

Report to: Cabinet 19 October 2021

Lead Members: Councillor John Williams

From: Councillor Grenville Chamberlain, Chair, Scrutiny and Overview Committee
Councillor Judith Rippeth, Vice-Chair, Scrutiny and Overview Committee

Update from Scrutiny and Overview Committee

Purpose

This report is to inform Cabinet about the discussion among members of the Scrutiny and Overview Committee at its meeting on 14 October 2021.

General Fund Medium Term Financial Strategy

Members noted that an early draft of the Medium Term Financial Strategy (MTFS) had already been considered by Full Council as part of the new process for developing the Budget. This review by the Scrutiny and Overview Committee was another part of the process, and Members explored the following points:

- **The potential impact of inflation – especially wage inflation**
The Head of Finance highlighted this as one of the uncertainties in developing a Strategy taking the Council through to the year 2026-27. He summarised several other challenges and said that, at a time of such financial uncertainty, various assumptions had to be made. Inflation was just one of those assumptions likely to vary over time.
- **Nature of the savings outlined in the report**
 - (a) The Head of Finance confirmed that predicted savings were one-off savings at this stage.
 - (b) Anticipated savings might be reduced in the event of enhanced levels of service provision.
 - (c) Possible over reliance on efficiency savings to make the budget work with an attempt to claim all the savings from transformation but overlook service provision. Underlying that there was the assumption that once one round of efficiency savings had been made, subsequent ones would be harder to achieve.

- **Business Rates**

- (a) The Head of Finance said that South Cambridgeshire District Council had one of the ten highest Business Rate bases in the U.K. for growth above the baseline and hence the substantial additional income the council has had from business rates in recent years.
- (b) The Head of Finance acknowledged the potential implications for the Council of the impending review of that source of local authority revenue.
- (c) In response to a request to clarify a statement in his report that "...The financial forecast assumes neither a surplus or deficit in the period to 2026/2027...", the Head of Finance said that there was a significant gap between revenue and expenditure but that the Council's Transformation Project might reduce that gap by up to 50%.
- (d) In response to a query about a deficit in the Collection Fund, the Head of Finance said that this had been identified as a one-off occurrence.
- (e) The Council's exposure to the possible abolition of Business Rates needed to be recognised and guarded against.

- **The impact of Brexit**

The Head of Finance acknowledged the possible increase in costs.

- **Covid-19 costs**

- (a) In response to a request to quantify reduced income aligned to business confidence (commercial rents, planning applications), the Head of Finance said there would be additional costs in 2022-23 and that the extent of the reduced income should become clearer in the next two to three months.
- (b) The Joint Director of Planning and Economic Development said that the Greater Cambridge Planning Service was constantly looking at anticipated planning applications and revising its forecast of fees income. He said the current position was better than anticipated, but that officers were continuing to monitor matters and engage with developers, especially those whose applications were likely to generate higher levels of income.

- **Comparison between South Cambridgeshire District Council and other local authorities**

The Head of Finance said the challenges faced by South Cambridgeshire District Council were faced also by other local authorities: while Councils had control over Council Tax revenue, the impending review of Business Rates was a major concern.

- **Council Tax**

The Head of Finance said the figure for Council Tax was assessed on three elements

- (a) An increase of 1.99% or £5 whichever is the higher
- (b) An increased charging base
- (c) Reduced Council Tax fraud

- **Information**
South Cambridgeshire District Council should endeavour to acquire first-hand information from Central Government rather than relying on information provided by third parties, no matter how trusted.
- **Conclusion by the Scrutiny and Overview Committee**
The Committee applauded the work being undertaken by the Head of Finance and his team. The Chair observed that the only certainty seemed to be uncertainty!

In Principle Commitment to Delivery of Area Action Plan for North East Cambridge

The Chair emphasised that this report was concerned solely with financial matters and the Council's commitment to back the project. He said that a further report would be brought before the Scrutiny and Overview Committee in December, which would focus on planning issues. Members explored the following points:

- **Purpose of the report**
 - (a) The Lead Cabinet Member for Finance said that South Cambridgeshire District Council (and Cambridge City Council) needed to approve an 'In Principle' report to show intent to landowners. However, he undertook to consider clearer report headings in future while maintaining the purpose behind using technical language.
 - (b) The Scrutiny and Overview Committee saw the process as positive, demonstrating the two Councils' commitment to the project and willingness to use all means available to carry it through.
- **Compulsory Purchase Order (CPO)**
Committee members noted that a CPO was the last resort, and that the two Councils would seek to further their ambitions first through other means.
- **Complexity of land ownership**
The Committee recognised the need for an 'in principle' report given that various parts of the site were owned by South Cambridgeshire District Council, Cambridge City Council, Milton Parish Council and by private landowners.
- **Outcome at Cambridge City Council**
In response to a question from the Chair, the Scrutiny and Overview Committee was informed that Cambridge City Council had approved a similar report.
- **Conclusion by the Scrutiny and Overview Committee**
The Committee supported the officer recommendation to Cabinet.

Report Author:

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