

A meeting of the **CABINET** will be held in the **COUNCIL CHAMBER, PATHFINDER HOUSE, ST MARY'S STREET, HUNTINGDON PE29 3TN** on **THURSDAY, 6 SEPTEMBER 2007** at **11:30 AM** and you are requested to attend for the transaction of the following business:-

APOLOGIES


Contact
(01480)

1. MINUTES (Pages 1 - 6)

To approve as a correct record the Minutes of the meeting held on 19th July 2007.

Mrs H Taylor
388008

2. MEMBERS' INTERESTS

To receive from Members declarations as to personal and/or prejudicial interests and the nature of those interests in relation to any Agenda Item. Please see Notes 1 and 2 below.

3. FINANCIAL FORECAST (Pages 7 - 16)

To consider a report by the Head of Financial Services.

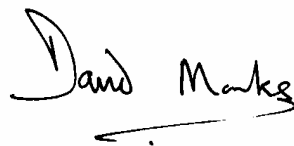
S Couper
388103

4. GREAT FEN PROJECT PARTNERSHIP (Pages 17 - 18)

To consider a report by the Director of Operational Services detailing changes to the membership of the Great Fen Project Partnership.

M Sharp
388301

Dated this 28th day of August 2007



Chief Executive

Notes

1. *A personal interest exists where a decision on a matter would affect to a greater extent than other people in the District –*

(a) *the well-being, financial position, employment or business of the Councillor, their family or any person with whom they had a close association;*

(b) *a body employing those persons, any firm in which they are a partner and any company of which they are directors;*

- (c) *any corporate body in which those persons have a beneficial interest in a class of securities exceeding the nominal value of £25,000; or*
 - (d) *the Councillor's registerable financial and other interests.*
2. *A personal interest becomes a prejudicial interest where a member of the public (who has knowledge of the circumstances) would reasonably regard the Member's personal interest as being so significant that it is likely to prejudice the Councillor's judgement of the public interest.*

Please contact Mrs H Taylor, Senior Democratic Services Officer, Tel No. 01480 388008/e-mail Helen.Taylor@huntsdc.gov.uk /e-mail: if you have a general query on any Agenda Item, wish to tender your apologies for absence from the meeting, or would like information on any decision taken by the Cabinet.

Specific enquiries with regard to items on the Agenda should be directed towards the Contact Officer.

Members of the public are welcome to attend this meeting as observers except during consideration of confidential or exempt items of business.

Agenda and enclosures can be viewed on the District Council's website – www.huntingdonshire.gov.uk (under Councils and Democracy).

If you would like a translation of Agenda/Minutes/Reports or would like a large text version or an audio version please contact the Democratic Services Manager and we will try to accommodate your needs.

Emergency Procedure

In the event of the fire alarm being sounded and on the instruction of the Meeting Administrator, all attendees are requested to vacate the building via the closest emergency exit and to make their way to the car park adjacent to the Methodist Church on the High Street (opposite Prima's Italian Restaurant).

Agenda Item 1

HUNTINGDONSHIRE DISTRICT COUNCIL

MINUTES of the meeting of the CABINET held in the Council Chamber, Pathfinder House, St Mary's Street, Huntingdon PE29 3TN on Thursday, 19 July 2007.

PRESENT: Councillor I C Bates – Chairman.

Councillors A Hansard, C R Hyams,
Mrs D C Reynolds, T V Rogers and
L M Simpson.

APOLOGY: An apology for absence from the meeting was submitted on behalf of Councillor P L E Bucknell.

40. MINUTES

The Minutes of the meeting of the Cabinet held on the 28th June 2007 were approved as a correct record and signed by the Chairman.

41. EMERGENCY INCIDENT - ST NEOTS

The Chief Executive advised the Cabinet that the Council's emergency response arrangements had been invoked overnight to deal with an incident at the premises of Cryovac Sealed Air Limited in St Neots.

Having been advised of the efforts of staff particularly in making available St Neots Leisure Centre as a rest centre in the event of a requirement for that facility, Executive Members asked that their thanks be conveyed to all those involved in the incident.

42. MEMBERS' INTERESTS

No declarations were received.

43. HUNTINGDON LEISURE CENTRE - REQUEST FOR RELEASE OF MTP FUNDING

Further to Minute No. 06/110 and with the assistance of a report by the Chief Officers Management Team (a copy of which is appended in the Minute Book) the Cabinet considered a request for the release of funding from the Medium Term Plan to extend the Impressions Fitness Suite at Huntingdon Leisure Centre.

In considering the content of the report, Executive Councillors acknowledged the contribution that the scheme would make in achieving the targets in the Council's corporate plan and the supporting business case for the project. Reference also was made to an interest in monitoring projected attendances and income from the facility.

RESOLVED

that relevant funding be released for the scheme to extend the Impressions Fitness Suite at Huntingdon Leisure Centre and a further report on levels of attendance and income generated submitted to Cabinet 9 months after of the new facility is operational.

44. REVENUE MONITORING 2006/07 OUTTURN AND 2007/08 BUDGET

A report by the Head of Financial Services was submitted (a copy of which is appended in the Minute Book) which contained details of the outturn of revenue expenditure for 2006/07 and the variations between the original and revised budget revision for that year.

In receiving a presentation by the Director of Commerce and Technology on the 2006/07 financial outturn Executive Councillors were pleased to note that as a result of the ongoing review of budgets and Medium Term Plan schemes the Council had been successful in obviating the need to use its reserves to fund revenue spending. Having expressed their thanks to staff for their efforts in achieving the budgetary outcomes, the Cabinet

RESOLVED

- (a) that the spending variations for the revenue budget 2006/07 be noted; and
- (b) that the action to be taken to improve financial monitoring as outlined in Annex D to the report now submitted also be noted;

45. CAPITAL MONITORING: 2006/07 OUTTURN AND 2007/08 BUDGET

A report by the Head of Financial Services was submitted (a copy of which is appended in the Minute Book) detailing the outturn of capital expenditure during 2006/07 and the implications for 2007/08.

Having noted variations in the programme, the Cabinet

RESOLVED

- (a) that the capital schemes monitoring report reproduced at Appendix B to the report now submitted be noted;
- (b) that the spending variations referred to in paragraphs 2.3 and 2.4 of the report be noted; and
- (c) that the use of virement from the local leisure project grants and accessibility improvements/signs budgets to fund the sum of £63,000 for the Shop Mobility Scheme in Huntingdon be approved.

46. CHOICE-BASED LETTINGS - ADOPTION OF LETTINGS POLICY

Further to Minute No. 06/149 and by way of a report by the Head of Housing Services (a copy of which is appended in the Minute Book) the Cabinet were acquainted with progress on the implementation of the Cambridge Sub-Region Choice-Based Lettings Scheme.

At the same time, Executive Councillors considered the content of a new lettings policy for Huntingdonshire which had been developed as part of the wider Sub-Regional Scheme. Having been reminded that the policy had been the subject of consultation with interested parties and in noting the responses received, the Cabinet

RESOLVED

- (a) that the content of the Huntingdonshire District Council Lettings Policy be approved; and
- (b) that a report be submitted to Cabinet on the progress of the scheme twelve months after its implementation.

47. AMENDMENTS TO HOUSING RENEWAL ASSISTANCE POLICY

Consideration was given to a report by the Head of Housing Services (a copy of which is appended in the Minute Book) which outlined three proposed amendments to the Council's Housing Renewal Assistance Policy relating to exempt disposal, where the repayment of loans would not be required, disabled facilities "top up" assistance and the determination of a loan or grant for repairs assistance.

In discussing the amendments proposed, Executive Councillors expressed some apprehension about the potential for anomalies, particularly where grants in excess of £25,000 were made for adaptations to a home of a family member or relative who was not the disabled person and in those circumstances it was -

RESOLVED

- (a) that the proposed amendments to the Housing Renewal Assistance Policy as outlined in the report now submitted be approved; and
- (b) that appropriate representations be made to the Members of Parliament for the Huntingdon and North West Cambridgeshire Constituencies regarding concerns about the anomalies now referred to.

48. HUNTINGDONSHIRE PLAY STRATEGY

Further to Minute No. 06/190 and by way of a report by the Head of Environmental and Community Health Services (a copy of which is appended in the Minute Book) the Cabinet was invited to consider the content of a draft Play Strategy for Huntingdonshire together with an associated action plan prior to their submission to the "Big Lottery Fund" for funding to create, improve and develop children and young

peoples' play spaces locally. Whereupon, the Cabinet

RESOLVED

that the report be approved and the Director of Operational Services authorised to agree any necessary amendments to the Play Strategy and associated action plan prior to their submission to the "Big Lottery Fund".

49. OPEN SPACE, SPORT AND RECREATION NEEDS ASSESSMENT AND AUDIT

With the aid of a report by the Head of Planning Services (a copy of which is appended in the Minute Book) the Cabinet was acquainted with the key findings of the Open Space, Sport and Recreation Needs Assessment which reviewed the District's informal open space, outdoor recreational facilities, allotments and children's play areas.

In so doing, attention was drawn to a series of proposed standards for each area assessed which it was intended to use when negotiating contributions from developers towards open space or when considering the future provision of open space funded from other sources.

RESOLVED

- (a) that the findings of the Open Space, Sport and Recreation Needs Assessment and audit be noted; and
- (b) that the new standards for informal open space, provision for children and young people, outdoor sports facilities and allotments as outlined in the Annex to the report now submitted be approved as interim policy when considering developer's applications prior to their inclusion in a Supplementary Planning Document.

50. REGIONAL SPATIAL STRATEGY SINGLE ISSUE REVIEW: PLANNING FOR GYPSYS AND TRAVELLERS ACCOMMODATION - CONSULTATION ON OPTIONS & ISSUES

By means of a joint report by the Heads of Planning Services and of Housing Services (a copy of which is appended in the Minute Book) the Cabinet were acquainted with the contents of a suggested response to a consultation paper issued by the East of England Regional Assembly entitled "Planning for Gypsy and Traveller Accommodation in the East of England: Issues and Options".

In considering the information contained in the report, and while noting the potential need to clarify the reference to the current site in St. Neots, the Cabinet

RESOLVED

that, subject to clarification of the reference to the site in St. Neots, the Heads of Planning Services and of Housing

Services be authorised to respond to the East of England Regional Assembly along the lines set out in the report now submitted.

51. REVIEW OF SMALL SCALE ENVIRONMENTAL IMPROVEMENTS GRANTS SCHEME

Consideration was given to a report by the Working Group appointed by the Overview & Scrutiny Panel (Service Delivery) to undertake a review of the Council's Small Scale Environmental Improvements Grants scheme. A copy of the report is appended in the Minute Book.

Having noted the Working Group's recommendations in relation to Town and Parish Councils involvement, the schemes criteria, application and funding, the Cabinet

RESOLVED

- (a) that the Director of Operational Services, after consultation with the Executive Councillor for Environment and Transport and the Working Group, be authorised to prepare an amended Small Scale Environmental Improvements Grant Scheme; and
- (b) that, prior to its adoption, a draft of the revised scheme be circulated to Executive Councillors for comment.

Chairman

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CABINET

6 SEPTEMBER 2007

FINANCIAL FORECAST (Report by the Head of Financial Services)

1 PURPOSE

- 1.1** This report considers the Financial Forecast for the next 10 years and highlights the major uncertainty that will exist until the Government's draft grant figures are received in December.
- 1.2** This report will be considered by the Overview and Scrutiny Panel (Corporate and Strategic Framework) on 4 September and Cabinet will then have the opportunity to consider their comments on 6 September prior to making their own recommendations to Council (26 September).

2 BACKGROUND

- 2.1** The Comprehensive Spending Review 2007 (CSR07) is expected to set out central government funding to local government for the next 3 years. This is expected to be announced prior to the Council setting its budget for 2008/9, but is not likely to be available until December.
- 2.2** The Council has continued to spend carefully and this, together with extra grants and buoyant income, resulted in last year's outturn being £2.7m less than budgeted, though £0.4m of this will be needed to fund projects unavoidably delayed. This has been added to Revenue Reserves giving a total of £19.5m at April 2007. Capital reserves amount to £28.7m and capital expenditure of £0.8m has been brought forward.
- 2.3** Our existing financial strategy recognises that we will have a number of years with deficits funded from reserves before equilibrium can be achieved. It also recognises that finding additional income, specific grant funding or savings to achieve this total will be a challenge.

3. FUNDING

- 3.1** The Councils net revenue expenditure has to be funded from government general grant, council tax and reserves. The table below indicates the scale by which total funding could vary from the current plan. The following sections then provide further information on each of the three elements:

FUNDING	07/08	08/09	09/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18
	£M	£M	£M	£M	£M	£M	£M	£M	£M	£M	£M
Current Approved Plan											
Government Grant	11.7	12.2	12.7	13.0	13.4	13.8	14.1	14.5	14.9	15.3	15.8
Council Tax	6.3	6.7	7.1	7.8	8.5	9.2	9.9	10.8	11.6	12.5	13.5
Reserves	1.6	2.0	2.7	2.9	2.2	1.5	0.8	0.5	0.4	0.4	0.2
	19.5	20.8	22.5	23.7	24.1	24.5	24.9	25.8	27.0	28.3	29.4
Best (?) Scenario											
Government Grant	11.7	12.0	12.3	12.5	12.6	12.7	12.9	13.0	13.2	13.4	13.5
Council Tax	6.3	6.7	7.1	7.8	8.5	9.2	9.9	10.8	11.6	12.5	13.5
Reserves	1.6	2.0	2.7	2.9	2.2	1.5	0.8	0.5	0.4	0.4	0.2
	19.5	20.7	22.1	23.2	23.3	23.4	23.6	24.3	25.2	26.3	27.2
Possible Scenario											
Government Grant	11.7	11.9	12.1	12.1	12.2	12.2	12.3	12.4	12.5	12.5	12.6
Council Tax	6.3	6.7	7.0	7.4	7.8	8.3	8.7	9.2	9.7	10.2	10.8
Reserves	1.6	2.0	2.7	2.9	2.2	1.5	0.8	0.5	0.4	0.4	0.2
	19.5	20.6	21.8	22.4	22.2	22.0	21.8	22.1	22.6	23.1	23.6
Worst (?) Scenario											
Government Grant	11.7	11.6	11.1	10.7	10.8	10.8	10.9	11.0	11.0	11.1	11.2
Council Tax	6.3	6.7	7.0	7.4	7.8	8.3	8.7	9.2	9.7	10.2	10.8
Reserves	1.6	2.0	2.7	2.9	2.2	1.5	0.8	0.5	0.4	0.4	0.2
	19.5	20.3	20.8	21.0	20.8	20.6	20.4	20.7	21.1	21.7	22.2

4 GOVERNMENT GENERAL GRANT

- 4.1** In December 2005 the Government, for the first time, announced two year's grant. They gave a definite figure for 2006/7 and a clear indication for 2007/08 which they subsequently did not alter. This was the first stage in moving to three year announcements with the first due this December to cover 2008/09, 2009/10 and 2010/11. This is integrated with the Government's own three yearly spending review (CSR07).
- 4.2** Whilst this will give councils a much better basis on which to make their shorter term plans it will unfortunately result in major volatility every three years, rather than smaller variation each year. This volatility has two main elements – the total amount the Government is prepared to distribute to local government and changes to the formula by which this total sum is allocated to individual councils.
- 4.3** The starting point for the amount to be allocated is to identify any changes in responsibilities that councils will have in the coming 3 years. The Government then adds to the total their assessment of what the extra cost will be but, unfortunately, there are often major differences of opinion on whether their assessment is reasonable. Then the Government will add an allowance for inflation but, again, councils often consider that this is not realistic. Finally there have been a number of rumours that suggest the total sum will then be reduced by anything up to 5% per year for assumed cashable efficiency improvements.
- 4.4** The Government has also produced a consultation document on potential changes to the allocation formula. There are three elements of particular interest:
- Concessionary Fares
 - Area Cost Adjustment
 - Tapering of Changes (Floors)

4.5 Concessionary Fares

The Government introduced the requirement for free passes and free travel within council boundaries to be introduced in April 2006 and added some extra funding to meet the cost. Unfortunately there was no way to accurately forecast the costs for councils in advance and it is still not clear on a national scale whether the addition was adequate. Huntingdonshire decided, along with the other Cambridgeshire Authorities, to introduce an enhanced scheme that provided free travel within the County boundary rather than just within the District boundary. The County Council agreed to a safety net arrangement whereby any costs over an agreed level would be funded from the Huntingdonshire share of the LPSA reward funding in 2006/07 and 2007/08.

From April next year the Government are extending the scheme to provide free national bus (not coach) travel and are adding a further amount to their financial support to fund this. Again, due to the bus companies being entitled by the legislation to recover their actual additional costs, rather than a pre-negotiated sum, there is no certainty of what an individual council's extra cost will be, much less the national total.

The basis of charge to individual council's is also altering with the charge for each single journey falling on the council in whose area that journey starts rather than on the Council that issued the pass.

The Government have not yet decided whether the funding will be via a specific grant or will be included in the general grant, but have anyway included some options for how it is allocated based on a national total of £200m. The impact on Huntingdonshire ranges from an increase of £223k to £375k.

The current financial plan assumes that any costs in excess of £468k will from April be met from this extra grant.

4.6 Area Cost Adjustment

Some years ago, following many years of lobbying, the Government recognised that costs were higher in Cambridgeshire than many areas of the country and so the grant formula was adjusted to reflect this. They are now suggesting that this should only have been applied to Cambridge City, South Cambridgeshire and the County Council because the other Cambridgeshire councils have lower pay levels. If this adjustment is made then Huntingdonshire will lose £465k per year in government support.

4.7 Tapering of Changes

The Government does not wish councils who lose grant because of changes to the formula to have to suddenly reduce spending all in one year. It therefore introduced a system whereby those councils that were due to have increases in grant had them temporarily reduced so that those councils that were due reductions had a bit longer before their whole reduction was made. This led to Huntingdonshire still being owed £364k in grant from when the area cost adjustment was made. The current consultation provides options for reducing this tapering, based on a council being only protected at 0%, 1% or 2% in CASH terms. Any tapering would not work with an annual efficiency savings adjustment

and so it is assumed it would only relate to formula changes, such as removal of the area cost adjustment.

4.8 Overall Impact

Obviously it is impossible to forecast the impact of such significant grant volatility but three scenarios are illustrated to give an idea of the scale of the uncertainty.

Best (?) Scenario

Inflation 2.75%, 1.5% efficiency savings reduction, no change to area cost adjustment, no change to tapering, amount given for Concessionary fares (say £375k) matches costs.

Possible Scenario

Inflation 2.75%, 2.5% efficiency savings reductions for 3 years and then 2% thereafter, no change to area cost adjustment, no change to tapering, amount given for Concessionary fares (say £375k) matches costs.

Worst (?) Scenario

Inflation 2.75%, 5% efficiency savings reductions for 3 years and then 2% thereafter, area cost adjustment removed (£465k), tapering on £465k only, amount given for Concessionary fares (say £223k) is £152k less than costs.

GRANT FUNDING	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Current Approved Plan	£M	£M	£M	£M	£M	£M
True grant forecast	12.0	12.3	12.7	13.0	13.4	13.8
Less withheld for tapering	-4	-2	0	0	0	0
Current Approved Plan	11.7	12.2	12.7	13.0	13.4	13.8
Best (?) Scenario						
True grant forecast		12.5	12.7	12.9	13.0	13.2
Less withheld for tapering		-2				
Less Concessionary Fares increased cost		-0.4	-0.4	-0.4	-0.4	-0.4
Net Position		12.0	12.3	12.5	12.6	12.7
LOSS compared with Current Plan		-0.2	-0.4	-0.6	-0.8	-1.0
Possible Scenario						
True grant forecast		12.4	12.5	12.5	12.6	12.6
Less withheld for tapering		-2				
Less Concessionary Fares increased cost		-0.4	-0.4	-0.4	-0.4	-0.4
Net Position		11.9	12.1	12.1	12.2	12.2
LOSS compared with Current Plan		-0.3	-0.6	-1.0	-1.2	-1.5
Worst (?) Scenario						
True grant forecast	-	11.7	11.4	11.1	11.2	11.3
Tapering protection on area cost adjustment		0.3	0.2			
Less Concessionary Fares increased cost		-0.4	-0.4	-0.4	-0.4	-0.4
Net Position		11.6	11.1	10.7	10.8	10.8
LOSS compared with Current Plan		-0.6	-1.5	-2.3	-2.6	-2.9

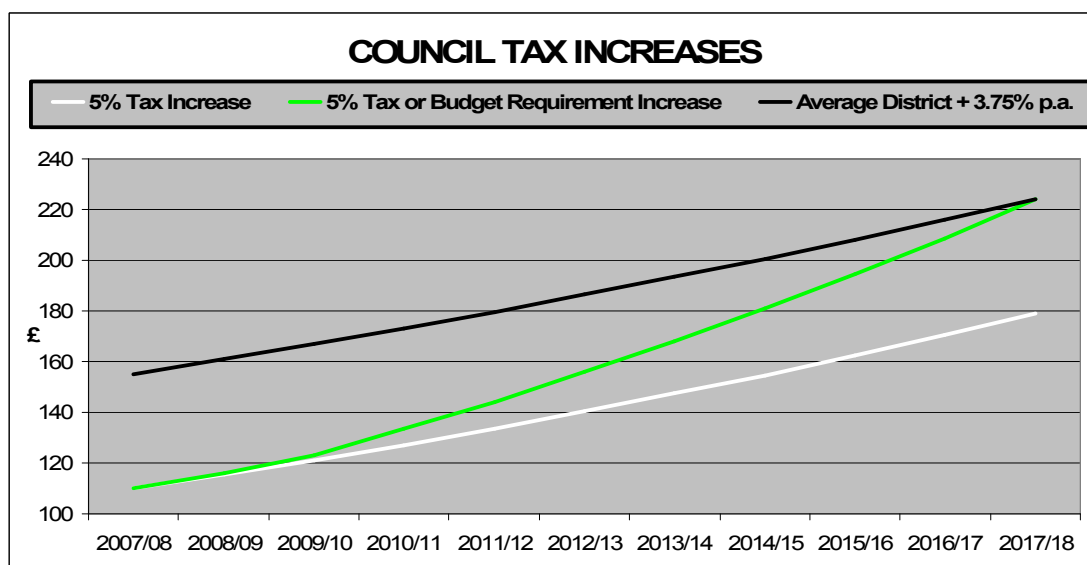
5. COUNCIL TAX

5.1 All scenarios assume the tax base will continue to grow by 0.5% per year, as there are no significant indications to the contrary.

5.2 The **Best Scenario** assumes that the Government will maintain the dual element to its capping regime that it has to date (i.e. that both Council Tax and budget requirement increases have to exceed 5%) and the Council continues to be comfortable with Council Tax increases in excess of 5%.

5.3 The **other scenarios** assume either that the Government changes the targets such that no more than a 5% tax increase is permitted or the Council resolves that a Council Tax rise of 5% is sufficient.

5.4 The graph below shows the two scenarios and the current average District Council Tax increasing by 3.75% per annum.



6. USE OF RESERVES

6.1 The current approved Forecast is based on allowing Revenue Reserves to fall to £2.1m and then to be retained at that level as shown in the following table. In order to simplify a very complex set of inter-relationships **all Scenarios** are based on this use of reserves.

RESERVES	07/08	08/09	09/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18
	£M	£M	£M	£M	£M	£M	£M	£M	£M	£M	£M
Use of Revenue Reserves	1.6	2.0	2.7	2.9	2.2	1.5	0.8	0.5	0.4	0.4	0.2
Remaining Reserves at end of year	15.6	13.7	11.0	8.1	5.9	4.4	3.5	3.1	2.6	2.3	2.1

7. NET EXPENDITURE

7.1 The items affecting net expenditure at this stage are:

- Inflation: General inflation, pay inflation and assumed increases in fees and charges
- Interest Rates
- Minimum level of revenue reserves
- Service Changes 2006 to March 2011
- Service Variations post April 2011
- Other significant items.

7.2 Inflation

General inflation continues to be based on 2.5% but 5% has been included for fuel prices.

Pay inflation continues to run ahead of general inflation. This recognises increased standards of living and efficiency and is particularly noticeable locally because of the general business growth and affluence of the Cambridge sub-region. There are also national, and more local, shortages of key types of staff with authorities, inevitably, in the shorter term having to “outbid” each other to maintain service delivery. This is further exacerbated by increased demand for certain professions from the private sector and other organisations. It is therefore considered necessary to continue to allow for 3% pay inflation and to revert to making full allowance for average levels of performance pay as there is now so much less opportunity to achieve reduced pay levels when staff leave.

Pension costs are based on the actuary’s requirements up to 2010/11 but it is anticipated that the results of the latest three-yearly review will be available before the budget is finalised. Recent indications had suggested further increases would be minimal but it must be appreciated that the figures are closely linked, in part, to the performance of the equity market, which is again volatile.

7.3 Interest Rates

Forecasting future interest rates continues to be a challenge. It has been assumed that we will earn 5.4% on our investments this year, 5.75% in 2008/09, 5.5% in 2009/10 and 5% thereafter. This will be reviewed at each stage of the budget process. The Interest rate for borrowing has been assumed at 4.6%.

7.4 Service Variations 2007 to March 2012

Previously planned changes in budgets (MTP schemes) have been reflected in the financial forecast.

7.5 Service Variations post March 2012

It is necessary to consider what general provision for service variations should be made beyond the level to March 2012 agreed in the MTP.

It has been assumed that, given the financial position the Council will be facing in the coming years, any additional revenue developments should be funded from compensating savings or additional specific grant or contributions.

£3.8m per year for capital investment (at current prices) has been included and this would be sufficient **for example** to fund:

	£000
Social Housing Grant	1,000
Leisure Centre Maintenance (300) and regular replacement of fitness equipment (200)	500
Disabled Facilities Grants	900
Vehicle Replacements	600
Other items	800
	3,800

No allowance has been made for unavoidable additional costs other than the Contingency Reserve (£132k). It has been assumed that any additional items that do not meet the criteria for the reserve would need to be funded from additional savings.

7.6 Revenue Reserves

The Council must have sufficient reserves to meet any unexpected difficulties without facing the disruption of having to temporarily cut services until it can increase the following year's Council Tax or make alternative service cuts. The actual level is a matter for detailed analysis as they fall towards that level but it is felt that £2.1m is probably now too low especially with the new expected periodic volatility in Government Grant.

It has been assumed, just for the modelling in this report, that the extra £2.7m resulting from last year's outturn will be added to this minimum level. This will be reviewed for the November report and part of this sum is then likely to be used to provide time to achieve efficiency savings.

7.7 Other significant items

There are no other items that have emerged from last year's outturn and/or the current years monitoring that are significant enough to be included in the forecast at this time.

7.8 Items not taken account of

There are also some items that it is not possible to take account of at this stage but which may need to be brought into the MTP before it is approved next February if additional information becomes available in time. These include:

- The VAT position on off-street car parking which is the subject of continuing judgements and appeals. If it is finally resolved in favour of local authorities there will be a benefit of £150k per year.
- Potential service developments not already in the MTP and any unavoidable spending requirements.
- The Council was extremely successful in achieving additional grant funding last year. Whilst this is extremely difficult to forecast with any certainty it is likely that additional sums of LABGI and other grants will be obtained.
- Any concessionary fares costs in excess of £468k that are not covered by additional Government Grant.
- There may be a significant loss of income on Land Charges due to increased volumes of Personal Searches.
- There may be additional income from car park fees depending on the decisions taken on the recommendations from the Car Parking Working Party.

7.12 Resulting impact on net spending

The table below compares the revised forecast of net spending compared with the approved plan and highlights the variation.

NET SPENDING FORECAST	07/08	08/09	09/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18
	£M	£M	£M	£M	£M	£M	£M	£M	£M	£M	£M
Approved Plan	19.5	20.8	22.5	23.7	24.1	24.5	24.9	25.8	27.0	28.3	29.4
Revised position	19.4	20.5	22.6	24.4	25.0	25.9	26.8	28.0	29.7	31.5	33.0
Variation	-0.2	-0.3	0.1	0.7	1.0	1.4	1.9	2.2	2.7	3.2	3.6

8. SPENDING ADJUSTMENTS

8.1 Heads of Service have produced draft 5 year visions for their services that identify key priorities for additional spending (if the funding can be found) and opportunities for reducing spending. These are being discussed with Directors and refined so that relevant items can be incorporated into the draft budget/MTP stage of the process in November.

8.2 Particular emphasis is being placed on identifying opportunities for:

- increasing specific grant funding and contributions from other bodies (e.g. LABGI, Planning Delivery Grant, LAA reward grant)
- investment opportunities that provide a net surplus
- efficiency savings
- deleting any budget sums no longer required (as illustrated by last and previous years' underspending)
- increasing fees and charges

It is anticipated that these will allow the already required savings targets to be achieved.

8.3 Any level of lost funding emerging from section 3 above and the variations in net spending shown in paragraph 7.12 will have to be met from further such spending adjustments. There is still likely to be sufficient flexibility provided by revenue reserves to achieve this in an organised manner.

9 SENSITIVITY AND RISKS

9.1 The Financial Forecast takes a longer-term view and, within that time frame, many of its assumptions will turn out to be inaccurate and for this reason a sensitivity analysis is usually performed to identify the potential impact if any of the key assumptions change. Due to the major uncertainty on Government Grant that will be resolved in December there is limited value in carrying out this exercise until January when it will be included in the final stage of the budget and Council Tax setting.

10 CONCLUSIONS

- 10.1** The benefits to forward planning, from certainty on grant figures for three years, appear to be illusory if the current major uncertainty on grant levels is to be repeated every three years. It is impossible to forecast what the change will be in Government Grant at this stage but it could easily be significant.
- 10.2** There will be unavoidable additional spending from the inflation and other adjustments included in this report and there may well be other unavoidable areas of spending which will emerge during the budget/MTP process.
- 10.3** The Council continues to be successful in identifying revenue savings and additional grant funding. This together with the emerging proposals from services' five year visions will allow significant options to be identified for reducing spending levels. Visions will also help to prioritise proposals for service developments within any available funds.
- 10.4** Cabinet will have the comments from the Overview & Scrutiny Committee available when they consider this report.

11 RECOMMENDATIONS

11.1 Cabinet is recommended to:

- i) note this report
- ii) highlight to Council
 - the past successes in controlling spending and obtaining additional grant funding which will form important elements for reducing future spending
 - the development of the 5 year visions which will create additional spending reductions and help prioritise proposals for service developments
 - the major uncertainty over future grant levels and the consequent inability to create reasonable plans until the 3 year grant levels are known in December.

ACCESS TO INFORMATION ACT 1985

Source Documents:

1. Working papers in Financial Services
2. 2006/07 Outturn, 2007/8 Revenue Budget and the 2008/2012 MTP

Contact Officer:

Steve Couper, Head of Financial Services

☎ 01480 388103

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CABINET

6TH SEPTEMBER 2007

**GREAT FEN PROJECT PARTNERSHIP
(Report by Director of Operational Services)**

1. BACKGROUND



- 1.1 At its meeting of 20 July 2007 Cabinet resolved that The Director of Operational Services be delegated to sign a revised Memorandum of Understanding between the four partners of the Great Fen Project. Together with the Council the partners are: The Wildlife Trust for Bedfordshire, Cambridgeshire, Northamptonshire and Peterborough, The Environment Agency and Natural England. In view of the importance of hydrology. The Middle Level Commissioners, (the responsible drainage authority for the whole area of the project), have been observers at the Project Steering Group from the inception of the project. The Middle Level Commissioners have now requested to become full partners in the project.
- 1.2 This is a project of very great significance, not only for ecological reasons but also because as a landscape restoration project on a landscape scale it matches the high levels of population growth in the Cambridge to Peterborough part of the Government's growth area, by providing important strategic open space. It is also anticipated that it will provide an economic stimulus to this District and beyond. A further spin-off is the potential for the area to provide vital flood storage, protecting the surrounding valuable agricultural land in a way that can be managed so as to also enhance the biodiversity of the area. It is for this reason that the full participation of the Middle Level Commissioners is particularly welcome.
- 1.3 This request is especially timely given the recent unprecedented award of £8.9M to the project from The Heritage Lottery Fund. The will enable the project to capitalise on recent opportunities for major land purchase and advance land restoration earlier than originally envisaged.

2. RECOMMENDATION

1. that the request by the Middle Level Commissioners to become full partners of the Great Fen Project be welcomed and that the Director of Operational Services be authorised to sign the resulting revised Memorandum of Agreement

2. that the Director of Operational Services, after consultation with the Executive Member for Planning Strategy, Environment & Transport, be authorised to sign any future changes to the Memorandum of Agreement, which accord with Council Policy and do not prejudice the fundamental objectives of the Project.

BACKGROUND INFORMATION

-  Email from Sarah Fendley, Area Manager (Four Counties), Natural England dated 17 August 2007.
-  Memorandum of Understanding

Contact Officer: Malcolm Sharp, Director of Operational Services
 **01480 388301**