the billing authority cannot set the Council Tax before the earlier of the following:
- 1 March in the financial year preceding that for which the amount is set;
 - The last date of issue of precepts by a major precepting authority (i.e. Cambridgeshire County Council, Cambridge Police & Crime Commissioner and the Cambridgeshire Fire Authority).
13. These requirements are set out in the Local Government Finance Act 1992, subsequently updated by the Localism Act 2011, and require the billing authority to calculate a Council Tax Requirement for the year.
14. The Council is also required to determine that the Council's basic amount of Council Tax for 2023/2024 is not excessive in accordance with principles approved under Section 52ZB of the Local Government Finance Act 1992 and Section 4ZA of the Local Government Finance Act 1992: Referendums relating to Council Tax Increases (as inserted by the Localism Act 2011).
15. Section 72 of the Localism Act 2011 introduces the requirement for referendums to approve or veto council tax increases that exceed the limits set out by the Secretary of State (approved by Parliament). For 2023/2024, all local authorities and Fire and Rescue authorities cannot raise Council Tax by the higher of 3%, or £5 without a referendum. For Police and Crime Commissioners the referendum limit has been set at £15 per Band D Property. Adult social care authorities have been given additional flexibility on their current council tax referendum threshold to be used entirely for adult social care; this provision does not apply to South Cambridgeshire District Council.
16. In the event of the Council, or a Major Preceptor, setting a budget above the Council Tax threshold the Council is required to make substitute calculations to be adopted if the result of the Referendum vetoes the proposed Council Tax. The 11 March deadline for calculating the budget in section 31A (11) of the Local Government Finance Act 1992 is disapplied for the purposes of a substitute calculation.
17. Where a new parish council is to be formed the District Council, as the Council Tax billing authority, may anticipate a precept that will be issued by the new parish council. In order to do so it must specify an amount to be shown in the establishment order made under section 86 of the Local Government and Public Involvement in Health Act 2007. Specifying an anticipated precept allows the amount to be incorporated into the Council Tax bills for the new parish area to ensure that the new parish has the necessary funds to fulfil its responsibilities.

Policy

18. Council Tax is a result of the decisions taken in setting the Council's budget requirement after taking into account income sources and the Council Tax Base. The Council has agreed a Local Council Tax Reduction Scheme for the 2023/2024 financial year and the effect of the Scheme, in particular the effect on the Council Tax Base, is taken into account in determining the District's Council Tax.
19. The Council Tax Requirement of this Council includes the impact of Parish/Town Council precepts, although the Council does not have any role in the setting of these, other than determining the Tax Base for each parish.
20. The Council does not have any role in the setting of Council Tax for Cambridgeshire County Council, The Cambridge Police & Crime Commissioner and the Cambridgeshire Fire Authority. Their decisions do, however, feed into the overall Council Tax Resolutions, set out in Appendix A.

Financial

21. Failure to agree the Council Tax Resolution would delay the preparation of Council Tax bills and the collection of the payments from residents. The cost of such a delay would be borne solely by the Council.

Risk

22. There is a risk that one of the precepting bodies may amend their precept requirement after the issue of this report and that the figures quoted may differ from the provisional figures provided. Should this happen revised appendices will be circulated for approval.

Environmental

23. There are no environmental implications arising directly from the report.

Equality Analysis

24. In preparing this report, due consideration has been given to the Council's statutory Equality Duty to eliminate unlawful discrimination, advance equality of opportunity and foster good relations, as set out in Section 149(1) of the Equality Act 2010.
25. The relevance test for equality has determined that the report has no relevance to the Council's statutory equality duty to eliminate unlawful discrimination, advance equality of opportunity and foster good relation. An equality analysis is not needed.

Background Papers

Where the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 require documents to be open to inspection by members of the public, they must be available for inspection:

- (a) at all reasonable hours at the offices of South Cambridgeshire District Council;
- (b) on the Council's website; and

(c) in the case of documents to be available for inspection pursuant to regulation 15, on payment of a reasonable fee required by the Council by the person seeking to inspect the documents at the offices of South Cambridgeshire District Council.

The following documents are relevant to this report:

- Budget Report – Report to Cabinet: 6 February 2023
- General Fund Medium Term Financial Strategy – Report to Cabinet: 12 December 2022
- General Fund Medium Term Financial Strategy – Report to Council: 21 February 2023
- Council Tax Base – Report of Chief Finance Officer 22 December 2022

Appendices

- A Council Tax Resolution 2023/2024
- B Council Tax Base figures for Parish Councils 2023/2024
- C Parish Council Special Expenses per Dwelling 2023/2024
- D Council Tax per Dwelling: All Preceptors 2023/2024
- E Estimated Income and Expenditure Statement: 2023/2024

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South Cambridgeshire District Council Council Tax Resolution 2023/2024

1. That it be noted that on 21 February 2023 the Council calculated the Council Tax Base 2023/2024:
 - (a) or the whole Council area as 67,330.7 [Item T in the formula in Section 31B(3) of the Local Government Finance Act 1992, as amended (the “Act”)] and,
 - (b) for dwellings in those parts of its area to which a Parish precept relates as in Appendix B.
2. That the Council Tax requirement for the Council’s own purposes for 2023/2024 (excluding Parish precepts) is calculated as £11,130,438
3. That the following amounts be calculated for the year 2023/2024 in accordance with Sections 31 to 36 of the Act:
 - (a) £140,832,056 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) (a) to (f) of the Act (gross expenditure including parish precepts, the Housing Revenue Account and additions to reserves).
 - (b) £122,737,260 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) (a) to (d) of the Act (gross income including the Housing Revenue Account and use of reserves).
 - (c) £18,094,696 being the amount by which the aggregate at 3(a) above exceeds the aggregate at 3(b) above, calculated by the Council in accordance with Section 31A(4) of the Act as its Council Tax requirement for the year (net expenditure to be met from Council Tax) being the District amount of £11,130,438 and the Parish precepts of £6,964,258).
 - (d) £2,176.05 being the amount calculated by the Council, in accordance with Section 31B of the Act, as the basic amount of its Council Tax for the year (average Council Tax for a Band D property for the District including Parishes).
 - (e) £6,964,258 being the aggregate amount of all special items referred to in Section 34(1) of the Act (parish precepts).

- (f) £165.31 being the amount calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no special item relates (average Council Tax for a Band D property for the District excluding parishes), the amounts being for each of the categories of dwellings shown in **Table 1**.
- (g) In accordance with Section 34(3) of the Act, the basic amounts of Council Tax for the year for dwellings in those parts of its area to which a special item relates are shown by addition of the amounts for Band D for the District Council in **Table 1** and **Appendix D**.
- (h) In accordance with Section 36(1) of the Act, the amounts to be taken into account for the year in respect of the categories of dwellings listed in different valuation bands are shown by adding the amounts for each band in **Table 1** and **Appendix D**.
4. That it be noted that for the year 2023/2024 Cambridgeshire County Council, Cambridgeshire Police & Crime Commissioner, Cambridgeshire and Peterborough Fire Authority and the Cambridgeshire and Peterborough Combined Authority have stated the following amounts in precepts to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each category of dwellings in the Council's area indicated in the **Table 1**

Table 1	Band A £	Band B £	Band C £	Band D £	Band E £	Band F £	Band G £	Band H £
County Council	1,028.58	1,200.01	1,371.44	1,542.87	1,885.73	2,228.59	2,571.45	3,085.74
Police & Crime Commissioner	181.68	211.96	242.24	272.52	333.08	393.64	454.20	545.04
District Council	110.21	128.57	146.94	165.31	202.05	238.78	275.52	330.62
Fire Authority	53.28	62.16	71.04	79.92	97.68	115.44	133.20	159.84
Cambridgeshire and Peterborough Combined Authority	8.00	9.33	10.67	12.00	14.67	17.33	20.00	24.00

5. That the Council, in accordance with Sections 30(2) of the Local Government Finance Act 1992, hereby sets the amounts shown in **Appendix E** as the amounts of Council Tax for 2023/2024 for each of the categories of dwellings shown in **Appendix E**.
6. Determine that the Council's basic amount of Council Tax for 2023/2024 is not excessive in accordance with principles approved under Section 52ZB and 52ZY Local Government Finance Act 1992 and Section 4ZA Local Government Finance Act 1992: Referendums relating to Council Tax Increases.

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COUNCIL TAX BASE - 2023/24

Estimated number of band D equivalent properties
(after 0.6% allowance for losses on collection)

Great Abington	464.4	Horningsea	165.9
Little Abington	260.3	Horseheath	214.0
Abington Pigotts	76.4	Ickleton	344.7
Arrington	177.1	Impington	1,547.7
Babraham	135.0	Kingston	136.9
Balsham	761.3	Knapwell	43.8
Bar Hill	1,490.4	Landbeach	396.3
Barrington	536.5	Linton	1,811.5
Bartlow	54.0	Litlington	358.7
Barton	393.0	Lolworth	75.6
Bassingbourn	1,255.0	Longstanton	1,189.6
Bourn	431.2	Longstowe	89.8
Boxworth	103.6	Madingley	111.8
Caldecote	902.0	Melbourn	2,178.7
Cambourne	4,129.0	Meldreth	818.4
Carlton	97.0	Milton	1,757.2
Castle Camps	282.8	Guilden Morden	447.1
Caxton	251.1	Steeple Morden	525.8
Childerley	12.1	Newton	186.1
Chishill	334.9	Northstowe	1291.2
Comberton	922.1	Oakington/Westwick	603.6
Conington	67.9	Orchard Park	810.7
Coton	381.5	Orwell	533.8
Cottenham	2,573.7	Over	1,215.4
Croxton	75.9	Pampisford	156.1
Croydon	107.6	Papworth Everard	1,390.3
Dry Drayton	322.3	Papworth St Agnes	32.7
Duxford	772.3	Rampton	205.0
Elsworth	315.8	Sawston	2,679.9
Eltisley	191.5	Great Shelford	2,050.5
Great Eversden	116.1	Little Shelford	386.7
Little Eversden	271.8	Shepreth	366.1
Fen Ditton	609.6	Shingay-cum-Wendy	63.1
Fen Drayton	391.5	Shudy Camps	148.8
Fowlmere	592.9	Stapleford	927.1
Foxton	562.5	Stow-cum-Quy	213.0
Fulbourn	1,966.5	Swavesey	1,115.3
Gamlingay	1,567.3	Tadlow	80.8
Girton	2,013.6	Teversham	1,039.3
Little Gransden	147.5	Thriplow	487.1
Grantchester	256.7	Toft	324.9
Graveley	93.5	South Trimpington	481.6
Hardwick	1,114.3	Waterbeach	2,174.1
Harlton	151.6	Weston Colville	205.6

Harston	826.8	West Wickham	194.8
Haslingfield	705.7	West Wratting	231.6
Hatley	94.2	Whaddon	221.1
Hauxton	595.8	Whittlesford	825.0
Heydon	125.1	Great Wilbraham	288.1
Hildersham	102.6	Little Wilbraham	190.4
Hinxton	162.2	Willingham	1,720.4
Histon	1,792.6	Wimpole	138.9
		DISTRICT TOTAL	<u>67330.7</u>

PARISH

Parish Council Special Expenses per dwelling

	Valuation bands															
	A		B		C		D		E		F		G		H	
	£	p	£	p	£	p	£	p	£	p	£	p	£	p	£	p
Great Abington		21.53		25.12		28.71		32.30		39.48		46.66		53.83		64.60
Little Abington		53.81		62.77		71.74		80.71		98.65		116.58		134.52		161.42
Abington Pigotts		0.00		0.00		0.00		0.00		0.00		0.00		0.00		0.00
Arrington		49.43		57.66		65.90		74.14		90.62		107.09		123.57		148.28
Babraham		69.13		80.66		92.18		103.70		126.74		149.79		172.83		207.40
Balsham		44.45		51.86		59.27		66.68		81.50		96.32		111.13		133.36
Bar Hill		73.81		86.11		98.41		110.71		135.31		159.91		184.52		221.42
Barrington		109.68		127.96		146.24		164.52		201.08		237.64		274.20		329.04
Bartlow		0.00		0.00		0.00		0.00		0.00		0.00		0.00		0.00
Barton		50.89		59.38		67.86		76.34		93.30		110.27		127.23		152.68
Bassingbourn		68.95		80.45		91.94		103.43		126.41		149.40		172.38		206.86
Bourn		51.02		59.52		68.03		76.53		93.54		110.54		127.55		153.06
Boxworth		16.09		18.77		21.45		24.13		29.49		34.85		40.22		48.26
Caldecote		72.15		84.17		96.20		108.22		132.27		156.32		180.37		216.44
Cambourne		107.43		125.34		143.24		161.15		196.96		232.77		268.58		322.30
Carlton		30.93		36.08		41.24		46.39		56.70		67.01		77.32		92.78
Castle Camps		48.56		56.65		64.75		72.84		89.03		105.21		121.40		145.68
Caxton		61.02		71.19		81.36		91.53		111.87		132.21		152.55		183.06
Childerley		0.00		0.00		0.00		0.00		0.00		0.00		0.00		0.00
Chishill		46.78		54.58		62.37		70.17		85.76		101.36		116.95		140.34
Comberton		42.95		50.10		57.26		64.42		78.74		93.05		107.37		128.84
Conington		0.00		0.00		0.00		0.00		0.00		0.00		0.00		0.00
Coton		47.71		55.66		63.61		71.56		87.46		103.36		119.27		143.12
Cottenham		86.91		101.40		115.88		130.37		159.34		188.31		217.28		260.74
Croxton		39.53		46.11		52.70		59.29		72.47		85.64		98.82		118.58
Croydon		36.59		42.68		48.78		54.88		67.08		79.27		91.47		109.76
Dry Drayton		59.99		69.98		79.98		89.98		109.98		129.97		149.97		179.96
Duxford		95.59		111.53		127.46		143.39		175.25		207.12		238.98		286.78
Elsworth		50.67		59.11		67.56		76.00		92.89		109.78		126.67		152.00
Eltisley		84.12		98.14		112.16		126.18		154.22		182.26		210.30		252.36
Great & Little Eversc		63.59		74.19		84.79		95.39		116.59		137.79		158.98		190.78
Fen Ditton		65.00		75.83		86.67		97.50		119.17		140.83		162.50		195.00
Fen Drayton		50.41		58.81		67.21		75.61		92.41		109.21		126.02		151.22
Fowlmere		60.01		70.02		80.02		90.02		110.02		130.03		150.03		180.04
Foxton		57.60		67.20		76.80		86.40		105.60		124.80		144.00		172.80
Fulbourn		66.45		77.52		88.60		99.67		121.82		143.97		166.12		199.34
Gamlingay		93.85		109.50		125.14		140.78		172.06		203.35		234.63		281.56
Girton		49.67		57.95		66.23		74.51		91.07		107.63		124.18		149.02
Little Gransden		22.60		26.37		30.13		33.90		41.43		48.97		56.50		67.80
Grantchester		55.33		64.56		73.78		83.00		101.44		119.89		138.33		166.00

Graveley	75.49	88.07	100.65	113.23	138.39	163.55	188.72	226.46
Hardwick	45.11	52.63	60.15	67.67	82.71	97.75	112.78	135.34
Harlton	37.38	43.61	49.84	56.07	68.53	80.99	93.45	112.14
Harston	56.04	65.38	74.72	84.06	102.74	121.42	140.10	168.12
Haslingfield	88.80	103.60	118.40	133.20	162.80	192.40	222.00	266.40
Hatley	51.27	59.82	68.36	76.91	94.00	111.09	128.18	153.82
Hauxton	55.59	64.85	74.12	83.38	101.91	120.44	138.97	166.76
Heydon	55.95	65.28	74.60	83.93	102.58	121.23	139.88	167.86
Hildersham	84.47	98.55	112.63	126.71	154.87	183.03	211.18	253.42
Hinxton	68.17	79.53	90.89	102.25	124.97	147.69	170.42	204.50
Histon	82.18	95.88	109.57	123.27	150.66	178.06	205.45	246.54
Horningsea	76.46	89.20	101.95	114.69	140.18	165.66	191.15	229.38
Horseheath	53.18	62.04	70.91	79.77	97.50	115.22	132.95	159.54
Ickleton	57.05	66.56	76.07	85.58	104.60	123.62	142.63	171.16
Impington	82.18	95.88	109.57	123.27	150.66	178.06	205.45	246.54
Kingston	53.04	61.88	70.72	79.56	97.24	114.92	132.60	159.12
Knapwell	38.05	44.40	50.74	57.08	69.76	82.45	95.13	114.16
Landbeach	47.10	54.95	62.80	70.65	86.35	102.05	117.75	141.30
Linton	89.41	104.31	119.21	134.11	163.91	193.71	223.52	268.22
Litlington	48.90	57.05	65.20	73.35	89.65	105.95	122.25	146.70
Lolworth	30.87	36.01	41.16	46.30	56.59	66.88	77.17	92.60
Longstanton	52.96	61.79	70.61	79.44	97.09	114.75	132.40	158.88
Longstowe	60.13	70.16	80.18	90.20	110.24	130.29	150.33	180.40
Madingley	105.15	122.68	140.20	157.73	192.78	227.83	262.88	315.46
Melbourn	96.35	112.41	128.47	144.53	176.65	208.77	240.88	289.06
Meldreth	53.77	62.73	71.69	80.65	98.57	116.49	134.42	161.30
Milton	50.46	58.87	67.28	75.69	92.51	109.33	126.15	151.38
Guilden Morden	56.93	66.41	75.90	85.39	104.37	123.34	142.32	170.78
Steeple Morden	41.21	48.07	54.94	61.81	75.55	89.28	103.02	123.62
Newton	32.24	37.61	42.99	48.36	59.11	69.85	80.60	96.72
Northstowe	57.39	66.96	76.52	86.09	105.22	124.35	143.48	172.18
Oakington/Westwic	75.65	88.25	100.86	113.47	138.69	163.90	189.12	226.94
Orchard Park	72.18	84.21	96.24	108.27	132.33	156.39	180.45	216.54
Orwell	70.79	82.58	94.38	106.18	129.78	153.37	176.97	212.36
Over	49.37	57.59	65.82	74.05	90.51	106.96	123.42	148.10
Pampisford	59.79	69.76	79.72	89.69	109.62	129.55	149.48	179.38
Papworth Everard	55.57	64.84	74.10	83.36	101.88	120.41	138.93	166.72
Papworth St Agnes	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Rampton	47.15	55.01	62.87	70.73	86.45	102.17	117.88	141.46
Sawston	95.33	111.22	127.11	143.00	174.78	206.56	238.33	286.00
Great Shelford	102.25	119.30	136.34	153.38	187.46	221.55	255.63	306.76
Little Shelford	61.20	71.40	81.60	91.80	112.20	132.60	153.00	183.60
Shepreth	80.13	93.48	106.84	120.19	146.90	173.61	200.32	240.38
Shingay-cum-Wendy	31.69	36.98	42.26	47.54	58.10	68.67	79.23	95.08
Shudy Camps	44.80	52.27	59.73	67.20	82.13	97.07	112.00	134.40
Stapleford	64.18	74.88	85.57	96.27	117.66	139.06	160.45	192.54
Stow-cum-Quy	52.21	60.91	69.61	78.31	95.71	113.11	130.52	156.62
Swavesey	63.51	74.10	84.68	95.27	116.44	137.61	158.78	190.54
Tadlow	28.05	32.73	37.40	42.08	51.43	60.78	70.13	84.16
Teversham	50.03	58.37	66.71	75.05	91.73	108.41	125.08	150.10

Thriplow	40.92	47.74	54.56	61.38	75.02	88.66	102.30	122.76
Toft	44.49	51.90	59.32	66.73	81.56	96.39	111.22	133.46
South Trumington	33.83	39.46	45.10	50.74	62.02	73.29	84.57	101.48
Waterbeach	61.33	71.56	81.78	92.00	112.44	132.89	153.33	184.00
Weston Colville	40.53	47.29	54.04	60.80	74.31	87.82	101.33	121.60
West Wickham	43.12	50.31	57.49	64.68	79.05	93.43	107.80	129.36
West Wratting	37.74	44.03	50.32	56.61	69.19	81.77	94.35	113.22
Whaddon	53.25	62.13	71.00	79.88	97.63	115.38	133.13	159.76
Whittlesford	56.57	65.99	75.42	84.85	103.71	122.56	141.42	169.70
Great Wilbraham	77.01	89.85	102.68	115.52	141.19	166.86	192.53	231.04
Little Wilbraham	52.42	61.16	69.89	78.63	96.10	113.58	131.05	157.26
Willingham	64.56	75.32	86.08	96.84	118.36	139.88	161.40	193.68
Wimpole	30.24	35.28	40.32	45.36	55.44	65.52	75.60	90.72
Totals	5,727.42	6,681.99	7,636.56	8,591.13	10,500.27	12,409.41	14,318.55	17,182.26

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County Precept, Fire Precept, Police Precept and

PARISH

District Council General and Special Expenses per dwelling

	Valuation bands															
	A		B		C		D		E		F		G		H	
	£	p	£	p	£	p	£	p	£	p	£	p	£	p	£	p
Great Abington	1,403.28		1,637.15		1,871.04		2,104.92		2,572.69		3,040.44		3,508.20		4,209.84	
Little Abington	1,435.56		1,674.80		1,914.07		2,153.33		2,631.86		3,110.36		3,588.89		4,306.66	
Abington Pigotts	1,381.75		1,612.03		1,842.33		2,072.62		2,533.21		2,993.78		3,454.37		4,145.24	
Arrington	1,431.18		1,669.69		1,908.23		2,146.76		2,623.83		3,100.87		3,577.94		4,293.52	
Babraham	1,450.88		1,692.69		1,934.51		2,176.32		2,659.95		3,143.57		3,627.20		4,352.64	
Balsham	1,426.20		1,663.89		1,901.60		2,139.30		2,614.71		3,090.10		3,565.50		4,278.60	
Bar Hill	1,455.56		1,698.14		1,940.74		2,183.33		2,668.52		3,153.69		3,638.89		4,366.66	
Barrington	1,491.43		1,739.99		1,988.57		2,237.14		2,734.29		3,231.42		3,728.57		4,474.28	
Bartlow	1,381.75		1,612.03		1,842.33		2,072.62		2,533.21		2,993.78		3,454.37		4,145.24	
Barton	1,432.64		1,671.41		1,910.19		2,148.96		2,626.51		3,104.05		3,581.60		4,297.92	
Bassingbourn	1,450.70		1,692.48		1,934.27		2,176.05		2,659.62		3,143.18		3,626.75		4,352.10	
Bourn	1,432.77		1,671.55		1,910.36		2,149.15		2,626.75		3,104.32		3,581.92		4,298.30	
Boxworth	1,397.84		1,630.80		1,863.78		2,096.75		2,562.70		3,028.63		3,494.59		4,193.50	
Caldecote	1,453.90		1,696.20		1,938.53		2,180.84		2,665.48		3,150.10		3,634.74		4,361.68	
Cambourne	1,489.18		1,737.37		1,985.57		2,233.77		2,730.17		3,226.55		3,722.95		4,467.54	
Carlton	1,412.68		1,648.11		1,883.57		2,119.01		2,589.91		3,060.79		3,531.69		4,238.02	
Castle Camps	1,430.31		1,668.68		1,907.08		2,145.46		2,622.24		3,098.99		3,575.77		4,290.92	
Caxton	1,442.77		1,683.22		1,923.69		2,164.15		2,645.08		3,125.99		3,606.92		4,328.30	
Childerley	1,381.75		1,612.03		1,842.33		2,072.62		2,533.21		2,993.78		3,454.37		4,145.24	
Chishill	1,428.53		1,666.61		1,904.70		2,142.79		2,618.97		3,095.14		3,571.32		4,285.58	
Comberton	1,424.70		1,662.13		1,899.59		2,137.04		2,611.95		3,086.83		3,561.74		4,274.08	
Conington	1,381.75		1,612.03		1,842.33		2,072.62		2,533.21		2,993.78		3,454.37		4,145.24	
Coton	1,429.46		1,667.69		1,905.94		2,144.18		2,620.67		3,097.14		3,573.64		4,288.36	
Cottenham	1,468.66		1,713.43		1,958.21		2,202.99		2,692.55		3,182.09		3,671.65		4,405.98	
Croxton	1,421.28		1,658.14		1,895.03		2,131.91		2,605.68		3,079.42		3,553.19		4,263.82	
Croydon	1,418.34		1,654.71		1,891.11		2,127.50		2,600.29		3,073.05		3,545.84		4,255.00	
Dry Drayton	1,441.74		1,682.01		1,922.31		2,162.60		2,643.19		3,123.75		3,604.34		4,325.20	
Duxford	1,477.34		1,723.56		1,969.79		2,216.01		2,708.46		3,200.90		3,693.35		4,432.02	
Elsworth	1,432.42		1,671.14		1,909.89		2,148.62		2,626.10		3,103.56		3,581.04		4,297.24	
Eltisley	1,465.87		1,710.17		1,954.49		2,198.80		2,687.43		3,176.04		3,664.67		4,397.60	
Great & Little Evers	1,445.34		1,686.22		1,927.12		2,168.01		2,649.80		3,131.57		3,613.35		4,336.02	
Fen Ditton	1,446.75		1,687.86		1,929.00		2,170.12		2,652.38		3,134.61		3,616.87		4,340.24	
Fen Drayton	1,432.16		1,670.84		1,909.54		2,148.23		2,625.62		3,102.99		3,580.39		4,296.46	
Fowlmere	1,441.76		1,682.05		1,922.35		2,162.64		2,643.23		3,123.81		3,604.40		4,325.28	
Foxton	1,439.35		1,679.23		1,919.13		2,159.02		2,638.81		3,118.58		3,598.37		4,318.04	
Fulbourn	1,448.20		1,689.55		1,930.93		2,172.29		2,655.03		3,137.75		3,620.49		4,344.58	
Gamlingay	1,475.60		1,721.53		1,967.47		2,213.40		2,705.27		3,197.13		3,689.00		4,426.80	
Girton	1,431.42		1,669.98		1,908.56		2,147.13		2,624.28		3,101.41		3,578.55		4,294.26	
Little Gransden	1,404.35		1,638.40		1,872.46		2,106.52		2,574.64		3,042.75		3,510.87		4,213.04	
Grantchester	1,437.08		1,676.59		1,916.11		2,155.62		2,634.65		3,113.67		3,592.70		4,311.24	

Graveley	1,457.24	1,700.10	1,942.98	2,185.85	2,671.60	3,157.33	3,643.09	4,371.70
Hardwick	1,426.86	1,664.66	1,902.48	2,140.29	2,615.92	3,091.53	3,567.15	4,280.58
Harlton	1,419.13	1,655.64	1,892.17	2,128.69	2,601.74	3,074.77	3,547.82	4,257.38
Harston	1,437.79	1,677.41	1,917.05	2,156.68	2,635.95	3,115.20	3,594.47	4,313.36
Haslingfield	1,470.55	1,715.63	1,960.73	2,205.82	2,696.01	3,186.18	3,676.37	4,411.64
Hatley	1,433.02	1,671.85	1,910.69	2,149.53	2,627.21	3,104.87	3,582.55	4,299.06
Hauxton	1,437.34	1,676.88	1,916.45	2,156.00	2,635.12	3,114.22	3,593.34	4,312.00
Heydon	1,437.70	1,677.31	1,916.93	2,156.55	2,635.79	3,115.01	3,594.25	4,313.10
Hildersham	1,466.22	1,710.58	1,954.96	2,199.33	2,688.08	3,176.81	3,665.55	4,398.66
Hinxton	1,449.92	1,691.56	1,933.22	2,174.87	2,658.18	3,141.47	3,624.79	4,349.74
Histon	1,463.93	1,707.91	1,951.90	2,195.89	2,683.87	3,171.84	3,659.82	4,391.78
Horningsea	1,458.21	1,701.23	1,944.28	2,187.31	2,673.39	3,159.44	3,645.52	4,374.62
Horseheath	1,434.93	1,674.07	1,913.24	2,152.39	2,630.71	3,109.00	3,587.32	4,304.78
Ickleton	1,438.80	1,678.59	1,918.40	2,158.20	2,637.81	3,117.40	3,597.00	4,316.40
Impington	1,463.93	1,707.91	1,951.90	2,195.89	2,683.87	3,171.84	3,659.82	4,391.78
Kingston	1,434.79	1,673.91	1,913.05	2,152.18	2,630.45	3,108.70	3,586.97	4,304.36
Knapwell	1,419.80	1,656.43	1,893.07	2,129.70	2,602.97	3,076.23	3,549.50	4,259.40
Landbeach	1,428.85	1,666.98	1,905.13	2,143.27	2,619.56	3,095.83	3,572.12	4,286.54
Linton	1,471.16	1,716.34	1,961.54	2,206.73	2,697.12	3,187.49	3,677.89	4,413.46
Litlington	1,430.65	1,669.08	1,907.53	2,145.97	2,622.86	3,099.73	3,576.62	4,291.94
Lolworth	1,412.62	1,648.04	1,883.49	2,118.92	2,589.80	3,060.66	3,531.54	4,237.84
Longstanton	1,434.71	1,673.82	1,912.94	2,152.06	2,630.30	3,108.53	3,586.77	4,304.12
Longstowe	1,441.88	1,682.19	1,922.51	2,162.82	2,643.45	3,124.07	3,604.70	4,325.64
Madingley	1,486.90	1,734.71	1,982.53	2,230.35	2,725.99	3,221.61	3,717.25	4,460.70
Melbourn	1,478.10	1,724.44	1,970.80	2,217.15	2,709.86	3,202.55	3,695.25	4,434.30
Meldreth	1,435.52	1,674.76	1,914.02	2,153.27	2,631.78	3,110.27	3,588.79	4,306.54
Milton	1,432.21	1,670.90	1,909.61	2,148.31	2,625.72	3,103.11	3,580.52	4,296.62
Guilden Morden	1,438.68	1,678.44	1,918.23	2,158.01	2,637.58	3,117.12	3,596.69	4,316.02
Steeple Morden	1,422.96	1,660.10	1,897.27	2,134.43	2,608.76	3,083.06	3,557.39	4,268.86
Newton	1,413.99	1,649.64	1,885.32	2,120.98	2,592.32	3,063.63	3,534.97	4,241.96
Northstowe	1,439.14	1,678.99	1,918.85	2,158.71	2,638.43	3,118.13	3,597.85	4,317.42
Oakington/Westwic	1,457.40	1,700.28	1,943.19	2,186.09	2,671.90	3,157.68	3,643.49	4,372.18
Orchard Park	1,453.93	1,696.24	1,938.57	2,180.89	2,665.54	3,150.17	3,634.82	4,361.78
Orwell	1,452.54	1,694.61	1,936.71	2,178.80	2,662.99	3,147.15	3,631.34	4,357.60
Over	1,431.12	1,669.62	1,908.15	2,146.67	2,623.72	3,100.74	3,577.79	4,293.34
Pampisford	1,441.54	1,681.79	1,922.05	2,162.31	2,642.83	3,123.33	3,603.85	4,324.62
Papworth Everard	1,437.32	1,676.87	1,916.43	2,155.98	2,635.09	3,114.19	3,593.30	4,311.96
Papworth St Agnes	1,381.75	1,612.03	1,842.33	2,072.62	2,533.21	2,993.78	3,454.37	4,145.24
Rampton	1,428.90	1,667.04	1,905.20	2,143.35	2,619.66	3,095.95	3,572.25	4,286.70
Sawston	1,477.08	1,723.25	1,969.44	2,215.62	2,707.99	3,200.34	3,692.70	4,431.24
Great Shelford	1,484.00	1,731.33	1,978.67	2,226.00	2,720.67	3,215.33	3,710.00	4,452.00
Little Shelford	1,442.95	1,683.43	1,923.93	2,164.42	2,645.41	3,126.38	3,607.37	4,328.84
Shepreth	1,461.88	1,705.51	1,949.17	2,192.81	2,680.11	3,167.39	3,654.69	4,385.62
Shingay-cum-Wend'	1,413.44	1,649.01	1,884.59	2,120.16	2,591.31	3,062.45	3,533.60	4,240.32
Shudy Camps	1,426.55	1,664.30	1,902.06	2,139.82	2,615.34	3,090.85	3,566.37	4,279.64
Stapleford	1,445.93	1,686.91	1,927.90	2,168.89	2,650.87	3,132.84	3,614.82	4,337.78
Stow-cum-Quy	1,433.96	1,672.94	1,911.94	2,150.93	2,628.92	3,106.89	3,584.89	4,301.86
Swavesey	1,445.26	1,686.13	1,927.01	2,167.89	2,649.65	3,131.39	3,613.15	4,335.78
Tadlow	1,409.80	1,644.76	1,879.73	2,114.70	2,584.64	3,054.56	3,524.50	4,229.40
Teversham	1,431.78	1,670.40	1,909.04	2,147.67	2,624.94	3,102.19	3,579.45	4,295.34

Thriplow	1,422.67	1,659.77	1,896.89	2,134.00	2,608.23	3,082.44	3,556.67	4,268.00
Toft	1,426.24	1,663.93	1,901.65	2,139.35	2,614.77	3,090.17	3,565.59	4,278.70
South Trumington	1,415.58	1,651.49	1,887.43	2,123.36	2,595.23	3,067.07	3,538.94	4,246.72
Waterbeach	1,443.08	1,683.59	1,924.11	2,164.62	2,645.65	3,126.67	3,607.70	4,329.24
Weston Colville	1,422.28	1,659.32	1,896.37	2,133.42	2,607.52	3,081.60	3,555.70	4,266.84
West Wickham	1,424.87	1,662.34	1,899.82	2,137.30	2,612.26	3,087.21	3,562.17	4,274.60
West Wratting	1,419.49	1,656.06	1,892.65	2,129.23	2,602.40	3,075.55	3,548.72	4,258.46
Whaddon	1,435.00	1,674.16	1,913.33	2,152.50	2,630.84	3,109.16	3,587.50	4,305.00
Whittlesford	1,438.32	1,678.02	1,917.75	2,157.47	2,636.92	3,116.34	3,595.79	4,314.94
Great Wilbraham	1,458.76	1,701.88	1,945.01	2,188.14	2,674.40	3,160.64	3,646.90	4,376.28
Little Wilbraham	1,434.17	1,673.19	1,912.22	2,151.25	2,629.31	3,107.36	3,585.42	4,302.50
Willingham	1,446.31	1,687.35	1,928.41	2,169.46	2,651.57	3,133.66	3,615.77	4,338.92
Wimpole	1,411.99	1,647.31	1,882.65	2,117.98	2,588.65	3,059.30	3,529.97	4,235.96

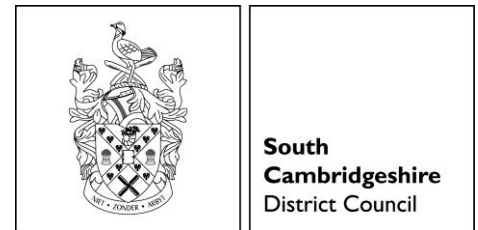
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APPENDIX E

ALL SERVICES	Original Estimate 2022/23 £'s	Revised Estimate 2022/23 £'s	Estimate 2023/24 £'s	Estimate 2023/24 £'s	Estimate 2023/24 £'s
	Net Expenditure	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure
Directorate					
Chief Executive & Chief Operating Officer	2,898,610	2,270,760	3,722,150	(1,265,000)	2,457,150
Head of Climate, Environment & Waste	9,703,000	9,974,500	19,729,250	(9,145,250)	10,584,000
Head of Finance	3,969,830	3,785,990	26,836,660	(18,229,710)	8,606,950
Head of Housing (Including HRA)	5,407,300	5,783,320	50,469,070	(45,880,310)	4,588,760
Monitoring Officer	0	0	500	(500)	0
Director of Greater Cambridge Shared Planning	7,040,900	6,553,450	12,406,550	(6,318,140)	6,088,410
Head of Transformation, HR & Corporate Services	3,546,100	2,563,260	5,881,190	(1,129,070)	4,752,120
Contingency and Other	250,000	70,000	350,000		350,000
Net Direct Service Expenditure	32,815,740	31,001,280	119,395,370	(81,967,980)	37,427,390
Investment Income	(6,416,310)	(6,827,400)		(8,085,420)	(8,085,420)
Other Levies and Contributions	1,886,596	1,857,866	2,120,190		2,120,190
Interest Payable	1,318,600	1,727,020	3,031,800		3,031,800
Minimum Revenue Provision	1,090,290	1,090,290	1,329,370		1,329,370
Capital Charges and other reversals	(6,174,320)	(6,747,850)	(8,147,740)		(8,147,740)
Capital Financing	3,420,000	2,646,000	3,054,000		3,054,000
Net District Council General Fund Expenditure	27,940,596	24,747,206	120,782,990	(90,053,400)	30,729,590
Appropriation to/(from) Earmarked Reserves	(2,848,780)	(574,130)	12,274,370	(10,896,330)	1,378,040
Appropriation to/(from) General Reserve	76,762	142,680	810,438		810,438
General Expenses (Budget Requirement for capping purposes)	25,168,578	24,315,756	133,867,798	(100,949,730)	32,918,068
Special Expenses - Parish Precepts	6,515,778	6,515,778	6,964,258		6,964,258
New homes bonus	(2,375,683)	(2,375,677)		(1,508,450)	(1,508,450)
Rural Services/Services Grant/RSG	(467,362)	(546,436)		(1,583,560)	(1,583,560)
Retained Business Rates and Grant	(14,426,650)	(13,494,760)		(17,925,700)	(17,925,700)
(Surplus)/Deficit on Collection Fund re Council Tax	(195,380)	(195,380)		(74,970)	(74,970)
(Surplus)/Deficit on Collection Fund re Business Rates	2,785,900	2,785,900		(694,950)	(694,950)
Demand on Collection Fund to be raised from council taxpayers	17,005,181	17,005,181	140,832,056	(122,737,360)	18,094,696
INCOME FROM COUNCIL TAX					
Tax Base for tax setting purposes (Band D equivalents)	65,432.00				67,330.70
	£ p				£ p
for the District	160.31				165.31
for the Parish (average)	99.58				103.43
	259.89				268.74
	£				£
District Precept	10,489,404				11,130,438

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Agenda Item 10



REPORT TO: Council 21 February 2023

LEAD CABINET MEMBER: Councillor Henry Batchelor, Leader Cabinet Member for Waste & Environmental Services

LEAD OFFICER: Head of Waste & Environment

Swavesey Bye-ways Rate 2023/24

Executive Summary

1. To report on the annual meeting of the Swavesey Bye-ways Advisory Committee held on 26th January 2023 and to set the level of the Swavesey Bye-ways rate.

Key Decision

2. No

Recommendations

3. The Swavesey Bye-ways Advisory Committee Recommends to Council that
 - (a) It retains the level of the Swavesey Bye-ways rate at £1.20 per hectare for land within the charge paying area for the period 2023/24 in order to fund the required level of maintenance.

Reasons for Recommendations

4. Since the enactment of the Bye-ways legislation in 1984, local charge payers have agreed to provide labour and plant on a voluntary basis while the Council provides materials for use along the byeways, funded by the Bye-ways rate.
5. The Advisory Committee, having considered the current condition of the Bye-ways and are satisfied that a rate of £1.20 per hectare for land within the charge paying area for the period 2023/24 will be sufficient to fund the required level of maintenance, subject to the availability of suitable material.
6. In addition to the income, the balance of the A14 legacy fund (£6,785.00) will be held in an earmarked reserve fund, held by Swavesey Parish Council and will be regularly drawn down to pay for the running costs and maintenance of the Bye-

ways grader. This grader was purchased from the A14 legacy fund contribution to enable continued maintenance of the Bye-ways top surface.

Details

7. The Swavesey Bye-ways' Act 1984 governs the financial provision for maintenance of the Swavesey Bye-ways. Under the Act, the District Council is required to determine the amount of money necessary for maintenance in each financial year. It can then recover 50% of this amount from the Bye-ways Charge Payers at a uniform amount per hectare of land within the charge paying area and 16% from the Parish Council.
8. The Swavesey Bye-ways Advisory Committee is an informal group comprising representatives of charge payers, parishioners, the Parish and District Council. The Advisory Committee advises the District Council on all matters relating to the discharge of its Bye-ways responsibilities including the level of the byeways rate.
9. The Advisory Committee recommended an order and allocation of suitable surfacing materials to repair Middle Fen Drove and the Hale Fen in preparation for repairs to be carried out by rate payers / landowners. Future repair requirements will be determined throughout 2023/24 and requirements discussed by the advisory committee if necessary.
10. The Advisory Committee discussed the proposed Greenways project in relation to the condition of Lairstall Drove, advising that surfacing considerations are included within that project so it would be advisable to refrain from repairs or improvements at this time.

Options

11. Council could agree the recommendation of the Advisory Committee or opt to set an alternative rate for 2023/24.

Implications

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

There are no significant implications.

Consultation responses

13. Consultation has been undertaken with parishioners, the Parish Council and local landowners through the Swavesey Bye-ways Advisory Committee.

Alignment with Council Priority Areas

14. Accepting the advice of, and engaging with, the Advisory Committee contributes towards protecting, maintaining, and improving the natural and built environments, and enhancing local economic activity.

Background Papers

None

Appendices – Available upon request

Head of Finance Report 2023
Head of Environment Report 2023
Bye-way Inspection report LH-SE 2023

Report Author:

Lee Hillam – Principal Operations Manager – Environment Operations
Telephone: (01954) 713497 lee.hillam@scambbs.gov.uk

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Agenda Item 11



REPORT TO: Council

21 February 2023

LEAD OFFICER: Head of HR, Transformation and Corporate Services

Report of the Independent Remuneration Panel – Scheme of Members’ Allowances 2022/23

Executive Summary

1. The purpose of this report is to consider the recommendations of the Independent Remuneration Panel (IRP) in respect of the Scheme of Members’ Allowances 2022/23.

Recommendations

2. It is recommended that Council:
 - (a) Agree a revised Scheme of Members’ Allowances for 2022/23 (see Appendix A) and, if adopting the recommendations of the Independent Remuneration Panel, to approve the implementation of:-
 - (a) The increase in the Basic Allowance to £5,501 (equivalent to a 4.25% increase) retrospectively with effect from 1 April 2022; and
 - (b) The increase to all the Special Responsibility Allowances of 4.25%, retrospectively with effect from 1 April 2022.
 - (b) Authorise the Head of HR, Transformation and Corporate Services to implement and advertise the new scheme and make any consequential amendments required to the Scheme of Members’ Allowances in Part 6 of the Constitution.

Reasons for Recommendations

3. Article 2.05 of the Constitution provides for Council to adopt a Scheme of Members’ Allowances. The Council is required, by virtue of Regulation 19 of The Local Authorities (Members’ Allowances) (England) Regulations 2003, to have regard to the recommendations of its Independent Remuneration Panel before making or amending its Scheme of Members’ Allowances. The recommendations of the Independent Remuneration Panel in respect of the Scheme of Members’ Allowances 2022/23 are set out at Appendix A to this report.

Details

4. The IRP met on Wednesday 19 October 2022 and recommended that the basic allowance be increased by 1.4% to £5,351, which was then the average allowance paid to rural authorities in Cambridgeshire.
5. The Panel noted that an allowance was not paid for membership of the Housing, Transport, Skills and Employment Committees of the Cambridgeshire and Peterborough Combined Authority committees. The Panel further noted that some partner authorities did not pay any allowances to their members on these Committees. The Panel decided that an in-depth study of this issue should be carried out for the review of the 2023/34 Allowances Scheme.
6. The Panel discussed whether family members should be paid for caring for their dependants. They agreed to carry out a comprehensive review of the Dependants' Carers' allowance scheme next year.
7. The Panel reviewed the travel allowances and, whilst acknowledging the increases in the cost of fuel, they agreed that it would not be appropriate to recommend any deviation from the current HMRC rates.
8. Council met on Thursday 22 November 2022 and agreed that more information was required in order to reach a decision.
9. The IRP met again on 7 February 2023 and considered the sustained increase in inflation since their meeting in October and the results of other reviews carried out by other local authorities since then. In light of this they revised their recommendation to a 4.25% increase for both the basic allowance and all special responsibility allowances.
10. The IRP recommended that its proposals for increasing the Basic Allowance and Special Responsibility Allowances should apply with effect from the 2022/2023 financial year (ie: retrospectively from 1 April 2022).
11. The IRP plan to carry out a comprehensive review of the 2023/24 Members' Allowances Scheme in the new municipal year. This will include consultation with all councillors, including those in receipt of the Special Responsibility Allowances being reviewed.

Options

12. Council must have regard to the recommendations made to it by the Independent Remuneration Panel. However, it is not bound to accept those recommendations.

The options are to:

- (a) Accept in full the Panel's recommendations;
- (b) Reject the Panel's recommendations;
- (c) Make variations to specific elements of the recommendations;
- (d) Seek further information or request the Panel to undertake additional work if required.

Implications

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

Financial

14. The Panel is recommending an increase in Basic Allowance from £5,277 to £5,501 in 2022/23. This will increase the total cost of Basic Allowances from £236,373 to £246,419. The 4.25% increase in Special Responsibility Allowances is more difficult to estimate as positions become vacant and no councillor can claim more than two SRAs. The Council is projected to pay £122,807 in SRAs this year. A 4.25% increase on this figure would be £128,026.

Legal

15. The Council, in setting its Members' Allowances levels, is obliged, by virtue of Regulation 19 of The Local Authorities (Members' Allowances) (England) Regulations 2003, to have regard to the recommendations of an Independent Remuneration Panel established for this purpose.

Risks/Opportunities

16. There is a risk that low allowance levels could act as a disincentive to potential new councillors through loss of earning opportunities.

Equality and Diversity

17. Members' Allowances levels should reflect the public service element associated with the role of a District Councillor, but should not discourage candidates from any sector of society from standing as councillors because of unmitigated financial loss. Schemes should also not present barriers to becoming a councillor, for example, by ensuring that allowances are in place to cover the costs of care for dependents.

Consultation responses

18. Councillors were sent a copy of the current Members' Allowances Scheme on 22 July 2022 and invited to raise any specific matters that they wished the IRP to consider. These comments were collated and sent to the Panel.
19. As required by the relevant regulations, a notice of the receipt of the report from the Panel will be placed in the local press.

Effect on Council Priority Areas

A modern and caring Council

20. The Council should seek to have in place an allowances scheme which both reflects the voluntary public service element of the councillors' role and prevents low allowance levels from acting as a disincentive to potential new councillors through loss of earning opportunities. In achieving this balance, the Council will encourage the continuing recruitment and retention of councillors of sufficient calibre to ensure all its strategic aims are achieved.

Background Papers

None

Appendices

Appendix A: Draft Members' Allowances Scheme 2022/23.

Report Author:

Patrick Adams – Senior Democratic Services Officer
Telephone: (01954) 713408

Members' Allowances Scheme ~~2021/22~~2022/23

1. Introduction

- 1.1 ~~The Council, at its meeting held on 26 September 2019, agreed that the basic allowance shall be increased annually in line with the Council's staff pay award to the end of the 2021/22 financial year and that special responsibility allowances shall also be increased annually in line with increases to the basic allowance to the end of that financial year.~~ The Council, in exercise of the powers conferred by the Local Authorities (Members' Allowances) (England) [and Amendment] Regulations 2003, hereby makes the following scheme:
- 1.2 This scheme may be cited as the South Cambridgeshire District Council Members' Allowances Scheme and shall have effect from 1 April ~~2021~~2022.

2. Definitions

- 2.1 In this scheme,
- (a) "councillor" means an elected member of the South Cambridgeshire District Council;
 - (b) "year" means the 12 months ending on 31 March ~~2022~~2023.

3. Basic Allowance

- 3.1 Subject to paragraph 6, for each year a basic allowance of £5, ~~276,765~~01 shall be paid to each councillor, which includes £~~729,760~~ towards expenses. This is intended to cover time spent in attendance at meetings and with constituents, parish council meetings and the cost of telephone / internet calls from home. It is assumed that some elements of the work of councillors are undertaken on a voluntary basis.

4. Special Responsibility Allowances

- 4.1 Each year, a special responsibility allowance shall be paid to those councillors who hold the special responsibilities in relation to the authority as specified in schedule 1 to this Scheme.
- 4.2 No councillor may normally receive more than two special responsibility allowances.
- 4.3 Subject to paragraph 6, the amount of each such allowance shall be the amount specified against that special responsibility in schedule 1 to this Scheme.

5. Renunciation

- 5.1 A councillor may, by notice in writing given to the Chief Executive, elect to forgo any part of their entitlement to an allowance under this scheme.
- 5.2 A councillor not wishing to receive their allowances may nominate a charity to which they may be paid.

6. Part-year Entitlements

- 6.1 The provisions of this paragraph shall have effect to regulate the entitlements of a councillor to basic and special responsibility allowances or a member to co-optees' allowances where, in the course of a year, this scheme is amended or that councillor becomes, or ceases to be, a councillor, or accepts or relinquishes a special responsibility in respect of which a special responsibility is payable, or the member's appointment begins or ends.
- 6.2 If an amendment to this scheme changes the amount to which a councillor is entitled by way of a basic allowance or a special responsibility allowance or adds or deletes entitlement to a special responsibility allowance then, in relation to the period following the amendment, the entitlement to such an allowance shall be in the same proportion as that period bears to the relevant municipal year.
- 6.3 Where the term of office of a councillor begins or ends otherwise than at the beginning or end of a year, the entitlement of that councillor to a basic allowance shall be in the same proportion as the term of office bears to the relevant municipal year.
- 6.4 Where a councillor has during part of, but not throughout, a year such special responsibilities as entitles them to a special responsibility allowance, that

councillor's entitlement shall be in the same proportion as the period of special responsibility bears to the relevant municipal year.

- 6.5 Where the appointment of a member (a person not an elected member of the authority but a member of a committee or sub-committee of the authority) begins or ends otherwise than at the beginning or end of a year, the entitlement of that member to a co-optees' allowance shall be in the same proportion as the term of office as member bears to the relevant municipal year.

7. Dependants' Carers' allowance

- 7.1 A carers' allowance may be claimed by a councillor where additional expenditure is incurred on childcare or care for a sick or dependent relative to facilitate fulfilment of approved Council duties. Payments will cover the period of the qualifying duty and the travelling time to and from the councillor's home and the location of the duty.
- 7.2 Meetings or activities that qualify for the allowance will be those specified on the list of approved duties attached at schedule 2 to this Scheme; attended as of right or by invitation.
- 7.3 Reimbursement of expenditure will be restricted:
- (a) in the case of childcare to children up to their fourteenth birthday who normally reside with the councillor.
 - (b) in the case of a sick or dependent relative to care which would otherwise be carried out by the councillor.
 - (c) normally, to payments made to persons providing care other than a close relation or a person normally resident at the councillor's home.
- 7.4 It is the responsibility of the councillor employing the carer to ensure that they are suitably qualified to provide the care required.
- 7.5 Payments will reimburse actual expenditure up to a maximum hourly rate set by the Council. The maximum hourly rate set by the Council for the period up until to 31 March ~~2024~~2023 is ~~£15.98~~£16.66.

8. Travelling Allowances

- 8.1 Travelling allowances may be claimed by councillors or independent members (with the meaning as in paragraph 10.1) for necessary travel from home to undertake approved duties as contained in the list at schedule 2 of this Scheme.

8.2 Details of rates and other provisions are listed in schedule 1 to this Scheme.

9. Subsistence Allowances

9.1 Subsistence allowances may be claimed by councillors or independent members (with the meaning in paragraph 10.1) where carrying out an approved duty involves an absence from home of more than 4 hours, including specified hours.

9.2 Details of rates and other provisions are listed in schedule 1 to this Scheme.

10. Allowances for Independent Members

10.1 Each year an allowance shall be paid to the Independent and Deputy Independent Members of Council, who have been appointed to help oversee that Council's Code of Conduct.

10.2 Subject to paragraph 6, the allowances for the year shall be:

Independent Member	£1, 163446
Deputy Independent Member	£ 582558

11. Pensions

Following a change in the law, councillors are no longer entitled to join the Local Government Pension Scheme.

12. Claims and Payments

12.1 Payments shall be made in respect of basic, special responsibility and co-optees' allowances, subject to sub-paragraph 12.2, in instalments of one-twelfth of the amount specified in this scheme on the last working day of each month, except that co-optees may select an alternative means of payment;

12.2 Where a payment of one-twelfth of the amount specified in this scheme in respect of a basic allowance or a special responsibility allowance would result in the councillor receiving more than the amount to which, by virtue of paragraph 6, they are entitled, the payment shall be restricted to such amount as will ensure that no more is paid than the amount to which they are entitled.

12.3 Claims for dependants' carers' and travel and subsistence allowances under this Scheme will need to be submitted in writing no later than the 14th of the month in which they are to be paid and shall be submitted by one month of the end of the relevant financial year to which the claim applies. Claims for carers' allowance shall be accompanied by a receipt signed by the carer. Claims for travel and subsistence allowance shall be accompanied by relevant VAT receipts.

12.4 Claims may not be made from two bodies for the same meeting nor travel expenses claimed for the same journey from two or more bodies where different meetings are attended on the same day. Claims shall be accompanied by a statement that the councillor has not made and will not make any such other claim.

13. **Publicity**

13.1 As soon as practicable after the end of each year, arrangements will be made for the publication within the area of South Cambridgeshire of the total sum paid in that year under this Scheme to each member in respect of each of the following, namely, basic allowance, special responsibility allowance, dependants' carers' allowance, travelling and subsistence allowance and co-optees' allowance.

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14. **Annual Review**

14.1 Annual adjustments may be indexed for up to four years, subject to an annual review by an independent remuneration panel of any changes in responsibilities.

~~14.2 The Council, at its meeting held on 26 September 2019, agreed that the basic allowance shall be increased annually in line with the Council's staff pay award to the end of the 2021/22 financial year and that special responsibility allowances shall also be increased annually in line with increases to the basic allowance to the end of that financial year.~~

Schedule of Allowances

The following rates apply until 31 March 2022:

1. Basic Allowance

£4, ~~741,547.76~~ plus expenses of £~~760,729~~ (£5, ~~501,276.76~~ total) towards the cost of purchase of office sundries other than those provided by the Council, telephone calls etc.

2. Special Responsibility Allowances

The following are specified as the special responsibilities in respect of which special responsibility allowances are payable, and the amounts of those allowances:

Position with Special Responsibility Allowance	£	£
Leader of the Council	11,818,123 <u>20</u>	-
Deputy Leader (Statutory)	8,7329,103	-
Cabinet Member	8,059,402	-
Major Opposition Group Leader	4,003,173	-

-	Chair	Vice-Chair
Council		
Allowances for Chair of Council	<u>44664,656</u>	<u>2,233328</u>
Committees		
Scrutiny & Overview Committee	<u>4,740941</u>	<u>2,344444</u>
Planning Committee	<u>6,699984</u>	<u>3,350492</u>
Audit and Corporate Governance Committee	<u>2,232327</u>	-
Licensing Committee	<u>1,446163</u>	-
Civic Affairs Committee	<u>1,446163</u>	-
Employment and Staffing Committee	<u>1,446163</u>	-
Grants Advisory Committee	<u>1,446163</u>	-
Climate Change & Environment Advisory Committee	<u>1,446163</u>	-
Committee Members		
Planning	<u>527,549</u>	-
Scrutiny & Overview	<u>263274</u>	-
Licensing*	<u>263274</u>	-
Grants Advisory	<u>432138</u>	-
Cambridgeshire and Peterborough Combined Authority		
Executive Board	<u>5,277501</u>	-
Overview & Scrutiny	<u>1,320376</u>	-
Audit and Governance	<u>528550</u>	-
Greater Cambridge Partnership		
Executive Board Chair	<u>2,638750</u>	-
Executive Board Member	<u>2,638750</u>	-
Assembly Member	<u>794825</u>	-
Joint Development Control Committee (when SCDC holds Chair)	<u>2,638750</u>	-
Independent Members' Allowances	-	-
Independent Member	<u>1,446163</u>	-
Deputy Independent Member	<u>558582</u>	-

*Must attend 4 or more panels per year to receive allowance

3. Dependants' Carers' Allowances

Reimbursement of actual cost up to a maximum hourly rate of £~~16.66~~ 15.98. This allowance may be claimed for attendance as a district councillor at a parish council meeting.

4. Travel Allowances

4.1 Private transport rates

Motor Vehicles	cc of vehicle	rate per mile	without VAT receipt
-	All vehicles	45.0p	43.49p
Motorcycles	All vehicles	24.0p	22.64p
Bicycles	-	20.0p	20.0p

4.2 A supplement of not more than 5p per mile may be added for each passenger, payable to a maximum of four.

4.3 The Council will normally pay mileage for the most direct route between relevant points.

5. Public and other Transport

5.1 Travel by public transport will be reimbursed at the ordinary or any available cheap fare rate and tickets shall be attached to the claim form.

5.2 The cost of travel by taxi may be reimbursed in exceptional circumstances (e.g.: where there is no other useable alternative) and the Chief Executive or their nominee shall be advised (where practicable) in advance of the journey. Should prior approval not be practicable, actual reasonable costs may be met on the production of receipts but only with the approval of the Chief Executive (or their nominee).

6. Subsistence Allowances

6.1 Councillors may claim the actual amount spent up to the following sums:

Breakfast:£6.88

(more than 4 hours away from normal place of residence before 11am)

Lunch: £9.50

(more than 4 hours away from normal place of residence including the period 12 noon to 2pm)

Tea: £3.76

(more than 4 hours away from normal place of residence including the period 3pm to 6pm)

Evening meal: £11.77

(more than 4 hours away from normal place of residence ending after 7pm)

(Rates equivalent to the prevailing National Joint Council for local government employees)

- 6.2 Receipts are required in support of claims.
- 6.3 Where breakfast, lunch or evening meal is necessarily taken on a train and the other qualifying conditions are fulfilled, reimbursement may be made in full.
- 6.4 Refreshments may be purchased from the staff room. Where there is entitlement to reimbursement as above, the refreshments shall be ordered through an appropriate officer, in which case the Council will bear the cost directly.
- 6.5 Any claim will be reduced by an appropriate amount in respect of any meal provided free of charge by the Council or other body during the same period as the claim covers.

7. Overnight Subsistence

- 7.1 Where the total period of absence from home on approved duties, exceeds 24 hours, and the Council has booked or paid for the accommodation on behalf of the councillor, actual expenditure on bed and breakfast accommodation will be reimbursed, up to a maximum of £130 per night.
- 7.2 The maximum allowance is increased to £150 for an overnight stay in London.
- 7.3 An out-of-pocket allowance of £4 per night may be claimed in addition.
- 7.4 Subsistence for other meals may be claimed in accordance with the provisions for meal subsistence allowances above.

Schedule 2: Approved Duties

Members are eligible to claim travelling and subsistence allowances for all duties carried out for the purposes of, or in connection with, the discharge of the functions of the Council, the Cabinet or any of its committees or sub-committees and other duties as authorised by any two of the Chair of Council, the Chief Executive, Chief Finance Officer or Leader.

For guidance, claims will automatically be allowed for:

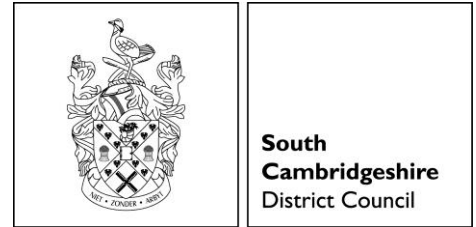
1. Attendance at all internal meetings, including seminars
2. Attendance as an authorised representative of the Council at meetings of outside bodies (except where that body pays expenses to representatives)
3. Attendance at meetings authorised by the Council
4. Attendance as the Council's representative at joint meetings of local authorities, government bodies or a local authority association
5. Attendance at approved conferences and training sessions
6. Authorised duties on behalf of the Council in relation to the inspection of premises
7. Duties carried out by Cabinet members and chairs and vice-chairs for the necessary exercise of the functions of the post
8. Duties carried out as a Ward member at the request of Council or one of its constituent parts
9. The Dependents' Carers' Allowance may be claimed for attendance as a district councillor at a parish council meeting.

The Council will not pay allowances for:

1. Attendance at meetings of a single political group
2. Attendance at the Chair's Reception and similar functions
3. Attendance at parish council meetings.

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Agenda Item 12



REPORT TO: Council

21 February 2023

LEAD OFFICER: Chief Executive

Calendar of Meetings 2023/2024

Executive Summary

1. To seek approval of the Calendar of Meetings 2023/2024.

Recommendations

2. That Council approves the Calendar of Meetings 2023/2024, as set out at Appendix A.

Reasons for Recommendations

3. Adopting an annual calendar of meetings provides a framework for the democratic and decision-making processes of the Council.

Details

4. A draft calendar of meetings for 2023/2024 has been prepared to enable the effective consideration of Council business during the period from May 2023 to May 2024. A copy of the draft calendar of meetings is attached at appendix A. The following paragraphs set out the considerations which have been taken into account in preparing the calendar.
5. The Cabinet Procedure Rules provide that the frequency and timing of meetings of the Executive (Cabinet) shall be determined by the Leader. The Cabinet usually meets at least eight times per year, taking account of the need to factor in meetings of the Scrutiny and Overview Committee. Where practical, conflicting events, such as the meetings of other authorities, school holidays and public and religious holidays, are also avoided.

6. Chairs of committees have been consulted. If any meeting is then not required, it is cancelled. The exception is August, as arranging a meeting during Summer holidays may be impractical.
7. No dates are scheduled for meetings of the Licensing Committee, as the need for meetings arises only when there is a need to review a policy within that committee's remit. Meetings are therefore organised ad hoc.

Options

8. None. The calendar of meetings will provide a framework for effective and planned decision making and enables both Councillors and the public to be aware of forthcoming meeting dates.

Implications

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

Financial

10. None, as the number of meetings proposed is similar to that which was proposed in the current civic year.

Alignment with Council Priority Areas

A modern and caring Council

11. The schedule of meetings takes account of school and religious holidays, whilst providing a framework for timely decision-making.

Background Papers

None.

Appendices

Appendix A: Calendar of Meetings 2022/23

Report Author:

Jonathan Malton – Cabinet Support Officer

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LEGEND	Regulatory
Council	Corporate Committees
Executive	Advisory
Overview & Scrutiny	Member Development



**South
Cambridgeshire**
District Council

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL CALENDAR OF MEETINGS 2023-24

MEETING	TIME	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
Council	14:00	25 AGM		13			5	30			27			23 AGM
Cabinet	10:00	15	27	11 (local plan)		26		7	5		6 (Budget)	12	16	
Scrutiny & Overview	17:30	11	8 20 (local plan)			7	19	16		18 (Budget)	15	21		16
Planning	10:00	10	14	12	9	13	11	8	13	17	14	13	10	8
Joint Development Control Committee	10:00		21	19	16	20	18	15	12	24	13	20	3	
Licensing ²	10:00													
Audit & Corporate Governance	10:00			26		27		28				19		
Civic Affairs	10:00			4		12			14			14		
Employment & Staffing	10:00	18	28			15		9			1			30
Grants Advisory	10:00 ³	26	30	27	24	29	26		1	25	22	28	25	
Climate Change & Environment Advisory	14:00		6				12		7		13		24	

- Budget meeting
- Licensing Committee TBA
- Except for specified dates when 14:00

Meeting cycles

Scrutiny and Overview Committee	Cabinet	Council
8 June 2023 (Q4)	27 June 2023	13 July 2023
20 June 2023 (local plan)	11 July 2023	
7 September 2023 (Q1)	26 September 2023	5 October 2023
19 October 2023	7 November 2023	30 November 2023
16 November 2023 (Q2)	4 December 2023	
18 January 2024 (budget)	6 February 2024 (budget)	27 February 2024
15 February 2024 (Q3)	12 March 2024	28 March 2024
21 March 2024	16 April 2024	23 May 2024 (AGM)
30 May (Q4)	Tbc date in early June	
9 + 3 reserve	9 + 1 reserve	6

Agenda Item 14

Agenda Item: 11(a)



**CAMBRIDGESHIRE
& PETERBOROUGH**
COMBINED AUTHORITY

Cambridgeshire & Peterborough Combined Authority
Reports from Constituent Council Representatives on the
Combined Authority
Audit and Governance Committee
30 September and 02 December 2022
Councillor Geoff Harvey

Overview and Scrutiny Committee
17 October and 28 November 2022
Councillor Aidan Van de Weyer
Councillor Geoff Harvey

Combined Authority Board
19 October and 30 November 2022
Councillor Bridget Smith

The above meetings have taken place in September, October, November and December 2022.

**Audit and Governance Committee –
30 September and 02 December 2022**

The Audit and Governance Committee met on 30 September and 02 December 2022; the decision summaries are attached as Appendix 1 and 2.

Overview and Scrutiny Committee – 17 October and 28 November 2022

The Overview and Scrutiny Committee met on 17 October and 28 November 2022; the decision summaries are attached as Appendices 3 and 4.

Combined Authority Board – 19 October and 30 November 2022

The Combined Authority Board met on 19 October and 30 November 2022; the decision summaries are attached as Appendix 5 and 6.

The agendas and minutes of the meetings are on the Combined Authority's website – Link in the appendices.

Audit and Governance Committee Decision Summary

Meeting: 30 September 2022
 Agenda/Minutes: [Audit and Governance Committee](#)
 Chair: John Pye (Chair and Independent Person)

Summary of decisions taken at this meeting.

Item	Topic	Decision [<i>None of the decisions below are key decisions</i>]
1	Apologies and Declarations of Interests	There were no apologies. No disclosable interests were declared.
2	Chair's Announcements	The Chair had had an online meeting with representatives from DLUHC and would report further on it during the discussion of the Improvement Framework, agenda item 4.
3	Minutes of the Previous Meeting and Action Notes	<p>RESOLVED:</p> <p>i. That the minutes of the meeting of 29 July 2022 be approved.</p> <p>ii. That the current Action Log be noted and that the following actions be added:</p> <ul style="list-style-type: none"> • Members to be sent a survey to complete which would help in assessing the performance of the Committee • Members to submit details of their relevant experience and past training. • Having received the results of the survey, Officers to submit a report for the next meeting outlining where they felt the Committee had weaknesses with proposals for addressing these. • Officers to organise online development sessions on financial and project management.

Item	Topic	Decision <i>[None of the decisions below are key decisions]</i>
4	Improvement Framework Including Review of Governance	<p><u>RESOLVED:</u></p> <ol style="list-style-type: none"> 1. That the Committee notes the presentation and welcomes the approach and proposed next steps. 2. That a report from the IIB be delivered at the next meeting on 2 December and that the Committee then take a view on frequency of reporting and whether it would be helpful to observe a future IIB meeting. 3. That the workplan agenda item be moved up the agenda for the next meeting and that discussion be had on the strength and weaknesses of the Committee, the findings of the Governance review, and proposals be given for a revised workplan regarding the Improvement Framework.
5	Internal Audit Progress Report	<p><u>RESOLVED:</u></p> <p>That the Internal Audit progress report be noted.</p>
6	Subsidiary Governance Report	<p><u>RESOLVED:</u></p> <p>That the Committee note the report but express their disappointment that a minimal assurance had been given by the Internal Auditors despite the issue being debated on several occasions over the past year.</p>
7	Review of Corporate Risk Register and Risk Register Improvements	<p><u>RESOLVED:</u></p> <p>That the Committee note the improvements to the Corporate Risk Register.</p>

8	Work Programme	<u>RESOLVED</u> That discussion of the Committee's work programme be postponed until the next meeting.
9	Date and Time of Next Meeting	The Committee would next meet on Friday, 2 December 2022 at 10:00am at Pathfinder House, Huntingdon.

Audit and Governance Committee Decision Summary

Meeting: 02 December 2022
 Agenda/Minutes: [Audit and Governance Committee](#)
 Chair: John Pye (Chair and Independent Person)

Summary of decisions taken at this meeting.

Item	Topic	Decision [<i>None of the decisions below are key decisions</i>]
1.	Apologies and Declarations of Interests	Apologies were received from Cllr Harvey and Cllr Ali. No disclosable interests were declared.
2.	Chair's Announcements	An additional meeting would be held on 13 January to review two reports, Revisions to the Constitution and the Procurement Policy, before they went to the CA Board meeting on 25 January.
3.	Minutes of the Previous Meeting and Action Notes	<u>RESOLVED:</u> a) That the minutes of the meeting of 30 September 2022 be approved. b) That the current Action Log be noted
4.	Work Programme	<u>RESOLVED</u> a) That the Audit & Governance Committee adopt the proposed work programme (attached at Appendix A) for the remainder of the 2022/23 municipal year b) That the wording at paragraph 3.6 of the report be amended to read that:

Item	Topic	Decision <i>[None of the decisions below are key decisions]</i>
		“The role of the Committee in relation to the improvement journey is to assure itself (and the Board) that the improvement framework would <i>be likely to</i> satisfy DLUHC and the External Auditors’ concerns.”
5.	Improvement Plan	<p><u>RESOLVED:</u></p> <p>That the Committee:</p> <p>a) Having considered and reviewed the Improvement Framework report that went to the CPCA Board meeting on 30 November 2022 welcomed the proposals set out in the paper.</p>
6.	Review of Corporate Risk Register and Risk Register Improvements	<p><u>RESOLVED:</u></p> <p>That the Committee:</p> <p>a) Note the Risk Management training already undertaken and the planned Risk Appetite training.</p> <p>b) Note the full Risk Register and accompanying narrative.</p>
7.	Draft Financial Strategies	<p><u>RESOLVED:</u></p> <p>That the Committee:</p> <p>a) Review and comment upon the Capital, Investment and Treasury Management Strategies for 2023-24 and the 2023-24 Minimum Revenue Provision (MRP) statement.</p>

8.	Subsidiary Companies	<p><u>RESOLVED:</u></p> <p>a) That the Committee note the progress made against the proposed management actions and timescales to address the identified weaknesses as set out in the RSM report.</p> <p>b) That an update on the Shareholder Board be brought to the Committee's March meeting</p> <p>c) That the three other companies in which the CPCA held a silent partner role but also owned shares in (Smart Manufacturing, Medtec Accelerator Ltd and Ascendal Accelerator Ltd) be included in the Terms of Reference for the Shareholder Board.</p>
9.	Draft Accounts & Annual Governance Statement	<p><u>RESOLVED</u></p> <p>That the Committee</p> <p>a) Note the draft Statement of Accounts 2021/22</p> <p>b) Note the draft Annual Governance Statement 2021/22.</p>
10.	Internal Audit Progress Report	<p><u>RESOLVED:</u></p> <p>That the Internal Audit progress report be noted.</p>
11.	Date and Time of Next Meetings	<p>Friday 13 January 2022 10:00am Venue: Pathfinder House, Huntingdon Friday 27 January 2023 10.00am Venue: Pathfinder House, Huntingdon</p>

Overview and Scrutiny Committee Decision Summary

Meeting: 17 October 2022
 Agenda/Minutes: [Overview and Scrutiny Committee](#)
 Chair: Lorna Dupré

Summary of decisions taken at this meeting.

Item	Topic	Decision <i>[None of the decisions below are key decisions]</i>
1&2.	Apologies & Declarations of Interest	<p>Apologies were received from Cllr Coles, Cllr Iqbal, Cllr Hay, Cllr Miscandlon, Cllr Atkins, Cllr Baigent and Cllr Van de Weyer.</p> <p>Cllr Coutts, Cllr Smith and Cllr Fane attended as substitutes for Cllr Atkins, Cllr Baigent and Cllr Van de Weyer respectively.</p> <p>There were no declarations of interest.</p>
3.	Improvement Framework	<p><u>RESOLVED:</u></p> <p>The Committee:</p> <ol style="list-style-type: none"> 1. Noted the presentation on the next steps of the Improvement Framework and proposed report going to the 19 October CPCA Board meeting. 2. Welcomed the proposal to being an Improvement Framework Highlight Report to future Committee meetings. 3. Agreed that a virtual briefing be held to further discuss the Review of Governance recommendations and the role of the Overview and Scrutiny function, and to consider what needs to be included in the Committee's 2022/23 work programme regarding the improvement framework.

Item	Topic	Decision <i>[None of the decisions below are key decisions]</i>
4.	Questions to the Mayor from Members of the Committee	Questions from members of the Committee had been sent to the Mayor in advance of the meeting and written responses had been supplied. These were added as a supplementary item to the agenda pack and also appended to the minutes.
5.	Minutes of the previous meeting and Action Log	<u>RESOLVED</u> That the minutes of the meeting held on 25 July 2022 be approved as a correct record and that the Action Log be noted.
6.	Budget Scrutiny	<u>RESOLVED:</u> The Committee noted the update on the budget planning process for the 2023-24 budget and MTFP.
7/8.	Lead Members' Update and Combined Authority Forward Plan	Lead members were not present at the meeting so there were no updates given on areas of interest included in the Forward Plan.
9.	Combined Authority Board Agenda	Members did not put forward any questions to be asked at the CA Board meeting on 19 October 2022.
10.	Overview and Scrutiny Work Programme	<u>RESOLVED:</u> 1. That an update on the Improvement Plan would be a standing item going forwards. 2. That the Bus and Transport lead members bring a report on the Bus Review to the next meeting.
11.	Date and Time of Next Meeting	The next meeting would be on Monday 28 November 2022 at 11am. The venue would be Pathfinder House, Huntingdon.

Overview and Scrutiny Committee Decision Summary

Meeting: 28 November 2022
 Agenda/Minutes: [Overview and Scrutiny Committee](#)
 Chair: Cllr Lorna Dupré

Summary of decisions taken at this meeting.

Item	Topic	Decision <i>[None of the decisions below are key decisions]</i>
1&2.	Apologies & Declarations of Interest	Apologies were received from Cllr Atkins. Cllr Coutts was in attendance as his substitute. There were no declarations of interest.
3.	Minutes of the previous meeting and Action Log	<u>RESOLVED</u> That the minutes of the meeting held on 17 October 2022 be approved as a correct record and that the Action Log be noted.
5.	Improvement Framework	<u>RESOLVED:</u> That the Improvement Framework report going to the Combined Authority Board on 30 November 2022 be noted.
6.	Budget Scrutiny	<u>RESOLVED:</u> That the principles and approach behind the development of the draft budget for 2023/24 and the Medium-Term Financial Plan for the period 2023/24 to 2026/27 be noted.

Item	Topic	Decision <i>[None of the decisions below are key decisions]</i>
		<ol style="list-style-type: none"> 1. That the significant pressure on passenger transport forecast from 2023-24 MTFP be noted 2. That an additional meeting be held in early January to discuss the Committee's formal response to the budget consultation.
7.	Draft Bus Strategy	<p><u>RESOLVED:</u></p> <ol style="list-style-type: none"> 1. That the draft Bus Strategy (Appendix A) and covering report published with the Transport and Infrastructure (T&I) Committee papers, having been reviewed and commented on, be noted. 2. That the timeline provided by officers in the report be noted.
8.	Climate Action Plan Update	<p><u>RESOLVED:</u></p> <p>That the Climate Action Plan Update be noted.</p>
9.	Lead Members' Update and Combined Authority Forward Plan	<p><u>RESOLVED:</u></p> <p>That Cllr Goldsack be appointed as the Committee's Lead Member for Transport.</p>
10.	Combined Authority Board Agenda	Members did not put forward any questions to be asked at the CA Board meeting on 30 November 2022.
11.	Overview and Scrutiny Work Programme	<p><u>RESOLVED:</u></p> <p>That the new format of the draft work programme as shown at Appendix 1 be noted.</p>
12.	Date and Time of Next Meeting	<p>The next scheduled meeting would be on Monday 23 January 2022 at 11am. The venue would be Pathfinder House, Huntingdon.</p> <p>An additional meeting would be arranged for early January.</p>

Combined Authority Board Decision Summary

Meeting: 19 October 2022
Agenda/Minutes: [Combined Authority Board](#)
Chair: Mayor Dr Nik Johnson

Summary of decisions taken at this meeting.

Part 1 - Governance Items

1.1 Announcements, Apologies for Absence and Declarations of Interest

Apologies for absence were received from Councillor A Bailey, substituted by Councillor J Schumann and Jan Thomas, representing the Integrated Care Partnership.

Councillor C Boden declared an interest in Item 4.1: Emerging Bus Strategy, as a Cambridgeshire County Council appointed Trustee of FACT. Councillor Boden did not speak in the debate on any matter relating to FACT and did not take part in the vote.

Mayor Dr Nik Johnson declared a disclosable pecuniary interest in Item 9.1: Independent Remuneration Panel Report. The Mayor left the meeting room for the duration of the discussion and the vote.

1.2 Combined Authority Board and Committee Membership Update

It was resolved to:

- a) Note the appointment by Cambridge City Council of Councillor Anna Smith as its substitute member on the Combined Authority Board for the remainder of the municipal year 2022/2023.

- b) Note the appointment by Cambridgeshire County Council of Councillor Piers Coutts as the substitute member for the Audit and Governance Committee for the remainder of the municipal year 2022/23.

1.3 Minutes – 27 July 2022

The revised minutes of the meeting on 27 July 2022 were approved as an accurate record and signed by the Mayor.

1.4 Minutes – 31 August 2022 and Action Log

The minutes of the meeting on 31 August 2022 were deferred to the next meeting for approval.

The Action Log was noted.

1.5 Public Questions

A public question was received from Dr Dorothy Ball, a local resident. A copy of the question and response (when available) can be viewed [here](#).

1.6 Petitions

One petition was received, titled 'Save the 904 Bus Service'. It did not contain the 500 signatures required to be presented at the meeting, but it had been circulated to Board members for information.

Part 2 – Improvement

2.1 Interim Chief Executive's Diagnosis: Improvement Framework

It was resolved to:

- a) Accept the contents of the Interim Chief Executive's assessment as set out in Appendix 1.
- b) Agree the key areas of focus over the next three months set out in paragraph 4.4.
- c) Agree the proposed Improvement Plan as set out in Section 5 and Appendix 2.
- d) Agree the establishment of an Independent Improvement Board.
- e) Note and comment on the associated terms of reference and membership as set out in Section 6 and Appendix 3 and delegate to the Independent Improvement Board the decision to agree the final terms of reference.
- f) Request that updates from the Independent Improvement Board on progress against the agreed plan be given to future meetings of this Board as a standing item.

2.2 Senior Management Re-structure

It was resolved to:

- a) Note the new senior management structure contained at Appendix 1 of this report.
- b) Approve the commencement of a recruitment campaign leading to the appointment of the permanent Chief Executive and Executive Directors into the new structure.
- c) Approve that the CEO is authorised to make financial settlement in cases of redundancy.

Part 3 – Finance Reports

3.1 Budget Monitoring Report

It was resolved to:

- a) Note the financial position of the Combined Authority for the year to date.
- b) Note the increase in budget for the A1260 in line with ODN 366-2022.
- c) Note the correction of the ZEBRA capital budget, increasing it by £270k.

Part 4 – Combined Authority Decisions

4.1 Emerging Bus Strategy (KD2022/065 – Special Urgency)

It was resolved to:

- a) Recognise Mayoral Decision Notice MDN39-2022 (attached at Appendix 6) that asked officers to commence a procurement exercise to seek to replace some or all those services due to be withdrawn (as outlined by Stagecoach on 15th September).
- b) Agree the outcomes from the procurement process and authorise officers to continue to investigate any gaps in service provision.
- c) Agree that Combined Authority officers work with the operators of the services outlined in Paragraph 2.33 to ensure those services can continue in the short term, in order that decisions about on-going support are taken at the same time as decisions on other routes.

- d) To note the proposed outline programmes for the preparation of the Bus Strategy, the review of the Bus Franchising business cases and refreshed Bus Service Improvement Plan programme and the additional resources being used to accelerate this work.

4.2 Kings Dyke: Request to Draw Down Subject to Approval Funding (KD2022/025)

It was resolved to:

Approve the drawdown of £1m of subject to approval funding for Kings Dyke levelling crossing closure from the Medium-Term Financial Plan.

4.3 Active Travel Grant Funding (KD2022/040)

It was resolved to:

- a) Approve the drawdown of £635,000 of Active Travel Capital Funding Grant allocated by the Department for Transport for two active travel measures in Peterborough, £625,000 for Thorpe Wood Cycle Way and £10,000 for School Streets.
- b) Delegate authority to the Interim Head of Transport in consultation with the Chief Finance Officer and Monitoring Officer, to conclude a Grant Funding Agreement with Peterborough City Council to enable work to progress.

4.4 March Area Transport Scheme: Drawdown on funds for Active Travel (KD2022/046)

It was resolved to:

- a) Note progress towards the MATS Full Business Case (FBC).
- b) Approve the drawdown of £662,000 to complete the MATS FBC2.
- c) Note the change in construction cost of MATS Broad Street to £4,148,387.

- d) Reallocate £200,000 of the underspend from the March Quick Wins to cover extra C4 utility costs.
- e) Note the progress on the Pedestrian and Cycling Strategy for the March Area Transport Study.
- f) Approve the drawdown of £562,800 to continue work on the Pedestrian and Cycling Strategy.
- g) Delegate authority to the Interim Head of Transport and Chief Finance Officer to enter into Grant Funding Agreements with Cambridgeshire County Council.

4.5 Fengate Phase 1 (KD2022/045)

It was resolved to:

- a) Note progress towards the Fengate Phase 1 Full Business Case.
- b) Approve the drawdown of £550,424 to accelerate the active travel element of the scheme.
- c) Approve the drawdown of £315,000 to accelerate utility C4 costs ahead of construction.
- d) Delegate authority to the Interim Head of Transport in consultation with the Chief Finance Officer and Monitoring Officer to enter into Grant Funding Agreements with Peterborough City Council.

4.6 Peterborough Junction 3 (KD2022/044)

It was resolved to:

- a) Note progress towards the A1260 Junction 32/3 Full Business Case (FBC).
- b) Approve the drawdown of £518,988 to accelerate the active travel element of the scheme.
- c) Delegate authority to the Interim Head of Transport in consultation with the Chief Finance Officer and Monitoring Officer to enter into Grant Funding Agreements with Peterborough City Council.

- d) Reprofile the project's remaining Subject to Approval Budget from 2022/23 to 2023/24 reflecting the revised delivery timescales.

4.7 Capability and Ambition Fund (KD2022/060 – General Exception)

It was resolved to:

- a) Note the contents of the submitted Capability and Ambition Fund bid.
- b) Approve the drawdown of Capability and Ambition funding, subject to Active Travel England (ATE) approving the bid.
- c) Subject to ATE approving the bid, approve the delegation of authority to the Interim Head of Transport to enter into a Grant Funding Agreement with Peterborough City Council and Cambridgeshire County Council following consultation with the Chief Financial Officer and Monitoring Officer.

4.8 E-Scooter Update and Next Steps

It was resolved to:

- a) Note the outcome of the e-scooter report and,
- b) Approve the extension to the e-scooter trial in Cambridge to 31st May 2024.

4.9 Climate Commission (KD2022/033)

It was resolved to:

Approve £50k per annum from the Climate Commission subject to approval line in the medium-term financial plan (MTFP) in FY22/23 and FY23/24 to support the work of the Independent Commission on Climate.

4.10 Market Towns Programme Financial Update September 2022

With the agreement of the Board, this report was withdrawn.

Part 5 - Skills Committee Recommendations to the Combined Authority

5.1 Addressing Further Education 'Cold-Spots' in East Cambridgeshire and St Neots (KD2022/047)

It was resolved to:

- a) Approve the creation of a new budget line in the Medium-Term Financial Plan (MTFP) for the FE Cold Spots programme, allocating £225,000 for 2022/23, as per the allocated budget profile, shown in Table A in this report.
- b) Delegate authority to the Interim Associate Director of Skills in consultation with the Chief Finance Officer and Monitoring Officer to procure, enter into and sign contracts with suitable consultants to produce business cases for the two projects.

Part 6 – Housing and Communities Committee Recommendations to the Combined Authority

6.1 Winding Up Angle Holdings and Angle Developments (East) (via H&CC)

It was resolved to:

To instruct officers to undertake the actions required to wind up Angle Holdings Ltd and Angle Developments (East) Ltd and for the appointment of a senior member of the CPCA finance team as a Director of both companies in order to oversee and support the orderly closure of both companies.

6.2 Devolved funding to Support Community Housing Initiatives

It was resolved to:

To allocate further funding of £100,000 to support community led housing initiatives across Cambridgeshire and Peterborough.

Part 7 – Business Board Recommendations to the Combined Authority

7.1 Recycled Local Growth Fund (LGF) Project Proposals – Category 2 Call: Produce Hub (KD2022/022)

It was resolved to:

- a) Approve the full grant request of £1,158,525 from the Recycled Local Growth Fund for the Ramsey Food Hub Project.
- b) Reject the change request submitted for a revised grant award of £1,321,100 for the MedTech Mega Factory project.

7.2 Enterprise Zones - Cambourne Business Park Boundary Change & Programme Update

It was resolved to:

Agree the boundary change and redesignation of Enterprise Zone status for Parcel A at Cambourne Business Park.

Part 8 – Mayoral Decision

8.1 Mayoral Decision Notice MDN40-2022 Adult Education Budget Contract Awards 2022-23

It was resolved to:

Note Mayoral Decision Notice MDN40-2022 – Contract Awards for 2022-23 academic year to Independent Training Providers.

Part 9 – Governance Reports

9.1 Independent Remuneration Panel Report

It was resolved to agree the following recommendations of the Independent Remuneration Panel:

- a) Recommendation 1: That the level of Mayoral Allowance at Cambridgeshire and Peterborough Combined Authority be set at £86,121 from the start of the 2022/23 municipal year.
- b) Recommendation 2: That the level of Mayoral Allowance at Cambridgeshire and Peterborough Combined Authority be indexed against the National Joint Council cost of living increase each year rather than the Consumer Price Index.
- c) Recommendation 3: That the indexation set out in recommendation b be applied at the start of each municipal year from May 2023 onwards.
- d) Recommendation 4: The Mayoral allowances are next reviewed in early 2025 to be applicable from the beginning of the Mayoral term in May 2025.
- e) Recommendation 5: That no changes be made to the Mayoral expenses scheme.

9.2 Appointment of Directors to PropCo 1, PropCo2 and Growth Co - Companies wholly owned by the Combined Authority

It was resolved to:

- a) Appoint Fliss Miller, Associate Director, Skills, CPCA as a director of Peterborough Higher Education Property Company Ltd (PROPCo1);

- b) Appoint Adrian Chapman, Executive Director for Place and Economy, Peterborough City Council as a director of Peterborough R & D Property Company Ltd (PropCo2) ;
- c) Appoint Mark Parkinson, Interim Director, Corporate Services, CPCA as a director of Cambridgeshire and Peterborough Business Growth Company Ltd (GrowthCo);
- d) Approve that these three Directors represent CPCA in its role as a member of the companies at general meetings of the companies.

9.3 Forward Plan October 2022

It was resolved to approve the Forward Plan for October 2022.

Part 10 – Exempt Matters

It was resolved that the press and public be excluded from the meeting on the grounds that the report contains exempt information under Part 1 of Schedule 12A the Local Government Act 1972, as amended, and that it would not be in the public interest for this information to be disclosed. That is, information relating to an individual; information which is likely to reveal the identity of an individual; and information relating to the financial or business affairs of any particular person (including the authority holding that information). The public interest in maintaining the exemption was deemed to outweigh the public interest in its publication.

10.1 Exempt minutes of the Extraordinary meeting of the Combined Authority Board 20 May 2022

The meeting was not quorate. This item will be considered at the next meeting.

Combined Authority Board Decision Summary

Meeting: 30 November 2022
Agenda/Minutes: [Combined Authority Board](#)
Chair: Statutory Deputy Mayor Anna Smith

Summary of decisions taken at this meeting.

Part 1 - Governance Items

1.1 Announcements, Apologies for Absence and Declarations of Interest

Apologies for absence were received from Mayor Dr Nik Johnson, Councillors Boden (substituted by Councillor Jan French), Conboy (substituted by Councillor Tom Sanderson), Fitzgerald (substituted by Councillor Steve Allen), and Police and Crime Commissioner Darryl Preston (substituted by John Peach, the Deputy Police and Crime Commissioner).

There were no declarations of interest.

1.2 Combined Authority Board and Committee Membership Update

It was resolved to:

- a) Note the appointment by Cambridge City Council of Cllr Anna Smith as its Board member on the Combined Authority Board for the remainder of the municipal year 2022/2023.
- b) Note the appointment by Cambridge City Council of Cllr Lewis Herbert as the substitute member on the Combined Authority Board for the remainder of the municipal year 2022/23.

- c) Note the appointment by Cambridge City Council of Cllr Simon Smith as one of its members for the Overview and Scrutiny Committee for the remainder of the municipal year 2022/23.
- d) Note the appointment by Cambridge City Council of Cllr Jenny Gawthrope-Wood as its substitute member on the Overview and Scrutiny Committee for the remainder of the municipal year 2022/23.
- e) Ratify the appointment by South Cambridgeshire District Council of Cllr Peter Sandford as the substitute member on the Housing and Communities Committee for the remainder of the municipal year 2022/23.
- f) Ratify the appointment by South Cambridgeshire District Council of Cllr Bridget Smith as the member for Housing and Communities Committee for the remainder of the municipal year 2022/23.
- g) Ratify the nomination of Cllr Bridget Smith by Cllr Anna Smith acting in the place of the Mayor as the Chair for Housing and Communities Committee for the remainder of the municipal year 2022/23.

1.3 Minutes – 19 October 2022 and Action Log

The minutes of the meeting on 19 October 2022 were approved as an accurate record and signed by the Statutory Deputy Mayor.

The Action Log was noted.

1.4 Petitions

No petitions were received.

1.5 Public Questions

Three public questions were received from Lily Rivers, a local resident; Robin Sutton, representing Friends of the Manor; and Richard Parkinson, a local resident. A copy of the questions and responses (when published) can be viewed [here](#).

Part 2 – Improvement

2.1 Combined Authority Monthly Highlights Report: November 2022

It was resolved to:

- a) Note the content of this report.

2.2 Improvement Plan Update

It was resolved to:

- a) Note the progress made against the actions set out in the CPCA Improvement Plan for October.
- b) Note the development of arrangements for the Independent Improvement Board.

Part 3 – Finance Reports

3.1 Budget Monitoring Report

It was resolved to:

- a) Note the financial position of the Combined Authority for the year to date.
- b) Note the increase to the Local Transport Grant following extension by the Department for Transport.

3.2 Draft 2023/24 budget and medium-term financial plan 2023 to 2027

It was resolved to:

- a) Approve the Draft Budget for 2023/24 and the Medium-Term Financial Plan 2023/24 to 2026/27 for consultation.
- b) Approve the timetable for consultation and those to be consulted.

Part 4 - Combined Authority Decisions

4.1 Greater South East Net Zero Hub

It was resolved to:

- a) Recognise Agree the acceptance of the BEIS GSE Net Zero Hub MoU 2022 to 2025.
- b) Delegate authority to the Interim Chief Executive, in consultation with the Chief Finance Officer and Monitoring Officer, to enter into agreements and approve the budgets corresponding to the BEIS funding agreements for the delivery of new projects and pilots.
- c) Delegate authority to the Interim Director of Corporate Services, in consultation with the Chief Finance Officer and Monitoring Officer, to update the Net Zero Hub Board Terms of Reference and Accountable Body Agreement.
- d) Delegate authority to the Net Zero Hub Board for the use of the grants where the decisions do not impact the Combined Authority budget or staffing arrangements.
- e) Note the Greater South East Net Zero Hub bid into the Home Upgrade Grant Phase 2 challenge fund being run by BEIS and, if this is successful, agree to the mobilisation of the project, commence procurement, invite bids and award to successful bidders, and the creation of budget lines to expend the HUG2 funding.

4.2 Climate and Strategy Business Cases November 2022

It was resolved to:

- a) Approve the Business Case for Waterbeach Renewable Energy Network project and approve £2.7m from the subject to approval line in the medium-term financial plan (MTFP).
- b) Approve the Business Case for the Greater Cambridge Chalk Stream project and approve £300,000 capital and £120,000 revenue from the subject to approval line in the MTFP.
- c) Approve the revised expenditure profiles as set out in the Business Cases

4.3 Local Nature Recovery Strategy Grant

It was resolved to:

Approve the creation of an expenditure budget to enable payment of £16,304 to Cambridgeshire County Council towards preparation for a Local Nature Recovery Strategy.

4.4 Market Towns Programme Financial Update November 2022

It was resolved to:

- a) Note the latest financial position for the Market Towns Programme and approve revised project delivery profiles and extended completion forecasts as set out within the latest Market Towns Programme Delivery Tracker.
- b) Approve the reallocation of £195,000 from the cancelled Whittlesey Heritage Centre project to fund the four proposed community projects, subject to external appraisal and sign-off from the CPCA Performance and Risk Committee (PARC).
- c) Approve the submission of a funding application from Fenland District Council to the Combined Authority Board in January 2023 to consider the allocation of £255,750 towards progressing a Strategic Outline Business Case for Whittlesey Southern Relief Road.
- d) Approve the reallocation of any underspend from 'closed or completed' projects to cover the funding gap for the

Chatteris Museum and Community Centre project, and any other 'in delivery' projects requiring additional funds within the Programme portfolio, subject to sign-off from the CPCA Performance and Risk Committee (PARC) and Chief Finance Officer.

4.5 Combined Authority Gainshare Equity Fund

It was resolved to:

- a) Approve the Full Business Case for the Growth Works Equity Fund and approve the drawdown of £10million Gainshare currently 'subject to approval' in the medium-term financial plan (MTFP).
- b) Delegate authority to Interim Associate Director Business in consultation with Chief Finance Officer and Monitoring Officer to complete procurement and contract with delivery partners to commence delivery of the fund.

Part 5 – Transport and Infrastructure Committee Recommendations to the Combined Authority

5.1 Call-in of decision by the Transport and Infrastructure Committee: Demand Responsive Transport

The Board did not agree the recommendations contained in the report, neither was an alternative decision made. Therefore, the substantive decision remains that made by the Transport and Infrastructure Committee on Demand Responsive Transport on 16 November 2022.

5.2 Bus Strategy (KD2020/058)

It was resolved to:

- a) Approve the Bus Strategy to allow for a 6-week public consultation.
- b) Delegate the responsibility to the Interim Head of Transport in consultation with the Chief Finance Officer and Monitoring Officer to submit the final Bus Service Improvement Plan to central government in a timely manner,

following review by the Transport and Infrastructure Committee and approval by the Combined Authority Board.

5.3 A16 Norwood Improvements Outline Business Case (KD2022/042)

It was resolved to:

Approve the drawdown of £1.2 million from the Medium-Term Financial Plan for the development of the Full Business Case and to delegate authority to the Interim Head of Transport to enter into a Grant Funding Agreement with Peterborough City Council following consultation with the Monitoring Officer and Chief Financial Officer.

5.4 Transforming Cities Fund (KD2022/035)

It was resolved to:

- a) Agree the recommended capital replacement schemes for the Transforming Cities Fund.
- b) Delegate authority to the Interim Head of Transport to inform the Department for Transport of the revised TCF programme with the expectation that the fund will be allocated in full.
- c) Delegate authority to the interim Head of Transport in consultation with the Chief Finance Officer and Monitoring Officer to ensure the timely sign off for the Grant Funding Agreements with the County Council and other delivery partners, thereby reducing any potential delay in the programme.

5.5 Wisbech Rail Next Steps (KD2022/014)

It was resolved to:

Approve the drawdown of £80,000 from the Medium-Term Financial Plan for the development of an Options Assessment Report and to delegated authority to the Interim Head of Transport to enter into a Development Services agreement with Network Rail following consultation with the Monitoring Officer and Chief Financial Officer.

5.6 Snailwell Loop (Newmarket Curve)

It was resolved to:

Approve £150k of the current £500k subject to approval budget to enable continued development of the project and slip the balance into 2023-24.

Part 6 – Skills Committee Recommendations to the Combined Authority

6.1 University of Peterborough, Delivery Update and Future CPCA Role (KD2022/029)

It was resolved to:

- a) Note the progress of the development of the University of Peterborough, the opening and operation of the phase 1 building to students by ARU Peterborough and its initial and potential performance against the original business plan objectives.
- b) Note the future role of the Combined Authority in the next few months in the further evolution and development of the University through the following:
 - i. Preparation and submission for approval of the Phase 3 full business case including a review of the University's original quantitative objectives set at the Phase 1 full business case, with further recommendations about how to reset these for effective monitoring of the new University.
 - ii. Update and preparation of the University Programme Business Case including partners strategy for delivery.
 - iii. Supporting and managing the preparation and submission of an outline planning application for a scheme to articulate the vision to potentially expand the University campus beyond the phase 3.

- iv. To review the business plan and approach to lettings for the phase 2 building to achieve the best outcome.

6.2 Growth Works Performance Review

It was resolved to:

Approve the implementation of proposed ~~six~~ recommendations from the programme review as outlined at section 8 of the report. These are:

- i. Increase the jobs to be created from the £3m European Regional Development Fund (ERDF) funded grant programme from 400 to 1240;
- ii. Reduce the Growth Coaching Service new jobs target to 1417 to provide capacity to continue to support existing clients;
- iii. Re-allocate 500k of the contracted funding and 454 jobs output target from the Growth Coaching budget line to the Inward Investment service line to give a new total jobs output of 1262 across the Inward Investment contract line;
- v. Revise the focus of the skills brokerage model from longer term culture change to medium term output deliverables to deliver required learning outcomes, apprenticeship starts and European Social Fund (ESF) key performance indicators;
- iv. Approve a more realistic alignment of Growth Works for Skills with the emergent needs of local businesses.

Part 7 – Housing and Communities Committee Recommendations to the Combined Authority

7.1 Digital Connectivity Programme Reprofiting

It was resolved to:

Approve the re-profiling of the Digital Connectivity Programme budget as below:

	2022-3	2023-4	2024-5	Total
Original Budget	2,118,000	1,500,000	1,500,000	5,118,000
Revised Budget	1,262,000	1,943,000	1,913,000	5,118,000

Part 8 – Business Board recommendations to the Combined Authority

8.1 Strategic Funds Management Review November 2022

It was resolved to:

Decline the Project Change Request for the South Fens Enterprise Park project, and for funding to be clawed back in line with the existing grant agreement.

Part 9 – Governance Reports

9.1 Governance of CPCA Subsidiary and Fully Owned Companies – Shareholder Board

It was resolved to:

- a) Approve the creation of a Shareholder Board to ensure that CPCA subsidiary companies act in the interests of the CPCA as shareholder, member and / or lender and contribute to the Authority's objectives.
- b) Note the draft Terms of Reference at set out at Appendix 2 and delegate approval of final terms to the Chief Executive Officer in consultation with the Lead Member for Governance, the Chief Finance Officer and the Monitoring Officer.

9.2 Forward Plan November 2022

It was resolved to approve the Forward Plan for November 2022.

Part 10.1 – Exempt Matters

It was resolved that the press and public be excluded from the meeting on the grounds that the report contained exempt information under Part 1 of Schedule 12A the Local Government Act 1972, as amended, and that it would not be in the public interest for this information to be disclosed. That is, information relating to an individual; information which is likely to reveal the identity of an individual; and information relating to the financial or business affairs of any particular person (including the authority holding that information). The public interest in maintaining the exemption was deemed to outweigh the public interest in its publication.

10.2 University of Peterborough - Proposal to offer a loan to R&D Company 2 Delivering the University Phase 2 Building

It was resolved to:

- a) Approve recommendation a).
- b) Approve recommendation b).

10.3 Transition Arrangement: Resignation of Officer

It was resolved to note the report.

10.4 Exempt minutes of the Extraordinary meeting of the Combined Authority Board on 20 May 2022

The minutes of the Extraordinary meeting of the Combined Authority Board on 20 May 2022 were signed by the Statutory Deputy Mayor.

10.5 Exempt minutes of the Combined Authority Board meeting on 31 August 2022

The minutes of the meeting on 31 August 2022 were signed by the Statutory Deputy Mayor.

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**CAMBRIDGESHIRE
& PETERBOROUGH**
COMBINED AUTHORITY

Cambridgeshire & Peterborough Combined Authority
Reports from Constituent Council Representatives on the Combined
Authority

Audit and Governance Committee
13 January 2023 and 27 January 2023
Councillor Geoff Harvey

Overview and Scrutiny Committee
10 January 2023 and 23 January 2023

Councillor Aidan Van de Weyer
Councillor Geoff Harvey

Combined Authority Board
25 January 2022
Councillor Bridget Smith

The above meetings have taken place in January 2023.

Audit and Governance Committee – 13 and 27 January 2023

The Audit and Governance Committee met on 13 January 2023 and 27 January 2023; the decision summaries are attached as appendices 1 and 2.

Overview and Scrutiny Committee – 10 and 23 January 2023

The Overview and Scrutiny Committee met on 10 January 2023 and 23 January 2023; the decision summaries are attached as appendices 3 and 4.

Combined Authority Board – 25 January 2023

The Combined Authority Board met on 25 January 2023; the decision summary is attached as Appendix 5.

The agendas and minutes of the meetings are on the Combined Authority's website
– Link in the appendices.

Audit and Governance Committee Decision Summary

Meeting: 13 January 2023
 Agenda/Minutes: [Audit and Governance Committee](#)
 Chair: John Pye (Chair and Independent Person)

Summary of decisions taken at this meeting.

Item	Topic	Decision [<i>None of the decisions below are key decisions</i>]
1	Apologies and Declarations of Interests	Apologies were received from Councillor Wilson and Councillor Ali No disclosable interests were declared.
2	Chair's Announcements	Members were instructed to disregard Chapters 4 and 7 of Appendix 2 (working copy of the revised Constitution) as the Governance Arrangements Report, which detailed a proposed new committee structure, meant that further amendments to these chapters of the Constitution would be required. The subsequent amendments would be reported to the committee at a later date.
3.	Procurement Policy	<p><u>RESOLVED:</u></p> <p>1. That the Audit & Governance Committee submit the following feedback to the Combined Authority Board ahead of their review of the policy at their meeting on 25 January 2023.</p> <p>a) That the impact of the new procurement policy needed to be monitored over the first year to see if there were any adverse consequences; either to value for money or on fair competition.</p> <p>b) That the policy should include an annual review of the nature and size of contracts.</p>

Item	Topic	Decision <i>[None of the decisions below are key decisions]</i>
		<p>c) That the policy should define what is meant by a 'local supplier'.</p> <p>d) That every effort should be made to minimise the bureaucracy of the procurement process in order to aid small businesses.</p>
4.	Revisions to the Constitution	<p><u>RESOLVED:</u></p> <ol style="list-style-type: none"> 1. That the Monitoring Officer be invited to redraft some sections of the Constitution, as outlined in the feedback given to the Combined Authority Board, to improve clarity and avoid ambiguity. 2. That the draft be reviewed for grammatical and spelling errors, and for consistency of language eg. the use of Combined Authority or Combined Authority Board 3. That the committee's comments on the revisions to the Constitution be fed back to the Board ahead of their meeting on 25 January 2023.
5.	Governance Arrangements	<p><u>RESOLVED:</u></p> <ol style="list-style-type: none"> a) That the committee's comments on the governance arrangements, be fed back to the Combined Authority Board ahead of their meeting on 25 January 2023. b) There was confusion about the way that the voting arrangements were articulated in the draft. The committee could not support the proposals as currently presented, ie that only Members of the Board would be entitled to vote, as their understanding was that the new thematic committees were there to reduce the workload of the Combined Authority Board. However, the

Item	Topic	Decision <i>[None of the decisions below are key decisions]</i>
		<p>committee was supportive of the general move to thematic committees and the delegation of work <i>if</i> they were given the ability to vote.</p> <ol style="list-style-type: none"> 1. The terminology be reviewed so that there was a consistent approach rather than, for example, the alternating use of thematic, and executive, committees. 2. The Monitoring Officer confirmed that under the terms of the 2017 order that combined authorities were unable to pay allowances. However, in order to assist the constituent councils with their own remuneration deliberations, the Cambridgeshire and Peterborough Combined Authority should provide assessments of the work involved in committee roles. 3. The Combined Authority Board would have to take particular care of conflicts of interest when ratifying the appointments of chairs of the committee, given that constituent councils were likely to put forward members with experience and ability in these roles who likely sat on other committees and boards. 4. It was not clear how the concept of informal advisory groups would work in practice and how they linked in with the committees. It was felt it would be useful to include information on who calls for these groups, how their brief was set and how they were organised. It was suggested that in six months' time and in the light of some experience, further clarity on their operation should be provided. 5. The Combined Authority Board needed to establish resource requirements and make suitable financial provision to deliver the governance requirements. 6. The Key Functions of the Combined Authority Board (as shown in Appendix A to the report) be amended so that they better captured the requirements of

Item	Topic	Decision <i>[None of the decisions below are key decisions]</i>
		<p>the authority's response to the concerns expressed in the external auditor's letter of 1 June 2022. These include:</p> <ul style="list-style-type: none"> a. That the Combined Authority Board's responsibility for driving performance of key deliverables and performance measures for good growth be elevated to a key function and included in the list (a)- (q) and reflected throughout the terms of reference. b. A dynamic element to the key functions be included so that for example (a) should read to set, <i>review, keep up to date and revise</i> the long-term vision of the Combined Authority. c. That a substantive reference to communication and consultation be included as, for example, consultation on the budget was a statutory responsibility d. That the wording of (n) - to exercise general power of competence - be exemplified with a much clearer and stronger statement as to its meaning. <p>7. The voting arrangements of the Combined Authority Board be explained and set out in the Terms of Reference.</p>
11.	Date and Time of Next Meetings	<p>Friday 27 January 2023 10.00am</p> <p>Venue: Pathfinder House, Huntingdon</p>

Audit and Governance Committee Decision Summary

Meeting: 27 January 2023
 Agenda/Minutes: [Audit and Governance Committee](#)
 Chair: John Pye (Chair and Independent Person)

Summary of decisions taken at this meeting.

Item	Topic	Decision [<i>None of the decisions below are key decisions</i>]
1	Apologies and Declarations of Interests	Apologies were received from Councillors Harvey, Brown, Ali and Wilson. No disclosable interests were declared.
2	Chair's Announcements	On Tuesday 24 th January the Combined Authority was notified by the Department for Levelling Up, Housing and Communities (DLUHC) of a Best Value Notice. Audit and Governance members were sent an email by the Chief Executive on Tuesday evening to notify them of this. The notice clarified more formally DLUHC concerns, already shared with the Combined Authority following the Ernst and Young Auditor's letter issued to the Combined Authority on 1st June 2022. The Member Behaviour – Lessons Learned Review that was due to come to the meeting had been withdrawn. The Monitoring Officer felt that it would not have been an effective report as there were items that could not be currently disclosed. The Chair agreed that this report would come instead to a later meeting, after the code of conduct investigation had been concluded
3	Minutes of the Previous Meeting and Action Notes	RESOLVED: a) That the minutes of the meetings held on 2 December 2022 and 13 January 2023 be approved.

Item	Topic	Decision [<i>None of the decisions below are key decisions</i>]
		b) That the Action Log be noted.
4.	Improvement Framework	<p><u>RESOLVED</u> That the committee:</p> <p>a) Recommend that future IIB Highlight reports to the Audit & Governance Committee mark progress against the concerns outlined in the External Auditor's letter of 1 June 2022.</p> <p>b) Note the Improvement Framework Report that was presented to the Combined Authority Board on 25 January 2023.</p>
5.	Internal Audit Progress Report	<p><u>RESOLVED:</u></p> <p>a) That the Internal Audit progress report against the audit plans for 2021/22 and 2022/23 as provided by the Combined Authority's internal auditors, RSM, be noted.</p>
6.	External Audit Plan	<p><u>RESOLVED:</u> That the committee:</p> <p>a) Recommend that the terms of reference of the new Shareholder Board be reviewed to ensure that they sufficiently consider the risk highlighted in the External Auditor's Plan in regard to the recoverability of long-term investment with subsidiary entities.</p> <p>b) Note the initial audit plan for the financial year 2021/22 as provided by the Combined Authority's external auditors, Ernst and Young LLP.</p>

Item	Topic	Decision <i>[None of the decisions below are key decisions]</i>
7.	Climate Action Plan	<p><u>RESOLVED:</u></p> <p>That the committee:</p> <p>a) Note the revised Terms of Reference for the Climate Working Group.</p>
8.	Review of Corporate Risk Register and Risk Register Improvements	<p><u>RESOLVED:</u></p> <p>That the committee:</p> <p>a) Note the Risk Management process update following the recent Internal Audit Report of Risk Management.</p> <p>b) Note the full Risk Register and accompanying narrative.</p>
9.	Code of Conduct, Social Media and Monitoring Officer Protocols	<p><u>RESOLVED</u></p> <p>That the committee:</p> <p>a) Note the Code of Conduct complaint information.</p> <p>b) Support and recommend to the Board the Social Media Protocol.</p> <p>c) Support and recommend to the Board the Monitoring Officer Protocol.</p>
10.	Information Governance Update	This item was withdrawn due to time constraints and would be rescheduled.
11.	Revisions to the CPCA Constitution	<p><u>RESOLVED:</u></p> <p>That the committee:</p>

Item	Topic	Decision <i>[None of the decisions below are key decisions]</i>
		a) Supports and recommends the revisions to the Constitution detailed in this report to the next meeting of the Combined Authority Board.
12.	Work Programme	<p><u>RESOLVED:</u></p> <p>That the committee:</p> <p>a) Notes the current work programme for the Audit and Governance Committee for the 2022-23 municipal year.</p>
13.	Date and Time of Next Meetings	<p>Friday 24 March 2023 10:00am</p> <p>Venue: Pathfinder House, Huntingdon</p>

Overview and Scrutiny Committee Decision Summary

Meeting: 10 January 2023
 Agenda/Minutes: [Overview and Scrutiny Committee](#)
 Chair: Lorna Dupré

Summary of decisions taken at this meeting.

Item	Topic	Decision <i>[None of the decisions below are key decisions]</i>
1&2.	Apologies & Declarations of Interest	<p>Apologies were received from Councillors Dupre, Goldsack and Dew.</p> <p>Councillor Cane attended as a substitute for Councillor Dupre and Councillor Count as a substitute for Councillor Goldsack.</p> <p>In Councillor Dupre's absence, Councillor Sharp, the Vice-Chair, took on the role of Chair for the meeting.</p> <p>There were no declarations of interest.</p>
3.	Minutes of the previous meeting and Action Log	<p><u>RESOLVED</u></p> <p>That the minutes of the meeting held on 28 November 2022 be approved as a correct record and that the Action Log be noted.</p>
5.	Budget and Medium-Term Financial Plan (MTFP) Consultation	<p><u>RESOLVED:</u></p> <p>The committee resolved to submit the following recommendations to the Combined Authority Board as their formal response to the consultation:</p> <p>That:</p>

Item	Topic	Decision <i>[None of the decisions below are key decisions]</i>
		<ol style="list-style-type: none"> <li data-bbox="857 264 1977 743">1. The CPCA Board should commit to maintaining at least the current level of spending on bus services for the next two years. The board is best placed to decide how to source this funding which would be c£14m (£7m per annum). This commitment would give some assurance to residents that they can continue to travel to work and school, and to access services, and that the Cambridgeshire and Peterborough Combined Authority had a credible, fit for purpose transport system on which residents could depend. This guarantee on funding should be given whilst longer term solutions for delivering services, such as franchising, are explored. The Combined Authority Board should be mindful that in the current climate bus operators could be expected to be further supported by Combined Authority subsidy and therefore maintaining the current level of spending did not necessarily guarantee the same level of services. <li data-bbox="857 783 1977 887">2. The Board should keep a particularly close eye on the risk of slippage on capital projects and review the work of Internal Audit so that where issues are identified they can establish how best to address and overcome them. <li data-bbox="857 927 1977 1110">3. The Overview and Scrutiny Committee review in advance the process and methodology of any future proposed MTFP consultation. Oversight by the Committee will ensure that the questions asked are focussed and prioritise the CPCA's vision and strategy and will also allow members to make recommendations to encourage greater engagement by the public. <li data-bbox="857 1150 1977 1254">4. If the organisation aspires to delivering more ambitious projects that will be reliant on government funding, then the budget for securing this funding needs to be increased. <li data-bbox="857 1294 1977 1366">5. The impact on social inequalities and the environment should be evident in all CPCA funding decisions.

Item	Topic	Decision <i>[None of the decisions below are key decisions]</i>
		<p>6. If the Board decide that a Mayoral Precept is the best option to raise funds then it should identify and guarantee what the money raised will be spent on. E.g. It has been identified that a precept of £12 per household at Band D council tax (with corresponding amounts for higher and lower bands) would raise the £3.5 million that it is estimated will be needed to maintain the current level of bus services.</p>
11.	Date and Time of Next Meeting	Monday 23 January 2023 at 11am.

Overview and Scrutiny Committee Decision Summary

Meeting: 23 January 2023
 Agenda/Minutes: [Overview and Scrutiny Committee](#)
 Chair: Lorna Dupré

Summary of decisions taken at this meeting.

Item	Topic	Decision <i>[None of the decisions below are key decisions]</i>
1&2.	Apologies & Declarations of Interest	Apologies were received from Councillors Harvey, Van de Weyer, Miscandlon and Smith. Councillor Fane attended as a substitute for Councillor Harvey. There were no declarations of interest.
3.	Minutes of the previous meeting and Action Log	<u>RESOLVED</u> That the minutes of the meeting held on 10 January 2023 be approved as a correct record and that the Action Log be noted.
5.	Improvement Framework	<u>RESOLVED:</u> That the Improvement Framework report going to the Combined Authority Board on 23 January 2023 be noted and that the following feedback be submitted to the Board: a) On reviewing the new governance arrangements that form part of the Improvement Plan, the committee highlighted the need for Overview and Scrutiny to be fully integrated with the new committee structure, and for members to be fully engaged and informed.

Item	Topic	Decision <i>[None of the decisions below are key decisions]</i>
		<p>b) In order to fulfil a developing role, the information provided to the Overview and Scrutiny Committee needed to be much more timely. The move to a Forward Plan giving up to six months' notice of items of business was welcomed and would aid the Committee to look ahead for priority strands of work.</p> <p>c) There was concern about the possible risk of non-alignment of the LTCP with emerging government guidance and although officers allayed concerns to a degree and stated that there were unlikely to be any surprises, the Board would need to be mindful of governmental delays impacting the pace of the Improvement Plan's implementation in this regard.</p> <p>d) The Mayoral Ambition Statement and the Combined Authority's Corporate Strategy needed to be triangulated with the objectives of government as without this alignment there was a danger that the funding to deliver projects would not be forthcoming.</p> <p>e) Given the focus on the Bus Strategy, more realistic timescales for bus franchising needed to be set. The Chief Executive outlined to members that in two years' time the Combined Authority could be at the point of agreeing the business case for franchising but then there would need to be another period of time to implement plans and put in place the considerable number of staff that would be needed. The Chief Executive also referenced the need to factor in any unforeseen financial risk should the bus franchising operation not go to plan. This could further delay decision making or potentially derail the project if this underwriting of financial risk was not accepted by the CPCA. It was felt that this detail and nuance was not coming through in reports and documents.</p>

Item	Topic	Decision <i>[None of the decisions below are key decisions]</i>
		f) The committee noted the number of amber ratings in the report and would ask Board members to consider whether they were content that these were just due to a change of scope and more realistic timelines, or whether there were any other issues that should be of concern.
6.	Local Transport and Connectivity Plan	<p><u>RESOLVED:</u></p> <p>That the committee:</p> <p>1. Note the report which provides an update on the local Transport and Connectivity Plan, specifically in relation to the DfT guidelines deadlines and progress to date.</p>
7.	Demand Responsive Transport	<p><u>RESOLVED:</u></p> <p>That the committee:</p> <p>1. Note the report which provides an update on the Combined Authority's use of Demand Responsive Transport (DRT) and the Ting trial in particular</p>
8.	Budget Scrutiny – Responses to the Consultation	<p><u>RESOLVED:</u></p> <p>That the responses to the consultation be noted.</p>
10.	Combined Authority Board Agenda	Members did not put forward any questions to be asked at the CA Board meeting on 25 January 2023.
10.	Overview and Scrutiny Work Programme	<p><u>RESOLVED:</u></p> <p>a) That the draft work programme as shown at Appendix 1 be noted.</p>

Item	Topic	Decision <i>[None of the decisions below are key decisions]</i>
		b) That the February reserve meeting date be used for a virtual session to discuss how Overview and Scrutiny will operate within the new committee structure and the development of strategic objectives.
11.	Date and Time of Next Meeting	Monday 20 March 2023 at 11am.

Combined Authority Board Decision Summary

Meeting: 25 January 2023
Agenda/Minutes: Combined Authority Board
Chair: Mayor Nik Johnson

Summary of decisions taken at this meeting.

Part 1 - Governance Items

1.1 Announcements, Apologies for Absence and Declarations of Interest

Apologies for absence were received from Mayor Dr Nik Johnson and Police and Crime Commissioner Darryl Preston, substituted by Deputy Police and Crime Commissioner John Peach.

Declarations of interest were made by Alex Plant in relation to Item 4.1: Climate and Strategy Business Case January 2023, in that his employer Anglia Water is a landowner; and by Councillor C Boden in relation to Item 5.2: Bus Assessment Framework and Tendering of Services, in that he is a trustee of one of the service providers. Councillor Boden did not speak or vote on Item 5.2, recommendation b).

1.2 Combined Authority Membership Update January 2023

It was resolved to:

- a) Ratify the appointments by South Cambs District Council of Cllr Natalie Warren-Green as the member and Cllr Peter McDonald as the substitute on the Skills Committee for the remainder of the municipal year 2022/23.

- b) Ratify the appointment by South Cambs District Council of Cllr Brian Milnes as the substitute member for Transport and Infrastructure Committee for the remainder of the municipal year 2022/23.
- c) Ratify the appointments by Peterborough City Council of Cllr Marco Cereste as the member and Cllr Jackie Allen as the substitute on the Housing Committee for the remainder of the municipal year 2022/23.
- d) Note the appointment by Peterborough City Council of Cllr Sainsbury as the substitute on the Combined Authority Board for the remainder of the municipal year 2022/23.
- e) Note the appointment by South Cambs District Council of Cllr John Williams as the substitute member for the Employment Committee for the remainder of the municipal year 2022/23.
- f) Note the appointment by Cambridgeshire County Council of Cllr Michael Atkins as the substitute member for the Audit and Governance Committee for the remainder of the municipal year 2022/23.
- g) Note the appointment of John O'Brien as the non-voting co-opted member representative for the Integrated Care System for the remainder of the municipal year 2022/23.
- h) Note the appointment by Peterborough City Council of Cllr Oliver Sainsbury as the member and Cllr Wayne Fitzgerald as the substitute member of the Employment Committee for the remainder of the municipal year 2022/23.

1.3 Minutes – 30 November 2022 and Action Log

The minutes of the meeting on 30 November 2022 were approved as an accurate record and signed by the Statutory Deputy Mayor. The Action Log was noted.

1.4 Petitions

No petitions were received.

1.5 Public Questions

There was one public question from Kelly Whitley, local resident. A copy of the question and response (when published) are available to view [here](#).

Part 2 – Finance

2.1 Mayor’s Draft Budget and Mayoral Precept 2023-24 (KD2022/064)

It was resolved to:

- a) Consider the proposal to implement a Mayoral General Precept of £12 (Band D).
- b) Approve the Mayor’s draft budget for 2023-24 incorporating the Mayoral General Precept

2.2 2023/24 Budget and Medium-term Financial Plan 2023 to 2027 (KD2022/063)

It was resolved to:

- a) Approve the amount and apportionment of the Transport Levy for the 2023-24 financial year, incorporating a 2% increase, as set out below:

Total Levy: £13,494,390

- i) Peterborough City Council £3,615,714
 - ii) Cambridgeshire County Council £9,878,676
- b) Approve the revenue budget for 2023/24 and the Medium-Term Financial Plan 2023/24 to 2026/27.

- c) Approve the Capital Programme 2023/24 to 2026/27
- d) Note the Section 73 Officer's statutory Section 25 Statement

2.3 Budget Monitoring Report

It was resolved to:

- a) Note the financial position of the Combined Authority for the year to date.

2.4 Cambridgeshire and Peterborough Combined Authority Corporate Strategy and Business Plan 2023-2025

It was resolved to:

Approve the Cambridgeshire and Peterborough Combined Authority Corporate Strategy and Business Plan 2023-2025.

Part 3 – Improvement

3.1 Combined Authority Monthly Highlights Report: January 2023

It was resolved to:

Note the content of this report.

3.2 Improvement Plan Update - December 2022

It was resolved to:

- a) Note the progress against the Corporate Improvement Plan in December 2022.
- b) Note the outcome from the inaugural meeting of the Independent Improvement Board held on 17 January 2023.
- c) Note the proposals for a three-month assessment of progress against the key deliverables identified in the Chief Executive's assessment.

3.3 Combined Authority Governance Arrangements

With the consent of the Board, this report was deferred to the meeting on 22 March 2022.

Part 4 – Combined Authority Decisions

4.1 Climate and Strategy Business Case January 2023 (KD2022/082)

It was resolved to:

Approve the Business Case for Meanwhile at Core Site, North East Cambridge project and approve £1.0m from capital and £120k revenue from the subject to approval line in the medium term financial plan (MTFP).

4.2 Market Towns Programme – Approval of Project Proposals (Funding Call 9 – January 2023) (KD2022/077)

It was resolved to:

- a) Approve the project proposal received under Market Towns Programme from East Cambridgeshire District Council for the town of Littleport to the sum of £1,000,000;

- b) Approve the project proposal received under Market Towns Programme from Fenland District Council for the town of Whittlesey to the sum of £260,000;
- c) Note that the Whittlesey Town Projects proposal will be reviewed and agreed by CPCA Programme Audit & Risk Committee (PARC) to the sum of £195,000;
- d) Approve the request received from Fenland District Council to extend the grant longstop completion date for the Fenland Market Town Parking Management project from 31st March 2024 to 31st December 2025.

4.3 Cambridgeshire and Peterborough Growth Company Business Plan 2022-2023

It was resolved to:

- a) Approve the Growth Company Business Plan for 2023.
- b) Give consent for the updated business plan to be adopted by the Cambridgeshire and Peterborough Growth Company Ltd.

4.4 University of Peterborough - Finalisation and completion of legal documentation for the Peterborough HE Property Company (PropCo1)

It was resolved to:

Delegate authority to the Director of Housing and Development, in consultation with the Monitoring Officer and the Deputy Finance Officer, to sign a Development Management Agreement between CPCA and PropCo1 (Peterborough HE Property Company Limited).

4.5 University of Peterborough - finalisation and completion of legal documentation for the Peterborough R&D Property Company (PropCo2)

It was resolved to:

Delegate authority to the Director of Housing and Development, in consultation with the Monitoring Officer and Chief Finance Officer, to sign a Development Management Agreement between the CPCA and PropCo2 (Peterborough R&D Property Company Limited).

Part 5 – Transport and Infrastructure Committee Recommendations to the Combined Authority

5.1 Local Transport and Connectivity Plan January 2023

It was resolved to:

Approve the drawdown of £100,000 of STA funding, and the application of a £178.5k ringfenced grant received from the Department for Transport (DfT), to undertake the next stages of the Local Transport and Connectivity Plan (LTCP).

5.2 Bus Assessment Framework and Tendering of Services (KD2022/084)

It was resolved to:

- a) Note the outline programmes for the continued development of the Bus Strategy, the review of the Bus Franchising business case, and refreshed Bus Service Improvement Plan programme and the additional resources being used to accelerate this work;
- b) Approve the procurement and retrospectively approve retendering of the services provided by the 6 contracts as listed at 2.10 of this report. To also approve the budget for these services.

- c) Approve the extension of the current 23 contracts with providers for a period of 12 months subject to budget approval for these services. These contracts will be reviewed as part of a full review of services;
- d) Feedback on the development of the Local Bus Service Assessment Framework; and
- e) Approve the reappointment of the current suppliers for the provision of the ENTCS (English National Concessionary Travel Scheme). In addition to approve the budget for this service.
- f) Delegate authority to the Interim Head of Transport to enter into contracts with successful bidders as at recommendation b), to enter into contracts to extend the period as stated at recommendation c) and to enter into contracts with the suppliers as at recommendation e).

5.3 A1260 Nene Parkway J32/2 Full Business Case (KD2022/062)

It was resolved to:

- a) Approve the Full Business Case in Appendix 1.
- b) Approve the drawdown of £5,850,000 from the subject to approval line in the MTFP to begin construction
- c) Approve £3,441,880 from the Transforming Cities Fund programme also for construction of this scheme.
- d) Delegate authority to the Interim Head of Transport in consultation with the Chief Finance Officer and Monitoring Officer to enter into a Grant Funding Agreement with Peterborough City Council.

5.4 March Area Transport Study: Broad Street Construction Funds (KD2022/067)

It was resolved to:

- a) Approve the drawdown of £4,149,825 for the construction of MATS Broad Street.
- b) Approve the drawdown of £300,000 for the completion of the FBC 2.

- c) Delegate authority to the Interim Head of Transport in consultation with the Chief Finance Officer and Monitoring Officer to enter into Grant Funding Agreements with Cambridgeshire County Council.

5.5 Fengate Phase 1 Construction Funds (KD2022/068)

It was resolved to:

- a) Approve the drawdown of £6,665,696 to construct the Fengate Access Study Improvement Schemes.
- b) Delegate authority to the Interim Head of Transport in consultation with the Chief Finance Officer and Monitoring Officer to enter into Grant Funding Agreements with Peterborough City Council.

5.6 Local Transport Model Full Business Case (KD2022/079)

It was resolved to:

- a) Agree the full business case for the Transport Model including the timeline and future arrangements for the delivery of the Model.
- b) Approve the drawdown of £1.721m allocated within the Medium-Term Financial Plan for the delivery of the model.

5.7 Authorisation of expenditure on ZEBRA zero emissions buses project (KD2022/080)

It was resolved to:

Approve capital expenditure of £2,994,000 of funds allocated to the approved ZEBRA Business Case

Part 6 – Skills Committee Recommendations to the Combined Authority

6.1 ARU Peterborough Phase 3 Full Business Case and monitoring arrangements for the new University (KD2022/051)

It was resolved to:

- a) Approve the University of Peterborough Phase 3 Living Lab, Full Business Case.
- b) Note the following next steps for the development of a University Programme Business Case:
 - i. In consultation with the University partners and shareholders of PropCo1 and PropCo2, review governance arrangements with a view to developing a programme related governance structure.
 - ii. Preparation of the Campus Outline Planning Application for the potential future ambition.
 - iii. Further progress update against progress measures agreed with partners including outline for the University of Peterborough Programme Business Case.

6.2 Wave 4 Skills Bootcamps (KD2022/074)

It was resolved to:

- a) Accept the Grant Funding from the Department of Education in the sum of £2,878,150.00 to deliver Wave Four Skills Bootcamps for the 2023-2024 financial year.
- b) Approve an addition of a corresponding budget for delivery of the Wave Four Skills Bootcamps in the 2023-2024 budget.
- c) Delegate authority to the Interim Associate Director of Skills, in consultation with the Chief Finance Officer and Monitoring Officer to:

- i. enter into, sign and award grant agreements or awards to training providers to deliver Wave Four Skills Bootcamps with existing providers, where procurement regulations allow and enter into contracts with new providers for Wave Four following an appropriate procurement exercise, and
- ii. where appropriate, extend contracts with existing providers.

Part 7 – Governance Reports

7.1 Constitution Review

With the consent of the Board, this report was deferred to the meeting on 22 March 2022.

7.2 Procurement Policy

It was resolved to:

- a) Approve the attached procurement policy.
- b) Delegate authority to the Monitoring Officer in consultation with the Chief Finance Officer/S.73 Officer and the Chief Executive Officer to amend the policy when the expected changes in law come into force, later this year.

7.3 Implementation of Subsidy Control Act 2022

It was resolved to:

- a) Note the commencement of the UK Subsidy Control Regime on 4th January 2023 and the implications of this for the Combined Authority;

- b) Subject to (c) below, unanimously agree the delegation of authority to each of the Combined Authority's Executive Directors to sign off Subsidy Control Assessments on behalf of the Combined Authority in consultation with the Monitoring Officer and Chief Finance Officer, and to note that such delegation will be added to the Standing List of Delegations to Officers contained in the Constitution

- c) Approve the delegation of authority to the Combined Authority's Chief Executive in consultation with the Mayor, the Monitoring Officer and Chief Finance Officer to sign off Subsidy Control Assessments for subsidies that are subject to referral to the national Subsidy Advice Unit, and to note that such delegation will be added to the Standing List of Delegations to Officers contained in the Constitution

7.4 Forward Plan January 2022

It was resolved to approve the Forward Plan for January 2023.

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Agenda Item 15



Agenda Item No: 5

Feedback from the Joint Assembly Meeting 23rd November 2022

Report to: Greater Cambridge Partnership Executive Board

Date: 15th December 2022

Lead: Councillor Tim Bick, Joint Assembly Chairperson

1. Background

- 1.1 This report is to provide the Executive Board with a summary of the discussion at the Greater Cambridge Partnership (GCP) Joint Assembly meeting held on Wednesday 23rd November 2022. The Executive Board is invited to take this information into account in its decision making.
- 1.2 Two questions were received. Both related to the Greater Cambridge Greenways proposals for Haslingfield and Comberton.
- 1.3 It was noted that a petition relating to the Cambourne to Cambridge Project, presented by Cambridge Past, Present and Future, and supported by an alliance of organisations had been received in advance of the last Executive Board meeting. Following discussions with the petitioner it had been agreed that the most appropriate route for the petition was for it to be formally presented to the Cambridgeshire County Council meeting when it considered the Transport and Works Act Order in the new year.
- 1.4 A second petition relating to the Comberton Greenway proposals had been submitted by Highfield Farm Touring Park. It called for the Comberton Greenway to come down the west side of Long Road rather than the proposed east side.
- 1.5 Four reports were considered and a summary of the main points emerging from the Joint Assembly discussion is set out below.

2. Quarterly Progress Report

- 2.1 The Joint Assembly noted the report, which set out progress across the whole GCP programme. Members endorsed plans to appoint a consultant to help with the GCP's Gateway Review. In response to a question, it was clarified that advice from the Department for Levelling Up, Housing and Communities was that additional support be engaged to assist with this work.

- 2.2 Members welcomed plans to continue funding the Cambridge University Centre for Business Research (CBR) to provide a sectorial employment analysis for the Greater Cambridge economy. The consensus was this was a valuable source of high quality data. It was suggested that more could be done to encourage others to use it; establishing a 'single source of truth'. Noting the disparities in turnover and employment between the Knowledge Intensive (KI) sector and non-KI companies, it was suggested that it would be useful if the CBR was asked to look at this in more detail.
- 2.3 Commenting on the information about performance against targets in the report, one member drew attention to projects where target dates had changed without any notification or commentary. A commitment was made to address this and ensure there was more transparency in future.
- 2.4 The Joint Assembly welcomed the skills update and in general felt things were going well. Comments were made about the challenges being faced and it was asked whether there was more that could be done beyond the work with Form the Future. Members were reminded that the focus of the City Deal was to support STEM [Science, Technology, Engineering and Mathematics] skills. More recently other shortage areas had emerged, for example in construction and agriculture. GCP officers recognised the importance of working closely with the Cambridgeshire and Peterborough Combined Authority, which had responsibility to support wider skills, but undertook to look at ways members' wider ambitions might be addressed.

3. Greater Cambridge Greenways: Haslingfield and Comberton

- 3.1 The Joint Assembly endorsed the next steps for the Comberton and Haslingfield Greenways and supported the proposals set out in the report.
- 3.2 Members discussed a number of general points related to all Greenways and noted plans to produce strategies for lighting; surface treatments and materials; and signage. It was suggested that these be presented to a future meeting, with a view to providing reassurance about the detail of these and other Greenways proposals. In response to a question it was confirmed that GCP officers were working with County Council officers on the proposed Active Travel Design Guide, as well as ensuring appropriate teams were involved throughout the design of each scheme. It was suggested that reports should include more information on design quality, identifying the extent to which sections of the route met Local Transport Note (LTN) 1/20 and other relevant standards. This would ensure members were able to assess what the impact of the proposed changes would have on the attractiveness of routes for all users and at the same time balance aspiration against practical considerations.
- 3.3 There was a discussion about responsibility for maintenance of the Greenways. It was noted that once the schemes were completed there would be a formal transfer of responsibility to the County Council as Highways Authority for the area. Officers were discussing how the GCP could support County Council colleagues with the financial cost of delivering that maintenance, rather than simply pass on a financial pressure. It was suggested that it would be helpful for everyone to be completely clear when the development phase of each scheme was finished and the County Council became responsible for maintenance. Officers agreed to look at this.

4. Smart Cambridge Update and Forward Programme

- 4.1 The Joint Assembly welcomed the update on progress with the delivery of SMART Cambridge and supported the proposed forward work plan. Members stressed the importance of this work in underpinning all aspects of the GCP programme, taking an innovative approach from the outset. A critical feature was how to scope and deliver behaviour change, making sure it was embedded at the heart of all projects.

5. Developing the GCP Approach to Biodiversity Net Gain

- 5.1 The Joint Assembly welcomed the paper and noted the opportunities and approach to achieving up to 20% biodiversity net gain across the GCP programme. While there was general support for the proposals, some members commented on the level of ambition and suggested it should be higher. Members sought assurance that as far as possible data was being collected on completed schemes and welcomed plans to focus on establishing a consistent baseline across the whole programme.
- 5.2 Members emphasised the importance of working with partners and collaborating on biodiversity measures and welcomed confirmation that the GCP was already working collaboratively with the Landscape Heritage and Ecology Group, the County Council and other stakeholders and this would continue as work progressed.
- 5.3 There was a difference of opinion about the application of the mitigation hierarchy. Overall a sensitive approach was needed, balancing a desire to provide on site measures within the red line boundary against a realistic assessment of what was achievable and sustainable in the long term.

Background Papers

Source Documents	Location
None	N/A

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Agenda Item 16



Report to:	Council	21 February 2023
Lead Cabinet Member:	Councillor Bridget Smith	
Lead Officer:	Liz Watts, Chief Executive	

Oxford to Cambridge Pan Regional Partnership

Executive Summary

1. Proposals for a locally led Partnership for the Oxford to Cambridge region have been formally approved by government. The Partnership's role will be to champion the region as a world leader in research and innovation in hi-tech, high-performance technology and manufacturing, acting to achieve environmentally sustainable and inclusive growth. It will strengthen cross-boundary collaboration among its partners to focus on tackling the issues that matter to the people who live and work in the region.

Recommendations

2. It is recommended that Council supports South Cambridgeshire District Council Cabinet's intention to confirm its membership of the Oxford to Cambridge Partnership as it becomes formally recognised and funded by Government as a Pan-Regional Partnership (PRP) and the appointment of the Leader as the Council's representative on the PRP.

Reasons for Recommendations

3. South Cambridgeshire District Council supports partnership working locally, across Cambridgeshire, and beyond as there are real benefits to be achieved through potentially more efficient working, effective delivery at scale as well as access to additional funding and strength in working with and influencing central Government.
4. The Oxford to Cambridge region is an area of economic success and will continue to be so. It has been the consistent view of the Council to try its best to positively influence that growth and seek the greatest benefits for our communities. By working with other sector partners, as well as key stakeholders who directly influence that economic growth but who also seek to gain benefits for our local natural environment, we can benefit from sharing best practice, learning and also engage directly with those who have the most influence on our places and people. For these reasons it is recommended the Council continues to not only

remain as a local partner, but to actively engage and where beneficial to the district, to lead wider partnership activity.

Details

5. On 18th January 2023, Secretary of State Rt Hon. Michael Gove MP endorsed the proposition to set up a pan regional partnership for the Oxford to Cambridge geography. Letter attached at [Appendix 1](#).
6. The overall purpose of the Oxford to Cambridge Partnership will be to champion the Oxford to Cambridge region as a world leader of innovation and business, acting on shared interests in delivering environmentally sustainable economic growth that brings benefits to communities now and in future.
7. The Partnership will strengthen cross-boundary collaboration so that joint working is locally-led and focused on the issues that matter to people who live and work in the region. The Partnership will define the outcomes it seeks to achieve but it does not have delegated authority or any formal or legal decision-making powers from any of its partner members.
8. Currently, the priorities of the Partnership are focussed on supporting delivery of clean, green and inclusive economic growth as well as delivering increased environmental gain and benefits from this growth for our communities now and in the future.
9. Government endorsement of the Partnership unlocks the opportunity of up to £2.5million for the remainder of the current Spending Review period (to 2024/25), with £500k *in year* to support activity to deliver:
 - an Investment Prospectus & Atlas
 - a significant Environment Programme, including:
 - Nature Recovery Strategy Support
 - Minerals & Waste Restoration Environmental Gain
 - Regional Energy & Water Strategy Scoping)
 - a Data Observatory & Innovation Network.
10. The Partnership is not a formal committee in Local Government terms but as a condition of gaining Government support and funding, it is required to have the following:
 - a constitution which includes clarity on governance, membership, openness and transparency, which sits as part of a wider performance and assurance framework which covers financial and risk management
 - a committed work programme which builds on the Partnership's consensus in terms of priorities, objectives and expected outcomes
 - a representative Board from across the Partnership including an Independent Chair.
11. A Shadow Board is in place to oversee an initial partnership programme and agree governance and funding arrangements. The Shadow Board will be in place

until the initial conditions and milestones have been met (i.e. constitution in place, Independent Chair selected). It is anticipated the Board will meet outside of shadow form by June 2023.

12. Members of the Shadow Board are:

- Cllr Barry Wood, Leader Cherwell District Council sitting as Interim Chair of the Shadow Board.
- Cllr Susan Brown, Leader of Oxford City Council, representing the Future Oxfordshire Partnership as current Chair
- Cllr Pete Marland, Leader of Milton Keynes City Council, representing the Central Area Growth Board as current Co-Chair
- Cllr Richard Wenham, Leader of Central Bedfordshire Council, representing the Central Area Growth Board as current Co-Chair
- Cllr Anna Smith, Leader of Cambridge City Council and currently Acting Mayor, representing the Cambridgeshire and Peterborough Combined Authority
- Professor Alistair Fitt, Pro-Vice Chancellor Oxford Brookes University representing the Arc Universities Group as current Chair
- Peter Horrocks CBE, Chair of SEMLEP, representing Chairs of LEPs and Business Boards and, sitting as interim Chair of the Economy Sub-Group.
- Cllr Bridget Smith, Leader South Cambridgeshire District Council sitting as interim Chair of the Environment Sub-Group
- To be confirmed, Representative from England's Economic Heartland

13. Once fully operational, there will be three main layers to the governance model: an overarching Plenary group, which includes all partners, that will meet at least annually; a main Board which will oversee governance, work programme delivery and communications; Sub-Groups which are themed groups (currently economy and environment) which focus on specific project delivery. All groups will be supported by a small operational team as well as an Accountable Body.

14. The Oxford to Cambridge Partnership Board will succeed the shadow board to oversee the work and operations of the Partnership, as agreed by its members. Representation on this Board will include:

- An Independent Chair;
- One Chair from each of the member Growth Boards or equivalent sub-regional groups (plus an additional Co-Chair from the Central Area Growth Board);
- One Chair representing each of the Board's Programme Sub-Groups;
- One Chair each from the main constituent stakeholder groups: one on behalf of all Local Enterprise Partnerships, one of behalf of the Arc Universities Group, and one from England's Economic Heartland.
- A minimum of two Independent Stakeholders (NEDs) as selected by the Board
- Senior Government representatives (whilst the Board is in receipt of core Government funding).

15. Cherwell District Council is currently the Accountable Body for the Partnership. Such a body is required for the Partnership given direct public funding from partners and Government. This role involves the Council having oversight and responsibility for ensuring proper governance, financial and risk management is in place and operational.

Options

16. Members could decide not to be part of the PRP, which would risk losing the ability to positively influence collaboration across this geography and the access to resulting additional funding, to the detriment to the communities of South Cambridgeshire.

Implications

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

Financial

18. The Oxford to Cambridge Partnership currently has transition funding of £250,000 from Government with access to a further £250,000 this year plus local partner contributions. This money is being committed to support the transition programme of delivery, recruitment of the Chair and to support a small transition team until the Partnership is formally set up.

19. There is commitment from Government for access to a further £2,500,000 over the next two financial years, subject to business case being agreed. As part of accessing this funding local contributions are required, both in officer time and in cash contributions. This financial year's contribution was £4,000. This contribution has been provided for within the Council's 2023/24 proposed budget.

Legal

20. The PRP constitution is being drafted which will set out the principles and rules governing it. There will also be a formal partnership agreement between the partners.

Risks/Opportunities

21. As stated in 'Options' above, there is a risk that not joining the partnership will result in loss of funding and influence for the Council.

Climate Change

22. The priorities of the Partnership are focussed on supporting delivery of clean, green and inclusive economic growth as well as delivering increased environmental gain and benefits from this growth for our communities now and in the future. The implications of supporting the Partnership would be to benefit from a wider, strategic approach to delivery of its sustainable, climate impact reducing priorities.

Alignment with Council Priority Areas

Growing local businesses and economies

23. This is a key workstream of the PRP.

Being green to our core

24. This is a key workstream of the PRP.

Background Papers

Appendices

Appendix A: Letter from Secretary of State – 18 January 2023

Report Author:

Liz Watts – Chief Executive
Telephone: (01954) 712926

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Department for Levelling Up,
Housing & Communities

Rt Hon Michael Gove MP

*Secretary of State for Levelling up Housing &
Communities*

Minister for Intergovernmental Relations

2 Marsham Street

London

SW1P 4DF

Cllr Barry Wood
Leader
Cherwell District Council
Bodicote House, White Post Road
Bodicote, Banbury
Oxfordshire
OX15 4AA

18 January 2023

Dear Cllr Wood,

Thank you for your letter dated 31 October setting out the Oxford-Cambridge Arc Leadership Group's proposal for formally establishing a pan-regional partnership as your preferred model for regional collaboration from the Levelling Up White Paper.

I understand that the Group has worked to agree these arrangements over many months, and I would like to thank you and your members for the dedication you have shown in pursuing the right tools to deliver for the communities you serve.

I welcome these proposals and the initial priorities for the partnership, recognising that realising the region's economic potential will be supported by a strong regional brand that can compete for investment on the global stage. By bringing together public and private sector partners under independent leadership in the pursuit of sustainable growth, I believe the partnership will be well placed to shape and deliver on the economic vision for the region.

I also recognise your continued focus on the environment and sustainability. The 25-year Environment Plan remains central to this Government's ambitions to leave our environment in a better state than we found it and I welcome your continued collaboration with Defra and the Environment Agency to test and embed its principles across the region.

I am therefore pleased to confirm my support for the establishment of an Oxford to Cambridge Pan-Regional Partnership by 31 March 2023. Subject to annual business cases, I am prepared to support your partnership with up to £2.5 million in total over the remainder of this Spending Review period.

Thank you again for your continued collaboration across the region and I look forward to hearing about your work and how it is delivering for your communities.

Rt Hon Michael Gove MP

Secretary of State for Levelling Up, Housing & Communities

Minister for Intergovernmental Relations

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