
Cabinet

Report of the meetings held on 21st January and 11th February 2016.

Matters for Decision

49. **FINAL 2016/17 REVENUE BUDGET AND MEDIUM TERM FINANCIAL STRATEGY (2017/18 TO 2020/21)**

By way of a report from the Head of Resources (this item appears separately on the Council Agenda as an item for decision, Item No. 4(a) refers), the Cabinet has considered the final budget for 2016/17, detail of the draft service budgets and the Medium Term Financial Strategy (MTFS) for the period 2017/18 to 2020/21.

At the meeting of the Cabinet in January 2016 (see Item No.56 of this report) the Cabinet approved the draft budget and MTFS. Since then there has been significant changes. The One Leisure draft income budgets have been re-profiled and reduced over the period of the MTFS in order to better reflect the service demands, the impact across the MTFS being a reduction in income of £0.9m. The revenue projections, the cost base and capital investment levels beyond 2016/17 are estimates pending the publication of the 2016-2021 Strategic Plan in February 2016.

Following a detailed analysis of the draft Local Government Settlement issued by the Department for Communities and Local Government (DCLG) in December the Revenue Support Grant (RSG) has been increased by £0.4m over the MTFS period.

The Local Government Finance Settlement in respect of the Non-Domestic Rates (NDR) Base Line indicated an increase of 2.1% in 2017/18 rising to 3.5% by 2019/20. As a consequence of the appeals the Council receives regarding NDR, this growth is considered overly optimistic. Therefore in the final 2016/17 budget and MTFS, the NDR income remains as reported in the draft budget of a 1% growth each year, on the basis that business rates are still proving to be volatile and a more prudent view of NDR income is appropriate.

Regarding the Revenue Support Grant (RSG) the Local Government Finance Settlement has confirmed the decisions made by the Council were correct when setting the 2015/16 budget and MTFS as RSG will be removed as core funding by 2019/20. However, the profile of decline in RSG is less than the Council has modelled in the draft 2016/17 budget and MTFS. Therefore the amounts shown in the Local

Government four year settlement are included in the final 2016/17 budget and MTF5.

One other significant change from the draft budget is that the Voluntary Sector Grant budget has been reduced over the four years from 2016/17 to 2019/20 by £0.2m following the decision of the Cabinet at its meeting in January 2016.

The net impact of these changes is that by 2020/21 additional contributions of £0.4m are required from the General Reserves.

The report has also provided the Cabinet with the risks associated with the budget. Table 5 of the Officer's report reflects the final budget and MTF5 including the freezing of Council Tax.

In the 2016/17 budget there is a surplus of £2.3m. However, by 2018/19 there is a funding gap £0.8m which increases to £3.5m by 2020/21. Table 6 of the Officer's report illustrates that the funding gap for 2018/19 and 2019/20 can be met from the estimated General Fund Reserve. However, by 2020/21 the Council is forecasting a negative balance on the General Fund which shows that the current budget is unsustainable over the medium-term.

To address the funding gap the Cabinet at its meeting in January agreed that the Council will continue to investment in the Commercial Investment Strategy (CIS), including the £6.8m transfer from the General Fund Reserve; continue to use the Zero Based Budgeting principles and to develop the actions and programmes as set out in the 'Plan on a Page' to find further savings and efficiencies in order to maintain a prudent level of reserves throughout the MTF5.

When the Council set its MTF5 for 2016/17 to 2019/20 it adopted a strategy referred to as the 'Plan on a Page' that reflects the various approaches being taken to identify the required savings. The aim of the 'Plan-on-a-Page' is for the Council to be financially independent by the end of 2019/20. Table 7 of the Officer's report that illustrates that the Council has made good progress against the 2015/16 'Plan-on-a-Page' savings target by reducing the 2019/20 budget gap by £4.7m (22%). The 'Plan on a Page' has been modified to detail the revised savings over the period of the new MTF5 (2017/18 to 2020/21) of £3.5m. The revised budget targets are listed within Table 8 of the Officer's report.

Fees and Charges are a key income stream for local government and it is only discretionary services that can be subject to a Council levied fee or charge.

The fees and charges, as appended to the Officer's report, have to be reviewed each year to ensure that they are at the correct level to both maximise income generation and achieve the policy objectives required.

The Council's Responsible Financial Officer (Section 151) is required to make a statutory statement in respect of the budget and reserves.

The Cabinet has been informed that the 2016/17 estimated reserves provision is satisfactory. However, by the end of the MTFs period reserves will reduce to a negative balance of (£0.8m), £3.5m below the minimum level of reserves. The Cabinet has been informed that this differs to that contained within the Officer's report, (£1.2m) and £3.8m respectively refer.

Tabled at the meeting were amendments to Section 6 – Formal 2016/17 Council Tax Resolutions. These are required to account for the additional One Leisure income of £25,000 (following the re-profiling of the budgets) and Barham and Woolley Parish having notified the Council that they are increasing their original 2016/17 precept from £600 to £800.

The Cabinet has been provided with the results of Business Community Consultation for the Budget 2016/17 and MTFs. By law the Council is required to consult its businesses. Two consultations have taken place, one in the summer and one in January 2016. In total 1,300 businesses were invited to complete the recent Business Community Consultation Survey and in total fifteen responses were received, which is an increase of four from the previous year.

Although there is a slight increase in the number of responses to the survey the Cabinet were disappointed with the response rate and agrees that further work is required to engage with the business community.

The Cabinet has agreed that a robust budget has been developed that is a credit to the authority and to the officers that have worked to develop a sound budget in times where local government funding is volatile.

The Cabinet has been informed that the Council has received confirmation from the Better Care Fund that the amount of Disable Facility Grant (DFG) it will receive is double than expected. Having referred to Table G in the budget the Cabinet has agreed that the gross amount in the budget regarding DFG is to remain the same and the 'Grants and Contributions' and 'Internal Borrowing' be amended. It has been noted to the Cabinet that this will also have a minor impact on the Treasury Management Strategy.

The Cabinet were sceptical that a better response rate to the Business Community Consultation will provide a different outcome as businesses were being asked about Council Tax which is not applicable to businesses. The Cabinet has accepted that it is a statutory responsibility for the Council to consult its businesses, but in doing so it also needs to consider value for money.

Having considered the comments of the Overview and Scrutiny Panel (Finance and Performance) (Item No. 4 of their Report refers) the Cabinet has agreed that it is imperative for Cambridgeshire County Council to review its budgets and managerial structures before the District Council considers subsidising any County Council services and in conclusion the Cabinet,

RECOMMENDS

that the Council approve:

- i. the budget for 2016/17 and MTFS 2017/18 to 2020/21 (this includes Revenue at Section 2 and the Capital Programme at Section 3 of Appendix 1 of the submitted report) subject to the following amendments;

- a. Section 3 – Capital - Table G

Regarding the Disabled Facility Grant that the gross amount in the budget remains the same and the ‘Grants and Contributions’ and ‘Internal Borrowing’ amended to reflect the additional £0.5m in Disabled Facility Grant that has been awarded to the Council for 2016/17.

- b. Section 6 - Formal 2016/17 Council Tax Resolution (as tabled at the meeting)

6.1 .b (i)	£82,326,188
6.1.b (ii)	£68,949,819
6.1.b (iii)	£13,376,369
6.1.b (v)	£5,471,086

- ii. fees and charges for 2016/17 (Appendix 1, Section 7 and Annex A of the submitted report);
 - iii. freezing of the Council Tax for 2016/17 at £133.18 at Band D; and
 - iv. new ‘Plan-on-a-Page’ financial savings targets.

50. 2016/17 TREASURY MANAGEMENT STRATEGY

By way of a report from the Head of Resources (this item appears separately on the Council Agenda as an item for decision, Item No. 4(a) refers), the Cabinet has been presented with the Treasury Management Strategy (TMS).

The Council is required by law to approve, on an annual basis a Treasury Management Strategy. This requirement is enshrined within relevant Codes of Practice issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and other guidance issued by central government.

The aim of the TMS is to manage the Council's investments, cash flows, banking, money market and capital market transactions, loans and borrowings within the requirements of an effective control environment but coupling this with the pursuit of optimum performance and yield and at the same time managing the portfolio's risk profile.

The Treasury Management Strategy also takes into account the Commercial Investment Strategy (CIS) Business Plan that has been approved by Cabinet at its meeting in December 2015.

The Cabinet were reminded that following confirmation of the Disable Facility Grant the Council will receive from the Better Care Fund, that the Treasury Management Strategy will require slight amendments.

The Cabinet has been informed of progress regarding investments as part of the CIS.

Having considered the comments of the Overview and Scrutiny Panel (Finance and Performance) (Item No. 5 of their Report refers) the Cabinet has concurred that it does not support the suggestion of suspending investment in the CIS to address the £3.5m funding gap. The Cabinet has agreed that investments made via the CIS will generate income to assist in achieving the funding gap. Whereby the Cabinet,

RECOMMENDS

that the Council approve:

- i. the Treasury Management Policy, Appendix 2 of the submitted report;**
- ii. the Treasury Management Strategy, Appendix 3 of the submitted report (subject to the amendments required to reflect the additional Disabled Facility Grant that has been awarded to the Council);**
- iii. the Prudential, Treasury Management and CIS Indicators, Appendix 4 of the submitted report; and**
- iv. the Annual Minimum Revenue Provision Policy 2016/17, Appendix 5 of the submitted report.**

Matters for Information

51. APPOINTMENTS TO VARIOUS JOINT GROUP/ADVISORY GROUPS

The Cabinet has varied the Membership of the following:

Hinchingbrooke Country Park Joint Group	Councillors R C Carter, T F Hayward, T D Sanderson and R J West.
Development Plan Policy Advisory Group	Councillors Mrs B E Boddington, P L E Bucknell, E R Butler, Mrs S J Conboy, D B Dew, Mrs L A Duffy and J M Palmer.

Safety Advisory Group	Councillors Mrs B Boddington, J W Davies, A Hansard, B Hyland and Mrs P A Jordan
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52. **OXMOOR ACTION PLAN FOR OPEN SPACE – TREATMENT OF SECTION 106 MONIES**

Having considered the comments of the Overview and Scrutiny Panel (Finance and Performance) (Item No.2 of their Report refers)

the Cabinet has received a report regarding the treatment of Section 106 monies received from the sale of land for housing development at California Road.

In order to seek an agreement with Huntingdon Town Council (HTC) regarding the treatment of Section 106 monies and to ensure the remaining monies are targeted as clearly identified priorities from the Needs Analysis of Open Space and Play in Huntingdon, the Cabinet has approved in principle the way forward to enable the conclusion of the matter with HTC, as detailed in Section 3 of the Officer's report, and that negotiation with HTC is delegated to the Managing Director in consultation with the Executive Councillors for Operations and Environment and Commercial Activities.

The Council has received £1.405m in Section 106 payments from the sale of the Cambridgeshire County Council land at California Road and it is agreed that monies should be allocated as follows:

	Supplementary Planning Agreement Commitment (£)	Allocation to HDC (£)	Allocation to HTC (£)	Total (£)
Construction of Coneygear Park	410,000	823,000	0	823,000
Maintenance of Coneygear Park	501,000	200,000	282,000	482,000
Doorstep Greens & Neighbourhood Gardens	100,000	100,000	0	100,000
Total (£)	1,011,000	1,123,000	282,000	1,405,000

Regarding the allocations, Huntingdon District Council (HDC) is apportioned £823k to meet the costs incurred on the construction of Coneygear Park subject to auditable records of expenditure. HDC is allocated £100k in accordance with the Supplementary Planning Agreement to work with HTC to create neighbourhood gardens that have been identified as a priority in the Needs Analysis of Open Space and Play for Huntingdon. The balance from the Section 106 monies realised (£482k) is allocated £200k to HDC to support the continued employment of a Ranger approved as part of the January 2003 Cabinet report and £282k to HTC for the ongoing maintenance of

Coneygear Park. The reduced sum from maintenance of Coneygear Park is proposed on the basis that £413k of additional resources have been invested in creation of the park.

The proposal provides HTC with a sum for the on-going maintenance of Coneygear Park and also enables HDC to recover the upfront construction costs for Coneygear Park that have been incurred; and the costs for the Ranger post in accordance with the Cabinet report of January 2003.

53. **STREET CLEANSING - SERVICE SPECIFICATION**

Having considered the comments of the Overview and Scrutiny Panel (Economy and Growth) (Item No.4 of their Report refers) the Cabinet has approved the Street Cleansing Service Specification and the publishing of core information regarding the service on the Council's website. The future service specification will be subject to review against the results of the NI 195 auditing of the service.

The active independent monitoring of the street cleansing service being introduced (NI 195 auditing) is to a prescribed format and the results are benchmarked nationally. The auditing will test if the frequencies are correct and it is highly likely some will be amended, with both increases and decreases in cleansing frequencies.

The Street Cleansing Service Specification has been developed to better direct the street cleansing activities delivered by the Operations Service and to make cleansing frequencies and standards more transparent for residents.

The service availability detail and the cleansing zones will be published on the Council's Website to enable residents to have immediate access to the core information regarding the street cleansing service provided by the Council.

54. **OPEN SPACES WATER SAFETY POLICY**

Having considered the comments of the Overview and Scrutiny Panel (Economy and Growth) (Item No.3 of their Report refers) the Cabinet has approved the Open Spaces Water Safety Policy to enable the Council to better ensure the safety of users of public open space including the proposed programme of site specific risk assessments.

An open water area within public open space that could present a real danger to users if it is not well managed and the Policy establishes the direction for the future management of Council owned open water.

The water safety policy has been designed and developed based on advice and guidance from the Royal Society for the Prevention of Accidents (RoSPA) 'Safety in Inland Water Sites - Operational Guidelines'. Over the next 12 months RoSPA will train staff to conduct site specific risk assessments resulting in the Council being self-sufficient in the future to create sustainable arrangements for managing open water areas.

In accordance with best practice the management measures that will be adopted following the site specific risk assessments will include:

- provision of off-site safety information predominantly via the Council's Website such as information regarding swimming lessons;
- when confirmed as required by the site specific risk assessments provision of onsite signage that details the key dangers and safety arrangements;
- site rescue equipment to be provided if confirmed by the site specific risk assessments;
- edge protection, particularly the removal of dense vegetation at the appropriate time of year if confirmed as required by the site specific risk assessments;
- in the design of future new sites that contain open water, RoSPA design guidance will be followed.

55. **VOLUNTARY SECTOR GRANT FUNDING 2016/17 – 2019/20**

The Council's grant funding agreements for the voluntary sector expire on 31st March 2016 and therefore the Cabinet has considered a report on how, or if, the Council should continue to grant fund the voluntary sector over another four year term.

For the last three years the Council has operated a Voluntary Sector Grant fund. In 2015/16, the budget for the grants was £248,700 from which the following organisations were funded:

Rural Cambridgeshire Citizens Advice Bureau;
Disability Information Services Huntingdonshire;
Hunts Forum for Voluntary Organisations;
Care Network;
Huntingdon Volunteer Centres; and
Huntingdon Shopmobility.

The Councils current financial objective is to reduce all budgets by 38% by March 2020 and Government guidelines state that 'voluntary sector organisations in receipt of public finances should not be treated disproportionately to those services directly provided by statutory authorities'. On this basis the Cabinet has expressed a preference for Option 2 as detailed in the Officer's report, that the Voluntary Sector Grant Fund Budget should be reduced equally over the term of the current Medium Term Financial Strategy by 38% by 2019/2020.

Having considered the various options for the future funding of voluntary sector grants between 2016/17 and 2019/20 as detailed within the Officer's report, the Cabinet has resolved that funding cease to the Huntingdon Shop Mobility scheme with no further grant award for 2016/17 on the basis that it has not met the performance conditions within the existing grant award in not achieving additional matched external funding; and it is not a service that the Council provides across its other major towns.

Having considered the comments of the Overview and Scrutiny Panel (Communities and Customers) (Item No.2 of their Report refers) the Cabinet has agreed that the Council continue to fund the remaining five organisations for the financial year 2016/17 at the same existing grant level subject to confirmation and funding evidence from each organisation of its continued financial/operational viability (including identification of other funding streams which it is dependent upon); and notification of a fundamental review of HDC Voluntary Sector Grant Funding system during 2016/17.

The Cabinet agreed that the criteria that organisations must meet in order to receive funding requires significant review and therefore it has been agreed that a District Council led Working Group of appropriate Members and Officers of both the District and County Councils be established to review the Voluntary Sector Grant Funding system, on the principles of:

- a) tapering funding from 2016/17 in line with the District Councils overall Medium Term Financial Strategy and as detailed in Paragraph 3.1.3 Option 2 of the Officer's report;
- b) a commissioning and outcomes model with funding focused upon infrastructure organisations, taking due account of the National Association for Voluntary and Community Action (NAVCA) 'Change for Good' report and in particular Recommendation 14 of that report as expressed at Paragraph 3.2.2 Option B of the Officer's report;
- c) the Working Group to conclude its recommendations direct to the Cabinet no later than end July 2016.

The Cabinet were mindful that not all voluntary organisations have the expertise to undertake an efficiency review of their individual businesses. However, on the principle of needing to secure proper value for money and real community outcomes from the effective use of public funds the Cabinet has further agreed that the Council expects funded organisations to undertake an efficiency review of their individual business on a 'Lean' or Zero Based Budgeting concept approach, which the Council could assist with and for which support should be sought from the NAVCA and from the Hunts Forum as representative of voluntary sector organisations.

56. **DRAFT 2016/17 REVENUE BUDGET AND MEDIUM TERM FINANCIAL STRATEGY (2017/18 TO 2020/21)**

The Cabinet has been provided with the detail of the draft budget preparations to date. The 2016/17 budget and Medium Term Financial Strategy (MTFS) have been set following agreed policies and the completion of the Zero Based Budget (ZBB) exercise that started in the autumn of 2014. All departments within the Council have now received a fundamental review of the service and the resources required to deliver those services. Tranche 1 savings from the ZBB programme delivered in December 2014 were built into the 2015/16 budget. Tranches 2 and 3 have taken place during the current financial year and have been incorporated within the draft budget for 2016/17 and the MTFS 2016/17 to 2020/21.

In addition, the draft budget and MTFFS has also taken into account the following:

- conclusions of ZBB Light reviews;
- revenue implications of the draft capital programme;
- grant settlement relating to New Homes Bonus and Council Tax Freeze Grant and Funding Estimates for Revenue Support Grant and New Homes Bonus; and
- the draft capital programme 2016/17 to 2020/21

The Cabinet congratulated Members and Officers for the achievements to date and noted that the next stage in the savings process was transformation and delivery. The Council also needed to address the sickness absence levels as this was a cost to the Council.

Having considered the comments of the Overview and Scrutiny Panel (Economic Well-Being) (Item No.1 of their Report refers) the Cabinet has:

- approved the freezing of Council Tax for 2016/17;
- approved the removal of the savings proposal to charge a bus departure levy within the District;
- approved the draft capital programme 2016/17 to 2020/21;
- approved the overall draft budget 2016/17 and Medium Term Financial Strategy (MTFS) 2017/18 to 2020/21;
- considered the current MTFFS position with regards to the General Fund Reserve and agreed to continue the use of the Zero Based Budgeting principles and commits to continue to develop the actions and programmes as set out in the 'Plan on a Page' to find further savings and efficiencies in order to maintain a prudent level of reserves throughout the MTFFS;
- approved the Council Tax Base 2016/17;
- considered the offer by Government to all Councils of a four-year financial settlement and agreed that if the deadline for submission of an efficiency plan is before the February Cabinet meeting, that delegated authority is given to the Head of Resources to approve the plan subject to agreement by the Executive Councillor Resources.
- following the resolution regarding Voluntary Sector Grant Funding 2016/17 – 2019/20 (Minute No. 77) that the changes be reflected in the Voluntary Sector Grants budget for 2016/17 and over the MTFFS period.

57. **ANNUAL EQUALITY PROGRESS REPORT 2015**

Having considered the comments of the Overview and Scrutiny Panel (Economic Well-Being) (Item No.3 of their Report refers) the Cabinet has been updated on progress with the Council's equality objectives and has resolved to adopt equality objectives and actions that are more relevant and Huntingdonshire focused.

The Single Equality Scheme (SES) 2010-2013 and annual Human Resources Employee Equality Monitoring Report demonstrates how the Council meets its statutory responsibilities, in particular how the Council takes account of the Public Sector Equality Duties (PSED) as set out in the Equality Act 2010; and achievement against the Equality Framework for Local Government (EFLG).

It was noted that the Council's report template should incorporate reference to PSED to ensure it is considering equality issues as part of the decision making process.

58. **FUTURE SERVICE PROVISION**

(The following item was considered as an exempt item under paragraphs 1 - 4 of Part 1 of Schedule 12A of the Local Government Act 1972).

Having considered the comments of the Overview and Scrutiny Panel (Finance and Performance) (Item No.3 of their Report refers) the Cabinet has agreed the recommendations as detailed within the Officer's report.

59. **INTEGRATED PERFORMANCE REPORT 2015/16
QUARTER 3**

Having considered the comments of the Overview and Scrutiny Panel (Finance and Performance) (Item No. 6 of their Report refers), the Cabinet has considered and commented on progress against the Key Activities and Corporate Indicators listed in the Council's Corporate Plan for 2015/16 for the period 1st October to 31st December 2015 and progress on the current projects being undertaken at the Council.

The Cabinet has been informed that three of the four Key Actions with a red status, meaning the action was behind schedule, were soon to be assigned an amber status meaning that progress is within an acceptable variance.

The Cabinet has also considered and commented on the Council's financial performance on revenue and capital spend as at the end of December 2015.

The Cabinet has retrospectively approved the establishment of the Budget Surplus Earmarked Reserve.

In acknowledging that the Council's forecast net revenue position is £18.1m, which is £1.0m ahead of the updated budget, the Cabinet has noted that the number of appeals regarding Non Domestic Rates (NDR) has reduced the NDR income. The position in respect of appeals is unpredictable and further appeals could result in a reduced forecast. The uncertainty as to when new premises will come into valuation further increases this volatility.

In addition the Cabinet has noted that there is a national issue of the NHS refusing that it should pay NDR on the basis it is a Trust. Dependant on the outcome this could have a significant impact on the budget.

Performance management information was initially devised to monitor the performance of the Corporate Plan and the Cabinet has agreed that this is now well established. The Council has undertaken various processes to identify savings and efficiencies such as 'Facing the Future', Zero Based Budgeting and Lean thinking. Going forward the Cabinet has agreed that the report should capture measurement criteria for Lean activities as these must be embedded into the organisation.

The Cabinet has agreed that the 'Facing the Future' document, which was the initial work completed to identify savings, remains a live and valuable document that could be used if the Council is required to promptly identify further savings.

One of the three red indications refers to developing a Market Town Centre Improvement Strategy and Action Plan for St Neots. The Cabinet has been informed that prioritisation of other Planning Policy work meant that work has not commenced on this. However, now the St Neots Neighbourhood Plan Referendum has concluded the purpose of a Strategy and Plan will be reviewed.

Regarding two further red indicators being the 'Buildings at Risk' Register and the Design Guide, the Cabinet were informed that these have not been updated as other urgent matters, particularly enforcement matters, have meant resources have been deployed elsewhere. Consultation on the Design Guide document is anticipated to commence in the next reporting quarter.

J D Ablewhite
Chairman