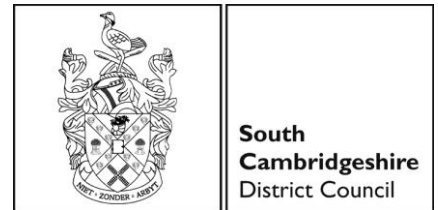


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27 January 2023

To: The Leader – Councillor Bridget Smith
Deputy Leader (Statutory) – Councillor Brian Milnes
Members of the Cabinet – Councillors Henry Batchelor, John Batchelor,
Bill Handley, Dr. Tumi Hawkins, Peter McDonald and John Williams
Quorum: Three, including the Leader or Deputy Leader

Dear Councillor

You are invited to attend the next meeting of **Cabinet**, which will be held in the **Council Chamber - South Cambs Hall** at South Cambridgeshire Hall on **Monday, 6 February 2023 at 10.00 a.m.**

Yours faithfully
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

	Pages
1. Announcements	
2. Apologies for Absence To receive Apologies for Absence from Cabinet members.	
3. Declarations of Interest	
4. Minutes of Previous Meeting To authorise the Leader to sign the Minutes of the meeting held on Monday, 12 December 2022 as a correct record.	7 - 12
5. Public Questions The deadline for receipt of public questions is 23:59 on Tuesday, 31 January 2023. The Council's scheme for public speaking at committee meetings may be inspected here: Public Speaking Scheme	
6. Issues arising from the Scrutiny and Overview Committee	13 - 18

7.	Greater Cambridge Joint Local Plan (Key)	19 - 30
8.	Responses to Water Resources East Regional Water Plan, and Cambridge Water Resources Management Plan	31 - 48
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10.	2020-2025 Business Plan	63 - 84
11.	Capital Strategy	85 - 106
12.	Treasury Management Strategy	107 - 144
13.	Review of Revenue Reserves and Provisions	145 - 156
14.	General Fund Budget 2023/2024	157 - 246
15.	Capital Investments Programme 2023/2024 - 2027/2028	247 - 256
16.	Housing Revenue Account Budget 2023/2024	257 - 296
17.	Local Council Tax Support	297 - 302

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- **Do not** re-enter the building until the officer in charge or the Fire and Rescue

Service confirms that it is safe to do so.

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Disturbance by Public

If a member of the public interrupts proceedings at a meeting, the Chair will warn the person concerned. If they continue to interrupt, the Chair 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 Chair may call for that part to be cleared. The meeting will be suspended until order has been restored.

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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

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 Cabinet held on
Monday, 12 December 2022 at 10.00 a.m.

Present: Councillor Bridget Smith (Leader of Council)
Councillor Brian Milnes (Deputy Leader & Lead Cabinet Member for Environment)

Councillors:	Henry Batchelor	Lead Cabinet Member for Environmental Services and Licensing
	Bill Handley	Lead Cabinet Member for Communities
	Peter McDonald	Lead Cabinet Member for Economic Development
	John Williams	Lead Cabinet member for Resources

Officers in attendance in the Council Chamber for all or part of the meeting:

Anne Ainsworth	Chief Operating Officer
Peter Campbell	Head of Housing
Aaron Clarke	Democratic Services Technical Officer
Rebecca Dobson	Democratic Services Manager
Bode Esan	Head of Climate, Environment & Waste
Peter Maddock	Head of Finance
Rory McKenna	Monitoring Officer
Jeff Membery	Head of Transformation, HR and Corporate Services
Liz Watts	Chief Executive

Officers in attendance remotely for all or part of the meeting:

Kevin Ledger	Senior Policy and Performance Officer
--------------	---------------------------------------

Councillors Richard Stobart and Sue Ellington were in attendance in the Council Chamber.

Councillors John Batchelor (Lead Cabinet Member for Housing) and Mark Howell were in attendance remotely.

1. **Announcements**

There were no announcements.

2. **Apologies for Absence**

There were Apologies for Absence from Councillor Dr. Tumi Hawkins, Lead Cabinet Member for Planning.

3. **Declarations of Interest**

There were no declarations of interest.

4. **Minutes of Previous Meeting**

Cabinet authorised the Leader to sign, as a correct record, the Minutes of the meeting held on Monday, 14 November 2022.

5. **Public Questions**

One request to speak from a member of the public was received ahead of the meeting. This was subsequently refused as it didn't accord with the Public Speaking Scheme.

6. **Issues Arising from the Scrutiny and Overview Committee**

Cabinet noted the Scrutiny and Overview report summarising the meeting held on Tuesday, 15 November 2022, relating to the following agenda items:

- Quarter Two Performance Report
- General Fund Revenue Bids and Savings

There were also updates regarding the following items:

- The Future Use of South Cambridgeshire Hall
- Young People Task & Finish Group
- Newmarket Road Ice Rink

7. **2022-2023 Quarter Two Performance Report**

Cabinet received the Performance Report for quarter two of 2022-2023. Councillor Brian Milnes, Deputy Leader, introduced the report and noted the progress of the key performance indicators against business plan, and any actions for Officers.

After a short discussion, Cabinet:

Reviewed the Key Performance Indicators results and comments at Appendix A and progress against Business Plan actions at Appendix B, recommending, where appropriate, any actions required to address issues identified, and approving onward submission to Cabinet.

8. **Providing Additional Self-Contained Accommodation for Single Homeless**

Cabinet received the Additional Self-Contained Accommodation for Single Homeless report. Councillor Bridget Smith, Leader of the Council, moved the recommendations and Councillor John Batchelor, Lead Cabinet Member for Housing, introduced the report, and commented on the partnership between Ermine Street Housing and Shire Homes to deliver this proposal.

Councillor Bridget Smith closed the discussion, noted the ongoing problem, thanked Officers for their work, and Cabinet:

Supported this proposed scheme to increase the supply of self-contained single person accommodation.

9. **Waterbeach Renewable Energy Network (Solar Project) - Update**

Cabinet received the Waterbeach Renewable Energy Network (WREN) business case update. Councillor Brian Milnes, Deputy Leader, introduced the report, and significant funding from the Cambridge and Peterborough Combined Authority, to increase the electric capacity through renewable energy at the Waterbeach Depot.

Councillor Henry Batchelor, Lead Cabinet Member for Environmental Services and Licensing, was pleased with the funding coming from the Combined Authority and thanked the Officers at the Council for their ongoing work with the business case.

Councillor Richard Stobart asked for the next steps after the implementation of the current phase of the project. Councillor Brian Milnes responded that the provision of renewables can be increased. The Head of Climate, Environment and Waste commented that the Council wants a phased replacement of the current refuse vehicles and further data from the current fleet of electric vehicles would be required.

Councillor Sue Ellington requested how the electric vehicles will be charged during inclement weather. Councillor Brian Milnes responded that there would be back-up from the national grid, and any snow accumulated on the solar panels would melt due to the generated heat.

After a short discussion, Councillor Bridget Smith, Leader of the Council closed the discussion, and Cabinet:

Noted the update for the Waterbeach Renewable Energy Network (WREN) Business Case.

10. **2022/2023 Revenue and Capital Budget Monitoring (Quarter 2)**

Cabinet received the Revenue and Capital Budget Monitoring report for quarter two 2022-2023. Councillor John Williams, Lead Cabinet Member for Resources, introduced the report, and mentioned the continued instability of the economy, but also, thanked Officers for distributing the payments for the Government's Energy Bills Support Scheme.

Councillor Bridget Smith, Leader of the Council, closed the item, thanked Officers for their work over the past quarter, and Cabinet:

- a) **Noted** the 2022/23 revenue position against the approved revenue budget to date shown in Appendix B, the projected major variances with reasons for these variances at Appendices C1 to C7 and the action being taken to address the underlying issues.
- b) **Noted** the latest Capital Programme 2022/23 position [and variances, if any] as shown in Appendix D.

11. **Medium Term Financial Strategy (First Submission)**

Cabinet received the first submission of the General Fund Medium-Term Financial Strategy. Councillor John Williams, Lead Cabinet Member for Resources, introduced the report, highlighting the unstable economic forecasts and the Fair Funding Review due in 2025-2026. Councillor John Williams also commented on the reduction of income from business rates.

Councillor Brian Milnes thanked the Head of Finance and Officers within the department for their ongoing work with the Medium-Term Financial Strategy.

After a short discussion, Councillor Bridget Smith, Leader of the Council noted that the provisional local Government settlement for 2023-2024 was likely to be released on 21 December, and Cabinet:

- a) **Acknowledged** the projected changes in service spending and the overall resources available to the Council over the medium term to 2027/2028.
- b) **Recommended** to Full Council the updated Medium Term Financial Strategy once the 2023/2024 budget is complete and the settlement finalised.

12. **General Fund Revenue Bids and Savings**

Cabinet received the General Fund Revenue Bids and Savings. Councillor John Williams, Lead Cabinet Member for Resources, introduced the report, and the proposed savings and bids for the next financial year.

Councillor Brian Milnes, Deputy Leader, thanked Officers for their work and considered the Council's position when compared to other Local Government authorities across the Country.

Councillor Bridget Smith, Leader of the Council, commented on the ongoing uncertainty with local government finances, and Cabinet:

- a) **Noted** the growth bids put forward (both one off and ongoing), detailed at Appendix A and B and consider whether those for 2023/2024 should be included in the Budget to be proposed in February 2023.
- b) **Noted** the proposed range of service efficiency savings/additional income detailed in Appendix C and D and consider whether those for 2023/2024 should be included in the Budget to be proposed in February 2023.

13. **Capital Programme Update & New Bids**

Cabinet received the update to the Capital Programme and New Bids. Councillor John Williams, Lead Cabinet Member for Resources, introduced the report, and highlighted the work of the officers for the Council's investments.

Councillor Brian Milnes, Deputy Leader, also thanked the relevant Officers, and was pleased with the Council's approach to investments.

Councillor Bridget Smith, Leader of the Council, thanked the Chief Operating Officer and the Head of Finance, and Cabinet:

- a) **Considered** the capital programme bids for new projects outline at Appendix A and to determine whether to approve the new capital schemes.
- b) **Recommended** to Full Council the revised capital programme for the period 2022/2023 to 2027/2028, at Appendix B for the General Fund and at Appendix C for the Housing Revenue Account, to reflect the new scheme bids, amendments to the programme and the reprofiling of expenditure identified in the report.

**The Meeting ended at
10.40 a.m.**

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Agenda Item 6



Report to: Cabinet 6 February 2023

Lead Cabinet Members: All

From: Councillor Stephen Drew, Chair of the Scrutiny and Overview Committee
Councillor Graham Cone, Vice-Chair of the Scrutiny and Overview Committee

Update from Scrutiny and Overview Committee

Purpose

1. This report is to inform Cabinet about relevant discussion among members of the Scrutiny and Overview Committee at their meetings on 15 December 2022, 12 January 2023, and 19 January 2023, and the Committee's recommendations at paragraphs 3, 5, 7, 9 and 12.

Scrutiny and Overview Committee meeting – 15 December 2022

General Fund Medium Term Financial Strategy (MTFS)

2. The Committee
 - a. notes that the MTFS will have been updated since December 2022 given the current uncertain economic climate. It also notes the assumption made that South Cambridgeshire District Council will borrow funds at the rate of 5%.
 - b. is anxious that sufficient funds should remain available to the Council at short notice should such funds be needed.
 - c. notes that the scenarios set out in the report are those deemed most likely to affect the Council but that any risks identified will immediately be brought to the attention of the Lead Cabinet Member for Resources and Cabinet as a whole.
 - d. Is satisfied that the MTFS is on the Corporate Risk Register, which is regularly monitored by Leadership Team and reported every six months to the Audit and Corporate Governance Committee.

Recommendation

3. **Subject to** the comments in paragraph 2 above, the Scrutiny and Overview Committee **notes and supports** submission of the MTFS to Cabinet on 6 February 2023.

Scrutiny and Overview Committee meeting – 12 January 2023

Greater Cambridge Local Plan: Development Strategy Update (Regulation 18 Preferred Options)

4. Members of the Climate and Environment Advisory Committee (CEAC) were specifically invited to this meeting. Comments made were as follows

Water

- a. Scrutiny and Overview Committee members expressed concern about the challenge of water supply and consequent impacts on the chalk aquifer.
- b. Discussion took place regarding the issues set out in the Development Strategy Update regarding the sequencing and timing of development in relation to water infrastructure, and the connected issue of realistic rates of housing delivery in the period following provision of water supply infrastructure.
- c. CEAC members
 - i. Emphasised the importance of the two Councils' (South Cambridgeshire District Council and Cambridge City Council) independent water cycle study exploring all relevant issues in full.
 - ii. Expressed a desire to use all policy levers possible to influence high water efficiency, and carbon, standards in new development.
 - iii. Expressed a desire for government to support accelerated delivery of water supply infrastructure.
- d. Comments from Members not on either committee included concern that the Councils might be obliged by water constraints to refuse preferred strategic scale sites but might not have the ability to refuse smaller scale development.

Jobs

- a. Discussion took place regarding the robustness of the employment forecasts in relation to the level of scrutiny council officers had had regarding the assumptions; specific queries about the forecasting model and methodology; the forecasts' statistical basis; commuting patterns; and comparison of the employment forecasts with those for other comparable locations such as Oxford.
- b. Comments from Scrutiny and Overview Committee members included:

- i. Concern regarding the impact of proposed national policy changes on the appropriateness of identifying updated needs at this point
- ii. Question regarding what could be done to encourage the mid-tech sector in Greater Cambridge. Officers confirmed that this was an issue being explored through the plan

Development Strategy

- a. Comments from Scrutiny and Overview Committee members included:
 - i. Reassurance was needed that in considering sustainability impacts to identify a development strategy, that the environment will be given priority in relation to the three elements (economic, environmental, and social) – all are dependent on water resources.
 - ii. Consideration was needed of the likely impacts of not delivering enough homes to support the expected jobs growth.
 - iii. Officers should provide a written definition of ‘gentle density’, in relation to Government references to this approach in its proposed revisions to national policy.
 - iv. Discussion of the rationale for considering whether exceptional circumstances for Green Belt release exist at land south of the Cambridge Biomedical Campus, and the potential benefits of providing a better range of uses within the site. Desire for a new Cambridge Biomedical Campus masterplan to be prepared to improve amenity and effective functioning of the site.
- b. Councillor Pippa Heylings, on behalf of the Climate and Environment Committee (CEAC):
 - i. Supported the climate-focused development strategy principles set out in the First Proposals and sought confirmation that the councils would use these when considering additional sites, rather than following the housing delivery study’s conclusions that a change towards a more dispersed spatial strategy could support higher annual housing delivery rates if that was the councils’ priority, which she said would be unacceptable from a climate perspective.
 - ii. said that CEAC would like to be involved in confirming the definition of unacceptable environmental harm referenced at paragraph 3.13 of the Development Strategy Update.
- c. Comments from Members not on either committee included:

- i. Concern about the risks to the Councils' 5-year housing land supply of identifying a high objectively assessed need that may not be deliverable. Discussion followed regarding the proposal to manage this risk through the production of a stepped housing target as set out at 3.20 of the Development Strategy Update.
- ii. asked whether conversations were being held with neighbouring districts about potentially meeting some of Greater Cambridge's identified development needs.

Housing and infrastructure

- a. Comments were made on the priority of delivering infrastructure ahead of or alongside homes, including for electricity, transport, healthcare, schools, green space, and community facilities including faith provision, alongside policy compliant affordable housing levels.
- b. Comments from CEAC members included:
 - i. Concern about the impact of proposed national changes to infrastructure funding mechanisms on infrastructure and affordable housing delivery.
 - ii. Concern about the ability of the councils to support delivery of a diverse range of housing types in the current economic climate.

Recommendation

- 5. **Subject to** the comments in paragraph 4 above, the Scrutiny and Overview Committee **notes and supports** submission of the Greater Cambridge Local Plan to Cabinet on 6 February 2023.

Scrutiny and Overview Committee meeting – 19 January 2023

Business Plan Action Plan (2023-24 Revision)

- 6. Arising from a thorough investigation of the issues in the report, the Committee
 - a. Suggests that the next iteration of the Business Plan should provide better context so as to better explain the significance of figures stated, such as new council homes to be built, in relation to the current position.
 - b. Asks Cabinet to clarify whether the aim of building 75 new council homes a year included homes for refugees or whether the recent grant for refugees would enable the Housing Authority to building homes for refugees above and beyond the planned annual target figure.

- c. Urges the Cabinet to maximise its efforts in installing double glazing and solar panels at existing council homes as well as at sheltered accommodation and community rooms.
- d. Asks that better information be posted to the Council's website to help parish and town councils to better understand the support available to them in providing electric vehicle charging points in their areas.
- e. Supports an ambition, as a headline objective, encouraging residents to reduce total waste/material generated (in addition to the residual waste reduction and increased recycling objectives) , and officers are asked to develop this objective looking at best practise and consideration to a realistic target that could be attributed to behavioural change interventions that the Council undertakes.
- f. Requests Cabinet to take urgent action to protect the viability of the mobile wardens scheme in South Cambridgeshire in the light of significantly increased costs.
- g. Asks Cabinet to consider supporting fledgling High Streets in Cambourne and Northstowe alongside established ones elsewhere in the District seeking to recover from the Covid 19 pandemic and cope with the cost-of-living crisis.
- h. Urges Cabinet to make sure that the Council continued to offer residents an ever-improving array of ways in which to contact it, including by telephone.
- i. Emphasises the importance of monitoring the four-day-week trial, including where officers continue to work five days a week.

Recommendation

- 7. **Subject to** the comments in paragraph 6 above, the Scrutiny and Overview Committee **notes and supports** submission of the Business Plan to Cabinet on 6 February 2023.

Draft Budget 2023/24

- 8. Arising from a thorough investigation of the issues in the report, the Committee
 - a. Notes the negative impact of diminishing Section 106 income and strategic site budgets and urged Cabinet to view this as a significant risk for the Greater Cambridge Shared Planning Service.
 - b. Asks Cabinet to reassess the Council's approach to providing self-build plots to ensure viability and to encourage an increased take up.

- c. Recommends that there be greater clarity as to the nature and extent of recharges paid by shared services.
- d. Supports the aim of developing an arts and culture policy, and requests that Section 106 monies received in respect of arts and culture, but not yet spent, should be retained.
- e. Notes that potential budgetary implications as a result of the introduction of Voter I.D. should be negated by central Government covering the cost in full but suggests that the matter be kept under review.
- f. Requests that Cabinet investigates ways of helping parish and town councils to continue providing street lighting for which they are responsible in the face of ignorantly increased costs.

Recommendation

- 9. **Subject to** the comments in paragraph 8 above, the Scrutiny and Overview Committee **notes and supports** submission of the Budget to Cabinet on 6 February 2023.

Conservative Group Budget Proposal for 2023/2024

- 10. Councillor Aiden Van de Weyer said that the *South Cambs Magazine* was one way of raising fraud awareness.
- 11. Councillor James Hobro said that freezing Council Tax represented a real-terms cut in revenue for the Council, which might impact on service provision.

Recommendation

- 12. **Subject to** the comments in paragraphs 10 and 11 above, the Scrutiny and Overview Committee **notes and supports** submission of the Conservative Group Budget Proposal for 2023-24 to Cabinet on 6 February 2023.

Report Author:

Ian Senior – Scrutiny and Governance Adviser
Telephone – 01954 713028

Agenda Item 7



South
Cambridgeshire
District Council

Report to:	Cabinet	6 February 2023
Lead Cabinet Member:	Lead Cabinet Member for Planning	
Lead Officer:	Stephen Kelly, Joint Director of Planning and Economic Development	

Greater Cambridge Local Plan: Development Strategy Update (Regulation 18 Preferred Options)

Executive Summary

1. This report recommends that members confirm selected elements of the Greater Cambridge Local Plan development strategy via a Development Strategy Update (Regulation 18 Preferred Options) – see Appendix A. The Development Strategy Update draws on representations to the Local Plan First Proposals consultation held in 2021 and evidence completed since then regarding the following development strategy elements:
 - Updated needs for jobs and homes
 - Exploring provision of employment and housing – what is deliverable and how we will determine what is appropriate in terms of environmental, social and economic impacts – in particular water supply
 - Confirming our development strategy
 - Confirming key strategic sites
 - Development strategy next steps
2. Confirming a position so far as is possible at this point on the above topics will enable the Councils to progress towards a confirmed full development strategy at the draft plan stage, and will give confidence to promoters of priority sites for development, and to providers of infrastructure on which those sites rely for effective delivery.

Key Decision

3. Yes

The key decision was first published in the November 2022 Forward Plan.

Recommendations

4. It is recommended that Cabinet:

5. Agree the Greater Cambridge Local Plan Development Strategy Update (Regulation 18 Preferred Options) (Appendix A), and in particular the proposed policy directions in section 5 for the following proposed policies:
 - a. Policy S/JH: Jobs and homes
 - b. Policy S/DS: Development strategy (to confirm three key sites and development strategy principles to inform identification of any further sites)
 - c. Policy S/NEC: North East Cambridge
 - d. Policy S/CE: Cambridge East
 - e. Policy S/CBC: Cambridge Biomedical Campus
6. Note the findings of Appendix E: Sustainability Appraisal Update as a supporting document that has informed the decisions regarding the Greater Cambridge Local Plan development strategy update
7. Agree the following supporting documents that have informed the decisions regarding the Greater Cambridge Local Plan Development Strategy Update:
 - f. Appendix B: Strategy Topic Paper: Development Strategy Update (Regulation 18 Preferred Options),
 - g. Appendix C: Greater Cambridge Local Plan Consultation Statement: Development Strategy Update (Regulation 18 Preferred Options) which includes responses to representations relating to the content of this report,
 - h. Appendix D: Greater Cambridge Local Plan Consultation Statement: Equalities Impact Assessment: Development Strategy Update
8. Note the findings of the following new evidence documents that have informed the draft policy approaches set out in Appendix A: Greater Cambridge Local Plan Development Strategy Update (Regulation 18 Preferred Options) (see Background papers):
 - i. Greater Cambridge Economic Development, Employment Land and Housing Relationships Evidence Update (Iceni Projects), December 2022
 - j. Greater Cambridge Housing Delivery Study Addendum (AECOM), December 2022
9. Agree that any subsequent material amendments be made by the Lead Member for Planning
10. Agree that any subsequent minor amendments and editing changes that do not materially affect the content be delegated to the Joint Director of Planning and Economic Development in consultation with the Lead Member for Planning

Reasons for Recommendations

11. Cambridge City Council and South Cambridgeshire District Council are preparing a joint Greater Cambridge Local Plan. The proposed policy directions set out in the Development Strategy Update has been informed by representations to the Local Plan First Proposals consultation held in 2021 and updates to the Local Plan evidence base. Confirming a position so far as is possible at this point on the above topics will enable the Councils to progress towards a confirmed full development strategy at the draft plan stage, and will give confidence to promoters of priority sites for development,

and to providers of infrastructure on which those sites rely for effective delivery.

Details

Background

12. Cambridge City Council and South Cambridgeshire District Council (referred to as the Councils in this document), are working together to create a joint Local Plan for the two areas – which we are referring to as Greater Cambridge.
13. The Councils consulted on issues and options for the Plan in a First Conversation consultation in January and February 2020. Having considered comments received and prepared a wide range of supporting and evidence documents, the Councils then consulted on their First Proposals for the plan (the Preferred Options under Regulation 18 of the Town and Country Planning (Local Planning) (England) Regulations 2021) in November and December 2021. Results of the consultation were published in June 2022 and reported to members.
14. The Greater Cambridge Local Development Scheme August 2022, which sets out the timetable for plan making, states that a report on the development strategy would be considered by the councils in January 2023, followed by a full draft Local Plan to be considered by the councils in summer 2023 and subject to public consultation in autumn 2023.
15. Note that Cambridge City Council will be considering an aligned report at the Planning and Transport Scrutiny Committee on 17th January.

Current stage

16. The Greater Cambridge Local Plan Development Strategy Update (Regulation 18 Preferred Options) – see Appendix A - updates the Councils' position in respect of the development strategy for the new Greater Cambridge Local Plan. This report is a stage towards the preparation of a draft Local Plan and is not itself to be subject to public consultation.
17. The Development Strategy Update considers representations to the Local Plan First Proposals consultation held in 2021 and evidence completed since then regarding the following development strategy elements:
 - Updated needs for jobs and homes

- Exploring provision of employment and housing – what is deliverable and how we will determine what is appropriate in terms of environmental, social and economic impacts – including particular water supply
- Confirming our development strategy
- Confirming key strategic sites
- Development strategy next steps

18. The following sections summarise the position in relation to each of the elements listed above.

Updated needs for jobs and homes

19. Our First Proposals in 2021 was informed by evidence regarding the need for homes and jobs in Greater Cambridge. As part of that consultation we said we would update that evidence prior to the draft plan stage, including to take account of the impacts of the Covid-19 pandemic. In 2022 we updated our employment evidence and also the work translating employment growth into housing need (see Background papers: Greater Cambridge Economic Development, Employment Land and Housing Relationships Evidence Update). Key conclusions from this update are that Greater Cambridge’s key sectors have continued to see fast growth even accounting for COVID-19 impacts, and also that population growth in Cambridge in particular has been significantly higher than previously estimated, influencing a higher future forecast for the number of jobs that support the local population.

20. Continuing the principle of the approach to need for jobs and homes set out in the First Proposals, but taking account of the updated evidence, results in an increase in the objectively assessed need for jobs and homes. Table 1 below shows a summary of the conclusions of this work set alongside the figures included in the First Proposals.

Table 1: 2022 and First Proposals needs for homes and jobs

	First Proposals Jobs	2022 Update Jobs	First Proposals Homes	2022 Update Homes
Total in Greater Cambridge 2020-2041	58,400	66,600	44,400 (rounded up)	51,800 (rounded up)
Average annual rate	2,781	3,171	2,111	2,463

Exploring provision of employment and housing

21. The NPPF requires all Councils to have a clear understanding of their “objectively assessed” housing need for their area. This reflects the Government’s expectation that Councils plan to deliver sustainable development “...meeting the needs of the present without compromising the ability of future generations to meet their own needs.” (National Planning Policy Framework 2022 Para 7). Having identified our objectively assessed needs for jobs and homes, the Councils are required to confirm appropriate targets for jobs and homes to plan for in the new local plan, taking into account a range of potential constraints, as well as economic, social and environmental impacts, and if it does not prove possible to meet needs in full within Greater Cambridge to bring in Duty to Cooperate considerations – such as whether future needs can or should be met beyond the Councils’ areas.
22. Having objectively identified the “need” for new homes to support the forecast jobs and address the requirements of a growing population, and thereby reduce the pressures on existing housing (with consequent impacts upon house prices and rents and carbon emissions caused by long distance commuting) this section explores two key considerations; water supply and housing deliverability as important factors determining appropriate jobs and housing targets for Greater Cambridge.
23. In relation to water, the First Proposals was clear that it was contingent on evidence of adequate water supply without unacceptable environmental harm, which at that time awaited the publication of the Regional Water Resources Plan and also Cambridge Water’s Water Resource Management Plan (WRMP) anticipated in autumn 2022. Water Resources East published its draft Water Resources Plan for consultation in November 2022 (see Background papers), proposing additional supply including: a medium term water transfer from Anglian Water’s area expected to be operating from around 2030 (or potentially earlier), and in the longer term from the proposed Fens Reservoir expected to be operating from around 2035-37. Detail on the quantum of water supply and how that relates to housing and non-domestic growth will be provided in the Water Company WRMPs, but publication of Cambridge Water’s draft Water Resource Management Plan has been delayed. Therefore, while there is significant supply planned in the long term, we don’t know currently whether adequate water supply can be provided without unacceptable environmental harm to accommodate in full our First Proposals strategy as proposed, or our updated needs as above, within the 2020-41 plan period. Recent engagement with the Environment Agency in particular, has prompted officers to take a cautious approach on this matter at this time. The Councils will need to continue to explore this issue further before confirming a position. However, it is clear that there will be capacity for some additional homes to be delivered during the plan period to 2041 above current supply contained in the adopted 2018 Local Plans. In particular, we can be confident that there will be considerable capacity in terms of water supply once the new reservoir becoming operational in around 2035-37 and the piping of water to the area from around 2030 may also provide additional capacity.

24. In relation to housing delivery, in the context of an increased need for jobs and homes and the consequential increase in the annual average delivery rate needed to meet those needs during the plan period, our consultants have completed a Housing Delivery Study Addendum (see Background papers) which identifies that it is not clear whether the housing market could actually deliver the higher number of homes that would be required each year to meet the updated assessment of housing needs. Given the step change in the annual delivery rate associated with the new housing needs, significant intervention in the housing market or a significant change to the development principles underpinning the spatial strategy would need to be explored, and even then it may not be possible to fully meet needs. This will require further consideration as the draft plan is prepared.
25. The consultants advise that a diverse housing supply - involving potentially a range in the size and tenure of sites, and also a significant dispersal of new homes across the two districts (with a consequent impact upon carbon footprint) might be more flexible to changing circumstances and less reliant on a smaller more concentrated basket of sites and be more able to maximise market absorption (the rate at new homes could be built). Such a shift would however require both Councils to revisit the balance of distribution set out in the First Proposals – which focused upon accessible brownfield sites and a number of strategic growth locations connected together by a new public transport infrastructure network, drawing on our climate and transport evidence.
26. In addition, they advise that a stepped housing target is necessary to address the challenge that the increased annual housing rate associated with 2022 housing need can't be delivered until the Local Plan is adopted around 2027, and to respond to the expected timing of water supply infrastructure as above. The Councils will need to explore this issue further before confirming a position.
27. Drawing on the above, and having regard to the obligations upon the Council set out in the NPPF, the Councils' position is that the Greater Cambridge Local Plan should seek to provide for the identified objectively assessed needs for housing and jobs, but only so far as this can be provided without unacceptable sustainability impacts. Once the water supply position is understood, the councils will need to consider the environmental, social and economic impacts of the alternatives of meeting or not meeting our objectively assessed needs for homes and potentially also jobs in full.
28. Informed by the Housing Delivery Study, it will also be necessary to consider the spatial distribution of additional growth both in terms of whether it provides a development strategy that is capable of being delivered by the market or by more interventionist means, and also whether it would represent genuinely sustainable development. This would be particularly important if it would need to involve a dispersed development strategy, at odds with the principles that informed the First Proposals that were strongly endorsed during consultation and are still considered to form a good basis to build on for any future

strategy. We will need to revisit the view taken at the First Proposal stage that development levels set as targets for the Local Plan should not cause unacceptable environmental harm taking the full range of considerations into account.

Confirming our development strategy

29. Notwithstanding the challenges relating to water and housing delivery explored above, given the conclusion that whatever the outcome on those issues there will be capacity for some additional development beyond current commitments in the 2018 Local Plans, particularly later in the plan period once the reservoir is operating, it is appropriate to consider whether there are some parts of the development strategy that it is reasonable to confirm a position upon at this point in time having regard to the updated evidence base and the conclusions drawn from the 2021 public consultation on the First Proposals.
30. As such, we propose to confirm the inclusion of North East Cambridge, Cambridge East and the existing Cambridge Biomedical Campus site and allocation (with further work to confirm if Green Belt release is appropriate at this site). Confirming a position on these three key strategic sites that formed part of the First Proposals and being clear that they will form central building blocks of any future strategy for development will give confidence to promoters of these priority sites for development, and to providers of infrastructure on which those sites rely for effective delivery. It will also justify time spent working up proposals for these sites to be included in the draft plan, including working with promoters.
31. Beyond these key three sites, and noting we are not yet in a position to confirm the targets for the Local Plan for jobs and homes or confirm the overall preferred development strategy and sites, ahead of draft plan we will:
 - Define appropriate housing and employment targets, having regard to all material factors including water supply and housing delivery
 - If needed, identify further sites beyond North East Cambridge, Cambridge East and Cambridge Biomedical Campus to meet our settled targets. Having reviewed First Proposals representations the report seeks to confirm that the First Proposals development strategy principles remain valid, and we would build on these to inform the identification of any additional sites.
 - Talk with our neighbouring authorities about the potential for them to provide for any part of our needs that cannot be met within Greater Cambridge.
32. Beyond the above tasks, we will also need to review the Local Plan timetable once the DCO for the relocation of the WWTP has been submitted.

Summary

33. In summary, we recommend that the Councils agree the draft policy positions set out in Appendix A: Greater Cambridge Local Plan Development Strategy Update (Regulation 18 Preferred Options), which address:

- The 2022 updated objectively assessed needs for jobs and homes
- The principle of seeking to meet the updated objectively assessed needs identified in 2022 if this was to be shown to be deliverable without causing unacceptable harm
- The inclusion and prioritisation of delivery of North East Cambridge and Cambridge Airport as the most sustainable strategic scale locations for development identified in the First Proposals strategy
- The inclusion of the existing Cambridge Biomedical Campus, and continuation of work exploring the case for the allocation of additional land to the south and its removal from the Green Belt
- Development strategy principles informing the allocation of additional sites beyond North East Cambridge and Cambridge East if this was to be shown to be deliverable without causing unacceptable harm.

Options

34. Members may decide to:

- a. Agree the Development Strategy Update and supporting documents as proposed, without making any further amendments;
- b. Agree the Development Strategy Update and supporting documents, making any further amendments; or
- c. Not agree to issue the Development Strategy Update and supporting documents.

Implications

35. 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

36. Local Plan costs are currently anticipated to be within current budgets. This will be kept under review alongside other work priorities.

Legal

37. The legal implications of preparing the statutory Local Plan have been considered in the writing of this report.

Staffing

38. The Local Plan is currently anticipated to be delivered within our existing staffing team. This will be kept under review alongside other work priorities.

Risks/Opportunities

39. The Local Plan is a key corporate priority and will be monitored against the timetable set out in the Local Development Scheme.

Equality and Diversity

40. The Development Strategy Update has been subject to an Equalities Impact Assessment (see Appendix 4).

Climate Change

41. The plan is subject to a detailed Sustainability Appraisal / Strategic Environmental Assessment Process. The First Proposals was also informed by a Net Zero Carbon Study. Transport is the biggest generator of carbon from new development, and the development strategy principles proposed seeks to focus development where there are opportunities for travel by active modes or public transport.

Health & Wellbeing

42. Health and Social Inclusion is a major theme for the local plan. The Development Strategy Update has been subject to an Equalities Impact Assessment (see Appendix 4).

Consultation responses

43. The local plan is accompanied by a Statement of Consultation at each stage in its preparation to set out what consultation has taken place in preparing the next version of the plan. The Consultation Statement supporting the Greater Cambridge Local Plan Development Strategy Update (Regulation 18 Preferred Options) is Appendix 3 to this report.

Alignment with Council Priority Areas

Growing local businesses and economies

44. The 2022 economic and housing evidence base considered both jobs growth and the need for different types of employment space. The Development

Strategy Update seeks to meet the objectively assessed needs for jobs, subject to not causing unacceptable environmental, social or economic harm.

Housing that is truly affordable for everyone to live in

45. The 2022 economic and housing evidence has considered the need for new housing. The Development Strategy Update seeks to meet the objectively assessed needs for homes, subject to not causing unacceptable environmental, social or economic harm. This would include a substantial number of affordable homes.

Being green to our core

46. The plan is subject to a detailed Sustainability Appraisal / Strategic Environmental Assessment Process. The First Proposals was also informed by a Net Zero Carbon Study. Transport is the biggest generator of carbon from new development, and the development strategy principles proposed seeks to focus development where there are opportunities for travel by active modes or public transport.

A modern and caring Council

47. The approach to engagement and participation on the Local Plan supports the Council's priority of being a modern and caring Council. The draft plan will be subject to full consultation.

Background Papers

Background papers used in the preparation of this report include:

Updated evidence documents supporting the Greater Cambridge Local Plan, available at [Greater Cambridge Local Plan: Development Strategy Update](#):

- Greater Cambridge Employment and Housing Evidence Update (Iceni Projects), December 2022
- Greater Cambridge Housing Delivery Study Addendum (AECOM), December 2022

Previously published evidence documents supporting the Greater Cambridge Local Plan:

- Responses to the First Proposals consultation can be viewed in full on the [First Proposals website](#). We also asked for comments using an anonymous quick questionnaire, results are in the form of a [spreadsheet](#), and drawn out some of the key results in our [report on the consultation](#). Call for sites submissions can be found on the [Call for Sites](#) page.

Selected documents as below, available at [Greater Cambridge Local Plan – First Proposals document library, November 2021](#)

- Greater Cambridge Local Plan: First Proposals (Preferred Options 2021)
- Supporting documents: all shown
- Topic paper: Strategy topic paper, September 2021
- Evidence base:
 - all documents listed under Strategy
 - Integrated Water Management Study - Outline Water Cycle Strategy (Stantec), August 2021

[Papers supporting the Joint Local Planning Advisory Group meeting held 24th October 2022 regarding First Proposals representations on the development strategy.](#) A recording of the meeting is also available to view.

Externally produced documents:

- [Water Resources East draft Regional Water Resources Plan](#)

Appendices

Appendix A	Greater Cambridge Local Plan: Development Strategy Update (Reg. 18 Preferred Options)
Appendix B	Strategy Topic Paper: Development Strategy Update (Reg. 18 Preferred Options)
Appendix C	Greater Cambridge Local Plan Consultation Statement: Development Strategy Update (Reg. 18 Preferred Options)
Appendix D	Equalities Impact Assessment: Greater Cambridge Local Plan: Development Strategy Update
Appendix E	Greater Cambridge Local Plan SA Addendum

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Agenda Item 8



**South
Cambridgeshire**
District Council

Report to:	Cabinet	6 February 2023
Lead Cabinet Member:	Councillor Peter McDonald, Lead Cabinet Member for Economic Development	
Lead Officer:	Stephen Kelly, Joint Director of Planning and Economic Development	

Draft Regional Water Resources Plan for Eastern England Consultation Response

Executive Summary

1. Water Resources East (WRE) are consulting upon their first full draft Regional Water Resources Plan. The plan covers the period to 2050 and is clear that unless urgent action is taken by all sectors, the region will face severe water shortages constraining agricultural production, economic and housing growth and endangering the east's iconic chalk rivers, peatlands and wetlands.
2. To tackle this a 'best value' plan is presented which includes demand side measures such as water efficiency, leakage reduction, universal metering and use of smart meters. In addition new sources of water supply such as water transfers, two new reservoirs and desalination plants at the coast.
3. Some detail is provided about the measures proposed in the Cambridge Water supply zone which supplies water to Greater Cambridge. Further detail will subsequently be provided in Cambridge Water's own draft Water Resources Management Plan, which is expected to be published soon.
4. The proposed response highlights the Councils' concern about the significant water issues facing the region. There is support for the demand side measures and supply side measures proposed for the Cambridge Water area and the Councils request that these measures are brought forward as soon as possible. The response says that the plan needs to seek to restore the status of our watercourses by planning for the most ambitious 'enhance' environmental destination.

Key Decision

5. No

Recommendations

6. It is recommended that Cabinet:

- a. Agree the consultation response to be sent jointly with Cambridge City Council set out in Appendix A and that this should be sent to Water Resources East.
- b. Agree that any subsequent material amendments be delegated to the Lead Cabinet Member for Economic Development in consultation with the Joint Director of Planning and Economic Development.
- c. Agree that any subsequent minor amendments and editing changes that do not materially affect the content be delegated to the Joint Director of Planning and Economic Development in consultation with the Lead Member for Economic Development.

Reasons for Recommendations

7. Water resources will be critical to the development of the Greater Cambridge Local Plan and this is an opportunity to put forward the views of South Cambridgeshire District Council jointly with Cambridge City Council on the draft Regional Water Resources Plan for Eastern England.

Details

Background

8. Water Resources East (WRE) is the independent, not-for-profit membership organisation tasked by government to create a regional water resources plan for Eastern England that looks ahead to 2050 and beyond. WRE are consulting upon their first full draft Regional Water Resources Plan between 14 November 2022 and 20 February 2023. This builds upon an emerging plan that was published in January 2022, to which Cambridge City Council and South Cambridgeshire District Council made a joint response.
9. It was anticipated that individual Water Company draft Water Resource Management Plans (WRMP) would be published at the same time as the draft regional plan, but these have been delayed. The Cambridge Water WRMP is expected to provide more specific information and detail to our local area. A response for Members to agree will be prepared when this plan is published.

Key issues highlighted by the draft plan

10. The draft Regional Water Resources plan shows that the region as a whole faces projected water shortages of more than 600 million litres of water per day by 2050, which is about a quarter of current water use. The deficit is being driven by population and economic growth, climate change and the urgent need to abstract far less water from rivers and groundwater which is having a detrimental impact on the environment. The plan is clear that unless urgent action is taken by all sectors, the region will face severe water shortages constraining agricultural production, economic and housing growth and endangering the east's iconic chalk rivers, peatlands and wetlands.

11. Public water supply is projected to have the largest supply-demand deficit in 2050, largely driven by the volume of water that is currently abstracted that will need to be left in the environment in the future. The Environment Agency will introduce caps to reduce the amount of abstraction in two stages. First to prevent further deterioration and then to move towards an environmental destination (a level of environmental improvement).
12. The draft plan sets out proposed measures to tackle this projected shortfall. Water companies will continue their drive in demand side measures such as reducing leakage, introducing universal metering and investing in smart metering. In addition significant supply side options will be needed in the region including two new reservoirs and in the future 'next generation' (net-zero carbon) desalination plants at the coast.
13. In addition to looking at the public water supply, the plan also looks at agri-food and other abstractors who do not have an established means of working together. The eastern region is key for crop growing and heavily reliant on irrigation. In the future it is likely that in moving towards net zero carbon the power sector will demand more water as hydrogen production and carbon capture, usage and storage are both water intensive processes.
14. The plan states that WRE's preferred environmental outcome is the most ambitious environmental 'enhance' scenario. This would support the achievement of 'Good Ecological Status' in all waterbodies, provide extra protection for European Protected Sites and Sites of Special Scientific Interest and deliver enhanced protection for chalk streams, wetlands and sensitive headwaters. However, the plan goes on to say that 'it is too early in the regional planning process to definitively know if the full extent of returns to the environment currently suggested under the 'Enhance' scenario will be necessary to achieve these goals' and that further investigation is required. At this stage the plan is based on the 'resilience' (Business as Usual +) scenario, which focuses on extra protection for European Protected Sites only, although the plan says that the set of actions and investments needed in the next 10 to 15 years are largely the same regardless of environmental destination. This 'resilience' scenario is also in line with the anticipated water company Water Resource Management Plans.
15. The key summary diagrams in the plan are reproduced in Appendix B. These are the Draft Regional Plan at a glance and the diagram of the 'best value' plan to 2050.
16. Greater Cambridge and a small part of Huntingdonshire is covered by Cambridge Water's area. Proposals in relation to demand management are plan wide and aim to reduce household consumption to an average of 110 litres/person/day. These focus around significant leakage reduction and 97% meter penetration. Also a full roll out of smart metering by 2035 in Cambridge Water's area. The plan also sets out specific proposals to increase water supply in Cambridge Water's area. These include optimising an existing licence in the gravels at Fenstanton, a time limited water transfer from Anglian Water by 2030 and supply from the proposed Fens Reservoir by 2035-37. The plan also shows rainwater

harvesting and greywater reuse in new development and Milton reuse, which is referring to the sewage treatment plant. Further detail will be provided in Cambridge Water's draft Water Resource Management Plan (WRMP) which must be in line with the Regional Plan and is due to be published imminently.

17. The Regional Plan is clear that it will need to be monitored and adapted and that if there are shortfalls in the water resources to be found or if more water needs to be found to deliver the 'Enhance' scenario for the environment that this will likely necessitate more desalination and sooner. It says that there are no other scalable options available in the region as all freshwater sources are at or near full utilisation, if not already over-exploited. The alternative to more desalination would be to postpone key benefits of the plan such as achieving the 1:500 drought resilience standard, for water companies to delay licence cap reductions later in the 2030s due to overriding public interest, or to scale back or postpone the delivery of environmental destination flows within some waterbodies.
18. The plan also sets out the policy priorities that it considers Government will need to address in relation to demand management. These include a roadmap toward tighter building regulations, a water labelling scheme and minimum water efficiency standards for taps, showers, toilets and white goods, non-household action to promote water savings and a national water consumption target.

Response to Draft Regional Water Resources Plan

19. A proposed joint response to the Regional Plan is set out in Appendix A. This sets out an overarching response and then responses to the eight questions posed by WRE as part of the consultation.
20. In summary, the response highlights the Councils' concern about the significant water issues facing the region and supports the measures in the regional plan to reduce the demand for water and provide new supply side measures such as the transfer from Anglian Water to the Cambridge Water area and the Fens Reservoir. The Councils request that these measures are brought forward as soon as possible as they will impact on the Councils' ability to deliver the homes and jobs that people need. The response also says that the plan needs to seek to restore the status of our watercourses by planning for the most ambitious 'enhance' environmental destination.
21. The proposed response was reported to Cambridge City Council Planning and Transport Scrutiny Committee on 17th January 2023. Members requested that the response was strengthened and this additional wording is included within the response presented at Appendix A. In particular the response to Question 2 was strengthened to show that the Councils think that it is imperative that the plan should do everything it can to restore chalk streams to 'good status' and would oppose any delay in sustainability reductions relating to water company abstractions. Reference was made to the importance of water quality as well as water quantity in the health of chalk streams in Question 7. Additional wording was added to Question 8 to highlight the changes needed to Building Regulations to enable Councils to include water efficiency policies of 80 litres/person/head. Also, at the request of South Cambridgeshire Members, wording was added to

Question 8 about the importance of soil management to reduce run-off from agricultural land.

Options

22. Members may decide to:

- a. Agree the consultation response as proposed, without making any further amendments;
- b. Agree the consultation response, making amendments; or
- c. Not agree to make a consultation response to WRE.

Implications

23. This is a response to a consultation and there are no significant implications.

Alignment with Council Priority Areas

Growing local businesses and economies

24. Adequate water resources will be key to the development of local businesses and the economy to be included in the Greater Cambridge Local Plan and it is therefore important to use this opportunity to comment on the draft Regional Water Resources Plan.

Housing that is truly affordable for everyone to live in

25. Adequate water resources will be key to the development of housing to be included in the Greater Cambridge Local Plan and it is therefore important to use this opportunity to comment on the draft Regional Water Resources Plan.

Being green to our core

26. The Draft Regional Water Resources Plan includes measures to improve the environment by reducing the amount of water that is abstracted and which is currently having a detrimental impact on the chalk streams and rivers in Greater Cambridge. The Greater Cambridge Local Plan will need to consider the water resources available as set out in the Regional Plan and Water Company WRMPs. It is therefore important to use this opportunity to comment on the draft Regional Water Resources Plan.

A modern and caring Council

27. Water resources is one aspect that will need to be taken into account in the development of the Greater Cambridge Local Plan. The Local Plan will be

subject to full consultation, which supports the Council's priority of being a modern and caring Council.

Background Papers

Background papers used in the preparation of this report include:

- Draft Regional Water Resources Plan (November 2022) for Eastern England and supporting documents <https://wre.org.uk/the-draft-regional-plan/>
- [Record of Executive Decision](#) – Consultation response to the emerging Water Resources Regional Plan for Eastern England (22 February 2022)

Appendices

Appendix A Proposed joint response to Draft Regional Water Resources Plan for Eastern England (November 2022)

Appendix B Key summary diagrams from Draft Regional Water Resources Plan for Eastern England

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Appendix A

Proposed Joint Response to Draft Regional Water Resources Plan for Eastern England (November 2022)

Overarching response:

This response is made on behalf of Cambridge City Council and South Cambridgeshire District Council ('the Councils'). The water environment of Greater Cambridge including its rivers and precious chalk streams, are key to the area's environment and biodiversity and the health and wellbeing of its population. The Councils have recognised that we face a climate and ecological emergency, and the state of the water environment is a significant concern for the Councils.

There is currently an infrastructure deficit in terms of water supply infrastructure that needs to be addressed to protect and enhance the environment and support meeting the development needs of the Greater Cambridge area. The regional response to the water issues is long overdue, but the draft regional plan now presents positive interventions to address the significant issues facing the area. The plan needs to be ambitious and seek to restore the status of our watercourses. Planning for the 'enhance' scenario should be central to this.

New supply side measures such as the Fens Reservoir and connections between the Cambridge Water supply network and Anglian Water's much wider network need to be delivered as soon as possible, and opportunities should be taken, including in liaison with government, to do this. More needs to be done to address the demand side. The Councils have shown support for implementing strong water efficiency policies in their emerging Local Plan which can be applied to new developments, but wider measures such as smart metering and support to reduce leakage in networks, existing homes and other points of consumption need to be rolled out as soon as possible.

If action isn't taken it will impact on the Councils' ability to deliver the homes and jobs that people need, and to support the nationally important Greater Cambridge economy, as we are required to do by the government's National Planning Policy Framework unless any adverse impacts of doing so would significantly and demonstrably outweigh the benefits. At the same time, we also need to ensure the local environment and water bodies are protected and enhanced, and water quality is significantly improved.

This response is drafted prior to the release of the individual water company plans (Water Resource Management Plans). We will need the detail from the WRMPs to fully understand the local water supply situation when these regional proposals are applied at the local level. This could also impact on our views on the regional plan solutions.

Proposed response to consultation questions:

Question 1: Have we presented credible projections of future water needs and deficits across all sectors and the environment?

It is vital that water resource plans have a full understanding of future water needs.

The plan is accompanied by a document entitled 'Demand Forecast November 2022' which sets out in detail the approach that was taken to forecast future demand for water resources. The document sets out a wide range of methods used to identify potential development scenarios. This includes analysis of trends, Local Authority Plans, historical completion rates, and also strategic growth plans. It is important that growth projections take account of local development plans which reflect local circumstances. From the narrative it appears that the scenario to be used as the core scenario informing individual Water Resource Management Plans (WRMPs) seeks to reflect existing development plans in Greater Cambridge and an allowance for future growth. This is supported, but the detail will only become clear in the Cambridge WRMP as the detail is not included in the regional plan.

Cambridge and South Cambridgeshire District Council are supportive that the forecasts consider both household and non-household consumption. The water demands of economic development must be fully considered. The Demand Forecast document advises that modelling has been done characterising geographical areas and individual sectors. The Councils have commissioned their own evidence regarding employment growth, which has been recently updated. The detail is not present in the demand forecast document to sense check the figures, therefore further information is requested regarding these assumptions, including specifically for the Greater Cambridge area.

Cambridge and South Cambridgeshire District Council are preparing the Greater Cambridge Local Plan, which will plan for development in the area to 2041 and beyond. The plan is still in preparation, and the Councils will need to understand the water resources available. The Councils will continue to liaise with WRE,

Cambridge Water and Anglian Water as the Draft Greater Cambridge Local Plan is produced and the water plans are finalised.

Question 2: Do you support WRE's ambition to achieve the outcomes associated with the 'Enhance' Environmental Destination scenario by 2050?

Cambridge City Council and South Cambridgeshire District Council strongly support the ambition to achieve the 'Enhance' environmental destination.

Although WRE's ambition is the 'Enhance' scenario, the current plan is based on the less ambitious 'Resilience' (BAU+) scenario. The reason given for this (page 12 of the plan) is that further investigation is required and to ensure alignment with company-level Water Resource Management Plans (WRMPs). WRE will need to ensure that the further work is prioritised and carried out to maintain the momentum to achieve the higher aims of the 'enhance' scenario.

The BAU+ scenario provides extra protection for European Protected Sites, but chalk streams are not currently protected in this way. The Councils would urge WRE that it is imperative that the regional plan should do everything it can to restore waterbodies, particularly chalk streams, to 'good status'. Abstraction is already having a detrimental impact on the precious chalk streams and the Councils would oppose any delay in the sustainability reductions relating to water company abstractions.

Question 3: Have we taken the right approach to identifying potential solutions to mitigate the projected deficits?

The approach set out in the plan uses a list of multi-sector performance metrics and considers the benefit and potential risks to the environment to arrive at a 'best value' plan. This is a complex process and difficult to critique in detail. It is certainly preferable to a 'least cost' plan which could potentially sacrifice important elements, potentially at the cost of the environment.

Question 4: Does our proposed plan strike the right balance between demand and supply-side options for the public water supply?

The plan has a strong focus on demand side options but is also realistic that the scale of the water deficit will require new supply-side options in order to protect and restore the environment, and the Councils are supportive of this.

Demand side measures provide opportunities to make better use of the water available through using water more efficiently, minimising waste by leakage control and smart metering and re-using water. Whilst it is understood the effectiveness of these measures have been tested, they will need to be continually monitored.

The Councils will include policies regarding water efficiency in new developments in the new Greater Cambridge Local Plan. We are supportive of the reference to water reuse in the WRE plan and the recognition that Government also has a role to play in tightening building regulation standards for water efficiency. The Councils would welcome further exploration of how retrofitting of existing properties can be supported by the water industry.

Although there is a strong focus on demand side options, the plan is also clear that due to the scale of the water deficit (to reduce the amount of abstraction which is causing environmental harm and to take into account climate change) the development of new sources of supply is necessary. The Councils are supportive of the supply side options proposed for the Cambridge Water area and request that these are brought forward as soon as possible (also see response to Question 5).

Question 5: Does our proposed plan include the right low-regret supply-side options in the short, medium and long-term?

The Councils are concerned that there appear to be few short-term supply options in the Cambridge Water area which supplies Greater Cambridge. It is imperative that the other medium / long term options such as the water transfer from Anglian Water to Cambridge Water and the Fens Reservoir are brought forward as soon as possible to support the reduction in abstractions and meet the development needs of Greater Cambridge.

In the future following the development of the two strategic reservoirs it seems that the region will need to rely upon desalination for additional water supply to fulfil long-term environmental improvements. The plan states that these will be 'next-generation' desalination, which refers to the net zero carbon technologies that will need to be incorporated into the lifetime of the plants and an environmentally safe means of disposing of the brine water residue. The plan

suggests that further advancement of technologies will be needed before this is possible. The Councils are supportive that only such 'new generation' desalination plants are included in the plan, but there will be a need to monitor the progress of the development of such new technologies if they are to be relied upon in the plan. It is noted that the plan references the potential in the long-term for colocation of next generation desalination plants with hydrogen production. The Councils would recommend that this only take place if this co-location is with green hydrogen production in order to prevent a need to use fossil fuels.

Question 6: Has our plan been co-created in a fair, open and transparent way, involving the right stakeholders?

The Councils are supportive that at each stage of the plan public consultation is carried out and comments made are considered in the next stage of plan making. The Regional Plan is accompanied by a document 'Summary of responses to Emerging Regional Plan consultation' which provides a summary of the responses received to the consultation in January 2022. In particular, Chapter 2 of this document is a useful summary of the main themes arising from the consultation and how these have been addressed in the draft Regional Plan. The increased level of ambition on demand management to 110 litres/person/day by 2050 (it was 120 l/p/d in the emerging plan) is welcomed.

A key area raised by many stakeholders was to prioritise protection for chalk streams. The response to this is not very clear, other than that further investigations will be conducted to help prioritise where the biggest ecological gains can be made most quickly including for chalk rivers. More detail should be provided.

Question 7: What further catchment-level analysis or activity would it be useful for WRE to prioritise?

The Councils would urge WRE to prioritise the additional research into chalk streams referenced in annex 3 of the plan, in order to identify the best ways in which to enhance their protection. The health of chalk streams is dependent on both the amount of water relating to abstraction and the quality of water, which has direct links to water company Drainage and Wastewater Management Plans. WRE's work regarding chalk stream protection should consider how to complement work being done by other agencies. For example, Cambridge City Council and South Cambridgeshire District Council have secured funding from

the Cambridgeshire and Peterborough Combined Authority to carry out projects which make local chalk streams and the species they support more resilient. Both Councils are committed to doubling nature in Greater Cambridge, and we would urge a coordinated approach to actions in order to secure the greatest benefits.

Question 8: Are there any areas which you feel WRE should be considering which are not currently reflected in our plan?

The plan sets out a number of policy priorities for government on demand management that would directly support the success of the plan. The Councils are also supportive of these measures, in particular the building regulations roadmap towards tighter standards for water efficiency, the need for non-household action in order to reduce water consumption, and mandatory water labelling on taps, showers, toilets and white goods and support WRE in lobbying Government on these matters.

The Regional Plan also refers to the ministerial statement sent in a letter to local planning authorities encouraging them to adopt the tighter 110 litres/person/day in new homes. The Councils already have a policy in the adopted Local Plans requiring this. The ministerial letter also encourages local planning authorities to discontinue the use of the 'water calculator' element of Part G and focus on the alternative fittings-based approach. The Councils can only encourage this as both approaches are within the regulations. Real change can only come about if the Government actually change Part G of the Building Regulations. The Councils would request that the Government include an optional requirement of 80 l/p/day in areas of water stress, which will allow Local Authorities to more easily require this lower level within policies in their Local Plan. This is the level that Greater Cambridge included within the First Proposals Local Plan and a similarly challenging level for non-housing development. In addition, if these changes were made to Building Regulations, that they come in with immediate effect or with a minimum transition period. The Councils would encourage WRE to lobby the Government to make these changes.

The Council's consider that in parallel with bringing forward conventional, hard infrastructure measures to retain and import water (new reservoirs and pipelines), measures to retain rainwater on, and reduce run-off from agricultural land should be explored, evaluated, promoted and funded, especially where topography and conventional farming practice lead to high run-off rates and loss of rainwater into watercourses. Soil management techniques, such as cover-cropping, aimed at increasing soil carbon are known to have many co-benefits, amongst them increasing the water holding capacity of soils, reducing the need for summer

irrigation, improving flood resilience, supporting biodiversity and increasing infiltration rates to replenish the aquifer. Anglian Water and Cambridge Water should work with DEFRA (via ELMS and the Sustainable Farming Incentive, announced June 22) to further incentivise progressive soil management specifically in regard to enhancing the water management co-benefits. Anglian Water should assess the cost effectiveness of incentivising progressive soil management techniques as a contributor to water management and aquifer recharge alongside hard infrastructure. Cost-benefit comparisons should take into account embedded carbon cost of hard infrastructure versus carbon sequestration benefits of progressive soil management, using a realistic carbon pricing model.

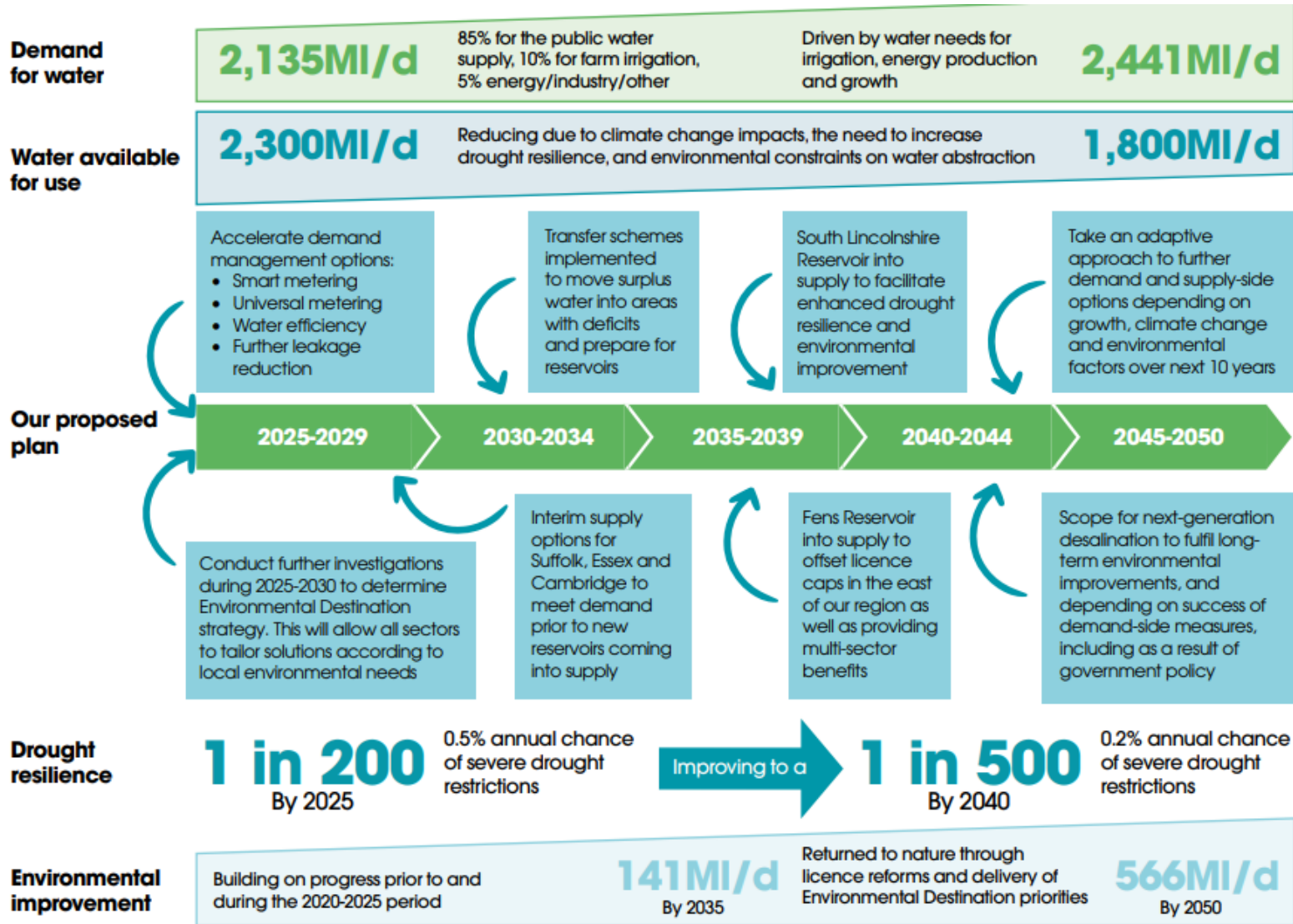
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Appendix B

Key Summary Diagrams from Draft Regional Water Resources Plan for Eastern England

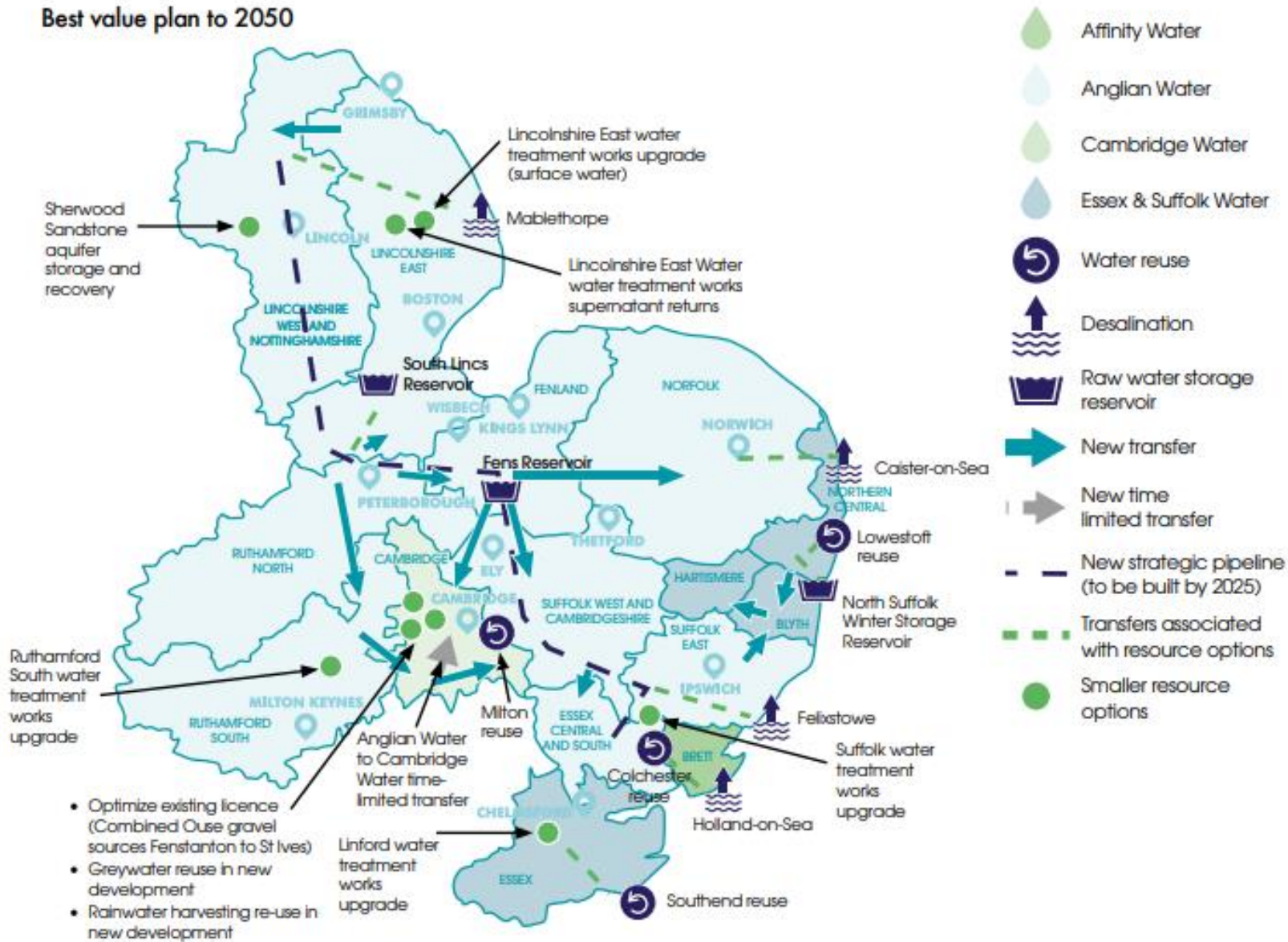
WRE's Draft Regional Plan at a glance

Page 46



All figures are in megalitres per day (MI/d). A megalitre is a million litres of water.

Best value plan to 2050



- Affinity Water
- Anglian Water
- Cambridge Water
- Essex & Suffolk Water
- Water reuse
- Desalination
- Raw water storage reservoir
- New transfer
- New time limited transfer
- New strategic pipeline (to be built by 2025)
- Transfers associated with resource options
- Smaller resource options

- Optimize existing licence (Combined Ouse gravel sources Fenstanton to St Ives)
- Greywater reuse in new development
- Rainwater harvesting re-use in new development

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Agenda Item 9



South
Cambridgeshire
District Council

Report to:	Cabinet	6 February 2023
Lead Cabinet Member:	Councillor John Batchelor, Lead Cabinet Member for Housing	
Lead Officer:	Peter Campbell, 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 Cabinet 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 which shows completions, Right to Buy loses, and net increase;
 - 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 updated to clarify that Ermine Street Housing is out of scope of this Strategy;
- p) Paragraph 7.1 updated to reflect proposed changes re: financial modelling period;
- q) Paragraph 9.2 added to address how SCDC will mitigate the risk associated with the Right to Buy

Options

1. Members 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. Members could approve some of the changes, and reject others, providing details; and/or
3. Members could set a different delivery target; or
4. Members 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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Agenda Item 10



South
Cambridgeshire
District Council

Report to:	Cabinet	6 February 2023
Lead Cabinet Member:	Councillor Bridget Smith, Leader of the Council	
Lead Officer:	Liz Watts, Chief Executive	

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 Cabinet:
 - a) Consider the proposed Business Plan Action Plan for 2023-24 at **Appendix A** and recommend it to Council for approval, with any amendments as required.
 - 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, for example through the inclusion of objectives to promote the Council as an employer of choice and to ensure all of our communities have their voice heard in conversations about the future shape of the district. 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

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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>	<p>2a) Provide space for start-ups and small businesses via the provision of space at our South Cambs Hall office building</p>	<p>2ai) Space rented to start-ups or small businesses at our South Cambs Hall office building (Q3)</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
	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)

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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
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.

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- 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>

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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
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>	2ci) Consult on a Housing Strategy to shape our Housing activity (Q1)
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>

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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
			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>

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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
		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.

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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
<p>3) We will support nature recovery as part of our 'doubling nature' agenda</p>	<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>
<p>4) We will decarbonise the Council's estate and operations</p>	<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>

Appendix A: Draft 2023-24 Business Plan Action Plan

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>

Appendix A: Draft 2023-24 Business Plan Action Plan

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>

Appendix A: Draft 2023-24 Business Plan Action Plan

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)

Appendix A: Draft 2023-24 Business Plan Action Plan

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>

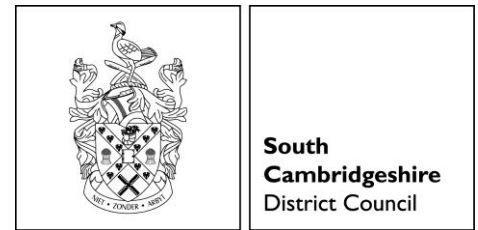
Appendix A: Draft 2023-24 Business Plan Action Plan

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:	Cabinet	6 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 for adoption by the Council.

Key Decision

2. This is not a key decision.

Recommendation

3. **Cabinet is requested to consider the report and, if satisfied, recommend to Full Council 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

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 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:	Cabinet	6 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 for adoption by the Council.

Key Decision

2. This is not a key decision.

Recommendation

3. **That Cabinet is requested to consider the report and, if satisfied, to recommend to Council 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

Appendices

A Treasury Management Strategy

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**South
Cambridgeshire
District Council**



TREASURY MANAGEMENT STRATEGY

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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 (5.1% ~~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.

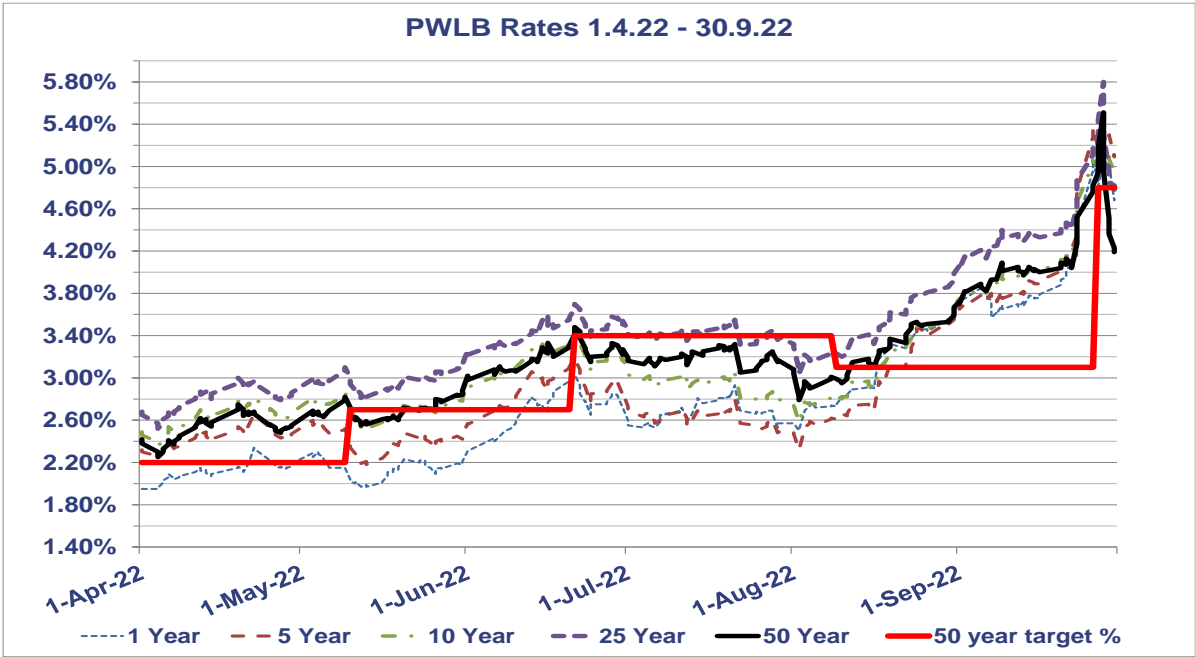
Throughout Q3 Bank Rate increased, finishing the quarter at 2.25% (an increase of 1%). Q4 has seen rates rise to 3.5% in December and the market expects Bank Rate to hit 4.5% by May 2023.

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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Agenda Item 13



South
Cambridgeshire
District Council

REPORT TO: Cabinet 6 February

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 undertake a review of the Council's Revenue Reserves and Provisions as part of the 2023/2024 budget setting process.
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 Cabinet is requested to consider the report and, if satisfied, recommend to Full Council:**
 - (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 within the 2022/23 estimate. These include additions to, 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 £68,000 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>64</u>
TOTAL	<u><u>68</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 a bit more flexibility. The most significant call on this reserve is likely to be for laptop replacement and indeed £100,000 is required in 2023/24.

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:

Policy

15. The Medium-Term Financial Strategy (MTFS), approved by Cabinet on 12 December 2022, requires the 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.

Legal

16. 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.

Financial

17. 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.

Risk

18. 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.

Environmental

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

Equality Analysis

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.

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
- Medium Term Financial Strategy – Report to Council: 21 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	Balances as at 31/03/2023 £'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	3,293

Name of Reserve	Description of Reserve	Balances as at 01/04/2022 £'000	Transfer From Reserve £'000	Transfer to Reserve £'000	Balances as at 31/03/2023 £'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	Balances as at 31/03/2023 £'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	933
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	Balances as at 31/03/2023 £'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	Balances as at 31/03/2023 £'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	729
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 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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Agenda Item 14



REPORT TO: Cabinet

6 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 and to recommend the Revenue Budget to Council.
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 Cabinet 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 £84.597 million, estimated Gross Operating Income of £52.285 million and estimated General Fund Net Operating Expenditure of £32.312 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) Set the Council Tax Requirement for 2023/2024 at £11,130,440.
 - (e) 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.
 - (f) Approve the estimates of the amounts required to be made under the Non-domestic Rating (Rates Retention) Regulations 2013 as set out in paragraphs 44 and 45.

- (g) Approve the use of the additional income from the Business Rate Pool, estimated at £1,100,000 in 2023/2024, for transfer to the established Renewables Reserve for priority projects.
- (h) Subject to any changes to the recommendations above, recommend to Full Council:
 - (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 £25.720 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 Cabinet to recommend to Full Council 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. Short 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) Provisional 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 provisional 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 Provisional Local Government Finance Settlement 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 £1,091,000 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 £137,000 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 £103,000. 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) 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 provisional 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 Provisional £'000	Change %	2024/2025 £'000
Settlement Funding Assessment (SFA):				
- Business Rates Baseline	2,647	2,746	3.7%	2,746
- Revenue Support Grant (RSG)	-	-		
Total SFA – Per 2023/2024 Settlement	2,647	2,746	3.7%	2,746
- Rural Services Grant	137	137	0%	137
- Lower Tier Services Grant	113	-	-100%	113
- Funding Allocation Guarantee	-	1,091	100%	0
- Services Grant	182	103	-76.7%	190
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	16,715	4.8%	16,010

24. While the level of Settlement Funding Assessment (SFA) for 2023/2024 remains stable as a result of the provisional 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	521,000	
Business Rates		
Funding Guarantee Allocation	1,091,000	
Rural Services Grant/Lower Tier Grant		193,000
New Homes Bonus		868,000
Net Increase in Resources	1,612,000	1,061,000

	Reduced Spending/ Funding changes £'s	Increased Spending £'s
Spending		
Chief Executive		726,000
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	1,547,000	
Other Levies & Contributions		62,000
Capital Financing & MRP	932,000	
Contribution to Earmarked Reserves	5,292,000	
Contribution to General Fund	389,000	
Change in budget requirement between 2022/2023 and 2023/2024	9,112,000	9,663,000

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 maintains the sum of £250,000 for this purpose, which represents approximately 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 Provisional 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	2,815
- Tariff	26,482	33,913	28.1	34,761
- Business Rates Baseline	29,129	29,129	0	29,857
- Section 31 Grants	4,667	4,667	0	-
Total SFA – Per 2023/2024 Settlement	2,647	2,746	3.7	2,815
Safety Net Threshold	2,449	2,540	3.7	2,603
Levy Rate (p in £) applicable if outside pool	£0.50	£0.50		£0.50

38. Specifically, in relation to the preparation of the 2022/2023 Revenue Budget:

(a) The net Business Rates Yield has been estimated at **£85,130** 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 **£32,601** million compared to a Business Rates Baseline of **£29,129** 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: **[Figures are 2022/23 figures and are subject to change as the 2023/24 figures are not yet available]**

- 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) One of the key issues in relation to forecasting the Business Rates Yield is the volatility arising from settlement of valuation appeals. This needs to be considered in terms of previous "2010 List" and the current "2017 List". Nationally the estimated eventual loss arising due to appeals is 4.7%, however, based on an analysis of appeals since 2017 under the new Check Challenge Appeal process, a reduction in this level has been evident. The increase in appeals going forward is, however, expected to continue (in part due to the longer-term consequences of the COVID pandemic) and it is, therefore, felt that the national rate of 4.7% should continue to be applied in 2023/2024 for the appeals provision.
- (d) There is also continuing concern around the long-term effects of the pandemic and how business rates income will be affected in terms of the ongoing need for businesses to retain property to operate and how much debt will eventually turn bad due to business failures. The Government introduced a number of financial measures that sought to help businesses survive the crisis caused by the Coronavirus pandemic, including the Coronavirus Job Retention Scheme (Furlough Scheme) which concluded on 30 September 2021. The withdrawal of the Government support packages could impact recovery (e.g. a rise in the level of insolvencies, ability to pay etc) and the effect on Council services, and income and expenditure levels, will need to be fully taken into account as part of the 2023/2024 budget setting process.
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 £1.1 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 before being phased out.

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 £35,000 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 £11.240 million (including £0.075 million Collection Fund surplus and £0.035 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 provisional 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. 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 £250,000.
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).

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 Provisional Government settlement relating to the revenue support grant and business rates redistribution. The consultation on the proposed settlement ended on 16 January 2023 but the final settlement has not yet been formally confirmed. It is, therefore, recommended that:
- if the Government grant were increased it is recommended that the balance would be transferred to the General Fund Reserve.
 - if it is reduced that this be the first call on the general contingency.

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.

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

Appendices

A Revenue Budget 2023/2024: Summary

B1-7 Revenue Budget 2023/2024: Detailed Budgets

- C Service Pressures Taken into Account
- D Service Efficiencies/Income Generation Opportunities
- E Business Rate Yield Estimate 2023/2024

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Appendix A

GENERAL FUND ESTIMATE SUMMARY

2022/23		2023/24 Budget				
Original Estimate	Probable Outturn		Gross Expenditure	Gross Income	Net Expenditure	
£ 000's	£ 000's	Note	£ 000's	£ 000's	£ 000's	
2,899	2,271	Chief Executive & Chief Operating Officer	B(1)	3,722	(97)	3,625
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	(38,303)	36,680
250	70	Contingency and unallocated		250		250
29,994	27,760	Net Cost of Services		75,232	(38,303)	36,930
(5,456)	(5,603)	Income from Investments	(a)		(7,003)	(7,003)
1,887	1,858	Other Levies and Contributions	(b)	1,949		1,949
1,319	1,727	Interest Payable (Inc. HRA)	(c)	3,032		3,032
(6,174)	(6,748)	Depreciation Reversals & Other Adj.			(6,980)	(6,980)
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		84,597	(52,285)	32,312
1,938	2,837	Contribution to/(from) General Fund		1,549		1,549
(2,849)	(1,366)	Contribution to/(from) Other Reserves			(8,141)	(8,141)
25,169	24,202	To be met from Government Grants and Local Taxpayers		86,146	(60,426)	25,720
Taxation and Grants						
(11,641)	(10,709)	Business Rates inc Section 31			(11,641)	(11,641)
(10,720)	(10,685)	Council Tax			(11,240)	(11,240)
(2,808)	(2,808)	Other Government Grants			(2,839)	(2,839)
(25,169)	(24,202)	Total Taxation and Grants				(25,720)

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 & Chief Operating Officer
Estimates 2023/24**

**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	(95)	2,584
Elections	448	681	677	388	(2)	386
Service Area Total	2,135	2,899	2,271	3,722	(97)	3,625
Continuing Services Budget	2,089	2,727	2,055			3,581
Funded from Earmarked Reserves	46	172	215			44
Total	2,135	2,899	2,271			3,625
Total Expenditure to General Fund	2,135	2,899	2,271			3,625

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Continuing Services Budget

Funded from Earmarked Reserves

Total Expenditure to General Fund

**Chief Executive and Chief Operating Officer
Estimates 2023/24
Corporate Management**

	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
Grand Total	764	625	637	655	-	655

The Corporate Management service comprises the costs of the executive team. Other significant costs in the budget are the monthly Unfunded Pension Recharges and external audit fees. The increased 2022/23 probable outturn includes an expected additional £16,000 external audit costs which has also been reflected in the 2023/24 budget.

**Chief Executive and Chief Operating Officer
Estimates 2023/24
Economic Development and Commercial Investment**

	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	
Cambourne Business Park Ltd	-	10	10	10	-	10	Miscellaneous professional costs for Cambourne Business Park Ltd paid directly by SCDC, which are recharged quarterly to the company. There is an allocated £10,000 from Investment Strategy budget to cover consultant expenses.
Economic Development	385	854	570	945	-	945	<p>This service focuses on Business support and economic development activity. This includes Visit South Cambs brand development, general business support and growth related work, marketing and communications activity to the district's business community. The decrease in the 2022/23 probable outturn is due to £117,000 income for resident engagement at Northstowe and underspend in salaries due to vacant posts (£141,000).</p> <p>The increase in 2023/24 budget is due to a £37,000 bid for a new Project Officer Support Post as well as the transfer of a post into the team from Investment Strategy Service</p>
Investment Strategy	467	684	358	431	-	431	<p>The budget pertaining to the council's owned commercial assets (property). There is a £200,000 budget to cover legal fees, consultants, and due diligence in appraisal of new investment opportunities, £20,000 of which is allocated to Cambourne Business Park Ltd & SCIP.</p> <p>The decreased outturn in 2022/23 is due to no longer being able to invest purely in commercial assets for financial yield resulting in a significant saving of £160,000 (due to the costs of investment not having been incurred). The other main reason is due to vacancies and secondments out of the team resulting in a £77,000 saving after agency costs.</p> <p>The reduced 2023/24 budget compared to 2022/23 Original budget is a result of the new investment strategy reducing the previously £200,000 budget to £60,000. The other saving is due to staff changes, removing the commercial manager post and moving another post to the Economic Development team (£103,000).</p>

**Chief Executive and Chief Operating Officer
Estimates 2023/24
Economic Development and Commercial Investment**

	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	
Re-Opening High Streets Safely	71	-	(1)	-	-	-	Boots on the ground activity/team supporting business (post) pandemic recovery initiatives. This included items such as the Christmas market, high-street engagement / business specific covid safety engagement etc. The budget was to assist with getting back on track, now we are living with Covid it has received no funding after March 2022.
Rural England Prosperity Fund	-	-	-	1,168	-	1,168	Funding received to set up a grant scheme for applicants to seek funding for capital projects. This scheme will support new and existing rural businesses and community infrastructure such as farm businesses looking to diversify income and assets for local people to benefit from the local economy.
Shared Prosperity Fund	-	-	-	95	(95)	-	Funding received to invest in projects that will benefit communities, support local businesses and high quality skills training. This includes projects such as supporting new start-ups, setting up a Business & IP centre, new or improvements to gardens and green spaces and a Northstowe Community Centre/ Local Centre development support.
South Cambs Investment Partnership (SCIP)	-	10	10	10	-	10	Miscellaneous professional costs for SCIP paid directly by SCDC, which are recharged quarterly to the company. Allocated £10,000 from Investment Strategy budget to cover expenses such as legal fees.
Tourism Initiatives	-	35	10	20	-	20	This budget includes costs relating to finding ways of increasing footfall and tourism within South Cambs.
Grand Total	923	1,593	957	2,679	(95)	2,584	

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

	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	
Elections	47	302	294	12	-	12	<p>The budget comprises of the cost of carrying out District Elections together with reimbursable elections such as County, Parish and Parliamentary. The 2022/23 budget is made up of an all-out District election in May funded by an earmarked reserve (£171,700) that has been accumulated for this specific reason and a £123,000 one-off bid due to significant increases in printing & postage.</p> <p>An annual contribution of £81,600 is put into the earmarked reserve to replenish it for the next all-out election in 4 years which is not service related expenditure and therefore shown in the Movement in Reserves figure on the summary page. The reduced probable outturn 2022/23 is due to income from parish contributions for the May election.</p>
Electoral Registration	401	379	382	376	(2)	374	The team who co-ordinate elections, beside salary the main costs are made up of printing & postage for canvass forms.
Grand Total	448	681	677	388	(2)	386	

**Chief Executive and Chief Operating Officer
Subjective Analysis 2023/24**

	Employee Expenses	Premises Related Expenses	Transport Related Expenses	Supplies and Services	Third Party Payments	Depreciation and Impairment Losses	Support Services	Internal Recharges	Total Expenditure	Fees & Charges	Government Contributions	Total Income	Net Expenditure
Corporate Management													
Corporate Management	486,030		100	148,050			296,470	(275,650)	655,000		-	-	655,000
Economic Development & Commercial Investment													
Cambourne Business Park Ltd				10,000					10,000				10,000
Economic Development	721,160		1,300	95,250			126,870		944,580	-	-	-	944,580
Investment Strategy	245,200		300	47,100			138,720		431,320		-	-	431,320
Re-Opening High Streets Safely	-	-	-	-			-		-		-	-	-
Rural England Prosperity Fund						1,168,140			1,168,140				1,168,140
Shared Prosperity Fund				95,000					95,000		(95,000)	(95,000)	-
South Cambs Investment Partnership (SCIP)				10,000					10,000				10,000
Tourism Initiatives				20,000			30		20,030				20,030
Elections													
Elections	-	-	-	-			12,010		12,010		-	-	12,010
Electoral Registration	195,140		230	101,670	1,080		77,950		376,070	(2,000)		(2,000)	374,070
Grand Total	1,647,530	-	1,930	527,070	1,080	1,168,140	652,050	(275,650)	3,722,150	(2,000)	(95,000)	(97,000)	3,625,150

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**Head of Climate, Environment & Waste
Estimates 2023/24**

**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
Internally 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

**Head of Climate, Environment and Waste
Estimates 2023/24
Change and Innovation - Green to Our Core**

	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	
Footway Lighting	132	231	186	147	(10)	138	<p>The Council is undertaking a replacement programme whereby 1,800 lighting columns located on footpaths within the District are being refitted with greener LED lamps - funded through the Authority's renewable energy reserve.</p> <p>The replacement programme has been a protracted one and there have been contractual issues and it is now anticipated to slip into 2023-24. This programme slippage is reflected in the saving shown between original 2022-23 estimate and the probable outturn and conversely, the 2023-24 estimate is approximately £50,000 higher than the anticipated base level budget normally in place to cover routine maintenance and inspections.</p>
Zero Carbon Communities Scheme	204	342	335	426	(9)	417	<p>Zero Carbon Communities Scheme aligns with the Authority's 'Green to the Core' priority and the shift to zero carbon emissions by providing financial support to Parish Councils' and community groups to promote greener initiatives and reduce their carbon footprint.</p> <p>The Council's continued support is evidenced by an overall increase of over £200,000 in proposed expenditure between 2021-22 and 2023-24. Members have shown continued support by pushing forward with greener energy initiatives and have proposed a 25% (£25,000) uplift in the overall grant funding that is made available for such schemes in 2023-24. A further proposal sees the introduction of a £100,000 budget allocation over two years aimed at each Council directorate promoting ideas and initiatives that can make quantifiable contributions to the Authority's net zero target.</p> <p>Of the proposed expenditure in 2022-23 and 2023-24, £211,000 and £264,000 will respectively be drawn down from our renewable energy reserve fund, set aside for such initiatives. A decision will need to be made as to whether we want to continue using this fund to finance these community led schemes in the future as larger capital projects requiring heavier investment get underway e.g. WREN, fleet electrification and electric car charging facilitation. Ultimately sufficient funds will need to be made available for these projects and therefore a careful balance will need to be struck.</p>
Grand Total	336	573	521	574	(19)	555	

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

	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	
Environmental Health	32	38	47	-	-	-	The only movement on this cost centre in 2022-23 surrounds the repayment of £47,000 held on account regarding money that SCDC had retained from Cambridgeshire County Council and the Fire Authority when the joint Regulatory Business Hub was set up around 6/7 years ago. A request has been made that these monies be returned to relevant parties which has duly been done. As this money was sitting in earmarked reserves, it will have no effect on General Fund balances, retained for current and future council activities.
Food Safety & Water Quality	510	452	542	478	(28)	449	<p>This budget includes all activities that aims to reduce the incidence of food poisoning as required by food law legislation. Activities include regular inspections of food premises, routine food sampling, the operation of a 'good hygiene' certificate scheme and investigating into any outbreaks of food poisoning. The budget also incorporates activities surrounding the monitoring of drinking water sourced through private supplies - the costs associated with this activity are fully rechargeable.</p> <p>Costs have remained fairly static across the 2-year budget timeframe. There has been a £52,000 spike in internally recharged overhead costs alongside a £20,000 increase in the pension costs in 2022-23. It is predicted that these costs are one-off and that for 2023-24, they will return to the same level that was proposed in the 2022-23 original estimate. The service will continue to explore avenues to increase our commercial activity across the sector with the aim to reduce our net overall cost to undertake our statutory functions and counter the effects of high inflation at the current time.</p>
Health & Safety At Work	171	223	169	233	-	233	<p>This budget includes expenditure on health and safety at work inspections and investigations of notified incidents and enforcement work under the Health and Safety at Work Act 1974. The precise areas covered include shops, offices, some warehouses and some other commercial premises.</p> <p>Internal support service recharges alongside the underwritten costs of the pension scheme are the reasons for the decrease in the 2022-23 costs over 2022-23 budget. It is felt that these are one-off cost adjustments that will revert back to normal spending levels in 2023-24, as demonstrated on the table.</p>

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

	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	
Infectious Disease Control	124	51	82	62	-	62	<p>Activities within this service normally extend to the control of infectious diseases under the Public Health (Control of Diseases) Act 1984 and 1988. Although obviously outside of this Act, a large proportion of corporate expenditure in connection with Covid-19 test, track and trace and containing outbreak management of the virus are recorded under this heading in the 2021-22 outturn.</p> <p>In 2022-23, approximately £15,000 will be drawn down from earmarked reserves to fund covid-related expenditure and there is also a £17,000 increase in internally recharged costs and underwritten pension adjustments. On the assumption that we are now through the worse of the pandemic, the 2023-24 costs are representative of the true base budget.</p>
Licensing	100	89	108	263	(136)	127	<p>Examples of licensing activities included here are responsibilities under the Licensing Act and Gambling Act, temporary event notices (TEN's), theatres and entertainment. The pandemic had a large detrimental impact on these businesses with pubs and premises serving alcohol facing the possibility of permanent closure. TEN income has also been effected by the pandemic but is showing signs of recovery.</p> <p>The longer term effect of the pandemic is still being assessed and because of uncertainties, there has been no account for any likely effect the pandemic will have on income in 2022-23 and 2023-24. The increased net expenditure represented on the table between 2022-23 and 2023-24 is down to the increased staff resource allocated to the licensing function. In 2023-24, 3.35 FTE are being charged to licensing compared to 2.90 FTE's in 2022-23.</p>
Primary Authority Advice	(35)	(36)	(30)	-	(40)	(40)	<p>The Authority operates a multi-agency business hub which draws together key business advice services from both Trading Standards, Fire and Rescue Service and Environmental Health to promote joint Primary Authority Agreements (PAA's) and associated commercial activities.</p> <p>The income derived from the PAA's is budgeted at £36,000 pa with the objective in 2023-24 to increase this up to £40,000 taking into account that projected income for 2022-23 looks to be a little down on the £36,000 budget.</p>

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

	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	
Taxi Licence	100	68	28	369	(326)	43	<p>Examples of licensing activities administered here include private hire vehicles, drivers and operators as well as hackney carriages. The income levels on this service suffered greatly during the pandemic however from the income levels recorded in 2022-23 to date, we are seeing a marked recovery in our District.</p> <p>The direct service costs incurred in administering the licencing function are being met through the fee setting structure, along with a large proportion of the overheads and support services recharged into it. However, there are still some residual costs which are being charged through the General Fund which are projected to be £28,000 in 2022-23 and £43,000 in 2023-24 - down from £100,000 in 2021-22.</p>
Grand Total	1,002	885	945	1,404	(530)	875	

**Head of Climate, Environment and Waste
Estimates 2023/24
Greater Cambridge Shared Waste Operations**

	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	
Commercial Waste	(936)	(1,042)	(1,138)	3,172	(4,309)	(1,137)	<p>There are over 3,000 commercial properties within Cambridge City and South Cambridgeshire from which waste is collected. Payments made to the waste disposal authority for the disposal of this trade waste are also shown in the gross expenditure of the service and are set against the income earned.</p> <p>Against the backdrop of a global pandemic, a modest growth target of £25,000 in net profit had been targeted for the service in 2022-23. Indications are that this will be surpassed and projections are that the service will return close to £100,000 more than this and £200,000 more than a pandemic impacted 2021-22 return.</p> <p>With the current high inflation experienced nationally, the service is planning to absorb this through the fee setting structure in 2023-24 and whilst will be targeting growth, will also choose to support local businesses in keeping price increases to a minimum and are showing a profit target in-line with 2022-23 projections which are still higher than was originally budgeted for in 2022-23.</p>
Domestic Waste Collection	6,846	7,481	7,914	10,661	(1,893)	8,767	<p>The gross income and expenditure figures incorporate the collection of household waste across the boundaries of Cambridge City and South Cambridgeshire. This includes all types of waste including garden waste, bulky items and clinical or hazardous waste.</p> <p>The service collects recycling and waste from approximately 126,000 households and between the two authorities an extra £204,000 has been invested in the 2023-24 budget to mainly cover the move to running the fleet of refuse collection vehicles (RCV's) on greener HVO fuel and also to combat the downturn in income derived from the recycling market which hopefully is non-recurring.</p> <p>The single largest factor that has impacted on costs for the waste collection service has been seen in inflation and the cost-of-living pressures. Pay inflation on operatives pay in 2022-23 has been negotiated in excess of 10% compared against a budget that was set at 2%. With a staffing base budget on the domestic service of around £5million, the additional 8% salary uplift in 2022-23 is an area of obvious budgetary pressure. Further pay inflation for 2023-24 has been budgeted at 5%. Other inflationary pressures are also being experienced most notably in the costs of running our fleet of RCV's with fuel costs being over 25% higher than those budgeted and the cost of servicing and maintenance also exacerbated on an aging fleet. With these inflationary pressures likely to continue in the short term and volatility being experienced in the recycling market, 2023-24 is likely to be one where there is an element of uncertainty as far as costing the service is concerned.</p>

**Head of Climate, Environment and Waste
Estimates 2023/24
Greater Cambridge Shared Waste Operations**

	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	
Shared Waste Service Contribution	(1,664)	(1,826)	(1,863)	-	(2,261)	(2,261)	This represents the net contribution made by Cambridge City Council as a partner in the Greater Cambridge Shared Waste Service (GCSWS). The contribution incorporates a share of all the net direct costs incurred across all facets of the GCSWS i.e. domestic and commercial collections as well as waste policy. The increased income is a reflection of the increased costs shown above.
Waste Policy	663	623	671	707	(39)	667	Included here are the costs of initiatives and actions to encourage the minimisation of waste alongside the cost of preparing, monitoring and reviewing the joint waste strategy. As shown, costs have remained static across the 3 fiscal years shown on the table with the only significant rise in 2022-23 being a result of a £20,000 uplift of internally recharged costs from the overhead and support service allocations.
Grand Total	4,909	5,237	5,584	14,539	(8,502)	6,037	

**Head of Climate, Environment and Waste
Estimates 2023/24
People, Protection and Planning**

	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	
Animal Welfare Service	(2)	70	45	84	(20)	64	<p>Prior to 2022-23, no staff time was allocated to the activities of animal welfare licensing and dog control. Following an assessment on staff time, it has been established that 0.6 of an FTE are actually employed in carrying out these statutory functions which is likely to rise to 0.8 FTE's in 2023-24 and the increased costs in the table reflect this.</p> <p>It is a service objective that as far as is practicable, all direct costs of operating the licensing function are recovered through the fee structure. With the aim that only those overheads and support service costs charged to the service alongside the control of stray dogs function are deemed to be irrecoverable and charged to the general fund.</p>
Environmental Protection	670	642	612	668	(24)	643	<p>This budget incorporates work performed to reduce air pollution under the Environmental Protection and Clean Air Acts' and includes work on the air quality management plan and other statutory nuisance work investigating complaints of dust, odour and smoke and light pollution. Also included here are any costs involved in formalising a strategy on and identifying and assessing the degree of contaminated land. A register of this contaminated land is then maintained along with assessing the associated health risks.</p> <p>Within the base budget, there has always been an allocation of £17,000 in place for employing specialist consultants to work on various aspects of the EP service. In recent year's this budget has always been unutilised and with the specialist staff now in place, it was felt that £15,000 could be proposed as a saving against this budget line for 2022-23 and 2023-24. This saving has allowed the service to absorb the inflationary pressures forecasted in 2023-24 and in doing so has enabled to service to set the same budget as that proposed originally in 2022-23.</p>

**Head of Climate, Environment and Waste
Estimates 2023/24
People, Protection and Planning**

	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 Standards	135	415	322	363	(13)	350	<p>Included here are all costs associated with work to ensure that the residents live in safe and sanitary conditions. Activities include inspections in response to complaints, checks on the quality of houses in multiple occupation (HMO's) and the licensing of HMO's.</p> <p>A two-year investment of £43,000 was included in 2022-23 to investigate the extent of the problem surrounding long-term empty properties and take action to bring problematic empty homes back into use. There has been a six month delay in implementation of this two year programme leading to a saving in 2022-23.</p> <p>Another area of saving in 2022-23 is in the late delivery of the private housing stock condition survey. It was budgeted at a cost of £101,000 started and finished in the 2022-23 financial year but is now projected to be only half-completed by the end of March so will roll forward into 2023-24 but the full cost is now only estimated to be £60,000 - meaning a saving in 2022-23 of £71,000. The housing stock condition survey is funded through a set aside earmarked reserve.</p>
National Assistance Act Burials	(0)	8	3	21	(12)	9	<p>It is the duty of the Council to bury or cremate the body of any person who has died in the South Cambridgeshire District area, where no other suitable arrangements for the disposal of the body have been made. Direct costs are recovered where possible from the estate of the deceased person.</p>
Noise Nuisance Control	348	278	273	284	-	284	<p>The majority of the costs of this service involve staffing and associated support costs surrounding work performed to reduce noise pollution and dealing with noise as a statutory nuisance. It involves investigating complaints, the silencing of alarms and dealing with noise from construction sites and noise in the street.</p> <p>Costs in 2023-24 remain on par with those in 2022-23 with the £64,000 reduction from 2021-22 being down to reduced internally recharged costs from overheads and other support services as well as reduced underlying pension costs due to reduced full time equivalent staff allocations.</p>
Grand Total	1,151	1,413	1,254	1,420	(69)	1,350	

**Head of Climate, Environment and Waste
Estimates 2023/24
Waste Operations - Other**

	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	
Envirocrime	92	83	139	153	(2)	151	<p>Envirocrime enforcement activities covers predominantly the areas of littering, dog-fouling, fly tipping, abandoned vehicle and graffiti removal.</p> <p>The increase in expenditure across the timeframe displayed on the table is a result of an increase of 1 full time equivalent (FTE) employed on the service - this is a one year fixed term position which will be reviewed later in 2023-24 with a view to decide whether it be made permanent or not.</p>
Flood Defence / Land Drainage	435	498	446	535	(2)	533	<p>This budget covers specifically land drainage and in particular the routine maintenance of the 275km of awarded watercourses which criss-cross through the District as well as running and maintaining the Webb's Hole Sluice pumping station which acts as a flood defence for Northstowe and the surrounding area.</p> <p>The reduced costs in the probable 2022-23 comes from the reduction in internally recharged overhead and support costs and the pension adjustment which combined are £47,000 lower.</p> <p>The additional costs in 2023-24 in comparison to the base budget in 2022-23, amount to the £40,000 that has been injected into the service to further enhance and develop the maintenance programme which the demands of property growth have placed on the infrastructure. The £40,000 will enable the service to recruit a further operative to complement the team.</p>
Street Cleansing	934	1,014	1,085	1,105	(21)	1,084	<p>Includes the sweeping and removal of litter from land and litter bins etc. Standards are set for cleanliness that the Council is benchmarked against. The categories range from shopping centres to towpaths and streets not adopted by the Highways Authority. Activities also include collecting illegally fly-tipped rubbish, removing dead animals and removing abandoned vehicles that do not constitute a traffic hazard.</p> <p>The same inflationary pressures experienced in the waste service are relevant to the street cleansing service i.e. pay inflation in excess of 10% compared against a budget that was set at 2% and also the costs associated with fuel and vehicle maintenance. In 2023-24 Members have approved a £32,000 cash injection for the rolling-replacement programme of litter bins throughout District which will see an upgrade on current furniture and standardise formats for collection as well as seeing aesthetic improvements.</p>
Grand Total	1,461	1,595	1,670	1,792	(24)	1,767	

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

	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	
Depot	297	262	257	263	(1)	263	The costs involved in maintaining and running our operational facility at Waterbeach which along with our Cambridge City Council partners, services the Greater Cambridge Shared Waste Service and also South Cambridgeshire District Council's street cleansing service.
Environmental Health Admin	219	229	244	279	-	279	This service provides management and support to all the regulatory functions within the directorate. The budgets have remained static for the majority of costs included here such as staff training, general office expenditure, books and publications and agency backfill support. The increase in budgets represented on the table are as a result of increases in internally recharged costs made through the Authority's allocation of overheads and support service recharges.
Grand Total	516	492	501	542	(1)	541	

**Head of Climate, Environment and Waste
Subjective Analysis 2023/24**

	Employee Expenses	Premises Related Expenses	Transport Related Expenses	Supplies and Services	Third Party Payments	Depreciation and Impairment Losses	Support Services	Internal Recharges	Total Expenditure	Fees & Charges	Misc Income	Other Contributions	Total Income	Net Expenditure
Change & Innovation - Green to our Core														
Footway Lighting	38,660	46,100	500	-	-	45,000	17,190	-	147,450	-	-	(9,750)	(9,750)	137,700
Zero Carbon Communities Scheme	173,690	-	300	207,300	-	-	44,890	-	426,180	-	-	(9,000)	(9,000)	417,180
Commercial & Licensing														
Food Safety & Water Quality	330,310	-	4,000	13,550	-	-	129,670	-	477,530	(28,130)	-	-	(28,130)	449,400
Health & Safety At Work	168,990	-	900	-	-	-	63,340	-	233,230	-	-	-	-	233,230
Infectious Disease Control	44,600	-	250	-	-	-	17,270	-	62,120	-	-	-	-	62,120
Licensing	153,660	-	270	2,200	-	-	107,420	(930)	262,620	(135,860)	-	-	(135,860)	126,760
Primary Authority Advice	-	-	-	-	-	-	-	-	-	(40,000)	-	-	(40,000)	(40,000)
Taxi Licence	188,850	-	22,500	2,740	-	-	155,420	(930)	368,580	(325,510)	-	-	(325,510)	43,070
Greater Cambridge Shared Waste Operations														
Commercial Waste	1,030,590	-	451,650	1,490,000	400	-	198,940	-	3,171,580	(4,309,000)	-	-	(4,309,000)	(1,137,420)
Domestic Waste Collection	6,364,670	-	1,843,830	809,290	-	571,580	1,071,410	-	10,660,780	(573,000)	-	(1,320,300)	(1,893,300)	8,767,480
Shared Waste Service Contribution	-	-	-	-	-	-	-	-	-	-	-	(2,260,790)	(2,260,790)	(2,260,790)
Waste Policy	524,490	-	250	109,210	1,000	-	71,720	-	706,670	-	(39,280)	-	(39,280)	667,390
People, Protection & Planning														
Animal Welfare Service	46,160	-	-	12,000	-	-	25,940	-	84,100	(20,000)	-	-	(20,000)	64,100
Environmental Protection	407,240	6,300	3,500	52,380	-	14,000	185,000	(740)	667,680	(21,000)	-	(3,350)	(24,350)	643,330
Housing Standards	257,250	-	1,500	30,000	-	-	85,840	(11,540)	363,050	(12,800)	-	-	(12,800)	350,250
National Assistance Act Burials	-	-	-	18,000	-	-	3,080	-	21,080	-	(12,200)	-	(12,200)	8,880
Noise Nuisance Control	213,750	-	1,500	2,200	-	-	77,990	(11,540)	283,900	-	-	-	-	283,900
Waste Operations - Other														
Envirocrime	93,320	-	9,140	2,500	-	-	47,780	-	152,740	(2,000)	-	-	(2,000)	150,740
Flood Defence / Land Drainage	270,810	25,060	58,650	66,650	-	77,710	35,650	-	534,530	-	-	(1,980)	(1,980)	532,550
Street Cleansing	637,010	17,700	164,280	85,420	6,000	92,080	102,140	-	1,104,630	(20,500)	-	-	(20,500)	1,084,130
Climate, Environment & Waste Support Services														
Depot	-	241,340	-	17,900	-	-	4,220	(262,660)	800	-	(800)	-	(800)	-
Environmental Health Admin	158,520	-	100	51,400	-	-	68,580	(278,600)	-	-	-	-	-	-
Grand Total	11,102,570	336,500	2,563,120	2,972,740	7,400	800,370	2,513,490	(566,940)	19,729,250	(5,487,800)	(52,280)	(3,605,170)	(9,145,250)	10,584,000

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**Head of Finance
Estimates 2023/24**

**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
Internally 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

**Head of Finance
Estimates 2023/24
Housing Benefits**

	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 Benefit & Council Tax Support	353	788	824	18,495	(17,722)	773	This service administers Housing Benefit for residents in Council homes, privately rented homes and homelessness cases and are also responsible for the administration of the Local Council Tax Support Scheme (LCTS) for residents that qualify. This budget includes all the staffing costs, supplies and recharges that are involved in Housing Benefit and LCTS and includes the Subsidy income from DWP. A total of £125,000 Transformation Project savings have been removed from the budget over two years, £77,500 in 2022/23 and £47,500 in 2023/24.
Non Hra Rent Rebates	190	127	137	126	-	126	This budget relates to homeless people placed in Bed and Breakfast accommodation. Expenditure levels can be quite volatile and vary from one year to another. Generally, only around 50% of expenditure is reimbursed in subsidy.
Rent Allowances	220	254	292	250	-	250	Rent Allowances are benefits paid to private tenants and while the majority is covered by the Departments of Work and Pension Subsidy grant, it does not fully match expenditure. The additional expenditure in 2022/23 compared to 2021/22 is due to reduced DWP Admin Grant and fewer overpayments being recovered. Probable outturn is above budget due to subsidy not covering expenditure in full and projections indicating lower levels of overpayments being recovered.
Rent Rebates	95	150	113	98	-	98	Rent Rebates are given to Council Tenants based upon their circumstances and the Department for Work and Pensions reimburse the Council for benefits paid.
Grand Total	856	1,320	1,366	18,968	(17,722)	1,246	

**Head of Finance
Estimates 2023/24
Local Taxation**

	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	
Council Tax Collection	1,259	1,302	1,369	1,961	(231)	1,730	<p>The Council Tax Team are responsible for the setting of the Tax Base each year and annual billing to over 60,000 charge payers. There is ongoing administration such change of address, plus reviewing and applying appropriate discounts and disregards to charge payers accounts. The team is also responsible for recovery of arrears and maintaining a high collection rate. In 2021/22 the Council was second in the Country on Collection.</p> <p>Transformation Project savings totalling £125,000 (£77,500 2022/23 and £47,500 2023/24) has been included in the budgets. This increase in 2023/24 is due to a new allocation of Transformation Project costs (£286,000) to identify further savings as part of phase 2. There are also inflationary increases on ICT costs. For example there is a 12.5% rise in the contract costs for the Civica system.</p>
Landr Collection	338	575	546	1,083	(277)	807	<p>National Non Domestic Rate income (Business Rates) is accounted for in the Collection Fund, but collection costs are accounted for in the General Fund with an allowance from Central Government to assist. This allowance is non incremental where as costs of collection increase over time due to inflation. Increase in budget is a new allocation of Transformation Project costs (£286,000) for work to identify savings in NNDR administration, plus some inflationary increase on ICT costs as detailed above.</p>
Grand Total	1,598	1,877	1,915	3,044	(508)	2,536	

**Head of Finance
Estimates 2023/24
Other Activities**

	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	
A14 Highways England	200	200	-	242	-	242	A 25 year commitment to paying a £6,050,000 contribution towards the A14 upgrade completed in 2020. Payments of £242,000 annually were agreed prior to commencement of the project. Committed funds are held in an earmarked reserve, which will cover 23/24 and remaining 24 payments. This is 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.
Cambridge Leisure & Ice Centre	16	11	37	11	-	11	This service includes officer time and consultants fee for the annual determination of fair value for use within the Council's annual Statement of Accounts. The 2022/23 Probable Outturn includes legal costs to draw up the revised loan agreement.
Finance Miscellaneous	37	1	9	10	-	10	This budget relates to any miscellaneous costs which can not be accounted for elsewhere.
Greater Cambridge Partnership	224	238	243	4,331	-	4,331	This budget relates to Greater Cambridge Partnership (GCP, formerly City Deal). Contributions to the GCP were agreed by the leaders of the Councils within the group some years ago as a percentage of New Home Bonus received by the relevant councils. This was placed in a reserve, which has been added to over the years, as invoicing was limited to the funds spent directly on GCP work. During 2023/24 all remaining funds are required to be paid to the GCP which will be invoiced at regular intervals during the year. The reserve is expected to be fully utilised by the end of the 2023/24 for this purpose.
Prov Bad and Doubt Debts	105	250	150	150	-	150	This budget accounts for officer estimations of the amount to be set aside for non payment of sums due to the Council.
Treasury Management	44	73	67	80	-	80	The Treasury Team manages the Council's investment and borrowing portfolios and cash management duties in line with it's annual strategy statement and CIPFA guidance in the Prudential Code. The costs here relate to the annual cost of the Councils treasury advisers and brokerage fees for short term borrowings. Each tranche of £5million, one year borrowing costs £5,000 in Brokerage and increased activity from new loans and renewals will lead to an increase in Treasury Management costs
Grand Total	625	774	505	4,824	-	4,824	

**Head of Finance
Estimates 2023/24
Finance Support Services**

	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	
Accountancy	1,666	1,780	1,821	1,983	-	1,983	This budget covers the costs of the Corporate Accounting team, staffing and service. Higher than anticipated staff costs of £50,000 are reflected in the probable outturn for 2022/23 compared to original budget. A further increase in the budget for year 2023/24 is based on higher agency staff costs carrying on into that year related to the continued catch up process with the final accounts.
Accounts Payable	199	226	222	227	-	227	This budget is comprised of the staffing costs of the Accounts Payable team, who process invoices for payment by the Council.
Accounts Receivable	124	150	145	156	-	156	This budget is comprised of the staffing costs of the Accounts Receivable team. The team issues invoices to our commercial and residential customers, maintains customer accounts and performs recovery on overdue accounts other than those related to Council Tax, Business Rates and Housing Rents.
Cashiers	42	63	48	49	-	49	This budget is comprised of the staffing costs of one employee and recharges. The Cashier processes unidentified and bulk payments received by our Axis Income Management system (AIM), processes and deposits cheques received and submits DD files for the collection of NNDR, Council Tax, Rents and Accounts Receivable.
Corporate Fraud	201	274	321	310	-	310	This budget comprised of staff and service costs of the corporate counter fraud team. The team focuses on preventing, detecting, investigating and reporting on fraud and attempted fraud against the Council. Included in the budget for the probable outturn 2022/23 is £34,000 for agency cost due the challenges the service has faced in recruiting staff who are equipped with the specialist knowledge required to undertake the work the service delivers. The increase in the probable outturn for 2022/23 and 2023/24 relates to staff costs to continue catching up with work pushed back due to high level of COVID-related activity.
Insurance & Risk Management	209	195	203	212	-	212	This is the cost of corporate insurances, such as building insurance, professional indemnity, computer equipment and employer's liability, which are all fully recharged across the Council. The small increase in the probable outturn 2022/23 and 2023/24 budget is due to a retender of the insurance contract.
Internal Audit	135	152	172	175	-	175	A shared service between the Council and Cambridge City Council for Internal Audit. The probable outturn 2022/23 includes an increase of £17,410 and a further £5,080 in 2023/24 for the contribution to Cambridge City Council in relation to the work they will undertake on behalf of the Council.

**Head of Finance
Estimates 2023/24
Finance Support Services**

	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
Procurement	132	160	159	191	-	191
Grand Total	2,707	3,000	3,091	3,303	-	3,303

This budget is made up of the staff costs of the Corporate Procurement team. Procurement team deals with various procurement issues within the Council and supports services during periods of tender exercises. The team consists of the Procurement Manager and an apprentice. The 2023/24 budget includes a prior year bid of £35,000 for Contract Support Officer during 2023/24 hence the increase in budget for that year.

**Head of Finance
Subjective Analysis 2023/24**

	Employee Expenses	Premises Related Expenses	Transport Related Expenses	Supplies and Services	Transfer Payments	Third Party Payments	Depreciation and Impairment Losses	Support Services	Internal Recharges	Total Expenditure	Government Contributions	Misc Income	Other Contributions	Total Income	Net Expenditure
Housing Benefits															
Housing Benefit & Council Tax Support	1,000,750	-	3,000	107,950	17,410,100			458,120	(485,140)	18,494,780	(17,596,610)	(125,380)		(17,721,990)	772,790
Non Hra Rent Rebates									126,040	126,040					126,040
Rent Allowances									249,640	249,640					249,640
Rent Rebates									97,780	97,780					97,780
Local Taxation															
Council Tax Collection	646,550		-	228,050				1,086,270	-	1,960,870	-	(231,000)		(231,000)	1,729,870
Ndr Collection	445,790		4,500	80,010				553,040		1,083,340	-	(32,550)	(244,170)	(276,720)	806,620
Other Activities															
A14 Highways England	-						242,000	-		242,000			-	-	242,000
Cambridge Leisure & Ice Centre				3,500				7,270		10,770					10,770
Finance Miscellaneous				-				9,960		9,960					9,960
Greater Cambridge Partnership				4,326,840				4,320		4,331,160					4,331,160
Prov Bad and Doubt Debts				150,000						150,000					150,000
Treasury Management				91,860				68,770	(80,310)	80,320					80,320
Finance Support Services															
Accountancy	1,657,700	-	650	100,070		-	-	224,520	(1,982,940)	-		-		-	-
Accounts Payable	75,580							151,440	(227,020)	-				-	-
Accounts Receivable	103,850			17,290				37,080	(158,220)	-		-		-	-
Cashiers	29,300			8,500				11,100	(48,900)	-				-	-
Corporate Fraud	231,690		200	6,780		-		71,750	(310,420)	-				-	-
Insurance & Risk Management	82,500	3,680	-	122,430				3,760	(212,370)	-				-	-
Internal Audit				-		154,160		20,400	(174,560)	-				-	-
Procurement	130,940		100	3,440				56,450	(190,930)	-				-	-
Grand Total	4,404,650	3,680	8,450	5,246,720	17,410,100	154,160	242,000	2,764,250	(3,397,350)	26,836,660	(17,596,610)	(388,930)	(244,170)	(18,229,710)	8,606,950

**Head of Housing
Estimates 2023/24**

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

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	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

**Head of Housing
Estimates 2023/24
Acquisition and Development**

	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	
New Build Programme (HGF)	20	63	18	70	-	70	This budget provides for the revenue costs associated with the provision of community buildings in Northstowe. The budget includes the management and administrative costs which cannot be capitalised. The project was slower to start than anticipated but build has now begun on the sports pavilion. The probable outturn is lower as activity was predominantly only in the second half of 2022/23 but increases in 2023/24 to cover a full year's activity.
Grand Total	20	63	18	70	-	70	

**Head of Housing
Estimates 2023/24
Ermine Street Housing**

	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 Company	69	57	56	962	(869)	93	Staffing and administration costs for Ermine Street Housing, which are recharged quarterly to the company. The residual cost is the year end accounting adjustment for pensions.
Grand Total	69	57	56	962	(869)	93	

**Head of Housing
Estimates 2023/24
Housing Advice and Options**

	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	
Homelessness	641	932	738	1,557	(648)	909	This team fulfils our statutory duty to provide accommodation to those who are homeless. The service manages many initiatives to prevent homelessness and provides help and housing advice. Government grant funding of £636,610 has been confirmed for 2022/23 which includes additional funding (£45,482) to support victims of domestic abuse. Two new posts have been created to provide money and housing advice, with one filled and recruitment begun for the other.
Housing Allocations	128	95	135	141	-	141	Team managing the allocation of social and affordable housing across the district. A percentage of the team's cost is recharged to the HRA for the allocation of council owned properties. The recharge has increased due to the higher number of new build council homes being made available through the New Homes Programme.
Private Sector Leasing Scheme	297	338	334	684	(283)	400	Privately rented properties are provided by Shire Homes Lettings Limited, which is a company wholly owned by the Council. The scheme is financed by council funds (£186,000) and approximately £130,000 from the flexible homelessness support grant.
Sub Regional Homelink Service	1	13	7	148	(140)	8	Home-Link is the choice based lettings scheme for all council and housing association homes in Cambridgeshire and West Suffolk. This is a shared-service with costs financed by the partner local authorities. The residual cost is the year end accounting adjustment for pensions.
Grand Total	1,067	1,378	1,214	2,530	(1,071)	1,459	

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

	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 Enabling & Development	112	122	128	156	(23)	133	This service provides enabling services , working with the Planning service, landowners, developers and housing providers to increase the provision of affordable housing across the district.
Improvement Grants	49	80	232	1,073	(730)	343	This service administers the disabled facilities grants which are awarded so that claimants can remain in their homes in comfort and safety. The grants are funded by the Better Care Fund (£729,967 in 2022/23), which is received from the County Council.
Strategic Housing	188	214	201	223	-	223	This service looks at the best ways to implement our current housing strategy, developing the aims of future plans for housing policy and development projects throughout the district.
Grand Total	348	416	561	1,453	(754)	699	

**Head of Housing
Estimates 2023/24
Neighbourhood Services**

	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	
Community Lifeline Alarm Service	(34)	(11)	8	187	(185)	2	Community Lifeline service to support residents in the district with provision of pendant alarms and 24 hour monitoring service. Our housing tenants pay for the service with their weekly rent and non-tenants are invoiced quarterly.
Grounds Maintenance	135	163	164	169	-	169	General Fund Contribution to Grounds Maintenance works across the district funded by HRA
Properties (HGF)	123	124	132	325	(190)	135	This captures the cost (depreciation & management) of the non-HRA equity-share properties owned by the General Fund, There are 213 properties located across the district's Sheltered Housing schemes.
Travellers Sites	253	324	310	438	(132)	306	Management costs of the County owned Traveller Sites in Milton and Whaddon, which includes staffing, utility bills and repairs/maintenance for the two sites.
Visiting Support Service	53	71	80	363	(272)	91	Visiting Support Service to provide support to residents in the district, Provide short term support (financial, emotional, practical & promote independent living in the community) to Residents aged 65 years and above. The service is funded by grant monies received from the County Council and some grant money held in reserves.
Grand Total	531	672	693	1,482	(779)	702	

**Head of Housing
Estimates 2023/24
Housing Support Services**

	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 Admin	43	57	50	45	-	45	Central administration expenses of the Housing Service - predominantly postage and stationery, which are recharged across all housing services.
Grand Total	43	57	50	45	-	45	

**Head of Housing
Subjective Analysis 2023/24**

	Employee Expenses	Premises Related Expenses	Transport Related Expenses	Supplies and Services	Third Party Payments	Depreciation and Impairment Losses	Support Services	Internal Recharges	Total Expenditure	Fees & Charges	Government Contributions	Misc Income	Other Contributions	Total Income	Net Expenditure
Acquisition & Development															
New Build Programme (HGF)	175,450						44,900	(150,250)	70,100						70,100
Ermine Street Housing															
Housing Company	536,840	45,000		600			341,000	38,800	962,240			(869,320)		(869,320)	92,920
Housing Advice & Options															
Homelessness	898,600	2,100	6,800	367,550	37,500		335,970	(91,370)	1,557,150	(13,800)	(526,130)		(108,000)	(647,930)	909,220
Housing Allocations	213,570		200	18,130			56,740	(147,650)	140,990						140,990
Private Sector Leasing Scheme	208,630		1,800	372,930			111,820	(11,680)	683,500			(283,330)		(283,330)	400,170
Sub Regional Homelink Service	104,520			24,000			29,630	(10,130)	148,020	(70,950)			(68,790)	(139,740)	8,280
Housing Strategy															
Home Improvement Agency (Holding Account)				600					600	(600)				(600)	
Housing Enabling & Development	129,320		100				26,560		155,980			(22,900)		(22,900)	133,080
Improvement Grants	55,390			3,000		985,000	29,940		1,073,330		(730,000)			(730,000)	343,330
Strategic Housing	179,420		100	20,000	10,720		32,580	(20,230)	222,590						222,590
Neighbourhood Services															
Community Lifeline Alarm Service	83,000		5,000	26,590			72,370		186,960	(185,250)				(185,250)	1,710
Grounds Maintenance				169,050					169,050						169,050
Properties (HGF)		8,000		190,000		119,370	7,530		324,900				(190,000)	(190,000)	134,900
Travellers Sites	96,890	36,800	8,400	6,690		255,990	29,120	3,910	437,800	(122,300)		(9,500)		(131,800)	306,000
Visiting Support Service	287,380		8,500	1,800			65,350		363,030				(272,340)	(272,340)	90,690
Housing Support Services															
Housing Admin	4,000			10,000			31,450	(45,450)							
Grand Total	2,973,010	91,900	30,900	1,210,940	48,220	1,360,360	1,214,960	(434,050)	6,496,240	(392,900)	(1,256,130)	#####	(639,130)	(3,473,210)	3,023,030

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**Monitoring Officer
Estimates 2023/24**

**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	-	-	-			-

**Monitoring Officer
Estimates 2023/24
Legal Services**

	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
Grand Total	467	439	495	523	(1)	523

The Councils internal legal services are provided by the 3c Legal shared service led by Cambridge City Council.

The probable outturn 2022/23 includes an increase of £56,560 and a further £27,650 in 2023/24 for the contribution to Cambridge City Council in relation to the work they will undertake on behalf of the Council.

**Monitoring Officer
Subjective Analysis 2023/24**

	Supplies and Services	Support Services	Internal Recharges	Total Expenditure	Misc Income	Total Income	Net Expenditure
Legal Services							
Legal Services	508,310	15,070	(522,880)	500	(500)	(500)	-
Grand Total	508,310	15,070	(522,880)	500	(500)	(500)	-

**Director of Greater Cambridge Shared Planning
Estimates 2023/24**

**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

**Director of Greater Cambridge Shared Planning
Estimates 2023/24
3C Shared Services and Land Charges**

	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	
Building Control	84	117	210	233	-	233	<p>Building Control is a 3C Shared Service, managed by Cambridge City for and on behalf of South Cambridgeshire District Council & Huntingdonshire District Council. The service ensures building work carried out meets current building codes and regulation requirements.</p> <p>An annual invoice is received at year end for the Councils contribution towards the service provision. We have been informed by the lead authority to envisage an increase in costs for 2022/23 & 2023/24 Estimate, due to a change in (%) contributions by partner organisations.</p>
Land Charges	(200)	(235)	(177)	326	(620)	(294)	<p>We have a statutory duty under the Local Land Charges Act 1975 to maintain an up-to-date and accurate Register of Local Land Charges affecting property and land in South Cambridgeshire.</p> <p>The 2022/23 Probable factors in the IAS19 Pension adjustment, as well as an increase in recharges.</p> <p>The decrease in 2023/24 relates to a reduction in Overhead recharges allocation.</p>
Street Naming And Numbering	19	7	25	24	-	24	<p>The Council is responsible for issuing official address for all residential and business premises in the area.</p> <p>There is no material change in the 2023/24 budget compared to 2022/23 Probable Outturn.</p>
Technical Support Team	-	457	799	758	-	758	<p>The Technical Support Team carry out local Land Charges searches, updating the land charges register. In 2021/22 the team was encompassed within Development Management.</p> <p>The 2022/23 Probable Outturn & 2023/24 Estimate reflect Overhead recharges now being allocated to the service. In addition, £30,000 (Compensation budget) has been moved from Development Management to the TSO budget, to help deal with appeal costs.</p>
Grand Total	(97)	345	856	1,341	(620)	721	

**Director of Greater Cambridge Shared Planning
Estimates 2023/24
Greater Cambridge Shared Planning Contribution**

	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	
Shared Planning Re-Imbursement	(1,209)	(1,796)	(1,600)	-	(1,381)	(1,381)	<p>The Greater Cambridge Shared Planning Service is a joint service providing the functions of the statutory Local Planning Authority to both Cambridge City Council and South Cambridgeshire District Council.</p> <p>Previously the income (budget) was within Development Management service. This refers to the budgeted amount Cambridge City will contribute to the Shared Planning Service. The 2022/23 estimate takes into account a reduction of £500,000 planning income which has led to an increase in the contribution which will be reimbursed to the Council. The 2023/24 estimate reflects the bids and savings put forward by the service of £415,160.</p>
Grand Total	(1,209)	(1,796)	(1,600)	-	(1,381)	(1,381)	

**Director of Greater Cambridge Shared Planning
Estimates 2023/24
Planning Delivery**

	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	
Development Management	876	731	738	3,213	(2,681)	531	Development Management regulates development and uses of land. It involves the consideration of planning applications and the monitoring of development as it takes place. The 2023/24 Estimate reflects the removal of 1 off bid, Legal Fees £75,000 and £30,000 Compensation budget moved to Land Charges. £124,900 additional PPA income is factored into the 2023/24 Estimate budget.
Enforcement	395	527	534	490	-	490	This budget contains the costs of dealing with alleged breaches of planning control in the District. Taking planning enforcement against developers where the necessary planning permission has not been sought. The increase in the Probable Outturn for 2022/23, resulting from costs (agency) to cover vacant posts in the service. The change in budgets between 2022/23 & 2023/24 is a result of savings offered by the service (£50,000), resulting from a restructure.
Planning Performance Agreement	(27)	-	(21)	-	-	-	In 2020/21 Planning Performance Agreements (PPA), were recorded on the Councils Financial System Income at 'Cost Centre' level. This changed in 2021/22, with PPA income recorded at 'Activity Code' - this does away with numerous cost centres, as well as income being allocated to Planning Teams (& non planning depts) directly. The 2022/23 Probable Outturn relates to additional income regarding the CIP/SCIP PPA. The 2023/24 Estimate (nil budgets) - this is where the Shared Planning Service has received PPA income for 'Non Planning departments' at Cambridge City, and will ultimately pass this income once we have been billed at the end of the year.
S106 Administration	195	200	185	255	(91)	164	This service deals with large scale developments at a strategic level, securing infrastructure alongside growth, delivery over time. The decrease from 2022/23 to 2023/24 Estimate, is attributable to savings offered up by the service (£30,000 relating to restructure of monitoring fee).
Strategic Sites	471	626	488	1,370	(920)	451	South Cambridgeshire District Council secures contributions in relation to infrastructure which it will deliver but also on behalf of third parties. The Probable Outturn reflects the additional PPA income the service expects in 2022/23. Included in the 2023/24 budget is £233,530 additional PPA income, submitted as part of the bids and savings process.
Grand Total	1,910	2,083	1,924	5,328	(3,692)	1,636	

**Director of Greater Cambridge Shared Planning
Estimates 2023/24
Planning Operations**

	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	
Operations Management	1,663	2,372	1,745	1,476	(76)	1,401	The team deals with the Business & Administration function of the Greater Cambridge Shared Planning Service. Shared Planning has been undergoing a service review by the Transformation team, as a result the Probable Outturn for 2021/22 & 2022/23 budgets take account of the amounts recharged in respect of the review. This has further diminished, as reflected in the 2023/24 budgets.
Grand Total	1,663	2,372	1,745	1,476	(76)	1,401	

**Director of Greater Cambridge Shared Planning
Estimates 2023/24
Strategy and Economy**

	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	
Built and Natural Environment	1,790	1,649	1,607	2,077	(339)	1,738	<p>The Built and Natural Environment team is a multidisciplinary consultancy, providing expertise to the shared planning service, corporate projects and partners in terms of urban design, landscape, environmental sustainability, historic buildings and conservation areas, ecology and trees.</p> <p>The team provides technical input to the Local Plan, focussed advice on major planning applications in Development Management and to all the Strategic Growth Sites. All listed buildings and tree works applications. Our overall aim is to deliver beautiful and sustainable places and buildings for our residents and business whilst conserving and enhancing the built and natural environment.</p> <p>The increase from 2022/23 Estimate to 2023/24. relates to Overhead, IAS 19 Pension adjustment and Salary uplifts.</p>
Greater Cambridge Local Plan	230	397	286	421	(211)	211	<p>Cambridge City Council & South Cambridgeshire District Council are working together to create a joint Local Plan for the two areas - which are referred to as Greater Cambridge. This is the first time both authorities are working together to develop and deliver a joint Local Plan, ensuring a consistent approach to planning and building up to 2041.</p> <p>The budget for 2022/23 & 2023/24 reflects the costs in line with the five year Local Plan, with a draft version of the Local Plan to be made available in 2023.</p>
Neighbourhood Plans	(25)	-	(44)	20	-	20	A Community led initiative giving local communities power to prepare planning document that forms part of the statutory development plan for the district.
North East Cambridge Area Action Plan	110	117	0	-	-	-	<p>Developing plans for a new city district in North East Cambridge, and the Area Action Plan will be the planning policy framework that guides this process.</p> <p>The costs related to this service have now been incorporated within the Greater Cambridge Local Plan budget.</p>
Planning Policy	1,895	1,874	1,779	1,743	-	1,743	The service contains the budgets for Planning Policy Strategy & Economy. The 2022/23 Probable Outturn reflects the vacancies the service has carried over the year and posts no longer being recruited to, such changes have been reflected into the 2023/24 Estimate. The 2023/24 Estimate also reflects lower Overhead Recharges.
Grand Total	3,999	4,037	3,628	4,261	(550)	3,711	

**Director of Greater Cambridge Shared Planning
Subjective Analysis 2023/24**

	Employee Expenses	Premises Related Expenses	Transport Related Expenses	Supplies and Services	Third Party Payments	Support Services	Total Expenditure	Fees & Charges	Misc Income	Other Contributions	Total Income	Net Expenditure
3C Shared Services & Land Charges												
Building Control				-	231,100	1,430	232,530					232,530
Land Charges	106,240	160	-	147,630	-	72,030	326,060	(620,050)			(620,050)	(293,990)
Street Naming And Numbering				18,650	-	5,740	24,390	-			-	24,390
Technical Support Team	554,660			30,000		173,600	758,260	-			-	758,260
Greater Cambridge Shared Planning Contribution												
Shared Planning Re-Imbursement										(1,380,660)	(1,380,660)	(1,380,660)
Planning Delivery												
Development Management	2,141,880	-	15,190	469,730	-	585,790	3,212,590	(2,661,330)	(20,000)		(2,681,330)	531,260
Enforcement	354,380	-	3,000	50,000		82,750	490,130		-		-	490,130
S106 Administration	161,880		500	-		92,440	254,820	(91,000)			(91,000)	163,820
Strategic Sites	1,053,870	2,000	5,090	89,600	-	219,840	1,370,400	(919,780)	-		(919,780)	450,620
Planning Operations												
Operations Management	890,460	-	-	185,040		400,690	1,476,190	(75,520)	-		(75,520)	1,400,670
Strategy & Economy												
Built and Natural Environment	1,665,500	21,000	3,260	57,870	-	329,260	2,076,890	(248,250)	(91,000)		(339,250)	1,737,640
Greater Cambridge Local Plan	-	5,000		416,100	-		421,100		(210,550)	-	(210,550)	210,550
Neighbourhood Plans		2,000		18,000			20,000		-		-	20,000
Planning Policy	1,334,380	-	3,610	131,230	-	273,970	1,743,190	-	-		-	1,743,190
Grand Total	8,263,250	30,160	30,650	1,613,850	231,100	2,237,540	12,406,550	(4,615,930)	(321,550)	(1,380,660)	(6,318,140)	6,088,410

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

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

Head of Transformation, HR and Corporate Services
Estimates 2023/24
Communications and Sustainable Communities

	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	
Building Safer Communities	6	-	5	-	-	-	This spend for 2021/22 is funded from existing reserves. There is no set budget as spend is based on an ad-hoc basis and funded from reserves.
Communications	586	464	596	620	(24)	596	The Communications team deal with all types of media interaction with residents across the district. This includes all social media and written publications. The increase in outturn against 2022/23 budget is partially due to 2 new posts which are funded from the Transformation reserve and existing posts being regraded (£61,000). An increase in the cost of printing (£13,000) the magazine has also added to this variance. These costs are offset against income due to staff working on the Homes for Ukraine project (£52,000).
Community Chest	103	129	76	77	-	77	This is a central budget which local communities can request funding for small projects. To ensure they receive funding there is a criteria that needs to be met. The reduction in budget is due to a movement in staffing to Localism.
Community Safety	69	75	78	84	-	84	The Community Safety budget covers funding for the Strategic Assessment and ad hoc community safety projects.
Crime & Disorder Partnership	6	-	51	51	-	51	The £51,000 included within the budget for the probable outturn 2022/23 and 2023/24 is for the establishment of a project officer who will be funded from an earmarked reserve.
Healthy Living & Wellbeing	178	153	159	203	(51)	153	The Healthy Living and Wellbeing budget looks at healthy living projects across the district. These include Wild Minds and Active and Healthy for Life. A contribution of £40,280 has been received in 2022/23 and the same again is expected in 2023/24 to facilitate the cost of the project co-ordinator who brings these initiatives together for delivery within the district.
Healthy New Towns	98	23	(2)	30	(15)	15	The Northstowe Healthy New Town partnership is to support healthy living initiatives at Northstowe and research projects to identify best practice. Partner contributions, held by the council are to be spent on projects approved by HNT partnership.
Localism & Development Projects	723	856	832	1,050	(76)	974	The Localism budget is the main budget within Sustainable Communities which covers legal advice, patch budgets for Development officers and membership fees. The increase in budget is partially due to the movement of a post from Community Chest grants. Also a £60k BID for Changing Lives initiative, is included in the outturn and 23/24 budget.

Head of Transformation, HR and Corporate Services
Estimates 2023/24
Communications and Sustainable Communities

	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	
Mobile Warden Scheme	173	230	178	97	-	97	This covers grants for the mobile warden schemes across the district. The reduction in budget is due to the ending of some schemes. A review is due during the year to decide on the future funding
Northstowe Community Rooms	0	-	171	150	(40)	110	This cost centre has been re-purposed to be used for the temporary buildings in Northstowe. £110,450 is expected to be spent in 2023/24 for the hire of a modular building required as the Northstowe Community Centre. This is a temporary 3 year arrangement while the permanent community centre is built.
Transport Initiatives	14	46	18	194	(147)	46	The Transport Initiatives looks at community transport services across the district and currently is looking into whether a Community Transport service could be viable.
Ukraine Crisis	-	-	(991)	1,693	(684)	1,009	The Homes for Ukraine Project helps guests settle into the area and provides safe and suitable hosted accommodation. The project also supports guests to consider further housing options to move on from being hosted by a local family.
Voluntary Sector Grants	186	146	148	154	-	154	Service Support Grants for Care Network, Royston and District Community Transport, Cambridge Council for Voluntary Service, Arts and Minds and Homestart. Included within the budget is £9,000 of museum grants which was previously allocated within the Arts and Culture budget.
Grand Total	2,142	2,124	1,318	4,405	(1,037)	3,368	

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

	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	
Equality & Diversity	30	37	12	15	-	15	Ensuring the council meets its statutory obligations under the Equality Act 2010 and promoting equality, diversity and inclusion. Historically these costs were absorbed within other cost centres.
Policy And Performance	236	356	256	323	-	323	The service collects, reports and publishes performance information relating to the Councils business plan. The team provides quarterly updates on the Councils key performance indicators and project benefit delivery. The reduction in the probable outturn for 2022/23 is primarily due to the change in the allocation of the Transformation costs which represents a more accurate reflection of the work which is committed to take place during the year.
Grand Total	266	393	268	338	-	338	

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

	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	
Democratic Services	880	1,010	958	1,027	-	1,027	Democratic Services provide a service to members and officers of the Council ensuring the democratic decision-making process remains within statutory guidelines. The decreased 2022/23 probable outturn is due to 2 vacant posts within the team (£76,000), one vacant as the officer is seconded to a different post within the team. There is a recruitment freeze in backfilling these posts due to a service review. The increase in the 2023/24 budget is due to an ongoing £27,000 bid for the maintenance of moving the hosting of ModernGov to an on-site server.
Grand Total	880	1,010	958	1,027	-	1,027	

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

	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	
Emergency Planning	15	20	20	23	(3)	20	This budget contains the cost of Health, Safety & Emergency Planning service provisions recharged from Cambridge City Council and Cambridgeshire Fire & Rescue.
Grand Total	15	20	20	23	(3)	20	

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

	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	
Facilities Management	1,883	2,258	2,288	2,179	(77)	2,102	This budget comprises all of the costs related to the maintenance and management of the building. The 2022/2023 probable outturn contains £270,000 one off bids, the outturn increase is due to a rise in gas prices higher than anticipated due to the current energy crisis. 2023/24 budget contains a new one off £15,000 bid for security for the curtain wall project and an increase in gas costs of £48,000 in anticipation of the energy crisis continuing.
Health & Safety	126	144	138	156	-	156	This budget ensures all staff are trained in mandatory and task related health and safety training in compliance with regulation and legislation together with ensuring we have all necessary supplies and equipment. The small increase in 2023/24 budget compared to 2022/23 budget is mainly due to an increase in the training budget.
Hub Offices	41	34	39	42	-	42	This budget contains the costs for our Hubs at Great Shelford and Over which offer a smaller alternative working space, potentially for those out on site i.e. Planners. The small increase in budget for 2023/24 is mainly due to increased cyclical & pest control costs.
Grand Total	2,051	2,436	2,466	2,376	(77)	2,299	

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

	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	
Central Expenses	138	162	154	170	(10)	160	<p>The Central expenses service provides training, development, and assistance for all staff in the council. It is split into activities comprising of general staff development and training as the largest at £67,000 accompanied by activities for ICT Training, Management Development, and employee assistance.</p> <p>The 2023/24 budget includes £5,000 to cover the cost of carrying out additional staff surveys.</p>
Human Resources	1,056	1,015	1,151	1,130	-	1,130	<p>The Human Resources service provides support, advises, and recruits to service areas within the council. The budget includes the expenditure for the annual levy payment of £90,000 and £100,000 to Cambridge City Council for the payroll shared service.</p> <p>The probable outturn increase is primarily due to the creation of a new Learning & Development Officer post (£38,000), some acting up arrangements and higher than anticipated agency costs (£42,000).</p> <p>The 2023/24 budget includes the new post created in 2022/23 in addition to bids to extend the HR apprentice post and HR System Administrator post to continue to assist in implementing the new HR system.</p>
Grand Total	1,195	1,177	1,306	1,300	(10)	1,290	

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

	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	
Central Support Services	139	145	152	142	(2)	140	This service covers the costs of refreshments provided within South Cambs Hall, the central printing and postage functions.
Contact Centre	1,228	1,395	1,406	1,398	-	1,398	This service covers all incoming telephone calls to the generic telephone number.
Customer Relationship Management	197	153	483	511	-	511	This service is for the central Customer Relationship Management System. The transfer of 2 Project Managers and 2 Business Analysts backdated to 01/04/22 from the Transformation programme is the reason for the significant increase in budget.
ICT	1,916	2,479	2,386	2,480	-	2,480	This budget covers the cost for the central ICT support. This service is a 3 way shared service with Cambridge City Council and Huntingdonshire District Council (HDC).
Transformation	1,370	1,757	1,256	1,322	-	1,322	This budget is for the team carrying out the service reviews. The purpose is aimed at the council making best use of its resources, meeting modern customer needs and providing value for money. The transfer of 2 Project Managers and 2 Business Analysts backdated to 01/04/22 to the Customer Relationship Management service is the reason for the reduction in budget. Included within the 2023/24 budget are 2 BIDs for Business Analysts to assist with the on-going reviews. These costs are to be funded from the reserves.
Grand Total	4,850	5,928	5,683	5,854	(2)	5,852	

Head of Transformation, HR and Corporate Services
Subjective Analysis 2023/24

	Employee Expenses	Premises Related Expenses	Transport Related Expenses	Supplies and Services	Third Party Payments	Depreciation and Impairment Losses	Support Services	Internal Recharges	Total Expenditure	Fees & Charges	Government Contributions	Misc Income	Other Contributions	Total Income	Net Expenditure
Communications & Sustainable Communities															
Community Chest	-			70,140			6,390		76,530						76,530
Community Safety	49,660		-	15,800			19,000		84,460						84,460
Crime & Disorder Partnership	39,760	-	-	-			11,340		51,100	-				-	51,100
Healthy Living & Wellbeing	108,900	-	1,500	58,940			34,150		203,490	(10,500)	-		(40,280)	(50,780)	152,710
Healthy New Towns	-			15,000			15,080		30,080	-			(15,000)	(15,000)	15,080
Localism & Development Projects	752,840	-	400	167,690			162,390	(33,470)	1,049,850	(37,830)	-		(37,860)	(75,690)	974,160
Mobile Warden Scheme				92,860			4,550		97,410	-			-	-	97,410
Northstowe Community Rooms		118,450		32,000			-		150,450	(40,000)			-	(40,000)	110,450
Transport Initiatives	22,540	-	130,280	30,800			10,020		193,640	(130,280)		(17,140)		(147,420)	46,220
Ukraine Crisis	550,900	-	-	1,133,400			9,160		1,693,460				(684,300)	(684,300)	1,009,160
Voluntary Sector Grants				151,000			3,150		154,150		-			-	154,150
Corporate Programme															
Equality & Diversity	1,500			3,500			10,080		15,080						15,080
Policy And Performance	214,790	-	-	8,850			99,280		322,920				-	-	322,920
Democratic Representation															
Democratic Services	379,230	-	850	467,320			521,590	(342,260)	1,026,730	-		-		-	1,026,730
Emergency Planning															
Emergency Planning	-			14,780			7,930		22,710			(3,080)		(3,080)	19,630
Facilities Management															
Facilities Management	391,200	893,900	9,250	105,100		285,600	493,790	(2,101,840)	77,000	(77,000)				(77,000)	-
Health & Safety	70,460		-	66,740			18,660	(155,860)	-					-	-
Hub Offices	2,100	24,210		-		11,490	3,970	(41,770)	-					-	-
HR & Corporate Support Services															
Central Expenses	110,400	-		48,500			11,260	(160,060)	10,100		(10,000)	(100)		(10,100)	-
Human Resources	760,780		800	46,280	100,000		221,750	(1,129,610)	-					-	-
Transformation Support Services															
Central Support Services	41,480	-		85,050			15,100	(139,930)	1,700	(200)		(1,500)		(1,700)	-
Contact Centre	1,009,760		-	76,130			312,540	(1,398,430)	-					-	-
Customer Relationship Management	230,030			240,560			40,140	(510,730)	-					-	-
ICT				401,110	1,522,700	506,340	50,330	(2,480,480)	-		-	-		-	-
Transformation	968,800	-	-	187,450			166,080	(1,322,330)	-				-	-	-
Grand Total	6,170,880	1,036,560	143,380	3,632,350	1,622,700	803,430	2,375,400	(9,903,510)	5,881,190	(319,810)	(10,000)	(21,820)	(777,440)	(1,129,070)	4,752,120

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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 (Figures to be updated when available)

Appendix E

	Total	Central govt.	SCDC	CCC	Fire
	1	0.5	0.4	0.09	0.01
	£	£	£	£	£
NNDR YIELD ESTIMATE 2022/23					
Share of Collection fund					
Net yield (after reliefs and provisions)	85,129,737				
Less					
Transitional Payment Protection					
Cost of collection	- 244,908				
Yield from renewable energy	- 791,953				
Enterprises	- 789,620				
Yield for distribution	83,303,256	41,651,628	33,321,302	7,497,293	833,033
Add					
Cost of collection			244,908		
Yield from renewable energy			791,953		
Enterprises			789,620		
Designated area relief		- 238,869	238,869		
Total Income from rates yield	85,129,737	41,412,759	35,386,652	7,497,293	833,033
Estimated Surplus / (deficit) from 2021/22	- 6,964,745	- 3,482,373	- 2,785,898	- 626,827	- 69,647
	78,164,992	37,930,387	32,600,754	6,870,466	763,386

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Agenda Item 15



South
Cambridgeshire
District Council

Report to:	Cabinet	06 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.

Key Decision

2. No

Recommendations

3. **It is recommended that Cabinet consider the report and, if satisfied, to recommend to Full Council the revised General Fund Capital Programme outlined at Appendix A.**

Reasons for Recommendations

4. To enable the Cabinet to consider variations to the Capital Programme 2022/2023 to 2026/2027 that was approved by Cabinet at its meeting on 12 December 2022.

Details

5. The Capital Programme is prepared on a five-year rolling programme in accordance with the Capital Strategy. The Cabinet 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 to make recommendations to Council on 21 February 2023.
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 Cabinet 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.

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

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
Ground 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							
Civic 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
Other 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)



REPORT TO: Cabinet 6 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 to recommend the HRA Budget to Council.

Key Decision

2. This is not a key decision.

Recommendations

3. That Cabinet is requested to consider the report and, if satisfied, to recommend to Council 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

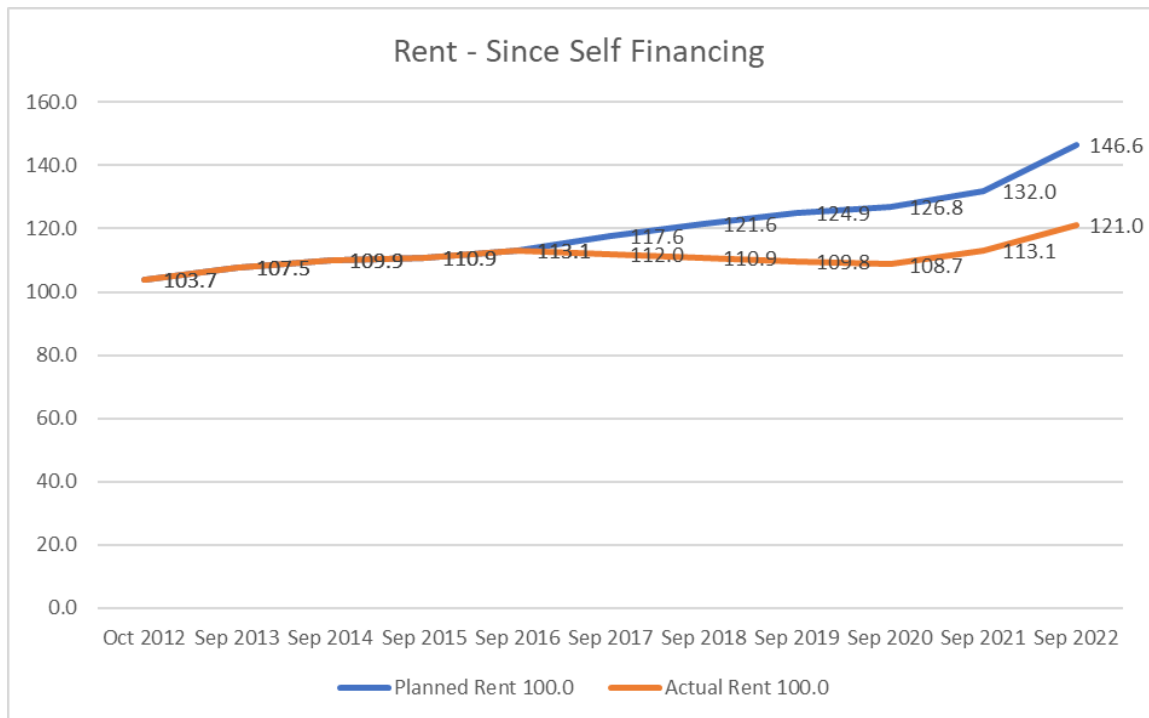
4. To enable the Cabinet to recommend to Full Council the 2023/2024 Housing Revenue Account (HRA) Revenue Budget and Capital Programme.

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 reinvestment 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 Revenue Budget 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 2023/24**

Head of Housing Housing Revenue Account Estimates 2022/23

Introduction

The Housing Revenue Account (HRA) has been prepared in accordance with the Local Government and Housing Act 1989, as amended by the Leasehold Reform, Housing and Urban Development Act 1993 and the Local Government Act 2003. Under this legislation the Secretary of State for the Ministry of Housing, Communities and Local Government (MHCLG) has the power to issue directives in respect of appropriate income and expenditure items.

The balance on the HRA stood at £5.3million as at 31 March 2022, after a surplus of £2.2 million was made in 2021/22. A deficit of £2 million is expected in 2022/23 followed by a deficit of £0.5 million in 2023/24.

The capital programme has been reprofiled to move £15M into 2023/24 for the acquisition of additional homes. These acquisitions will be part funded (40% or 50% for larger properties) with government grant and are to be used to house refugees who fall under certain, named migration schemes. In the longer term, these homes will revert to general needs when no longer needed for refugees. These acquisitions will be managed within the existing capital budget but the program has been re-profiled for the £15M to be spent earlier than originally planned. The higher capital spend in 2023/24 will be part financed by the use of ear-marked reserves in addition to capital reserves and the grant funding.

The HRA Self Financing system came into effect on 1st April 2012, under which councils now keep all rents in exchange for an allocation of housing debt. At the end of 2011/12 councils were required to pay to the Government their notional HRA surplus, as determined by the self-financing settlement. The Council borrowed £205 million in the form of 41 maturity loans, with rates ranging between 3.44% and 3.53%. The loans have varying maturity dates, with the first £5 million due to be repaid on 28 March 2037 and the last on 28 March 2057.

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. The potential debt repayment or re-investment reserve stood at £8,500,000 on 1 April 2022, with the current assumption being that this will be re-invested over the next 3 years to extend the life of the business plan.

The Council has produced a thirty year HRA Financial Plan for a number of years. However, with the advent of self-financing, this has taken on more prominence. The Financial Plan is reviewed and updated annually to check actual progress against the plan and where necessary make amendments.

Management and Maintenance

Management costs in 2022/23 are lower than originally budgeted due to beginning the year with vacant staff posts, which were held vacant throughout the year, These will be recruited to in 2023/24 as part of a wider restructure.

The effect of the rising rate of inflation throughout 2022 can be seen in the Repairs and maintenance costs, which have increased more than expected in 2022/23. Mears were awarded a new contract in October 2022 to deliver an improved response repairs and maintenance service to our housing tenants. £300,000 has been added to the budget in 2023/24 to allow for a stock condition survey of all council owned homes.

Major Repairs Reserve

This is a statutory reserve 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. The Major Repairs Reserve balance as at 1 April 2022 was £2.5 million, and it is planned to use this balance to support the HRA capital programme over the next 3 years.

Capital Expenditure

The HRA capital programme was agreed at Cabinet in December 2022 and the levels of direct revenue contributions to capital expenditure are based on the required level of funding after other sources of capital funding are taken into account and after affordability is assessed. The programme has been reprofiled over the 5 year period to include the acquisition of approximately 30 homes in the next year, which will be part funded by government grant.

**Head of Housing
Housing Revenue Account
Estimates 2022/23**

Proposed Rent Increase

From April 2020 local authority rents have been regulated by the Regulator of Social Housing, alongside housing associations and other registered providers. Rent increases had been limited to an increase of up to CPI plus 1% (based upon CPI at the preceding September) but the Government has limited social housing rent increases from April 2023 to 7%. (September CPI was 10.1% which could have led to a potential rent increase of 11.1% under the existing guidance). The proposed rent increase is therefore 7% from April 2023.

Interest on Receipts and Balances

HRA interest income is higher in 2022/23 than originally assumed due to the higher interest achieved on deposits following the increases to the Bank of England base rate. Interest receipts are projected to reduce in subsequent years as balances held in reserve are utilised to fund the business plan.

Interest Payable on Loans

This is for the servicing of loans the Council has taken to fund the self-financing debt settlement

Minimum HRA Balance

The Council's previously agreed minimum level of balance to be achieved is £2 million; this is expected to be achieved in 2022/23 and 2023/24 through the appropriation of ear-marked reserves.

**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
IAS 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)

**Head of Housing
Housing Revenue Account
Estimates 2023/24
Supervision and Maintenance General**

	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 Repairs Administration	2,070	2,097	1,952	2,170	-	2,170	This budget is for the housing repairs team, administration and surveyors as well as software licence costs
New Homes Programme	337	293	242	223	-	223	This budget provides for the revenue costs associated with the Council's new homes programme. Such costs include the management and administrative costs which cannot be capitalised plus any abortive costs incurred when a particular site does not proceed.
Registration of HRA Land	5	9	5	5	-	5	The budget provides for the revenue costs associated with the payment of land registry fees.
Resident Involvement	206	227	199	240	-	240	This budget is for activities working with tenants and leaseholders. We have established a Housing Engagement Board and Housing Performance Panel with tenant representatives.
Self Build Plots	29	15	-	-	-	-	This project (preparing plots of HRA for sale as self-build plots) has ended. Existing plots of land will be considered for redevelopment by the New Homes Programme team or , if appropriate ,sold on the open market .
Supervision & Maintenance General	2,533	2,847	2,702	2,898	-	2,898	This budget is for the housing management team, covering housing officers and neighbourhood support as well as management and administration. There were some posts held vacant during 2022/23, which account for the reduced spend in 2022/23. These posts will be recruited to in 2023/24 as part of a wider restructure.
Grand Total	5,180	5,487	5,100	5,535	-	5,535	

**Head of Housing
Housing Revenue Account
Estimates 2023/24
Supervision and Maintenance Special**

	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	
Communal Areas	13	45	50	55	-	55	This budget covers the management & insurance costs of our flat blocks across the district. Leaseholders pay a service charge based on the costs associated with their block
Outdoor Maintenance	328	373	356	367	-	367	This covers grass cutting, tree, hedges and other ground works in the district.
Sewage Disposal - Housing Sites	(0)	5	4	4	-	4	This budget covers the running costs of the Council owned pumping stations located in the district.
Sheltered Housing	972	1,269	1,300	1,343	-	1,343	Sheltered Scheme for the over 65 providing accommodation, communal facilities, alarm system and Estate Officers.
Grand Total	1,312	1,691	1,710	1,769	-	1,769	

**Head of Housing
Housing Revenue Account
Estimates 2023/24
Rents, Rates and Other Charges**

	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	
Other Charges	73	72	79	82	-	82	This is third-party management charges (predominantly estate charges on new build schemes, which are payable for the upkeep of communal spaces and roads) and water/sewerage charges for Sheltered Housing communal rooms.
Rents, Rates, Taxes & Insurance	190	145	161	162	-	162	Business rates, insurance payable on HRA property.
Stock Valuation	14	9	9	9	-	9	Annual valuation of the council owned housing stock.
Grand Total	277	225	250	254	-	254	

**Head of Housing
Housing Revenue Account
Estimates 2023/24
Repairs and Maintenance**

	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	
Communal Areas	54	77	77	77	-	77	This budget covers the maintenance (including regular emergency light testing) of our flat blocks across the district. Leaseholders pay a service charge based on the costs associated with their block
Housing Repairs Planned	1,102	1,779	1,666	2,072	-	2,072	This budget covers the planned cyclical repair programmes, including heating servicing, external decoration and electrical surveys. £300,000 has been added to the budget in 2023/24 to carry out a stock condition survey of all council owned homes.
Housing Repairs Response	4,017	3,423	3,898	4,114	(21)	4,093	This budget covers the responsive repairs programmes, including repairs on change of tenancy and maintenance of disabled adaptations as well as the responsive repairs contract. In October 2022, a new contract was awarded to Mears, to deliver an improved repairs and maintenance service to tenants.
Wastewater Disposal - Housing Sites	9	8	8	8	-	8	This budget covers the repairs and maintenance of the council owned pumping stations located in the district.
Sheltered Housing	62	65	60	63	-	63	This budget covers the maintenance of the Communal rooms and facilities on the Sheltered Housing schemes across the district.
Grand Total	5,244	5,351	5,709	6,334	(21)	6,314	

**Head of Housing
Housing Revenue Account
Estimates 2023/24
Other Expenditure**

	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 Charge	353	330	287	296	-	296	Allocation of costs to the HRA for services provided within the General Fund relating to the overall management of the authority, including the heads of paid service and leadership team.
Democratic Representation Charge	293	337	316	342	-	342	Allocation of costs to the HRA for services provided within the General Fund relating to the cost of Member meetings and support.
Provision for Bad or Doubtful Debts	50	140	80	140	-	140	The bad debts provision is based on the level of arrears expected at the year end. The assumed level of arrears in 2022/23 is not expected to increase as much as originally anticipated. However, the potential impact of rising prices for cost of living is expected to result in increasing levels of arrears. Consequently, the provision has been increased to £140,000 for 2023/24.
Revenue Funding of Capital Expenditure	3,933	9,162	9,162	14,914	-	14,914	The direct revenue contributions made to partially fund the HRA capital programme can vary quite significantly. It will depend on: the level of capital investment each year, in particular the size of the housebuilding programme; other capital funding available; and the affordability of the contribution in terms of the surplus funds generated on the HRA.
Treasury Management Charge	44	73	67	80	-	80	The costs here relate to the allocation of managing the HRA cash balances, provided within the General Fund by the Treasury Management team.
Grand Total	4,673	10,042	9,912	15,773	-	15,773	

**Head of Housing
Housing Revenue Account
Estimates 2023/24
Capital Charges and Interest Payable on Loans**

	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	
Depreciation	6,902	6,902	7,290	7,436	-	7,436	Depreciation is based on the value of HRA assets and the expected useful lives of assets and components. The Probable Outturn figures for 2022/23 and Original estimates for 2023/24 reflect the revised average expected useful lives of the Council dwellings. The calculation has resulted in an increase in depreciation charges in both years.
Self Financing Interest	7,193	7,193	7,193	7,193	-	7,193	Annual interest payments on the debt portfolio, which comprises loans totalling £205 million at fixed rates between 3.44% and 3.53%. The loans have varying maturity dates, with the first £5 million due to be repaid on 28th March 2037 and the last loan on 28th March 2057
Grand Total	14,095	14,095	14,483	14,629	-	14,629	

**Head of Housing
Housing Revenue Account
Estimates 2023/24
Property Related Income**

	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	
Charges for Services & Facilities	(1,200)	(1,342)	(1,262)	-	(1,347)	(1,347)	This is the income received in the form of service charges for special services provided by the HRA, such as sheltered housing provision, lifeline alarm provision and sewerage services. Also included is service charges paid by leaseholders living in HRA owned flat blocks, equity-share and shared-ownership properties where the HRA is responsible for maintaining the fabric of the property. The reduction in the probable outturn follows the reclassification of £180,000 income as Contribution from General Fund rather than a service charge.
Contribution from General Fund	(145)	(163)	(410)	-	(374)	(374)	This is the contribution made towards grounds maintenance costs of housing land in relation to properties that have been sold under the Housing Right to Buy legislation and the contribution for general fund owned properties managed within sheltered housing schemes. The increase in the probable outturn follows the reclassification of £180,000 income as Contribution from General Fund rather than a service charge in addition to higher grounds maintenance costs to be recovered.
De-Minimus Receipts	(21)	(3)	(3)	-	(3)	(3)	This budget includes individual receipts below £10,000 from the sale of HRA land
Garages	(362)	(370)	(381)	-	(402)	(402)	Rental income from garages / storage units. Income has increased following refurbishment of some garage blocks during the year. Garage rents in 2022/23 will be increased by 7.0%
Gross Rent of Dwellings	(29,582)	(31,668)	(31,484)	-	(34,182)	(34,182)	Rental income from council homes. Rents in 2023/24 will be increased by 7.0%
Ground Rents	(11)	(13)	(11)	-	(11)	(11)	This relates to Ground rent received from leasehold properties which remains static.
Other Income	(100)	(104)	(70)	-	(68)	(68)	Payments received from Domestic Renewable Heat Incentive (RHI) and wayleaves.
Grand Total	(31,421)	(33,663)	(33,620)	-	(36,386)	(36,386)	

**Head of Housing
Housing Revenue Account
Estimates 2023/24
Interest Receivable on Balances**

	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	
External Interest Receivable	(1,137)	(940)	(1,201)	-	(1,053)	(1,053)	This is the interest received on general and ear-marked revenue balances, any funds set-aside in the major repairs reserve or the revenue debt repayment reserve and any unapplied capital balances. The expected interest income for 2021/22 is higher than originally budgeted due to the rise of the Bank of England base rate.
Internal Interest Receivable	(22)	(20)	(24)	-	(30)	(30)	This is the interest received on the small amount of internal lending to the General Fund from the HRA.
Grand Total	(1,159)	(960)	(1,224)	-	(1,082)	(1,082)	

**Head of Housing
Housing Revenue Account
Subjective Analysis 2023/24**

	Employee Expenses	Premises Related Expenses	Transport Related Expenses	Supplies and Services	Contracted Services	Depreciation and Impairment Losses	Support Services	Internal Recharges	Total Expenditure	Fees & Charges	Misc Income	Other Contributions	Total Income	Net Expenditure
Supervision & Maintenance General														
Housing Repairs Administration	1,357,800		20,000	98,100	2,500		705,770	(14,480)	2,169,690					2,169,690
New Homes Programme	394,150	-	2,000	126,900	-		167,680	(468,000)	222,730					222,730
Registration of HRA Land				5,300					5,300					5,300
Resident Involvement	152,200		900	46,100			40,570		239,770					239,770
Self Build Plots		-		-					-					-
Supervision & Maintenance General	1,742,810	-	20,000	207,440			829,990	97,270	2,897,510					2,897,510
Supervision & Maintenance Special														
Communal Areas		22,370					32,720		55,090					55,090
Outdoor Maintenance	-	347,350		5,500			13,850	-	366,700				-	366,700
Sewage Disposal - Housing Sites		1,600					2,280		3,880					3,880
Sheltered Housing	744,940	234,480	25,000	110,850			232,120	(4,220)	1,343,170					1,343,170
Wardens TV Licences				-					-					-
Rents, Rates & Other Charges														
Other Charges		82,410							82,410					82,410
Rents, Rates, Taxes & Insurance		162,390							162,390					162,390
Stock Valuation				9,380					9,380					9,380
Repairs & Maintenance														
Communal Areas		34,580		-	42,840				77,420					77,420
Housing Repairs Planned		426,040		493,640	1,152,310				2,071,990					2,071,990
Housing Repairs Response		-		12,600	4,101,300				4,113,900		(20,770)		(20,770)	4,093,130
Sewage Disposal - Housing Sites					8,000				8,000					8,000
Sheltered Housing		10,500			52,500				63,000					63,000
Other Expenditure														
Corporate Management Charge								296,090	296,090					296,090
Democratic Representation Charge								342,220	342,220					342,220
Provision for Bad or Doubtful Debts				140,000					140,000					140,000
Revenue Funding of Capital Expenditure						14,914,000			14,914,000					14,914,000
Treasury Management Charge								80,310	80,310					80,310
Capital Charges														
Depreciation						7,435,740			7,435,740					7,435,740
Interest Payable on Loans														
Self Financing Interest						7,192,810			7,192,810					7,192,810
Income														
Charges for Services & Facilities										(1,291,760)	(36,140)	(18,900)	(1,346,800)	(1,346,800)
Contribution from General Fund										(373,840)			(373,840)	(373,840)
De-Minimus Receipts										(3,000)			(3,000)	(3,000)
Garages										(401,540)			(401,540)	(401,540)
Gross Rent of Dwellings										(34,181,970)			(34,181,970)	(34,181,970)
Ground Rents										(10,730)			(10,730)	(10,730)
Other Income										(16,900)	-	(51,550)	(68,450)	(68,450)
Interest Receivable on Balances														
External Interest Receivable											(1,052,900)		(1,052,900)	(1,052,900)
Internal Interest Receivable											(29,520)		(29,520)	(29,520)
Other														
IAS 19 (Pension Cost) Reversals	(536,570)								(536,570)					(536,570)
Transfer From Earmarked Reserve												(6,000,000)	(6,000,000)	(6,000,000)
Grand Total	4,071,230	1,321,720	67,900	1,255,810	5,359,450	29,542,550	2,024,980	329,190	43,972,830	(36,279,740)	(1,139,330)	(6,070,450)	(43,489,520)	483,310

	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	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
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)

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	2.97 to 20.90	Variable	Variable
Grounds Maintenance Charge	Weekly	0.24 to 2.18	0.37 to 2.43	Variable	Variable
Communal Heating / Lighting (Elm Court)	Weekly	7.69	5.29	-31.2%	-2.40
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 SCDC Solicitor fees and own solicitor fees	One-Off	50.00 550.00+	50.00 550.00+	0%	0.00
Home Improvement – Administration Only Inclusive of Surveyor Visit	One-Off	30.00 125.00	30.00 125.00	0%	0.00
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

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 17



**South
Cambridgeshire**
District Council

Report to:	Cabinet	6 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 purpose of this report is to review the Localised Council Tax Support (LCTS) scheme for 2022/23 and agree the 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. It is recommended that Cabinet recommends to Council, at its meeting on 21 February 2023 the adoption of LCTS scheme -Option 1,

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 which 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. The consultation despite active promotion on social media, direct contacting stakeholders and including it within Parish e-newsletter had a very small number of responses. Details of the responses to questions asked are shown below: -
 - 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 identified 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 has 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 have worked well there are some small improvements which could be made which will enable those who are working to be supported further and as well as a 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 more than 80% of respondents agreed with the proposed new scheme (Option1) The option supports the continuation of a Banded Discount Scheme but supports the council

ambitions to increase automation of processing which in turn can reduce the 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 the automation software was purchased and introduced as result of the review leading to a reduction resources requirements needed to process notification of Universal Credit income changes from the Department of Works (DWP) .

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 approved by member 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 claimants receive 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 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 requirement. The Revenues and Benefits team have initially identified and managed reduction in staffing requirements and changes to the structure following on from the current service reviews and initial restructures currently proposed is yet to be completed.

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

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

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

A modern and caring Council

28. 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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