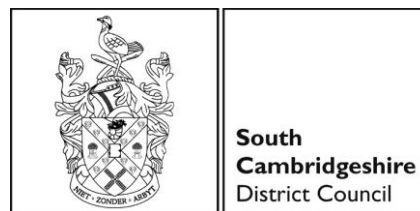


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10 March 2023

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, 20 March 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.**

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## Agenda

	Pages
1. <b>Announcements</b>	
2. <b>Apologies for Absence</b> To receive Apologies for Absence from Cabinet members.	
3. <b>Declarations of Interest</b>	
4. <b>Minutes of Previous Meeting</b> To authorise the Leader to sign the Minutes of the meeting held on Monday, 6 February 2023 as a correct record.	5 - 14
5. <b>Public Questions</b> The deadline for receipt of public questions is 23:59 on Tuesday, 14 March 2023. The Council's scheme for public speaking at committee meetings may be inspected here: <a href="#">Public Speaking Scheme</a>	
6. <b>Issues arising from the Scrutiny and Overview Committee</b>	15 - 18

7.	<b>Quarter 3 Performance Report</b>	<b>19 - 32</b>
8.	<b>Cost of Living - Options to Continue Support (Key)</b>	<b>33 - 42</b>
9.	<b>Compliance Policy (Key)</b>	<b>43 - 84</b>
10.	<b>Confirming Arrangements for the Four-Day Week Trial and Next Steps</b>	<b>85 - 88</b>
11.	<b>2022/2023 Revenue and Capital Budget Monitoring (Quarter 3)</b>	<b>89 - 110</b>
12.	<b>Investment Strategy</b>	<b>111 - 146</b>
13.	<b>South Cambs Limited t/a Ermine Street Housing Business Plan Update 2022/23 - 2031/32</b>	<b>147 - 224</b>

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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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### **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, 6 February 2023 at 10.00 a.m.

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

Councillors: Henry Batchelor                      Lead Cabinet Member for Environmental Services and Licensing  
John Batchelor                                      Lead Cabinet member for Housing  
Bill Handley                                        Lead Cabinet Member for Communities  
Dr. Tumi Hawkins                                Lead Cabinet member for Planning  
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:

Laurence Damary-Homan	Democratic Services Officer
Jonathan Dixon	Planning Policy Manager
Andrew Francis	Elections and Democratic Services Manager
Peter Maddock	Head of Finance
Jonathan Malton	Cabinet Support Officer
Rory McKenna	Monitoring Officer
Jeff Membery	Head of Transformation, HR and Corporate Services
Stuart Morris	Principal Planning Policy Officer
Liz Watts	Chief Executive

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

Peter Campbell	Head of Housing
Kirstin Donaldson	Service Manager - Acquisitions and Development
Bode Esan	Head of Climate, Environment & Waste
Nancy Kimberley	Principal Planning Policy Officer

Councillors Sue Ellington, Heather Williams and Dr. Richard Williams were in attendance in the Council Chamber.

### 1. **Announcements**

There were no announcements.

### 2. **Apologies for Absence**

There were no Apologies for Absence.

### 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, 12 December 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 received and noted the Scrutiny & Overview Committee report, summarising the most recent meetings held on Thursday, 15 December 2022, Thursday, 12 January 2023 and Thursday, 19 January 2023, relating to the following agenda items:

- Greater Cambridge Local Plan: Development Strategy Update (Regulation 18 Preferred Options)
- Business Plan Action Plan (2023-24 Revision)
- Draft Budget 2023/24
- General Fund Revenue Bids and Savings

There were also updates regarding the following items:

- General Fund Medium Term Financial Strategy (MTFS)
- Conservative Group Budget Proposal for 2023/2024

#### **7. Greater Cambridge Joint Local Plan**

Cabinet received the Greater Cambridge Joint Local Plan Development Strategy Update report. Councillor Dr. Tumi Hawkins, Lead Cabinet Member for Planning, introduced the report, and commented on the increased growth needs within the district.

Councillor Bridget Smith, Leader of the Council, invited Councillor Richard Stobart to introduce the comments from the Scrutiny and Overview Committee on Thursday, 12 January, and noted the concerns of water resources and the sustainability for the projected growth within the district. Councillor Bridget Smith responded that sustainability was one of the focuses with the local plan.

Councillor Heather Williams asked about the protection of the green belt and the viability of the affordable housing. Councillor Dr. Tumi Hawkins responded that the plan would continue to protect the green belt, and the current percentage of affordable homes for new build developments was proposed to continue.

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



- a) **Agreed** 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:
  - i. Policy S/JH: Jobs and homes
  - ii. Policy S/DS: Development strategy (to confirm three key sites and development strategy principles to inform identification of any further sites)
  - iii. Policy S/NEC: North East Cambridge
  - iv. Policy S/CE: Cambridge East
  - v. Policy S/CBC: Cambridge Biomedical Campus
- b) **Noted** 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
- c) **Agreed** the following supporting documents that have informed the decisions regarding the Greater Cambridge Local Plan Development Strategy Update:
  - i. Appendix B: Strategy Topic Paper: Development Strategy Update (Regulation 18 Preferred Options),
  - ii. 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,
  - iii. Appendix D: Greater Cambridge Local Plan Consultation Statement: Equalities Impact Assessment: Development Strategy Update
- d) **Noted** 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
  - ii. Greater Cambridge Housing Delivery Study Addendum (AECOM), December 2022
- e) **Agreed** that any subsequent material amendments be made by the Lead Member for Planning
- f) **Agreed** 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

## 8. **Response to Water Resources East Draft Regional Water Resources Plan**

Cabinet received the response to the Water Resources East Draft Regional Water Resources Plan. Councillor Peter McDonald, Lead Cabinet Member for the Economy, introduced the report and highlighted the focus on the district's chalk streams.

Councillor Henry Batchelor, Lead Cabinet Member for the Environment, commented on the growth within the district and the required new homes for residents.

Councillor Sue Ellington raised a concern with sewage. Councillor Bridget Smith, Leader of the Council, responded that a written response would be provided.

After a short discussion, Cabinet:

- a) **Agreed** 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) **Agreed** 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) **Agreed** 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 Cabinet Member for Economic Development.

## 9. **Update to New Build Council Housing Strategy**

Cabinet received an update to the New Build Council Housing Strategy. Councillor John Batchelor, Lead Cabinet Member for Housing, introduced the report and proposed an amendment to the recommendations, with the final decision being made by Council on 21 February 2023. Councillor Bridget Smith, Leader of the Council, seconded the amendment and was approved by affirmation.

Councillor John Williams, Lead Cabinet Member for Resources, noted the Council's continued commitment to new houses.

Councillor Brian Milnes, Deputy Leader and Lead Cabinet Member for the Environment, commented on delivering houses for local residents within the district.

Councillor Heather Williams was supportive of the current strategy, and noted the cross-party support for the current proposals.

After a short discussion, Cabinet:

**Recommended** to Council to:

- a) Approve the updates to the New Build Council Housing Strategy 2020-25,
  - i) Including 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

## 10. **2020-2025 Business Plan**

Cabinet received the Council's revised Business Plan for 2020-2025. Councillor Bridget Smith, Leader of the Council, introduced the report, and noted the Council's continued priorities to the district.

Councillor Brian Milnes, Deputy Leader, and Lead Cabinet Member for the Environment thanked Officers for their work, and noted the continued support for EV charging points within the towns and villages.

Councillor Bridget Smith invited Councillor Richard Stobart to introduce the comments from the Scrutiny and Overview Committee on Thursday, 19 January, and noted the current proposals of supporting residents across the district but raised concerns with supporting parish and town councils for upgrading their street lighting, mobile wardens and installing EV charging points. Councillor Bridget Smith responded that the Council had made significant progress since the previous revision was submitted to Cabinet in February 2022 but noted the ongoing work with parish and town councils across the district.

Councillor Henry Batchelor, Lead Cabinet Member for Environmental Services and Licensing, commented on the greening of the Council's refuse fleet and to encourage more recycling.

Councillor Peter McDonald, Lead Cabinet Member for Economic Development, noted the continued support for businesses and on the district's highstreets.

Councillor John Williams, Lead Cabinet Member for Resources, highlighted the Council's Four Day Week trial, and the ensuring regular staff surveys to ensure performance the mental well-being is supported during the trial.

Councillor Dr. Tumi Hawkins, Lead Cabinet Member for Planning, confirmed the Council's commitment to new build houses within the Local Plan, adhering to the Five Year Housing Land Supply.

Councillor Bill Handley, Lead Cabinet Member for Communities, issued support for the Mobile Wardens scheme, and the continuing to house Ukrainian refugees within the district.

Councillor John Batchelor, Lead Cabinet Member for Housing, noted the continued retrofitting of Council properties to net-zero.

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

- a) Considered the proposed Business Plan Action Plan for 2023-24 at Appendix A and **recommended** it to Council for approval, with any amendments as required.
- b) **Authorised** the Chief Executive to make any minor wording changes required to final drafts, in consultation with the Leader.

## 11. Capital Strategy

Cabinet received the Capital Strategy. Councillor John Williams, Lead Cabinet Member for Resources, introduced the report, and the commented on the updates since the previous submission.

After no further comments, Cabinet:

**Recommended** to 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.

## 12. Treasury Management Strategy

Cabinet received the Treasury Management Strategy. Councillor John Williams, Lead Cabinet Member for Resources, introduced the report, and commented on the Council's proposal for not engaging with any short-term borrowing.

After no further comments, Cabinet:

**Recommended** 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,
- iii. Treasury Indicators

## 13. Review of Revenue Reserves and Provisions

Cabinet received the Review of Revenue Reserves and Provisions. Councillor John Williams, Lead Cabinet Member for Resources, introduced the report, and commented on the Council's current reserves.

After no further comments, Cabinet:

**Recommended** to 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.

## 14. General Fund Budget 2023/2024

Cabinet received the General Fund Budget for 2023/2024. Councillor John Williams, Lead Cabinet Member for Resources, introduced the report and the commented on the supplement published ahead of the meeting with the updated figures for the next financial year and the continued progress with the Medium Term Financial Strategy.

Councillor Bridget Smith, Leader of the Council, invited Councillor Richard Stobart to introduce the comments from the Scrutiny and Overview Committee on Thursday, 19 January, and thanked Officers for their work, but commented on the Section 106 funding for arts and culture. Councillor John Williams responded that funding for was through the Community Chest.

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

- a) **Noted** 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) **Acknowledged** 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) **Acknowledged** 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) **Approved** the Council Tax Requirement for 2023/2024 at £11,130,440.
- e) **Approved** 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) **Approved** 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) **Approved** 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) **Recommended** to Council:
  - a. 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.
  - b. 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.

## 15. **Capital Investments Programme 2023/2024 - 2027/2028**

Cabinet received the Capital Investments Programme for 2023/2024 to 2027/2028. Councillor John Williams, Lead Cabinet Member for Resources introduced the report, and noted the ongoing programme for the next five years.

After no further comments, Cabinet:

**Recommended** to Council the revised General Fund Capital Programme outlined at Appendix A.

## 16. **Housing Revenue Account Budget 2023/2024**

Cabinet received the Housing Revenue Account Budget for 2023/2024. Councillor John Williams, Lead Cabinet Member for Resources, introduced the report, noting the continued Council house rents have maintained the Council's House Building programme.

Councillor John Batchelor, Lead Cabinet Member for Housing, noted the rental incomes continues the value of service and turnover of housing stock.

After a short discussion, Cabinet:

**Recommended** to Council to:

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

**17. Local Council Tax Support**

Cabinet received the Localised Council Tax Support scheme for 2023-2024. Councillor John Williams, Lead Cabinet Member for Resources introduced the report, and commented on the increased support for residents. Councillor Brian Milnes, Deputy Leader, and Lead Cabinet Member for the Environment noted the proposal to Council was suitable during the cost of living crisis.

After a short discussion, Cabinet:

**Recommended** to Council, the adoption of option one of the Localised Council Tax Support scheme.

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

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# Agenda Item 6



**Report to:** Cabinet 20 March 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

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## 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 meeting on 28 February 2023.

### Investment Strategy

2. Committee members discussed a range of issues recognising the evolving nature of the Investment Strategy, prompted in part by changes in the rules governing the Public Works Loan Board.
3. The Committee expressed concern in the robustness of the risk register for the return for investments, and the ethical framework of the proposed strategy, the Lead Cabinet Member for Resources confirmed all frameworks for investments are based on the Council's Policies and Business Plan.
4. The Committee noted the location and tenancy strength of current and future investments; the Lead Cabinet Member for Resources commented that while local authorities were expected to diversify how they generate income, there is an emphasis on continued commercial regeneration within the district, and support for local businesses through the Business Support Team.
5. The Vice-Chair highlighted Section 5 of the Strategy document about capacity, skills, and use of external advisors. His concern was that those involved in identifying investment opportunities to make the subsequent recommendations and decisions should have received appropriate training to qualify them to do so. The Lead Cabinet Member for Resources welcomed this point and suggested that a similar level of training should be required for those responsible for scrutinising investment proposals and decisions.
6. Committee Members noted the increase in Green Investment projects, the differing rates of return, and the lack of financial support from the Public Works Loan Board for green energy investments to generate income. It was noted

that green projects that positively impact residents would be supported under the new rules.

7. Committee Members commented on the process for determining investments in commercial properties, and the impact that changes to the Public Works Loan Board has on the pipeline of future projects. The Chief Executive and Lead Cabinet Member for Resources commented that these changes had given the Council a renewed focus on supporting local projects, such as the Northstowe Enterprise Zone.
8. There were comments surrounding the prudential indicators and to ensure all data within the strategy is meaningful for Members and Officers to proceed with investments. It was highlighted by the Committee that the investment team should continue to benchmark between other investments, to review against other local authorities, and any impacts due to the changes of the Public Works Loan Board. The Head of Finance confirmed that sections 8.4.1 and 8.4.4 would be amended ahead of the submission for Cabinet.

### **Recommendation**

9. **Having considered the report presented to the Scrutiny and Overview Committee, and the Investment Strategy attached at Appendix A, Committee members noted the Investment Strategy by affirmation, but recommends that Cabinet asks officers to ensure that training provided is sufficiently robust and offered in future to all Councillors.**

### **2022-23 Quarter Three Performance report**

10. Committee members discussed a range of issues arising from the report.

### **Housing**

11. Regarding AH211 (Housing, average days to re-let all housing stock), the improvement of the performance was noted and commended. Concerns were raised by some over the viability of the target as it stood and if this could be changed. The comments on this Indicator were noted. The Head of Housing and the Lead Cabinet Member for Housing informed the Committee that the Indicator was to be broken down into its component parts and that work was ongoing to assess how the re-let time frame could be improved.
12. Regarding AH204 (Housing, % tenants satisfied with responsive repairs), enquiries were made as to if the types of repairs was recorded and if a breakdown of this could be provided to the Committee in future reports. The Head of Housing and the Lead Cabinet Member for Housing informed the Committee that this data was gathered and that a new breakdown of these statistics was to be introduced in the new financial year and a new methodology to gather this data. However, it was stated that it was unlikely that all of the data would be presented in the Performance Reports to the Committee due concerns over the length of the report. A Member request was

raised for a note to be distributed to all Members explaining what changes to the data were being made and why.

13. The Committee also discussed the disparity between the satisfaction on emergency repairs (SH322) and responsive repairs (AH204), with the Lead Cabinet Member for Housing stating that levels of feedback on AH204 were low and that the aforementioned methodology changes sought to rectify this.

### **Shared Waste and Environment**

14. Regarding ES418 (household waste sent for reuse, recycling and composting (cumulative)) the Committee noted the overall trend between July 2021 appeared to be going down but asked whether the comments regarding December 2021 figures applied to December 2022 and if it was a trend in the wrong direction. The Deputy Leader and Lead Cabinet Member for the Environment explained there was an increase in the target figures and explained better recycling, an improvement of lack of contamination of black bin waste and behavioural change was needed by residents.
15. The Head of Climate, Environment & Waste informed the Committee that there had been a national downward trend in the UK, noting there were many changes nationally, packaging being one of and then recycling had reduced in 2020/2021. It was emphasised that South Cambridgeshire District Council would collaborate with other District Councils, including Cambridgeshire and Peterborough to look at ways of managing waste and other actions that could help improve figures.
16. There were comments from the Committee an additional Key Performance Indicator could be put in place. In response, the Deputy Leader and Lead Cabinet Member for the Environment explained the Shared Waste Service frequently audited the waste collection process which measured what was being put in bins, but a KPI could be considered.
17. The Head of Climate, Environment & Waste explained that although waste as a whole was not tracked, a national target would be coming into force which would help set the target for South Cambridgeshire District Council.
18. The Committee emphasised the subsidised home composting scheme that was available to all residents and requested support from members to make it known to their parishes, the difficulties in obtaining accurate figures for dry recycling and composting and requested feedback from the Food Waste trial.
19. The Chair highlighted the comments on SF786a (Staff sickness days per FTE - Shared Waste Service Only) in how staff were being supported, motivated and cared for.

### **Transformation**

20. The Committee noted the improvement on CC305 (of formal complaints resolved within timescale (all SCDC)) and requested further comments on how

it had been achieved. The Chief Executive explained they had worked extremely hard on resolving complaints and made sure they were responded to in a timely manner and were dealt with by complaints champions in every service.

- 21. Having reviewed the Key Performance Indicator results and narrative at Appendix A and being satisfied with the comments made by Lead Cabinet Members and officers in response to Members' questions, the Scrutiny and Overview Committee noted the report and by affirmation supports its submission to Cabinet.**

### **Further support for cost-of-living crisis for South Cambridgeshire residents**

22. Committee members discussed a range of issues arising from the report.
23. The Committee discussed the use of warm hubs and the impacts of social isolation.
24. Councillors were encouraged to flag up Parish hardship charities to help stimulate links and information on help and support that is available for residents, even if those organisations may be situated just outside the district in places like Royston and Biggleswade.
25. A Committee member asked that all available data (both internal and external) should be analysed so that the Council could give evidence-based justifications for continuing support and focus such support on those people in greatest need, some preliminary data was provided during the meeting.
26. The Committee queried if residents using warm hub were being monitored on their experience and any further needs. The Communities and Communications Service Manager commented that monitoring had been ongoing, and that more data would be obtained in the coming months.
27. The Committee noted that a report on cost-of-living support for residents was due to be brought to Cabinet every 6 months to inform how it is progressing. It could then be assessed if any more additional support would be required or if something sustainable and self-sufficient could be set-up.
- 28. The Scrutiny and Overview Committee considered and noted the report and, by affirmation, supported its submission to Cabinet for approval with data-driven and evidence-based justification as indicated in paragraph 8 above. Should such data not be available in time, it is recommended that Cabinet asks officers to continue their analysis and provide an update in due course.**

### **Report Author:**

Ian Senior – Scrutiny and Governance Adviser  
Telephone – 01954 713028

# Agenda Item 7



South  
Cambridgeshire  
District Council

<b>Report to:</b>	Cabinet	20 March 2023
<b>Lead Cabinet Member:</b>	Councillor John Williams, Lead Cabinet Member for Resources	
<b>Lead Officer:</b>	Jeff Membery, Head of Transformation	

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## 2022-2023 Quarter Three Performance Report

### Executive Summary

1. This report presents the Council's Quarter Three (Q3) position regarding its operational Key Performance Indicators (KPIs), for consideration and comment.
2. On this occasion the Business Plan Progress report is not included within this report. This is because the latest position in relation to Business Plan progress was included within the draft 2023-24 Business Plan that was submitted to the Cabinet meeting on 06 February 2023. The Q4 performance report will return to the usual format.

### Key Decision

3. No

### Recommendations

4. It is recommended that Cabinet:
  - a) Review the KPI results and comments at **Appendix A**, recommending, where appropriate, any actions required to address issues identified.

### Reasons for Recommendations

5. These recommendations are required to enable management and members to understand the organisation's performance. The information included within performance reports contributes to the evidence base for the ongoing review of priorities and enables, where appropriate, redirection of resources to reflect emerging priorities and address areas of concern.

## Details

### Key Performance Indicator (KPI) Report

6. This report presents Key Performance Indicator (KPI) results that are aligned to high-level, business-as-usual activities that underpin the successful delivery of the Council's services.
7. The data in **Appendix A** shows actual performance against target and intervention levels and accompanying comments, as provided by performance indicator owners. The Council uses a 'traffic light' system to denote performance, whereby:
  - **Green** signifies performance targets that have been met or surpassed.
  - **Amber** denotes performance below target but above intervention level. It is the responsibility of service managers to monitor such performance closely, putting in place remedial actions to raise standards as required.
  - **Red** denotes performance below the intervention level. This represents underperformance of concern and should prompt interventions and may involve the reallocation of resources or proposals to redesign how services are provided.
8. This report also contains a column called 'Outlook RAG' which was a new addition earlier in the 2022-23 financial year. The purpose of this column is to provide an indication of expected performance levels over the following quarter. This is based on estimates provided by service managers and helps to flag any risks to performance levels and prompt discussion about how these may be mitigated.

## 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:-

There are no significant implications beyond those raised by performance indicator owners within the comments section of the Key Performance Indicator report at (**Appendix A**).

## Consultation responses

10. All performance indicator results, and commentaries are provided by or at the instruction of performance indicator owners.

## Alignment with Council Priority Areas

11. The KPI report (**Appendix A**) allows business-as-usual performance to be monitored and managed across the Council's range of activities.

## Background Papers

South Cambridgeshire District Council Business Plan 2020-25

## **Appendices**

Appendix A: Key Performance Indicator Report

### **Report Author:**

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

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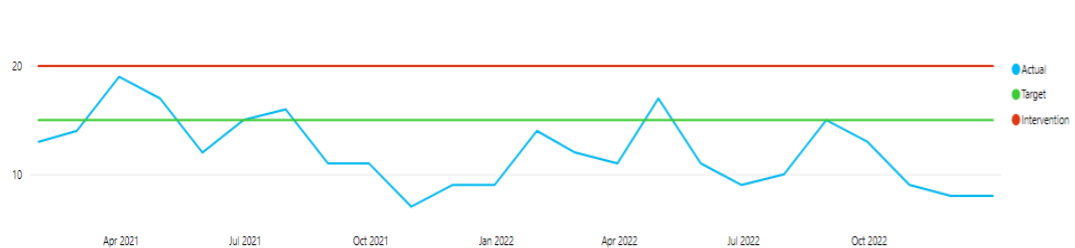


Key Performance Indicator and Owner, organised by Directorate and Service Area	Actual	Target	Intervention	Outlook RAG	Comments
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**Benefits**

**FS112 Average number of days to process new HB/CTS claims**

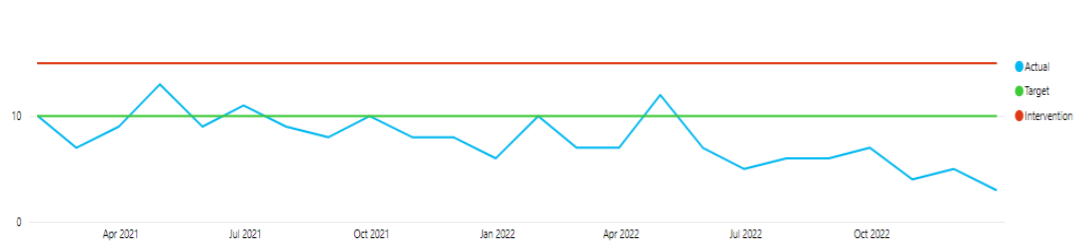
Dawn Graham



Oct	9	15	20	
Nov	8	15	20	
Dec	8	15	20	Green

**FS113 Average number of days to process HB/CTS change events**

Dawn Graham



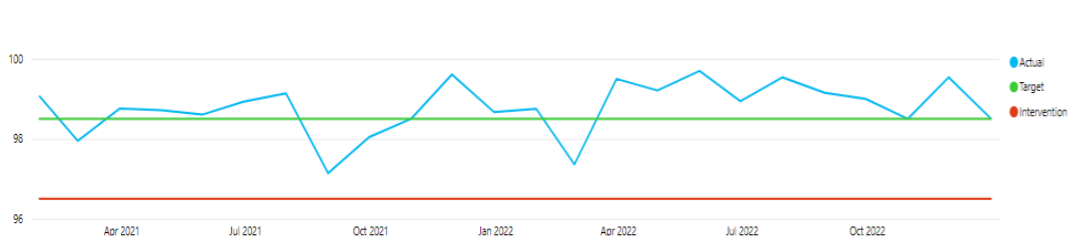
Oct	4	10	15	
Nov	5	10	15	
Dec	3	10	15	Green

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**Finance**

**FS109 % undisputed invoices paid in 30 days**

Peter Maddock



Oct	98.50	98.5	96.5	
Nov	99.54	98.5	96.5	
Dec	98.51	98.5	96.5	Green

Note: Whilst some KPIs are reported monthly, others are reported quarterly. For quarterly KPIs the results are labelled based on the month at the end of the quarter (e.g. Q1 = Jun, Q2 = Sep)

Key Performance Indicator and Owner, organised by Directorate and Service Area				Actual	Target	Intervention	Outlook RAG	Comments	
<b>Revenues</b>									
<b>FS102 % Housing Rent collected</b>									
Katie Kelly									
Line chart not included for this PI - chart scale means result is indistinguishable from the target.				Oct	96.73	97.2	95.26	Green	Whilst slightly lower than target, rents performance for December is a 0.23% increase on the same period last year.
				Nov	97.22	97.3	95.35		
				Dec	97.25	97.7	95.75		
<b>FS104 % Business Rates collected (year to date)</b>									
Katie Kelly									
Line chart not included for this PI - chart scale means result is indistinguishable from the target.				Oct	68.7	68.66	67.29	Green	The next collectible debit increased by £1.5m in December, largely due to two very large assessments being added to the rating list. As we report collection performance as the % of what is available to collect, this impacts on the outturn figure. Bills on these properties are not due to be paid until 1st Feb and so January performance figures are likely to show lower too, followed by improvements towards the end of the quarter.
				Nov	77.0	77.85	76.29		
				Dec	84.5	86.30	84.57		
<b>FS105 % Council Tax collected (year to date)</b>									
Katie Kelly									
Line chart not included for this PI - chart scale means result is indistinguishable from the target.				Oct	67.9	69.3	67.91	Green	Throughout this year council tax collection performance has tracked under target which is largely due to instalments shifting to Feb / Mar as accounts are updated.  We have seen a slight increase in the number of recovery documents issued in December, but this could be due to the fact that these were issued earlier in the month, and so further monitoring is required.  It's likely that this position will remain for January collection performance, but we are expecting a more positive change for February and March as instalments are due.
				Nov	77.1	79.0	77.42		
				Dec	86.3	88.5	86.73		

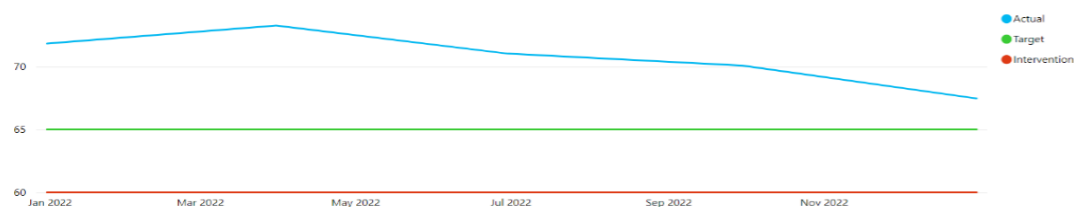
Report continues on the following page.

Key Performance Indicator and Owner, organised by Directorate and Service Area	Actual	Target	Intervention	Outlook RAG	Comments
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**Dev. Management**

**PN510 % of major applications determined within 13 weeks or agreed timeline (2 year reporting period cumulative)**

Heather Jones

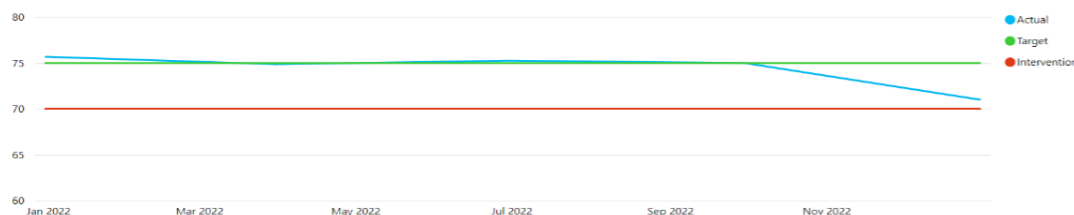


Sep	70.08	65	60	
Dec	67.47	65	60	Green

Additional verification activity has taken place resulting in minor changes to PN510 results up to December 2022. The result for September 2022 and the line chart to the left have been updated accordingly.

**PN511 % of non-major applications determined within 8 weeks or agreed timeline (2 year reporting period cumulative)**

Heather Jones



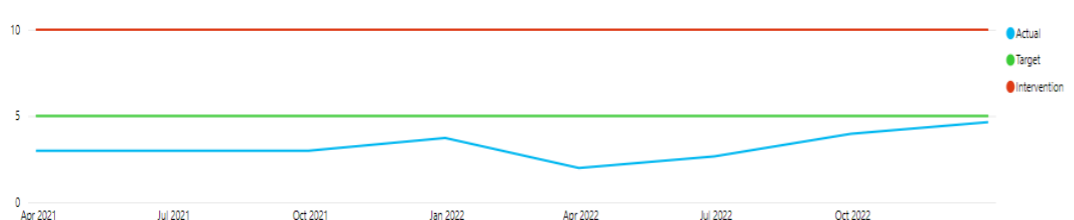
Sep	75.00	75	70	
Dec	71.00	75	70	Amber

December's result was amber, as was predicted with the Outlook RAG at the end of Q2. This is because we entered the next two year reporting period meaning strong monthly results from before Oct 2021 no longer contribute to the 2 year cumulative, while slightly lower results from this time last year continue to be included.

The team have worked hard to remove the validation backlog and we are progressing through the historical applications over 26 weeks with our Planning Additional Resource Team. PN519 (below) also shows the amount of time to determine validated householder applications is reducing.

**PN512 % of appeals against major planning permissions refusal allowed (2 year reporting period cumulative)**

Heather Jones



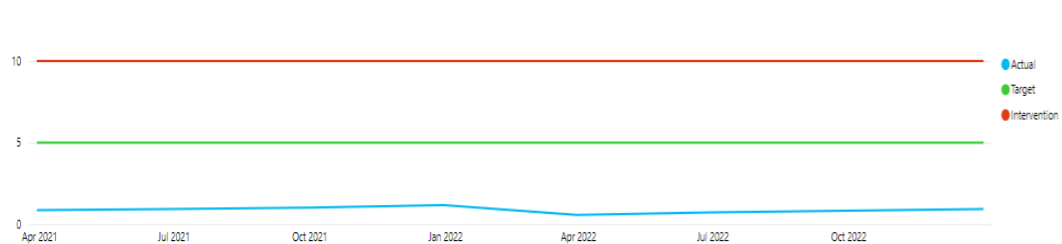
Sep	3.97	5	10	
Dec	4.64	5	10	Green

Note: Whilst some KPIs are reported monthly, others are reported quarterly. For quarterly KPIs the results are labelled based on the month at the end of the quarter (e.g. Q1 = Jun, Q2 = Sep)

Key Performance Indicator and Owner, organised by Directorate and Service Area	Actual	Target	Intervention	Outlook RAG	Comments
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**PN513 % of appeals against non-major planning permission refusal allowed (2 year reporting period cumulative)**

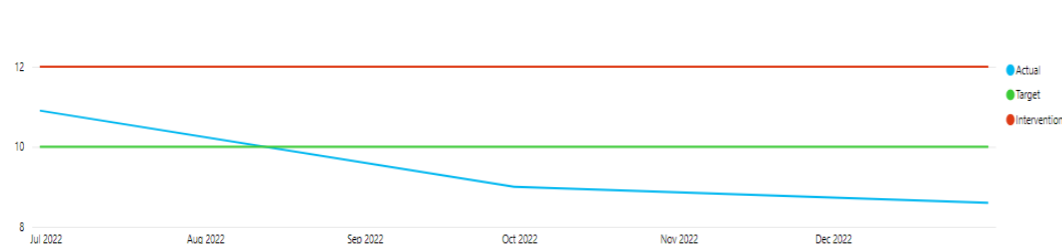
Heather Jones



Sep	0.83	5	10	
Dec	0.93	5	10	Green

**PN519 Average time to determine validated householder Planning applications (weeks)**

Heather Jones

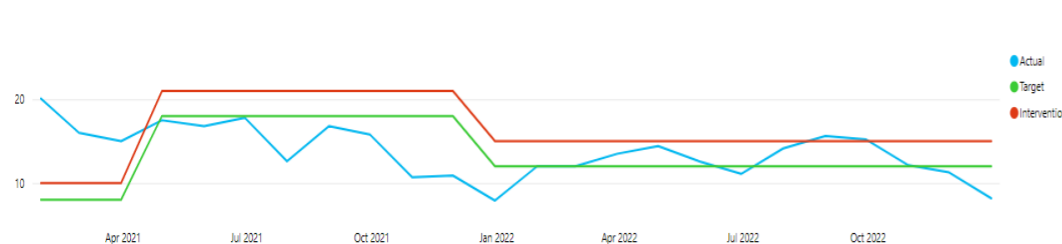


Sep	9.00	10	12	
Dec	8.60	10	12	Green

**Land Charges**

**SX025 Average Land Charges search response days**

Heather Jones



Oct	12.13	12	15	
Nov	11.27	12	15	
Dec	8.17	12	15	Green

The Land Charges team have worked hard to reduce the turnaround time in Q3. The previous result from Q2 was impacted by sickness and annual leave over several weeks, plus an issue with the build control data migration affected Q2.

All of these issues were resolved in Q3 allowing the team to catch up and provide searches within target. With the support of the Technical Support (TSO) team we have also been able to cleanse a small amount of data (3000 listed buildings records) to help support the Land Charges team to produce searches without the need for manual correction of original application.

Report continues on the following page.

Key Performance Indicator and Owner, organised by Directorate and Service Area	Actual	Target	Intervention	Outlook RAG	Comments
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**Housing Advice**

**AH230 Number of households with children leaving B&B accommodation after longer than 6 weeks**

Heather Wood

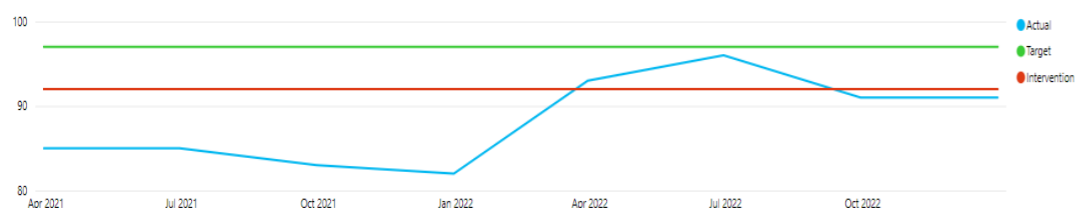
Sep	0	0	1	
Dec	0	0	1	Green

Line chart not included for this PI - chart scale means result is indistinguishable from the target.

**Housing and Property Services**

**AH204 % tenants satisfied with responsive repairs**

Eddie Spicer



Sep	91	97	92	
Dec	89	97	92	Amber

Work is taking place to revise the reporting method for this KPI to align with the new repairs contract with Mears that began in October 2022. This is expected to be in place for Q1 of the new financial year and will show greater detail, highlighting where work needs to be focused to reach target.

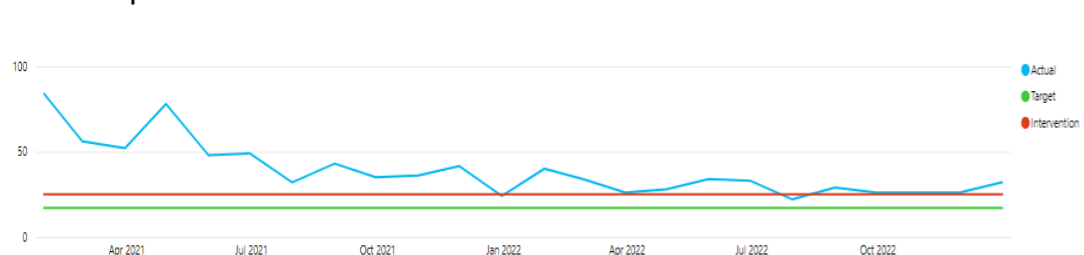
With the new repairs contract we are developing an updated methodology to collect customer feedback, and this will be reported from the new financial year.

Anecdotal evidence from residents is that satisfaction with repairs is improving, and linked to the new contract, but this is not yet shown using the current methodology.

Key Performance Indicator and Owner, organised by Directorate and Service Area	Actual	Target	Intervention	Outlook RAG	Comments
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**AH211 Average days to re-let all housing stock**

Eddie Spicer



Oct	26	17	25	
Nov	26	17	25	
Dec	32	17	25	Amber

We believe the cost of living crisis is starting to effect the behaviour of some tenants when they come to leave their council home. Financial, physical, and mental health considerations have meant that we are seeing greater numbers of tenants leaving unwanted possessions, household waste and properties generally in a poor condition.

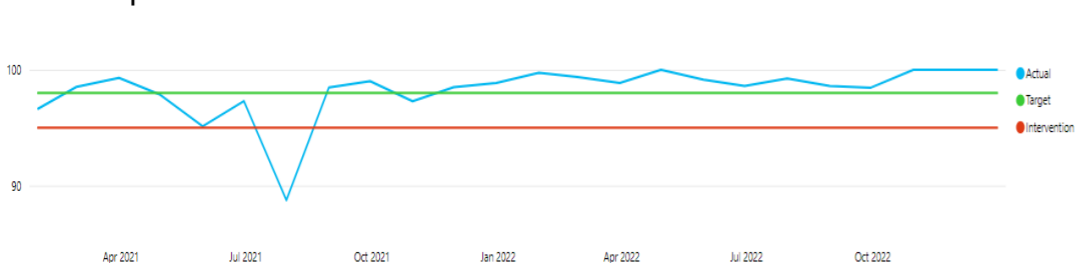
This means that before we can determine what repair and maintenance works are necessary, to enable a property to be re-let, we are having to instruct contractors to carry out extensive clearances and deep cleans. This increases the length of time some of our properties are standing empty. In addition, several properties returned to us in recent months have suffered from structural issues which have required specialist surveys and major refurbishment works. This has stretched the resources we have available to us to complete repair and maintenance work.

We have re-focussed our efforts on pre-termination inspections to try and mitigate against some of what we are seeing. Work is also taking place to breakdown the various elements of our 'empty homes process' with a revised reporting method for the new financial year.

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**SH332 % emergency repairs in 24 hours**

Eddie Spicer



Oct	100	98	95	
Nov	100	98	95	
Dec	100	98	95	Green

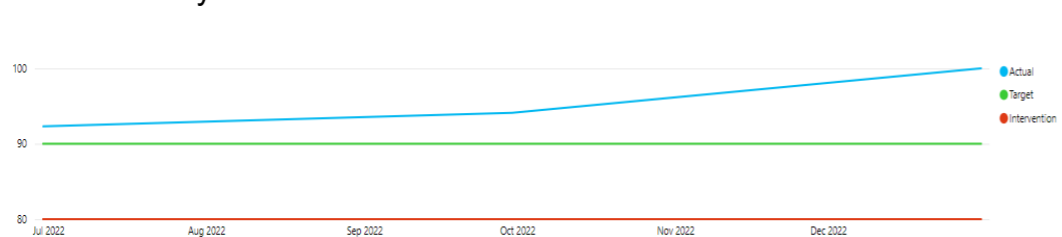
Report continues on the following page.

Key Performance Indicator and Owner, organised by Directorate and Service Area	Actual	Target	Intervention	Outlook RAG	Comments
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**Democratic Services**

**CC314 % of public hybrid meetings run without issues causing downtime exceeding 5 minutes**

Jeff Membery

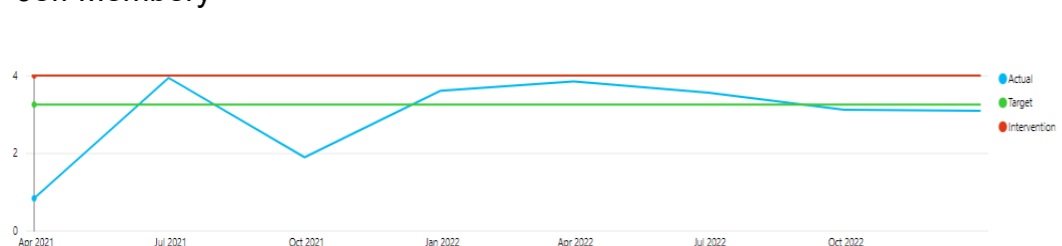


Sep	94	90	80	
Dec	100	90	80	Green

**HR**

**FS117 % Staff turnover (non-cumulative)**

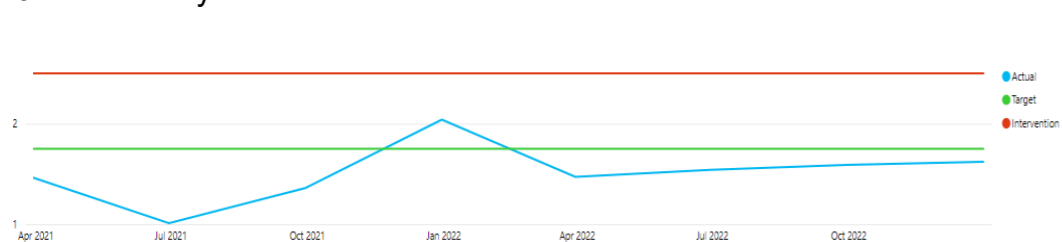
Jeff Membery



Sep	3.12	3.25	4	
Dec	3.09	3.25	4	Green

**FS125 Staff sickness days per FTE excluding SSWS (non-cumulative)**

Jeff Membery



Sep	1.59	1.75	2.5	
Dec	1.62	1.75	2.5	Green

A green Outlook RAG has been applied following two consecutive results that were better than target. In Q4 the council is also trialling the 4 day week, which may contribute to improved staff wellbeing.

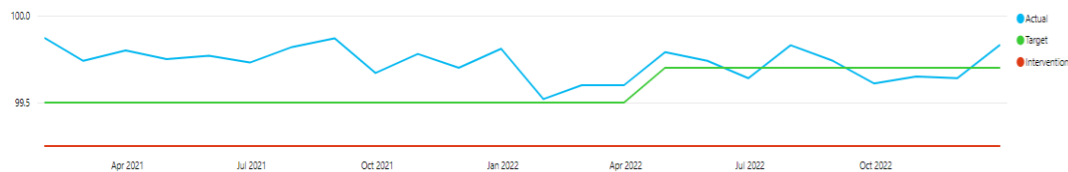
Report continues on the following page.

Key Performance Indicator and Owner, organised by Directorate and Service Area	Actual	Target	Intervention	Outlook RAG	Comments
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**Shared Waste Service**

**ES408 % of bins collected on schedule**

Bode Esan



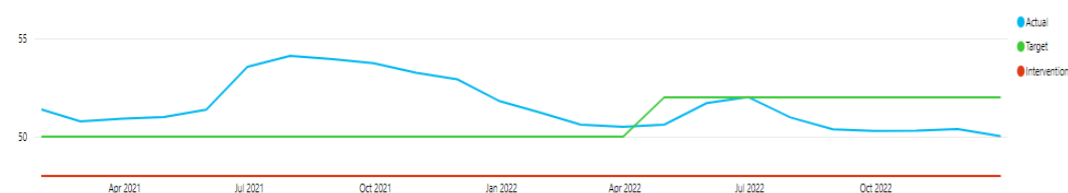
Oct	99.65	99.7	99.25
Nov	99.64	99.7	99.25
Dec	99.83	99.7	99.25

Green

One third of the missed bins came from organic (green) bins in Oct. This was due to a wave of staff shortages and sickness that meant the crew operated with less resources on these rounds. Half of the missed bins in Nov were for residual (black bin) rounds. This was a result of new staff and minor changes to trial different routes on a small number of streets. Performance stabilised in Dec and now back on track. Performance across is still above the target.

**ES418 % of household waste sent for reuse, recycling and composting (cumulative)**

Bode Esan



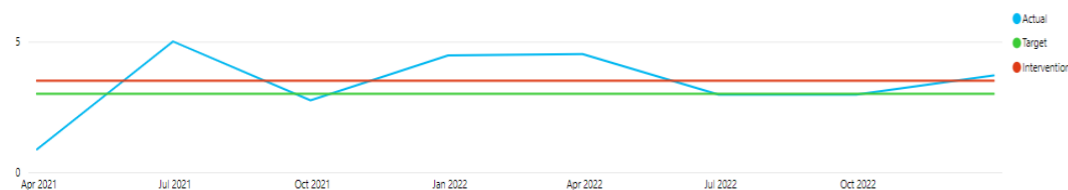
Oct	50.30	52	48
Nov	50.39	52	48
Dec	50.03	52	48

Amber

Dec figures are provisional with final recycling the final result for still to be confirmed from partners. Particularly cold weather in Dec resulted in a significantly low volume of organic waste (half that of Nov's tonnage). Dry recycling increased and residual (black bin) waste decreased per household in Dec which reinforces the contribution that the green bin tonnages have regarding the recycling rate.

**SF786a Staff sickness days per FTE - Shared Waste Service Only**

Bode Esan



Sep	2.97	3	3.5
Dec	3.70	3	3.5

Red

Although December's result was red, the total number of days lost to sickness was lower this quarter compared with Q3 2021-22. An increase in sickness levels over the winter is to be expected for non-office based colleagues and follows last year's pattern.

Preventative measures have taken place including flu clinics and health MOT sessions. The HR team continue to work closely with team managers to ensure prompt action to support staff to return to work, including promotion of employee assistance programme, occupational health and signposting to further support.

Training in February will focus on nutrition and health, with Everyone Health attending to present and provide guidance to crews. They will also be hosting health clinics.

The Outlook RAG is red due to the seasonal nature of absence in this area.

Report continues on the following page.

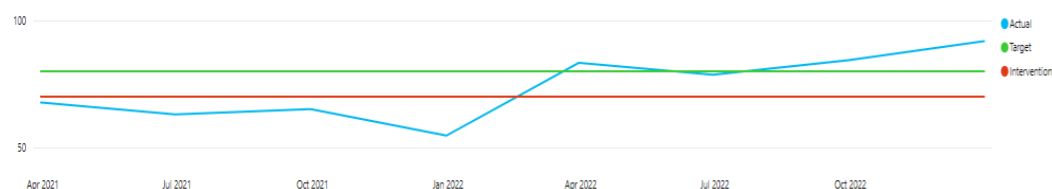


Key Performance Indicator and Owner, organised by Directorate and Service Area	Actual	Target	Intervention	Outlook RAG	Comments
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**Complaints**

**CC305 % of formal complaints resolved within timescale (all SDCC)**

Jeff Membery

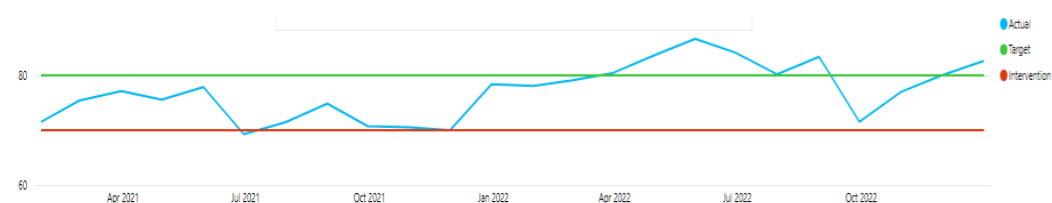


Sep	84.38	80	70	
Dec	91.84	80	70	Green

**Contact Centre**

**CC302 % calls to the Contact Centre resolved first time**

Jeff Membery



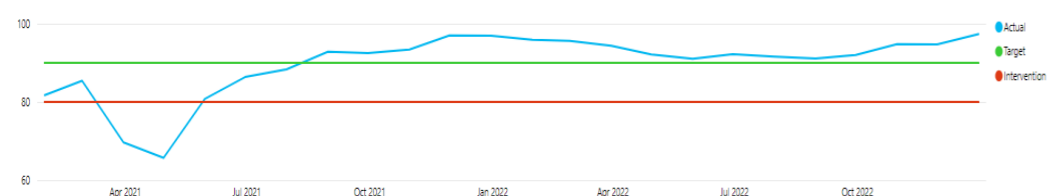
Oct	77.0	80	70	
Nov	80.0	80	70	
Dec	82.6	80	70	Amber

There has been an improvement throughout the quarter following September's lower result, and as new staff have become more established.

An amber Outlook RAG has been applied because historic data and lessons learned from previous years show that the Contact Centre's busiest time of year is Q4. In an attempt to maintain performance as much as possible, temporary staff are being sourced to specifically deal with the anticipated higher demand relating to Council Tax billing queries only and no other aspect of the business. This is a proactive approach to limit disruption caused by higher call volumes.

**CC303 % of calls to the Contact Centre that are handled (answered)**

Jeff Membery



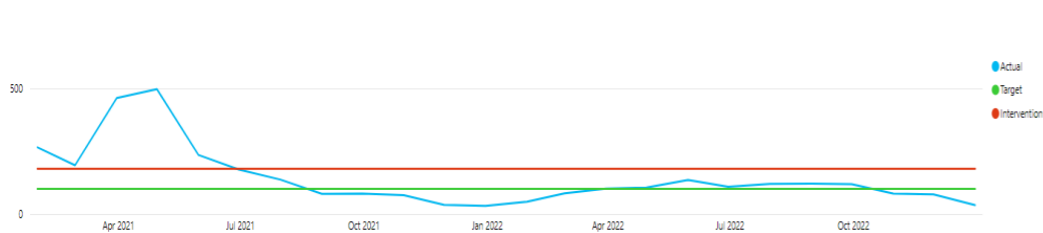
Oct	94.79	90	80	
Nov	94.74	90	80	
Dec	97.37	90	80	Amber

An amber Outlook RAG has been applied as explained in relation to CC302 above.

Key Performance Indicator and Owner, organised by Directorate and Service Area	Actual	Target	Intervention	Outlook RAG	Comments
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**CC307 Average call answer time (seconds)**

Jeff Membro



Oct	81	100	180	
Nov	78	100	180	
Dec	35	100	180	Amber

An amber Outlook RAG has been applied as explained in relation to CC302 above.

Note: Whilst some KPIs are reported monthly, others are reported quarterly. For quarterly KPIs the results are labelled based on the month at the end of the quarter (e.g. Q1 = Jun, Q2 = Sep)

# Agenda Item 8



<b>Report to:</b>	Cabinet	20 March 2023
<b>Lead Cabinet Member:</b>	Councillor Bill Handley, Lead Cabinet Member for Communities	
<b>Lead Officer:</b>	Liz Watts, Chief Executive Officer	

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## Further Support for Cost-of-Living Crisis for South Cambridgeshire Residents

### Executive Summary

1. This report provides Cabinet with recommendations for how the Council could continue to support residents through the cost-of-living crisis. Existing funding is available to deliver the recommended programme of support over the next two years. The recommendations aim to create self-sustaining systems that will continue beyond initial funding and provide support to residents across the district experiencing hardship. The funding recommended follows a package of support agreed by the Cabinet on 14 November 2022 for up until the end of March 2023.

### Key Decision

2. Yes. The key decision was first published in the February 2023 Forward Plan.

### Recommendations

3. It is recommended that Cabinet approve the priorities set out in paragraphs 29 – 36, and £206,000 funding set out in paragraph 38 to continue to support South Cambridgeshire communities during the ongoing cost-of-living crisis.

### Reasons for Recommendations

4. Following the cost-of-living crisis declaration at a meeting of Full Council, a report was agreed by Cabinet on 14 November 2022 to provide a range of support targeted at more vulnerable residents to help with the current cost-of-living crisis.

The funding for many of the schemes proposed in that report comes to an end on 31 March 2023.

## Details

### Background

5. The cost-of-living crisis continues to have a major impact on individuals, families, and businesses nationally, including those living and working in South Cambridgeshire and this report summarises the work that has already been done and recommends additional support through the next 2 financial years.
6. The crisis is impacting people with moderate to good incomes as well as those already in hardship. The increase in day-to-day bills, especially energy and food, is pushing those struggling deeper into hardship and poverty.
7. We are hearing reports that the impossible choice between “heating and eating” may present more problems for our Health Services, which are still recovering from the demands caused by the Covid pandemic. Individuals who are unable to keep themselves warm, or feed themselves sufficiently, many of whom have underlying health conditions or are considered vulnerable, may develop health conditions as a result which require GP or hospital treatment.
8. There is evidence to suggest that some are less able to cope with the cost-of-living crisis so soon after the pandemic. Households, particularly those with low incomes, have run down savings and increased debt since the start of the pandemic. The Office for National Statistics found that by December 2020, nearly 9 million people had to borrow more money than usual because of coronavirus. Groups which are more likely to have taken on more debt since the start of the coronavirus pandemic include renters, people from minority ethnic groups, parents and carers, disabled people, and young people.
9. The effects of the cost-of-living crisis will continue for a number of years. Inflation will remain high through 2023 and the economic outlook continues to look challenging for many people and businesses. The Council has a duty to support the most vulnerable residents and with many existing projects ending on 31 March 2023, the recommendations in this report extend support over the following years.
10. The situation residents face is complex and there are no easy solutions. There are both long-term and short-term causes of the current crisis including:
  - The extraordinary rise in the cost of energy and fuel.
  - Interest rate rises.
  - The very high cost of housing which is extremely evident within South Cambridgeshire and its effects on rents in the area.
  - Rising food prices.
  - Income and wages, including social security benefits, have stagnated and some benefits such as Universal Credit (UC) have been reduced following increases during the pandemic.

- The longer-term effects of the pandemic.
- An ageing population.
- The current war in Ukraine (resulting in increased costs across a range of goods, services, foods, and energy).

11. Local services in South Cambridgeshire have seen an increase in pressure over the past 12 months, particularly in the months leading up to March 2023:
- Cambridge City Foodbank, which covers areas of South Cambridgeshire, supported 13,580 people in 2022. This is an increase of 40% on 2021.
  - Cambridge & District Citizens Advice saw an 87% increase in energy support advice given in 2022 compared to 2021, as well as a 29% increase in crisis support given over the same period.
  - South Cambridgeshire District Council's Income Maximisation Officer has received 56 referrals in the first two months of 2023, double the average for a two month period during the previous 18 months.
  - The Communities Team have reported over 4 times the amount of people contacting the Council for support during the first two months of 2023, compared to the last two months of 2022.

The Council had already been supporting residents in the following ways: -

12. Dedicated income and money maximisation officer advice - available within Housing Advice and Benefits teams to help ensure people are claiming all support and assistance available to them including pre-tenancy advice and support in terms of managing finances, negotiating the costs of moving into a new home and some collaborative work with housing providers around affordability.
13. Specialist debt advice to residents at risk of homelessness because of affordability and debt (service accessed via the Housing Advice Team), provided by Citizen's Advice Bureau Money Advice Service.
14. Council tax payments – residents can spread payments over 12 instalments rather than 10 instalments as had traditionally been the case.
15. Improved information to increase and maximise income: [Cost of living support - South Cambs District Council \(scambs.gov.uk\)](https://www.scambs.gov.uk) – all information is now in one place to ensure people are aware of support by the Council and other organisations. This is supported by a printed resource.
16. Supporting residents with Trussell Trust Food Bank vouchers - authorising and providing vouchers, offering onward support, and signposting as appropriate.
17. Providing home energy improvements (for example, loft and wall insulation and solar PV) to homes where households are at risk of fuel poverty, funded through government schemes. (This work is delivered under the Action on Energy Cambridgeshire brand name, in collaboration with the other Cambridgeshire local authorities through the Cambridgeshire Energy Retrofit Partnership).
18. The Council is also working with partners to ensure good understanding locally of the support available such as:

- Cambridgeshire County Council on the Household Support Fund that provides one off food and fuel payments. The Council is a trusted partner and able to authorise vouchers.
- Local Energy Action Partnership (LEAP) who provide energy and money saving advice to residents and an onward referrals service for income, benefits debt advice and funded energy efficient improvements.

Following agreement by Cabinet on 14 November 2022, these additional measures commenced: -

19. Reducing the cost of heating and cooking by providing free slow cookers and electric blankets to those 'just about managing'. At the time of writing, over 400 people have been supplied with either an electric blanket or slow cooker, with many receiving both.
20. Expansion of Warm Hubs project that had commenced across South Cambridgeshire to provide a community space whereby residents are able to socialise and save on their heating bills while not heating their home during that time. So far, 25 Warm Hubs have opened across the district and as of 1 February 2023, have received over 2,000 visits.
21. The development of the Warm Hubs, where they have been successful, have provided opportunities for people living in loneliness and isolation to connect with their neighbours and make new friends building important local support networks. These appear to be proving most successful in those villages and communities which lack other amenities.
22. Introducing a food parcel service to those communities without access to a food bank but in need of food aid. The food parcel delivery provides a bespoke selection of foods to feed an individual or family group for up to a week and can be delivered within 24 hours of the initial request. Deliveries can be made to a registered Warm Hub or the residents' home in some circumstances.
23. Further support through Community Chest grants. An additional £20,000 was made available for projects specifically helping tackle the effects of the cost-of-living crisis.
24. Additional budget of £100,000 to be used over 2022/23 and 2023/24 for Discretionary Housing Payments for people on Universal Credit (UC) or Housing Benefits for help with housing costs.
25. A dedicated cost-of-living Project Officer to deliver projects thus far, and to act as a single point of contact for all cost-of-living crisis related enquiries through the Council.
26. Although initial feedback has already been overwhelmingly positive, a full evaluation report will be undertaken in May 2023 containing more data. Lessons learnt so far have shaped the recommendations in this paper to ensure residents continue to receive a high standard of support.

## **Focus of additional work to support residents through the cost-of-living crisis in 2023/24 and 2024/25**

27. The Council declared a cost-of-living crisis at its September 2022 Council meeting, and subsequently passed a number of measures to support residents, with most of these measures ending on 31 March 2023. Below are the recommended options that officers have developed following engagement with the Lead Cabinet Member for Communities. The recommendations recognise the need to create self-sustaining systems that do not require ongoing funding from the Council. Many of the recommended options require funding which is shown below. All the additional work can be funded through the use of available earmarked reserves.
28. Following on from the investment last year, the Integrated Care System (ICS) have confirmed further grant funding for 2023/24 for projects which continue to demonstrate a focus on preventing people needing further health interventions and which demonstrate high levels of community engagement. Final confirmation is required to understand the details of this grant and its terms, but some match funding from the District Councils will be required for projects.

### **Priority Opportunities**

29. **Cost-of-living crisis response strategy** – Develop a strategy to build on this report that would detail the Council’s approach to the cost-of-living crisis. An overarching strategy would help the Council to deliver a considered and budgeted range of holistic support. It would align to other strategies and policies such as equalities, health and wellbeing, and climate change, and link with projects such as housing initiatives with our own tenants, Community Led Planning (CLP), and Homes for Ukraine. The approach taken would be in collaboration with Parishes, Voluntary and Community Sector (VCS) groups, Cambridgeshire County Council’s Think Communities Team, and the ICS to create self-sustaining, place-based solutions.
30. **Roadshow of cost-of-living talks** – Existing community groups/events/meetings that take place in a community (or set up for this purpose if necessary) to raise the issue of the impacts of cost of living on the most vulnerable and highlight a range of support available. This would improve reach and uptake of grants and other support services. These would be organised in partnership with Parish Councils.

**Recommendation:** £1,000 to be allocated for this project. This covers room hire and materials cost for 10 talks in targeted areas.

31. **Evolution of Warm Hubs into Community Wellbeing Hubs** – Cambridgeshire Acre were appointed to provide warm community spaces in South Cambridgeshire provided with funding from the ICS to last through to 31 March 2023. Learning from the extensive community engagement throughout this process, ‘Warm Hubs’ would evolve into Community Wellbeing Hubs, offering

more services. These places could provide free, cheap, or 'pay as you feel' food and hot drinks, social interaction, access to affordable food, a warm space, connection to statutory services such as Job Centres, Housing Advice and voluntary groups such as Citizens Advice, energy and debt advice, and anything else the community wanted or needed. This project could be developed within Community Led Plan and be place-based, reflecting the needs of the particular village or town.

**Recommendation:** £25,000 to be allocated for a minimum of 5 Community Hubs across the district. Further funding will be bid for to increase this offering, subject to the terms of the ICS bidding process.

**32. Council Tax Support Campaign** - Run a larger communications campaign to increase uptake of the Council Tax reduction scheme. The campaign would use a range of communication channels but would include letters to areas with higher deprivation informing people of their potential eligibility. Data resulting from this scheme may also help the Council target future/additional support. This has been evident through the electric blanket/slow cookers scheme.

**Recommendation:** £10,000 allocated for a targeted letter campaign.

**33. Extend the provision of electric blankets and/or slow cookers** – Expand this scheme to provide energy saving appliances to residents just about managing. The feedback from this scheme has so far been very positive. We would also seek to target residents in receipt of care from the District Nursing Teams, again working in close collaboration with our partners in health. Planning a targeted approach will begin over the summer period to launch in November 2023.

**Recommendation:** £30,000 to support approximately 500 people.

**34. South Cambridgeshire Sustainable Food Network** - A sustainable food network would link together all foodbanks in the district to learn from one another and distribute food that would otherwise be going to waste; create links with local farmers to donate excess food that is not suitable for supermarkets; encourage communities to grow fresh vegetables for those most vulnerable; and promote healthy eating and more plant-based diets. This combats both the cost-of-living crisis and the climate crisis by creating a sustainable network, initially led by an officer at the Council, who would then mentor one of the volunteers to take over with external funding (funding currently available) once in operation.

At the Climate and Environment Advisory Committee's request, a report is being prepared by the Climate and Environment team for their meeting on 4 April setting out options for a South Cambridgeshire Sustainable Food Strategy. A sustainable food network would be an integral part of this.

This would include, though not be limited to, facilitating the set up of new foodbanks, creating community vegetable gardens, facilitating a better relationship between supermarkets and foodbanks to donate excess food, and delivering food parcels to those in need. Funding would be provided to set up new foodbanks in target areas where gaps exist which should become self-sufficient



after expiration of initial funding as work would be done to set up regular donations from the community and supermarkets. Community vegetable gardens would help create a more constant local supply of fresh seasonal vegetables to foodbanks in the district and encourage healthy eating and community cohesion. Food would be distributed through the Sustainable Food Network, targeting food to those most vulnerable while also tackling food waste issues.

**Recommendation:** £45,000 allocated to the project as a whole. Initial allocation of this funding is £15,000 to fund 5 new foodbanks, £10,000 to cover land agreement and running costs for community vegetable gardens, and £20,000 for the provision of food parcels, although the sub-allocations are subject to change as work continues.

**35. Data analysis to explore prevention methods** - Many data sets are held within the Council and partner organisations that contain information on individuals and geographical areas at risk of, or already in, poverty. Officer resource would allow investigation of whether the Council's data could be used to attempt to implement prevention methods. This project is envisaged to run through to March 2025.

**36. Officer resources** – To deliver the projects set out in this report, a dedicated cost-of-living Project Officer at grade 4 is required beyond March 2023. Many of the projects outlined in this report will continue for a two-year period and thus require officer resource for that.

**Recommendation:** £80,000 for one full time equivalent Project Officer at Grade 4 on a two-year fixed term contract.

## Options

1. Recommended option – accept all the recommendations set out in paragraphs 29 to 36 thereby continuing to support our commitment to helping residents through the ongoing cost-of-living crisis, initially approved by Cabinet in November 2022.
2. Cabinet could choose not to progress with any of the recommended options set out in the report and either do nothing, or ask officers to carry out further work.
3. Defer a decision until a later date, pending further information.
4. Approve some of the recommended options set out in the report and provide officers with feedback on those to be prioritised.

## Implications

37. 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**

38. Funding for the projects outlined above will be drawn from existing and available earmarked reserves. Each option has been costed and evaluated as part of the package of ongoing support that the council provides to residents. If all options were agreed, this would cost a total of £206,000 and all funding would come from earmarked reserves.

**Financial summary of recommendations**

	<b>Funded by SCDC reserves (£)</b>
Roadshow of cost-of-living talks	1,000
Evolution of Warm Hubs into Community Hubs	25,000
Council Tax support campaign	10,000
Extend the provision of electric blankets and/or slow cookers	30,000
South Cambridgeshire Sustainable Food Network	45,000
Officer resources (2 years)	80,000
Contingency	15,000
<b>Total</b>	<b>206,000</b>

**Staffing**

39. Creation of a new full time equivalent 2-year fixed term post at Grade 4 will be necessary to deliver the full range of projects outlined.

**Risks/Opportunities**

40. The recommendations in this report have the opportunity to ease the effects of the cost-of-living crisis to those most vulnerable in South Cambridgeshire. Were the Council not to continue its support to residents it is likely that more people will need to access other services offered by the Council and public sector partners.

**Equality and Diversity**

41. An Equality Impact Assessment (EqIA) was undertaken in November 2022 regarding cost-of-living support. As the recommendations in this report are a continuation of this work, it will rely upon the same EqIA. The EqIA has identified that the proposals have the potential to impact positively on several different protected characteristic groups, especially those who we know to be most vulnerable to the cost-of-living crisis, such as older people and young children, and disabled people.

## **Climate Change**

42. The recommendations to set up a South Cambridgeshire Sustainable Food Network and to extend the provision of electric blankets and/or slow cookers align closely with the council's Zero Carbon Strategy, action plan and net zero targets. Electric blankets and slow cookers are likely to result in lower electricity use and associated greenhouse gas emissions. Food is a significant contributor to greenhouse gas emissions and a sustainable food network would be an important part of a strategy to reduce these.

## **Health & Wellbeing**

43. The health impacts associated with financial hardship, debt, poor nutrition, and cold, damp homes are manifold. This project aims to deliver numerous positive health impacts by using a mix of universal and targeted approaches which will be localised and nuanced based on the needs of the neighbourhood.

## **Consultation**

44. Community engagement with volunteers, residents, and services across South Cambridgeshire, which will be shared in full once the initial funding is complete. Ongoing and continued consultation with Think Communities, the ICS, Voluntary Sector and Council officers.

## **Alignment with Council Priority Areas**

### **45. Growing local businesses and economies**

This proposal involves working closely to deliver projects via the voluntary sector. This creates positive impacts by supporting local not-for-profit organisations to develop their business models, provide employment for local people and build social value through the creation of increased volunteering roles across the District.

### **46. Housing that is truly affordable for everyone to live in**

This project will link services such as Local Energy Advice Partnership and other debt and energy advice organisations to residents in need of housing and financial support. Leading to residents gaining access to fuel grants and home improvements which could lead to energy efficiency savings.

### **47. Being green to our core**

The project plans to create a sustainable food network, bringing together foodbanks, allotment growing groups and supermarket chains to reduce food waste, and reduce food miles by offering locally grown, unwanted items to local people.

#### **48.A modern and caring Council**

This project aims to help support those people already suffering financial hardship and help prevent those just about managing from falling into debt by offering a range of practical and financial help. The breadth and depth of the project addresses the wider determinants as it aims to address matters relating to housing, income, jobs, social and community cohesion and access to health services.

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<b>Report to:</b>	Cabinet	20 March 2023
<b>Lead Cabinet Member:</b>	Councillor Dr. Tumi Hawkins, Lead Cabinet Member for Planning	
<b>Lead Officer:</b>	Stephen Kelly, Joint Director of Planning and Economic Development	

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## Greater Cambridge Shared Planning Service Joint Planning Compliance Policy

### Executive Summary

1. Members will be aware that a review of planning enforcement activities of the Greater Cambridge Shared Planning Service (GCSPS) has been undertaken.

The aim is to create a unified approach to handling planning enforcement by both partner Councils with an emphasis on early intervention and compliance.

The objectives are to create an effective and efficient planning compliance service which is valued by Members, communities and the public, with clear performance indicators for responses and resolution of issues.

The review included combining the enforcement policies of both Cambridge City Council and South Cambridgeshire District Council into one united Compliance Policy for GCSP.

### Key Decision

2. Yes

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

### Recommendations

3. It is recommended that South Cambridgeshire District Council adopt the unified Greater Cambridge Shared Planning Compliance Policy.

## **Reasons for Recommendations**

To provide an updated policy for planning compliance matters within the Greater Cambridge Shared Planning Service.

## **Details**

4. Members will be aware that a review of planning enforcement of Greater Cambridge Shared Planning Service (GCSPS) has been undertaken. This has included a review of processes, use of IT to improve workflow and an update of the website, including updated guidance and a video, along with a unified GCSP Compliance Policy.

Enforcement is discretionary and National Guidance provides that Councils should enforce planning law in a proportionate manner and where it is expedient to do so.

## **Activities**

### **IT**

The Uniform IT system has been introduced for GCSP for a number of years and in the last 12 months the team have adopted the enforcement module. The use of this module enables improved reporting mechanisms for all stakeholders, including the use of automated replies, update reminders and related features. The team are also trialling mobile access to the system.

### **Website**

The aim has been to improve access to planning compliance information, alongside the general review of the “customer journey” seeking to ensure the public are more easily able to navigate and find the information they require. The target is to enable 80% of interactions to be self-service.

Cambridge City residents and South Cambridgeshire residents previously used different methods to submit complaints about planning issues, these have now been aligned with an online form. Planning Compliance information and advice sits within the GCSPS website which enables complaints to be submitted via an e-form, including the ability to upload multiple documents and photographs.

Providing clarity on the issues that can be dealt with by the compliance team, will also help other services, history indicates complaints are often initially directed to the wrong service, e.g., environmental health and vice versa. An explanatory video has been included on the website for further information and to be more accessible, using other forms of communication. The e-form used for complaints links directly into the back-office system and prevents matters being lost or misdirected, thereby improving efficiency.

## **Internal processes and procedures**

Accompanying the website and IT improvements there has been a review of internal processes and procedures to become more effective. This will include the use of case studies for training and dissemination and monthly reports to the respective Planning Committees. The GCSP aims to adopt a Quality Management System (QMS) in 2023 and discussions are now underway to include Compliance as inscope.

## **Enforcement Register**

Councils are obliged to provide a register of Enforcement Action and keep this up to date. Previously separate registers were published on the respective websites of each Council in different formats. This information is now published via the Public Access system, which is automated.

## **Compliance Policy**

Government guidance is also that Councils should consider publishing a local compliance policy to manage enforcement proactively, in a way that is appropriate to their area.

This sets out how we will monitor the implementation of planning permissions, investigate alleged cases of unauthorised development, and act where appropriate. Previously each Council had its own compliance plan, these have now been amalgamated into a single document.

The new document sets out:

- what is and what is not a breach of planning control,
- the responsibilities of the owner, occupier and users of a development in the event of a breach of control,
- the priorities and response times in dealing with complaints and breaches,
- possible outcomes in terms of investigations,
- the powers available to the Councils to take action where required.

Attention is drawn to the targets included within the policy.

A formal consultation process was followed, as outlined in section 8.

The Compliance Policy has been reported to the Planning Committee of each Council following agreement by the relevant Cabinet/Portfolio Holder.

## **Options**

5. There are two options;

- To remain with the status quo of different enforcement/compliance policies for each Council.

- To adopt a single unified compliance policy for the Greater Cambridge Shared Planning Service.

### **Retain Existing Planning Enforcement Manual**

The Council could retain and operate under its existing planning enforcement manual. However, this was last published in 2001, over 20 years ago. Whilst the fundamentals of planning enforcement have remained broadly similar under the Planning Acts, the service has moved on significantly since this time, particularly given it is now operating as a shared service.

### **Unified Planning Compliance Policy for the GCSPS**

This provides an opportunity to align the compliance service across both Councils. This will enable the service to operate under a consistent set of parameters in terms of investigating breaches of planning control. As a result, it provides clarity for staff, residents and Members across both Councils as to how the shared planning service manages compliance investigations. In terms of public perception, there is also an opportunity to promote a “compliance” approach, with enforcement action often being the last resort to resolve breaches of planning control.

## **Implications**

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

There are no significant implications.

## **Consultation responses**

7. A public consultation process was held for 6 weeks starting 9 December 2022 until 20 January 2023. This was published on the website and circulated to all members and other interested parties.

A total of 9 responses were received, 5 online and 4 via email, and these are summarised below:

<b>Code</b>	<b>Representation Theme</b>	<b>Comment</b>
200001	There should be a paragraph stating that any works should not remove any disabled access feature	Noted and comment as follows. The compliance team deals with breaches of planning control. Where it is determined that a



	<p>or make disabled access worse. Part M of the Building Regulations explains this.</p>	<p>breach is not expedient to pursue, the compliance team will consider the impact of that development and any effects it may have on the points raised, however when determining expediency, the team are considering if development would likely be acceptable if an application were made, and these considerations would take into account such matters.</p>
200002	<p>- In general, the paper reads as if there is a desire to mitigate and work with applicants where there are breaches</p> <p>(a) It would be helpful to discourage retrospective applications for planning breaches if possible</p> <p>(b) 6.1 &amp; 6.2 - could these paragraphs state that although complainants should be identifiable, their identity will not be disclosed to third parties without their explicit consent. This is stated in 10.2 but readers of the policy may be put off by the statements in 6.1 &amp; 6.2.</p> <p>(c) 6.13 - The list of criminal offences is helpful</p>	<p>Noted and comments as follows.</p> <p>(a) Any person or interested party has the right to make a retrospective planning application to attempt to regularise a breach of planning control. Some breaches of planning control may well be acceptable on its planning merits when tested against local and national planning policies. In these instances, the Council will invite a retrospective planning application to regularise the breach of planning control. Where development is deemed to be unacceptable then the compliance team do not usually invite retrospective applications in these instances. The Council cannot stop retrospective applications being submitted and has to determine such applications accordingly.</p> <p>(b) Section 6.1 updated to include reference to section 10.2</p> <p>(c) Noted and thank you.</p>
200003	<p>This document doesn't give Northstowe TC confidence that developers will stick to, and be held accountable for, their planning obligations.</p> <p>(a) 'High priority cases' processes (s5.2): this suggests that such cases are to be investigated 'immediately', but in practice five working days could pass before any action is instigated. This would not provide for</p>	<p>Noted and comments as follows.</p> <p>(a) High priority cases will be investigated within the five working days as advised. This involves the setting up of a case and visiting a site. In practice such reports will be looked at and the investigation started the same day as the report is made, however there may be instances where prescribing a shorter timeframe could result in the Council being unable to meet its own targets and therefore a</p>

	<p>effective planning enforcement.</p> <p>(b) The procedures for breach of planning control (s3.1-3.3) include '[...] Any action taken against a breach is at the discretion of the LPA, there is no duty to act.', showing insufficient willingness to act on breaches and provides insufficient 'teeth' for effective planning enforcement</p>	<p>realistic target must be set in the policy as a result.</p> <p>(b) The investigation of breaches of planning control is a discretionary matter for Local Planning Authorities to determine what they will do when a breach is identified. The Council must determine the seriousness of a reported breach of planning control and act accordingly. The Council should not take formal enforcement action as a default approach to breaches of planning control and expediency of taking any action must be determined using local and national planning policy frameworks. Formal action is the last resort for any LPA when all other options to resolve a breach of planning control that is not acceptable have been exhausted. There is a right of appeal against any formal enforcement action the Council takes against unauthorised development and as such the Council must be able to demonstrate that it was correct in making the decision to act. Effective planning enforcement is determined on the success of formal enforcement action and not on acting on every breach that is reported.</p>
200004	<p>Please add a section to the compliance policy to explain how the Council will control development when the discretion in 6.9 has been applied and has created a precedent. Chesterton Fen: sites with no planning permission, apparently no controls on safe spacing between caravans, and apparently no standards for sewage arrangements or approved SCDC bin</p>	<p>Noted and comment as follows. Each breach of planning control is investigated and considered on its own merits. Other breaches of planning control on adjacent sites or areas within the district do not necessarily mean that no action will be taken, and it will be a matter of fact and degree in each individual case for the Council to consider. There are other matters in the comment which are not wholly planning matters and relate to other Council services such as</p>

	<p>provision. This appears to have been considered too difficult to enforce against in the past, and the result is what appears to be a free-for-all. Enforcement has concentrated on 'easy targets', rather than the most unsanitary sites or most flagrant offenders.</p>	<p>Waste Services, Building Control, and Licencing. The compliance team works closely with these other departments when considering breaches of planning control and what action the Council will take in relation to those breaches taking on board the comments from those teams. Some breaches of planning control can take disproportionate amounts of time to resolve to conclusion and as a result easy and simple cases appear to be dealt with in quick timeframes which may give the appearance of 'easy targets' being the only action the Council takes; however, some breaches are much easier to resolve than others.</p>
200005	<p>Wanting to know about any regulations for directional signage along the river.</p>	<p>N/A This is a service request and has been referred on to the appropriate section.</p>
Email 1	<p>Is this regarding Mill Road Bridge or Congestion Charge. Could you please send details of how to comment and who to comment to in each case?</p>	<p>N/A This is a service request and has been referred on to the appropriate section.</p>
Email 2	<p>Sawston Parish Council discussed this at our meeting last night and have asked me to let you know they support the draft policy as it is.</p>	<p>Noted and thank you.</p>
Email 3	<p>We have three issues to raise: (a) Section 6.7 – “Even where a breach of planning control has taken place, the Council is not automatically required to act”. • Would the council be required to justify non-action? • Could the council’s decision to take no action be</p>	<p>Noted and comments as follows. (a) If the Council determines that it is not expedient to take enforcement action against a breach of planning control then as per paragraph 3.3 of the Compliance Policy the Council will explain its decision to not act as a result, providing clear reasons why the decision has been made. (b) There is no appeals process against the Councils decision not</p>

	<p>questioned?</p> <p>(b) Section 6.8 – “The objective of the Councils compliance team is to resolve the harm that arises”.</p> <ul style="list-style-type: none"> <li>• Can “harm” be defined for the purposes of this draft policy?</li> </ul> <p>(c) Sections 6.11 &amp; 6.12</p> <ul style="list-style-type: none"> <li>• Could the breach (ie, building works, etc) continue during the appeal period. Furthermore, could any use or enjoyment of the allegedly contravening works continue in that period?</li> </ul>	<p>to take action against a breach of planning control. Decisions are made based on a Compliance Officer recommendation to the Principal Compliance Manager who considers the reasons that have been provided. Justification for not taking action will include the planning merits of the development undertaken and include specialist advice where needed such as matters relating to Listed Buildings, Conservation Areas, or works to trees. If someone is not satisfied with the outcome of an investigation then there is a Council complaints procedure where a complaint can be made, and that complaint will be considered by a senior officer who will review the matter. Following that a complaint can be made to the Local Government Ombudsman (LGO) for consideration, however it should be noted the LGO will only consider matters relating to process or maladministration, and they are unable to change or override any Council decision not to take enforcement action as it is a discretionary power for the Council to make such decisions.</p> <p>(c) The submission of an appeal stops the effect of an enforcement notice and its requirements until the appeal has been determined. If an appeal is dismissed, then the requirements of the enforcement notice and any timeframes for compliance within the notice start from the date the appeal is determined. Any development taking place, or any uses can continue until the appeal is determined, and any additional work carried out is at the risk of the developer. Harm in respect of planning enforcement action would normally occur when the breach in</p>
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		question results in an unacceptable departure from relevant planning policies that would have justified refusing planning permission if it had been the subject of a planning application. If there is no harm caused by the failure to comply with planning control or it is insignificant, enforcement action is generally not justified.
Email 4	I just clicked on the link, and it took me to what I presume is the existing policy. Can I find a comparison of the existing, versus proposed compliance policy?	This was noted after the consultation period closed.

## Background Papers

n/a

## Appendices

Appendix A: Greater Cambridge Shared Planning Compliance Policy Feb 2023 V1.2  
Appendix B: EqIA Template 2020 – SCDC Compliance Feb 2023 V1

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# **GREATER CAMBRIDGE SHARED PLANNING SERVICE**

## **JOINT PLANNING COMPLIANCE POLICY**

### **CAMBRIDGE CITY COUNCIL AND SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL**

**DATE PUBLISHED:**

**MARCH 2023**

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## 1 INTRODUCTION

**1.1** Planning plays an important role in managing development to ensure a high-quality environment, facilitating a better pattern of land use, and securing the efficient use of resources. These outcomes support several objectives of both Cambridge City Council and South Cambridgeshire District Council, a partnership forming the Greater Cambridge Shared Planning service (GCSP).

**1.2** The planning regime can only achieve these objectives if it operates an effective planning compliance service. As part of our commitment to the delivery of an efficient and effective planning compliance regime, GSCP has drafted this policy.

**1.3** This policy has been formulated to allow consistent and effective management of the rising demand for investigations, and to help everyone understand the basis upon which decisions surrounding planning compliance and any subsequent action taken are made.

**1.4** This policy also sets out how the service will prioritise and respond to planning breaches, and contains information for all those involved in, or affected by the compliance process. The policy is available for officers and members involved in the decision-making process and will allow resources to be more clearly focused on corporate priorities.

**1.5** Government guidance encourages Councils to publish a local planning compliance policy and set out how they are going to manage this proactively, in a way that is appropriate for their area.

## 2 LEGISLATION AND GUIDANCE

**2.1** The Town & Country Planning Act 1990 as amended (parts VII and VIII) and the Planning (Listed Building and Conservation Areas) Act 1990, provide the principal legislative basis for planning compliance.

**2.2** The National Planning Policy Framework (NPPF), Planning Practice Guidance and case law is clear that the use of powers to enforce compliance is discretionary, and local planning authorities should act proportionately in responding to suspected breaches of planning control. In determining whether to take action, the Local Planning Authority (LPA) would also expect to consider all material planning considerations, including the policies in the adopted local “development” plan for the area, and any associated supplementary planning guidance.

Effective enforcement is important to:

- tackle breaches of planning control which have an unacceptable impact on the amenity of the area or are otherwise seriously contrary to planning policy
- maintain the integrity of the decision-making process
- help ensure that public acceptance of the decision-making process is maintained.

**2.3** The powers available to Local Planning Authorities are outlined in **Appendix A** of this document.

### 3 BREACH OF PLANNING CONTROL

**3.1** A breach of planning control is not a criminal offence, except in limited cases such as unauthorised work to a listed building, tree works and advertisements. Any action taken against a breach is at the discretion of the LPA, there is no duty to act.

**3.2** When a breach is identified that cannot be resolved informally, councils are required to make a judgement as to whether it is appropriate (expedient) to take formal action. This is done through consideration of Local and National Planning Policies, the level of harm caused by the breach, the “fall-back” position (how the breach compares to what would have been allowed anyway, e.g. under permitted development) or whether the breach would set a precedent for further development.

**3.3** Where action is not taken, this decision must be transparent and consistent. It is important to strike a balance between protecting the amenity and other interests and enabling acceptable development to take place, even if initially unauthorised.

**3.4** Where action is taken, this must be prompt and effective and commensurate with the breach to which it relates to. The system is designed to mitigate harm rather than to punish contraveners.

**3.5** What is considered a breach of planning control:

- Development such as building work or alterations has been carried out without planning permission where it was required – details of all planning permissions, the approved plans and the conditions which apply to them can be found online on the GCSP Public Access database.
- The conditions that were attached to the granting of the planning permission have not been complied with.
- Work or demolition has occurred to a listed building or a building in a conservation area without the necessary permissions and/or

consents.

- Unauthorised work has been undertaken to a tree or trees protected by a Tree Preservation Order (TPO).
- Unauthorised works to a tree or trees in a conservation area, or work to any rural agricultural hedgerow has been carried out without consent.
- Engineering operations, such as the significant raising or lowering of ground levels or land, or the formation of earth bunds has been undertaken without permission.
- The use of land or a building has changed without the appropriate permissions, such as short-term visitor accommodation.
- Unauthorised display of an advertisement such as a sign.
- The land is in such a condition that it is adversely impacting on the wider area.
- Development has occurred in an area which is subject to an Article 4 Direction that restricts permitted development rights. Further details are available on the Planning Portal website.

### 3.5 What is *not* considered a breach of planning control:

The following lists examples where a breach has either *not* occurred or is outside the timescale for action:

- Building work or extensions that don't require planning permission. National Legislation allows for a range of building works which can be undertaken without formal planning permission – this is known as Permitted Development. More information on whether planning permission is required can be found on the Planning Portal website.
- Changes in the use of land or buildings which are permitted or not so significant that they comprise a material change of use.
- The display of advertisements which do not require consent - the regulations relating to advertisements allow the advertiser to display certain types of advertisements without the need for any consent.
- Where the development has been carried out some time ago and the lapse in time means that the breach of planning is immune from action.

- Issues relating to waste disposal, burning, including bonfires and tipping which are the responsibility of Environmental Health at either South Cambridgeshire District Council or Cambridge City Council.
- Issues relating to the adopted highway (including advertisements displayed within the Highway or on street furniture, or illegally parked cars) – these should be referred to Cambridgeshire County Council which is the Highways Authority.
- Problems relating to noise and disturbance; smell nuisance and light pollution which are investigated by Environmental Health at either South Cambridgeshire District Council or Cambridge City Council.
- If buildings or extensions have been constructed inadequately or there are concerns regarding potentially dangerous structures, this should be reported to the 3C Shared Services Building Control team.
- Problems relating to covenants or other legal restrictions on a specific piece of land or building are civil and/or legal matters.
- Neighbour disputes concerning antisocial behaviour are a police matter.
- Boundary or land ownership disputes are civil matters.
- Work to trees that are **not** covered by a tree protection order or are **not** in a conservation area.
- Suspected future breaches (things you believe *might* happen).
- Trade or competition complaints.
- Some works undertaken by Councils and Statutory Undertakers under permitted development. Details are provided in the GPDO.

## 4 THE ROLE OF THE OWNER, OCCUPIER, USER OF LAND AND/OR BUILDINGS

**4.1** GCSP recognise that some breaches of planning control may not be intentional. All those who are responsible and involved in any alleged or identified breach of planning control are nevertheless expected to engage constructively with the compliance team to resolve issues at the earliest opportunity. Failure to engage

early with the compliance team on notification of a potential breach of planning is likely to reduce opportunities for agreeing informal resolution of the breach. Where it appears that the breach could be made acceptable and the person responsible for the breach is engaging constructively with the compliance team, a retrospective planning application will be invited with the expectation that this course of action is taken quickly and as soon as practicable. If a planning application has been submitted but is not yet valid (e.g., because of a lack of information) the applicant will be expected to provide this information without delay as this will not normally be used as a reason to delay formal action.

**4.2** In cases where it is believed that an alleged breach is lawful for various reasons, including the passage of time, the onus will be on the perpetrator to provide the compliance team with sufficient evidence to demonstrate this is the case, the burden of proof is on the perpetrator.

**4.3** Owners and occupiers of Listed Buildings will be expected to maintain these in good order and to ensure the necessary consents are obtained before undertaking any works to them.

**4.4** Owners and occupiers of land will be expected to check the status of any tree before undertaking any works to it. Ignorance of the existence of a Tree Preservation Order, or the location within a Conservation Area will not be treated as a legitimate excuse for having contravened planning controls.

## 5 SERVICE STANDARDS AND PRIORITIES

**5.1** Officers receive a high number of complaints relating to allegations of breaches of planning control. It is appreciated when a breach of planning control occurs, people may suffer and want the matter dealt with swiftly. It is important that those breaches of planning control considered more serious than others are dealt with more urgently.

**5.2** GCSP aim is to carry out an initial site visit, if required and considered urgent, within 5 working days of notification of a potential breach. When an investigation is considered necessary, cases will be dealt with on a priority basis as follows:

- **High priority cases** are for work which is irreversible or irreplaceable and these will be immediately investigated within 5 working days of receipt—examples include damage or loss of Listed Buildings or protected trees.
- **Medium priority cases** are for activities have or can cause harm, such as adverse effects on conservation areas or breaches of conditions. Our aim is to instigate the investigation and assess whether there is a breach of planning control within 10 working days, this may include a site visit.

- **Low priority cases** are for a development which may cause some harm but could be made acceptable by way of implementing conditions or simple correction action. Our aim is to instigate the investigation and assess whether there is a breach of planning control within 20 working days, this may include a site visit.

**5.3** In every case, GCSP will try to achieve an outcome at the earliest possible stage. However, it must be remembered that officers can only operate within powers of the relevant legislation and will need to prioritise activities.

**5.4** All live enforcement cases will be reviewed monthly by the team.

**5.5** In accordance with national guidance, where it is considered possible to do so, having regard to planning policies and the assessment of potential impacts, the service will provide an opportunity to resolve planning enforcement enquiries through an agreed set of actions, without resorting to further formal action. This will require action by the property owner once an investigation has begun. If there is clear evidence that an unauthorised use or development is causing serious harm and corrective action is considered necessary to address the harm, or to prevent further irreversible harm, the Council will seek to use formal enforcement measures more promptly.

**5.6** Reports will be provided monthly to the Planning Committee of each Council setting out all new complaints received and current complaints under investigation in their respective areas and a list of those cases closed and the outcome of the investigation.

## 6 INVESTIGATING A COMPLAINT

**6.1** Anyone who believes that a breach of planning control has occurred can notify the planning compliance team online. To avoid vexatious complaints and allow the Council to engage with the complainant, any complainant must be prepared to identify themselves. Anonymous complaints about a third party will not be investigated. If a member of the public wishes to be anonymous then they may ask either their local Ward Councillor or Parish Council to submit the online form on their behalf. GCSP will not disclose complainant details to third parties without consent, as detailed in section 10.2.

Before you make a complaint, you are encouraged to check the shared planning service website to consider whether there is planning permission already for the development, or to review the conditions. Planning compliance operates to protect the public interest and it is therefore helpful if you can be clear in your submission why you believe there is a breach of control and what impact the breach has on you and the locality. The decision to act needs to consider the effect on matters of public

interest rather than private or personal interests. It is therefore helpful if a complainant can provide as much information as possible, including photographs, which are easy to upload on the e-form.

**6.2** In some cases, it may be necessary to rely on evidence from complainants to take the necessary action. Those persons will need to consider whether they are willing to actively assist GCSP by providing information in the first instance and potentially acting as a witness at an appeal or in Court. The compliance team officers will explain what may be required in these cases.

**6.3** When a complaint is received through an e-form on the GCSP website it will be automatically entered into GCSP database records, and an acknowledgement sent. As indicated above the complaint will be prioritised according to its nature. Once recorded, complainants will be provided with the details of the officer assigned to deal with their complaint. The investigation of cases may require repeat site visits, consultation with relevant bodies and negotiation. When these occur, officers will keep original complainants informed of progress and indicate arrangements for this in the initial response letter.

**6.4** The Local Planning Authority has legal authority, through the Town and Country Planning Act to enter land and buildings in order to carry out investigation of an alleged breach of planning control. Whilst seeking cooperation of landowners and property owners to carry out an investigation, if required, the Council can seek the authority of the courts to secure access properties and land. Whilst on site visits officers will have regard to the Equalities Act 2010, Human Rights Act 1998 (HRA), the Regulation of Investigatory Powers Act 2000 (RIPA) and the Police and Criminal Evidence Act 1984 (PACE) and any Act/s that amend or revoke this legislation or become relevant.

**6.5** An investigating officer may, where they consider an offence has occurred, seek to gather evidence around the alleged breach of planning by way of an interview with an alleged contravener 'under caution' where appropriate.

**6.6** Following an investigation, it will be determined whether a breach of planning control has occurred. If no breach of planning control is found to have taken place, then the complainants and any relevant parties will be informed, and the case closed.

**6.7** If the investigation finds that a breach of planning control has taken place the complainant and those subject to the complaint will be informed, along with details of the measures that the Council requires to be taken to remedy the breach. The decision to take enforcement action is discretionary. Even where a breach of planning control has taken place, the Council is not automatically required to act. National Planning Practice Guidance is clear that local planning authorities should act proportionately in responding to suspected breaches of planning control.

**6.8** The objective of the Councils compliance team is to resolve the harm that arises. Legislation prescribes a range of enforcement options available to a Local Planning Authority (see appendix A). The most expedient mechanism to resolve a breach of planning will not always be through the use of statutory notices –

particularly where the property/landowner engages constructively to seek to address the planning harm identified. This may include seeking retrospective planning permission so that conditions controlling the use can be applied where required to address the unacceptable impacts of the development or seeking to clarify and determine the lawfulness of the development where a range of activity has taken place on land.

**6.9** The decision to take formal enforcement action is discretionary and will be made on a case-by-case basis bearing in mind the need to take a proportionate approach as set out in the NPPF. This decision will only be taken after careful consideration of the relevant facts, the planning merits of the case, including reference to the planning policies which apply at local and national level, and Equalities and Human Rights legislation where appropriate and relevant. GCSP must also be able to justify taking formal action and be sure that the steps specified in the notice and the period for compliance with each step is reasonable. Where it is felt that formal action should not be taken the case will be closed and all those involved informed. If formal action is required, the appropriate notice(s) will be served and again those involved will be informed. The various forms of notices which form the toolkit for action by the Councils are set out in Appendix A.

**6.10** Dealing with enforcement cases can take be a lengthy and complex process. The different types of enforcement cases vary considerably in complexity, and therefore the process itself can take considerable time. In addition, if a person chooses to appeal against formal enforcement action this will lengthen the time taken to resolve the case.

**6.11** If the investigation indicates that a breach of control has occurred that justifies enforcement action, an Enforcement Notice will be served. The Notice takes 28 days to come into effect during which time the person involved can appeal against it to the Secretary of State. An Enforcement Notice may be quashed or revised by the planning inspector appointed by the Secretary of State.

**6.12** Where an appeal is lodged the Council can take no further action until the appeal has been decided. It is not unusual for the appeal process to take several months. An Enforcement Notice specifies the time period needed for compliance. This period will take account of the steps required to comply with the Notice and will set a reasonable period for their completion. If a person does not comply with a notice, they may be prosecuted with the possibility of being fined by the Courts.

**6.13** Contrary to popular belief a breach of planning control is not automatically a criminal matter (until there is a failure to comply with a formal notice). However, in the following cases a criminal offence is committed once a breach is established:

- Unauthorised works to a Listed Building. This is an offence under Section 9 of the Planning (Listed Building and Conservation Areas) Act 1990. There is no time limit upon the council within which to pursue Listed Building compliance action and/or prosecution.
- Display of an advertisement without the necessary consent: This is an offence under section 224 (3) of the Town and Country Planning Act (1990)



- Fly Posting – the displaying of an advert without the landowners' consent. Flyposting is an offence under section 224(3) of the Town and Country Planning Act 1990.
- Unauthorised works to a tree the subject of a Tree Preservation Order (TPO). Under section 210 of the Act, it is an offence to cut down, uproot, or willfully destroy a protected tree, or willfully damage, top or lop a protected tree in such a manner as to be likely to destroy it.
- Unauthorised works to trees in Conservation Areas: Most established trees (except fruit trees) in Conservation Areas are protected, under sections 211 and 212 of the Act.
- Unauthorised works to Hedgerows. It may be an offence under section 97 of the Environment Act 1995 and section 5 of the Hedgerows Regulations 1997, to remove hedgerows without the Council's consent.
- Failing to obtain planning permission for demolition of unlisted buildings in conservation areas. This is an offence under section 196D of The Town and Country Planning Act 1990.

**6.14** The Councils, as enforcing authorities will use discretion in deciding whether to prosecute offences. Prosecution will be pursued when it is in the public interest and in accordance with the Crown Prosecutor's guide. The principal aim is to remedy the harm caused by the breach. The relevant factors will include:

- the seriousness of the breach,
- the likelihood of securing a conviction,
- whether the works to comply would be straightforward,
- the costs of direct action and the likelihood of the recovering those costs,
- the likelihood of the breach being quickly re-established if direct action is taken.

Where appropriate the Councils could consider seeking a Confiscation Order under the Proceeds of Crime Act 2002. The Act allows the Councils to recover assets that have been accrued through criminal activity this can include breaches of planning control that give rise to a criminal offence, such as non-compliance with an enforcement notice.

**6.15** In the case of vexatious complainants, these will be referred to each Partner Council's respective complaints procedures. This is for recurring complaints with excessive related work / costs arising from such.

## 7 WHAT IF THE COMPLAINT IS AGAINST A PERSON

**7.1** If the compliance team contact a person about an alleged breach of planning control, the person is entitled to know what the allegation is (but not who made it) so their side of the matter can be explained.

**7.2** If the person contacted is not involved in the alleged breach of planning control, or if the complaint is unfounded, no action will be taken. If the person is involved the compliance team will advise of the details of the breach and how it can be put right.

**7.3** The compliance team will seek the cooperation of the person involved to correct the breach. This may be by either removing or modifying the unauthorised development or by ceasing the unauthorised works/use within a reasonable period of time, usually 28 days.

**7.4** In some circumstances the submission of a retrospective planning application may be invited, if it is considered the situation may allow planning permission to be granted.

**7.5** If the potential for enforcement action may impact a business, GCSP will ask the partner Councils to help identify alternative premises to minimise the possible impact on the business. This does not mean formal action will be delayed or not take place.

**7.6** If an Enforcement Notice is issued it will give the precise details of the breach, the reasons for the action, the steps required to overcome the problem and the period for compliance. Those receiving a formal notice are advised to respond promptly to any correspondence received and stop the work or activities which are the subject of the notice.

**7.7** A notice may be appealed against, and this is dealt with by the Planning Inspectorate (PINS). There is more information about the appeal process and how to submit an online enforcement appeal on the GOV.uk appeals page.

## 8 ENFORCEMENT REGISTER

**8.1** It is a statutory requirement that a district planning authority maintains a register of notices that is available for inspection by members of the public. The register has been made available via our Public Access System from November 2022.

[Simple Search \(greatercambridgeplanning.org\)](https://www.greatercambridgeplanning.org)

## 9 DELEGATED POWERS

**9.1** The Council has delegated responsibility for most decisions on whether to take enforcement action, and prosecution for breaches of enforcement cases to the Joint Director of Planning. In turn, and in accordance with a scheme of officer delegation, the Joint Director has delegated decision making on certain types of enforcement decisions, to senior officers in the Shared Planning Service. This allows planning compliance matters to be investigated efficiently, and for formal action to be taken quickly in urgent cases.

## 10 INFORMATION SHARING

**10.1** The planning enforcement service routinely shares information with other services within the Councils to investigate alleged breaches more effectively, and to assist in fulfilling other functions. Complainants' identities will not be divulged to staff outside the planning department without consent.

**10.2** It is important that members of the public feel confident about reporting breaches of planning control to GCSP. With that in mind, GCSP will not disclose complainant details to third parties without consent. The identity of a person making a complaint will be kept confidential unless the Council is required by law to release the information. If a case proceeds to formal action, evidence from the complainant may be needed as part of the case. In such cases, GCSP will usually ask the complainant to make a statement.

## APPENDIX A: POTENTIAL OUTCOMES OF AN INVESTIGATION

Where an investigation identifies that a breach of planning control has occurred, the Town and Country Planning Act provides for a range of measures that can be taken by the Council. Potential outcomes from an enforcement investigation comprise the following.

### Planning Contravention Notice

This notice seeks information about the development.

A Planning Contravention Notice (PCN) can be used as part of the investigation where it appears there may have been a breach of planning control, to obtain information about the possible breach and those parties responsible. A PCN may also invite the person responsible to meet an officer to discuss the case. It is a legal requirement to provide the requested information. The Service will usually issue a PCN where cooperation has not been forthcoming from those subjects of a compliance enquiry and where it is necessary to obtain relevant information.

### Retrospective planning application

An application submitted for works already completed or part completed.

### Temporary Stop Notice

These can be used when the local planning authority considers it important for works on a site in breach of planning regulations to cease immediately. TSN are valid for a period of 28 days and are intended to allow for the Council to continue investigation of a breach and where necessary prepare appropriate notices (if assessed to be necessary). They are a temporary measure and may be served before an

enforcement notice and again where it is necessary to immediately take action.

### **Breach of Condition Notice**

These are used when conditions attached to a planning permission have not been complied with. These notices may be used where it is necessary to stop a breach restricted by a condition quickly. This may be, for example, because it is causing serious environmental harm or detriment to amenity or public safety. A Breach of Condition Notice may be served in conjunction with an Enforcement Notice, it should be noted there is no right of appeal to the Secretary of State.

### **Enforcement Notice**

Enforcement Notices are used when the Local Planning Authority is satisfied there has been a breach of planning control that justifies the issuing of such a Notice. A Notice sets out the required steps to rectify the breach.

### **Notice under Section 215 of the Town and Country Planning Act**

This Notice may be issued by the local planning authority where it appears to them the condition of a specified area of land is having an adverse effect upon the amenity of an area. The Notice can require a broad range of remedial works to be undertaken by a fixed deadline. Appeals against this Notice may be made to the Magistrates' Court.

### **Notice under Section 224 of the Town and Country Planning Act**

This allows local planning authorities to remove and dispose of any display structure – such as an advertisement hoarding – which, in their opinion, is used for the display of illegal advertisements. This provision does not apply to a structure in a building to which the public have no right of access.

### **Planning Enforcement Order**

Where it can be shown that there has been a deliberate attempt to conceal an unauthorised development until the relevant time periods have expired, the Councils may apply to the magistrates' court for a Planning Enforcement Order. This must be done within six months of the date the breach was detected.

### **Stop Notice**

These can be used when the local planning authority considers it important for a breach to cease immediately and where it is considered essential to safeguard amenity or public safety in the neighbourhood. They are issued in conjunction with or following the issue of an Enforcement Notice.

### **Injunction**

A local planning authority can, where they consider it expedient, apply to the High

Court or County Court for an injunction to restrain a breach of planning control.

### **Direct or “Default” Action**

In exceptional circumstances, the Councils have the power to enter the land, undertake the steps necessary to remedy a breach of planning control and attempt to recover the costs.

## **CONSEQUENCES ON FAILURE TO COMPLY**

### **Prosecution**

Prosecutions are normally brought in the Magistrates Court against the failure to comply with one of the notices listed above along with the unauthorised display of advertisements, unauthorised works to a protected tree or unauthorised works to a listed building. In some serious matters cases may be brought in or referred to the Crown Court.

### **POCA**

POCA stands for the Proceeds of Crime Act which was first implemented in 2000. This provides for the Local Authority to seek to recover the financial benefit arising from a person or company's criminal activity. The provisions of the Act can therefore be used by Local Planning Authorities in appropriate circumstances where a criminal offence has been committed and significant financial benefit derived from that offence.

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# South Cambridgeshire District Council Equality Impact Assessment (EqIA)

## Introduction

The Public Sector Equality Duty, introduced under the Equality Act 2010, requires all public bodies, including local authorities, to have due regard to the need to:

- Eliminate unlawful discrimination, harassment, and victimisation
- Advance equality of opportunity between those who share a protected characteristic and those who do not
- Foster good relations between those who share a relevant protected characteristic and those who do not

Equality Impact Assessments (EqIAs) allow the Council to:

- Show that we are meeting this legal duty by demonstrating due regard for the provisions of the Public Sector Equality Duty
- Identify possible negative impacts on individuals and groups with protected characteristics, plan mitigating action and seek to maximise opportunities to advance equality within our activities.

EqIAs provide a methodical approach to the assessment of impacts across the [nine protected characteristics](#) and should be completed during the development and review of all Council policies, strategies, procedures, projects or functions. Where there is any doubt, the completion of an EqIA is always recommended.

When the form is completed, please send an electronic copy to [equality.schemes@scambs.gov.uk](mailto:equality.schemes@scambs.gov.uk). If you require any additional support completing the form, please email the above address.

# Equality Impact Assessment Complete Form

## Section 1: Identifying Details

- 1.1** Officer completing EqIA:  
Stephen Kelly
- 1.2** Team and Service:  
Greater Cambridge Shared Planning Service
- 1.3** Title of proposal:  
Update of the GCSP Compliance Policy
- 1.4** EqIA completion date:  
31 October 2022, Updated 19 February 2023
- 1.5** Proposal implementation date:  
March 2023
- 1.6** Who will be responsible for implementing this proposal:  
Greater Cambridge Shared Planning Service - Compliance

## Section 2: Proposal to be Assessed

- 2.1** Type of proposal; Policy minor update: Update of the GCSP Compliance Policy

[Strategy / Policy / Procedure / Project / Service / Function / Other (please specify)]



**2.2** Is the proposal

Update to an established policy / procedure

**2.3** State the date of any previous equality impact assessment completed in relation to this proposal (if applicable):

N/A

**2.4** What are the headline aims of the proposal and the objectives that will help to accomplish these aims?

The government expects Local Authorities to ensure that their approach to regulatory activities is transparent and accountable, and that clear service standards are set which establish what those they regulate should expect from them and how they respond to non-compliance. The response to non-compliance is based on risk, the response is determined on a case-by-case basis.

The Compliance Policy applies to Greater Cambridge Shared Planning.

This is a review of the policy with minor changes, aligning both Cambridge City Council and South Cambridge City Council.

**2.6** Which of the council's business plan priorities does this proposal link to?  
Putting Customers at the centre of everything we do/ supporting businesses.

**2.7** Does this proposal contribute to the achievement of any of South Cambridgeshire District Council's (SCDC) equality objectives (as detailed in the council's Equality Scheme)?

No.

**2.8** Which groups or individuals will the proposal affect (delete as appropriate):

All groups with and without protected characteristics, will be subject to the Policy, as currently.

**2.9** How will these groups or individuals be affected (specific impacts on different protected characteristic groups will be assessed later in the form)?

See below.

**2.10** How many people will this proposal affect? (Approximately)

Up to 100 people per annum (estimate).

**2.11** If any part of the proposal is being undertaken by external partners, please specify how SCDC will ensure that they will meet equality standards?

None.

### **Section 3: Evidence and Data**

**3.1** Describe any research (this could include consultation) and analysis you have undertaken to understand how [protected characteristic groups](#) are likely to be affected? Please list any key sources that you used to obtain this information.

Consultation will take place following agreement by Planning Committee, and in line with our Statement of Community Involvement. Noted that there is no impact currently and this is a minor update to an existing policy.

**3.2** Describe any research (this could include consultation) and analysis you have undertaken to understand any effects on any other groups of people not

mentioned in the nine [protected characteristic groups](#) (for example people who live in rural areas, who live in areas of high growth, or from low income backgrounds)

Consultation took place following agreement by Planning Committee, and in line with our Statement of Community Involvement. Noted that there is no impact currently and this is a minor update to an existing policy. This was held for 6 weeks from 9 December 2022 until 20 January 2023. This was advertised on our website and to all interested parties. Responses (9 no. in total) were reviewed, and the policy updated, where necessary.

- 3.3** If you have not undertaken any consultation, please detail why not, or when consultation is planned to take place.

See above

## Section 4: Impact of proposal on those with protected characteristics

### 4.1 Age:

- 4.1.1** Has your research identified that the proposal will have an impact on this protected characteristic?

**No**

[Yes / No]

- 4.1.2** Describe the impacts of the proposal on this protected characteristic group identified through your research, including

- whether each impact is positive, neutral or negative
- whether it is a high, medium or low impact.

Neutral impact.

The Corporate Safeguarding policy would be followed should at any point during any investigation, Officers are concerned about young people or vulnerable people. We issue multiple copies of an enforcement notice to recipients so a copy can be forwarded to another party to deal with if the original recipient is unable to be the point of contact due to age or disability. Older people may require letters come in larger font, which we can provide if requested.

**4.1.3** Please complete the table below to detail actions that need to take place to minimise the negative and maximise the positive impacts raised in the previous question: N/A

Action	Responsible Officer	Timescale for completion	How will the actions be monitored?

There is no impact currently and this is a minor update to an existing policy.

## 4.2 Disability:

**4.2.1** Has your research identified that the proposal will have an impact on this protected characteristic?

**No**

[Yes / No]

**4.2.2** Describe the impacts of the proposal on this protected characteristic group identified through your research, including

- whether each impact is positive, neutral or negative
- whether it is a high, medium or low impact.

Officers are required to consider the desirability of the type of enforcement, if any, on a person who is suffering from mental health or ill health. We issue multiple copies of an enforcement notice to recipients so if required, for example due to disability, a copy may be forwarded to another party to deal with. Notices can also be provided in larger sizes if requested. We provide PDF copies which are accessible and able to be read with screen reader software..

**4.2.3** Please complete the table below to detail actions that need to take place to minimise the negative and maximise the positive impacts raised in the previous question: N/A

Action	Responsible Officer	Timescale for completion	How will the actions be monitored?

There is no impact currently and this is a minor update to an existing policy.

### 4.3 Gender Reassignment:

**4.3.1** Has your research identified that the proposal will have an impact on this protected characteristic?

**No**

[Yes / No]

**4.3.2** Describe the impacts of the proposal on this protected characteristic group identified through your research, including

- whether each impact is positive, neutral or negative
- whether it is a high, medium or low impact.

The policy is relevant regardless of gender.

**4.3.3** Please complete the table below to detail actions that need to take place to minimise the negative and maximise the positive impacts raised in the previous question: N/A

Action	Responsible Officer	Timescale for completion	How will the actions be monitored?

There is no impact currently and this is a minor update to an existing policy.

#### 4.4 Marriage and Civil Partnership:

**4.4.1** Has your research identified that the proposal will have an impact on this protected characteristic?

**No**

[Yes / No]

**4.4.2** Describe the impacts of the proposal on this protected characteristic group identified through your research, including

- whether each impact is positive, neutral or negative
- whether it is a high, medium or low impact.

Policy is relevant regardless of relationship status.

**4.4.3** Please complete the table below to detail actions that need to take place to minimise the negative and maximise the positive impacts raised in the previous question: N/A

Action	Responsible Officer	Timescale for completion	How will the actions be monitored?

There is no impact currently and this is a minor update to an existing policy.

#### 4.5 Pregnancy and Maternity:

**4.5.1** Has your research identified that the proposal will have an impact on this protected characteristic?

**No**

[Yes / No]

**4.5.2** Describe the impacts of the proposal on this protected characteristic group identified through your research, including

- whether each impact is positive, neutral or negative
- whether it is a high, medium or low impact.

Policy is relevant regardless of status.

**4.5.3** Please complete the table below to detail actions that need to take place to minimise the negative and maximise the positive impacts raised in the previous question: N/A

Action	Responsible Officer	Timescale for completion	How will the actions be monitored?

There is no impact currently and this is a minor update to an existing policy.

#### 4.6 Race:

**4.6.1** Has your research identified that the proposal will have an impact on this protected characteristic?

**No**

[Yes / No]

**4.6.2** Describe the impacts of the proposal on this protected characteristic group identified through your research, including

- whether each impact is positive, neutral or negative
- whether it is a high, medium or low impact.

Account will be taken for the understanding of English and therefore the use of interpretation and translation services may be used where necessary. It is important when taking enforcement action that all parties have a clear understanding of what is required. We have used the council's translation services to send out breach letters in another language when requested for persons whom do not use English as their first language. However, formal enforcement notices served must stay in English as they are a legal document. [explanation of any advice given to people who don't speak English who receive one of these].

**4.6.3** Please complete the table below to detail actions that need to take place to minimise the negative and maximise the positive impacts raised in the previous question: N/A

Action	Responsible Officer	Timescale for completion	How will the actions be monitored?

There is no impact currently and this is a minor update to an existing policy.

## 4.7 Religion or Belief:

**4.7.1** Has your research identified that the proposal will have an impact on this protected characteristic?

**No**

[Yes / No]

**4.7.2** Describe the impacts of the proposal on this protected characteristic group identified through your research, including



- whether each impact is positive, neutral or negative
- whether it is a high, medium or low impact.

Officers will aim to take account of people's religious beliefs where possible, for example if requested not to visit on Friday due to attendance at Mosque Synagogue this is usually honoured if possible

**4.7.3** Please complete the table below to detail actions that need to take place to minimise the negative and maximise the positive impacts raised in the previous question: N/A

Action	Responsible Officer	Timescale for completion	How will the actions be monitored?

There is no impact currently and this is a minor update to an existing policy.

## 4.8 Sex:

**4.8.1** Has your research identified that the proposal will have an impact on this protected characteristic?

**No**

[Yes / No]

**4.8.2** Describe the impacts of the proposal on this protected characteristic group identified through your research, including

- whether each impact is positive, neutral or negative
- whether it is a high, medium or low impact.

Neutral impact

**4.8.3** Please complete the table below to detail actions that need to take place to minimise the negative and maximise the positive impacts raised in the previous question: N/A

Action	Responsible Officer	Timescale for completion	How will the actions be monitored?

There is no impact currently and this is a minor update to an existing policy.

#### 4.9 Sexual Orientation:

**4.9.1** Has your research identified that the proposal will have an impact on this protected characteristic?

**No**

[Yes / No]

**4.9.2** Describe the impacts of the proposal on this protected characteristic group identified through your research, including

- whether each impact is positive, neutral or negative
- whether it is a high, medium or low impact.

Staff are encouraged to believe in the dignity of all people and their right to respect and equality of opportunity. It values the strength that comes with difference and the positive contribution that diversity brings to our communities.

**4.9.3** Please complete the table below to detail actions that need to take place to minimise the negative and maximise the positive impacts raised in the previous question: N/A

Action	Responsible Officer	Timescale for completion	How will the actions be monitored?

There is no impact currently and this is a minor update to an existing policy.

#### 4.10 Other:

**4.10.1** Has your research identified that the proposal will have an impact on this protected characteristic?

**No**

[Yes / No]

**4.10.2** Describe the impacts of the proposal on this protected characteristic group identified through your research, including

- whether each impact is positive, neutral or negative
- whether it is a high, medium or low impact.

Neutral.

**4.10.3** Please complete the table below to detail actions that need to take place to minimise the negative and maximise the positive impacts raised in the previous question:

Action	Responsible Officer	Timescale for completion	How will the actions be monitored?

There is no impact currently and this is a minor update to an existing policy.

## Section 5: Summary

**5.1** Briefly summarise the key findings of the EqIA and any significant equality considerations that should be taken into account when deciding whether or

not to proceed with the proposal (this section can be included within the 'equality implications' section of any committee reports).

Consultation took place following agreement by Planning Committee, and in line with our Statement of Community Involvement. Noted that there is no impact currently and this is a minor update to an existing policy.

No adverse effects were identified during the consultation period, this is limited to an update of an existing policy.

**5.2** Confirm the recommendation of the officer completing the EqIA (delete as appropriate):

- Proceed with the proposal with no actions identified as required within Section 4 of the EqIA: Analysis demonstrates that the policy is robust, the evidence shows no potential for discrimination, and we have taken all appropriate opportunities to advance equality and foster good relations between groups.

It is further recommended that this policy is accepted, following consultation.

**5.3** Signature of individual completing EqIA:

Stephen Kelly

**5.4** Date of completion:

31 October 2022, updated 19 February 2023

## **Section 6: Sign Off**

**6.1** Approving officer EqIA review outcome: (delete as appropriate):

- Proceed with the proposal with no actions identified as required within Section 4 of the EqlA: Analysis demonstrates that the policy is robust, the evidence shows no potential for discrimination and we have taken all appropriate opportunities to advance equality and foster good relations between groups.
- Adjust proposal and proceed: We will take steps to remove barriers or better advance equality as detailed in the action tables in Section 4. Where possible actions should be done before the proposal is implemented. Where this isn't possible, timescales for completion are included in Section 4 action tables.
- Reject the proposal: Analysis demonstrates that the proposal will cause unlawful discrimination and it must be removed or changed.

**6.2** Do you give permission to publish this EqlA on SCDC website (delete as appropriate)? If no, please state reason

Yes / No (reason if no) YES

**6.3** When will this proposal next be reviewed and who will this be?

October 2025

**6.4** Approving officer signature:

[Input here]

**6.5** Date of approval:

[Input here]

Please send a copy to [Equality.Schemes@scamb.gov.uk](mailto:Equality.Schemes@scamb.gov.uk)  
EqlA can be translated into different languages (if requested).

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# Agenda Item 10



**South  
Cambridgeshire**  
District Council

<b>Report to:</b>	Cabinet	20 March 2023
<b>Lead Cabinet Member:</b>	Councillor John Williams, Lead Cabinet Member for Resources	
<b>Lead Officer:</b>	Liz Watts, Chief Executive	

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## Confirming Arrangements for the Four-Day Week Trial and Next Steps

### Executive Summary

1. This report sets out the arrangements for consideration of the results of the Four-Day Week trial and next steps

### Key Decision

2. No

### Recommendations

3. It is recommended that Cabinet confirm these arrangements.

### Reasons for Recommendations

4. In order to ensure clarity around the process of reviewing the first trial and considering the next steps for both the desk-based trial and the Shared Waste Service and Facilities Management trials.

### Details

5. The Four Day week trial started for desk-based colleagues on 1 January. Results from the trial will include:
  - a. Key Performance Indicators for 1 January – 31 March 2023
  - b. Health and Wellbeing survey comparing August 2022 data with April 2023 data
6. Data will be collected and analysed in April 2023 and a final report drafted for Cabinet's meeting on 15 May.

7. Should the data be positive (ie performance has been maintained and health and wellbeing has improved) the proposal to Cabinet on 15 May would be to extend the trial for a further year, in order to be able to measure the impact on recruitment and retention.
8. A recommendation will be made to Cabinet about a trial for Facilities Management, to start in June 2023.
9. A recommendation will also be made to Cabinet about a trial in the Shared Waste Service, to start in June 2023.
10. Cllr Davey, the Executive Cllr for Finance, Resources and Transformation at Cambridge City Council, will take decisions on extending the existing trial (for the Shared Planning Service), and a new trial for the Shared Waste Service, on behalf of the City Council on the same day.
11. As noted in the report to Cabinet in September 2022, it is proposed that all those in the desk-based trial will continue working a four-day week pattern until Cabinet meets on May 15<sup>th</sup>. The trial itself however will only measure January – March KPI data, in order to ensure that comparable data from previous years can be used in the analysis.

## **Options**

12. Cabinet has already agreed to consider the outcome of the trial in May 2023 and this report therefore just sets out the arrangements for both councils.

## **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:-

There are no significant implications, as this report is simply setting out the process for the next steps.

## **Alignment with Council Priority Areas**

### **A modern and caring Council**

14. The trial continues to be a major plank in the Council's objectives to ensure it is delivering its business plan with a motivated workforce.



## **Background Papers**

Cabinet meeting September 2023: [Trialling a four-day week at the Council - Report for Cabinet.pdf \(moderngov.co.uk\)](#)

### **Report Author:**

Liz Watts – Chief Executive  
Telephone: (01954) 712926

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# Agenda Item 11



South  
Cambridgeshire  
District Council

<b>Report to:</b>	Cabinet	20 March 2023
<b>Lead Cabinet Member:</b>	Councillor John Williams, Lead Cabinet Member for Resources	
<b>Lead Officer:</b>	Peter Maddock, Head of Finance	

## 2022/2023 Revenue and Capital Budget Monitoring (Quarter 3)

### Executive Summary

1. To consider the latest monitoring data and trends in respect of the 2022/23 General Fund revenue, Housing Revenue Account (HRA) and capital budgets and emerging budget issues.

### Key Decision

2. No.

### Recommendations

3. It is recommended that cabinet considers the report and, if satisfied, to:
  - (a) Note the 2022/23 revenue position against the revised 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) Note the latest Capital Programme 2022/23 position [and variances, if any] as shown in Appendix D.

### Reasons for Recommendations

4. To advise the Cabinet of the latest monitoring information in respect of the 2022/23 revenue and capital budgets and emerging budget issues, for the third quarter period to 31 December 2022. The comparison in the various appendices is against the revised estimate.

### Details

#### 2022/23 Revenue Budget Monitoring – Overview

5. Effective budget monitoring is a requirement of the Council's Financial Regulations and the Medium-Term Financial Strategy (MTFS) and is critical to sound financial

management. This process enables the Cabinet to monitor the approved budget, to identify emerging issues and, where appropriate, to put plans in place to address forecast budget issues.

6. A framework for budget monitoring has been established and this enables budgetary performance and agreed efficiency actions to be monitored through the use of performance flags (Red, Amber and Green – RAG Status) and Direction of Travel indicators. This provides a statement of financial health and an overview of how the Council is utilising its resources.
7. An integral part of the monitoring process is the regular meetings with Budget Holders to proactively monitor compliance with the approved budget. This enables the identification of potential risks and emerging budget pressures so that appropriate action can be taken at an early stage.
8. The Council like many other organisations will be affected by the significant increase in inflation and cost of living in one way or another over the forthcoming months. there will be some significant financial challenges as a result, and this has had a more significant impact on the Housing Revenue Account than the General Fund.
9. These factors are reflected in the revised budget, which, as a result of the thorough review, produces very limited variances to actuals
10. Budgets were revised and updated for projected outturn based on the actuals as at 31 December 2022 to take into account known changes through the year and predict more accurately the final Outturn position. All figures are presented against the revised budget.

Revenue Budget Monitoring – 2022/23 Efficiency Assumptions

11. The ongoing process also includes the monitoring of compliance with the efficiency assumptions built into the 2022/23 revenue budget. The evaluation of the efficiencies has been made on the basis of a RAG rating using the following criteria:

The proposal has been implemented and is on target to achieve the budgeted saving.	<b>Green</b>
The proposal has or is being implemented but there is a delay on the delivery of the savings when compared to that in the budget	<b>Amber</b>
The proposed saving will now not be delivered or the level of saving is expected to be lower than that included in the budget.	<b>Red</b>

12. The original budget for 2022/23 included efficiency proposals totalling £1,558,000. The range of efficiency proposals are summarised at **Appendix A** the current status of these are shown in the appendix.
13. The areas of efficiency savings continue to be subject to ongoing review and there are no further areas of concern at this stage.

Revenue Budget Monitoring

14. This report represents the revenue monitoring information for the period 1 April 2022 to 30 September 2022.

15. A summary of budget variances is reported at **Appendix B**, with explanations for significant items of variance reported at Appendix C1 to C6 (General Fund) and Appendix C7 (Housing Revenue Account). The variances have been assigned a RAG status (**Red**, **Amber** and **Green**) based on the following:

Under spends and overspends up to 2% of the budget	Green
Overspends between 2% and 10% of the budget	Amber
Overspends greater than 10%	Red

16. It is to be noted where negative variances are shown in the appendices, they represent underspends against the budget or when income is greater than the budget.

#### Revenue Budget Monitoring –Variances

17. The ongoing monitoring and assessment of the 2022/23 revenue budget has not identified many issues that require action to avoid budgetary pressures and issues. The small number of issues that require further reference are discussed in the following paragraphs:

#### Salary Budgets

The table below identifies the variance on salary budgets by service area as at 31 December 2022:

	<b>2022/23</b>			
	<b>Budget to date (31 Dec 2022)</b>	<b>Actual to date (31 Dec 2022)</b>	<b>Variance</b>	<b>Variance %</b>
Chief Exec Office	907,740	907,742	2	0%
Climate, Environment & Waste	6,670,110	6,672,827	2,717	0%
Finance	2,744,450	2,768,053	23,603	1%
Housing	4,155,750	4,165,339	9,589	0%
Greater Cambridge Shared Planning	5,406,320	5,406,545	225	0%
Transformation, HR & Corporate	3,467,932	3,489,377	21,445	1%
<b>Total</b>	<b>23,352,302</b>	<b>23,409,883</b>	<b>57,581</b>	<b>0%</b>

The analysis takes account of the cost of agency staff backfilling vacant permanent posts (with agency costs generally much higher than permanent appointment). The overall variance stands at 0% against the revised budget.

18. There are several small differences to the budget at the end of quarter three. This mainly relates to the timing difference in the billing for the usage of agency staffing. The actual and budget should be aligned in quarter four with salary budgets fully utilised.

### Virement Movements

19. A virement is when a sum of money set aside in the budget for one purpose is then moved and used for another purpose. There have been no virement movements in the period 1 April 2022 to 31 December 2022.

### Revenue Budget – Summary Position

20. The table below summarises the budgetary position relevant to each Service Area, with detailed information included at **Appendix B**, and further explanation of significant variances in **Appendices C(1) to C(7)**.

Directorate	Revised Full Year Budget £'000	Revised Budget to date £'000	Actual to date £'000	Variance to date £'000	Variance to date %
Chief Executives Office	2,271	1,033	1,035	2	0%
Climate, Environment & Waste	9,975	4,687	4,698	11	0%
Finance	3,786	5,951	6,055	104	2%
Housing General Fund	2,542	948	962	14	1%
Greater Cambridge Shared Planning	6,553	4,064	4,236	172	4%
Transformation, HR & Corporate	2,623	1,642	1,626	(16)	-1%
<b>Net Service Costs</b>	<b>27,750</b>	<b>18,325</b>	<b>18,612</b>	<b>287</b>	<b>2%</b>
Overheads	<b>13,619</b>	<b>6,657</b>	<b>6,776</b>	<b>120</b>	<b>2%</b>

21. The Council has a current overspend position of £0.287 million (2%) on its net cost of service when compared to the revised budget, with some variances within the figures.
22. The overspend sits mainly in Planning and arises due to Planning Performance Agreement (PPA) income totalling £142,360 not been invoiced as planned during quarter three to offset expenditure which has been incurred. The variance in Finance relates to a timing difference in the subsidy income from DWP to the profiled budget to date.
23. The budgetary position relevant to each Service Area reported for quarter three is against the revised estimate and is a good guide to the final outturn.

### Energy Bills Support

24. During February 2022 the government announced a £15 billion package of support for rising energy bills worth up to £550 each for around 28 million households. This included:
- A £400 grant for all domestic energy customers which will appear as a credit from energy suppliers from October onwards.
  - A £150 non-repayable rebate for households in England in council tax bands A to D, known as the Council Tax Rebate.

- £144 million of discretionary funding for billing authorities to support any household in needs, regardless of their council tax band, known as the Discretionary Fund.
25. On 30 March 2022 funding of £6.741 million was received by the Council in relation to the Council Tax Rebate Scheme. £6.531 million of this relates to non discretionary funding to support the main Council Tax Rebate scheme and £0.210 million discretionary funding to support the local scheme within the district.
26. The Council has paid out around £6.511 million to 43,405 households for the main scheme which is 99% of distribution from the Councils allocated funding and £0.198 million to 5,942 households for the local scheme which is 94% of the amount received by the government. The payments made under the local scheme are largely related to households in Bands A-D who do not fall within the criteria of the main scheme. The scheme has now come to an end and any unspent funding by 30 November would be repaid to the government.

### Crisis in Ukraine

27. Homes for Ukraine scheme was launched in March 2022 with Government funding of £10,500 per guest arrival being made available to local authorities for the provision of wraparound service. From 1 January 2023, the Government tariff reduced to £5,900 per guest. South Cambridgeshire is the district area with the highest number of visas granted in the country. As of 20 February, 781 guests had arrived. Funding received from the government via Cambridgeshire County Council to date amounted to £331,100 towards payments to hosts (£350 per dwelling) £1,059,980 general funding and £1,599,050 towards homelessness prevention fund. This has been used for several local initiatives, including host DBS checks, payments to new arrivals, funding for a grant scheme and to put in place a moving on package of measures. There have been Guest Payments of £302,711 and £635,200 Host payments in the period 1 April 2022 to 31 December 2022.

### Capital Budget Monitoring

28. The Cabinet monitors the performance of the capital programme by reviewing on a regular basis the progress of all schemes. Regular reports on the Capital Programme to the Cabinet should identify the following changes:
- any schemes that are not being progressed as originally envisaged or those that are no longer required;
  - the revised phasing of a scheme(s) having regard to the latest information and any changes in forecast funding;
  - changes in funding requirements of committed schemes and the reasons relating thereto;
  - any budget amendments.
29. The Capital Programme is summarised at **Appendix D**. It should be noted that the Capital Programme is also reported against the revised budget.

## **Options**

30. The report provides monitoring information to ensure awareness of budget trends and emerging budget issues.

## Implications

31. 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

32. The financial implications are outlined in the details section of the report.

### Legal

33. The legal position and relevant issues can be summarised as follows:

(a) Revenue Budget

The Council is required, by law, to set a balanced revenue budget each year which for 2022/2023 this was approved by Council on 22 February 2022. The purpose of this report in accordance with best financial management practice is to advise Cabinet of any significant variations from that budget.

(b) Capital Programme

Prudential Indicators that underpin the Council's capital investment demonstrate that the investment is prudent, sustainable and affordable. The Council is required, in compliance with the Code, to monitor and report performance against established Prudential Indicators. The ongoing review of the capital programme is required to effectively monitor these indicators.

### Risks/Opportunities

34. The risk implications can be summarised as follows:

(a) Revenue Budget

When the Council considers each revenue service and function budget it is important that endeavours are made to identify potential risks. Inevitably, during the course of the financial 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 is monitored on a regular basis to identify risks and take action to mitigate the risks when they arise. The Council holds a contingency with regard to budgetary risk in year, together with a range of Reserves to deal with specific issues.

(b) Capital Programme

In relation to Capital resources, the following risks should be taken into account when considering this report:

- (i) Capital schemes can emerge at any time based on newly identified needs or changes in legislation which require funding to be identified;



- (ii) The forecast cost/timing of existing schemes may vary as implementation is undertaken;
- (iii) Forecast capital receipts may not be achieved which could result in some schemes not proceeding until other sources of capital finance become available or unless further recourse is made to borrowing;
- (iv) Key risks associated with the Capital Programme are that budgets are not adequate, leading to overspend with consequent financial implications or that the schemes will not meet the desired objectives.

## **Consultation responses**

35. None

## **Alignment with Council Priority Areas**

### **Growing local businesses and economies**

36. The report provides an update on the latest budget position of those service areas who are providing extra support to local businesses adapting to Covid secure measures via several different grant schemes as directed by Central Government.

### **Housing that is truly affordable for everyone to live in**

37. This report supports the Councils business plan by providing an update on the New Build Programme within the Capital Programme and HRA budgets for 2022/23.

### **Green to our core**

38. The 2022/23 revenue and capital position provides reasons for variances on a number of schemes relating to the green to our core element of the Councils business plan.

### **A Modern and caring Council**

39. The Council provides an update on the income position which was generated from investments and other commercial activities. In addition, the report supports the Councils business plan by providing an update on expenditure that it would not normally incur to support residents and businesses within the district especially those in hardship.

## **Background Papers**

- Medium Term Financial Strategy – Report to Council: 23 September 2021
- Capital Programme Update – Report to Cabinet: 06 December 2021
- Budget Report – Report to Cabinet: 07 February 2022

- Business Plan 2020/2025 – Report to Council: 22 February 2022

## **Appendices**

Appendix A: Service Efficiency/Income Generation Assumptions 2022/23: Update

Appendix B: Budget Monitoring by Service Area – Position as at 31 December 2022.

Appendix C: Explanation: General Fund & HRA Budget Variances – Position as at 31 December 2022.

Appendix D: Capital Programme – Financial Update Position as at 31 December 2022.

## **Report Author:**

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## Service Efficiencies/Income Generation Assumptions: 2022-2023

Directorate	Cost Centre	Title	Description of Budget Proposal	2022/23	Forecast	Update on Delivery	Performance
				£'000	£'000		RAG
All	All	Revenues and Benefits	Transformation programme savings	(155)	(155)	On Target	Green
All	All	ESH recharges	To undertake a review of the Ermine Street Housing recharge model for both housing and support staff.	(10)	(15)	On Target	Green
Chief Executive	Commercial Development and Investments	Investment income	Net income to the General fund from investment in Commercial Properties	(1,008)	(1,010)	On Target	Green
Climate, Environment and Waste	GCSWS	Commercial waste income	Expand and grow the commercial waste collection service.	(25)	(25)	On Target	Green
Climate, Environment and Waste	Environment	Environmental Health ensure that Permitted Processes are invoiced correctly	Fees for LA-PPC (permitted processes) is set by central government, historically we have not collected this income. This year we are collating all the information for the processes we have and these will be invoiced in April 2022 and then annually from that point	(8)	(8)	On Target	Green
Climate, Environment and Waste	Commercial and Licensing	Commercial income generation	Fee increase in Primary Authority work and full cost recovery within Private Water Supply operations.	(5)	(3)	There has been minimal growth in the fee increase in Primary Authority work and full cost recovery within Private Water Supply operations. 2022/23 is expected to produce additional income of £3,000, however it is envisaged that the full year fee increase may materialise in the latter part of the year.	Amber
Climate, Environment and Waste	Commercial and Licensing	Taxi plate procurement savings	There is a potential to reduce the taxi plate budget by switching to an adhesive plate which is an environmentally greener alternative. However, this will be subject to Council approval as it will require a change in the Taxi Policy.	(5)	0	The additional income from taxi licensing offsets the increased expenditure incurred during 2022/23. The saving (due to reduction in taxi plate budget) has been wiped out by increase in drivers and operators seeking licensing options within the district, it would be prudent to accept that this saving will not occur.	Red
Climate, Environment and Waste	Greater Cambridge Waste Service	Increased use of the Bulky Waste Service and related income	An increase for collection requests has generated more income than expected. This is partly due to changes in the way the booking service is operated. This is a one off saving of £30,000 pa, shared 50:50 across City & South Cambs.	(15)	(10)	Additional income of £15,000 was expected from an increase for collection requests but the recent Defra legislation change with regard to disposal of soft furnishings have impacted on this.	Amber
Climate, Environment and Waste	Greater Cambridge Waste Service	Bringing contracted vehicle cleaning work in-house	The service will be able to provide commercial cleaning of containers/ sites as an extra commercial income stream and improve service to customers. (Total saving £20,000, shared 50:50 between City & South Cambridgeshire Councils).	(10)	0	The tendering process for the purchase of the bin washing equipment has been unsuccessful on two occasions as suppliers have failed to meet the specification requirements. A further attempt is to be made during 2023/24 and therefore this will be delayed as a result.	Red
Climate, Environment and Waste	Greater Cambridge Waste Service	Fleet vehicle washing & bin washing new service offering	Full time operative to work on service, operating 3 days a week commercially & 2 days a week on RCV washing & Depot jobs. Will become a self-financing position once established. (Total increased income £15,000 in first year, split 50:50 between South & City Councils)	(8)	0		Red
Climate, Environment and Waste	Greater Cambridge Waste Service	Additional income from increasing profitable business for the Commercial Waste Service.	The service expects to improve profitable customer base to a value of at least £25,000 pa focusing particularly on the SME & R&D business sectors. (Shared 50:50 across both City & South Cambridgeshire councils.)	(13)	(60)	On Target	Green
Climate, Environment and Waste	Greater Cambridge Waste Service	Recycling credit income	This year has seen an increase in the amount of recycling collected via the blue bin service and therefore a corresponding increase in the amount of income from recycling credits paid by the County Council. It is anticipated that this will continue in to next year, so some income can be offered, (please note this is not certainty).	(10)	(10)	On Target	Green
Finance	Revenues and Benefits	Ctax review	Review of all council tax exemptions/discounts using data matching techniques (countywide project).	(35)	0	There have been significant delays in agreeing the memorandum of understanding with all parties which is yet to be resolved and given the time needed to set the scheme up this is unlikely to happen until 2023/24. On the positive side the savings should be significantly more than that included in the budget.	Red
Planning	Development Management	Charging for file retrieval	New income stream based on cost recovery	(9)	(9)	On Target	Green
Planning	Development Management	Reducing Press advert to one periodical	Advertising of applications only in one newspaper	(6)	0	The work related to the advertising of applications only in one newspaper has commenced, though due to the current economic climate of rising costs of goods and services this saving is no longer achievable.	Red

## Service Efficiencies/Income Generation Assumptions: 2022-2023

Directorate	Cost Centre	Title	Description of Budget Proposal	2022/23	Forecast	Update on Delivery	Performance
				£'000	£'000		RAG
Planning	Consultancy - Built Environment	Increasing commercial revenue	The business plan focusses on moving BNE staff time away from applications work to revenue generating work on PPAs, Pre-Apps etc. Recurrent item.	(46)	(46)	On Target	Green
Transformation, HR and Corporate Services	HR	Rationalise processes and budgets to focus on efficient service delivery and effective resource deployment	A review of the HR function following the implementation of a new Human Resource Information System, including an extension of self-service arrangements.	(50)	(50)	On Target	Green
Transformation, HR and Corporate Services	Facilities management	To pursue, in line with the Business Plan Theme "Green to Our Core", the following specific investment opportunities:	Energy efficiency and green energy measures at South Cambridgeshire Hall, including Ground Source Heat Pump, solar canopies in the car park, internal LED lighting upgrades, electric vehicle charging points and chiller modifications and enhancements.	(80)	(50)	The proposed energy efficiency and green energy measures at South Cambridgeshire Hall has not gone as initially planned. There have been significant delays and issues with contractors performance during the project and although the Car Park is operational there are still issues to be resolved.	Amber
Transformation, HR and Corporate Services	3CICT	Discontinuing 0345 number	The 0345 number makes a charge to the customer and the council where as the existing number would just charge the customer at the same rate as the 0345 number and no charge to the Council	(60)	(60)	On Target	Green
<b>Total Estimated Savings</b>				<b>(1,558)</b>	<b>(1,511)</b>		
<b>Value Attributable to HRA *</b>				<b>(50)</b>	<b>(44)</b>		
<b>Value Attributable to General Fund</b>				<b>(1,508)</b>	<b>(1,467)</b>		

\*Some initiatives will bring savings to the Housing Revenue Account because they are of a corporate nature.

## 2022/23 Quarter Three - Financial Position &amp; Variance

Directorate	Revised Full Year Budget £'000	Budget to Date £'000	Actual to Date £'000	Variance to Date £'000	Variance to Date %
<b>General Fund</b>					
Chief Executive & Chief Operating Officer	2,271	1,033	1,035	2	0%
Head of Climate, Environment & Waste	9,975	4,687	4,698	11	0%
Head of Finance	3,786	5,951	6,055	104	2%
Head of Housing	2,542	948	962	14	1%
Director of Greater Cambridge Shared Planning	6,553	4,064	4,236	172	4%
Head of Transformation, HR & Corporate Services	2,623	1,642	1,626	(16)	-1%
<b>Net Service Costs</b>	<b>27,750</b>	<b>18,325</b>	<b>18,612</b>	<b>287</b>	<b>2%</b>
<b>Overhead Costs</b>	<b>13,619</b>	<b>6,657</b>	<b>6,776</b>	<b>119</b>	<b>2%</b>
Council Approved Contingencies	10	0	0	0	0%
Finance Charge Reversals	(2,946)	0	0	0	0%
Internal Drainage Board Levies	208	208	208	(0)	0%
Contribution to Combined Authority from EZ Income	237	0	0	0	0%
Pension Deficit Funding	1,413	942	942	(0)	0%
Interest Payable	1,727	302	302	(0)	0%
Investment Income	(5,603)	(4,203)	(4,437)	(234)	-6%
Revenue Contribution to Capital	2,646	0	0	0	0%
Appropriations to/(from) General Reserves	2,159	0	0	0	0%
Contributions to/(from) Earmarked Reserves	(574)	0	0	0	0%
Minimum Revenue Provision	1,090	0	0	0	0%
IAS 19 Reversals	(3,802)	0	0	0	0%
<b>Total General Fund Expenditure</b>	<b>24,316</b>	<b>22,230</b>	<b>22,402</b>	<b>172</b>	<b>1%</b>
New Homes Bonus	(2,376)	(1,782)	(1,782)	(0)	0%
Rural Services Grant / Lower Tier Service Grant	(432)	(313)	(296)	17	5%
Business Rates Pool Gain	(740)	(555)	(555)	0	0%
(Surplus) / Deficit on Collection Fund re Council Tax	(195)	(147)	(146)	0	0%
(Surplus) / Deficit on Collection Fund re Business Rates	2,786	2,089	2,090	0	0%
Retained Business Rates (incl. Section 31 Grant)	(12,755)	(9,566)	(9,566)	0	0%
Family Annexe Discount grant	(114)	0	0	0	0%
Council Tax	(10,489)	(7,867)	(7,867)	(0)	0%
<b>Total General Fund Income</b>	<b>(24,316)</b>	<b>(18,140)</b>	<b>(18,123)</b>	<b>17</b>	<b>0%</b>
<b>HRA</b>					
Supervision & Maintenance General	4,724	2,058	2,073	15	1%
Supervision & Maintenance Special	891	599	678	79	13%
Repairs & Maintenance	5,461	4,137	4,137	0	0%
Capital Charges	7,290	0	0	0	0%
Corporate Management	670	0	0	0	0%
Other	100	11	15	4	36%
Interest Payable on Loans	7,193	3,537	3,537	0	0%
Revenue Funding of Capital Expenditure	9,162	0	0	0	0%
Pension Deficit Funding	206	137	137	0	0%
<b>Total HRA Expenditure</b>	<b>35,697</b>	<b>10,479</b>	<b>10,577</b>	<b>98</b>	<b>1%</b>
Income	(31,948)	(24,102)	(24,102)	0	0%
Interest Receivable	(1,224)	0	0	0	0%
IAS 19 Reversals	(508)	0	0	0	0%
<b>Total HRA Income</b>	<b>(33,680)</b>	<b>(24,102)</b>	<b>(24,102)</b>	<b>0</b>	<b>0%</b>
<b>Deficit / (Surplus) for the Year</b>	<b>2,016</b>	<b>(13,623)</b>	<b>(13,525)</b>	<b>98</b>	<b>1%</b>

Directorate	Full Year Budget £'000	Budget to Date £'000	Actual to Date £'000	Variance to Date £'000	Variance to Date %
<b>General Fund Capital</b>					
Chief Executive & Chief Operating Officer	955	716	542	(174)	-24%
Head of Climate, Environment & Waste	1,635	632	633	1	0%
Head of Finance	5,500	2,740	2,740	0	0%
Head of Housing	5,458	1,892	1,728	(164)	-9%
Head of Transformation, HR & Corporate Services	1,967	1,125	1,059	(66)	-6%
<b>Total General Fund Capital</b>	<b>15,515</b>	<b>7,106</b>	<b>6,702</b>	<b>(404)</b>	<b>-6%</b>

Directorate	Full Year Budget £'000	Budget to Date £'000	Actual to Date £'000	Variance to Date £'000	Variance to Date %
<b>HRA Capital</b>					
Improvement to the Housing Stock	8,186	6,127	6,128	1	0%
New Homes Programme	15,662	9,092	9,093	1	0%
Repurchase of HRA Shared Ownership Homes	150	0	0	0	0%
Preparation of Self-Build Plots	25	0	0	0	0%
<b>Total HRA Capital</b>	<b>24,023</b>	<b>15,219</b>	<b>15,221</b>	<b>2</b>	<b>0%</b>

## Chief Executive &amp; Chief Operating Officer Revenue Financial Monitoring

Expenditure Items by Directorate	22/23 Revised Full Year Budget £'000	Third Quarter			Variance Budget v Actual		Reason for Variance
		22/23 Budget £'000	22/23 Actual £'000	21/22 Actual £'000	22/23 £'000	22/23 %	
<b>Major Income Items:</b>							
Investment Properties Rent	(893)	(670)	(856)	(1,376)	(186)	-28%	Rent received from investment properties is above the profiled budget due to receipt of £203,950 from 140 Science Park in relation to rent which was expected in the last quarter of 2022/23.
<b>Explained variances</b>	<b>(893)</b>	<b>(670)</b>	<b>(856)</b>	<b>(1,376)</b>	<b>(186)</b>	<b>-28%</b>	

## Head of Climate, Environment &amp; Waste Financial Monitoring

Expenditure Items by Directorate	22/23 Revised Full Year Budget £'000	Third Quarter			Variance Budget v Actual		Reason for Variance
		22/23 Budget £'000	22/23 Actual £'000	21/22 Actual £'000	22/23 £'000	22/23 %	
<b>Major Expenditure Items:</b>							
Greater Cambridge Shared Waste Operations	4,382	3,013	3,026	2,880	13	0%	A small increase in profiled spend related to wheeled bin purchases is partly offset by increased income generated from this supply (see below) and may also be negated when the stock of bins are valued at the financial year end.
Flood Defence and Land Drainage	142	93	94	121	1	1%	No significant variances.
Green to the Core	325	171	171	90	0	0%	No variances.
<b>Explained variances</b>	<b>4,849</b>	<b>3,277</b>	<b>3,291</b>	<b>3,091</b>	<b>14</b>	<b>0%</b>	
<b>Major Income Items:</b>							
Greater Cambridge Shared Waste Operations	(6,281)	(5,493)	(5,512)	(4,610)	(19)	0%	An increase for collection requests has generated more income than expected on trade waste sack collections This is partly due to changes in the way the on-line booking service is now operated. There has also been small increases in green bin collection permits and bin delivery receipts.
Licensing: Taxi & Other	(522)	(418)	(420)	(232)	(2)	0%	No significant variances.
<b>Explained variances</b>	<b>(6,803)</b>	<b>(5,911)</b>	<b>(5,932)</b>	<b>(4,842)</b>	<b>(21)</b>	<b>0%</b>	



## Head of Finance Revenue Financial Monitoring

Expenditure Items by Directorate	22/23 Revised Full Year Budget £'000	Third Quarter			Variance Budget v Actual		Reason for Variance
		22/23 Budget £'000	22/23 Actual £'000	21/22 Actual £'000	22/23 £'000	22/23 %	
<b>Major Expenditure Items:</b>							
Rent Rebates (non HRA)	150	112	101	137	(11)	-10%	The first half of 2022/23 had seen an increase in the number of people placed in bed and breakfast. However, expenditure at the end of quarter three has seen a small decrease comparative to the budget to date and a significant reduction on 2021/22.
<b>Explained variances</b>	<b>150</b>	<b>112</b>	<b>101</b>	<b>137</b>	<b>(11)</b>	<b>-10%</b>	
<b>Major Income Items:</b>							
Investment Income - Interest	(4,710)	(3,533)	(3,581)	(2,160)	(48)	-1%	Interest income at the end of the third quarter of 2022/23 is slightly above expectations mainly due to interest rates being higher than the previous year. This increase is quite marked when compared to 2021/22.
<b>Explained variances</b>	<b>(4,710)</b>	<b>(3,533)</b>	<b>(3,581)</b>	<b>(2,160)</b>	<b>(48)</b>	<b>-1%</b>	

## Head of Housing Revenue Financial Monitoring

Expenditure Items by Directorate	22/23 Revised Full Year Budget £'000	Third Quarter			Variance Budget v Actual		Reason for Variance
		22/23 Budget £'000	22/23 Actual £'000	21/22 Actual £'000	22/23 £'000	22/23 %	
<b>Major Expenditure Items:</b>							
Homelessness	660	223	227	260	4	2%	The small variance arises from additional expenditure relating to translation services.
<b>Explained variances</b>	<b>660</b>	<b>223</b>	<b>227</b>	<b>260</b>	<b>4</b>	<b>2%</b>	
<b>Major Income Items:</b>							
Homelessness	(750)	(720)	(720)	(779)	0	0%	No variances.
Improvement Grants	(730)	(730)	(730)	(730)	0	0%	No variances.
Community Lifeline Alarm Service	(174)	(128)	(128)	(142)	0	0%	No variances.
<b>Explained variances</b>	<b>(1,654)</b>	<b>(1,578)</b>	<b>(1,578)</b>	<b>(1,651)</b>	<b>0</b>	<b>0%</b>	

## Director of Greater Cambridge Shared Planning Revenue Financial Monitoring

	22/23 Revised Full Year Budget £'000	Third Quarter			Variance Budget v Actual		Reason for Variance
		22/23 Budget £'000	22/23 Actual £'000	21/22 Actual £'000	22/23 £'000	22/23 %	
<b>Major Expenditure Items:</b>							
Greater Cambridge Local Plan	571	108	112	377	4	4%	The variance arises from a timing difference in the billing for the cost of additional ICT purchases which was programmed to be spent in quarter four. It is expected in the last quarter of the financial year the actual and comparative will be on target.
<b>Explained variances</b>	<b>571</b>	<b>108</b>	<b>112</b>	<b>377</b>	<b>4</b>	<b>4%</b>	
<b>Major Income Items:</b>							
Development Management	(2,880)	(1,531)	(1,534)	(2,177)	(3)	0%	No significant variances.
Greater Cambridge Local Plan	(286)	0	0	0	0	0%	No variances.
Strategic Sites	(907)	(563)	(581)	(534)	(18)	-3%	Strategic Sites income has exceeded both the budget to date and the previous year actual due to number of planning applications received. The additional income received at the end of quarter three comprises of £16,000 planning performance agreement (PPA) monies which were unknown of during the revised budget setting process.
Built & Natural Environment	(506)	(309)	(328)	(133)	(19)	-6%	Income generated by the Built and Natural Environment service has seen an increase at the end of quarter three 2022/23. £17,000 additional income has been received relating to planning performance agreement (PPA) in comparison to the budget.
Land Charges	(620)	(477)	(477)	(465)	0	0%	No variances.
<b>Explained variances</b>	<b>(5,199)</b>	<b>(2,880)</b>	<b>(2,920)</b>	<b>(3,309)</b>	<b>(40)</b>	<b>-1%</b>	

## Head of Transformation, HR &amp; Corporate Services Financial Monitoring

Expenditure Items by Directorate	22/23 Revised Full Year Budget £'000	Third Quarter			Variance Budget v Actual		Reason for Variance
		22/23 Budget £'000	22/23 Actual £'000	21/22 Actual £'000	22/23 £'000	22/23 %	
<b>Major Expenditure Items:</b>							
ICT	1,824	883	883	837	0	0%	No variances.
Mobile Warden Scheme	172	132	132	167	(0)	0%	No variances.
Transformation	93	45	61	89	16	36%	Expenditure at the end of quarter three is higher than the profiled budget because of a licence purchase for the project management system PM3 which was due to take place in March.
Voluntary Sector Grants	144	142	142	144	0	0%	No variances.
Cambourne Offices	1,307	752	762	767	10	1%	Expenditure fluctuates from year to year due to Cambourne Office works being determined by a planned programme which identifies and prioritises the works required for the year. The small increase in expenditure at the end of quarter three arises from a timing difference in the billing of services received, though expenditure is in line with the previous year comparative.
<b>Explained variances</b>	<b>3,540</b>	<b>1,954</b>	<b>1,980</b>	<b>2,004</b>	<b>26</b>	<b>1%</b>	

## Housing Revenue Account Financial Monitoring

Expenditure and Income Items by Directorate	22/23 Revised Full Year Budget £'000	Third Quarter			Variance Budget v Actual		Reason for Variance
		22/23 Budget £'000	22/23 Actual £'000	21/22 Actual £'000	22/23 £'000	22/23 %	
<b>Housing Revenue Account - Expenditure</b>							
Housing Repairs Planned	1,666	958	958	714	0	0%	There were significant delays experienced in 2021/22 commencing the cyclical works (external decoration), which accounts for the difference when comparing the 2022/23 and 2021/22 expenditure.
Housing Repairs Response	3,918	3,251	3,250	2,696	(1)	0%	Mears were awarded a new contract in October 2022 to deliver an improved response repairs and maintenance service to our housing tenants. The price per property increases annually with inflation, which accounts for the large increase in expenditure in 2022/23 when compared to 2021/22.
<b>Explained variances</b>	<b>5,584</b>	<b>4,209</b>	<b>4,208</b>	<b>3,410</b>	<b>(1)</b>	<b>0%</b>	
<b>Housing Revenue Account - Income</b>							
Net Rent of Dwellings	(464)	(358)	(358)	(364)	0	0%	No variances.
Gross Rent of Dwellings	(31,484)	(23,744)	(23,744)	(22,353)	0	0%	The increase in rental income from dwellings in 2022/23 compared to 2021/22 is due to the rent increase of 4.1% from April 2022 and additional new build homes.
<b>Explained variances</b>	<b>(31,948)</b>	<b>(24,102)</b>	<b>(24,102)</b>	<b>(22,717)</b>	<b>0</b>	<b>0%</b>	

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## Capital Financial Monitoring

Expenditure Items by Directorate	22/23 Revised Full Year Budget £'000	Third Quarter ytd		Variance Budget v Actual		Reason for Variance
		22/23 Budget £'000	22/23 Actual £'000	22/23 £'000	22/23 %	
<b>General Fund Revenue</b>						
<b>Chief Executive &amp; Chief Operating Officer</b>						
Investment Strategy	955	716	542	(174)	-24%	The full year budget includes the council's costs related to the investment strategy, 270 Cambridge Science Park and Waterbeach Renewable Energy Network (WREN) project. The expenditure to date is lower than the profiled budget though £150,000 has been committed to be spent by the end of the financial year for the investment grade proposal work regarding the WREN project.
<b>Explained variances</b>	<b>955</b>	<b>716</b>	<b>542</b>	<b>(174)</b>	<b>-24%</b>	
<b>Head of Climate, Environment &amp; Waste</b>						
Greater Cambridge Shared Waste Service	1,292	422	422	0	0%	The expenditure to date relates to the purchase of the electric refuse collection vehicle ordered during the previous year. A delay in the delivery of the vehicle has resulted in expenditure incurring in 2022/23.
Street Cleansing	33	0	0	0	0%	No variances.
Environmental Health	98	98	98	(0)	0%	No variances.
Land Drainage	49	49	49	(0)	0%	No variances.
Footway Lighting: Parish Maintained Street Lights	130	46	48	2	4%	There is no significant variance here though it looks likely that some budget will need to be re-profiled into 2023/24.
Renewable Energy: Additional EV Rapid Charging Facility	33	17	16	(1)	-6%	No significant variances.
<b>Explained variances</b>	<b>1,635</b>	<b>632</b>	<b>633</b>	<b>1</b>	<b>0%</b>	
<b>Head of Finance</b>						
Loans to Ermine Street Housing	5,500	2,740	2,740	0	0%	No variances.
<b>Explained variances</b>	<b>5,500</b>	<b>2,740</b>	<b>2,740</b>	<b>0</b>	<b>0%</b>	

Expenditure Items by Directorate	22/23 Revised Full Year Budget £'000	Third Quarter ytd		Variance Budget v Actual		Reason for Variance
		22/23 Budget £'000	22/23 Actual £'000	22/23 £'000	22/23 %	
<b>Head of Housing</b>						
Northstowe Community Projects	3,887	750	582	(168)	-22%	The sports pavilion build is currently underway with the project to be completed by August 2023. It is envisaged that only preliminary costs incurred for the Civic Hub and Community Centre builds will occur in 2022/23.
Housing management system	19	6	6	(0)	0%	No variances
Repurchase of GF Sheltered Properties	675	650	654	4	1%	This budget is reactive, and spend is dependent upon the number of homes which are re-presented to the Council in any year, and the value at which they are re-acquired.
Improvement Grants	877	486	486	0	0%	A substantial amount of grant monies has been committed to improvement works though the service is experiencing difficulty in finding contractors who can complete the works prior to the end of the year.
<b>Explained variances</b>	<b>5,458</b>	<b>1,892</b>	<b>1,728</b>	<b>(164)</b>	<b>-9%</b>	
<b>Head of Transformation, HR &amp; Corporate Services</b>						
IT Development	177	13	13	0	0%	No variances
Human Resources System	7	5	6	1	20%	No significant variances
Cambourne Offices	1,783	1,107	1,040	(67)	-6%	The budget generally covers the Greening of South Cambs Hall which is an ongoing project and office adaptations and enhancements . Projects related to the Cambourne office such as the New Data Floor boxes have commenced in the latter part of quarter three, therefore it is expected that the full year budget will be fully utilised by the end of next quarter.
<b>Explained variances</b>	<b>1,967</b>	<b>1,125</b>	<b>1,059</b>	<b>(66)</b>	<b>-6%</b>	
<b>Total General Fund Capital Expenditure</b>	<b>15,515</b>	<b>7,106</b>	<b>6,702</b>	<b>(404)</b>	<b>-6%</b>	
<b>Housing Revenue Account</b>						
Improvement to the Housing Stock	8,186	6,127	6,128	1	0%	No significant variances
New Homes Programme	15,662	9,092	9,093	1	0%	No significant variances
Repurchase of Shared Ownership	150	0	0	0	0%	No variances.
HRA Land	25	0	0	0	0%	No variances.





<b>Report to:</b>	Cabinet	20 March 2023
<b>Lead Cabinet Member:</b>	Councillor John Williams, Lead Cabinet Member for Resources	
<b>Lead Officer:</b>	Peter Maddock, Head of Finance Anne Ainsworth, Chief Operating Officer	

## Investment Strategy

### Executive Summary

1. To undertake a review of the existing Investment Strategy in response to wider economic changes and to consider a refreshed version of the Strategy for consideration and adoption by the Council.

### Recommendations

2. It is recommended that Cabinet:
  - a) Consider the report and, if satisfied, recommend to Council the updated Investment Strategy attached at Appendix A.

### Reasons for Recommendations

3. To establish and approve an updated Investment 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), revised Statutory Guidance on Local Government Investments (3rd Edition) issued in February 2018 and new rules on borrowing from the Public Works Loans Board effective from 26 November 2020.

### Details

#### Statutory Guidance on Local Government Investments

4. The Local Government Act 2003 (the Act) and supporting regulations requires the Council to 'have regard to' the Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code, the CIPFA Treasury Management Code of Practice (the Code) and Investment Guidance (the Guidance) issued by The Ministry of Housing Communities and Local Government (MHCLG) in order to ensure that the Council's capital investment plans are affordable, prudent and sustainable.
5. The revised Statutory Guidance in relation to Local Government Investments, issued in February 2018, widened the definition of an investment to include all the financial assets of a local authority as well as other non-financial assets held primarily or partially to generate a profit. This wider definition includes investment property portfolios as well

as loans made to wholly owned companies or associates, joint ventures or third parties. The Guidance applies for financial years commencing on or after 1 April 2018 and was reflected in the new Investment Strategy that was considered and approved by Cabinet at its meeting on 6 December 2021.

6. Previous editions of the Guidance covered treasury investments only, but the current edition focuses on non-treasury investments including:
  - Loans made for service purposes e.g. to wholly owned companies, suppliers, local businesses, to support local public services and stimulate local economic growth;
  - Shares in companies bought for service purposes;
  - Debt Instruments (Loans) and Equity in subsidiaries;
  - Non-financial assets (e.g. property) held primarily or partially to generate profit.
7. The Guidance requires the Strategy to be approved by Full Council on an annual basis and sets out the disclosure and reporting requirements. Any mid-year material changes to the Strategy must also be subject to Full Council approval. The Strategy should also be publicly available on the local authority's website.
8. In March 2020 the Public Works Loan Board (PWLB) launched a consultation on the terms of its lending and proposed reform aimed at tackling perceived abuse of borrowing powers by some authorities. The consultation ended in July 2020 and a response was published immediately following the spending review by HM Treasury on 26 November 2020 along with guidance on the new borrowing terms. The implications of these new borrowing rules were outlined in the report to Council on 23 February 2021 in respect of the annual review of the Treasury Management Strategy.

## **Investment Strategy**

9. The Investment Strategy seeks to ensure compliance with the Government's requirements, including the need for an Investment Strategy to include:
  - the contribution that investments make towards the service delivery objectives and/or place making role of the authority, recognising that each investment can make more than one type of contribution. This could include:
    - Yield/Profit;
    - Regeneration;
    - Economic benefit/business rates growth;
    - Responding to local market failure;
    - Treasury management;

and, where the authority, classifies an investment as contributing to regeneration or local economic growth, it should be able to demonstrate that the investment forms part of a project in its Local Plan;

- quantitative indicators that allow Councillors and the public to assess a local authority's total risk exposure as a result of its investment decisions;
- how investments are funded and the rate of return and, where investment decisions are funded by borrowing, the indicators should reflect the additional debt servicing costs taken on;

- indicators to assess the risks and opportunities of the investment;
- the security of the investment as a paramount consideration to protect the capital sum invested from loss. Treasury management investments should consider security, liquidity and yield in that order of importance whilst other types of investment (such as property investments) should consider the balance between security, liquidity and yield based upon the risk appetite and the contribution the investment activity makes;
- demonstration that total financial exposure to loans (e.g. to local enterprises, local charities, wholly owned companies and joint ventures as part of a wider strategy for local economic growth) is proportionate and formally setting out limits on the total level of loans;
- for investment property, with a fair value above cost, the Strategy should include a statement that a fair value assessment has been made within the past twelve months, and that the underlying assets provide security for the capital investment;
- for investment property, with a fair value below cost, the Strategy should detail of the mitigating actions that the local authority is taking or proposes to take to protect the capital invested;
- how the authority has assessed the market that it is/will be competing in, the nature and level of competition, how it thinks that the market/customer needs will evolve over time, barriers to entry and exit and any ongoing investment requirements;
- whether and, if so how, a local authority uses external advisors be they treasury management advisors, property investment advisors or any other relevant persons; and how it monitors and maintains the quality of advice provided by external advisers;
- the sources of information used to assess and monitor risk;
- for financial investments that are not treasury management investments or loans (e.g. equity investments) the Strategy should set out procedures for determining the maximum periods for which funds may prudently be committed; what those maximum periods are; and how the local authority will stay within its stated investment limits;
- for non-financial investments (e.g. property) the Strategy should set out the procedures for ensuring that the funds can be accessed when they are needed, for example to repay capital borrowed, and the local authority's view of the liquidity of the investments that it holds, recognising that assets can take a considerable period to sell in certain market conditions;
- the extent to which funding expenditure to meet the service delivery objectives and/or place making role of the local authority is dependent on achieving the expected net profit from investments and the local authority's contingency plans should it fail to achieve the expected net profit;
- the commitment not to borrow more than, or in advance of needs, purely in order to profit from the investment of the extra sums borrowed and, where the authority plans to borrow or has borrowed purely to profit from the investment of the extra sums borrowed, why the local authority has decided not to have

regard to the Guidance and the local authority's policies for investing the money borrowed, including management of the risks, for example, of not achieving the desired profit or borrowing costs increasing;

- the steps taken to ensure that those elected members and statutory officers involved in the investments decision making process have appropriate capacity, skills and information to enable them to take informed decisions as to whether to enter into a specific investment, to assess individual assessments in the context of the strategic objectives and risk profile of the local authority and to enable them to understand how the quantum of these decisions have changed the overall risk exposure of the local authority;
- the steps taken to ensure that those negotiating commercial deals are aware of the core principles of the prudential framework and of the regulatory regime within which local authorities operate;
- the corporate governance arrangements that have been put in place to ensure accountability, responsibility and authority for decision making on investment activities within the context of the Council's corporate values.

10. The review has identified some updates to the Investment Strategy as follows:

- The need to recognise the changing economic climate since the current version of the strategy was developed and adopted, and in particular the change in interest and borrowing rates.
- Continue to give due regard to the 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.
- Recognise that investments may include smaller projects, if they have a regeneration or environmental impact.
- A reduction from previous versions of this strategy with regard to the amount of money (£44m) it is proposed the Council consider for Investment opportunities.
- A review of how these changes impact upon the indicators in line with the adopted 23/24 budget and Medium Term Financial Strategy
- Update the capital programme values, recognising that this will be further reviewed.
- The current position of the Minimum Revenue Provision (MRP) on investment properties to reflect the annual valuation of these properties.
- To better reflect, given experience and market factors, the profile of investment between financial years.
- To undertake the annual review and update of Prudential Indicators that are identified in the adopted Strategy (at Section 8 of **Appendix A**).
- Changes to reflect the time period of the updated Strategy and staff changes within the Council.

11. An updated version of the Investment Strategy is attached at **Appendix A** which seeks to meet the requirements of the statutory investment guidance and effective governance arrangements.
12. The Medium Term Financial strategy has recently been updated and reduced levels of investment income included as the level of investment now possible look rather less than that included in the strategy agreed in December 2021.

## Options

13. The option of not reviewing the Investment Strategy is not considered to be appropriate. Local authorities are required to have regard to guidance issued in relation to investments and are accountable to their communities for the performance of them. 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 intended objectives are achieved, and the security, liquidity and yield of investments are paramount commitments.
14. The Council is required to obtain approval for the Investment Strategy each financial year and, where the Council proposed to make a material change to its Strategy during the year, a revised Strategy must be presented to Council for approval before the change is implemented.

## Implications

15. 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:-

### ***Policy***

16. The Investment Strategy has been developed to fulfil the requirements of the revised Statutory Investment Guidance, and provides the framework for:
  - governance of service loans, equity investments and commercial property investment;
  - assessing risk of providing loans, equity investments and investing in commercial property;
  - borrowing in advance of need;
  - income generating investment activities.

### ***Legal***

17. 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.

**Financial**

- 18. The Investment Strategy sets out how the Council determines its capital investment priorities in particular in relation to corporate priorities taking into account the capital resources available including borrowing in line with the Council’s approved Prudential Indicators. There are no additional resource requirements as a result of the refreshed Investment Strategy, but it does provide the framework for determining investment priorities for the Council from allocated capital resources.
- 19. The Investment Strategy currently identifies the sum of £44 million for Service and Commercial Investments as follows:

Funding Allocation	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m
Investment Strategy	4	10	10	10	10

- 20. A full review of the capital programme, including new scheme bids, was considered by Council on 21<sup>st</sup> February 2023.

**Risk**

- 21. The Investment Strategy is a key financial planning and resource management tool for the Council. An effective strategy for capital investment provides the framework for reducing 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.

**Environmental**

- 22. There are no environmental implications arising directly from the report. The environmental impacts of each capital investment opportunity will need to be considered as part of the feasibility assessments and evaluations.

**Equality Analysis**

- 23. In preparing this report, due consideration has been given to the District 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. It is considered that the report has no relevance to South Cambridgeshire District Council’s statutory equality duty to eliminate unlawful discrimination, advance equality of opportunity and foster good relation.
- 24. An equality analysis is not needed. Individual capital investments may, however, have specific equality impacts that need to be considered and evaluated.

## Alignment with Council Priority Areas

25. This process does not change any of the overarching themes within the Council priority areas or Business plan but establishes the parameters for investments during the next financial year.

## Background Papers

The following documents are relevant to this report:

- Corporate Asset Plan – Report to Cabinet: 2<sup>nd</sup> October 2019
- Investment Strategy – Report to Cabinet: 6<sup>th</sup> December 2021
- Medium Term Financial Strategy – Report to Cabinet: 12<sup>th</sup> December 2022
- Medium Term Financial Strategy – Report to Council: 21<sup>st</sup> February 2023
- General Fund Budget Report – Report to Cabinet: 6<sup>th</sup> February 2023
- General Fund Budget Report – Report to Council: 21<sup>st</sup> February 2023
- HM Treasury Document entitled “Public Works Loan Board: future lending terms – Response to the consultation” issued on 25 November 2020.

## Appendices

Appendix A: Investment Strategy – Revised March 2023

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# Investment Strategy

March 2023

## **1. Introduction**

The Local Government Act 2003 (the Act) and supporting regulations requires the Council to 'have regard to' the Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code, the CIPFA Treasury Management Code of Practice (the Code) and Investment Guidance (the Guidance) issued by The Ministry of Housing, Communities and Local Government (MHCLG) to ensure that the Council's capital investment plans are affordable, prudent and sustainable.

In February 2018 the Secretary of State issued new guidance on Local Government Investments (the Guidance), which widened the definition of an investment to include all the financial assets of a local authority as well as other non-financial assets held primarily or partially to generate a profit. This wider definition includes investment property portfolios as well as loans made to wholly owned companies or associates, joint ventures or third parties. The Guidance applies for financial years commencing on or after 1 April 2018.

The Guidance requires the Investment Strategy to be approved by Full Council on an annual basis and sets out the disclosure and reporting requirements. Any mid-year material changes to the Strategy will also need to be subject to Full Council approval.

Due regard has also been given to the prevailing rules in relation to local authority borrowing from the Public Works Loan Board (PWLB) and, in particular, the impact of borrowing for the acquisition of commercial assets on the Council's wider borrowing requirements. Due regard has been given to the guidance published by HM Treasury on 25 November 2020 and, accordingly, the Council does not intend to buy commercial assets primarily for yield (even by using available reserves).

The Council has set out within this Strategy its approach to risk and risk mitigation, including the requirement for fully tested and scrutinised business cases, sound due diligence indicators and the need for regular and formal reporting and the effective scrutiny of investment decisions and performance.

This Strategy should be read alongside the Council's Business Plan. This document reflects the Council's ambition to support sustainable economic growth and local entrepreneurship; create employment opportunities during a very difficult and uncertain economic climate and contribute to the importance of creating strong and vibrant places across our district.

## **2. The Investment Strategy**

2.1 South Cambridgeshire is located centrally in the East of England region at the junction of the M11/A14 roads and with direct rail access to London and to Stansted Airport. It is a largely rural district which surrounds the city of Cambridge and comprises over 100 villages and 2 small but growing towns (Cambourne and Northstowe). It is surrounded by a ring of market towns just beyond its borders, which are generally 10–15 miles from Cambridge. Together, Cambridge, South Cambridgeshire and the Market Towns form the Cambridge Sub-Region. South Cambridgeshire has long been a fast growing district and in 2022 had a population of 162,000 (bigger than Cambridge itself, and an increase of 15,000 since the 2011 Census) and has become home to many of the clusters of high technology research and development in the Cambridge Sub-Region.

2.2 The current macro-economic challenges facing the UK, coupled with changes in PWLB rules and government guidance on council investments mean that it is prudent to take a

different approach to Investments over the next 2-4 years than that previously adopted by the Council.

2.3 While the Council will protect and enhance its existing investments (the income from which will continue to be used to support local services and support the financial position of the Council), the next 2-4 years will focus on the following categories of investments:

- i. Investment to support local public services by lending to or buying shares in other organisations (known as **Service Investments**), including the wholly owned housing development company, South Cambs Ltd (Trading as Ermine Street Housing)

and

- ii. Investment to generate economic growth (known as **Commercial Regeneration Investments**) through:
  - a. Providing facilities and infrastructure that will enable local business start-up and growth
  - b. Supporting economic development and regeneration opportunities
  - c. Opportunities which support the Sustainable Growth and the Environmental agenda
  - d. Employment Zones
  - e. Investment Partnerships
  - f. Larger scale opportunities linked to growing and emerging sectors (though we expect these to be fewer in number given the current economic position)

2.4 We want to ensure that the whole of South Cambridgeshire (*not just the growing and new towns*) become places that offer opportunities for new and developing businesses and take advantage of the continued expected growth in the Greater Cambridge region.

2.5 Investments must deliver positive financial returns.

2.6 Investments must comply with the Responsible Investment Policy, at Appendix 1.

2.7 The Strategy relates only to the General Fund; The Housing Revenue Account will develop its own investment strategy relating to maintenance and acquisitions.

2.8 The Council will continue to take independent advice on each proposed investment and ensure that its officers and members are engaged in continual professional development in relation to property investment activities by local authorities.

## **Funding**

2.9 The Investment Strategy identifies the sum of up to £44 million between 1 April 2023 and 31 March 2028 for Service and Commercial Regeneration Investments (as described above) and outlined in more detail at Section 7.

2.10 The existing portfolio of investments comprises:

## Appendix A

- (a) A loan to Cambridge Ice Arena with a value of £2.4 million for a term of 25 years at a rate of 4.31%. The interest cost for the loan is based on a PWLB rate of 2.56% plus a margin of 1.75%;
- (b) Loans to South Cambs Ltd, Trading as Ermine Street Housing (ESH), with a value of £94.62 million (as at March 2022) at a rate of 3.78% (reviewed annually). The Council earmarked a total investment of £100 million to Ermine Street in its capital programme to enable the supply of 500 private rented housing stock; loans are based on an opportunity cost of 1% plus a margin of 2.78% (subject to review).

Loans to ESH have to date been on the basis of interest only repayment; following a review by Savills Plc, this may be reviewed to consider some capital repayment.

- (c) An established commercial property estate that is managed in accordance with an approved Corporate Asset Plan. The following table provides details of the current categories of investment and purchase value:

**Table 1**

<b>Category</b>	<b>Value £000</b>
Offices	31,150
Industrial	2,900
Development Land	18,559
Other	0
<b>TOTAL</b>	<b>52,609</b>

## Security

- 2.11 In accordance with government guidance, the Council considers a property investment to be secure if its accounting valuation is at or higher than its purchase cost including taxes and transaction costs. A fair value assessment of the Council's investment property portfolio has been made within the past twelve months, and the underlying assets provide security for the capital investment. Should year end accounts preparation and audit processes value these properties below their purchase cost, then an updated Investment Strategy will be presented to Council detailing the impact of the loss on the security of investments and any revenue consequences arising therefrom.
- 2.12 In relation to third party loans, the Council will ensure that the total exposure to loans remains proportionate to the size of the Council. The Council has significant control over ESH being its only shareholder. However, the risk that the borrower, ESH, will be unable to repay loans provided by the Council represents a significant risk. In order to limit this risk, and ensure that total exposure to loans remains proportionate, an upper limit on outstanding loans to ESH has been set at £100 million. This will be kept under review. Accounting standards require the Council to set aside a loss allowance for loans, reflecting the likelihood of non-payment. The figures for loans in the Council's statement of accounts will, therefore, be shown net of this loss allowance.

## Financing the Strategy

- 2.13 The Council will fund Service will fund Service and Commercial Investments (incorporating Regeneration Investments) by utilising the most appropriate and efficient funding strategy available at the time of investment. The Council has the option of

utilising prudential borrowing, capital receipts, and reserves and may consider other structures such as joint ventures. Financing decisions will link to the Council's Medium Term Financial Strategy and Treasury Management Strategy.

- 2.14 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 the Head of Finance's 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.
- 2.15 The new borrowing rules, therefore, restrict the ability of local authorities to borrow from PWLB for pure investment in commercial property and the Council is aware that, if it 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. The Council 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 and will respect the guidance issued on investments. Accordingly, there is a presumption against primarily for yield investments, such as prime and close to prime commercial real estate investment.

**Risk**

- 2.16 The Council assesses the risk of loss before entering into and whilst holding property investments. The Council is engaged in the market through the proactive management of the investment portfolio, the asset valuation exercise and the economic growth activity and, through this, gaps/opportunities in the market are identified. Each asset is reviewed on an annual basis in order to review its performance, investment requirements and whether it should remain in the portfolio. The Council intends to develop a more detailed Acquisition and Disposal Strategy to sit alongside the Investment Strategy.
- 2.17 The Council assesses the risk of loss before entering into loans with third parties. Loans to ESH will be provided on a commercial basis to comply with Subsidy Controls (previously State Aid Rules) taking into account the level of risk, with a clear schedule of repayment of interest and principal that enable ESH to deliver its Business Plan and meet the Council's overall objectives. External advisors will be brought in as required to support Council officers in assessing the legal and financial risks of making loans.
- 2.18 In relation to the commercial property estate, typical measures for monitoring individual assets and the portfolio as a whole are summarised in the table below:

Outcome/Risk	Potential Measure	Benchmarks
Individual acquisitions are achieving strategy objectives	<ul style="list-style-type: none"> <li>• Gross and Net Initial Yield measured against targets for the investments (stress tested by providing pessimistic as well as realistic scenarios)</li> <li>• Net Present Value and Internal Rate of Return Calculations to show longer term financial returns</li> <li>• Cumulative Year break-even</li> </ul>	<ul style="list-style-type: none"> <li>• Industry benchmarks for type of investment</li> <li>• Other acquisitions in the portfolio</li> <li>• Overall portfolio and theme averages</li> <li>• Other Local Authorities</li> </ul>

Acquisitions can be operationally managed effectively	<ul style="list-style-type: none"> <li>Operating expenses as a proportion of gross effective income</li> <li>Operating expenses and debt service costs as proportion of effective income</li> </ul>	<ul style="list-style-type: none"> <li>Established sector benchmarks</li> </ul>
Acquisitions and portfolio are appreciating in value	<ul style="list-style-type: none"> <li>Asset by asset as well as portfolio measurement of asset valuation against price paid and outstanding debt (initial borrowing minus accumulated Minimum Revenue Provision)</li> </ul>	<ul style="list-style-type: none"> <li>Other acquisitions in the portfolio</li> <li>Established sector benchmarks</li> <li>Other Local Authorities</li> </ul>
The Investment Strategy income target is being met	<ul style="list-style-type: none"> <li>Close and regular financial monitoring of average yield as well as growth of the portfolio</li> </ul>	<ul style="list-style-type: none"> <li>Actual v. Budget - variance explained by average yield and portfolio use</li> </ul>

- 2.19 The Council's established commercial property estate (see Table 1 above) provides some degree of diversification, allowing a risk spread profile.
- 2.20 The Council recognises, however, that there is a need to assess the continuing appeal of the Council's existing property investments in the market. In some property investment classes this could be more significant than others, for example functional obsolescence in the industrial sector may have less impact on market appeal and rental growth than in the office sector. Economic obsolescence risk may be higher in markets which are more susceptible to social change and popular culture.
- 2.21 The economic landscape has changed immensely in the last few years, initially as a result of the uncertainty over the withdrawal process from the European Union, and Coronavirus pandemic (COVID-19) and more recently the war in Ukraine and global economic picture. This has all led to a marked increase in uncertainty within the economic markets. The Royal Institution of Chartered Surveyors (RICS) considers market impacts and publishes regular guidance on property valuations, with recommendations to reflect the uncertainty (such as the insertion of Market Uncertainty Clauses [MUCs] within property valuations). Due regard should be given to the guidance issued given the continuing uncertainty around the property sector.
- 2.22 Asset investment advice is provided by retained agents and, where necessary, additional specialist advice is procured from suitably experienced external advisers. This will include the provision of pre-purchase reports and building surveys and other due diligence required to support the business case. The advice by the retained agents will include an assessment of the market and how it will evolve over time, the nature and level of competition and the impact that any asset acquisition or disposal could have on the projected income generated. The retained agent advice is monitored against the specification of requirements detailed in the invitation to tender and contract.

**Liquidity**

- 2.23 Compared with other investment types, property is relatively difficult to sell and convert to cash at short notice and can take a considerable period to sell in certain market conditions. The Council has no immediate plans or needs to sell any of the property

investment assets. However, lower yielding assets may be sold and replaced with higher yielding assets within manageable risk tolerances.

- 2.24 **Loan Commitments:** Although not strictly counted as investments, since no money has exchanged, loan commitments and financial guarantees carry similar risks to the Council. The Council has no such loan commitments or financial guarantees.

### 3 Proportionality

- 3.1 In setting a balanced budget (as required by statute) the Council takes into account the contribution of income that is generated by its investment activity and, in doing this, it recognises that such investment activity meets wider economic and service objectives of the Council. The table below shows the extent to which expenditure planned to meet the service delivery objectives and/or place making role of the Authority is funded by the expected net income from investments over the lifecycle of the Medium Term Financial Strategy.

Investment Net Rate of Return	2023/2024 Budget £000	2024/2025 Budget £000	2025/2026 Budget £000	2026/2027 Budget £000	2027/2028 Budget £000
Net Revenue Stream	32,918	25,938	18,278	19,496	20,368
Net Investment Income	7,003	7,598	7,960	8,321	8,721
<b>PROPORTION</b>	<b>21.3</b>	<b>29.3</b>	<b>43.5</b>	<b>42.7</b>	<b>42.8</b>

- 3.2 An appropriate level of contingency within the General Fund Reserve is assessed annually as part of the outturn position each year. The Council also has a revenue contingency allocation of £350,000 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. These contingencies cover any net reduction in income sources, including rental income from investment properties, compared to the levels estimated.

### 4 Borrowing in Advance of Need

- 4.1 Government guidance is that local authorities must not borrow more than, or in advance of their needs, purely in order to profit from the investment of the extra sums borrowed.
- 4.2 Where exceptionally the Council chooses to disregard the CIPFA Prudential Code and Government Guidance in respect of borrowing to fund investment activity, the rationale for this decision must be explained in the Strategy.
- 4.3 The Council has noted and has had regard to the Guidance and has no plans to borrow in advance of need and is, therefore, compliant with the CIPFA Prudential Code in respect of this matter. The Council will only depart from it in exceptional cases, within the parameters set out in this Strategy, for the purposes of delivering Business Plan objectives and maintaining a robust financial position. In these exceptional cases, the reasons for so doing will be fully explained, together with the Council policies for investing the money borrowed, including management of the risks, for example, of not achieving the desired profit or borrowing costs increasing.

## **5 Capacity, Skills and Use of External Advisors**

- 5.1 The Guidance requires that elected members and officers involved in the investment decision making process have appropriate capacity, skills and information to enable them to take informed decisions as to whether to enter into a specific investment. In addition, it places a duty on the Council to ensure that advisors negotiating deals on behalf of the Council are aware of the core principles of the prudential framework and the regulatory regime in which the Council operates. This will be achieved by ensuring an adequate and effective training programme, obtaining appropriate advice to inform the decision making process and by ensuring that procurement arrangements provide relevant information to potential advisers of the specific principles, regulations and governance relevant to the local authority sector.
- 5.2 The Council will appoint specialist advisors to provide training to ensure that relevant Officers and Members have the required skills to make informed decisions and assess the associated risks. This training will take place before any investment decisions associated with the Strategy are considered and on a regular basis to ensure that Officers are engaged in continual professional development in relation to property investment activity and that Members, as decision makers, have the skills, knowledge and relevant information to effectively assist the decision making process. This will include training for new Members of the Council.
- 5.3 The Council recognises that investing in land and property to achieve business objectives and to generate returns is a specialist and potentially complex area. The Council employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. Where skills, or capacity are lacking, the Council will engage the services of professional property, legal and financial advisors, where appropriate, to access specialist skills and resources to inform the decision-making process associated with this Strategy. The Council measures the impact of investment decisions on borrowing and affordability through Investment Indicators to ensure that the overall risk exposure remains within acceptable levels.

## **6 Governance Arrangements**

- 6.1 It is necessary to have a framework for determining investment decisions.
- 6.2 A designated Investment Selection Team (IST) provides the setting for senior property, finance, service and legal professionals to share details of investment proposals ensuring that the core principle of the CIPFA Prudential Framework and the regulatory regime within which the Council operates are adhered to.
- 6.3 The Investment Team has day to day oversight of asset management issues, and is responsible for reviewing the extent, condition and value of the Council's corporate estate in line with the approved Corporate Asset Plan 2020-2024 and supporting Asset Management Plan which is continually monitored by IST.
- 6.3 The IST will advise the Investment Governance Board (IGB) on potential purchases and development opportunities that meet the pre-determined selection criteria contained within the Investment Strategy. The IST will scrutinise investment opportunities, based on the selection criteria set out in this Strategy, will carry out all necessary due diligence and will present a full business case to the IGB for approval. The purpose of the IGB is to challenge and scrutinise investment opportunities identified by the IST, ensuring that only credible options are progressed. It also



provides the forum for the strategic management of the overall portfolio of investments, consistent with the aims of the Strategy.

- 6.5 Investment decisions taken by Cabinet will be subject to the fulfilment of the minimum criteria set out within the Strategy, satisfaction with the business case and risk assessment, and will have regard to the recommendation of the IGB. Acquisitions and development opportunities that do not meet the minimum criteria set out within the Strategy may still be considered, where they would bring other compelling benefits to the District but would require Cabinet approval.
- 6.6 Cabinet is required to approve investment in new capital schemes prior to any expenditure being incurred and Council approval will be required if additional, or the reprofiling of, funding is required. There may be occasions when an investment opportunity may be lost by the market need for speed; in these exceptional cases, decisions may be taken by the Leader after consultation with IGB and in accordance with the Access to Information Procedure Rules as set out in the Constitution and a full report will be prepared to inform the decision, fully outlining the opportunities and risks. The requirements relating to the giving of notice of the decision in the Forward Plan and for call-in of any decision shall apply unless the urgency procedures in the Council’s Constitution are required to be used for urgent investment decisions.
- 6.7 To enable the timely and decisive decision making which is essential in this type of industry, to respond to opportunities as they arise, regular meetings of the IGB will be scheduled. The Council’s Scheme of Delegations provides the basis for enabling Officers to progress investment opportunities, including due diligence checks and the submission of non-binding offers in line with market practice.

<b>7</b>	<b>Service and Commercial Regeneration Investments</b>
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- 7.1 Investments will either be within the District or the Travel to Work Area as shown in [Appendix 2](#).
- 7.2 The Investment Strategy identifies the sum of up to £44 million for Service and Commercial Regeneration Investments as follows:

	2023/2024	2024/2025	2025/2026	2025/2026	2026/2027
<b>Funding Allocation</b>	£'000	£'000	£'000	£'000	£'000
<b>Total Investment</b>	<b>4,000</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>

- 7.3 Investment relating to commercial premises will be directed towards the following types of investment:

**7.3.1 Service Investments**

This category of investment is to support local public services. The Council may lend money or acquire shareholding in subsidiaries, suppliers, local businesses, local charities, housing associations, local residents and its employees to support local public services and stimulate local economic growth. The main risk when making these investments is that the borrower will be unable to repay the principal and interest due. The Council will, therefore, assess the risk of loss before entering into and whilst holding such investments and mitigate this risk where practicable.

The Council has a wholly owned housing development company called Ermine Street Housing (ESH). The Council's main objectives for creating the company is to provide good quality flexible rental housing and to meet housing needs and gaps in the housing by operating a commercial entity to manage both purchased and leased properties for the purpose of residential lettings. ESH acquire properties on the open market, borrowing at market interest rates via the Council, then lets the property at market rents to facilitate a reasonable pay back on the investment. ESH also brings the benefit of contributing to housing supply in the District with its implications for the economic and social well-being of residents and the local economy. The Council will provide capital loans to ESH on commercial terms to enable the company to deliver its objectives in line with an approved business plan.

### **7.3.2 Commercial Regeneration Investments**

This category covers investment which can generate regeneration or economic development benefits as well as positive financial returns for the Council. Financial returns for the Council may come in the form of increased business rates income, New Homes Bonus where the investment is within the District and residential letting income from Build to Rent developments. The minimum target yield for commercial regeneration investments of this nature is 5%, excluding MRP and the cost of borrowing. Internal Rate of Return (IRR) may also be appropriate as a measure of an investment's rate of return.

The contributions from commercial regeneration investments will include positive financial returns for the Council, and may also include the following:

- Assets that provide accommodation for essential businesses and services that are critical to the health of the local economy.
- Investing in climate and environmental initiatives, including assets that can be developed to deliver green energy generation, in line with business plan objective of being "green to our core", and investment in green energy bonds/funds in so far as they meet PWLB criteria.
- Investing in Social Capital.
- Redeveloping Council owned assets.
- Building homes and commercial premises.
- Development of Employment Zones
- Using public land and buildings to achieve long-term socio-economic development within the District and wider Greater Cambridgeshire Area, as identified in the Local Plan and [Appendix 2](#).

To provide a longer-term perspective for commercial regeneration investments, the IRR may be an appropriate metric to assess the strength of an investment. The IRR is the interest rate at which the net present value of all cash flows arising from an investment is equal to zero.

### **7.3.3 Commercial Regeneration Investments: Investment Partnerships**

The Council has two existing Investment Partnerships. One with Hill Group and one with Balfour Beatty. To date only one partnership (South

Cambridgeshire Investment Partnership) has produced a proposed scheme which is the subject of a live planning application.

In the current economic climate and with the changes to the Public Works Loan Board, it is anticipated that future financially viable projects may be limited, particularly given that South Cambridgeshire District Council does not own any significant land holdings suitable for development. The Investment Partnerships were established for a period of 4 years, from 2020-2024, and remain delivery vehicles which can be used if appropriate opportunities do arise.

The Investment partnerships can deliver new homes and regeneration opportunities that will include:

- Acquisition of 3rd party land
- Public sector and/or bank debt
- Incorporation of grants and other funding
- A sharing of risk and reward between partners

By the nature of these investments, returns are likely to be in the form of capital receipts from the sale of a constructed asset, potentially developed in phases depending on the scale of the project. These capital receipts will be identified in the capital programme as financing for priority capital projects determined by the Council. Capital projects may relate to the range of services provided by the Council, or for investments in redevelopment and regeneration projects that contribute to Business Plan objectives and which may deliver positive financial returns for the Council.

- 7.3.4 Further information about commercial investments (including Investment Partnerships), including the scope for investment, investment objectives, development methodology, green energy opportunities and risk management arrangements, is provided in **Appendix 3**, the expected business case coverage is identified in **Appendix 4** and investment assessment criteria for commercial investments is shown in **Appendix 5**.

## **8 Prudential Indicators**

- 8.1 The Guidance requires local authorities to develop quantitative indicators that allow Councillors and the public to assess a local authority's total risk exposure as a result of commercial property investment decisions.
- 8.2 Local Authorities are required to charge to their revenue account each year a Minimum Revenue Provision (MRP) to make provision for the repayment of debt, as measured by the underlying need to borrow. The MRP should be prudent and, although it is for each authority to determine the amount, the published guidance by the Government is "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". Provision has, therefore, been made for MRP in the performance indicators in line with the approved Capital and Treasury Management Strategies and based on the equal instalment method, amortising expenditure equally over the estimated useful life of the asset for which borrowing is required. 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

- 8.3 The approved Treasury Management Strategy does, however, confirm that 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. Exceptionally, where capital expenditure is part of a loan agreement to other than a wholly owned subsidiary – such as the loan to Cambridge Ice Arena – MRP will be applied in these cases.
- 8.4 The indicators associated with the Council's proposed Commercial Property Investment Strategy are detailed below.

#### 8.4.1 Debt to Net Service Expenditure (NSE) Ratio

This indicator measures the gross debt (as cash or loan financing) associated with Commercial Investments and loans to third parties as a percentage of the Council's net service expenditure, where net service expenditure is a proxy for the size and financial strength of a local authority.

Estimate £'000	2023/24	2024/25	2025/26	2026/27	2027/28
Third Party Loans (a)	100,000	100,000	100,000	100,000	100,000
Commercial Investments (b)	62,609	72,609	82,609	92,609	102,609
Funding Allocation (a+b)	162,609	172,609	182,609	192,609	202,609
Net Service Expenditure (c)	22,865	22,843	22,659	23,228	23,588
<b>Debt to NSE Ratio (a+b)/c</b>	<b>711%</b>	<b>756%</b>	<b>806%</b>	<b>829%</b>	<b>859%</b>

The indicator shows that the debt level proposed by the Strategy will be approximately 8 times the level of the Council's net revenue budget if the proposed investment in the Strategy is funded solely from cash or loan financing.

Given that the Strategy will take the risk profile of investments into account in the decision-making process and the Council sees property investments as a long-term investment, this ratio is considered reasonable.

#### 8.4.2 Net Commercial Income to NSE Ratio

This indicator measures the Council's dependence on the income from commercial property investments to deliver core services.

The commercial income is the gross income from all investments made through the strategy less all operational costs. All income forecasts should allow for void periods where applicable. The table below identifies gross income:

Estimate £'000	2023/24	2024/25	2025/26	2026/27	2027/28
Net Commercial Income (a)	7,003	7,598	7,960	8,321	8,721
MRP (b)	1,329	1,154	919	1,019	982
Net Income (after MRP) (a+b)	5,672	6,444	7,041	7,302	7,739
Net Service Expenditure (c)	30,246	22,843	22,659	23,228	23,588

<b>Net Commercial income to NSE Ratio (a+b)/c</b>	<b>18.7%</b>	<b>28.2%</b>	<b>31.1%</b>	<b>31.4%</b>	<b>32.8%</b>
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The additional income generated from the investments set out within this Strategy will be equivalent to 31.1% of the Council's Net Service Expenditure by 2025/2026.

The ratio shows an increase over time and given the potential risk in respect of reliance on this income, effective measuring of progress will be undertaken against income targets, both in terms of portfolio yield and size.

The indicator allows for MRP in accordance with the approved Treasury Management Strategy with the following allowance for each year:

<b>Estimate £'000</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>
Minimum Revenue Provision	1,329	1,154	919	1,019	982

#### 8.4.3 Investment Cover Ratio

This indicator measures the total net income from property investments compared to interest expense:

<b>Estimate £'000</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>
Net Commercial income	7,003	7,598	7,960	8,321	8,721
Interest cost	3,032	2,500	2,250	2,400	2,500
<b>Investment Cover Ratio</b>	<b>2.31</b>	<b>3.04</b>	<b>3.54</b>	<b>3.47</b>	<b>3.49</b>

The net investment cover ratio reduces throughout the medium term. This is because interest payable is growing at a faster rate than commercial income due to the externalisation of some debt.

For commercial investments the rate of 4.75% is used in 2023/24 reducing to 3.5% in 2025/26 reflecting expectations that interest rates will fall after peaking during the next financial year. The interest rates on loans to third parties are determined on a case by case basis. The assumptions will be revised in future years as the size of the portfolio develops.

#### 8.4.4 Loan to Value (LTV) Ratio

This indicator measures the amount of debt compared to the total asset value. In the period immediately after purchase it is normal for the directly attributable costs of purchasing commercial property investments to be greater than the realisable value of the asset (e.g. because of non-value adding costs such as stamp duty). Current market advice indicates that commercial property values are likely to be volatile for a while due to the effects of the pandemic and Brexit, however, borrowings will be repaid.

<b>Estimate £'000</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>
Funding Allocation	162,609	172,609	182,609	192,609	202,609
Total asset values	<b>202,281</b>	<b>217,195</b>	<b>232,355</b>	<b>247,773</b>	<b>263,462</b>
<b>LTV Ratio</b>	<b>1.24</b>	<b>1.26</b>	<b>1.27</b>	<b>1.29</b>	<b>1.30</b>

Each year the Council will assess whether assets purchased via the Strategy retain sufficient value to provide security of investment using the fair value model in International Accounting Standard 40: Investment Property. If the fair value of assets is not sufficient to provide security for the capital investment the Strategy will provide detail of the mitigating actions that are being taken, or are proposed to be taken, to protect capital investment. The IST will also provide a liquidity assessment of the portfolio when undertaking the Fair Value assessment (see Section 2.7 of the Strategy).

#### 8.4.5 Target Income Returns (Yield)

This indicator shows the target gross yield for each stream of investment activity and is a measure of the minimum expected return for the property investment portfolio. Green investments may deliver a lower return.

Target income returns	2023/24	2024/25	2025/26	2026/27	2027/28
Service Investments	2.5%	2.5%	2.5%	2.5%	2.5%
Commercial Investments	5%	5%	5%	5%	5%

#### 8.4.6 Gross and Net Income

For this indicator, "Gross Income" means the revenues received in the form of commercial rents before the deduction of management costs and interest repayments. "Net Income" means the net income available, after the deduction of management costs.

Estimate £'000	2023/24	2024/25	2025/26	2026/27	2027/28
Gross Income:	7,483	8,090	8,464	8,838	9,251
Net Income	7,003	7,598	7,960	8,321	8,721

The achievement of the target income required from the Investment Strategy will be closely monitored as part of the Council's budget monitoring process.

#### 8.4.7 Operating Costs

Estimate £'000	2023/24	2024/25	2025/26	2025/26	2026/27
Operating Costs	480	492	504	517	530

The above operating costs relate to the cost of acquiring and maintaining the investments made through the Strategy. The costs shown reflect the estimated cost of internal staff, external asset management and a budget for feasibility work to conduct due diligence prior to investment.

#### 8.4.8 Vacancy Levels and Tenant Exposures

Estimate	2023/24	2024/25	2025/26	2026/27	2027/28
Vacancy Levels	3%	3%	3%	3%	3%

This indicator measures and sets a maximum threshold for the vacancy periods and tenant exposures within the property portfolio.

The target of 3% reflects the strong tenant covenant strengths that will be required under the commercial investment criteria. Void periods will be factored into the financial appraisals as part of the assessment criteria where relevant, therefore this indicator may be revised once investments are made.

## **9 Overall Portfolio Management**

9.1 The Council have established a robust and very ambitious strategy for capital investment. The level of investment anticipated and the returns from that investment are significant and, as the strategy outlines, significant potential rewards come with equally significant risks. Closer performance management over and above the prudential indicators at Section 8 above and identified in the Capital Strategy will, therefore, be undertaken to help address potential fundamental risks such as:

- The financial returns as set out in the strategy are difficult to achieve resulting in lower than budgeted investment and rental income.
- Delays in investment, for any other reason, result in lower than budgeted investment and rental income;
- Wider economic impacts depress the value of investments in the short-term reducing balance sheet health;
- Access to borrowing is restricted by Government changes to PWLB lending rules.

9.2 The additional monitoring of the Investment Strategy and its resulting impact on Balance Sheet health will comprise:

9.2.1 The relationship between the Capital Financing Requirement, asset valuations and the Capital Adjustment Account and Revaluation Reserve as shown on the balance sheet, and

## Appendix 1: Responsible Investment Policy

### 1. INTRODUCTION

- 1.1 This Responsible Investment Policy details the approach that will be followed in fulfilling the Council's commitment to integrate sustainable environmental policies across all areas of the Council's operations and activities. It also covers other responsible investment issues, which are set out below.
- 1.2 The policy will be reviewed annually as part of the annual refresh of the Treasury Management Strategy before being approved by Cabinet and Full Council.

### 2 PRINCIPLES

- 2.1 Responsible Investment is an approach to investing that aims to incorporate environmental, social and governance (ESG) factors into investment decisions, to better manage risk and generate sustainable long-term return.
- 2.2 The Principle for Responsible Investment (PRI) is the world's leading advocate for responsible investment. The PRI enables investors to publicly demonstrate commitment to responsible investment with signatories committing to supporting the six principles for incorporating ESG issues into investment practice.
- 2.3 The six principles are as follows:
- We will incorporate ESG issues into investment analysis and decision-making processes.
  - We will be active owners and incorporate ESG issues into our ownership policies and practices.
  - We will seek appropriate disclosure on ESG issues by the entities in which we invest.
  - We will promote acceptance and implementation of the Principles within the investment industry.
  - We will work together to enhance our effectiveness in implementing the Principles.
  - We will each report on our activities and progress towards implementing the Principles.
- 2.4 The principles are based on the notion that ESG issues, such as climate change, can affect the performance of investment portfolios and should, therefore, be considered alongside more traditional financial factors if investors are to properly fulfil their fiduciary duty.

### 3 BELIEFS

- 3.1 The Council takes a long-term approach to investing core balances and believes that businesses that are governed well and run in a sustainable way are more resilient, able to survive shocks and have the potential to provide improved financial returns for investors. ESG issues can have a material impact on the value of financial assets and on long-term performance of investments and, therefore, need to be considered in order to better manage risk and generate sustainable, long-term returns.



- 3.2 Well-managed organisations with strong governance are more likely to be successful long-term investments.

#### **4 POLICY OBJECTIVES**

- 4.1 As a long-term investor and asset owner the Council will, therefore, hold companies and asset managers to account regarding environmental, social and governance factors that have the potential to impact corporate value. The Council will incorporate ESG factors into investment analysis and decision-making, enabling long-term sustainable investment performance.
- 4.2 As a shareholder, the Council has a responsibility for effective stewardship of the companies it invests in but also acknowledges that it has limited influence over individual companies being a small unit holder in a large fund pooled with many other institutional investors. Asset managers, who also take their stewardship role seriously, through dialogue and use of voting rights, are key influencers for more responsible corporate behaviour and long-term sustainability. The Council's preference is, therefore, for active ownership of companies to rest with asset managers and for asset managers to engage with companies on behalf of the Council and other investors to improve the environmental and social performance of the asset or company in which they invest.
- 4.3 The Council will practice active ownership through its choice over asset managers and asset management strategies. The Council will monitor and report the approach taken by asset managers in integrating ESG risks and opportunities into their modelling as part of their value assessment.

#### **5 GOVERNANCE**

- 5.1 The Responsible Investment Policy is owned by the Investment Governance Board and approved by Cabinet and Full Council. The Chief Operating Officer is accountable for implementation of the policy, with the Head of Finance responsible for other treasury management policies and practices.

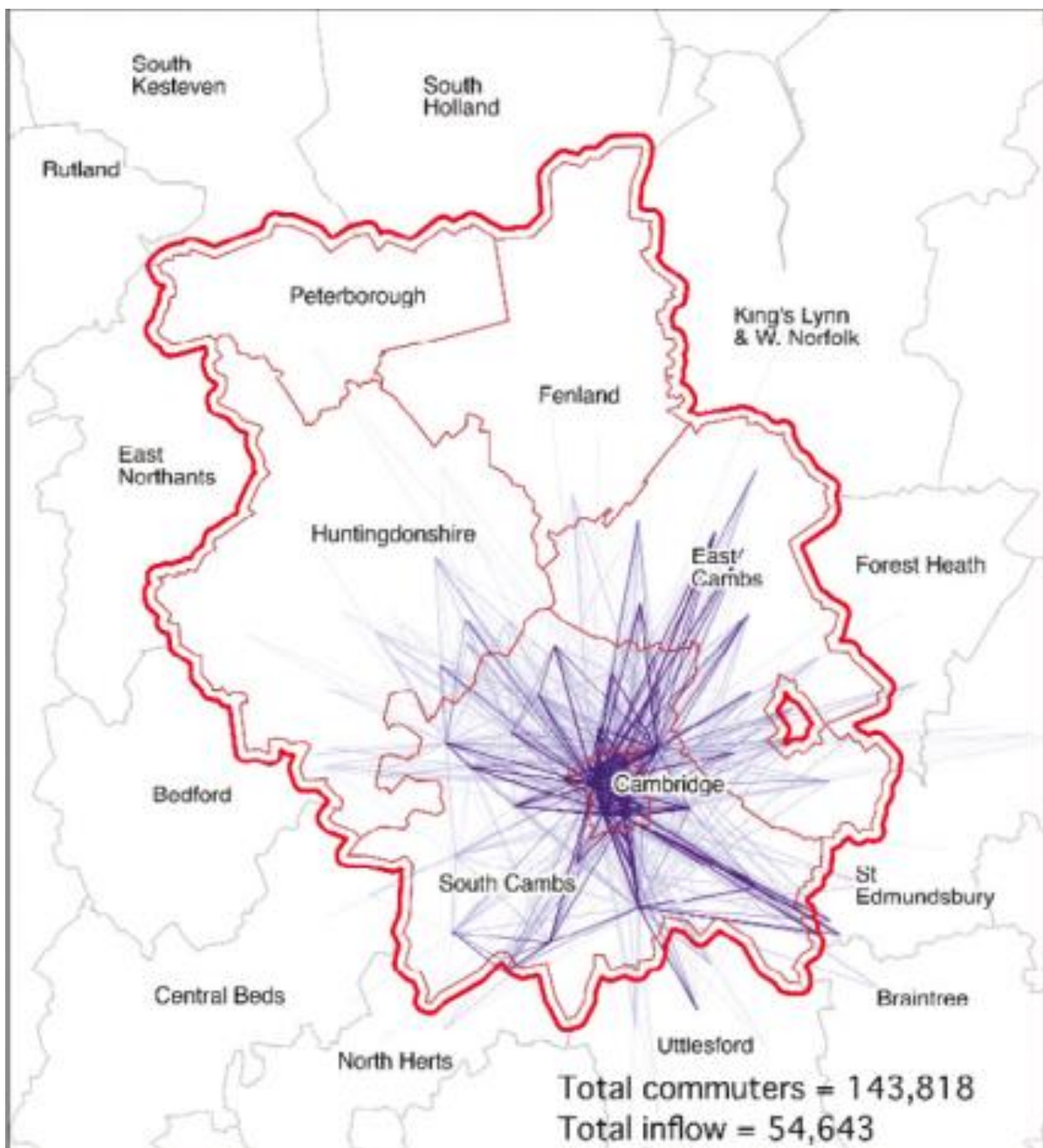
#### **6 APPLICATION**

- 6.1 The policy beliefs are applicable to the Council's long term strategic investment portfolio only. ESG integration and reporting in short term low volatility net asset money market funds is less developed so the scope of this policy does not extend to them but will be kept under review. However the Council will expect funds to be signatories of the Stewardship Code 2012 and working towards the 2020 Code that is being implemented in 2021.
- 6.2 External asset managers used by the Council should have Responsible Investment and ESG policies in place and a high UN PRI Assessment Score (awarded annually). A high score is defined as the highest possible bands being A or A+.
- 6.3 The Investment Governance Board will receive annually a report detailing how each asset management firm integrates ESG risks into their financial assessment and decisions. This will include a summary of the annual United Nations Principle for Responsible Investment (PRI) Assessment Scores

## Appendix 2: Investment Area

### Investment Target Area

The investment target area outside of the Local Plan boundary follows the definition of the Greater Cambridge commuting pattern, as identified in the Cambridgeshire and Peterborough Independent Economic Review (September 2018):



In the south of the district, the commuting area could include a number of districts outside the county and consideration will be given to including those within the investment target area.

## Appendix 3: Commercial Regeneration Investments

### 1. Objective

The objective of commercial regeneration investments is to establish a framework for the identification of properties or land for redevelopment. These opportunities may deliver placemaking, environmental or economic development benefits, as defined in the Councils Business Plan, as well as positive financial returns for the Council in the form of future revenue income streams or capital uplifts. We want to ensure that sustainable economic growth opportunities can be identified and supported, as appropriate, across South Cambridgeshire and not just in the growing new towns. Future revenue income streams could include increases in retained business rates income and New Homes Bonus.

A key outcome of this category of investment will be the generation of economic growth through providing facilities and infrastructure. This includes the delivery of environmental benefits for the area.

Developed properties may be retained for the benefit of their long-term rental income and will become an investment asset after completion.

The decision on whether or not these investments would meet the overall objectives of this Strategy will be informed by a detailed financial appraisal. The commercial regeneration investment criteria will be designed to ensure that the financial returns delivered from investments are commensurate with the deemed levels of associated risk. A higher risk investment will, therefore, require the delivery of greater financial returns.

### 2. Scope of Investment

Commercial Regeneration investment opportunities could come in a diverse range of forms. Examples include, but are not limited to:

- Assets that provide accommodation for essential businesses and services that are critical to the health of the local economy.
- Investing in climate and environmental initiatives, further exploiting and supporting green energy generation and maximising energy efficiency.
- Investing in Social Capital.
- Redeveloping Council owned assets.
- Building homes and commercial premises.
- Using public land and buildings to achieve long-term socio-economic development within the District and wider Greater Cambridgeshire Area.
- Employment Zones

In line with Government guidance, commercial investment will need to be categorised for the purpose of “service delivery”, “housing”, “regeneration” or “preventative”. Given the new borrowing rules, there is a presumption against the acquisition of commercial assets primarily for yield, such as prime and close to prime commercial real estate investment (even by the use of existing reserves for this purpose).

## Appendix A

Regeneration projects are permissible and are described in the guidance as having characteristics that fall into one of four areas:

- (a) The project is addressing an economic or social market failure by providing services, facilities, or other amenities of value to local people and that would not otherwise be provided by the private sector.
- (b) The Local Authority is making a significant investment in the asset beyond the purchase price: developing the assets to improve them and/or change their use, or otherwise making a significant financial investment.
- (c) The project involves or generates significant additional activity that would not otherwise happen without the local authority's intervention, creating jobs and/or social or economic value.
- (d) While some parts of the project may generate rental income, these rents are recycled within the project or applied to related regeneration projects, rather than being applied to wider services.

The "preventative" category can involve direct investments in companies or other assets to prevent social or economic decline (distinct from the regeneration category). The Government has defined this activity in the published guidance as action with all of the following characteristics:

- (a) The intervention prevents a negative outcome, such as by buying and conserving assets of community value that would otherwise fall into disrepair or providing support to maintain economic activity that would otherwise cease.
- (b) There is no realistic prospect of support from a source other than the local authority.
- (c) The local authority has an exit strategy and does not propose to hold the investment for longer than is necessary to achieve the objectives that justified the intervention.
- (d) The intervention takes the form of grants, loans, sale and leaseback, equity injections, or other forms of business support that generate a balance sheet asset.

The Housing category covers the continuation of HRA schemes and General Fund housing activity, or housing delivered through Council owned companies and thus does not restrict the borrowing for the purpose of social or affordable housing.

Individual projects and schemes may have characteristics of several different categories of spending. In these cases, the Section 151 Officer will need to use his professional judgment to assess the main objective of the investment and consider which category is the best fit.

The categorisation does not prevent the Council from borrowing for projects that are primarily for other purposes, which also happen to generate a financial yield. The challenge will be finding projects that deliver much more than financial yield, such that the Section 151 Officer is satisfied that the investment is not primarily for yield and that the yield in such projects will be secondary to another prime purpose. This could include:

- (a) Land assembly for development or regeneration purposes.
- (b) Using borrowing to acquire or build new service assets (e.g. a new administrative office building, or a new leisure centre) and then re-purposing the existing redundant building into a 'yield' asset.

- (c) Projects where the intention is to inject further investment beyond the initial purchase price; this could be through refurbishing or re-purposing the acquired asset. For example, purchasing an office building with the intention of converting it say into residential or other uses, for yield. Alternatively, acquiring a run-down industrial estate with a view to gaining vacant possession, demolishing it, and then redeveloping the site to create a new business or retail park.
- (d) Ring-fencing revenue income from existing yield-based assets to invest on that asset, or other yield bearing assets, to improve investment performance and yields.
- (e) Reviewing the existing 'legacy' property portfolio and identifying opportunities where investment could generate greater yields.

Every scenario will need to be reviewed on a case-by-case basis, and the S151 Officer will need to be satisfied that the scheme or acquisition meets the borrowing rules and will not fetter the ability to access PWLB borrowing.

### **3. Property Acquisition/Development Methodology**

Identification, consideration and recommendation of assets suitable for acquisition and/or development will be undertaken by the Economic Development & Commercial Investments Team in conjunction with internal resource and outside specialist guidance and professional support, as required, procured in accordance with the Council's established Contract Procedure Rules. This may involve approaches and introductions of opportunities direct from sellers, their agents and third parties. In such cases, fees may be payable if, after an introduction is made, the Council wishes to pursue the purchase further.

All investments considered for purchase will undergo qualitative and quantitative appraisal to establish portfolio suitability and risks. In addition, 3rd party advice will be called upon where specialist market knowledge is required. Any purchase will be subject to due diligence on all physical, financial and legal aspects of the commercial investment to address its suitability as an asset for long term security and growth. It is recognised that some of the cost of feasibility work and technical appraisal and assessment will be abortive.

These investment opportunities will initially be submitted to IST for consideration and subsequently to the IGB.

All commercially based investments and/or developments involve risk and, at each stage of the process, the commitments made will be at risk as there can be no guarantee that the investment will be secured or a fully successful development will be achieved. The terms of the agreement between the parties will seek to mitigate the inherent risks. Moreover, the timing of the exercise can also be a critical factor in achieving optimum success, particularly in terms of market conditions, the state of the national economy and levels of investment confidence within the development industry.

### **4. Investment Partnerships**

This category of investment includes the identification of properties or land for development of new homes and other assets through Investment Partnerships. Investment Partnerships could come in a diverse range of forms. Examples include, but are not limited to:

- Building homes and commercial premises;
- pursuing redevelopment and regeneration opportunities;

- Enabling long-term stalled developments;
- Using public land and buildings to achieve long-term socio-economic sustainability for the District and wider Greater Cambridgeshire Area.

These opportunities may deliver regeneration or economic development benefits as well as positive financial returns for the Council in the form of future revenue income streams or capital uplifts. Future income streams may include:

- Rental income from Council Housing (HRA Affordable Homes);
- Rental income from Private Rented Sector Housing (PRS) through Ermine Street Housing;
- Capital receipts from Intermediate Home Ownership stair-casing;
- Capital receipts from Right to Buy and the sale of constructed assets;
- Increases in retained business rates;
- New Homes Bonus.

By the nature of these investments, returns are likely to be in the form of capital receipts from the sale of a constructed asset, potentially developed in phases depending on the scale of the project. Developed properties may, however, be retained for the benefit of their long-term rental income and will become an investment asset after completion.

The investment criteria will be designed to ensure that the financial returns delivered from investments are commensurate with the deemed levels of associated risk. A higher risk investment will, therefore, require the delivery of greater financial returns.

## **5. Green Energy Projects**

The approved Business Plan 2020-2025 identifies the Focus, Actions and Measures which relate to green energy investments within the 'Green to our core' priority.

The Investment Strategy will develop projects identified in the Green Energy Programme, which is responsible for co-ordinating transformation activities within the South Cambridgeshire District Council commercial estate and assess these using the same criteria as other commercial regeneration investments.

## **6. Minimum Investment Criteria**

For a commercial regeneration investment to be considered by the IGB it must:

- (a) Deliver a rate of return commensurate with the deemed level of risk associated with the investment.
- (b) Be accompanied by a full business case, using the outline business case template at **Appendix 4**. If relevant to the form of commercial investment, the investment criteria matrix at **Appendix 5**, should be used. The minimum score target will be determined by IST having regard to Business Plan objectives.

- (c) Include an assessment of the carbon equivalent tonnes to allow proposals to be scored against the context of reducing the Council's carbon footprint.
- (d) Include an assessment of the strategic fit of the investment proposed against the Objectives and Focus Areas contained within the 2020-2025 Business Plan.

The assessment criteria needs to be agile enough to allow significantly different schemes to be assessed using the same overarching principles.

The investment opportunities could vary significantly and, due to the speculative nature of some schemes, there will be higher risks attached to some investment opportunities. Each potential investment will undergo a qualitative and quantitative appraisal and risk assessment to establish the financial returns, financial and legal implications and risks associated with the purchase. The findings of these appraisals will be reported to the IGB as part of the business case.

An investment opportunity that does not meet the minimum criteria may have separate investment or regeneration benefits and, therefore, may still be considered for progression, however, decision making in this case is to be reserved to the Cabinet. For investments where there is a variable revenue stream, such as some energy projects, or a long time gap between investment and first revenue, such as development projects, alternative valuation options, such as the Internal Rate of Return (IRR) may be appropriate as a measure of an investment's rate of return.

## **7. Risk Management**

**7.1 Financing Risk:** As with all investments, there are risks that capital values, rental values and development values can fall as well as rise. Where the acquisition or development is reliant on increases in borrowing the business case will factor in fixed rate borrowing costs commensurate with the anticipated holding period of the asset. By utilising fixed rate borrowing options the Council will be protected from future increases in financing costs.

Financial returns may come in the form of capital receipts either in place of or in addition to revenue returns. This would need to be considered carefully as part of the overall Investment Strategy given the requirement to achieve net revenue returns of 2.5% overall.

**7.24 Portfolio Risk:** To mitigate portfolio risk, the Council will seek to maintain a diverse commercial property portfolio and, in this regard, future decisions on its established commercial property estate will have regard to diversification. Each asset is reviewed on an annual basis in order to review its performance, investment requirements and whether it should remain in the portfolio. Void periods for commercial investment properties held by the Council will be monitored and vacancy levels reported to the IGB during the year to ensure active management.

**7.25 Development Risk:** The Council assesses the risk of loss before entering into and whilst holding property investments, including adequate due diligence checks, surveys and technical reports to support the business case.

## Appendix 4: Business Case Outline

The business case will include the following as a minimum:

- Reasons:** Why is the investment needed?  
**Options:** What are the options available?  
**Benefits:** What would be the benefits of the investment? How would it help deliver the Business Plan objectives?

**Investment Appraisal:** A detailed financial appraisal setting out the projected income and costs associated with a potential acquisition along with an assessment of the proposed financing options and associated risks and considerations.

**Risk Management Assessment:** A detailed risk assessment of the potential investment, including mitigation measures that can be employed:

Specific risks associated with the proposed investment:

- Risk of failure (sales/letting void risks)
- Costs of ownership and management
- Differing ownership structures (e.g. wholly owned subsidiaries).
- Sector risk (portfolio spread)
- Provide an exit strategy financial assessment as a 'worse case' scenario
- Liquidity assessment
- LTV ratio assessment

Market Risks, including risks of structural change or market failure, which may affect the market as a whole or particular subsectors or groups of property:

- Illiquidity upon sale (e.g. lot size, transaction times, availability of finance)
- Failure to meet market value expectations (forecast value growth)
- Failure to meet market yield expectations (forecast yield shift)
- Risk of locational, economic, physical and functional depreciation through structural change
- Risks associated with legislative change (e.g. planning or changes in fiscal policy)

**Portfolio Assessment:** An assessment to establish suitability against the Council's existing property portfolio which will consider rental levels, location, property type, rent review and lease expiry patterns, industry sector, tenure, lease covenants, market exit constraints and physical and environmental factors.

**Legal Status/Advice:** Including the following:

- Report on title (to confirm ownership)
- Options for legal structures (e.g. use of wholly owned subsidiaries)
- Advice on SDLT and VAT linked to use of legal structure options

**Estimated Timescale:** Including the following:

- Proposed start date/Estimated end date/duration

**Estimated Project Resources:** Including the following:

- Identify role and name of officers
- Estimate the demand on officer time
- Identify resource gaps and whether these can be met
- Identify external resources required and estimated budget cost



## **Appendix 5 – Commercial Regeneration Investment Criteria Matrix**

For appropriate transactions, the IST will score the ~~property~~ investment against the scoring criteria shown below. The criteria will apply to the acquisition of new and existing assets and in these cases the minimum score for the investment would be at least 100 out of a maximum score of 184.

The criteria will not, however, cover all commercial investment scenarios, including regeneration opportunities and, in these cases, a detailed business case would need to be prepared in line with the outline at appendix 6, balancing the level of return with the project risk.

The Investment Criteria Matrix is based upon CIPFA guidance and is comparable with methods used by other local authorities, such as New Forest, Kettering and Redditch, which all broadly follow a format recommended by CIPFA. The table below shows the suggested scoring criteria to be applied when considering an investment opportunity.

Score		4	3	2	1	0
Scoring Criteria	Weighting Factor	Excellent / very good	Good	Acceptable	Marginal	Unacceptable
Location	<del>4</del> 10	Major Prime	Micro Prime	Major Secondary	Micro Secondary	Tertiary
Tenancy Strength	<del>4</del> 8	Single tenant with strong financial covenant	Single tenant with good financial covenant	Multiple tenants with strong financial covenant	Multiple tenants with good financial covenant	Tenants with poor financial covenant strength / vacant
Single/Multi Let	6	Single Let	2-3 Tenants	4-6 Tenants	6+ Tenants	Vacant
Occupiers lease length	5	Greater than 10 years	Between 7 and 10 years	Between 4 and 7 years	Between 2 and 4 years	Less than 2 years; vacant
Re-letting prospects (Void Period)	5	< 3 months	3-6 months	6-12 months	12-18 months	18+ months
Tenure	<del>9</del> 4	Freehold	Lease 125 years plus	Lease between 50 & 125 years	Lease between 20 & 50 years	Lease less than 20 years
EPC/Sustainability	4	Highly Sustainable A-B	Mainly Sustainable C	Moderate but some works would be beneficial - D	Unlikely to be problematic when re-letting or selling - E	Unsustainable - F or worse
Repairing Terms obligations	4 3	Full repairing and insuring	Internal repairing – 100% recoverable	Internal repairing – partially recoverable	Internal repairing – no recoverable	Landlord
Building Quality / obsolescence	4 2	Newly Built (useful life 50+ years)	Recently refurbished (within the past 5 years)	Average condition and likely to continue to be fit for current use for 25+ years	Aged property with redevelopment potential	Nearing end of useful life / unlikely to continue when lease expires
Income Profile	2	10% Reversionary	0-10% Reversionary	Rack Rented	Over Rented -10%	Over Rented - 10%+
Lot size	<del>2</del> 1	Between £6m and £12m	Between £4m & £6m or 12m and £18m	Between £2m & £4m or £18m and £20m	Between £1m & £2m or £20m & £25m	Less than £1m or more than £25m

## Investment Criteria Definitions

**Location** - property is categorised as prime, secondary or tertiary in terms of its location desirability. For example, a shop located in the best trading position in a town would be prime, whereas a unit on a peripheral neighbourhood shopping parade would be considered tertiary.

**Tenancy Strength** – the financial strength and risk of failure of a tenant determines the security of the property’s rental income. A financially weak tenant increases the likelihood that the property will fall vacant. Rating agencies, such as Dun & Bradstreet are often used to evaluate covenant strength, ranging from “5A” to “HH” to reflect company size based upon worth or equity, and a Composite Credit Appraisal from 1 to 4 to reflect the assessment of the firm’s creditworthiness. The minimum acceptable financial strength for any given tenant will be determined through financial appraisal of company accounts and the use of appropriate methods of risk assessment and credit scoring. To minimise management and risk, the preference will be for single occupancy investments wherever possible.

**Tenure** – anything less than a freehold acquisition will need to be appropriately reflected in the price. If leasehold, is the lease free from unencumbered/onerous terms? Is the rent periodically reviewed to take into account inflation and upward market movement?

**Occupational Lease Length** – the lease term will determine the duration of the tenant’s contractual obligation to pay rent. The most attractive investments offer a long lease with a strong tenant covenant. The lease term will reflect any tenant break clauses. The optimum lease length will depend on the sector, with commercial B1 offices typically 7+years and 10+ years for industrial. Retained agents will be expected to qualify the quality of the length lease in their pre-acquisition report.

**Building Quality** – a brand new or recently refurbished building with an anticipated life of at least 40 years will not usually require capital expenditure for at least 15 years. This is attractive for income investors requiring long term rental income with the minimum of ongoing capital expenditure.

**Repairing Obligations** – under a Full Repairing & Insuring Lease (FRI), the tenant is responsible for the building’s interior and exterior maintenance/repair. The obligation is limited to the building’s interior under an Internal Repairing & Insuring Lease (IRI). The preference will be to favour FRI terms (or FRI by way of service charge i.e. all costs relating to occupation and repairs are borne by the tenants and administered through a service charge).

**Lot Size** – to maintain portfolio balance the preference will be for no single property investment to exceed £12m for a single let property.

In addition to the above criteria the IGB should, when assessing the merits of an investment, specifically consider compatibility with all SCDG policies on matters relating to use such as: -

- Alcohol or tobacco production or sale;
- Animal exploitation;
- Environmentally damaging practices;
- Gambling;
- Pornography.

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# Agenda Item 13



**South  
Cambridgeshire**  
District Council

<b>Report to:</b>	Cabinet	20 March 2023
<b>Lead Cabinet Member:</b>	Councillor John Batchelor, Lead Cabinet Member for Housing Councillor John Williams, Lead Cabinet Member for Resources	
<b>Lead Officer:</b>	Peter Campbell, Head of Housing Peter Maddock, Head of Finance	

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## **South Cambs Limited trading as Ermine Street Housing: Review of Business Plan 2022/2023 to 2031/2032**

### **Executive Summary**

1. The Ermine Street Housing Business Plan is refreshed annually to include the latest portfolio details, the previous years' performance, and the amended financial assumptions.
2. The Business Plan has been scrutinised and agreed by the Company's Board of Directors and is shared with Cabinet for information.

### **Key Decision**

3. No
4. This is not a key decision because it does not directly result in the authority incurring expenditure which is, or the making of savings which are significant having regard to the Council's budgets.

### **Recommendations**

5. **Cabinet is requested to consider the report and, if satisfied, to:**
  - (a) **Note, in their capacity as shareholder, the Ermine Street Business Plan for the period 2022/2023 to 2031/2032.**

## Reasons for Recommendations

6. The Council, as owner of the Company and sole shareholder, has an interest in reviewing the Business Plan to ensure that (i) the Company is on target to achieve its objectives, (ii) to consider the past year's performance, and (iii) acknowledge the changes in the financial assumptions and the financial return to the Council resulting from the business activity.
7. The original objective of the Company was to deliver 500 homes over the 5-year period 2016/2017 to 2020/2021 and this was achieved in 2021/2022.
8. Following a report by an independent consultant to consider the future direction of the Company, Cabinet decided in September 2020 to continue with the expansion programme until the 500-property target has been accomplished which occurred in March 2022.

## Details

### Background

9. In November 2012, the Council set up a subsidiary housing company registered as South Cambs Limited (SCL). SCL has been trading under the name Ermine Street Housing (ESH) since 2014 and continues to operate as an independent property company wholly owned by the Council. The principal activities of the Company are to manage both purchased and leased properties for the purpose of residential lettings. The Company aims to provide a quality service in this sector.
10. The Council adopted a Business Plan for ESH in November 2015 and, in line with the original objectives, capital allocations of up to £100 million have been made since 2016/2017 to enable the Company to increase the property portfolio over a 5-year period, until 500 homes target was achieved in March 2022. The properties are all let by the Company on assured short-hold tenancies. The property portfolio is geographically located in Cambridgeshire, Suffolk, Northamptonshire, Leicestershire, Leeds and Nottinghamshire.
11. It was initially assumed that the acquisition profile would be relatively evenly spread across the 5 years but, in the earlier years of business expansion, the Company was not able to acquire as many as 100 homes per annum. Cabinet, at its meeting held on 7 November 2018, considered and endorsed the amendment to the Company Business Plan and Council, at its meeting 29 November 2018, approved the re-phasing of the capital programme to ensure that financial resources were aligned to realistic business expansion timescales for achieving the target of 500 homes in the timescales envisaged by Cabinet and Council in November 2015.
12. There was an expectation that the original business plan objective would be achieved by the target date of 31 March 2021. However, there were challenges during the pandemic and the target date was put back to March 2022. The Company achieved the target of 500 properties having spent £94.635 million.

13. Further opportunities were presented to the Council, and it was agreed that the Company could pursue these opportunities in the financial year 2022-23. The total spend is anticipated to be £5.2 million taking the overall spend to £99.8 million. The properties include a combination of a newly built block of 3 apartments, a newly refurbished block of 10 one bed flats, a mixture of residential/commercial with flats in Peterborough City Centre and 9 apartments on an estate where the Company obtained the freehold of a further 14 units, providing additional income.
14. This amounts to 30 lettable units. All acquisitions are in the defined 'investment area' which is the Greater Cambridge commuting pattern as identified in the Cambridgeshire and Peterborough Independent Economic Review (September 2018).
15. To date the expenditure is £97.375million and conveyancing is taking longer than expected on the remaining properties in the pipeline, and consequently expenditure may slip into 2023/2024.

#### **Refreshed Business Plan 2022/2023 to 2031/2032**

16. The Company's Board of Directors review and refresh the Business Plan annually to reflect changes in the composition of the portfolio, the gross rental yields achieved and the latest market values of the portfolio.
17. The Business Plan also considers the performance of the Company in relation to the previous year's trading period, updates the financial assumptions and revises key risks and key business sensitivities.
18. The Business Plan, attached at **Appendix A**, is used by the Company's Board of Directors to challenge, and scrutinise the Company's trading activities. It is now shared to enable the Cabinet to consider the updated version.
19. The Company met the target to achieve 500 homes by March 2022. The Company will continue to work closely with council colleagues to explore further opportunities beyond 2022-2023. Any additional borrowing to facilitate expansion beyond the 500 target will be subject to Council approving a business case and a refreshed Business Plan.
20. To date lending has been achieved by using the Council's own resources but going forward it is likely that the Council will need to borrow and lend on, should any future expansion be considered. The proposed rate applicable from 1st April 2023 of 4.25% is in line with what the council could achieve by lending to another local authority, bank or building society.
21. The Company's Board of Directors agreed the Business Plan at their board meeting on 2 February 2023.
22. Regarding the State Aid position and subsequent Subsidy Control Act, April 2022 (pages 36/37 of the Business Plan), the Board considered it would be prudent for the Council to seek an expert external legal opinion on the position for the Council

and Company in this regard. Any resulting impact for the Company will be reported in future iterations of the business plan.

23. A significant factor for the Council is the government consultation that commenced in late 2021 which indicates that the Council may be required to make Minimum Revenue Provision (MRP) on any lending held / made from April 2023 onwards.
24. Consequently, it is possible that from April 2023 onwards, the Council would need to set-aside at least 2% per annum on all sums loaned to the Company.
25. Representations have been made in response to the consultation, in the hope that an exemption may be granted for the provision of housing.
26. At the time of writing this report, the outcome from the government is still awaited, the impact of this for the Council was outlined in the Ermine Street Housing Business Plan last year, and in the event of an announcement being made the Company will be able to refresh the Business Plan and inform the Council of the impact.

## **Implications**

27. 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**

28. Ermine Street Housing acquires property on the open market, borrowing at market interest rates via South Cambridgeshire District Council. Ermine Street Housing then lets the property at market rents to facilitate a reasonable pay back of the investment.
29. In February 2018 the Secretary of State issued new guidance on Local Government Investments (the Guidance), which widened the definition of an investment to include all the financial assets of a local authority as well as other non-financial assets held primarily or partially to generate a profit. This wider definition includes investment property portfolios as well as loans made to wholly owned companies or associates, joint ventures or third parties. The Guidance applies for financial years commencing on or after 1 April 2018.

## **Legal**

30. There are no significant direct legal implications.



## **Staffing**

31. There are no significant direct staffing implications.

## **Risks/Opportunities**

32. The Ermine Street Housing risk register has been thoroughly reviewed, updated, and a version produced for the Council's risk register. The key risk now is the impact of the cost-of-living crisis and the potential for increasing rent arrears.

## **Equality and Diversity**

33. There are no significant equality and diversity implications.

## **Climate Change**

34. Ermine Street Housing works closely with the Council's Climate and Environment Team to take opportunity of funding available for additional insulation, reducing energy costs for the tenants, thereby cutting carbon emissions. However, take up is limited because funding is reliant on tenant take up, and is subject to minimum income requirements, and most of the Company's tenants would not qualify because of the income criteria.

35. Considering the above, Ermine Street Housing took the decision to employ the Council's energy efficiency contractor Aran Insulation. Aran have been requested to survey properties in Cambridgeshire and advises of the required energy efficiency measures to improve the EPCs of the property. The works include loft insulation, cavity wall insulation, improved lighting, and recommendations for new boilers.

## **Health & Wellbeing**

36. There are no significant implications for health and wellbeing.

## **Consultation responses**

37. Consultation was not required.

## **Alignment with Council Priority Areas**

### **Growing local businesses and economies**

38. The Company employs a range of local businesses to undertake repairs and maintenance, cleaning, and lettings and management.

## **Housing that is truly affordable for everyone to live in**

39. Company offers some sub-market rent accommodation and works with Shire Homes Ltd to provide temporary accommodation for homeless people and families.

## **Being green to our core**

40. As mentioned above the Company works in paragraphs 34 and 35.

## **A modern and caring Council**

41. The business activities of the Company generate income for the Council to invest in services for local people.

## **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:

- Business Case for Ermine Street Housing: Report to Cabinet – 12 November 2015
- Business Case for Ermine Street Housing: Report to Council – 26 November 2015
- Ermine Street Housing – Re-phasing of Lending: Report to Cabinet – 7 November 2018

- Ermine Street Housing – Re-phasing of Lending: Report to Council – 29 November 2018
- South Cambs Limited trading as Ermine Street Housing: Review of Business Direction- 2 September 2020

## **Appendices**

**Appendix A:** Ermine Street Housing Business Plan Update (exempt – not for publication by virtue of Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972).

### **Report Author:**

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

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