

**STRATEGY AND RESOURCES SCRUTINY COMMITTEE** 20 November 2023  
5.30 - 7.05 pm

**Present:** Councillors Robertson (Chair), Baigent (Vice-Chair), Bennett, Bick, Gawthrope Wood, Holloway and Young

**FOR THE INFORMATION OF THE COUNCIL**

**23/106/SR Apologies for Absence**

No apologies were received.

**23/107/SR Declarations of Interest**

Name	Item	Interest
Councillor Baigent	All	Personal: Member of Cambridge Cycling Campaign
Councillor Bennett	All	Ward Councillor for Abbey

**23/108/SR Minutes**

The minutes of the meeting held on 02 October 2023 were approved as a correct record and signed by the Chair.

**23/109/SR Public Questions**

There were no public questions.

**23/110/SR To Note Record of Urgent Decision Taken by the Executive Councillor for Finance and Resources**

**5a Building Cleaning Contract**

The decision was noted.

## **23/111/SR Treasury Management Half Yearly Update Report 2023/24**

### **Matter for Decision**

The council has adopted The Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Treasury Management (Revised 2021).

This half-year report has been prepared in accordance with the Code and covers the following:

- An economic update for the first half of the 2023/24 financial year;
- A review of the Treasury Management Strategy Statement and Annual Investment Strategy;
- The Council's capital expenditure, as set out in the Capital Strategy, and prudential indicators;
- A review of the Council's investment portfolio for 2023/24;
- A review of the Council's borrowing strategy for 2023/24; and
- A review of compliance with Treasury and Prudential Limits for 2023/24.

Cash and investment balances as at 29 September were £142 million. The balance is forecast to gradually reduce over the remainder of the year as existing balances are used to fund General Fund (GF) and Housing Revenue Account (HRA) capital expenditure.

Interest receipts for the year are projected at £6,271,000 which is £3,954,000 above the original budget. Interest receipts are forecast higher than last year due mainly to increases in investment rates and higher cash balances being held for longer periods than expected.

### **Decisions of Executive Councillor for Finance and Resources**

The Executive Councillor is asked to:

Recommend to Council the council's estimated Prudential and Treasury Indicators for 2023/24 to 2026/27 (Appendix A).

Note that no changes have been made to the counterparty list (Appendix B).

### **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 Deputy Chief Finance Officer.

The Deputy Chief Finance Officer and the Chief Finance Officer said the following in response to Members' questions:

- i. Increase in borrowing reflected the Housing Revenue Account (HRA) plans to continue to build new homes, the MTFS 30-year business plan and the upcoming draw down of loan financing in respect of the redevelopment of Park Street,
- ii. The 30-year HRA business plan had considered the interest expense in undertaking borrowing.
- iii. If additional funding were available from Government, this would affect the Council's ability to offer different types of housing.
- iv. There was no formal arrangement within the 30-year plan to repay the HRA borrowing.
- v. The previously assumed HRA business plan assumed there would be re-payment and that money was put aside to be put towards the re-payment of the initial self-financing loans. As finances had become tighter it was more difficult to do so. The business plan funds the interest costs. When loans come due, they would not be re-paid but refinanced. The Council retains the housing assets to back up the HRA loans held.
- vi. Regarding lending to other local authorities, the largest loan amount outstanding was £6 million. There were several similar amounts to other local authorities. There were approximately 10 local authorities.
- vii. Regarding de-carbonising investments, would work with investment funds going forward to provide clear information.

The Scrutiny Committee unanimously approved the recommendations.

The Executive Councillor for Finance and Resources 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.

## **23/112/SR General Fund Medium Term Financial Strategy 2023/24 to 2032/33 and indicative strategic budget proposals for consultation**

### **Matter for Decision**

#### **Overview of Medium Term Financial Strategy**

- This report presents and recommends the budget strategy for the 2024/25 budget cycle as outlined in the MTFS October 2023 document, which is attached and to be agreed (Appendix 1). Also presented at Appendix 2 is the proposed budget consultation for 2024/25.
- This report also recommends the approval of new and amended revenue and capital items as shown in the MTFS.
- At this stage in the 2024/254 budget process the range of assumptions on which the Budget Setting Report (BSR) published in February 2023 was based need to be reviewed in light of the latest information available to determine whether any aspects of the strategy need to be revised. This then provides the basis for updating the budget for 2024/25 and to provide indicative budgets to 2033/34. All references to the recommendations to Appendices, pages and sections relate to MTFS Version 1.0.
- The recommended budget strategy is based on the outcome of the review undertaken together with financial modelling and projections of the council's expenditure and resources in light of local policies and priorities, national policy and economic context. Service managers have identified financial and budget issues and pressures, and this information has been used to inform the MTFS.

#### **Decisions of Executive Councillor for Finance and Resources**

The Executive Councillor is asked to recommend to Council:

##### **General Fund Revenue**

- To agree the incorporation of changed assumptions as presented in Section 3 [pages 12 and 13], which provide an indication of the net

savings requirement, by year for the next five years [page 16], and revised projections for General Fund (GF) revenue and funding as shown in Appendix A [page 34] and reserves, Section 6 [page 26].

- 2.2 To agree the 2023/24 revenue budget proposal as set out in Section 4 [page 15], for a £651k increase in pay budgets to reflect the recently agreed pay settlement for 2023/24.

## Capital

- To note the changes to the capital plan, as set out in Section 5 [pages 22 to 25]. and Appendix B [pages 35 to 44] of the MTFS document.
- To agree a capital spending proposal, rephasing and scheme deletions/reductions as set out below.

Ref.	Description - £'000s	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	Total
	<b>Proposals</b>							
SC853	East Barnwell redevelopment	49	1,447	1,996	677	-	-	4,169
	<b>Rephasing</b>							
SC732	Park Street car park development	(69,203)	(7,173)	-	-	-	-	(76,376)
		11,295	65,081					76,376
PR055	Operational Hub	(9,308)	-	-	-	-	-	(9,308)
		705	8,063	-	-	-	-	9,308
	<b>Deletion/reduction</b>							
SC771	Data and analytics	(70)	-	-	-	-	-	(70)
SC770	ICT project delivery	(40)	-	-	-	-	-	(40)
SC804	ICT and digital capabilities	(145)	-	-	-	-	-	(145)
SC659	Online customer portal	(19)	-	-	-	-	-	(19)
	<b>Total</b>	<b>(66,736)</b>	<b>67,418</b>	<b>1,996</b>	<b>677</b>	<b>-</b>	<b>-</b>	<b>3,355</b>

## Reserves

- To agree changes to GF reserve levels, the prudent minimum balance being set at £5.934 million and the target level at £7.121 million as detailed in Section 6 [page 27].
- To approve the contribution of £700k of general reserves and £274k of funding released from capital schemes to the Our Cambridge Transformation earmarked reserve as set out in Section 4 [pages 19 to 21].

- To approve the council's reserve policy as set out in Appendix E [page 47].

### **MTFS and budget consultation**

- The Executive Councillor is also asked to recommend that The Executive agree the budget consultation, which is based on the presented MTFS and will run from 21 November 2023 to 14 January 2024.

### **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 Finance Officer.

The Chief Finance Officer, Deputy Chief Finance Officer and the Chief Operating Officer said the following in response to Members' questions:

- i. Regarding an enquiry as to why there was not a draft budget at this stage, stated that received feedback that there was a wish to extend the period of the budget consultation. Therefore at this stage there were no firm proposals. Were expecting a considerable amount of feedback as a result of the budget consultation extension that could be worked into the budget in January. That would give residents a longer time for residents to reply to the consultation.
- ii. Regarding scenario modelling on Pg. 55 of the report a report, best- and worst-case scenarios are modelled. In general terms, these cases were dependent on assumptions regarding interest rates.
- iii. What had been modelled on Pg. 55 were considered reasonably possible situations.

- iv. If inflation rates stay high and if local government pay settlement was higher and financing costs increased there would be less resources available.
- v. The MTFs was revised every year concerning the target of savings needed. The current target is £6 million saving in the next 3 years. The MTFs was a rolling forecast and may change going forward.
- vi. There were tables on page 68 of the report which give 3 scenarios for the Our Cambridge programme.
- vii. Expect savings unrelated to the Our Cambridge Programme to come forward. Work was being done now. At this stage this was work in progress.
- viii. The Chief Operating Officer added that they were being cautious with numbers regarding the Our Cambridge programme. Senior Officers were developing a better evidence base. This was already making an impact. The work of the programme was enabling groups to find additional savings.
- ix. Need to understand better the ICT operating model. Need to invest in changing ICT model to produce savings in the future.
- x. Regarding the speed at which change was taking place, the Our Cambridge programme was a purpose led one, not just a cost saving exercise. In order to do that work there would need to be a considered process. Senior Officers were attempting to change the culture at the council. Officers were now looking for change proactively rather than acting reactively.
- xi. Had been in contacted with Officers responsible for grants where funds had been returned were available to be used within Cambridgeshire if the eligibility requirements were met.
- xii. Regarding a question about the table on page 48 of the report which highlights the business rates forecast and the wording of the last paragraph on page 40 which states “It is intended to offset this target by allocating £1.5m pa of Business Rates retention funds to the General Fund as this is the forecast minimum baseline after the reset of the Business Rates retention. The balance will be delivered through service transformation” the Executive Councillor for Finance and Resources stated that the term “service transformation” was meant in a general way regarding all service and was not specific to the Our Cambridge programme.

- xiii. Regarding the requested additional funding for the transformation programme listed in Recommendation 2.6 of the report the funds requested were for an extension of the programme from November 2024-December 2025. Funding was for staffing to provide additional support to the work that needed to be done. Also a staff development programme.
- xiv. Regarding Capital Programme schemes where the funding had been repurposed these schemes were reviewed on an annual basis.
- xv. Regarding the Reserves Policy, and how Council would deal with excesses it was dependant on business rates growth. These funds were not put into reserves until the growth would be achieved. There were indicative amounts listed for prospective spending in the report depending on level of reserves available. Work was in progress to identify use for different levels of reserves when the amount is certain. Not yet at a stage to put proposal together to state what reserves could be used for to benefit residents.
- xvi. On Pages 60-61 regarding capital expenditure and the East Barnwell Community Centre, Assistant Director, Development, Place Group stated that he felt that council was in a reasonable place regarding negotiations with the Cambridgeshire County Council for use of land. Felt the funds involved were in line with land transfer deals. The benefits of accepting the current deal outweigh the negatives of re-negotiating.

### **The Committee**

- 2.1: The Scrutiny Committee approved the recommendations by **5-0-3**.
- 2.2: The Scrutiny Committee **unanimously** approved the recommendations.
- 2.3: The Scrutiny Committee approved the recommendations by **6-0-2**.
- 2.4: The Scrutiny Committee **unanimously** approved the recommendations.
- 2.5: The Scrutiny Committee **unanimously** approved the recommendations.
- 2.6: The Scrutiny Committee approved the recommendations by **5-0-3**.
- 2.7: The Scrutiny Committee approved the recommendations by **6-2-0**.
- 2.8: The Scrutiny Committee approved the recommendations by **5-3-0**.

The Executive Councillor for Finance and Resources 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.

**23/113/SR Committee Decisions**

The meeting ended at 7.05 pm

**CHAIR**

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