

STRATEGY AND RESOURCES SCRUTINY COMMITTEE 3 February 2020
5.02 - 8.05 pm

Present: Councillors Davey (Chair), Todd-Jones (Vice-Chair), Bick, Dalzell and Green

Executive Councillors: Herbert (Executive Councillor for Strategy and External Partnerships) and Robertson (Executive Councillor for Finance and Resources)

Other Councillors present: Executive Councillors: Johnson, Massey, Moore, Smith and Thornburrow Opposition Spokes: Cantrill, Martinelli, McGerty and Payne

Officers:

Chief Executive: Antoinette Jackson

Director of Planning and Economic Development: Stephen Kelly

Strategic Director: Fiona Bryant

Strategic Director: Suzanne Hemingway

Head of Corporate Strategy: Andrew Limb

Head of Finance: Caroline Ryba

Committee Manager: Sarah Steed

FOR THE INFORMATION OF THE COUNCIL

20/1/SR Apologies for Absence

No apologies were received.

20/2/SR Declarations of Interest

No declarations of interest were made.

20/3/SR Minutes

The minutes of the meeting held on 7 October 2019 were approved as a correct record and signed by the Chair.

20/4/SR Public Questions

There were no public questions.

20/5/SR To Note Record of Urgent Decisions Taken by the Executive Councillors

5a Cambridge Northern Fringe East Funding Agreement Approval

The decision was noted.

5b Purchase of land

The decision was noted.

20/6/SR Combined Authority Update

Matter for Decision

The report provided an update on the activities of the Cambridgeshire and Peterborough Combined Authority (CPCA) since the 7 October meeting of Strategy & Resources Scrutiny Committee.

Decision of Executive Councillor for Strategy and External Partnerships

- i. Noted the update on issues considered at the meetings of the Combined Authority held on 30 October 2019, 27 November 2019 and 29 January 2020.

Reason for the Decision

As set out in the Officer's report.

Any Alternative Options Considered and Rejected

Not applicable.

Scrutiny Considerations

The Committee received a report from the Chief Executive and noted the decision notice of the Combined Authority Board meeting held on the 29 January 2020, which was circulated at the meeting.

The Committee made the following comments in response to the report:

- i. Asked why the lead members and chairs of committees in the Combined Authority structure did not have a representative from Cambridge City or South Cambridgeshire District Council.
- ii. Questioned the £100,000 homes business case.

- iii. Asked if the Local Transport Plan which had been approved at the most recent Combined Authority Board meeting had retained reference to the role about demand management and highway congestion.
- iv. Questioned what the impending Cam Metro consultation would be about as there seemed to be little or no information about it.

Councillor Herbert said the following in response to Members' questions:

- i. The Combined Authority Mayor appointed the Deputy Mayor and the lead members. Neither he nor the leader of South Cambridgeshire District Council had been appointed to chair any of the committees.
- ii. The committee model had improved representation on the Combined Authority and he noted that there had been a number of changes to various local authority leaders since the inception of the Combined Authority.
- iii. The homes business case was about trialling different types of development within the different Combined Authority areas. He hoped to see trials in Cambridge and South Cambridgeshire but this would depend on how the funding could be brought together.
- iv. He would follow up the Local Transport Plan query.
- v. He could not add anything further to the query regarding the Cam Metro consultation. He hoped as the authority most affected that the City Council would have had the opportunity to see the consultation before it went public however, he anticipated that the City Council would see the consultation at the same time as everyone else.

The Committee noted the report.

Conflicts of Interest Declared by the Executive Councillor (and any Dispensations Granted)

No conflicts of interest were declared by the Executive Councillor.

20/7/SR Capital Strategy

Matter for Decision

The report outlined the capital strategy of the Council together with a summary capital programme for the General Fund (GF) and the Housing Revenue Account (HRA). The previous capital strategy was approved by Council on 21 February 2019 and the report update focused on providing a framework for delivery of the capital expenditure plans over a 10 – 30 year period.

Decision of Executive Councillor for Finance and Resources

To recommend Council to

- i. Approve the capital strategy as set out in this report.
- ii. Note the summary Capital programme.

Reason for the Decision

As set out in the Officer's report.

Any Alternative Options Considered and Rejected

Not applicable.

Scrutiny Considerations

The Committee received a report from the Head of Finance.

The Committee made the following comments in response to the report:

- i. Referred to paragraph 5.26 of the officer's report and asked what the implications would be regarding the removal of the debt cap.
- ii. Referred to paragraph 7.23 of the officer's report and asked whether the council worked to target parameters regarding the use of investment property income to support the costs of services.
- iii. Referred to section 7 of the officer's report and expressed concern regarding the liquidity of the council's assets as it invested in commercial property.

The Head of Finance said the following in response to Members' questions:

- i. The Housing Revenue Account (HRA) Budget Setting Report began to consider how the HRA might use debt in the future to fund development. At the moment the debt cap would not be exceeded.
- ii. The use of investment property income to support the council's activities had been established over many years, the council considered 50% to be the prudent maximum level of this indicator. This figure was likely to increase rather than reduce as a result of the council's plans for redevelopment.
- iii. The council had £170 million in commercial investments and over £100 million in cash so the council had significant liquidity. There were plans for investment and the Finance Team kept an eye on the liquidity of council assets daily.

The Committee resolved by 3 votes to 0 to endorse the recommendations.

The Executive Councillor approved the recommendations.

Conflicts of Interest Declared by the Executive Councillor (and any Dispensations Granted)

No conflicts of interest were declared by the Executive Councillor.

20/8/SR Treasury Management Strategy Statement Report 2020/21 to 2022/23**Matter for Decision**

The Council is required to receive and approve as a minimum three main treasury management reports each year.

The first and most important is the Treasury Management Strategy, which covers:

- Capital plans (including prudential indicators)
- A Minimum Revenue Provision policy which explains how unfinanced capital expenditure will be charged to revenue over time;
- The Treasury Management Strategy (how investments and borrowings are to be organised) including treasury indicators; and
- A Treasury Management Investment Strategy (the parameters on how investments are to be managed)

A mid-year treasury management report is produced to update Members on the progress of the capital position, amending prudential indicators as necessary and advise if any policies require revision.

The Outturn or Annual Report compares actual performance to the estimates in the Strategy.

The statutory framework for the prudential system under which local government operates is set out in the Local Government Act 2003 and Capital Financing and Accounting Statutory Instruments. The framework incorporates four statutory codes. These are:

- the Prudential Code (2017 edition) prepared by CIPFA;
- the Treasury Management Code (2017 edition) prepared by CIPFA;
- the Statutory Guidance on Local Authority Investments prepared by Ministry of Housing, Communities and Local Government (MHCLG) (effective 1 April 2018); and

- the Statutory Guidance on Minimum Revenue Provision prepared by MHCLG (effective 1 April 2019).

It should be noted that the estimated Prudential & Treasury Indicators for 2019/20 to 2023/24 (inclusive), as set out in Appendix C to the officers report, include amounts for other long-term liabilities arising from the implementation of International Financial Reporting Standard (IFRS) 16 in April 2020. In previous years there were no long-term liabilities to be disclosed within these indicators.

Decision of Executive Councillor for Finance and Resources

To recommend Council to

- i. Approve this report, including the estimated Prudential & Treasury Indicators for 2019/20 to 2023/24 (inclusive) as set out in Appendix C of the officer's report.

Reason for the Decision

As set out in the Officer's report.

Any Alternative Options Considered and Rejected

Not applicable.

Scrutiny Considerations

The Committee received a report from the Head of Finance. She referred members to page 72 of the agenda pack and asked members to note that the amount for treasury indicators for long term liabilities was extended at the last Strategy and Resources Scrutiny Committee in relation to borrowing for the Park Street development.

The Committee unanimously resolved to endorse the recommendations.

The Executive Councillor approved the recommendations.

Conflicts of Interest Declared by the Executive Councillor (and any Dispensations Granted)

No conflicts of interest were declared by the Executive Councillor.

20/9/SR General Fund Budget Setting Report 2020/21

Matter for Decision

The Budget-Setting Report (BSR) included the detailed revenue bids and savings and capital proposals and sets out the key parameters for the detailed recommendations and budget finalisation being considered at this meeting. The report reflects recommendations that will be made to The Executive on 3 February 2020 and then to Council, for consideration at its meeting on 13 February 2020.

Decision of Executive Councillor for Finance and Resources

To recommend the Executive to:

- i. Approve Revenue Pressures shown in Appendix C (b) and Savings shown in Appendix C (c) of the officer's report.
- i. Approve Non-Cash Limit items as shown in Appendix C (d) of the officer's report.
- ii. Agree there are no bids to be funded from External or Earmarked Funds (which would be included as Appendix C (e) of the officer's report.
- iii. Agree any recommendation in respect of the proposals outlined in Appendix D(a) of the officer's report for inclusion in the Capital Plan including any additional use of revenue resources required.

To recommended Council to

- i. Approve delegation to the Chief Financial Officer (Head of Finance) of the calculation and determination of the Council Tax taxbase (including submission of the National Non-Domestic Rates Forecast Form, NNDR1, for each financial year) which will be set out in Appendix A (a) of the officer's report.
- ii. Approve the level of Council Tax for 2020/21 as set out in Appendix A (b) of the officer's report (*to follow for Council*) and Section 4 [page 17 refers of the BSR].

Note that the Cambridgeshire Police and Crime Panel will meet by 6 February 2020 to consider the precept proposed by the Police and Crime Commissioner, Cambridgeshire & Peterborough Fire Authority will meet on 5 February 2020 and Cambridgeshire County Council will meet on 11 or 14 February 2020 to consider the amounts in precepts to be issued to the City Council for the year 2020/21.

- iii. Approve delegation to the Head of Finance to finalise changes relating to any corporate and/or departmental restructuring and any reallocation of support service and central costs, in accordance with the CIPFA Service Reporting Code of Practice for Local Authorities (SeRCOP).
- iv. Approve the revised Capital Plan for the General Fund as set out in Appendix D (c) of the officer's report, and the Funding as set out in Section 6, page 25 of the BSR.
- v. Approve the updated Corporate Plan 2019-2022 attached as Appendix B to the officer's report.
- vi. Note the impact of revenue and capital budget approvals and approved the resulting level of reserves to be used to support the budget proposals as set out in the table in section 8, page 46 of the BSR.
- vii. Approve the creation of an earmarked reserves to be called the Transformation Fund and its associated remit on page 19 of the BSR.

Reason for the Decision

As set out in the Officer's report.

Any Alternative Options Considered and Rejected

Not applicable.

Scrutiny Considerations

The Committee received a report from the Head of Finance, she also referred members to replacement page 92 of the agenda which had been corrected because of errors in the subtotals in the table.

Members of the Executive and Spokes Councillors who did not ordinarily attend the Strategy and Resources Scrutiny Committee joined the Committee for discussion on the budget.

Fair Funding review

In response to members' questions the Head of Finance confirmed:

- i. The Council took advice on the fair funding review from a consulting firm called Pixal. They gave advice on future funding projections. The New Homes Bonus balances and growth from business rates were removed as she expected the baseline to be re-set as part of the funding review. These figures were only estimates and could be better or worse in the future.

URP4500 Impact of overhead recharge for shared services

In response to members' questions the Head of Finance and the Chief Executive confirmed:

- i. It was originally intended that shared services would be cost neutral between the councils. We were now in the situation where considerably more services had been transferred to South Cambridgeshire District Council as lead authority so the neutrality between the councils had not come to pass. It made more sense to look at marginal costs as there were certain parts of services which could not be reduced even where services were shared. For example with financial services, both councils would still need to prepare a statement of accounts and the same Government returns, one set could not have been done for both councils.
- ii. Savings had been made to support services in previous years which offset some of this cost for example moving out of Mill Road Depot which had enabled the redevelopment of the site.

In response to Member's questions the Councillor Robertson responded:

- i. As far as he was aware the County Council would be moving on to considering the next batch of residents parking zones.

URP4573 Proposal to balance partner contributions to 3C ICT Digital Team

In response to members questions the Strategy Director (FB) confirmed:

- i. When the digital team was set up, specific additional contributions were made by CCC to gain additional resource from the Head of the Team. The additional contributions being made should ensure that the team is resourced and able to meet customer demand. Whilst the demands on the team are increasing, the shared service directors and Intelligent Clients are agreeing prioritised work packages for the team, to ensure fit with resources and efficient progress. South Cambridgeshire District Council would be making a higher financial contribution as the City Council had previously made additional financial contributions.

B4663 Selective landlord licensing and I4671 Fees receivable for selective landlord licensing scheme.

In response to members questions Councillor Johnson confirmed:

- i. Increasing numbers of local authorities were introducing a selective landlord licensing scheme.
- ii. A feasibility survey was being undertaken to see whether the scheme was required.

- iii. It was anticipated that the scheme would apply to the private rented sector particularly in the Romsey and Petersfield wards.
- iv. Discussions had taken place with Nottingham City Council who had introduced a similar scheme and had a similar demographic to Cambridge. Feedback was that the scheme was successful. He was also aware that similar schemes had been introduced by London authorities.
- v. He did not want to pre-judge any consultation exercise however he had met with tenants who had complained about the standards / suitability of their homes which were private rented homes. This scheme would enable the council to intervene if private rented accommodation was not being maintained to a suitable standard.
- vi. If following a consultation the evidence suggested a scheme would be viable then a scheme should be considered.

In response to members questions the Strategic Director (SH), Chief Executive and Head of Finance confirmed:

- vii. There needed to be an evidence based (feasibility) exercise to support the introduction of a selective landlord licensing scheme and a consultation exercise would be carried out after this. Depending on the scale of the scheme the council may need to seek approval from the Secretary of State before introducing a scheme.
- viii. It was often the case that provision would be made in the budget for policy led schemes that the administration wanted to introduce but at the time that the budget was being considered exact details/costings were not known. Once the feasibility survey had been completed there would be due officer diligence carried out to make sure that the scheme was sound.
- ix. For the scheme to be locally approved and adopted, it must not seek to apply designation to more than 20% of the local authority's geographical area (i.e. not more than 20% of the area of the city, many local authorities have adopted schemes only for specific estates in which they have a problem), and it must not affect more than 20% of privately rented homes in the area (some authorities have chosen to license only particular types of home).
- x. This budget item had been included within the s151 officer's s25 report because there was work still to be done. The two lines of the budget income and expenditure were effectively cancelling each other out and the impact on the budget was very small.

CAP4564 Vehicle fleet replacements 2020/2021

In response to members questions Councillor Moore confirmed:

- i. A review of the fleet service was being carried out and the impacts of moving over to an electric fleet would be considered as part of the review. She believed that savings would be made but this may depend where the electric energy came from.

B4630 Consultant to lead and implement installation of EV charging in our car parks [linked to CAP4631]

In response to members questions Councillor Moore confirmed:

- i. External consultants were procured to carry out the implementation of the EV charging in car parks so that the project could be progressed as soon as possible.

S4544 Dog Warden Service – service review

In response to members questions Councillor Moore confirmed:

- i. Currently there was one member of staff who just focussed on dog warden work and others who focussed on general enforcement, the intention was to upskill the officers so that they could cover all enforcement work. The costs for training would be met from existing training budgets.

URP4506 Rebasing of Shared Planning Service expenditure budgets

In response to members questions the Director of Planning and Economic Development confirmed:

- i. A completed shared services agreement had been signed between Cambridge City Council and South Cambridgeshire District Council. The likely service costs were estimated. The planning service was a net budget but a view was taken based on assumptions. It was difficult to predict development activity in the context of changes to the planning system and the economic buoyancy of the area.

B4665 Chalk stream project

In response to members questions Councillor Thornburrow confirmed:

- i. The bid had been put forward by the Ecological Officer. She had been in contact with various local nature partnerships looking at water resources in the area to consider practical projects to improve chalk streams. The bid was an ecological proposal that could be run in this area.

S4541 Restructure cycling and walking promotion grant in line with demand

In response to members questions Councillor Massey confirmed:

- i. That the Pedestrian and Cycling Steering Group had not met for some time and this was why the service had been looked at.

- ii. The Council had considered a walking event in the city but also wanted to encourage many different sustainable forms of travel.
- iii. It was being considered whether to combine the grants process so that the pedestrian and cycling grants would be included in a single city council grants pot.

S4543 Transfer 'Green Fingers' domestic gardening service to the Housing Revenue Account

In response to members questions Councillor Johnson confirmed:

- i. The vast majority of people who had taken up the scheme had been council tenants. It was reasonable to assume that the housing revenue account should fund this to keep the service going for the vast majority of people who were council tenants.

B4609 2 seas – nature Smart Cities – partnership project to enhance green infrastructure.

In response to members questions Councillor Thornburrow confirmed:

- i. If every property in Cambridge planted one tree in their garden then Cambridge would increase its tree coverage by 5%.
- ii. Confirmed that the funding had been fully secured from the EU (post Brexit) and that it was part of a programme of working with other partners who had similar programmes.
- iii. The council retained a record of the number of trees which had been removed from the city versus those that had been planted. Reference to tree coverage was not to the number of trees but to the amount of tree cover. If young trees were planted then the tree cover may take 10-20 years to develop.

S4531 Reduction of non-essential training and overtime budgets within Community Services

In response to members questions Councillor Smith confirmed:

- i. The reduction in training was looking at whether training could be delivered in a different way for example training being delivered in-house rather than using external consultants.
- ii. The reference to reduction in overtime was to try and plan staff resource better so that staff did not unnecessarily work overtime.

CAP4571 Replacement structure for pool plantroom at Jesus Green Outdoor Pool

In response to members questions Councillor Smith confirmed:

- i. The Environment and Community Services Committee had agreed the replacement structure for the plant room at Jesus Green outdoor pool as

this was essential works which if were not carried out would mean that the outdoor pool would need to be closed.

- ii. Confirmed that if a bat survey was needed before works were undertaken then the council would ensure that a survey was undertaken.

RI4504 Bereavement Services projected reduction in income and S4537 Bereavement Services – service review

In response to members questions Councillor Smith confirmed:

- i. The service review was not designed to balance out the bereavement service, officers felt that they could deliver the service better. The loss in income should improve once the A14 was back in operation.

In response to members questions Strategic Director (FB) confirmed:

- ii. All teams had a specific training budget so if there were training requirements these should be met from existing budgets.

B4618 Celebration of Women 2020

In response to members questions Councillor Smith confirmed:

- i. The reason that this funding was not being aimed at university women was in order promote women in the civic sphere that not many people knew about. For example Clara Rackham who was a campaigner for workers' rights, and a Councillor and magistrate in Cambridge.
- ii. Confirmed she would work with Councillor Payne to see how residents and ward councillors could be involved with this project.

URP4660 Increase in service charge for Grand Arcade car park

In response to members questions the Head of Finance confirmed:

- i. When the budget setting report was completed inflation would be added to the majority of contracts. Cost centre managers from the car parks department were aware of the issue for future years.

RI4505 Reduction in car parking income for all parking revenue

In response to members questions Councillor Massey confirmed:

- i. The only data on footfall the council had was from the Lion Yard. When the Grand Arcade had the Midsummer Chronophage clock a spike in footfall was noted.

B4619 Youth Liaison Officer – supporting partnership work on child criminal exploitation and serious violent crime

In response to members questions the Strategic Director (SH) confirmed:

- i. Discussions were currently taking place regarding external support for funding.

Councillor Robertson made the following comments:

- i. There was even more uncertainty this year as to funding. The effects of the Fair Funding review were as yet unknown and it was uncertain whether anything would replace the New Homes Bonus, and this was why decisions on investments were being delayed. Income from business rates was an unknown quantity and this had amounted to a substantial figure. Reserves were higher than expected but there were proposals in the budget to spend some of this money.

The Committee resolved by 3 votes to 0 to endorse the recommendations.

The Executive Councillor approved the recommendations.

Conflicts of Interest Declared by the Executive Councillor (and any Dispensations Granted)

No conflicts of interest were declared by the Executive Councillor.

20/10/SR Amendment to Budget Setting Report (General Fund) 2020/21 to 2023/24

The purpose of the discussion was to ask questions of the Liberal Democrat Members on their group's budget amendment.

The Labour Members of the Committee and Executive Councillors asked the following questions. The answers provided by Liberal Democrat Members immediately follow.

- i. Reserves were proposed to be reduced – asked by how much and what the purpose was for.

The amendment proposes using a specified amount from reserves for investment in housing, rather than the illustrative amount set aside in the budget setting report. It shows that the council has the ability to generate income from an alternative housing model.

- ii. Asked what assurances there were that the amendment had taken account of risks with the economy and Brexit.

The amendment proposed would still meet with reserve requirements, the strategy could be phased if required.

- iii. Referred to the proposal to buy 40 houses and produce an income of £237,000 and questioned how long it would take to acquire the properties as this would need to be in place by 1 April.

Would look to phase the proposal over a period of time and would not want to disturb the Cambridge housing market.

- iv. Questioned if thought had been given to the requirement to upgrade the properties.

Had taken into account capital expenditure on the properties, this proposal had been presented in the past.

B0006 Air Quality - Engine Idling Education Campaign

- v. Engine idling had been discussed previously by the committee; her recollection was that the enforcement would cost more than the revenue raised.
- vi. Asked if there was any evidence that an engine idling campaign had been proven to make a difference.

The engine idling budget amendment was not a revenue raising item, it was an educational health campaign. Councils who had run engine idling campaigns had noticed improvements to air quality.

B0014 Civic Beekeeper (grant to local group)

- vii. She was aware of bee hives in Cambridge but questioned whether this budget amendment may be delivered better by the private sector. Honey production was a great business.

In relation to the Civic Beekeeper budget amendment, the Council had taken on the biodiversity challenge by declaring a Biodiversity Emergency at Full Council. The wildflower meadows which had been created were welcomed, but this amendment was a further action that the council could take to protect pollinators

B0020 Youth Liaison Officer – remit to include knife crime

- viii. Violent crime included knife crime

County Lines was a critical area which needed to be looked at more. County lines did lead into violent crime. Proposed to extend the scope of the role to 3 years and knife crime was a component part.

B0021 Support for lone parents in / at risk of poverty

- ix. Asked if there was a specific project identified and if any discussions with lone parents had taken place.

No specific project had been identified. Discussions with lone parents had taken place and free access to childcare was highlighted as an issue.

B0013 Enhanced leaf clearance

- x. Leaf clearance on public footpaths was the responsibility of the County Council why should the City Council pick this issue up.

The public safety aspect of the amendment was clear; was keen for the City Council to take the lead because it was seen by the public as something which had degraded over the years. Could be replaced with funding from fixed penalty notices.

B0016 Reverse cuts to cycle and walking grants (B4541)

- xi. Commented that this issue had been picked up earlier in the Budget Setting report discussion and that this grant could possibly be included with other grants so that there was a 'one stop shop' for people to contact the council about grants.

Expressed concerns that walking / cycling groups could find that the grant funding had already been spent if the grant funding was amalgamated within other grant funding.

II0002 Trade Waste Surplus

- xii Questioned how the increased surplus from trade waste could be achieved.

Wanted businesses to produce less waste, but where they do for the Council's service to be as commercial as it can. Thought that the target was very achievable as there is already work underway in the service to deliver more.

CAP0003 Housing company capital [linked with II0005, RI0004]

- xii. Referred to discussions which had taken place on a similar amendment suggested last year. Asked how 'key workers' would be defined and asked if affordable housing should be promoted for everyone (and not just key workers).

The amendment was proposed as it was felt that key workers were an important segment of society, and which they felt had been neglected by the current administration.

- xiii. Referred to a report which had been undertaken by the Greater Cambridge Partnership (GCP) in 2018 which stated that the skills demand in the Cambridge area was for a greater proportion of lower skilled workers.

The current MP had referred to a current shortage of teachers. Without teachers children could not be educated. A report had been undertaken specifically in Cambridge about key workers.

- xiv. Referred to housing for single homeless people on town hall lettings and questioned whether there was a 'need' to be met for single homeless people.

Questioned if the level of need was understood by the Executive Councillor, single people who were homeless could not get private rented accommodation. He was aware of this issue last Friday, the 'need' did exist.

CAP0012 Succession Tree Planting on Parkers Piece

- xv. Noted that this budget amendment proposed tree planting but expressed concern that this was a knee jerk reaction to plant further trees on Parker's Piece. The quality of the area was open and flat. The history of the area should be considered, this was where the rules of football were developed and Parkside School used the area for sports lessons. Believed the area was in or close to a Conservation Area. Planting further trees may damage the character of the area.

The description of the amendment was clear that the proposal was only to replace and maintain trees along the perimeter of the area so that it did not impinge on the use of the open space for sports and events.

The Conservation Area Plan for Parkers Piece was agreed in 2001 and called for the provision of succession planting.

The meeting ended at 8.05 pm

CHAIR