

## AGENDA

### **CABINET**

**THURSDAY, 21 FEBRUARY 2019**

**2.00 PM**

**COUNCIL CHAMBER, FENLAND HALL,  
COUNTY ROAD, MARCH**

Committee Officer: Linda Albon  
Tel: 01354 622229  
e-mail: [memberservices@fenland.gov.uk](mailto:memberservices@fenland.gov.uk)

- 1 To receive apologies for absence
- 2 Previous Minutes (Pages 3 - 4)  
  
To confirm and sign the minutes of 17 January 2019.
- 3 To report additional items for consideration which the Chairman deems urgent by virtue of the special circumstances to be now specified
- 4 To receive members' declaration of any interests under the Local Code of Conduct or any interest under the Code of Conduct on Planning Matters in respect of any item to be discussed at the meeting
- 5 Final Business Plan 2019-20 (Pages 5 - 22)

For Cabinet to consider and recommend to Council the approval of the Final Business Plan 2019-2020.

- 6 Corporate Budget 2019 & Medium Term Financial Strategy (Pages 23 - 84)

To consider and approve:

- the revised General Fund Budget and Cap Capital Programme for 2018/19 and;

To consider and recommend to Council:

- the General Fund Budget Estimates 2019/20 and the Medium Term Financial Strategy 2019/20 to 2023/24;
- the Council Tax levels for 2019/20;
- the Capital Programme 2019-2022;
- the Treasury Management, Capital Strategy and Investment Strategy for 2019/20.

7 County-wide Housing Adaptations and Repairs Policy (Pages 85 - 134)

To consider a County-wide Housing Adaptations and Repairs Policy as an outcome from a County wide review of Disabled Facilities Grants to help support wider health and social care outcomes.

8 Fenland Local Plan Review and Update (Pages 135 - 146)

The purpose of the report is to advise Members of the need to consider a review of the Fenland Local Plan.

9 Draft 6 Month Cabinet Forward Plan (Pages 147 - 148)

For information.

10 Comprehensive Spending Review - Customer Services Review March and Wisbech (Pages 149 - 166)

To consider the options in relation to the relocation of the One Stop Shops in March and Wisbech when the current Shop leases expire.

*Appendix A comprises exempt information - to exclude the public (including the press) from a meeting of a committee it is necessary for the following proposition to be moved and adopted: "that the public be excluded from the meeting for Items which involve the likely disclosure of exempt information as defined in the paragraphs of Part I of Schedule 12A of the Local Government Act 1972 (as amended) as indicated."*

11 Items which the Chairman has under item 3 deemed urgent

Tuesday, 12 February 2019

Members: Councillor C Seaton (Chairman), Councillor D Oliver (Vice-Chairman), Councillor M Buckton, Councillor M Cornwell, Councillor A Hay, Councillor Mrs D Laws and Councillor P Murphy

## CABINET



**THURSDAY, 17 JANUARY 2019 - 2.00 PM**

**PRESENT:** Councillor C Seaton (Chairman), Councillor D Oliver (Vice-Chairman), Councillor M Buckton, Councillor A Hay, Councillor Mrs D Laws and Councillor P Murphy

**APOLOGIES:** Councillor M Cornwell

**OBSERVING:** Councillor W Sutton

### **CAB30/18 PREVIOUS MINUTES**

The minutes of the meeting of 13 December 2018 were confirmed and signed.

### **CAB31/18 FEES AND CHARGES 2019/20**

Members considered the Fees and Charges for 2019/20 report presented by Councillor Hay.

**Cabinet considered the recommendations of the Overview and Scrutiny Committee and AGREED to approve the Fees and Charges for 2019/20.**

### **CAB32/18 COMPREHENSIVE SPENDING REVIEW - CCTV DELIVERY**

Members considered the Comprehensive Spending Review - CCTV Delivery report presented by Councillor Oliver.

Councillor Oliver added that since publication of the report, further responses had been received regarding the proposal. March Town Council had no comment, Chatteris Town Council approved the proposal by resolution and Whittlesey Town Council voted unanimously in favour.

Members made the following comments:

- Councillor Hay said that both the Clerk and Finance Officer of Chatteris Town Council had stated they were very impressed by the presentation and they felt that partnering with Peterborough could only bring benefits to the service.
- Councillor Buckton wholeheartedly supported all the recommendations; the proposal will save money, increase resilience and provide an opportunity for additional income.
- Councillor Laws said that Dan Horn and Aaron Lock had given an excellent presentation to Whittlesey Town Council. The Council is in favour, can see all the benefits and the Town Clerk will be writing to Dan Horn to confirm this.
- Councillor Oliver thanked the officers for all the work they have done over the last year regarding this, stating they have worked admirably and had been set a hard task. Councillor Seaton concurred with these comments.

**Cabinet AGREED to recommend that Council:-**

- **approve implementation of a CCTV shared service with Peterborough City Council as set out in the report and in accordance with the CSR decision; and**


- delegate approval of the final shared service agreement to both the Corporate Director and Corporate Director & Chief Finance Officer in consultation with the Portfolio Holder for Finance and the Portfolio Holder for Community Safety and Heritage; and
- authorise entry into a Section 113 (of the Local Government Act 1972) Agreement to enable each Council to place at the disposal of the other such staff as may be necessary to give effect of the shared CCTV Service and to delegate approval of that agreement to the Monitoring Officer in consultation with the Portfolio Holder for Finance and the Portfolio Holder for Community Safety.

**CAB33/18 DRAFT 6 MONTH CABINET FORWARD PLAN**

Councillor Seaton presented the draft Cabinet Forward Plan for information.

2.11 pm

Chairman

Agenda Item No:	5	
Committee:	CABINET	
Date:	21 February 2019	
Report Title:	FINAL BUSINESS PLAN 2019-20	

## 1 Purpose / Summary

- For Cabinet to consider and recommend to Council the approval of the Final Business Plan 2019-2020

## 2 Key issues

- Our Business Plan is a high level strategic document that identifies the key challenges and opportunities for Fenland in 2019-20. It outlines our three Corporate Priorities which focus on Communities, the Environment and the Economy. A cross-cutting Quality Organisation priority also ensures that staff and resources effectively focus on the projects that matter the most to local people.
- The Council remains committed to delivering high-quality frontline services, despite the challenges posed by nearly 10 years of public sector austerity. Projects delivered to date through our Comprehensive Spending Review (CSR) and Efficiency Plan have supported the Council to sustainably make the required £9.5million savings (since 2010).
- Despite austerity we are an ambitious, forward-thinking council and continue to lobby for investment to tackle important issues. The Cambridgeshire and Peterborough Combined Authority have committed millions of pounds towards projects in Fenland. Examples include £6.5 million towards a feasibility of a Wisbech Garden Town and Wisbech to March railway link and £10.5 million towards Wisbech transport improvements.
- We also continue to work closely with partners including ARP, CNC and Peterborough City Council to maximise the efficiency of local services. Parts of these services, where appropriate and applicable, have been developed to be sold commercially in competition with the private sector.
- We also work closely with other organisations to tackle complex issues. During 2017/18, we were awarded £1.1million of funding following nine successful bids to the Government's Controlling Migration Fund. This is supporting the delivery of a variety of projects to improve cohesion in the district. Best practice from the multi-agency £736,000 Government funded 'Trailblazer' homelessness prevention project is also being shared nationwide.
- The Draft Business Plan 2019-20 was presented to the Overview and Scrutiny Panel on Monday 14 January 2019.
- The Business Plan was subject to public consultation. Further information is set out in Section 5 below.

## 3. Recommendations

- For Cabinet to consider and recommend to Council the approval of the Final Business Plan 2019-20.

<b>Wards Affected</b>	All
<b>Forward Plan Reference</b>	N/A
<b>Portfolio Holder(s)</b>	Councillor Chris Seaton, Leader of the Council Cabinet Members
<b>Report Originators &amp; Contact Officers</b>	Paul Medd, Chief Executive Kamal Mehta, Corporate Director Richard Cassidy, Corporate Director Gary Garford, Corporate Director Amy Brown, Interim Corporate Director and Monitoring Officer
<b>Background Paper(s)</b>	Budget and Medium Term Financial Strategy Draft Business Plan 2019-20; Cabinet - 13 December 2018

#### 4 Overview and Scrutiny Recommendations

- The Draft Business Plan was considered by Overview and Scrutiny on 14th January 2019. The Panel made useful recommendations on how the Plan could be constructed. This has led to:
  - Revision of formatting
  - Greater contextual information to explain why our cross-cutting priorities are important for local communities as a whole
  - Identification of performance management indicators under each priority heading

Track changes have been used in the final version of the Business Plan to illustrate the changes made from the draft to final version.

#### 5 Public Consultation

- We ran a public consultation about our Draft Business Plan and Budget 2019-20 between 3 January and 1 February 2019.
- Our questionnaire was available to complete online. Paper copies were also available in our One Stop Shops/Hubs, Business Reception and Business Centres. They were also available in the Oasis Centre, Queen Mary's Centre, Octavia View, Rosmini Centre and through the Wisbech Interfaith Forum. The survey was also promoted to the Chamber of Commerce and placed on the 'Fenland for Business' website.
- The consultation was also publicised through press releases, social media posts and notification to district, town and parish councillors.
- 81 people responded to our survey. 72% (52 people) said that our Draft Business Plan and Budget gave a good overview of the services we plan to provide and how we will use our resources in the next 12 months.
- Respondents were asked to choose four of our services that are most important to them. In popularity order, these were:
  1. Bin collection, recycling and street cleansing (64 votes)
  2. Maintaining open spaces and tackling environmental issues (37 votes)
  3. Supporting local businesses and attracting new jobs (37 votes)

#### 4. Lobbying for transport and infrastructure improvements (34 votes)

- As a result of the consultation, we have included a reference to how we will help communities and businesses access the information they need surrounding Brexit
- The Business Plan Consultation report in full is available to view at [www.fenland.gov.uk/pastconsultations](http://www.fenland.gov.uk/pastconsultations)

## **6 Risks**

Risks associated with delivering the Business Plan are contained within the Council's Corporate Risk Register, Service and Project Risk Registers. The Corporate Risk Register is reviewed by the Corporate Governance Committee on a regular basis.

## **7 Community Impact**

The Business Plan's main aim is to improve the quality of life for residents in Fenland.

# **Fenland District Council**

## **Draft Business Plan**

**2019-20**



## Introduction by the Leader of the Council and Chief Executive

*Our aim: "To improve the quality of life for people living in Fenland."*

Welcome to Fenland District Council's Business Plan for 2019-20.

Our Business Plan sets out the services and projects we will deliver across Fenland over the next 12 months. It should be read alongside our Budget and Medium Term Financial Strategy. These documents explain how we will manage our finances over the next few years and are available to view on our website.

We are now entering the tenth year of public sector austerity. Since 2010, we have made savings of £9.5million. The challenge remains to deliver good quality services that our residents need whilst making the necessary savings imposed by central government. Although the balance can be difficult to strike, we are working more effectively than ever before. Projects delivered as part of our own Comprehensive Spending Review (CSR) and Efficiency Plan have enabled us to make the savings whilst maximising income, thus remaining sustainable.

It's not just about making efficiencies though. We are an ambitious, forward-thinking council and continue to lobby for investment to help tackle important issues. Now in its second year, the Cambridgeshire and Peterborough Combined Authority have committed millions of pounds towards projects in Fenland. £6.5million is funding a feasibility study of a potential Wisbech Garden Town and a Wisbech to March railway link. £10.5million has been committed for transport improvements as part of the Wisbech Access Study. Chatteris, March, Whittlesey and Wisbech have each been awarded £50,000 to develop their own Markettown Masterplans. These are just a few examples of the projects underway to make Fenland an even better place to live.

Partnership working continues to play an important role in service delivery, which is the bread and butter of what we do. Sharing our Council Tax and Benefits (with Anglia Revenues Partnership), Building Control (with CNC) and Planning (with Peterborough City Council) services have reduced operating costs without compromising on quality. We have also developed parts of these services to be sold commercially in competition with the private sector.

Working with other organisations also helps us to tackle complex issues that cannot be solved by one organisation alone. Following nine successful bids to the Government's Controlling Migration Fund over 2017/18, we have been awarded in excess of £1.1million to undertake a variety of projects to promote cohesion and reduce the impact of migration across local communities. A further example is our successful new multi-agency 'Trailblazer' approach to homelessness. Supported by £736,000 of Government funding, it has prevented hundreds of people across Cambridgeshire and Peterborough from becoming homeless before their situation escalates into a crisis. Best practice from the project is being shared nationwide.

We hope this introduction has provided a valuable insight into just some of what we do and seek to achieve. We remain committed to working with all of our towns, villages and rural communities to make Fenland an even better place to live and work.

Councillor Chris Seaton – Leader of the Council  
Paul Medd – Chief Executive

## About Fenland

Our Business Plan is developed to meet the evolving needs of our residents. The text below provides a basic summary about the Fenland district and the communities that live here.

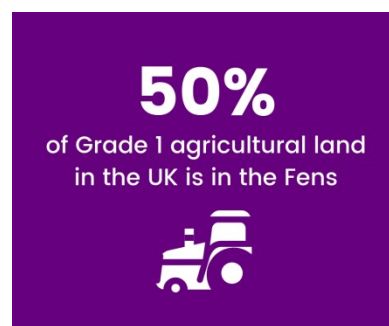
Fenland has strong community spirit and pride in its heritage. Over 100,700 people live in the district (ONS: 2018), which covers 211 square miles within North Cambridgeshire. 75% of people live in our four market towns of Chatteris (11,000), March (23,000), Whittlesey (13,000) and Wisbech (31,500). Our beautiful rural landscape is home to 29 villages and attracts visitors from around the country.



Fenland has the lowest house prices in Cambridgeshire and plentiful availability of commercial land. As a result, our population is growing quickly. In 20 years' time (2038), it is predicted the population will have increased by 11% to 111,512 (ONS: 2016). We have plans in place, some of which are explained within this plan, to maximise the positive opportunities that growth brings.

Our population is also getting older. 23% of our population are aged 65 or over; above average compared to Cambridgeshire and the UK as a whole. (ONS: 2017). Alongside partners, we are working to enable residents to access the support they need to live happily, healthily and independently.

We also face some challenges around deprivation, particularly around education and health. We are the 80<sup>th</sup> (out of 326) most deprived area in the country, with some wards in Wisbech within the top 10% most deprived (IMD:2015). Nevertheless, we work closely with other organisations to positively overcome these challenges.



## Our Finances

[To view our financial information, please visit \[www.fenland.gov.uk/finances\]\(http://www.fenland.gov.uk/finances\).](http://www.fenland.gov.uk/finances)

DRAFT

## Our Priorities

Our Business Plan sets out the priorities we aim to deliver over the next 12 months. These priorities have been developed to address the most important needs of local people and communities as a whole. They have been split into three headings: Communities, Environment and Economy. The fourth priority, Quality Organisation, sits alongside each priority.

Despite austerity challenges, our 382 employees are proud to deliver a variety of high-quality core services. In a typical year we empty 3 million bins, clean 210 million square miles of town centres and open spaces, answer 78,000 telephone enquiries, determine 1,300 planning applications, enable 75,400 people to vote in elections – and more!

As an organisation, our unique 'one-team' culture supports the effective delivery of our priorities and enables officers, members and partners to effectively work together without the constraints of traditional department silos. We support and invest in our workforce to give them the skills they need to work effectively within their roles. This has been recognised through Investors in People (IiP) and Customer Service Excellence (CSE) re-accreditations. In our latest Staff Survey (2018), 84% of staff told us that they were proud to work for us.

### Summary of Corporate Priorities

The table below gives a summary of our cross-cutting corporate priorities. These are explained in more detail over the next few pages. Some priorities relate to our 'core' services that we deliver day to day. Others explain the specific projects we will deliver within 2019/20.

Each priority is underpinned by a series of performance indicators. Performance is reported to our elected members in monthly Portfolio Holder reports. The public can also view end of year performance in our Annual Report. This explains what the Council has been doing over the financial year to achieve its priorities and set objectives.

Quality Organisation Supporting effective delivery of our priorities and services	 Communities	<ul style="list-style-type: none"> <li>• Support vulnerable members of our community</li> <li>• Promote health and wellbeing for all</li> <li>• Work with partners to promote Fenland through culture and heritage</li> </ul>
	 Environment	<ul style="list-style-type: none"> <li>• Deliver a high performing refuse, recycling and street cleansing service</li> <li>• Work with partners and the community on projects that improve the environment and our street scene</li> <li>• Work with partners to keep people safe in their neighbourhoods by reducing crime and anti-social behaviour and promoting social cohesion</li> </ul>
	 Economy	<ul style="list-style-type: none"> <li>• Attract new businesses, jobs and opportunities whilst supporting our existing businesses in Fenland</li> <li>• <u>Promote and enable housing growth, economic growth and regeneration across Fenland</u></li> <li>• <u>Promote and lobby for infrastructure improvements across the district</u></li> </ul>



## Support vulnerable members of our community

- We will continue to support our residents to maximise their income by accessing the benefits they are entitled to. We will do this by processing all applications for Housing Benefit and Council Tax Support effectively and accurately through our shared service (Anglia Revenues Partnership; ARP)
- We will support residents in managing the effects of welfare reform changes by working with partners including Jobcentre Plus and the Rural Citizens Advice Cambridgeshire, and helping them access Universal Credit online
- Prevent homelessness, meet housing needs, improve housing conditions and keep homes accessible through our housing duties
- Work with partners to build capacity and resilience so that residents can support themselves and the community.
- To explore the creation and development of Youth Advisory Boards in Fenland, and to work with local schools in the development of the national Democracy Ambassador scheme consulting with young people on matters that affect them
- Encourage a range of partners to support the delivery of the Golden Age programme to support older people
- Work with partners and the community to deliver the Wisbech 2020 Action Plan across the themes of Education and Skills, Health, Wellbeing and Cohesion, Infrastructure and the Built Environment and Local Economy

## Promote Health and Wellbeing for all

- Support our local community by delivering the Council's Leisure Strategy in partnership with Freedom Leisure
- Work collaboratively with others to deliver the Council's Health and Wellbeing Strategy to tackle local health priorities, including mental wellbeing, reducing health inequalities in the district
- Create healthier communities through activities developed by Active Fenland and community partners
- Facilitate housing development that will deliver healthy environments and promote wellbeing

## Work with partners to promote Fenland through Culture and Heritage

- Work with local stakeholders to develop a Culture Strategy for Fenland; strengthening links between the wider Fenland communities as well as promoting the area to people outside the district
- Support voluntary and community groups to hold public events safely communities to celebrate through resilient community groups by providing advice and access to training through our safety advisory partnership

## Key projects for 2019/20

- Deliver four Golden Age fairs across the district
- Deliver the Four Seasons event programme in partnership with our four market towns
- Increase the use of local open spaces and collaborate with local activity providers to address health inequalities
- Support communities and businesses to access the information they need surrounding Brexit
- Work with partners to examine the feasibility of the Must Farm project

#### **Performance indicators for 2019/20**

- Council Tax Support – days taken to process new claims and changes
- Housing Benefit – days taken to process new claims and changes
- % of attendees satisfied with Golden Age events
- Number of paid visits to our leisure centres
- % of those asked who are satisfied with Freedom leisure centres

# Environment



## **Deliver a high performing refuse, recycling and street cleansing service**

- Work with partners, the community and volunteers to divert at least 50% of Cambridgeshire's household waste from landfill
- Maximise the value of materials collected for recycling including through Recycling Champions
- Deliver an effective, self-funding Garden Waste collection service
- Deliver clean streets and public spaces as set out in the national code of practice
- Work with key stakeholders to deliver an effective waste partnership and to update the Cambridgeshire and Peterborough waste strategy

## **Work with partners and the community on projects to improve the environment and streetscene**

- Support improvements to Fenland's streetscene and heritage
- Use education, guidance and Council powers to fairly enforce environmental standards and tackle issues such as fly tipping, dog fouling and littering
- Work with a private enforcement partner to tackle littering and associated anti-social behaviour
- Ensure well maintained open spaces by working in partnership with Tivoli and supporting community groups (such as Street Pride, In Bloom and 'Friends of')
- Work with Town Councils and the community to provide local markets, market town events and Four Seasons events

## **Work with partners to keep people safe in their neighbourhoods by reducing crime and anti-social behaviour and promoting social cohesion**

- Work with partner organisations to reduce crime, hate crime and anti-social behaviour through the Community Safety Partnership
- Support the Fenland Diverse Communities Forum to deliver the Fenland-wide Community Cohesion Action Plan and projects resourced by the Controlling Migration Fund (CMF)

### **Key projects for 2019/20**

- Deliver the CCTV shared service
- Bid for Government 'High Street' grant and implement any resulting action plans
- Work with partners to deliver the property improvements and activity plan as part of the Heritage Lottery Funded Wisbech High Street enhancement project
- Lead on the delivery of the redevelopment of the 'High Risk' High Street properties of Numbers 24 and 11/12 High Street to improve the streetscape and economy of the Town Centre
- Work with partners to improve or replace our bus shelter facilities at Kings Dyke, Mount Pleasant Road, South Green and Broad Street



- Replace 300 street lights with LED luminaries to improve energy efficiency, performance and public safety
- Undertake surface, drainage and lighting improvement works within Church Terrace Car Park to provide a safe and user-friendly town centre facility
- Work with the Town Council, Partners and the community to reduce anti-social behaviour within Furrowfield Car Park by improving lighting, signage and speed reducing features

#### **Performance indicators for 2019/20**

- Rapid or Village response requests actioned same or next day
- % of inspected streets meeting our cleansing standards
- % of collected household waste – Blue Bin recycling
- Customer satisfaction with Refuse and Recycling services
- Customer satisfaction with Garden Waste service
- Street Pride and Friends of community environmental events supported
- Local Businesses supported and treated fairly
- % of those asked who are satisfied with events
- % of those asked who are satisfied with open spaces



## Economy



### **Attract new businesses, jobs and opportunities whilst supporting our existing businesses in Fenland**

- Working with our partners, local businesses, and the Combined Authority to attract inward investment and establish new business opportunities
- Provide responsive business support to encourage business growth, improve job diversity, skills and increased grant applications to support jobs and economic growth
- Promote and develop our Business Premises at South Fens, The Boathouse and our Light Industrial Estates to encourage investment, job creation and skills diversification
- Run a proactive and effective Marine Service to meet statutory obligations and promote business opportunities for the River Nene environment

### **Promote and enable housing growth, economic growth and regeneration across Fenland**

- Enable appropriate growth, development and infrastructure through the delivery of a proactive and effective Planning Service
- Identify sites and interventions the Council should make to deliver development
- Work with partners to further develop and help deliver a viable holistic regeneration and growth proposition of Wisbech Garden Town
- Use the Council's surplus property assets to provide new development opportunities to support and deliver sustainable economic and residential growth
- Identify and bid for external funding that aligns with and supports our housing, economic and growth objectives

### **Promote and lobby for infrastructure improvements across Fenland**

- Promote sustainable transport (infrastructure and community) initiatives within Fenland including road, rail and concessionary travel to improve links to employment and access to services for the community
- Engage with the Combined Authority and Cambridgeshire County Council on the feasibility and delivery of major infrastructure projects across Fenland including road (Wisbech and March Access studies, A47 Economic Corridor and A605 Kings Dyke improvements) and rail (Rail Strategy, improvements to railway stations and the March to Wisbech link)
- Promote and influence how housing and infrastructure funding is used to stimulate housing development and economic growth in Fenland through working with the Combined Authority

#### **Key projects for 2019/20**

- Prepare four Market Town socio-economic masterplans (under the banner of Growing Fenland) by the summer of 2019

- Work with the Combined Authority to prepare bids to the CPCA as a direct result of the Growing Fenland masterplans. If successful, work with partners to deliver the programme of interventions
- Commence review of our Local Plan to ensure the District can meet its Housing and Economic Growth targets and aspirations

#### **Performance indicators for 2019/20**

- % of major planning applications determined in 13 weeks
- % of minor applications determined in 8 weeks
- % of other applications determined in 8 weeks
- % occupancy of our Business Premises Estate
- % of customers satisfied with our Business Estates
- % occupancy of Wisbech Yacht Harbour

# Quality Organisation



Our 'Quality Organisation' priorities are in place to support effective service delivery. They contribute to the strong foundations of the Council; making sure it runs smoothly day-to-day delivering our priorities.

## **Governance, Financial Control and Risk Management**

- Maintain robust and effective financial standards, robust internal controls and effective management. Evidence this in our Annual Audit Letter, Risk Management Strategy, Budget and Medium Term Financial Strategy

## **Transformation and Efficiency**

- Engage with the Combined Authority's Public Service Reform agenda
- Pursue transformation and commercialisation opportunities, including co-location of services, to support effective ways of working and deliver additional income or cost savings
- Deliver required savings (as outlined in our CLG Efficiency Plan and Comprehensive Spending Review) whilst remaining a stable and sustainable organisation

## **Performance Management**

- Set challenging performance targets to ensure effective delivery of our Business Plan priorities
- Report regularly on service performance (both in-house and shared) to the Corporate Management Team, Councillors and the Public

## **Consultation and Engagement**

- Appropriately consult with residents about Council services and proposals as outlined in our Consultation Strategy. Use feedback to improve service delivery

## **Excellent Customer Service**

- We will maintain the Council's CSE accreditation to ensure we continue the most effective service to our communities, including through our Fenland @ your service shops and Community Hubs
- Help residents to access our services digitally and self-serve (as outlined in our Channel Shift strategy) to allow us to provide more support for vulnerable customers and complex queries

## **Equalities**

- Meet our Public Sector Equality duty by delivering the requirements of the 2010 Equality Act and 1998 Human Rights Act through our core service delivery. Publish an Annual Equality Report to demonstrate how we do this.

## **Asset Management and Commercialisation**

- Ensure our asset base is suitable, sustainable, fully utilised and maximises income opportunities and financial efficiencies
- Ensure the adopted Capital Programme is developed and delivered in line with our Corporate Asset Management Plan to maintain the integrity and safety of our assets
- Work jointly with public, private and third sector partners to improve access to our services and those provided from co-located facilities
- Develop and deliver a sustainable commercial investment strategy

## **Workforce Development**

- We will ensure that our workforce are effective and that we equip them with the right skills to deliver Council priorities
- Support and empower staff to make effective decisions within a pleasant working environment

## **Enforcement**

- Use a fair and proportionate approach to improve living, working and environmental standards

## **Health and Safety**

- Maintain effective Health and Safety policies and systems to comply with relevant legislation and local requirements
- We will deliver all aspects of the Council's Health and Safety action plan to ensure the safety and wellbeing of the Council's workforce, partners and wider community
- We will ensure the health and wellbeing of our workforce by providing them with effective support mechanisms to ensure they deliver for our communities

### **Key projects for 2019/20**

- Develop and launch a new website design to improve content and navigation
- Implement the PAS (Planning Advisory Service) review Action Plan
- Support District and Parish Council all out elections across the whole of Fenland, ensuring confidence in and the integrity of the election process


### **Performance indicators for 2019/20**

- Customer queries resolved at first point of contact
- Customers satisfied by our service
- Contact Centre calls answered within 20 seconds
- Contact Centre calls handled

- Council Tax collected
- Council Tax net collection fund receipts
- Number of visits to the FDC website
- % of staff that feel proud to work for FDC

DRAFT

This page is intentionally left blank

Agenda Item No:	6	
Committee:	Cabinet	
Date:	21 February 2019	
Report Title:	Revised General Fund Budget and Capital Programme 2018/19; General Fund Budget Estimates 2019/20 and Medium Term Financial Strategy (MTFS) 2019/20 to 2023/24; Capital Programme 2019 - 2022	

## Cover sheet:

### 1 Purpose / Summary

To consider and approve:

- the revised General Fund Budget and Capital Programme for 2018/19 and;

To consider and recommend to Council:

- the General Fund Budget Estimates 2019/20 and the Medium Term Financial Strategy 2019/20 to 2023/24;
- the Council Tax levels for 2019/20;
- the Capital Programme 2019-2022;
- the Treasury Management, Capital Strategy and Investment Strategy for 2019/20.

### 2 Key issues

- Core Funding (Revenue Support Grant and Business Rates) in 2019/20 has reduced by 9.0%, continuing the policy of austerity adopted by government as part of the four year financial settlement adopted in 2016/17.
- In accordance with the current MTFS approved by Council in February 2018 and Cabinet in December 2018, Council Tax is factored to increase by 1.97% in 2019/20 and 1.98% over the medium term.
- Council Tax Referendum limits for 2019/20 have been set at an increase of 3% or £5 whichever is the higher, the same level as this financial year (2018/19).
- Revised estimates for 2018/19 are currently forecasting an under-spend of £103,000 at the end of the financial year.
- An updated Capital Programme for 2018/19 and for the medium term 2019-22 is proposed.
- The Fenland Comprehensive Spending Review is ongoing to deliver the projects to meet the approved savings over the period of the MTFS to 2019/20
- Given the scale of the challenges and uncertainties faced by the Council, the financial forecasts represent a significant achievement and demonstrates the focus from Members and Officers throughout the Council in delivering the required savings.
- The Council continues to focus on delivering quality services and to minimise the impact on front-line services.

### 3 Recommendations

- It is recommended that:
  - (i) the revised estimates for 2018/19 as set out in Section 7 and Appendix A showing an estimated under-spend at outturn in the region of £103,000, be approved;
- It is recommended to Council that:
  - (ii) the General Fund revenue budget for 2019/20 as set out in Section 8 and Appendix A be approved;
  - (iii) the Medium Term Financial Strategy as outlined in this report and Appendix B be adopted;
  - (iv) the Capital Programme and funding statement as set out in Appendix D be approved;
  - (v) the adoption of the Business Rates Retail Relief scheme detailed in paragraphs 5.4 – 5.6 be approved;
  - (vi) the expenses detailed in Section 10 be approved to be treated as general expenses for 2019/20;
  - (vii) the Port Health levy for 2019/20 be set as shown in Section 11;
  - (viii) the adoption of additional Council Tax premiums on Long Term Empty Properties as detailed in Section 12 be approved;
  - (ix) the Treasury Management, Capital Strategy Minimum Revenue Provision, Investment Strategy, Prudential and Treasury Indicators for 2019/20 as set out in Section 15 and Appendix E be approved;
  - (x) the Band D Council Tax level for Fenland District Council Services for 2019/20 be set at £265.59, an increase of £5.13 (1.97%) on the current year.

<b>Wards Affected</b>	All
<b>Portfolio Holder(s)</b>	Cllr Chris Seaton, Leader Cllr Anne Hay, Portfolio Holder, Finance
<b>Report Originator(s)</b>	Kamal Mehta, Interim Corporate Director and Chief Finance Officer (S.151 Officer) Mark Saunders, Chief Accountant
<b>Contact Officer(s)</b>	Paul Medd, Chief Executive Kamal Mehta, Interim Corporate Director and Chief Finance Officer (S.151 Officer) Mark Saunders, Chief Accountant
<b>Background Paper(s)</b>	Final Finance settlement – Ministry for Housing, Communities and Local Government (MHCLG). Budget Statement 2018 (HM Treasury) Consultation Documents on Business Rates Retention Reform and Review of Relative Needs and Resources (MHCLG) Medium Term Financial Strategy working papers.



This report contains the following Appendices:

**Appendices**

- A. (i) General Fund Revenue Estimates - Summary  
(ii) General Fund Revenue Estimates – Individual Services
- B. Medium Term Financial Strategy (MTFS)
- C. Assumptions built into Budget and Medium Term Strategy
- D. Capital Programme
- E. Treasury Management Strategy, Capital Strategy, Minimum Revenue Provision Strategy, Investment Strategy and Prudential Indicators
- F. Parish Precepts
- G. Earmarked Reserves

## Report:

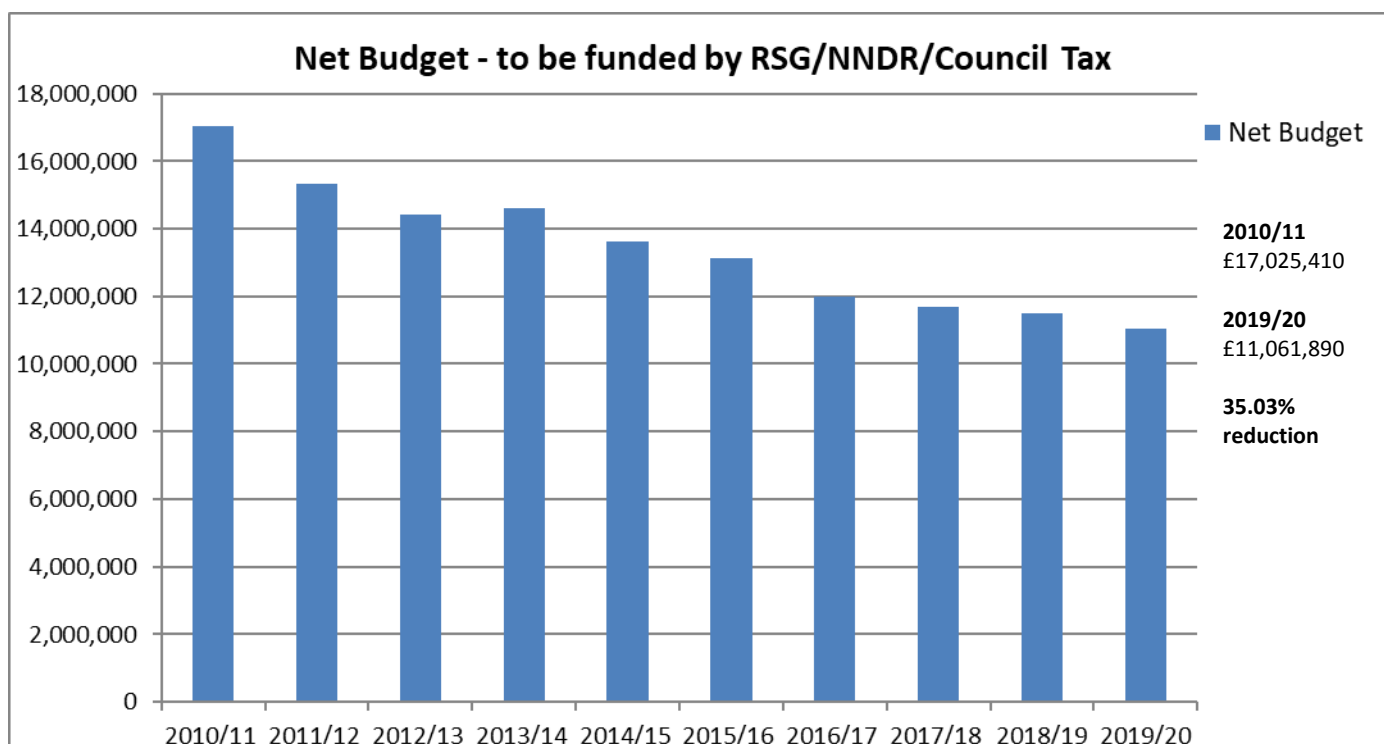
### 1 INTRODUCTION

- 1.1 This report sets out the financial implications of the council's priorities described in the draft Business Plan 2019/20. The Revenue budget estimates and the Capital Programme are final at this stage for approval. The draft Business Plan 2019/20 and draft Budget Estimates 2019/20 considered by Cabinet on 13<sup>th</sup> December 2018 together were subject to a public and stakeholder consultation from 3<sup>rd</sup> January to 1<sup>st</sup> February 2019 prior to final budget and council tax setting for 2019/20 in February 2019. The results from the consultation are published on the Council's website:

[https://www.fenland.gov.uk/media/15331/Draft-Business-Plan-and-Budget-Consultation-Feedback-2019/pdf/WEB\\_VERSION - Draft Business Plan and Budget Consultation Feedback 2019.pdf](https://www.fenland.gov.uk/media/15331/Draft-Business-Plan-and-Budget-Consultation-Feedback-2019/pdf/WEB_VERSION_-_Draft_Business_Plan_and_Budget_Consultation_Feedback_2019.pdf)

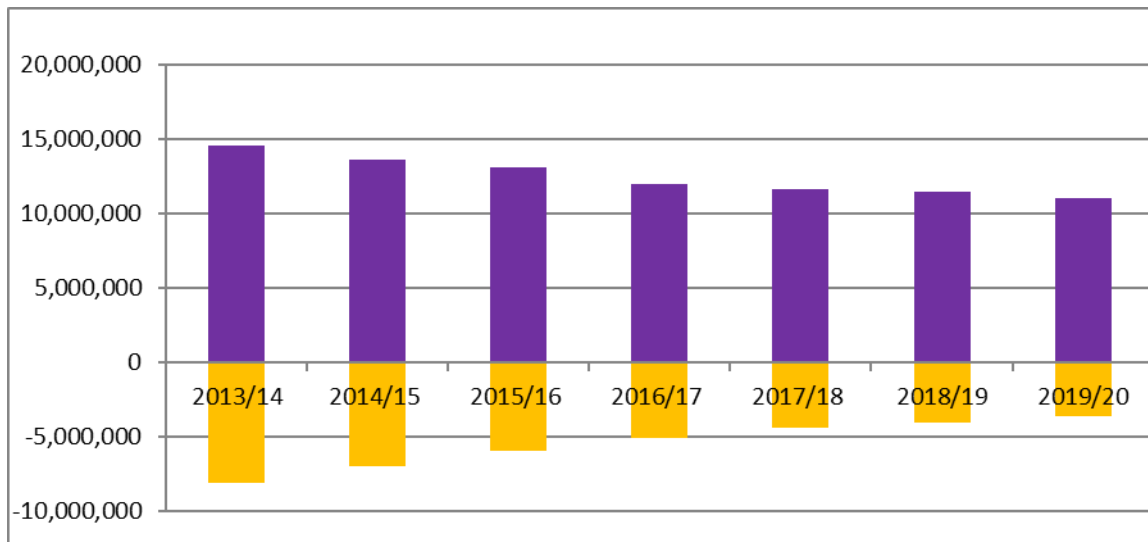
The Overview and Scrutiny Panel considered the Draft Budget 2019/20 and MTFS on 14 January 2019 and made its comments to the Cabinet. Members asked questions, made comments and received responses from Officers and Portfolio Holders. Prior to the meeting, members had requested empirical evidence regarding the accuracy of the Council's estimates and forecasts compared to actual figures for 2013/14 onwards in order to analyse the Council's surplus per year. Members were presented with the figures at the meeting. The Chairman thanked officers for their contribution and said that members were satisfied with the advice and information received.

- 1.2 Much of the financial information is necessarily based on a number of assumptions which are wholly or partly influenced by external factors. However, where final and known actual costs and revenue is known then they are included for example the Final Local Government Finance Settlement for 2019/20 was announced on 29 January 2019. Equally, some additional costs discussed later in this report became known since the Draft Budget Estimates were considered and approved for consultation on 13 December 2018; for example the potential costs of the new pay and grading structure and the potential additional costs of the recycling contract.
- 1.3 Local Government has been at the forefront of the austerity measures introduced by the government to reduce the national deficit following the General Election in 2010. This Council has had to reduce its Net Budget significantly since 2010 and by the end of 2019/20 it will have reduced by 35.03%. This is exemplified in the graph below:

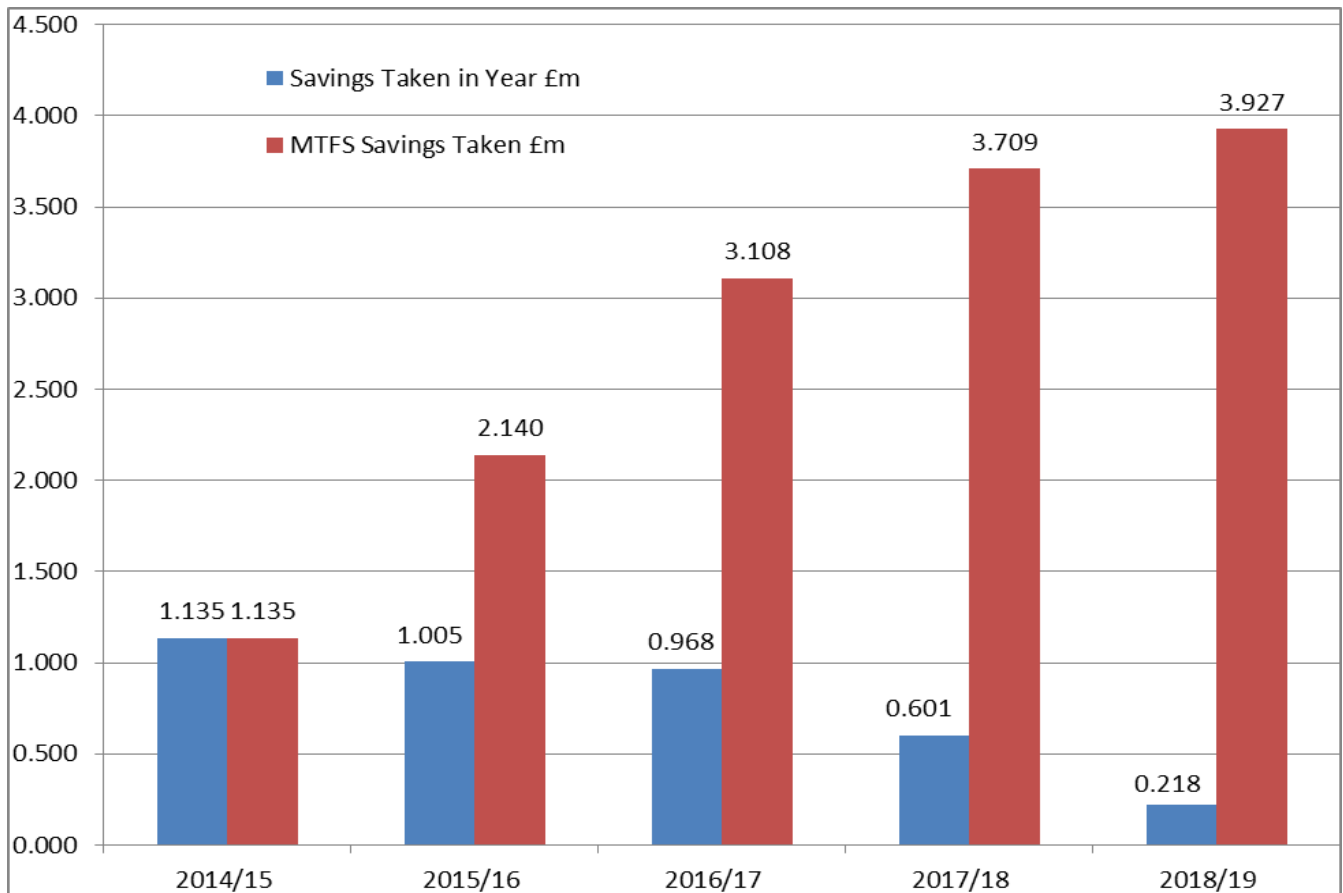


1.4 Since 2013/14 government support has reduced by around 50% and the Council's net budget by around 24% as illustrated in the following tables. In addition, Council Tax referendum principles have restricted increases in Council Tax.

	2013/14	2019/20	Reduction	%
Government Grant	£8,094,919	£3,642,529	£4,452,390	55.00
Net Budget	£14,604,750	£11,061,890	£3,542,860	24.26



1.5 The following graph illustrates how successful the Council has been in delivering savings over the last 5 years, enabling it to achieve balanced budgets each year.



During these years, Members have been very clear, that where possible, front line services should be protected. The Council's strategy of identifying savings 12 months in advance of the financial year has led to the successful delivery of the required savings targets and means the Council is in a good position to meet the challenges and uncertainties of 2019/20 and beyond. These savings have been achieved in a number of ways, such as Management and Service reviews, shared services, procurement and income generation.

## 2 CHANCELLOR'S BUDGET STATEMENT 2018

- 2.1 The Budget 2018 Statement on 29 October 2018 contained little which has a direct impact on this Council's revenue budget over the medium term. An additional £55 million was allocated for Disabled Facilities Grant to provide home aids and adaptations for disabled children and adults on low income. Various reliefs were announced for businesses and business premises with a rateable value below £51,000 will have their business rates bills cut by a third. This will benefit up to 90% of retail properties, for two years from April 2019. The initiative will reduce the amount of business rates income retained by the Council, however the government has stated that local authorities will be fully compensated.

## 3 LOCAL GOVERNMENT FINANCE SETTLEMENT

- 3.1 The Final Finance Settlement for 2019/20 was announced on 29 January 2019. The government confirmed the settlement for the Council as was set out provisionally on 13 December 2018 and on which a briefing note had been circulated to all Members.
- 3.2 The Final Settlement Funding Assessment for 2019/20 is detailed below. This is consistent with the Council accepting the four-year settlement which ends with the 2019/20 Settlement.

**Table 1 – Final Settlement Funding Assessment (Core Funding)**

	<b>Actual 2018/19 £000</b>	<b>Actual 2019/20 £000</b>	<b>2019/20 % Reduction</b>
Revenue Support Grant (RSG)	444	0	
Business Rates Baseline Funding	3,561`	3,643	
<b>Settlement Funding Assessment</b>	<b>4,005</b>	<b>3,643</b>	<b>-9.0%</b>

- 3.3 The multi-year settlement announced in Autumn 2015 (covering the period 2016/17 – 2019/20), results in RSG being a negative amount of £94k in 2019/20 and the Business Rates Baseline Funding increasing by CPI inflation. The government is meeting the cost of the negative RSG from its share of the Business Rates income rather than taking it from the local authorities share; otherwise the Councils overall Settlement Funding Assessment would have been £94k less. The Medium Term forecasts detailed in Appendix B exemplify this by reducing the overall Settlement Funding Assessment by 9.0% in 2019/20, with an inflationary increase of 2% in 2020/21 onwards.
- 3.4 The phasing out of RSG could be partly compensated by the expectation that local authorities will keep 75% of business rates income from 2020/21 (currently 50% - Fenland 40%, County Council 9% and Fire Authority 1%). However, this has not been modelled in the medium term forecasts, as the new system of local government funding through Business Rates Retention and the Fair Funding Review is currently being consulted upon and devised by the government and therefore there is no basis to be able to model any scenarios other than high level implications between different classes of local authorities. There is therefore no guarantee that additional resources will be

forthcoming to District Councils from whatever distribution mechanism will be in place for business rates.

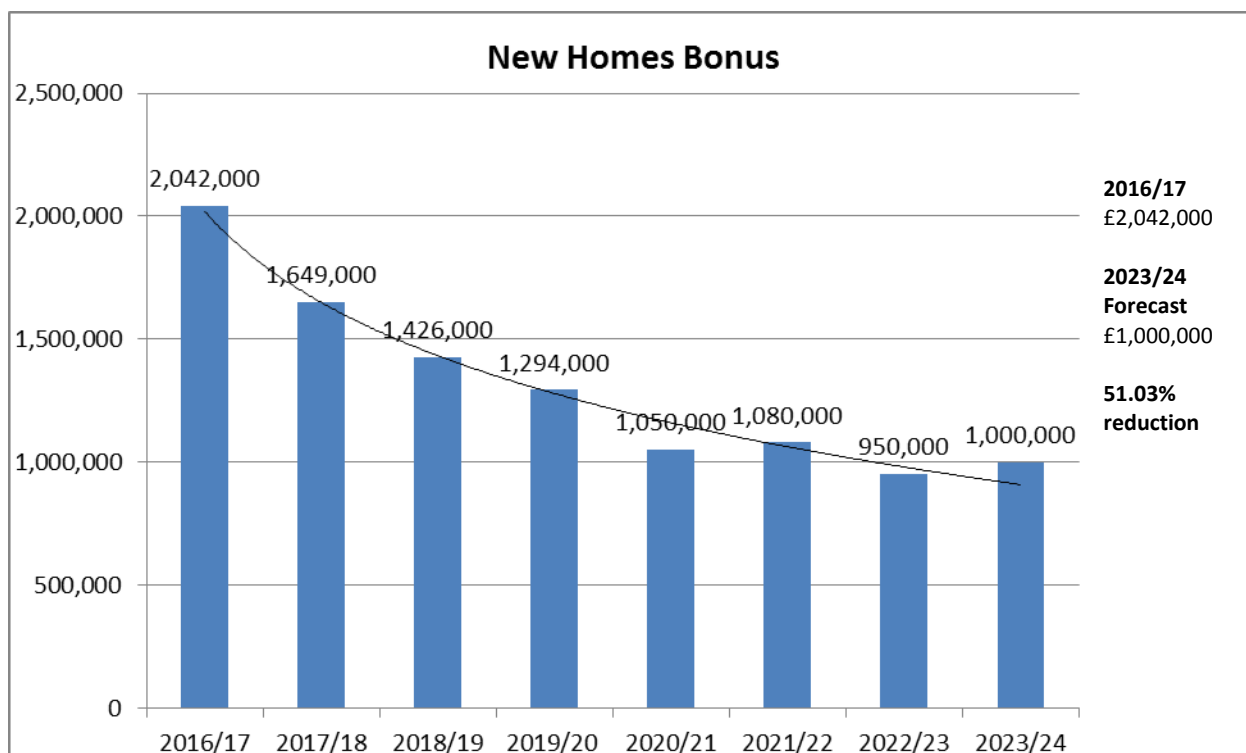
- 3.5 A consultation paper on Business Rates Retention Reform was issued by MHCLG on 13 December 2018 and the options detailed within this document represents a significant risk to the Council's future retained Business Rates (see Section 5 below).

### **Fair Funding Review**

- 3.6 The Government has previously confirmed that it is looking to implement the Fair Funding Review in April 2020. Working groups are developing proposals for the Fair Funding Review and MHCLG issued a consultation paper on the Relative Needs and Resources element of this review on 13 December 2018. There will be further technical consultations on other components of the Fair Funding Review proposals in 2019/20.
- 3.7 This consultation explores what factors should be taken into account in determining the needs and resources of local authorities. This is particularly important as these elements have a major impact on what the government determines individual authorities 'spending assessment' will be. This will, in turn determine how much of future business rates income this Council will retain through its' Baseline Funding Level (see Section 5 below). It is therefore, intrinsically linked to the reform of the business rates retention system.
- 3.8 One aspect of local authorities' resources specifically referenced in the consultation document is that the government will include car park charging income to determine the national resource total. This could have consequences for the Council's 'spending assessment' calculation as currently the Council does not charge for car parking. Consequently, this could lead to a lower Baseline Funding Level than currently forecast.
- 3.9 The consultation document implies that the government in assessing relative needs, favours a simpler distribution formula with fewer indicators based largely around population projections with deprivation removed from the formula. This could have a detrimental effect on this Councils funding. However, the options around relative resources (the ability of each authority to generate council tax income) could result in a transfer of funding from high-taxbase (lower-need) authorities to low-taxbase (higher-need) authorities, which could benefit this Council. At the current time, there is no reasonable assessment that can be made of the potential impact on this Council of the Fair Funding Review.
- 3.10 The outcome of this review and the reform of the Business Rates Retention System (75% from April 2020) will have a potentially significant impact on the future allocation of resource and represents major risks to the Council's medium term forecasts. It is considered that future funding of local government will be based mainly from the Business Rates Retention system including the new formula based Fairer Funding distribution system, Council Tax and locally raised fees and charges. Thus, locally raised revenue will be the prominent element in the amount of resources a local authority will have each year to support its revenue funding compared to what it receives from the government in the form of redistributed Business Rates. Furthermore, this Council does not have adult social care and children's services responsibilities which are the areas where the greatest budget and spending pressures are being experienced by those authorities that have those responsibilities and which are unlikely to be fully funded in the near to medium term.

## 4 NEW HOMES BONUS

- 4.1 In 2017/18, reforms to the allocation methodology of the New Homes Bonus were made which significantly reduced the total amount available for distribution which consequently reduced this Council's allocation.
- 4.2 The key focus of the reforms was to reduce the payments from 6 years to 5 years in 2017/18 and to 4 years from 2018/19. In addition, from 2017/18, a national baseline for housing growth of 0.4% was introduced, below which New Homes Bonus is not paid, reflecting a percentage of housing that would have been built anyway.
- 4.3 There have been no further changes to the allocation methodology for 2019/20 (as a result of the government funding an additional £18m nationally). The government has also announced that consultation on further changes to the NHB will take place during 2019 on how best to reward housing delivery effectively after 2019/20 and this could significantly impact the amount this Council receives over the medium term.
- 4.4 Actual NHB received in 2018/19 is £1.426m and will be £1.294m in 2019/20. Based on the actual NHB from additional homes delivered during the past year (from October 2017 – October 2018) and the current allocation methodology, the forecast NHB reduces to around £1m by 2023/24. The graph below shows how the amount received from NHB has significantly changed over the past three years together with forecasts over the medium term.



- 4.5 Although the national total to be allocated as NHB in 2020/21 onwards will be determined by the next government spending review due in Autumn 2019, it is almost inevitable, based on previous allocations, that the national total will be capped at around the current level. Consequently, the current payment threshold of 0.4% will, if kept, certainly increase. Future allocations could also be linked to achievement of housing delivery compared to local plan targets. This is a significant risk to the medium term forecasts.
- 4.6 Increasing the current payment threshold from 0.4% to 0.5% would result in the loss of around £50,000 NHB in 2020/21 rising by this amount each year until 2023/24 leading to a reduction in NHB of around £200,000 compared to the current MTFS forecasts.

## **5 BUSINESS RATES**

- 5.1 Members will be aware that the Business Rates Retention system was introduced in April 2013. Under this system, authorities benefit if their actual Business Rates income collected in a year is higher than the baseline funding level determined by government.
- 5.2 There has been real business rates growth in Fenland over the last five years, however how this impacts on the resources available to this Council is complex, due to the rules and the operation of the current 50% Business Rates Retention system.
- 5.3 As part of the Final Finance Settlement, the government has confirmed that there is a surplus on the national Business Rates Levy Account (relating to 2017/18) which it will distribute to all Councils in 2019/20. The amount for this Council is £55,883 and is a one year only distribution.
- 5.4 In the report in December 2018 it was recommended and approved that this amount is earmarked in a reserve for any impact of Brexit that the Council will experience in the form of increased costs of supplies and services and for supporting the communities and businesses in the District with advice where required. However, now due to the government allocating funding of £35,000 over two years (£17.5k in 2018/19 and £17.5k in 2019/20) to district councils for preparations for Brexit the amount of £55,883 (para. 5.3 above) is now being utilised to off-set additional costs identified since the December 2018 report in order to present a balance budget for approval. These include the recycling contract and the new pay and grading structure discussed later in this report. The government funding for preparing for Brexit (£35,000) will be held in an earmarked reserve for that purpose instead of the £55,883.

### **75% Business Rates Retention Pilot – 2019/20**

- 5.5 The Council joined with the County Council, all other Districts within Cambridgeshire, Peterborough City Council and the Combined Authority to submit a bid to be a pilot in 2019/20 for the 75% Business Rates Retention Pilot Scheme. This is an initiative by the MHCLG as part of their preparations for the national scheme due to start in 2020/21. Unfortunately, as the initiative was substantially over-subscribed nationally, the bid was unsuccessful.

### **Business Rates – Retail Relief**

- 5.6 In the budget on 29 October 2018, the government announced it was introducing extra rate relief for certain retail business premises with a rateable value below £51,000.
- 5.7 Under the new scheme, eligible ratepayers will receive a one third discount on their daily chargeable amount. The government has issued guidelines on the operation of the relief which it intends should have effect for 2019/20 and 2020/21. State aid rules will apply to the retail relief in the usual way.
- 5.8 Local Authorities are expected to use their discretionary relief powers (Section 47 of the Local Government Act 1988, as amended) to grant this new relief in line with the relevant eligibility criteria set out in the guidelines and formal approval of this is required by Council. The full cost of granting this relief will be compensated through a Section 31 grant from government.

### **75% business rates retention – 2020/21 onwards**

- 5.9 It is expected that the 75% Business Rates Retention Scheme will be implemented nationally from April 2020. A consultation paper on Business Rates Retention Reform was issued by MHCLG on 13 December 2018.
- 5.10 As the content and character of any new system and its effect on Fenland District Council are unknown at this stage, no adjustments have been made to the business rates funding within the MTFS and it has been assumed that retained business rates will increase by CPI at around 2% per annum. Nationally, the implementation of this scheme is meant to

be fiscally neutral overall, however any redistribution will create losers and winners and the extent of that is an unquantifiable risk for the council currently.

- 5.11 Although the forecasts in the MTFS has assumed a 'neutral' funding position regarding retained business rates, the consultation paper identifies a range of options which would mean this Council will almost certainly 'lose' some of the business rates growth it's seen since the current system started in April 2013.
- 5.12 In the estimate for 2019/20 and the medium term forecasts from 2020/21, around £1m of business rates above the Council's Baseline Funding Level is being retained. From 2020/21 onwards, the Baseline Funding Level of all Councils will be reset with all 'growth' income being taken into account nationally and redistributed in the new system. This means initially the additional £1m business rates income would be removed and redistributed. What remains unclear, is how much of this £1m will be returned to the Council as part of its recalculated Baseline Funding Level.
- 5.13 In theory therefore, the Council could lose all of this additional £1m in the absolute worst case scenario. However, this is unlikely and would create significant volatility within future funding allocations nationally, which the government does not wish to see. There will also undoubtedly be some kind of transitional arrangements which would also limit the extent of any gains and losses in funding arising from the new system. The national total to be distributed to local authorities will also be dependent on the next government spending review.
- 5.14 Although it is extremely difficult to exemplify the impact of this redistribution, in broad terms, if the Council were to lose 50% of its growth income then this would add a further £500k per annum from 2020/21 to the current forecast MTFS shortfalls. A 20% loss of growth income would add a further £200k per annum to the current shortfalls.
- 5.15 At the time of writing, the Fair Funding Review, the introduction of 75% Business Rates Retention and the reforms to the New Homes Bonus are all major risk areas for this Council over the medium term.

## **6 FENLAND COMPREHENSIVE SPENDING REVIEW**

- 6.1 The estimated total net savings generated from the FDC-CSR proposals agreed previously at £1.667m will now amount to £1.829m by the end of 2020/21 with £1.23m achieved by the end of 2018/19 with a further £0.464m in 2019/20. During this year several proposals have been implemented. These include the following:
- Staffing Review of Customer Services, Human Resources, Accountancy and Vehicle Workshop
  - Leisure Centre management options (contract commences 4 December 2018)
  - Leisure and Open Spaces Management Review
  - Community House closure
- 6.2 During 2019/20, further FDC-CSR proposals are due to be implemented. These include the following:
- Relocation of March and Wisbech Shops
  - CCTV – alternative service delivery
- 6.3 The savings generated from these and other CSR proposals are included within the Medium Term Financial Strategy detailed at Appendix B and have significantly contributed to the required savings target over the medium term. A progress update report on the FDC-CSR was considered by the Overview and Scrutiny Panel on 10<sup>th</sup> December 2018.



## **7 FORECAST OUTTURN 2018/19**

- 7.1 As part of the budget setting process for 2018/19, approved by Council on 22 February 2018, £0.218m of savings were required in order to achieve a balanced budget.
- 7.2 It is pleasing to report that the required savings for 2018/19 have been identified and implemented. In addition, all the required savings for 2019/20 have also been identified.
- 7.3 Organisational efficiency changes (e.g. Leisure and Open Spaces, Human Resources and Accountancy), the implementation of the new Leisure Centres management contract together with additional income have enabled the savings target to be met for this year with significant contributions towards the savings target for 2019/20.
- 7.4 This is a considerable achievement and demonstrates the focus from Cabinet and Officers in delivering a balanced budget. The savings identified to date have not significantly affected front-line services as the Council is determined to maintain the quality of these services during these difficult and challenging times.
- 7.5 The latest revised estimates for 2018/19 are set out at Appendix A and show a forecast under-spend of £103k by the end of this financial year. Additional income from the Garden Waste subscription service (-£47k) and Marine Services (-£61k); the contingency sum for an enhanced Economic Development service not required this year (-£43k); higher forecast income from Investments and VAT sharing arrangement (-£60k) has been off-set by lower anticipated Planning Fees (£94k), additional recycling contract costs (£15k) and other service variations (-£1k).
- 7.6 In addition, following a reassessment of the appeals provision for Business Rates for 2018/19, the levy payment due to the government this year has reduced by £420k and together with additional S31 Grant due from the government for reimbursement of small business rate relief, the total retained business rates for 2018/19 is forecast to be around £500K higher than originally estimated. However, due to the timing of the impact on the Council's budget of an increased appeals provision (a change in this year will impact in next year), the estimated retained rates and collection fund deficit in 2019/20 are around £500k greater than previously forecast. Consequently, to smooth out the timing impact of these changes, £500k has been set-aside in the Business Rates Equalisation Reserve in 2018/19 with the same amount being utilised from this reserve in 2019/20. This will ensure that over these two years the impact on the Council's bottom line is neutral and the balance on the Business Rates Equalisation Reserve will remain at £500k at the end of 2019/20.
- 7.7 At the present time, Corporate Management Team, Senior Managers and the Accountancy Team are managing and monitoring the position carefully and will continue to review spending levels to ensure as far as is possible, this position is maintained to the year end.

## **8 BUDGET ESTIMATES 2019/20 AND MTFS**

- 8.1 The Council's MTFS ensures that the commitments made in the Business Plan are funded not only in the year for which formal approval of the budget is required (2019/20) but for forecast years as well, within a reasonable level of tolerance.
- 8.2 The Council's medium term forecasts are shown at Appendix B and summarised in Table 2 below. The forecasts are based on a 1.97% Council Tax increase in 2019/20 and 1.98% per annum from 2020/21 onwards in line with the current approved MTFS.

**Table 2: MTFS - 1.97% CT increase in 2019/20 and 1.98% increase in 2020/21 onwards**

	Estimate 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24
	£000	£000	£000	£000	£000
<b>Expenditure</b>					
Net Service Expenditure	13,813	13,787	14,139	14,482	14,949
Corporate Items	-1,462	-111	-95	105	85
Renewable Energy Rates Retained	-433	-352	-359	-366	-374
Retained Business Rates (Growth)	-856	-966	-988	-1,014	-1,037
<b>Net Budget Requirement</b>	<b>11,062</b>	<b>12,358</b>	<b>12,697</b>	<b>13,207</b>	<b>13,623</b>
<b>Funding</b>					
Revenue Support Grant	0	0	0	0	0
Business Rates Baseline	-3,643	-3,715	-3,790	-3,865	-3,943
Business Rates Collection Fund Deficit	443	0	0	0	0
Council Tax Collection Fund Surplus	-59	-50	-50	-50	-50
Council Tax <i>(increases of 1.97% in 19/20 and 1.98% p.a 20/21 onwards)</i>	-7,803	-8,040	-8,282	-8,530	-8,785
<b>Total Funding</b>	<b>-11,062</b>	<b>-11,805</b>	<b>-12,122</b>	<b>-12,445</b>	<b>-12,778</b>
<b>Surplus(-)/Shortfall(+)</b>	<b>0</b>	<b>+553</b>	<b>+575</b>	<b>+762</b>	<b>+845</b>

- 8.3 Government grant figures for 2019/20 have been confirmed as part of the final finance settlement. The projections for 2020/21 onwards are based on the best estimates and information available and are consistent with the announcements on business rates in the Budget Statement 2018. However, subject to further clarity on the detailed implementation of the announcements, there remains a degree of uncertainty in these projections.
- 8.4 The net budget requirement for 2019/20 is currently estimated at **£11.062m** after all identified savings and contingencies are included. This includes the assumptions detailed at Appendix C. With the final funding and the 1.97% increase in Council Tax as per the approved MTFS, a balanced budget is presented for 2019/20.
- 8.5 The forecasts include all proposed savings from the FDC-CSR process over the next three years together with assumptions regarding additional receipts from Council Tax and Business Rates.

#### **Contingencies within MTFS**

- 8.6 Contingencies have been included to allow for the impact of a possible extension to the existing recycling contract and for the potential effect of re-modelling the Council's pay grades to ensure compliance with the new national pay structure (effective 1 April 2019) and to meet the requirements of the Equality Act 2010.

#### **Extension to Recycling Contract**

- 8.7 The Council has benefited for the last 4 years from a jointly procured contract, which is shared with the other Cambridgeshire and Peterborough collection authorities (Recap Partnership), delivering economies of scale. The current contract comes to an end in September 2019. The Council and Recap partners are currently negotiating an extension to the contract. The proposed 3 year extension allows the Council to continue to benefit from the current agreement and avoid the authority being exposed to the market for recyclates at a time when changes proposed in the Government Waste and Resources Strategy, which threatens to change kerbside collections, along with Brexit uncertainties,

could dramatically increase the cost of any newly procured contract. The contract extension is currently being finalised through negotiation with the contractor and reflects current and projected market conditions, resulting in a supplementary gate fee being charged. The forecast additional costs of £15k in 2018/19, £30k in 2019/20 rising to £75k in 2021/22 have been included in the MTFS.

### **New Pay and Grading Structure**

- 8.8 As a result of the national pay award for 2019/20 and the associated changes to the pay grades whereby pay points have been removed and others combined, a re-modelling exercise of the Council's current pay grades has recently been carried out. Any option will need to comply with the new national pay structure and also meet the requirements of the Equalities Act 2010. Depending on which option is finally approved, there is likely to be additional costs over the term of the MTFS. As no firm decision has yet been taken regarding the various options, additional costs have been included in the MTFS as a contingency at this time. The figures represent the estimated maximum cost of implementing the new structure, although the final cost will not be known until the agreed option has been implemented. A report on the various options is to be presented to Staff Committee in March 2019.
- 8.9 Taking into account the proposals in the Table 2 above, the estimated net budget requirement in 2019/20 is detailed in Appendix A. The level of forecast resources available to the Council and the estimated levels of expenditure over the medium term are set out in detail in Appendix B. These show a funding gap of £845k by the end of 2023/24.
- 8.10 The forecasts for the years 2020/21 – 2023/24 are provisional at this stage and should be considered with extreme caution. They are based on a 'neutral' impact of the Fair Funding Review and reforms of Business Rates Retention and New Homes Bonus. Future announcements and consultation outcomes will determine government policy and therefore the funding in future years. In addition, the forecasts are dependent on permanently maintaining the savings identified through the FDC-CSR proposals.
- 8.11 Based on the forecasts which have been arrived at on the basis of best estimates and known and available information currently, further savings will be required over the medium term through an approach of similar character and reach to the FDC-CSR which is to be delivered by the end of 2019/20.

### **SIGNIFICANT RISKS TO MTFS**

- 8.12 As detailed earlier in this report, Business Rates Retention Reform, Fair Funding Review and changes to the New Homes Bonus could have a significant impact on the Council's forecast resources over term of the MTFS. Further to the risks associated with these externally determined funding streams the Council should also ensure that income budgets are achieved and new income streams considered and implemented for medium to long term sustainability in combination with any operational and transformational benefits that the Council realises. The use of general reserves to support revenue expenditure adds to the overall risks to the Council as such reserves can only be used once but the cumulative impact of such use will continue to be felt into the future.

### **Other Risks**

#### **Capital Programme – Future Funding**

- 8.13 The Council is increasingly relying on borrowing (Internal and Prudential) to fund its future programme as the amount of capital receipts and the level of reserves available to fund the capital programme are reducing considerably over the next two years. Consequently, any new capital schemes (which do not generate a return to repay borrowing costs) will have to be funded through borrowing which will result in revenue costs and therefore will impact on the MTFS and future shortfalls.

- 8.14 For example, a £1m scheme with a 20 year life, funded by prudential borrowing, would result in around an additional £75,000 per annum in interest (2.5%) and repayment costs.
- 8.15 To exemplify the effect on the MTFS of potential additional costs arising from the above risks, Table 3 below details a scenario whereby the Council loses 20% of its business rates growth income following the reforms in 2020/21.

**Table 3: MTFS Potential Impact of Major Risks**

	Estimate	Forecast	Forecast	Forecast	Forecast
	2019/20	2020/21	2021/22	2022/23	2023/24
	£000	£000	£000	£000	£000
<b>MTFS Shortfall - Appendix B</b>	<b>0</b>	<b>553</b>	<b>575</b>	<b>762</b>	<b>845</b>
20% loss of NNDR growth income		200	200	200	200
Increase in NHB threshold to 0.5%		50	100	150	200
<b>Revised Shortfall</b>	<b>0</b>	<b>803</b>	<b>875</b>	<b>1,112</b>	<b>1,245</b>
<b>(excluding 0% CT impact)</b>					
0% CT increase in 2019/20	151	155	160	165	170
<b>Revised Shortfall</b>	<b>151</b>	<b>958</b>	<b>1,035</b>	<b>1,277</b>	<b>1,415</b>
<b>(including 0% CT impact)</b>					

- 8.16 As stated earlier, it is important to note that the figures detailed in the above table are purely illustrative except for the effect of a 0% CT increase in 2019/20.

### Parish Precepts

- 8.17 The levels of parish precepts set throughout Fenland are provided for information at Appendix F. These will be reported to Council as part of the Council Tax setting process.
- 8.18 As part of the Fenland CSR process, Cabinet agreed at its July 2016 meeting, to phase out the Local Council Tax Support Grant funding to Parish Councils by 2019/20, the year this Council's Revenue Support Grant (RSG) from government also ceases. This reduced the grant payments to Parish Councils from £89,260 in 2016/17 to £59,507 in 2017/18, £29,750 in 2018/19 and zero in 2019/20.

## 9 FEES AND CHARGES

- 9.1 The Overview and Scrutiny Panel reviewed fees and charges for 2019/20 at its meeting on 14 January 2019 and were subsequently considered by Cabinet on 17 January 2019. All of these recommendations have been included in the financial forecasts.

## 10 SPECIAL AND GENERAL EXPENSES

- 10.1 For the purposes of Section 35 of the Local Government Finance Act 1992, the Council needs to pass appropriate resolutions for each financial year to determine how expenses which could legally be regarded as special should be treated.
- 10.2 If expenses are treated as special expenses, then they must be charged against the parts of the Council's area to which they relate.
- 10.3 Parish precepts are special expenses and cannot be treated as general expenses.
- 10.4 Drainage Board and Port Health levies which affect only part of the Council's area are treated as general expenses unless the Council resolves otherwise. These are currently treated as general expenses and it is recommended that this position continues for 2019/20.

- 10.5 Expenses incurred by the Council in performing, in part of its area, a function performed elsewhere by a parish council are special expenses unless the Council determines otherwise. Currently, these are treated as general expenses. To maintain this position, it is recommended that the Council determines that such expenses should not be treated as special expenses for the financial year 2019/20.

## **11 PORT HEALTH**

- 11.1 The Port Health levy for 2019/20, based on expected expenditure, is recommended as shown in Table 4 below for Council to approve.

**Table 4: Port Health Levy 2019/20**

<b>Description</b>	<b>£</b>
a) Port Health anticipated expenditure	14,742
b) Port Levy	
Fenland District Council	13,047
South Holland District Council	1,032
King's Lynn and West Norfolk Borough Council	663
Total	14,742

## **12 COUNCIL TAX – LONG TERM EMPTY PROPERTY PREMIUM**

- 12.1 Since April 2013 Councils have the discretion to charge up to 50% empty homes premium for properties that have been empty for over 2 years. In offering these new powers the Government were seeking to influence owners to bring empty homes back into use as well as the ability for Councils to increase Council Tax income. This Council agreed to charge a 50% premium on these properties (total Council Tax 150%).
- 12.2 As part of the 2017 Budget it was announced that the Government would be implementing new flexibilities in respect of charging additional Council Tax premiums on Long Term Empty properties. Legislation recently passed will enable Councils to charge additional premiums of 50% on empty properties over 2 years (bringing the premium up to 100% and the total Council Tax to 200%) with effect from 1 April 2019, an additional 100% premium on empty properties over 5 years (total premium 200% and total Council Tax to 300%) from 1 April 2020 and an additional 100% premium on empty properties over 10 years (total premium 300% and total Council Tax 400%) from 1 April 2021.
- 12.3 There are currently 104 properties in Fenland empty longer than 2 years. The current additional income raised from the 50% premium on these properties is around £82k. As this relates to Council Tax, this Council only retains around £13k. However, the main objective is to bring long term empty properties in Fenland back into use as soon as possible and to incentivise this by adding penalties through the additional Council Tax premium charged.
- 12.4 In order for the new levels of premiums to be charged with effect from 1 April 2019, Council is recommended to approve the additional premiums on long term empty properties as set out in paragraph 12.2 above.

## **13 COUNCIL TAX REFERENDUM THRESHOLD – 2019/20**

- 13.1 As part of the 2019/20 Local Government Finance Settlement announcement, the government has confirmed that District Councils are required to seek the approval of their local electorate in a referendum if they wish to set council tax increases in 2019/20 that exceed the government set thresholds. The threshold has been set at an increase of 3% or greater than £5 over the previous year, whichever is higher for 2019/20.
- 13.2 The referendum limit at 3% is 1% higher than allowed for in the MTFS. For the purposes of this report, the figures in Table 2 above and Appendices A and B include the increases built into the already approved MTFS and not the threshold limit.

- 13.3 An additional 1% increase in Council Tax in 2019/20 would generate £77,000 of revenue per annum to the Council. Even then the estimates for future years would continue to show a significant and increasing shortfall (see Table 2 in paragraph 8.2 above and Appendix B).

#### **14 FENLAND DISTRICT COUNCIL – COUNCIL TAX 2019/20**

- 14.1 After the estimates of expenditure and income have been prepared, and the Final Settlement has been received, the next step is to set the council tax for 2019/20 for Fenland District Council. This is the final piece of the “jigsaw” that identifies the balance of the total resources required to fund the Council’s services.
- 14.2 When considering the level of Council Tax to be set for 2019/20 it is not only important and critical but essential to give full and due regard and consideration to the projected budget shortfalls over the medium term – 2019/20 to 2023/24 as set out in Table 2 in paragraph 8.2 above. In order to meet the objectives and guidelines set out in the MTFS and based on the assumptions shown at Appendix B, the following council tax increases have been factored in to the calculations in line with the current policy :

<b>YEAR</b>	<b>INCREASE FOR MTFS PURPOSES</b>
• 2019/20	1.97%
• 2020/21 – 2023/24	1.98% per annum

The assumed increase for 2019/20 in the MTFS approved in February 2018 is at 1.98%. However, due to the way that the absolute monetary amount of council tax is calculated at Band D, which is to make it divisible by the 9 so that all the other bands also calculate exactly to the penny, the percentage increase to apply to achieve this is 1.97%.

- 14.3 It is expected that these increases together with the achievement of the identified efficiency savings, would provide the resources required to fund the current level of service provision in 2019/20. However, over the period of the MTFS, the Council will need to consider its strategy to meet the estimated shortfalls shown at Table 2 and in Appendix B.
- 14.4 The Interim Corporate Director and Chief Finance Officer advises that the Council should consider carefully the implications of a Council Tax increase less than 1.97% in 2019/20 if it was minded to do that, in the light of the already stated uncertainties in future funding from 2020/21 and the spending pressures. The forecasts, even with the assumed increases in the Council Tax in paragraph 14.2 above show budget deficits which by 2023/24 amount in total to £845k that will need to be managed out to set balanced budgets over the period of the MTFS. The implication of a lesser increase is that the Council would be reducing its financial base permanently as it would not be able to recover potential revenue foregone due to the cumulative year on year impact. The consequences of continually setting low/zero Council Tax levels and not achieving the necessary savings/additional income have been clearly demonstrated by the events at Northamptonshire County Council. The ability to achieve significant year on year savings (without increasing existing and introducing new revenue streams together with transformational change) to balance the budget becomes progressively difficult without eventually impacting on front-line services and delivery.
- 14.5 Council is also advised that the government recognised in 2017/18 that district council budgets were under significant pressure due to the ongoing impact of the austerity measures and in response changed the council tax raising limit in the referendum rules by introducing a monetary amount of £5 in addition to the then 2% limit whichever was the higher. In 2018/19 it raised the 2% limit to 3%.

- 14.6 Council can of course agree to a higher increase (up to the referendum limit of 3%) and a 1% rise in Council Tax raises around £77,000 revenue per annum. This being so, with the 1.97% increase as per the MTFS figures in Table 2 / Appendix B the Council will be foregoing its ability to raise an additional £77,000 on an ongoing basis. A 0% Council Tax increase compared to the referendum limit of 3%, would mean the Council foregoing its ability to raise an additional £230,000 on an ongoing basis.
- 14.7 Table 5 shows the implications of increasing the Council Tax in 2019/20 by 1.97% and 1.98% per annum thereafter compared to freezing the Council Tax in 2019/20 and increasing it at 1.98% per annum thereafter.

**Table 5: MTFS Deficits at Differing Council Tax increases in 2019/20**

Deficits based on different % increases	2019/20	2020/21	2021/22	2022/23	2023/24
	£'000	£'000	£'000	£'000	£'000
Deficits at 1.97% increase <i>(as shown in Table 2/Appendix B)</i>	0	+553	+575	+762	+845
Reduction in CT at 0%	+151	+155	+160	+165	+170
Deficits at 0% increase	+151	+708	+735	+927	+1,015

- 14.8 The Council's Band D Council Tax for 2019/20 at the 1.97% increase would be £265.59, an increase of £5.13 per Band D property on the current year. However, for the majority of properties in the district (84%) the increase will be proportionately less (although the percentage increase will be the same). Table 6 below shows the proposed Council Tax levels for each property band and the relevant increase at the 1.97% increase.

**Table 6: Proposed FDC Council Tax levels 2019/20 (1.97% increase) by Property Band**

Property Band	Proportion to Band D	% of Properties	Current 2018/19 Council Tax £	Proposed 2019/20 Council Tax 1.97% increase £	Increase per annum £	Increase per week pence
A	6/9	37.38	173.64	177.06	3.42	6.6p
B	7/9	27.19	202.58	206.57	3.99	7.7p
C	8/9	19.04	231.52	236.08	4.56	8.8p
<b>D</b>	<b>9/9</b>	<b>9.96</b>	<b>260.46</b>	<b>265.59</b>	<b>5.13</b>	<b>9.9p</b>
E	11/9	4.76	318.34	324.61	6.27	12.1p
F	13/9	1.29	376.22	383.63	7.41	14.3p
G	15/9	0.35	434.10	442.65	8.55	16.4p
H	18/9	0.03	520.92	531.18	10.26	19.7p

- 14.9 Table 7 shows the Band D Council Tax for spending at the level proposed, together with Council Tax levels from the major preceptors and Parishes.

**Table 7: Band D Council Tax Levels 2019/20**

COUNCIL TAX BASE	2019/20 29,380		2018/19 28,979	
	£	Band D £	£	Band D £
Fenland District Council Precept (Appendix A)	<u>7,803,030</u>		<u>7,547,870</u>	
<b>Fenland District Band D Council Tax</b>	<b>1.97%</b>	<b>265.59</b>	<b>1.97%</b>	<b>260.46</b>
MAJOR PRECEPTORS				
County Council	(4.98%)	1,312.11	(4.99%)	1,249.83
Police & Crime Commissioner	(12.05%)	222.66	(6.41%)	198.72
Fire Authority	(2.88%)	70.74	(2.96%)	68.76
Sub Total BAND D TAX		1,871.10		1,777.77
Parish Councils-average (Appendix F)	(-1.19%)	46.41		46.97
Total average Band D Tax		1,917.51		1,824.74
<b>Total average increase over 2018/19</b>		<b>£92.77 (5.08%)</b>		

- 14.10 The County Council increase for 2019/20 includes 2% for the Adult Social Care precept (£25.00) and 2.98% on the general council tax (£37.28), giving a total increase of 4.98% (£62.28). For 2019/20, the Police and Crime Commissioner is allowed to increase council tax by up to £24.00 on a Band D property. The actual increase is £23.94 (12.05%).

## 15 TREASURY MANAGEMENT, CAPITAL STRATEGY AND ANNUAL INVESTMENT STRATEGY 2019/20

- 15.1 Full details of the proposed Treasury Management, Capital Strategy and Annual Investment Strategy for 2019/20 are contained in Appendix E. The proposed strategies were presented to and endorsed by Corporate Governance Committee on 5 February 2019.
- 15.2 The key issues relating to the strategies and their impact on the MTFs are as follows:
- Continuing compliance with CIPFA's Treasury Management Code of Practice and the MHCLG's Investment Guidance;
  - The prudential and treasury indicators detailed in paragraphs 2-11 of Appendix E, show that the Council's capital investment plans are affordable, prudent and sustainable;
  - The Capital Strategy, detailed at Annex A of Appendix E, sets out the context in which capital expenditure and investment decisions are made and establishes that the Council has arrangements in place to ensure it gives due consideration to risk, reward, and impact on the achievement of priority outcomes;
  - The MRP policy sets out how the Council will make prudent provision for the repayment of borrowing needs over the medium term forecast;



- The Treasury Management Strategy has been organised so that the Council will have sufficient cash resources to meet capital expenditure plans and operational cash flows;
- At the current time, no opportunities exist to repay or reschedule the Council's external (total £7.8m) due to the premiums that would become payable on redeeming the debt early. For example, the Council's long term PWLB debt of £4.5m would currently attract a premiums of £3m;
- The Council complies with all statutory requirements in relation to its' external debt portfolio. However, the Council does not technically comply with the CIPFA Code prudential indicator for gross borrowing and capital financing, which fails to take into account the specific circumstances relating to the timing of the Housing Stock Transfer and the impact of interest rates on the repayment of debt since then;
- Total external interest which includes finance lease interest payments; revised estimate for 2018/19 is £507,940 and the estimate for 2019/20 is £574,000.
- The Bank of England's Base rate is forecast to increase steadily but slowly over the next few years to reach 2% by quarter 1 2022.
- The current Medium Term Financial Strategy assumes that some external borrowing will be required over the four-year period to 31 March 2022.
- The aim of the Council's annual investment strategy is to provide security of investments whilst minimising risk; investment returns are commensurate with the Council's low risk appetite. The Council achieves these objectives through differentiating between "specified" and "non-specified" investments and through the application of a creditworthiness policy.
- Total investment income is an estimated £170,000 for 2018/19 and £180,000 for 2019/20.

## **16 REVIEW OF GENERAL FUND BALANCE AND EARMARKED RESERVES**

- 16.1 An important part of any budget strategy is the review and consideration of reserves. Earmarked Reserves are typically held and used in a planned way to deal with issues where it is foreseen that resources need to be set aside to meet a specific need but the exact amount and timing is not known. General Reserves are held to cushion the impact of an event or events that cannot be foreseen whilst maintaining these resources at a consistent and reasonable level over the medium term.
- 16.2 Sufficient levels of reserves are necessary to provide for various contingent and unplanned items that could include:-
- significant increased costs of providing statutory services
  - significant increased contractual costs
  - an unexpected and/or significant event or disaster, e.g. civil emergency
  - an unexpected major liability in law
  - the need to make significant payments in relation to prior year adjustments under the direction of the external auditor
- 16.3 The Council's current forecast uncommitted General Fund Balance at 31 March 2019 is £2.422m and has been consistently maintained around this level for a number of years. It is expected that this level of Balance will be maintained over the length of the MTFS in light of the future uncertainties and risks in respect of future funding for local government and particularly District Councils highlighted in this report.

- 16.4 Following the repayment of the Council's liability to the Pilots' National Pension Fund (PNPF) earlier this financial year, Cabinet agreed at their December 2018 meeting that the balance on the PNPF reserve (£451k) be transferred to a Local Plan Review Reserve to fund the review of the Local Plan scheduled to commence in 2019/20. The estimated cost of the Local Plan Review is £600k over the period 2019/20 to 2021/22. Therefore, to ensure that the reserve is built up to the required level to fund this significant requirement any surplus at outturn in 2018/19 will also be used for this purpose.

## **17 CAPITAL PROGRAMME**

- 17.1 Capital Expenditure and Income plans have been prepared through the Council's service and financial planning cycle. The Council's capital resources are dependent on government funding, external grants and contributions or through the ongoing disposal of assets.
- 17.2 A fully-updated Capital Programme for 2018-22 is presented at Appendix D for approval. The programme has been updated to ensure it adequately reflects the cost and anticipated timing of schemes previously approved. The total capital receipts expected over the period covered by the programme is unchanged at £836K. In the event that the Council succeeds in securing additional capital receipts from the sale of Council assets the financing of the capital programme will be reviewed and updates will be provided to Cabinet.
- 17.3 During the year several new schemes have been incorporated into the capital programme for 2018/19. Of these, three relate to the replacement or enhancement of recreation facilities. These schemes are predominantly funded from S106 monies held by the Council. Earlier this year the Council received notice from its supplier that the existing printing devices used by Council Officers and Members could no longer be supported under the current maintenance agreement. Following an evaluation the replacement devices have been purchased and funded from capital resources. Due to lower usage costs these devices will deliver revenue savings to the Council over their useful life.
- 17.4 Provision has also been made in this financial year and future years for the cost of undertaking reversion works to the premises the Council leases in March and Wisbech to operate One Stop Shop facilities. The timing and extent of the works required will be determined by the decision taken at this meeting as regards where the One Stop Shop facilities are to be located.
- 17.5 The Asset Management Plan has been revisited and this has identified a small number of areas where additional investment is now required in future financial years. Council approved the acquisition of new audio-visual equipment for the Council Chamber at its meeting on 15 November 2018 and the programme has been updated to reflect the estimated cost. Funds have also been allocated to update the audio-visual Equipment at the South Fens and Boathouse Business Centres, as well to undertake essential health and safety works to Fenland Hall, as identified in an updated condition survey. The investment required to ensure the Council is able to continue to discharge its statutory responsibilities in relation to its Port Estate has also been determined and incorporated into the programme.
- 17.6 The investment required in relation to the CCTV service has been reduced to reflect the decision taken by Council in January 2019 to approve the implementation of a CCTV shared service with Peterborough City Council.
- 17.7 From 4<sup>th</sup> December 2018 the Council entered into a fifteen-year contract for the management and operation of the Council's leisure centres. As part of that contract, Freedom Leisure agreed to undertake a significant investment programme in the Hudson leisure centre buildings in the early years of the contract and to replace leisure equipment, as necessary, over the life of the contract. The cost of this investment and replacement programme is reflected in the fees payable to the Council by Freedom over

the life of the contract. The Council's agreement with Freedom means that the Council will incur capital expenditure as and when investment works are undertaken and when replacement equipment is purchased. Over the life of the four-year capital programme set out in Appendix D, investment in improved facilities is estimated to be £905k and replacement equipment is expected to cost £745k. The capital programme also includes provision for the cost of capital works identified as part of a condition survey of the Council's leisure facilities commissioned by the Council.

- 17.8 The Council continues to work closely with the Cambridgeshire and Peterborough Combined Authority (CPCA) on a number of projects. Some of these will result in the Council incurring capital expenditure which will be either fully or part-funded by monies from the CPCA. The current capital programme includes improvement works to March and Whittlesea Railway Stations which will be fully-funded by the CPCA.
- 17.9 Should resources from external funding and/or capital receipts not generate the level of receipts forecast, or there is a delay in disposal of assets, then the capital programme will need re-visiting to ensure funding is sufficient to meet proposed expenditure including through borrowing. Reviews of the programme and resources available are carried out regularly during the year.
- 17.10 The Council's Borrowing Strategy which is incorporated into the Council's Treasury Management Strategy Statement (Appendix E) recognises that some prudential borrowing may be required over the life of the capital programme. The projected additional annual revenue costs for the Council are reflected in the MTFS.
- 17.11 The Local Government Act 2003 introduced a new Prudential Borrowing regime. This requires all Councils to set and monitor indicators relating to capital expenditure, external debt and impact on council tax. The recommended indicators for Fenland District Council from 2019/20 are included in the Treasury Management Strategy detailed below and in Appendix E.

## **18 REPORT OF THE CHIEF FINANCE (SECTION 151) OFFICER UNDER SECTION 25 OF THE LOCAL GOVERNMENT FINANCE ACT 2003.**

- 18.1 Under Section 25 of the Local Government Act 2003 and CIPFA Code of Practice, the Council's Chief Finance Officer (Section 151 Officer) is required to report on the robustness of the estimates made for the purpose of the budget calculations and the adequacy of the proposed reserves.

**Cabinet and Council are required under the 2003 Act to consider and give due regard to the Chief Finance Officer's report as part of the budget approval and council tax setting process.**

- 18.2 The proposed budget is set against the context of continued reductions in core Government funding. 2019/20 is the last year of the current Medium Term Financial Strategy linked to the submission of an Efficiency Plan which secured a multi-year settlement until 2019/20 thereby providing a level of certainty for this element of funding.  
  
This allowed planning to take place and the proposed budget is consistent with the MTFS framework. The final settlement from the Government did not impose a negative RSG that would have required unplanned savings or use of reserves to balance the budget.
- 18.3 In 2020/21 the Government intends to make fundamental changes to the funding system for Local Government through the introduction of a new needs based fairer funding formula and the introduction nationally of 75% business rates retention (BRR) and a new system of distributing the New Homes Bonus. The cumulative impact of these changes and lack of visibility on any transition or damping arrangements means that financial planning for 2020/21 is very uncertain. The Council should therefore retain its current level of reserves to mitigate against the impact of forthcoming changes to afford it the ability to plan for a sustainable financial future.

- 18.4 The Section 151 Officer is required to report to the Cabinet and Council the key risks facing the Council in relation to current and future budget provision.

## **RISK ASSESSMENT**

There is an element of risk inherent in any process that looks into the future to make forecasts, particularly in the current economic climate and other national and international events now or in the future that may impact on the Council either directly or indirectly. The Council has a strong track record in good financial management as recognised in the recent Annual Audit Letter. This risk is further minimised by adopting the following methodology when preparing the estimates:-

- Service managers and the Accountancy Team working together to define likely service income/expenditure patterns matched with service delivery plans;
- Maintaining “earmarked” reserves for expenditure that it is known will occur but the exact amount and timing of the expenditure is not known;
- Maintaining an adequate level of general reserves to meet sudden and or unforeseen expenditure;
- Adopting clear guidelines and control systems (robust revenue and capital budget management and monitoring procedures, Financial Regulations and Contract Procedure Rules etc.) to alert service managers, and members before variances reach tolerance levels;
- Using professional and expert advice and economic forecasts and horizon scanning where these are available, e.g. treasury management, interest rates,
- Maintaining a rolling review of forecast estimates beyond the current year.

In the current national and international context, some of the factors included in the assumptions can be particularly volatile. The MTFS will be prepared annually on a rolling basis so that as information becomes more certain the figures will be updated and early consideration can be given to any action or changes in direction that may be required.

### **(a) National Economy**

According to the Office of Budget Responsibility (OBR) Economic and Fiscal Outlook of October 2018 there remains no meaningful basis on which to predict the outcome of the current negotiations over the relationship between the UK and the EU after Brexit other than continuing with a broad-brush assumptions on productivity, trade and migration.

The OBR forecast on growth in the economy is that of a marginally better growth over the period to 2022 than the forecast from March 2018. The fiscal outlook is that the Government will manage the economy with a residual national deficit. This is mainly as a result of the combination of the effects of the Chancellor’s Budget giveaways and the commitment to fund the NHS by the Prime Minister.

It is not clear what this means for Local Government as there will still be distributional impacts across Government. The next government Spending Review is expected to take place in autumn 2019 for 2020/21 onwards and it is unclear how many years it will cover.

Any negative changes in the economy may have an impact on the financial health and therefore viability of businesses which could lead to loss of business rates. The council holds bad debts provision for business rates and this is kept under review by the S.151 Officer during the year. The Council also has a Business

Rates Equalisation Reserve which is for use to smooth out any significant variations in the business rates income that it retains. The Council is therefore mitigating a high level risk to shield itself against a significant variation in its retained business rates income.

**(b) Inflationary Costs**

CPI inflation is forecast to remain at 2% until 2020 while RPI is forecast at 3%. The MTFS includes 2% pay award. However, no inflationary increases have been allowed on general expenditure budgets except for utilities, external contracts and drainage board levies.

The Council's next triennial pension fund valuation is due for 1 April 2020 and is likely to lead to further increases in employer contributions. The last valuation resulted in an increase of £35k per annum. An increase in employer's contribution of 0.4% has been factored in the MTFS from 2020/21 and thereafter.

**A council tax increase of less than 2% (level of inflation) or at least the level incorporated in the current approved MTFS combined with the reduction in the Government support by 9% compounds the ongoing pressure of being able to balance the budget over the period of the MTFS especially at a time of uncertainty regarding the future funding system for Local Government.**

**(c) Income Risks**

The income budgets reflect the fees and charges set out in the fees and charges schedule for 2019/20 approved by Cabinet on 17<sup>th</sup> January 2019. A prudent level of income assessments has been factored into the budget. Fees and Charges have increased by inflation or where appropriate by more than inflation or by the statutory fee or on a cost recovery basis. Regular budget monitoring of income identifies any income trends and appropriate action plans put in place. The income targets included within the 2019/20 budget are considered achievable. Planning fees carry a significant risk if the expected applications for major schemes do not come through.

Any changes resulting from the new National Waste Strategy currently being consulted on, in the council's waste and recycling collection service including green waste during the period of the MTFS may have negative impact on a significant income stream as well as the cost structure of the service.

**(d) Capital Spending**

The Council has been supporting its capital programme through its usable capital receipts, capital grants and contributions (including S.106 monies) and internal borrowing in lieu of actual external borrowing. The internal borrowing is mainly the use of its surplus cash flow and core funds which otherwise would be invested through the Treasury Management activities. The surplus cash funds will be more or less utilised during the period of the MTFS and therefore the Council will have to undertake actual external borrowing to fund the balance of the capital programmes in the future. As such provision for debt charges for the new borrowing will be required in the revenue budget. A provision for the cost of the borrowing has been included in the 2019/20 budget for the improvement works to the Leisure Centres.

**18.5 The Corporate Director and Chief Finance Officer (Section 151 Officer) makes the following statement:**

The robustness of the Budget estimates and the adequacy of the reserves are largely dependent on the levels of risk and uncertainty. There is an element of judgement as budget estimates of spending and income are made at a point in time and may change as circumstances change.

This statement on the robustness of estimates cannot give a 100% guarantee about the budget but should give the Council reasonable assurance that the budget has been based on the best information and assumptions available at the time.

The principal financial assumptions made in the Budget are noted in this report and attached at Appendix C. Budget monitoring throughout the year will be an important tool in identifying, at an early stage, potential issues so appropriate action can be taken.

The delivery of the planned savings including all those of CSR1 in 2019/20 and major business projects **is critical** to the successful delivery of the Council's budget strategy. Current activity provides adequate assurance as to the deliverability of the 2019/20 budget with future year projections representing realistic planning assumptions which will be subject to review as part of the annual budget setting process.

The Budget has been prepared reflecting known service pressures and following thorough review by Service Managers of planned savings.

A risk based approach to consideration of the level of reserves is a component of the Council's overall risk management framework. Operational risks should be managed within Services' bottom line budgets and thus will not normally result in a call on the Council's General Balances, as detailed in Section 16 above.

My assessment of the process that has been undertaken is that the calculations used in the preparation of the estimates for the Budget for 2019/20 are fair and robust and that reserves are adequate to reflect known circumstances and to be able to manage the stated uncertainties and risks as far is known at this time. All earmarked reserves are held for the purpose for which they are set up and are considered to be adequate to meet the requirements of those purposes when called upon based on the best information available as at the time of writing.

**On the basis of the planned 1.97% increase in Council Tax there are no 'unidentified' savings still to be identified within the balanced Draft Budget 2019/20.**

## FENLAND DISTRICT COUNCIL

## Summary of Revenue Estimates

	Approved Estimate 2018/19 £	Revised Estimate 2018/19 £	Estimate 2019/20 £
<b>Service Summary</b>			
Growth & Infrastructure	1,563,495	1,609,795	1,275,560
Housing, Environment, Leisure & Community	4,395,640	4,513,370	4,270,720
Resources & Customer Services	6,123,340	6,113,910	6,360,638
Planning, Policy & Governance	1,703,960	1,699,010	1,905,920
<b>NET COST OF GENERAL FUND SERVICES</b>	<b>13,786,435</b>	<b>13,936,085</b>	<b>13,812,838</b>
<b>Corporate Items</b>			
Contributions to/ (from) Earmarked Reserves	-1,046,187	-919,427	-1,157,380
Revenue Funding of Capital Expenditure	1,297,000	1,063,000	470,000
RTB/VAT Sharing Income	-90,000	-90,000	-40,000
Financing Charges - <i>Interest/Minimum Revenue Provision</i>	658,795	658,925	824,000
Investment Income	-155,000	-170,000	-180,000
New Homes Bonus	-1,426,180	-1,426,180	-1,294,000
Council tax Support - <i>Payments to Parish Councils</i>	29,750	29,750	0
Brexit Preparation Grant	0	-17,500	-17,500
A14 Contribution	0	0	32,000
Allocation of Levy Account Surplus	0	0	-55,883
Contingencies:			
Extension of Recycling Contract	0	15,000	30,000
Re-modelling of Pay Grades	0	0	30,000
Business Rates - net additional income above baseline <i>(government grants for reimbursement of reliefs, growth less levy payment)</i>	-1,699,698	-1,688,738	-1,289,185
Corporate Adjustments	<b>-2,431,520</b>	<b>-2,545,170</b>	<b>-2,647,948</b>
<b>Net Expenditure before further CSR savings</b>	<b>11,354,915</b>	<b>11,390,915</b>	<b>11,164,890</b>
<i>CSR Savings identified not yet implemented</i>			<b>-103,000</b>
<b>Net Expenditure after further CSR Savings</b>	<b>11,354,915</b>	<b>11,390,915</b>	<b>11,061,890</b>
Contribution from General Fund Balance	0	0	0
<b>NET EXPENDITURE after use of balances/reserves</b>	<b>11,354,915</b>	<b>11,390,915</b>	<b>11,061,890</b>
<b>Core Funding</b>			
Revenue Support Grant	-443,802	-443,802	0
Business Rates Baseline Funding	-3,560,925	-3,560,925	-3,642,529
<b>Council Tax Collection Fund Surplus(-)</b>	<b>-110,000</b>	<b>-110,000</b>	<b>-59,319</b>
<b>Business Rates Collection Fund Deficit(+)</b>	<b>168,682</b>	<b>168,682</b>	<b>442,988</b>
<b>Council Tax</b>	<b>-7,547,870</b>	<b>-7,547,870</b>	<b>-7,803,030</b>
<b>Surplus(-)/Shortfall(+)</b>	<b>-139,000</b>	<b>-103,000</b>	<b>0</b>

<b>GROWTH AND INFRASTRUCTURE</b>			
<b>Service</b>	<b>2018/19 Current Approved Estimate £</b>	<b>2018/19 Projected Outturn £</b>	<b>2019/20 Original Estimate £</b>
<b>Direct Services</b>			
Marine Services	-101,700	-89,200	-187,400
Drainage (District)	3,000	3,000	3,000
Highways	220,800	220,800	136,300
Car Parks	177,300	177,300	184,700
Sewage Treatment Works	15,500	15,500	-13,400
Parish Council Concurrent Functions	41,395	41,395	42,250
Miscellaneous (Clocks, Monuments)	6,400	7,900	11,500
Economic Estates	-82,440	-76,240	-79,600
Planning Policy	244,400	259,000	130,750
Transport Development	153,550	130,650	137,900
Economic Development	87,650	87,650	139,950
HLF- High St Wisbech	46,730	46,730	30,170
<b>Total Direct Services</b>	<b>812,585</b>	<b>824,485</b>	<b>536,120</b>
<b>Support Services</b>			
Asset & Project Services	397,450	397,450	395,500
Fenland Hall	325,360	358,160	296,100
The Base	96,100	97,700	97,840
<b>Total Support Services</b>	<b>818,910</b>	<b>853,310</b>	<b>789,440</b>
<b>Net Cost of Services</b>	<b>1,631,495</b>	<b>1,677,795</b>	<b>1,325,560</b>
<b>Less Support Services Recharges to Capital Schemes</b>	<b>-68,000</b>	<b>-68,000</b>	<b>-50,000</b>
<b>TOTAL GROWTH AND INFRASTRUCTURE</b>	<b>1,563,495</b>	<b>1,609,795</b>	<b>1,275,560</b>

Notes:

1. Within all the Service Estimates detailed in Appendix A(ii), Support Services costs have not been reallocated with the exception of recharges to Capital Schemes.
2. Similarly, Capital Charges have not been reallocated as these 'costs' are reversed out within the Corporate Items section of the estimates, thereby having no impact on the Budget Requirement and Council Tax.
3. Estimates for 2019/20 include the assumptions on pay, expenditure and income detailed at Appendix C.



<b>HOUSING, ENVIRONMENT, LEISURE &amp; COMMUNITY</b>			
<b>Service</b>	<b>2018/19 Current Approved Estimate £</b>	<b>2018/19 Projected Outturn £</b>	<b>2019/20 Original Estimate £</b>
<b>Direct Services</b>			
Housing Strategy	127,200	127,200	120,380
Private Sector Renewals	104,390	104,390	103,910
Housing Standards	21,590	19,670	23,950
Care & Repair	28,590	28,590	28,930
CCTV	100,390	108,120	81,230
Safer Fenland	104,670	104,670	108,920
Licensing	-8,970	-14,840	12,560
Housing Options	275,540	281,150	394,020
Controlling Migration	-39,860	2,670	53,530
Community Development	99,620	99,620	134,170
Community House	31,760	31,860	0
Travellers Services	-45,360	-30,360	-77,380
Pollution Reduction	190,490	167,620	125,480
Public Health	224,360	224,360	262,710
Food Safety	139,740	137,310	136,000
Health and Safety	50,800	50,060	76,880
Refuse Collection - Domestic	1,159,440	1,131,440	1,184,490
Garden Waste	-206,220	-221,910	-9,520
Refuse Collection - Trade Waste	-143,890	-155,820	-101,010
Street Cleansing	809,510	809,070	810,600
Streetscene	236,950	236,950	238,570
Public Conveniences	23,510	23,410	23,730
Arts Development & Culture	9,900	9,900	10,040
Tourism Development	29,000	29,000	29,670
Leisure Centres	395,340	558,420	-174,430
Sports Development	68,320	64,720	75,240
Parks and Open Spaces	473,860	462,280	467,060
Cemeteries	-4,650	-16,520	11,340
Markets and Fairs	90	90	-7,520
Community Events	107,310	105,940	101,900
Vehicle Workshop	32,220	34,310	25,270
<b>TOTAL HOUSING, ENVIRONMENT, LEISURE&amp; COMMUNITY</b>	<b>4,395,640</b>	<b>4,513,370</b>	<b>4,270,720</b>

<b>PLANNING, RESOURCES AND CUSTOMER SERVICES</b>			
<b>Service</b>	<b>2018/19 Current Approved Estimate £</b>	<b>2018/19 Projected Outturn £</b>	<b>2019/20 Original Estimate £</b>
<b>Direct Services</b>			
Miscellaneous Central Services	242,040	240,740	234,040
Drainage Board Levies	1,436,980	1,436,980	1,480,080
Unfunded Pension Costs/Apprenticeship Levy	899,000	899,000	937,000
Corporate Management	744,190	753,620	515,058
Council Tax Cost of Collection	-36,130	-37,990	198,700
Business Rates Cost of Collection	2,720	3,800	-23,950
Housing Benefits	100,560	100,930	184,840
ICT Direct Service Costs	636,470	643,790	608,230
Emergency Planning	34,260	34,440	68,690
<b>Total Direct Services</b>	<b>4,060,090</b>	<b>4,075,310</b>	<b>4,202,688</b>
<b>Support Services</b>			
Accountancy	526,620	528,750	541,850
Information & Communication Technology	355,520	353,370	372,190
Customer Access	870,320	848,770	946,030
Corporate Health & Safety	2,360	1,360	10,790
Human Resources	308,430	306,350	287,090
<b>Total Support Services</b>	<b>2,063,250</b>	<b>2,038,600</b>	<b>2,157,950</b>
<b>TOTAL RESOURCES AND CUSTOMER SERVICES</b>	<b>6,123,340</b>	<b>6,113,910</b>	<b>6,360,638</b>

<b>PLANNING, POLICY AND GOVERNANCE</b>			
<b>Service</b>	<b>2018/19 Current Approved Estimate £</b>	<b>2018/19 Projected Outturn £</b>	<b>2019/20 Original Estimate £</b>
<b>Direct Services</b>			
Development Management	-52,690	-5,490	-56,200
Building Control	54,400	54,400	54,000
Conservation	39,970	39,970	39,170
Planning Compliance	81,850	81,850	85,450
Technical Support	158,640	158,640	178,000
Policy	206,950	204,950	216,450
Land Charges	-73,290	-73,290	-74,200
Elections & Electoral Registration	195,400	200,350	323,750
Democratic Services	551,780	550,980	562,550
<b>Total Direct Services</b>	<b>1,163,010</b>	<b>1,212,360</b>	<b>1,328,970</b>
<b>Support Services</b>			
Post & Reprographics	203,900	199,600	185,100
Internal Audit	89,200	89,200	93,800
Legal Services	247,850	197,850	298,050
<b>Total Support Services</b>	<b>540,950</b>	<b>486,650</b>	<b>576,950</b>
<b>TOTAL PLANNING, POLICY AND GOVERNANCE</b>	<b>1,703,960</b>	<b>1,699,010</b>	<b>1,905,920</b>

**APPENDIX B**

**Medium Term Financial Strategy**

	Projected 2018/19 £000	Estimate 2019/20 £000	Forecast 2020/21 £000	Forecast 2021/22 £000	Forecast 2022/23 £000	Forecast 2023/24 £000
<b>Expenditure</b>						
<b>Service Expenditure</b>						
Gross Service Expenditure	25,057	22,466	21,816	22,239	22,661	23,227
Fees and Charges	-7,458	-6,020	-6,093	-6,176	-6,265	-6,349
Grants and Contributions	-2,834	-1,768	-1,053	-1,021	-991	-986
Recycling Credits	-829	-865	-883	-903	-923	-943
<b>Total Net Service Expenditure</b>	<b>13,936</b>	<b>13,813</b>	<b>13,787</b>	<b>14,139</b>	<b>14,482</b>	<b>14,949</b>
<b>Corporate Items</b>						
<b>Corporate Expenditure/Savings</b>						
Council Tax Support Grant - Parish Councils	30	0	0	0	0	0
Financing Charges - Interest on External Borrowing	507	533	565	556	556	556
Financing Charges - Current Capital Programme - MRP	152	250	387	407	407	407
Financing Costs - Leisure Contract Capital Schemes		41	268	268	268	268
Savings from Prepayment of Pension Lump Sum			-35	-35	-35	-35
A14 Upgrade - contribution		32	32	32	32	32
CSR Savings identified but not yet implemented		-103	-238	-238	-238	-238
<b>Contingencies</b>						
Extension of Recycling Contract (subject to negotiation)	15	30	50	75	75	75
Re-modelling of Pay Grades (subject to negotiation)		30	100	120	150	180
	<b>704</b>	<b>813</b>	<b>1,129</b>	<b>1,185</b>	<b>1,215</b>	<b>1,245</b>
<b>Corporate Income Items</b>						
RTB/VAT Sharing Income	-90	-40	-40	-40	-10	-10
Investment Income	-170	-180	-200	-210	-200	-200
New Homes Bonus	-1,426	-1,294	-1,050	-1,080	-950	-1,000
Brexit Preparation Grant	-18	-17				
Allocation of Business Rates Levy Account Surplus		-56				
Contribution to(+)/from(-) Earmarked Reserves	144	-688	50	50	50	50
Business Rates - net additional income above baseline	-1,689	-1,289	-1,318	-1,347	-1,380	-1,411
	<b>-3,249</b>	<b>-3,564</b>	<b>-2,558</b>	<b>-2,627</b>	<b>-2,490</b>	<b>-2,571</b>
<b>Total Corporate Items</b>	<b>-2,545</b>	<b>-2,751</b>	<b>-1,429</b>	<b>-1,442</b>	<b>-1,275</b>	<b>-1,326</b>
<b>Gross Service/Corporate Expenditure</b>	<b>25,761</b>	<b>23,279</b>	<b>22,945</b>	<b>23,424</b>	<b>23,876</b>	<b>24,472</b>
<b>Gross Service/Corporate Income</b>	<b>-14,370</b>	<b>-12,217</b>	<b>-10,587</b>	<b>-10,727</b>	<b>-10,669</b>	<b>-10,849</b>
<b>Net Budget Requirement</b>	<b>11,391</b>	<b>11,062</b>	<b>12,358</b>	<b>12,697</b>	<b>13,207</b>	<b>13,623</b>
<b>Funding - RSG/NNDR/CT</b>						
Revenue Support Grant	-444	0	0	0	0	0
Business Rates Baseline Funding	-3,561	-3,643	-3,715	-3,790	-3,865	-3,943
Business Rates Collection Fund Deficit	169	443	0	0	0	0
Council Tax Collection Fund Surplus	-110	-59	-50	-50	-50	-50
Council Tax ( <i>increases of 1.97% in 19/20 and 1.98% p.a 20/21 onwards</i> )	-7,548	-7,803	-8,040	-8,282	-8,530	-8,785
<b>Total Funding - RSG/NNDR/CT</b>	<b>-11,494</b>	<b>-11,062</b>	<b>-11,805</b>	<b>-12,122</b>	<b>-12,445</b>	<b>-12,778</b>
<b>Surplus(-)/Shortfall(+)</b>	<b>-103</b>	<b>0</b>	<b>+553</b>	<b>+575</b>	<b>+762</b>	<b>+845</b>

<b>Summary</b>						
<b>Total Gross Expenditure</b>	<b>25,761</b>	<b>23,279</b>	<b>22,945</b>	<b>23,424</b>	<b>23,876</b>	<b>24,472</b>
Funded by:						
Fees and Charges	-7,458	-6,020	-6,093	-6,176	-6,265	-6,349
Grants and Contributions	-2,834	-1,768	-1,053	-1,021	-991	-986
Recycling Credits	-829	-865	-883	-903	-923	-943
New Homes Bonus	-1,426	-1,294	-1,050	-1,080	-950	-1,000
Other - Investment Income, VAT/RTB, Reserves	-134	-981	-190	-200	-160	-160
Revenue Support Grant	-444	0	0	0	0	0
Retained Business Rates	-5,081	-4,489	-5,033	-5,137	-5,245	-5,354
Council Tax	-7,658	-7,862	-8,090	-8,332	-8,580	-8,835
<b>Total Funding</b>	<b>-25,864</b>	<b>-23,279</b>	<b>-22,392</b>	<b>-22,849</b>	<b>-23,114</b>	<b>-23,627</b>
<b>Surplus(-)/Shortfall(+)</b>	<b>-103</b>	<b>0</b>	<b>+553</b>	<b>+575</b>	<b>+762</b>	<b>+845</b>

## **Assumptions built into Budget and Medium Term Financial Strategy (MTFS)**

Within the forecasts are a number of assumptions which are necessary to produce the overall budget strategy. However, there is an element of risk associated with this process although the aim is to mitigate these risks as detailed in section 17 of the main report.

The main assumptions are as follows:

- 1.97% Council Tax increase for 2019/20 and 1.98% p.a. thereafter;
- 1.38% increase in Council Tax base in 2019/20 (Tax base 29,380) and 1.00% thereafter (increase of 300 Band D properties per annum);
- 2% pay award per annum for 2019/20 and thereafter;
- Allowance for pay increments;
- Continuing impact of increases to the National Living Wage from April 2018;
- Forecast increase in Employer's Pension Contributions (as determined by the latest triennial valuation of the Cambridgeshire Pension Fund in 2016). The current years' contribution takes the form of a percentage of pay (17.4%) together with a lump sum payment of £825,000. For 2019/20, the percentage of pay remains at 17.4% with the lump sum payments increasing to £865,000. For 2020/21 onwards, following the next triennial valuation, a further 0.4% increase in the percentage paid has been assumed;
- Inclusion of the Apprenticeship Levy at an annual cost of around £34,000;
- Inclusion of a vacancy factor over the MTFS, equivalent to a reduction in staff costs of around 2.5%;
- 0% general inflation for the period of the MTFS;
- Specific allowance for inflation for business rates, external contracts, energy and water, drainage board levies;
- Investment interest rates to stay at current rates until second quarter of 2019 when market rates are forecast to begin rising slowly to reach 2% by first quarter of 2022;
- Continuing impact of 2018/19 in year income pressures;
- Assumptions regarding forecast income levels from fees and charges have been included. These are a combination of fee increases (where applicable) and review of activity levels;
- The New Homes Bonus for 2019/20 onwards has been included as detailed in paragraph 4.4 of the report;

## CAPITAL PROGRAMME AND FUNDING 2018- 2022

	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000
<b>CURRENT FORECAST EXPENDITURE</b>	<b>3,743</b>	<b>5,909</b>	<b>1,750</b>	<b>1,415</b>
<b>FORECAST RESOURCES AVAILABLE</b>				
Capital Grants	1,222	1,018	950	950
Usable Capital Receipts - In Year	144	467	225	0
Usable Capital Receipts - B/fwd	6	0	0	0
Reserves used in year to fund Capital	1,063	470	69	0
Section 106's and Other Contributions	330	150	0	0
Borrowing (Internal and Prudential)	978	3,804	506	465
<b>Total Forecast Resources</b>	<b>3,743</b>	<b>5,909</b>	<b>1,750</b>	<b>1,415</b>

# CAPITAL PROGRAMME SUMMARY 2018 - 2022

	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	Total Cost £000	FDC Funding £000	External Funding £000	External Funders and FDC Reserves/S106
<b>Leisure Centres</b>								
Essential Building Safety Improvements	24				24	24		
Condition Survey Improvements	30	152	187		369	369		£251K R&M Reserve
Hudson Leisure Centre Improvements	30	875			905	905		
Leisure Equipment	70	675			745	745		
<b>Regeneration Programmes</b>								
Fenland Renaissance and Place Shaping	30				30	30		
Heritage Lottery Fund - Match Funding bid	50	100			150	150		
Heritage Lottery Fund - 24 High Street, Wisbech	140	30			170	170		£50K Conservation Reserve
Heritage Lottery Fund - Acquisition of 11-12 High Street	150				150	150		
Railway Station Improvements	15	150			165		165	Fully- funded by Cambridge and Peterborough Combined Authority
<b>Cemeteries</b>								
Rebuild Front Wall - Manea Churchyard		15			15	15		
Rebuild Front Wall - St Mary's Churchyard, Whittlesey	5	20			25	25		
Remedial Works in Closed Cemeteries		25	25	25	75	75		
Mt Pleasant Cemetery, Wisbech			60		60	60		
Walsoken Cemetery			20		20	20		
<b>Parks and Open Spaces</b>								
West End Park, March - Replace Skate Ramps		120			120	90	30	Bid for grant funding to be submitted
Manea Multit-Use Games Area	23				23		23	S106 Funded Scheme
Wisbech Town Park - Relocate Zip Wire and Install Multi Play Module	23				23	3	20	S106 Funded Scheme
Wisbech Jasmine Close Park	14				14		14	S106 Funded Scheme
Wisbech Skate Park, Bath Road	75				75	10	65	£30K External Contribution, £35K S106
Water Tower Park, Whittlesey	42	15			57	5	52	£47K Grant Funding, £5K Town Council
Refurbish Wall, The Pound, Whittlsey		20			20	20		
<b>Car Parks</b>								
City Road, March - Surfacing, Landscaping and Drainage	282				282	282		
Church Terrace, Wisbech - Surfacing, Landscaping and Drainage		220			220	220		
Church Lane, Chatteris			33		33	33		
<b>Sub -Total</b>	<b>1,003</b>	<b>2,417</b>	<b>325</b>	<b>25</b>	<b>3,770</b>	<b>3,401</b>	<b>369</b>	

# CAPITAL PROGRAMME SUMMARY 2018 - 2022

	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	Total Cost £000	FDC Funding £000	External Funding £000	External Funders and FDC Reserves/S106
<b>B/FWD</b>	<b>1,003</b>	<b>2,417</b>	<b>325</b>	<b>25</b>	<b>3,770</b>	<b>3,401</b>	<b>369</b>	
<b>Highways</b>								
Street Light Improvements - FDC (Cat 1)	62				62	62		
Street Light Improvements - FDC (Cat 2)		356			356	356		£47K Invest to Save Reserve
Street Light Improvements - Rechargeable Works	82				82		82	Fully re-charged to Clarion
Street Light Improvements - Parishes (Cat 1)	60				60	60		£60K Capital Reserve
Street Light Improvements - Parishes (Contribution to Cat 2 Replacements)	50	54			104	104		£104K Capital Reserve
Street Name Plates/District Facilities Signage	5	4	40		49	49		
<b>Office Accommodation</b>								
AV Equipment in Council Chamber	40				40	40		
Fenland Hall - Passenger Lift Replacement	39				39	39		
The Base CCTV	15				15	15		
Fenland Hall - Repairs and Renewal Works		130			130	130		
Reversion Works at March and Wisbech One Stop Shops	45	185			230	230		£230K Management of Change Reserve
<b>Port</b>								
Mooring & Fuelling Facilities, Sutton Bridge	130				130	130		
Suspended Quay -Structural Repairs/Fender Piles	35	190			225	225		
Boat/Vessels - Replacement Deck, Hull and Engines	42	30	30	30	132	132		
Replacement and Renewal of Navigation Aids	53				53	53		
Nene Parade Surface Water Pumping Station		50			50	50		
Replacement of Expansion Joints		50			50	50		
Yacht Harbour Improvements			20		20	20		
<b>Vehicles and Plant</b>								
Vehicles	497	677	160	160	1,494	1,494		
<b>ICT System Replacement Programme &amp; Upgrades</b>								
Replacement & Upgrade Programme	121	75	75	75	346	346		
Replacement of Multi-Functional Devices	64				64	64		
Replacement of Payment Machines in One Stop Shops		34			34	34		
<b>Sub -Total</b>	<b>2,343</b>	<b>4,252</b>	<b>650</b>	<b>290</b>	<b>7,535</b>	<b>7,084</b>	<b>451</b>	



# CAPITAL PROGRAMME SUMMARY 2018 - 2022

	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	Total Cost £000	FDC Funding £000	External Funding £000	External Funders and FDC Reserves/S106
<b>B/FWD</b>	<b>2,343</b>	<b>4,252</b>	<b>650</b>	<b>290</b>	<b>7,535</b>	<b>7,084</b>	<b>451</b>	
<b>Improvement of Assets</b>								
Sewage Treatment Works Refurbishment	10	282	150	150	<b>592</b>	592		
Energy Plan - Invest to Save Projects	7				<b>7</b>	7		
Eastwood Chatteris Car Park Improvements		75			<b>75</b>	75		
Lattersely Nature Reserve - Capping Layer		40			<b>40</b>	40		
March SWMP - Eastwood Cemetery Flood Prevention		80			<b>80</b>	80		
Birch Fen Silt Removal and Outfall Maintenance				25	<b>25</b>	25		
<b>Community Safety</b>								
CCTV Control Room Upgrade		80			<b>80</b>	80		
Camera Replacements		20			<b>20</b>	20		£20K CCTV Reserve
<b>Community Fund</b>								
Estover Playing Field Sports Provision, March	100				<b>100</b>	100		£100k Management of Change Reserve
<b>Rural Community Fund</b>								
Friday Bridge Play/Skate Park & MUGA	98				<b>98</b>	77	21	£21K S106 Monies
<b>Economic Estates</b>								
Longhill, March - Drainage Works		40			<b>40</b>	40		
Replacement of AV Equipment at Business Centres		50			<b>50</b>	50		
Station Road, Whittlesey - Carriageway Resurfacing		40			<b>40</b>	40		£12K Station Reserve
<b>Private Sector Housing Support</b>								
Private Sector Renewal Grants	40	40	40	40	<b>160</b>		160	£160k Govt Grant
Disabled Facilities Grants	1,145	910	910	910	<b>3,875</b>		3,875	£3.875m Govt Grant
<b>Total - Approved Programme</b>	<b>3,743</b>	<b>5,909</b>	<b>1,750</b>	<b>1,415</b>	<b>12,817</b>	<b>8,310</b>	<b>4,507</b>	

# **Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement and Annual Investment Strategy 2019/20**

## **1 Introduction**

- 1.1 The Council is required to operate a balance budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Council's low risk appetite, providing adequate liquidity initially before considering investment return.
- 1.2 The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer term cash flow planning to ensure that the Council can meet its capital spending obligations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses. On occasion, when it is prudent and economic, any debt previously drawn may be restructured to meet Council risk or cost objectives.
- 1.3 The contribution the treasury management function makes to the authority is critical, as the balance of debt and investment operations ensure liquidity or the ability to meet spending commitments as they fall due, either on day-to-day revenue or for larger capital projects. The treasury operations will see a balance of the interest costs of debt and the investment income arising from cash deposits affecting the available budget. Since cash balances generally result from reserves and balances, it is paramount to ensure adequate security of the sums invested, as a loss of principal will in effect result in a loss to the General Fund Balance.
- 1.4 The Chartered Institute of Public Finance and Accountancy (CIPFA) defines treasury management as:  
  
"The management of the local authority's borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and pursuit of optimum performance consistent with those risks."
- 1.5 Revised reporting is required for the 2019/20 reporting cycle due to revisions of the Ministry of Housing, Communities and Local Government's (MHCLG) Investment Guidance, the MHCLG Minimum Revenue Provision (MRP) Guidance, the CIPFA Prudential Code and the CIPFA Treasury Management Code. The primary reporting changes include the introduction of a capital strategy, to provide a longer-term focus to the capital plans, and greater reporting requirements surrounding any commercial activity undertaken under the Localism Act 2011. The capital strategy is being reported separately.
- 1.6 The Council has not engaged in any commercial investments and has no non-treasury investments.

## **2 Reporting Requirements**

- 2.1 The CIPFA revised 2017 Prudential and Treasury Management Codes require, for 2019-20, all local authorities to prepare an additional document, a Capital Strategy (see Appendix A attached), which will provide the following:
  - a high-level long-term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services;

- an overview of how the associated risk is managed; and
- the implications for future financial sustainability.

2.2 The aim of the Capital Strategy is to ensure that all elected members on full council fully understand the overall long-term policy objectives and resulting capital strategy requirements, governance procedures and risk appetite.

2.3 The Council is required to receive and approve, as a minimum, three main treasury reports each year, which incorporate a variety of policies, estimates and actuals. These reports are required to be adequately scrutinised by Corporate Governance Committee and Cabinet before being recommended to the Council.

2.4 **Prudential and Treasury Indicators and Treasury Strategy** (this report), the first and most important report is forward looking and covers:

- the capital plans (including prudential indicators);
- a Minimum Revenue Provision policy (how residual capital expenditure is charged to revenue over time);
- the Treasury Management Strategy (how investments and borrowings are to be organised) including treasury indicators; and
- an Investment Strategy (the parameters on how investments are to be managed).

**A Mid-Year Treasury Management Report** - This will update Members with the progress of the capital position, amending prudential indicators as necessary and whether any policies require revision.

**An Annual Treasury Report** - This is a backward looking review document and provides details of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

2.5 The Strategy covers two main areas:

**Capital issues;**

- the capital expenditure plans and associated prudential indicators;
- the MRP policy.

**Treasury management issues;**

- the current treasury position;
- treasury indicators which limit the treasury risk and activities of the Council;
- prospects for interest rates;
- the borrowing strategy;
- policy on borrowing in advance of need;
- debt rescheduling;
- the investment strategy;
- creditworthiness policy; and
- policy on use of external service providers.

These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, MHCLG MRP Guidance, the CIPFA Treasury Management Code and the MHCLG Investment Guidance.

### 3 Capital Prudential Indicators 2019/20 to 2021/22

- 3.1 The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist Members' overview and confirm capital expenditure plans.
- 3.2 The capital expenditure prudential indicator is a summary of the Council's capital expenditure plans, both those agreed previously and those forming part of this budget cycle. The table below summarises the capital expenditure plans and how these are being financed by capital or revenue resources. Any shortfall of resources results in a funding borrowing need.

<b>Capital Programme</b>	<b>2018/19 Revised Estimate £000</b>	<b>2019/20 Estimate £000</b>	<b>2020/21 Estimate £000</b>	<b>2021/22 Estimate £000</b>
<b>Forecast Capital Expenditure</b>	<b>3,743</b>	<b>5,909</b>	<b>1,750</b>	<b>1,415</b>
Financed by:				
Capital Receipts	150	467	225	0
Capital Grants	1,222	1,018	950	950
Capital Reserves	1,063	470	69	0
Section 106 and Other Contributions	330	150	0	0
Total Financing	<b>2,765</b>	<b>2,105</b>	<b>1,244</b>	<b>950</b>
Net Financing Need For The Year (Borrowing)	<b>978</b>	<b>3,804</b>	<b>506</b>	<b>465</b>

- 3.3 The second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's underlying borrowing need. Any capital expenditure shown above, which has not immediately been paid for will increase the CFR.
- 3.4 The CFR does not increase indefinitely, as each year the Council is required to pay off an element of the capital spend (including finance leases) through a statutory revenue charge (MRP). This has the effect of reducing the Council's (CFR) broadly over the assets life.
- 3.5 The CFR includes any other long term liabilities (finance leases). A finance lease is a commercial arrangement between the Council and a lessor (finance company), where in consideration for a series of payments the Council has the right to use an asset (e.g. refuse vehicle, leisure equipment) for the lease duration (typically 5 to 7 years). The annual lease payment is made up of a capital and interest repayment.
- 3.6 Although legally the Council doesn't own the asset during the lease duration, International Accounting Standards require that the Council capitalise the asset and liability on its balance sheet, much like a loan. Whilst this increases the CFR, the nature of the finance lease agreement doesn't require the Council to separately borrow to fund the asset.

<b>Capital Financing Requirement</b>	<b>2018/19 Revised Estimate £000</b>	<b>2019/20 Estimate £000</b>	<b>2020/21 Estimate £000</b>	<b>2021/22 Estimate £000</b>
<b>CFR at 1 April</b>	<b>765</b>	<b>1,592</b>	<b>5,144</b>	<b>4,995</b>
<b>Movement in CFR</b>	<b>826</b>	<b>3,552</b>	<b>(149)</b>	<b>(210)</b>
Net financing need for the year	978	3,804	506	465
Less MRP	(151)	(252)	(655)	(675)
<b>Movement in CFR</b>	<b>827</b>	<b>3,552</b>	<b>(149)</b>	<b>(210)</b>

#### **4 Minimum Revenue Provision (MRP) Policy Statement**

- 4.1 The Council is required to pay off an element of the accumulated general fund capital spend each year (the CFR) through a revenue charge (the minimum revenue provision), although it is also allowed to undertake additional voluntary payments if required (voluntary revenue provision).
- 4.2 MHCLG regulations have been issued which require the Council to approve an MRP statement in advance each year. A variety of options are provided to Councils, so long as there is a prudent provision. For all new unsupported borrowing (including finance leases) the MRP policy will be the asset life method - MRP will be based on the estimated useful life of the assets, in accordance with regulations. This option provides for a reduction in the borrowing need over approximately the asset's life. Repayments included in finance leases are applied as MRP.

#### **5 The Use of Council's Resources and the Investment Position**

- 5.1 The application of resources (capital receipts, reserves etc) and temporary use of 'surplus cash balances' to both finance capital expenditure and other budget decisions to support the revenue budget will have an ongoing impact on reducing cash investment balances held (see below). Unless resources are supplemented each year from new sources (asset sales, capital grants etc), then new borrowing will be required to fulfil the objectives as set in the Council's Business Plan. Detailed below are estimates of the year end balances for each resource.

<b>Year End Resources</b>	<b>2018/19 Revised Estimate £000</b>	<b>2019/20 Estimate £000</b>	<b>2020/21 Estimate £000</b>	<b>2021/22 Estimate £000</b>
<b>Fund balances / reserves</b>	<b>8,924</b>	<b>7,749</b>	<b>7,630</b>	<b>7,580</b>
<b>Capital Grants Unapplied</b>	<b>(44)</b>	<b>(44)</b>	<b>(44)</b>	<b>(44)</b>
<b>Total core funds</b>	<b>8,880</b>	<b>7,705</b>	<b>7,586</b>	<b>7,536</b>
<b>Expected Cash investments</b>	<b>17,500</b>	<b>16,000</b>	<b>15,500</b>	<b>15,000</b>

#### **6 Affordability Prudential Indicators**

- 6.1 The previous sections cover the overall capital and control of borrowing prudential indicators; also within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Council's overall finances. The Council is asked to approve the following indicator.
- 6.2 This indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream.

<b>Financing Costs to Net Revenue Stream</b>	<b>2018/19 Revised Estimate</b> %	<b>2019/20 Estimate</b> %	<b>2020/21 Estimate</b> %	<b>2021/22 Estimate</b> %
<b>General Fund</b>	<b>3.71</b>	<b>5.23</b>	<b>7.85</b>	<b>7.58</b>

## **7 Treasury Management Strategy**

- 7.1 The capital expenditure plans set out in section 3 provide a summary of future level of spend. The treasury management function ensures that the Council's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet service activity and the Council's capital strategy. This will involve both the organisation of cash flow and where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions and the annual investment strategy.
- 7.2 The Council's treasury portfolio as at 31 March 2018 for borrowing and investments was £8.514m and £19.5m respectively. As of 31 December 2018, investments are £23.75m (see Appendix B attached) and borrowing remains unchanged at £8.514m.
- 7.3 The Councils forward projections for borrowings are summarised below. The table shows the actual external debt, against the underlying capital borrowing need (the Capital Financing Requirement - CFR).

	<b>2018/19 Revised Estimate</b> £000	<b>2019/20 Estimate</b> £000	<b>2020/21 Estimate</b> £000	<b>2021/22 Estimate</b> £000
<b>Debt at 1 April</b>	<b>7,800</b>	<b>7,800</b>	<b>10,536</b>	<b>10,128</b>
<b>Expected change in debt</b>	<b>0</b>	<b>2,736</b>	<b>(408)</b>	<b>(408)</b>
<b>Other long term liabilities (OLTL)</b>	<b>715</b>	<b>563</b>	<b>406</b>	<b>243</b>
<b>Expected change in OLTL</b>	<b>(152)</b>	<b>(157)</b>	<b>(163)</b>	<b>(137)</b>
<b>Actual gross debt at 31 March</b>	<b>8,363</b>	<b>10,942</b>	<b>10,371</b>	<b>9,826</b>
<b>Capital financing requirement (CFR) at 31 March</b>	<b>1,592</b>	<b>5,144</b>	<b>4,995</b>	<b>4,785</b>
<b>Borrowing less CFR – 31 March</b>	<b>6,771</b>	<b>5,798</b>	<b>5,376</b>	<b>5,041</b>

- 7.4 Within the prudential indicators there are a number of key indicators to ensure that the Council operates its activities within well-defined limits. One of these is that the Council needs to ensure that its gross debt, does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2019/20 and the following two financial years. This allows some flexibility for limited early borrowing for future years and ensures that long term borrowing is not undertaken for revenue or speculative purposes, other than where the borrowing fits in with the Council's approved Investment Strategy ( Appendix A refers).
- 7.5 As a result of the Council's long term Public Works Loan Board (PWLb) debt portfolio of £4.5m (31/03/19) currently attracting excessive premiums (£2.885m at the time of writing this report), if it were prematurely repaid and the fixed rate market loan of £3.3m (31/03/2019), attracting a premium charge on application to prematurely repay, it is not financially advantageous for the Council to fully comply with this prudential indicator. This has been the case since the housing stock transfer in 2007 and has been acknowledged

and approved by Council since then. In addition, the Council's external auditors have also acknowledged this situation and have not raised any issues with our strategy.

- 7.6 Interest repayments associated with the external debt (including finance leases) above are shown below.

<b>YEARS</b>	<b>INTEREST DUE £</b>
2018/19	507,940
2019/20	574,000
2020/21	565,000
2021/22	556,000

- 7.7 The operational boundary is the limit beyond which external debt is not normally expected to exceed. In most cases this would be a similar figure to the CFR but may be lower or higher depending on the levels of actual debt.

<b>Operational Boundary</b>	<b>2018/19 Revised Estimate £000</b>	<b>2019/20 Estimate £000</b>	<b>2020/21 Estimate £000</b>	<b>2021/22 Estimate £000</b>
<b>Debt</b>	<b>12,000</b>	<b>12,000</b>	<b>12,000</b>	<b>12,000</b>
<b>Other long term liabilities</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>
<b>Total</b>	<b>13,000</b>	<b>13,000</b>	<b>13,000</b>	<b>13,000</b>

- 7.8 The authorised limit is a key prudential indicator, which represents a control on the maximum level of borrowing. This represents a legal limit beyond which external debt is prohibited and this limit needs to be set or revised by full Council. It reflects the level of external debt which, while not desired, could be afforded in the short term but is not sustainable in the longer term.
- 7.9 This is a statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all council's plans, or those of a specific council, although this power has not yet been exercised. The Council is asked to approve the following authorised limit.

<b>Authorised limit</b>	<b>2018/19 Revised Estimate £000</b>	<b>2019/20 Estimate £000</b>	<b>2020/21 Estimate £000</b>	<b>2021/22 Estimate £000</b>
<b>Debt</b>	<b>17,000</b>	<b>17,000</b>	<b>17,000</b>	<b>17,000</b>
<b>Other long term liabilities</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>
<b>Total</b>	<b>18,000</b>	<b>18,000</b>	<b>18,000</b>	<b>18,000</b>

## 8 Prospects for Interest Rates

- 8.1 The Council has appointed Link Asset Services as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. The following table gives Link Assets Service's central view.

Link Asset Services Interest Rate View													
	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22
Bank Rate View	0.75%	1.00%	1.00%	1.00%	1.25%	1.25%	1.25%	1.50%	1.50%	1.75%	1.75%	1.75%	2.00%
3 Month LIBID	0.90%	1.00%	1.10%	1.20%	1.30%	1.40%	1.50%	1.50%	1.60%	1.70%	1.80%	1.90%	2.00%
6 Month LIBID	1.00%	1.20%	1.30%	1.40%	1.50%	1.60%	1.70%	1.70%	1.80%	1.90%	2.00%	2.10%	2.20%
12 Month LIBID	1.20%	1.30%	1.40%	1.50%	1.60%	1.70%	1.80%	1.90%	2.00%	2.10%	2.20%	2.30%	2.40%
5yr PWLB Rate	2.10%	2.20%	2.20%	2.30%	2.30%	2.40%	2.50%	2.50%	2.60%	2.60%	2.70%	2.80%	2.80%
10yr PWLB Rate	2.50%	2.60%	2.60%	2.70%	2.80%	2.90%	2.90%	3.00%	3.00%	3.10%	3.10%	3.20%	3.20%
25yr PWLB Rate	2.90%	3.00%	3.10%	3.10%	3.20%	3.30%	3.30%	3.40%	3.40%	3.50%	3.50%	3.60%	3.60%
50yr PWLB Rate	2.70%	2.80%	2.90%	2.90%	3.00%	3.10%	3.10%	3.20%	3.20%	3.30%	3.30%	3.40%	3.40%

- 8.2 The flow of generally positive economic statistics after the quarter ended 30 June 2018 meant that it came as no surprise that the MPC came to a decision on 2 August to make the first increase in Bank Rate above 0.5% since the financial crash, from 0.5% to 0.75%. Growth became increasingly strong during 2018 until slowing significantly during the last quarter. At their November quarterly Inflation Report meeting, the MPC left Bank Rate unchanged, but expressed some concern at the Chancellor's fiscal stimulus in his Budget, which could increase inflationary pressures. However, it is unlikely that the MPC would increase Bank Rate in February 2019, ahead of the deadline in March for Brexit. On a major assumption that Parliament and the EU agree a Brexit deal in the first quarter of 2019, then the next increase in Bank Rate is forecast to be in May 2019, followed by increases in February and November 2020, before ending up at 2.0% in February 2022.
- 8.3 The overall longer run future trend is for gilt yields, and consequently PWLB rates, to rise, albeit gently. However, over about the last 25 years, we have been through a period of falling bond yields as inflation subsided to, and then stabilised at, much lower levels than before, and supported by central banks implementing substantial quantitative easing purchases of government and other debt after the financial crash of 2008. Quantitative easing, conversely, also caused a rise in equity values as investors searched for higher returns and purchased riskier assets.
- 8.4 In 2016, we saw the start of a reversal of this trend with a sharp rise in bond yields after the US Presidential election in November 2016, with yields then rising further as a result of the big increase in the US government deficit aimed at stimulating even stronger economic growth.
- 8.5 That policy change also created concerns around a significant rise in inflationary pressures in an economy which was already running at remarkably low levels of unemployment. Unsurprisingly, the Fed has continued on its series of robust responses to combat its perception of rising inflationary pressures by repeatedly increasing the Fed rate to reach 2.25 – 2.50% in December 2018. It has also continued its policy of not fully reinvesting proceeds from bonds that it holds as a result of quantitative easing, when they mature. We therefore saw US 10 year bond Treasury yields rise above 3.2% during October 2018 and also investors causing a sharp fall in equity prices as they sold out of holding riskier assets. However, by early January 2019, US 10 year bond yields had fallen back considerably on fears that the Fed was being too aggressive in raising interest rates and was going to cause a recession. Equity prices have been very volatile on alternating good and bad news during this period.



- 8.6 From time to time, gilt yields, and therefore PWLB rates, can be subject to exceptional levels of volatility due to geo-political, sovereign debt crisis, emerging market developments and sharp changes in investor sentiment. Such volatility could occur at any time during the forecast period.
- 8.7 Economic and interest rate forecasting remains difficult with so many external influences weighing on the UK. The above forecasts, (and MPC decisions), will be liable to further amendment depending on how economic data and developments in financial markets transpire over the next year. Geopolitical developments, especially in the EU, could also have a major impact. Forecasts for average investment earnings beyond the three-year time horizon will be heavily dependent on economic and political developments.

## **9 Borrowing Strategy**

- 9.1 The Council will not borrow more than or in advance of its needs purely in order to profit from investment of the extra sums borrowed, other than where the borrowing fits in with the Council's approved Investment Strategy. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds.
- 9.2 Risks associated with borrowing in advance activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanism.
- 9.3 As a result of the Council's decision not to repay debt of £7.8m at the time of the housing stock transfer in 2007, the Council is currently over borrowed (see paragraph 7.5 above); the Council's gross debt exceeds its CFR over the term of the treasury strategy.
- 9.4 Where the Council has insufficient internal resources to fund its capital programme the difference between available resources and funds required is met through borrowing. The Council is able to borrow internally if it identifies that it has surplus funds currently held in investments which could be used to finance its capital programme. However, any decision to borrow internally has to consider when any funds borrowed might be required to support the day-to-day cash needs of the Council. Unless the Council is able to increase the surplus funds it has available, i.e. through generating surpluses on the revenue account, internal borrowing will only provide a temporary solution to funding the capital programme.
- 9.5 When the Council borrows externally it will ordinarily do so using funds borrowed from the Public Works Loan Board. The current Medium Term Financial Strategy assumes that some external borrowing will be required over the four-year period to 31 March 2022. Assumptions about the level of external interest payable are reflected as part of the prudential indicators included in this document. Responsibility for deciding when to borrow externally, together with details of the amount to borrow and the term and type of any loan, rests with the Chief Finance Officer. The Chief Finance Officer's decision will be informed by advice from the Council's treasury management advisors and information regarding the progress of schemes set out in the capital programme. Any borrowing decisions will be reported to Cabinet through either the mid-year or annual treasury management reports.
- 9.6 The Chief Finance Officer will monitor capital plans and interest rates in financial markets and adopt a pragmatic approach to funding the capital programme. Any borrowing decisions and budget consequences will be reported to Cabinet through either the mid-year or annual treasury management reports.
- 9.7 Maturity structure of borrowing. These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing and are required for upper and lower limits.

<b>Maturity structure of fixed interest rate borrowing 2019/20</b>	<b>Lower %</b>	<b>Upper %</b>
<b>Under 12 months</b>	<b>0</b>	<b>20</b>
<b>12 months to 2 years</b>	<b>0</b>	<b>50</b>
<b>2 years to 5 years</b>	<b>0</b>	<b>75</b>
<b>5 years to 10 years</b>	<b>0</b>	<b>75</b>
<b>10 years and above</b>	<b>0</b>	<b>100</b>

<b>Maturity structure of variable interest rate borrowing 2019/20</b>	<b>Lower %</b>	<b>Upper %</b>
<b>Under 12 months</b>	<b>0</b>	<b>100</b>
<b>12 months to 2 years</b>	<b>0</b>	<b>100</b>
<b>2 years to 5 years</b>	<b>0</b>	<b>100</b>
<b>5 years to 10 years</b>	<b>0</b>	<b>100</b>
<b>10 years and above</b>	<b>0</b>	<b>100</b>

## **10 Debt Rescheduling / Repayment**

10.1 The Council has sufficient cash balances set aside to pay off its external debt.

10.2 The reasons for any rescheduling to take place will include:

- the generation of cash savings;
- helping to fulfil the treasury strategy;
- enhancing the balance of the portfolio by flattening the maturity profile.

10.3 The Council's debt rescheduling position will be monitored throughout 2019/20.

## **11 Annual Investment Strategy**

11.1 The Council's investment policy has regard to the following:-

- MHCLG's Guidance on Local Government Investments ("the Guidance");
- CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2017 ("the Code"); and
- CIPFA Treasury Management Guidance Notes 2018.

11.2 The intention of the strategy is to provide security and minimise risk. The Council's investment priorities are:

- the security of capital;
- the liquidity of its investments;
- return on its investments.

11.3 The above guidance from the MHCLG and CIPFA, place a high priority on the management of risk. The Council has adopted a prudent approach to managing risk and defines its risk appetite by the following means.

11.4 Minimum acceptable **credit criteria** are applied in order to generate a list of highly creditworthy counterparties which also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the Short Term and Long Term ratings

- 11.5 Ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To achieve this consideration the Council will engage with its advisors to maintain a monitor on market pricing such as “credit default swaps” and overlay that information on top of the credit ratings.
- 11.6 Investment instruments identified for use in the financial year are listed below under the ‘specified’ and ‘non-specified’ investments categories. Counterparty limits will be as set through the Council’s treasury management practices – schedules.
- 11.7 **Specified Investments** – These investments are sterling investments (meeting the minimum ‘high’ quality criteria where applicable) of not more than one year maturity, or those which could be for a longer period but where the Council has the right to repay within 12 months if it wishes. These are considered low risk assets where the possibility of loss of principal or investment income is small. Investment instruments identified for use in the financial year are as follows:
- term deposits with part nationalised banks and local authorities;
  - term deposits with high credit criteria deposit takers (banks and building societies);
  - callable deposits with part nationalised banks and local authorities
  - callable deposits with high credit criteria deposit takers (banks and building societies);
  - money market funds (CNAV) / (LVNAV) / (VNAV)
  - Debt Management Agency Deposit Facility (DMADF);
  - UK Government gilts, custodial arrangement required prior to purchase.
- 11.8 **Non-Specified Investments** – These are any other type of investment (i.e. not defined as specified above). Investment instruments identified in both “specified” and “non-specified” categories are differentiated by maturity date and classed as non-specified when the investment period and right to be repaid exceeds one year. Non-specified investments are more complex instruments which require greater consideration by members and officers before being authorised for use. Investment instruments identified for use in the financial year are as follows:
- term deposits with high credit criteria deposit takers (banks and building societies);
  - term deposits with part nationalised banks and local authorities;
  - callable deposits with part nationalised banks and local authorities
  - callable deposits with high credit criteria deposit takers (banks and building societies);
  - Debt Management Agency Deposit Facility (DMADF);
  - UK Government gilts, custodial arrangement required prior to purchase.
  - Property funds.
- 11.9 As a result of the change in accounting standards for 2018/19 under **IFRS 9**, the Council will consider the implications of investment instruments which could result in an adverse movement in the value of the amount invested and resultant charges at the end of the year to the General Fund. (In November 2018, the Ministry of Housing, Communities and Local Government, [MHCLG], concluded a consultation for a temporary override to allow English local authorities time to adjust their portfolio of all pooled investments by announcing a statutory override to delay implementation of IFRS 9 for five years commencing from 1.4.18.).

- 11.10 Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months). Short term cash flow requirements (up to 12 months) include payments such as, precepts, business rate retention, housing benefits, salaries, suppliers, interest payments on debt etc.
- 11.11 Bank rate is forecast to increase steadily but slowly over the next few years to reach 2% by quarter 1 2022. Bank rate forecasts for financial year ends (March) are:
- 2018/19 - 0.75%
  - 2019/20 - 1.25%
  - 2020/21 - 1.50%
  - 2021/22 – 2.00%
- 11.12 The overall balance of risks to economic growth, increases in Bank Rate and shorter term PWLB rates, are probably neutral, dependant on how strong GDP growth turns out, how slowly inflation pressures subside, and how quickly the Brexit negotiations move forward positively . Forecast average investment interest rates for returns on investments placed for periods up to about three months during each financial year are as follows:
- 2019/20 - 1.00%
  - 2020/21 - 1.50%
  - 2021/22 - 1.75%
- 11.13 Estimated investment income is shown below.

YEARS	INTEREST RECEIVED £
2018/19	170,000
2019/20	180,000
2020/21	200,000
2021/22	210,000

- 11.14 **Investment treasury indicator and limit** – total principal funds invested for greater than 365 days. These limits are set with regard to the Council's liquidity requirements and to reduce the need for early sale of an investment and are based on the availability of funds after each year end.

	2019/20 £000	2020/21 £000	2021/22 £000
<b>Maximum principal sums invested &gt; 365 days</b>	<b>8,000</b>	<b>8,000</b>	<b>8,000</b>

- 11.15 For its cash flow generated balances, the Council will seek to utilise its call accounts and short dated deposits (overnight to 100 days) in order to benefit from the compounding interest.
- 11.16 At the end of the financial year, the Council will report on its investment activity as part of its Annual Treasury Report.

## 12 Creditworthiness Policy

- 12.1 The Council applies the creditworthiness service provided by Link Asset Services. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moody's and Standard & Poor's. The credit ratings of counterparties are supplemented with the following overlays:
- credit watches and credit outlooks from credit rating agencies;
  - Credit Default Swaps spreads to give early warning of likely changes in credit ratings;
  - sovereign ratings to select counterparties from only the most creditworthy countries.
- 12.2 The modelling approach combines credit ratings, credit watches and credit outlooks in a weighted scoring system, which is then combined with an overlay of CDS spreads for which the end product is a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the Council to determine the suggested duration for investments. The Council will therefore use counterparties within the following durational bands:
- yellow 5 years;
  - dark pink 5 years for ultra-short dated bond funds with a credit score of 1.25;
  - light pink 5 years for ultra-short dated bonds funds with a credit score of 1.5;
  - purple 2 years;
  - blue 1 year (only applies to nationalised or semi nationalised UK banks);
  - orange 1 year;
  - red 6 months;
  - green 100 days
  - no colour not to be used.
- 12.3 The Link Asset Services creditworthiness service uses a wider array of information than just primary ratings and by using a risk weighted scoring system does not give undue preponderance to just one agency's ratings.
- 12.4 Typically the minimum credit ratings criteria the Council will use will be short term rating (Fitch or equivalents) of F1 and a long term rating of A-. There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances consideration will be given to the whole range of ratings available, or other topical market information, to support their use
- 12.5 The Council's own bank currently meets the creditworthiness policy. However, should they fall below Link Asset Services creditworthiness policy the Council will retain the bank on its counterparty list for transactional purposes, though would restrict cash balances to a minimum.
- 12.6 All credit ratings are monitored weekly and prior to any new investment decision. The Council is alerted to changes to ratings of all three agencies through its use of the Link Asset Services creditworthiness service.
- If a downgrade results in the counterparty / investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately.
  - In addition to the use of credit ratings the Council will be advised of information in movements in credit default swaps against the iTraxx benchmark and other market data on a weekly basis. Extreme market movements may result in downgrade of an institution or removal from the Council's lending list.

- 12.7 Sole reliance will not be placed on the use of Link Asset Services Creditworthiness policy. In addition, this Council will also use market data and market information, information on any external support for banks to justify its decision making process.
- 12.8 To further mitigate risk the Council has decided that where counterparties form part of a larger group, group limits should be used in addition to single institutional limits. Group limits will be as set through the Council's Treasury Management Practices – schedules.
- 12.9 The Council currently only invests in UK banks, which provides sufficient high credit quality counterparties to meet investment objectives. It should be noted that in some cases these banks are subsidiaries of foreign banks but these are of the highest credit quality.

### **13 External Service Providers**

- 13.1 The Council uses Link Asset Services, Treasury Solutions as its external treasury management advisors. The Council recognises that responsibility for treasury management decisions remains with the authority at all times and will ensure that undue reliance is not placed upon our external service providers. All decisions will be undertaken with regards to available information, including, but not solely, our treasury advisors.
- 13.2 It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented and subjected to regular review.

**FENLAND DISTRICT COUNCIL  
CAPITAL STRATEGY 2019/20-2021/22**

**1. OVERVIEW AND CONTEXT**

- 1.1 The Council has established statutory and regulatory responsibilities for the management of its financial affairs. These responsibilities encompass revenue and capital expenditure. The specific responsibilities of full Council, the Cabinet, Corporate Management Team (CMT) and the Council's appointed Section 151 Officer are defined within the Council's constitution.
- 1.2 The Council regularly updates its Medium Term Financial Strategy (MTFS). The MTFS provides a framework for setting the Council's annual revenue budget and updating the Council's three-year capital programme. The MTFS sets out the primary assumptions underpinning the assessment of the resources available to the Council and anticipated service budgets over the coming five financial years.
- 1.3 Whilst local authorities are required to set a balanced revenue budget, legislation permits local authorities to obtain credit and therefore fund their capital programmes from borrowing. Individual authorities are required to have regard for the Prudential Code published by the Chartered Institute of Public Finance and Accountancy. The Prudential Code requires authorities to ensure:
- all capital expenditure and investment plans are affordable;
  - all external borrowing and long-term liabilities are within prudent and sustainable levels;
  - treasury management and other investment decisions are taken in accordance with professional good practice; and
  - authorities can demonstrate themselves to be accountable by providing a clear and transparent framework.
- 1.4 Historically, this Council has discharged its responsibilities under the Prudential Code by ensuring that the Treasury Management Strategy, which is approved annually by full Council, is prepared with reference to the latest capital programme. The Capital Programme is itself developed with explicit consideration of the extent to which proposed capital investment is affordable, prudent and sustainable given the resources available to the Council as set out in the MTFS.

- 1.5 Following an update to the Prudential Code in December 2017, local authorities are now required to have a Capital Strategy. The introduction of this requirement acknowledges that individual authorities will each have their own approach to assessing priorities for capital investment, the amount the Authority can afford to borrow and the Authority's appetite to risk.
- 1.6 This strategy sets out in a single document the long term context in which capital expenditure and investment decisions are made and establishes that the Council has arrangements in place to ensure it gives due consideration to risk, reward, and impact on the achievement of priority outcomes.



## **2. CAPITAL EXPENDITURE**

- 2.1 Capital expenditure incorporates a range of different types of financial transaction which the Council might enter into. What these transactions have in common is that they relate to investments decisions which impact on the Council and its stakeholders over a period which extends beyond the financial year in which the transaction is entered into. The Council's appointed S151 Officer ultimately has responsibility for determining whether expenditure is capital in nature in accordance with relevant regulation and statute.

### **Role and Purpose of the Asset Management Plan**

- 2.2 The Council has developed an Asset Management Plan in accordance with acknowledged best practice. This document provides a strategic framework for managing the Council's current portfolio of land and buildings ensuring that officers and elected members can have confidence, in the long-term, that the Council has the land and property needed to fulfil the pledges set out in the Council's Business Plan.
- 2.3 The Asset Management Plan incorporates oversight of operational and non-operational property owned by the Council. Operational assets are those assets held by the Council to enable the Council, or its partners, to deliver those services which are either statutory in nature or provided on a discretionary basis to the extent that providing those services is consistent with the strategic objectives of the Council. Non-operational assets are those assets which are not directly used for the purposes of service delivery but are held to either provide the Council with a return on investment, either through rental income, appreciation in the value of the asset or the potential contribution that holding the asset makes to the Council's wider corporate objectives, e.g. taking forward opportunities to regenerate and develop the local economy.
- 2.4 Responsibility for the Asset Management Plan rests with the Council's Assets and Projects team which reports to the Council's Corporate Director (Growth and Infrastructure). The Assets and Projects team regularly appraise the condition of the Council's property portfolio to determine the revenue and capital resources required to ensure the portfolio continues to meet the needs of Service Managers. When the needs of services managers change, the Assets and Project team will assist in determining the impact on the property portfolio, including the resources required to meet those needs. The Assets and Projects team recognise that the Council's property needs are unlikely to remain static and the past cost of maintaining a Council asset is not necessarily a reliable indicator of future costs. Forward projections

regarding the resources to be allocated to asset management recognise the interaction between revenue and capital expenditure in determining the Council's cost base.

- 2.5 The capital resources required to meet investment needs identified as part of the Asset Management Plan are routinely assessed and anticipated capital expenditure is profiled over the financial years when it is expected to be incurred. On at least an annual basis capital schemes identified as part of the Asset Management Plan are presented to a meeting of the Council's Corporate Asset Team to determine when and if they should be incorporated into the Council's Capital Programme.

### **Investment in New Land and Buildings**

- 2.6 The Council recognises that circumstances might arise where the Council could benefit from an investment which expands its existing asset base. Such investments might relate to operational or non-operational assets. As with an investment in existing assets, all proposals for investment in new land or buildings will initially be considered at a meeting of the Corporate Asset Team
- 2.7 The Council is currently developing an Investment Strategy. The purpose of the Strategy is to ensure the Council has a robust and transparent framework in place to support decision-makers to make decisions where the rationale supporting proposed investment is not exclusively or principally concerned with the delivery of Council services.

### **Investment in Vehicles, Plant, Equipment and IT**

- 2.8 The Council has nominated service managers who are responsible for the vehicles, plant and information technology assets in use within the Council. These assets all have an expected useful economic life informed by an assessment by the nominated manager. The need to allocate capital resources to fund the replacement of these assets at the end of their useful life is assessed annually by the Council's Corporate Asset Team. There is also an annual appraisal of business cases relating to proposals to invest in additional equipment not reflected in the programme of rolling replacements.

### **Role and Function of the Corporate Asset Team**

- 2.9 The Corporate Asset Team is an officer-led group which meets bi-monthly under the Chairmanship of the Corporate Director (Growth and Infrastructure). On behalf of the Council's Corporate Management Team,

the Corporate Asset Team assumes responsibility for providing a strategic oversight in respect of all matters pertaining to asset management.

2.10 All proposed changes to the Council's three-year capital programme are subject to review by the Corporate Asset Team prior to being considered by Corporate Management Team, the Cabinet and Full Council. Any scheme which is not already incorporated into the Council's Asset Management Plan will only be considered for inclusion in the Capital Programme if the Officer proposing the scheme can demonstrate, with appropriate evidence, one or more of the following:

- there is a statutory obligation for the Council to incur the capital expenditure proposed;
- the proposed capital expenditure relates to works deemed necessary on the grounds of health and safety;
- capital expenditure is proposed to protect a Council asset and reduce the risk of excessive revenue expenditure being incurred in upcoming financial years;
- the proposed capital expenditure will generate income, either of a revenue or capital nature, in excess of the capital expenditure which is expected to be incurred including any financing costs; and/or
- the proposed capital expenditure will (after including financing costs) reduce revenue expenditure incurred by one or more of services in future financial years.

2.11 The capital financing regulations permit the Council to treat as capital expenditure certain types of transaction which do not result in the acquisition of a physical asset by the Council. These transactions can be high-volume, small value transactions such as the awarding of Disabled Facilities Grants which are currently funded from monies received as part of Cambridgeshire County Council's Better Care Fund allocation. Such transactions do not require specific approval providing the nature and purpose of the expenditure has been approved as part of the Capital Programme.

2.12 Any proposals to incur capital expenditure which does not lead to the recognition of a physical asset where the expenditure proposed exceeds £10,000 will be considered at a meeting of CMT prior to being forward to the Cabinet and, where appropriate, full Council for consideration and approval. Possible examples include, but are not restricted to:

- granting loans to third parties;
- acquiring share capital in a third party;
- establishing a joint venture or subsidiary company; or

- providing grant-funding to a third party which enables that third party to undertake expenditure which would have been capital in nature had it been undertaken by the Council.

### 3. DEBT AND BORROWING AND TREASURY MANAGEMENT

3.1 Day-to-day responsibility for the Treasury Management function rests with the Chief Finance Officer.

#### **Key Considerations relating to Treasury Management**

3.2 The tables below set out the Council's Investment and Debt positions with forward projections.

<b>Year End Investments</b>	<b>2018/19 Revised Estimate £000</b>	<b>2019/20 Estimate £000</b>	<b>2020/21 Estimate £000</b>	<b>2021/22 Estimate £000</b>
<b>Fund balances / reserves</b>	<b>8,924</b>	<b>7,749</b>	<b>7,630</b>	<b>7,580</b>
<b>Capital Grants Unapplied</b>	<b>(44)</b>	<b>(44)</b>	<b>(44)</b>	<b>(44)</b>
<b>Total core funds</b>	<b>8,880</b>	<b>7,705</b>	<b>7,586</b>	<b>7,536</b>
<b>Expected investments</b>	<b>17,500</b>	<b>16,000</b>	<b>15,500</b>	<b>15,000</b>

*Table 1: Year End Investment Balances projected over the period 1 April 2018 – 31 March 2022*

<b>Year-End Debt</b>	<b>2018/19 Revised Estimate £000</b>	<b>2019/20 Estimate £000</b>	<b>2020/21 Estimate £000</b>	<b>2021/22 Estimate £000</b>
<b>Debt at 1 April</b>	<b>7,800</b>	<b>7,800</b>	<b>10,536</b>	<b>10,128</b>
<b>Expected change in debt</b>	<b>0</b>	<b>2,736</b>	<b>(408)</b>	<b>(408)</b>
<b>Other long term liabilities (OLTL)</b>	<b>715</b>	<b>563</b>	<b>406</b>	<b>243</b>
<b>Expected change in OLTL</b>	<b>(152)</b>	<b>(157)</b>	<b>(163)</b>	<b>(137)</b>
<b>Actual debt at 31 March</b>	<b>8,363</b>	<b>10,942</b>	<b>10,371</b>	<b>9,826</b>
<b>Net Investment/(Debt) as at 31 March</b>	<b>9,137</b>	<b>5,058</b>	<b>5,129</b>	<b>5,174</b>

*Table 2: Year End Debt and Net Investment projected over the period 1 April 2018 – 31 March 2022*

3.3 At 1 April 2018 the Council's Debt position comprised other long-term liabilities relating to finance leases of £715k and external borrowing of £7.8m. These loans were taken out at prevailing market rates between 1994 and 2004. The term of these loans is between 25 and 50 years.

Following the transfer of the Council's Housing Stock in 2007, which generated a significant capital receipt for the Council, the Council has retained investment balances which exceed the amounts borrowed. However, changes in prevailing interest rates since the loans were taken out mean that a high premium would be payable by the Council if it were to seek to repay any of the loans early. The premiums to be applied are considered to be prohibitively high for early redemption to be regarded as a reasonable treasury management decision. The Council continues to keep this situation under review with the support of its appointed treasury management advisors. However, for the purposes of this strategy, it has been assumed that external borrowing of £7.8m brought forward, as at 1 April 2018, will continue to be carried forward due to the current historically low interest rates.

- 3.4 Regulation requires the Council to determine, as part of the Treasury Management Strategy, the maximum external debt position for the upcoming three financial years. This is known as the Council's authorised limit. Additionally, the Council is required to set an operational boundary. The purpose of the operational boundary is to set a threshold for external borrowing which the Council would not expect to exceed in the ordinary management of its affairs. Sustained breaches of the operational boundary would be indicative that the Council could be at risk of exceeding its authorised limit.

- 3.5 The current authorised limits and operational boundaries for the period covered by this strategy are set out in the table below

<b>Operational Boundary</b>	<b>2018/19 Revised Estimate</b>	<b>2019/20 Estimate</b>	<b>2020/21 Estimate</b>	<b>2021/22 Estimate</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Debt</b>	<b>12,000</b>	<b>12,000</b>	<b>12,000</b>	<b>12,000</b>
<b>Other long term liabilities</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>
<b>Total</b>	<b>13,000</b>	<b>13,000</b>	<b>13,000</b>	<b>13,000</b>

*Table 3: Operational Boundary over the period 1 April 2018 – 31 March 2022*

<b>Authorised Limit</b>	<b>2018/19 Revised Estimate</b>	<b>2019/20 Estimate</b>	<b>2020/21 Estimate</b>	<b>2021/22 Estimate</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Debt</b>	<b>17,000</b>	<b>17,000</b>	<b>17,000</b>	<b>17,000</b>
<b>Other long term liabilities</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>
<b>Total</b>	<b>18,000</b>	<b>18,000</b>	<b>18,000</b>	<b>18,000</b>

*Table 4: Authorised Limit over the period 1 April 2018 – 31 March 2022*

- 3.6 Table 2 above indicates that the Council's Actual Debt position is expected to increase over the period covered by this strategy. This reflects an anticipated decision to undertake external borrowing to fund the expenditure commitment set out in the capital programme. In accordance with the Council's constitution, any decision about when, how much and from where to borrow will be made by the appointed S151 Officer.
- 3.7 Regulations prevent the Council from borrowing in advance of need. However, there is no requirement for the Council to draw on investment balances to fund its capital commitments prior to undertaking external borrowing. To manage interest rate effectively, the Council will continue to consider medium and long-term forecasts of interest rates provided by its Treasury Management advisors to project likely returns from the investment of surplus funds and the financing costs associated with external borrowing. This approach recognises that postponing long-term borrowing to future years could be more expensive over the life of the loan if interest rates were to increase.
- 3.8 The Council is required by statute to make arrangements to ensure that there is provision to repay as part of the Council's revenue budget any borrowing undertaken to finance the capital programme. This is known as the Minimum Revenue Provision (MRP) and the Council is required to approve its MRP policy on an annual basis. Based on Table 2 above MRP expected to be charged to revenue over the life of this strategy is as follows:

	<b>Projected Minimum Revenue Provision £000</b>
<b>2018/19</b>	151
<b>2019/20</b>	252
<b>2020/21</b>	655
<b>2021/22</b>	675

*Table 5: Projected Minimum Revenue Provision over the period 1 April 2018 – 31 March 2022*

- 3.9 Regulation requires the Council to ensure that its MRP policy results in prudent levels of MRP. The Council's current MRP policy allocates MRP in equal instalments over a period reflecting the anticipated life of the asset purchased from borrowing undertaken by the Council. This is one of the methods suggested in guidance published by central government.

#### **4. COMMERCIAL ACTIVITY**

- 4.1 The Council has a portfolio of non-operational assets which it manages to secure a rental income and income from fees and charges earned from providing facilities for conferences and meetings. The main non-operational assets held by the Council are:
- Boathouse Business Centre, Wisbech – Office Units, Conference and Meeting Space
  - South Fens Business Centre, Chatteris - Office Units, Conference and Meeting Space
  - South Fens Enterprise Park, Chatteris – Light Industrial Units for Small Business Use
- 4.2 The Council recognises that investing in other non-operational assets has the potential to generate new sources of revenue as well as supporting the achievement of the priorities set out in the Council Business Plan. There are no significant current projects in the Capital Programme to increase the portfolio of non-operational assets. However, should an opportunity arise to make an investment of this nature, the decision will be taken with reference to the Council's Investment Strategy which is currently being developed.
- 4.3 The Council recognises that there are other types of investment opportunity available to local authorities which do not result in the acquisition of a physical asset. Examples include the types of capital expenditure set out in paragraph 2.12 above and also investments in instruments such as unit trusts and pooled investments funds. Any investments of this nature will be appraised in accordance with the Council's Investment Strategy once this has been finalised or the Treasury Management Strategy. Future updates to this Capital Strategy will summarise the key elements of the Investment Strategy.



## **5. KNOWLEDGE AND SKILLS**

- 5.1 The Council has professionally qualified staff across a range of disciplines including finance, legal and property that follow continuous professional development (CPD) and attend courses on an ongoing basis to keep abreast of new developments and skills.
- 5.2 Appropriate external advice will be engaged from suitably qualified professionals as and when required. This will apply particularly in those circumstances when the Council needs to undertake independent due diligence prior to making a decision regarding a proposed investment. Additionally, the Council will continue to enlist the year-round support of external Treasury Management advisors. This support is currently provided by Link Asset Services.
- 5.3 Internal and external training is offered to members to ensure they have up to date knowledge and expertise to understand and challenge capital proposals brought forward for approval and interpret the treasury management policies developed by officers in conjunction with relevant professional advisors.

## PARISH PRECEPTS 2019/20

TAX BASE (Equated Band D Properties)	PRECEPT 2018/19 £	COUNCIL TAX PER BAND D PROPERTY £	PARISH	TAX BASE (Equated Band D Properties)	PRECEPT 2019/20 £	COUNCIL TAX PER BAND D PROPERTY £	INCREASE FROM 2018/19 %
349	11,037	31.62	BENWICK	351	12,852	36.62	15.8
3,292	151,000	45.87	CHATTERIS	3,326	151,000	45.40	-1.0
265	14,250	53.77	CHRISTCHURCH	268	12,750	47.57	-11.5
796	47,895	60.17	DODDINGTON	814	51,540	63.32	5.2
1,161	67,646	58.27	ELM	1,168	41,267	35.33	-39.4
383	16,000	41.78	GOREFIELD	387	17,000	43.93	5.2
1,098	51,000	46.45	LEVERINGTON	1,100	53,000	48.18	3.7
779	47,487	60.96	MANEA	808	47,487	58.77	-3.6
6,484	270,000	41.64	MARCH	6,505	283,000	43.50	4.5
234	13,000	55.56	NEWTON IN THE ISLE	237	13,000	54.85	-1.3
433	18,876	43.59	PARSON DROVE	448	19,378	43.25	-0.8
383	1,000	2.61	TYDD ST GILES	389	1,000	2.57	-1.5
5,154	171,015	33.18	WHITTLESEY	5,285	171,015	32.36	-2.5
756	62,986	83.31	WIMBLINGTON	756	64,560	85.40	2.5
6,294	364,237	57.87	WISBECH	6,383	369,200	57.84	-0.1
1,118	53,732	48.06	WISBECH ST MARY	1,155	55,510	48.06	0.0
<b>28,979</b>	<b>1,361,161</b>	<b>46.97</b>	<b>GRAND TOTAL</b>	<b>29,380</b>	<b>1,363,559</b>	<b>46.41</b>	<b>-1.19</b>

**EARMARKED AND GENERAL RESERVES - Revised 2018/2019 and Estimated 2019/20**

Reserve Name	Balance 01.04.18 £	Capital Funding £	Revenue Contributions to(+)/from(-) 2018/19 £	Revised Balance 31.03.19 £	Capital Funding £	Revenue Contributions to(+)/from(-) 2019/20 £	Estimated Balance 31.03.20 £	Comments / Conditions of Use
Travellers Sites	282,698		-5,050	277,648		53,600	331,248	Can only be used for specific future maintenance liabilities.
Station Road, Whittlesey - Maintenance	8,400		2,800	11,200	-12,000	2,800	2,000	Required for future road maintenance.
CCTV - Plant & Equipment	104,533		6,190	110,723	-20,000	10,000	100,723	Available for future CCTV maintenance & replacement liabilities.
Invest to Save	120,521			120,521	-47,000		73,521	To provide resources for schemes which will deliver future efficiencies. £50k committed to energy efficiency schemes match funded by Salix Finance, as part of the Council's 'Keen to be Green' strategy.
Conservation	54,124	-50,000		4,124			4,124	Available for the purchase, renovation and subsequent re-selling of difficult properties of local importance where intervention by this Council is seen as the only solution.
Management of Change	1,319,946	-145,000	-43,683	1,131,263	-185,000		946,263	Available for the effective management of any organisational changes required to meet the Council's future priorities.
Neighbourhood Planning Reserve	185,156			185,156			185,156	Available to assist the Council with delivering the 'Neighbourhood Planning' objective and delivery of the Core Strategy.
Specific Government Grants (received in previous years)	1,038,782		-248,770	790,012		-241,110	548,902	Available to fund specific spending commitments in future years.
Personal Search Fees	115,524			115,524			115,524	Available to off-set restitution claims associated with the revocation of the personal search fees of the local land charges register.
Community Projects Reserve	12,431			12,431			12,431	Available for small-scale community projects. Previously used to assist Parish/Town Councils to fund Diamond Jubilee Celebrations.
Business Rates Equalisation Reserve	500,000		500,000	1,000,000		-500,000	500,000	Available to assist the Council in delivering the business rates retention system.
Capital Contribution Reserve	1,246,647	-838,000		408,647	-54,000		354,647	Available to fund specific spending commitments in future years.
Port - Bouy Maintenance	147,319			147,319			147,319	Available for future buoy maintenance to service windfarms.
Pilots' National Pension Fund	451,178		-451,178	0			0	Liability repaid to PNPF. Balance on reserve transferred to Local Plan Reserve as approved by Cabinet on 13.12.18
Local Plan Reserve	0		451,178	451,178			451,178	Available to assist the Council with reviewing the Local Plan.
Repairs and Maintenance	542,684	-30,000	-38,684	474,000	-152,000		322,000	Available to provide funding for one-off schemes, not covered by the normal Repairs and Maintenance revenue budgets.
Property Development Fund	1,000,000			1,000,000			1,000,000	Available to enable progression of future development and property schemes.
Heritage Lottery Fund (HLF) - Wisbech	191,260		-46,730	144,530		-30,170	114,360	To manage the Heritage Lottery Funded scheme in Wisbech.
Brexit Preparation Reserve	0		17,500	17,500		17,500	35,000	Available to mitigate any potential short-term impact of Brexit.
<b>TOTAL EARMARKED RESERVES</b>	<b>7,321,201</b>	<b>-1,063,000</b>	<b>143,573</b>	<b>6,401,774</b>	<b>-470,000</b>	<b>-687,380</b>	<b>5,244,394</b>	
General Fund Balance	2,421,818			2,421,818			2,421,818	Unallocated general reserve required for various and unplanned for contingencies, to mitigate risks associated with future financial planning as well as for general day to day cash flow needs.
<b>TOTAL RESERVES</b>	<b>9,743,019</b>	<b>-1,063,000</b>	<b>143,573</b>	<b>8,823,592</b>	<b>-470,000</b>	<b>-687,380</b>	<b>7,666,212</b>	

NB: In accordance with the Council's Financial Rules and Scheme of Financial Delegation ( Part 4, Rule 6 of the Constitution), paragraphs B57 - B60 delegates authority to the Chief Finance Officer to approve expenditure from these reserves in accordance with their approved use as detailed above.

This page is intentionally left blank

Agenda Item No:	7	
Committee:	Cabinet	
Date:	21st February 2019	
Report Title:	County-wide Housing Adaptations and Repairs Policy	

## Cover sheet:

### 1 Purpose / Summary

To consider a County-wide Housing Adaptations and Repairs Policy as an outcome from a County wide review of Disabled Facilities Grants to help support wider health and social care outcomes.

### 2 Key issues

- The Council has the statutory responsibility for delivering Disabled Facilities Grants to vulnerable residents living in Fenland
- Funding historically has been through a capital allocation from central government and a top up from FDC capital funding.
- In 2014 the Government pooled this budget with other budgets in Health and Social Care at a Cambridgeshire level and called it the Better Care Fund (BCF) to prevent avoidable hospital admissions increase the speed of hospital discharge and keep vulnerable residents living in their homes.
- In 2018/19 the BCF allocation for disabled facility grants in Fenland was £1,036,000 plus £40,000 for minor works grant.
- The guidance from the BCF made it clear that the funding should be used flexibly to meet the needs of vulnerable residents and improve health and social care outcomes.
- Therefore the BCF governance structure commenced a review across the county which Fenland District Council participated in. 3 findings emerged:
  - New services are needed that consider people's needs in context including early conversations and planning for the long term. This supports taking action earlier at a lower cost and to help the resident with their health and well-being.
  - Existing services will need to adapt to support a growing population that are living longer placing a need for flexibility in the approach services can take to keep residents in their own home safely
  - Funding arrangements across the system will need to change to support a shift in focus to intervene earlier and prevent the need for higher cost health and social care services on an ongoing basis.
- In response to the review Cabinet in April 2017 (minute CAB69/16 refers) approved
  - a Cambridgeshire wide Housing adaptations agreement

- adopted an interim policy (FDC called it a Disabled Facilities Grant and Minor works Grant policy) to ensure the BCF allocation could be utilised in accordance with the review outcomes, BCF guidance and best practice guidance from Foundations a government advisory body for this area of work.
- noted that the next steps intention was to create a County-wide policy to embed a consistent approach to delivery across Cambridgeshire.
- A county-wide project team in which Fenland has had officer representation has been working on development of a County-wide policy which is set out in Appendix A. Appendix B has a useful summary of the policy and the types of assistance available.
- Key organisations and support partners have had the chance to comment and contribute to the policy development.
- Key changes from the FDC current interim policy include:
  - Limiting the amount to top up loans above the mandatory maximum for DFG's to £15,000 i.e £45,000 maximum
  - Increase in emphasis on the support that can be given to vulnerable residents to move home rather than adapt a property at high cost
  - Increase in the amount that can be given as a discretionary grant from £2,000 - £10,000 to allow greater flexibility to support BCF outcomes. The policy explains how resources will be prioritised to ensure that demand and resources can be managed in a way that is most effective.

### 3 Recommendations

- It is recommended that Cabinet:
  - Approve the County-wide Housing Adaptations and Repairs Policy (attached as appendix A)

<b>Wards Affected</b>	All
<b>Forward Plan Reference</b>	
<b>Portfolio Holder(s)</b>	Councillor Dee Laws Portfolio Holder for Neighbourhood Planning
<b>Report Originator(s)</b>	Dan Horn - Head of Housing & Community Support <a href="mailto:dhorn@fenland.gov.uk">dhorn@fenland.gov.uk</a> 01354 622470
<b>Contact Officer(s)</b>	Dan Horn as above Richard Cassidy - Corporate Director <a href="mailto:richardcassidy@fenland.gov.uk">richardcassidy@fenland.gov.uk</a> 01354 622300
<b>Background Paper(s)</b>	Cabinet report and papers 20th April 2017

## **4 Background / introduction**

- 4.1 The Council historically have received a central government allocation to deliver a statutory Disabled Facilities Grants (DFG) service to assist keeping vulnerable residents in their homes, assisting with getting residents out of hospital and into their home and preventing slips trips and falls in their home and being able to access key facilities for safe living.
- 4.2 In 2014 the Government recognised the contribution good, accessible, warm and safe housing makes to improved health and social care outcomes and passed the DFG Allocation capital funding to the Department of Health to be included in the Better Care Fund (BCF). The BCF pooled various existing budgets across Health and Social Care to ensure a one team approach was undertaken to reduce avoidable hospital admissions and delayed transfer of care from patients in hospital (bed blocking). The DFG allocation was then passed down to the housing authorities by the County Council as required by BCF regulation.
- 4.3 Recognising the impact DFG could have towards the BCF outcomes, allocations to the Council have increased in recent years and in 2018/19 was £992,000. . In the last 2 financial years, outside of the core BCF allocation, the Council has also received top up funding direct from Central Government (£87,951 in 17/18 and £167,334 in 18/19) In addition, the Council receives additional financial support to around £125,000 per annum from Clarion towards match funding DFG grants allocated to Clarion properties. This is in accordance with the Stock Transfer agreement with the Council in November 2007
- 4.4 As part of the work to support the delivery of the BCF Council officers have been working with other partners across Cambridgeshire to review how the DFG grant process can become more effective in meeting community needs. 3 findings have emerged:
- New services are needed that consider people's needs in context including early conversations and planning for the long term. This supports taking action earlier at a lower cost and to help the resident with their health and well-being.
  - Existing services will need to adapt to support a growing and ageing population
  - Funding arrangements across the system will need to change to support a shift in focus to intervene earlier and prevent the need for higher cost health and social care services on an ongoing basis.
- 4.5 As a first response to the review, in April 2017 Cabinet approved:
- a Cambridgeshire wide Housing adaptations agreement
  - adopted an interim policy (FDC called it a Disabled Facilities Grant and Minor works Grant policy) to ensure the BCF allocation could be utilised in accordance with the review outcomes, BCF guidance and best practice guidance from Foundations (a government advisory body for this area of work).
  - noted that the next steps intention was to create a County-wide policy to embed a consistent approach to delivery across Cambridgeshire.

## **5 County-wide Housing Adaptations and Repairs Policy.**

- 5.1 A project team involving all 5 districts in Cambridgeshire along with the County Council have worked on developing a County-wide policy.
- 5.2 The policy has been consulted on with partners such as registered providers who help support delivery of the Better Care Fund.

5.3 The policy is set out in Appendix A and offers the following assistance:

- Mandatory Disabled Facilities Grants (from 2.1 in the policy)
- Discretionary Disabled Facilities Grant top up assistance (from 2.2 in the policy)
- Discretionary Disabled Persons Relocation assistance (from 2.3 in the policy)
- Discretionary Special Purposes Assistance (from 2.4 in the policy)
- Discretionary funding of partnership work and other services (2.5 in the policy)

All assistance has legislation and or eligibility to ensure the finance available helps maximise impact to support the BCF as set out in the policy.

5.4 Mandatory Disabled Facilities Grants

Mandatory Disabled Facility Grants are available to people with disabilities living in the district, to provide disabled adaptations to the home.

5.5 The Council will award Mandatory Disabled Facilities Grants (DFG's) according to the governing legislation and guidance issued by central government, which determines amongst other things: the maximum amount of grant payable; the type of work that can be funded; the test of financial resources that must be applied to determine the contribution to be made by the applicant. Discretionary Disabled Facilities Grant top up assistance

In cases where the cost of works agreed through a Disabled Facilities Grant application is above the maximum grant allocation of £30,000 applicants may be able to apply for Discretionary Top Up Assistance in the form of a loan which will be secured on the property.

This is a discretionary loan and the decision on whether to award it in each case will depend on the individual's needs and the resources available

5.6 Discretionary Disabled Persons Relocation assistance

Applications for a Disabled Persons' Relocation Assistance can be considered for people living in the district where:

- Adaptations are required for a person who is eligible for a DFG, but relocation may be a better and cheaper option, taking into account the cost of the works and any future works likely to be required in the new property
- Where adaptations are required but it is not reasonable or practicable to adapt a disabled person's existing accommodation; or
- Where relocation is likely to lead to savings to the wider public purse, or it would help a disabled person to resolve other issues which might impact on health, and/or well-being.

In each case, a suitable alternative property must have been identified before a formal application for Relocation Assistance is submitted.

5.7 Discretionary Special Purposes Assistance

Discretionary Special Purpose Assistance may be available for repairs, or other minor works or interventions in the home which the council is satisfied are reasonable and practicable and will help to meet one or more of the Policy's key objectives.

Such assistance will not normally be offered for interventions which are readily available through other services, or where work is covered under an existing warranty. For example, work that removes a health and safety hazard in the home to prevent a fall.

5.8 Discretionary funding of partnership work and other services



This policy allows for DFG capital grant provided through the Better Care Fund to be made available to fund wider partnership projects or other services where it can be clearly demonstrated that they would help to meet the objectives of this policy. An example could be a project or service that from investment would reduce pressure on the FDC budget allocation i.e. an invest to save proposal to allow the Council to help more vulnerable residents within the funding available

5.9 The policy also sets out how funding will be prioritised with Mandatory Disabled Facilities Grants being the highest priority.

5.10 The appendices to the policy also set out:

- How support can be found in the County for help on early Help and Housing Options which may be more advantageous than awarding a DFG. (Appendix 1 of the policy)
- National and Local Context and Supporting Data (Appendix 2 of the policy)
- Further information on DFG (Appendix 3 of the policy)
- Test of resources and means testing information (Appendix 4 of the policy)
- Documentation required to demonstrate legal interest and intention to remain in the property (Appendix 5 of the policy)
- Glossary (Appendix 6 of the policy)

5.11 At Appendix B to this report is a summary document to the policy with a useful summary table for the different types of assistance.

## 6 Key changes to the current FDC interim policy

6.1 The table below sets out the key differences to the current policy:

Current Interim FDC Policy	Proposed County-wide policy	Comments
<p>Discretionary Top Up Loans:</p> <ul style="list-style-type: none"> <li>• Unlimited Loans available for owner occupier applications to fund works over maximum DFG limit of 30,000.00.</li> </ul>	<p>Called - Discretionary Disabled Facilities Grant Top Up Assistance:</p> <ul style="list-style-type: none"> <li>• Loan limited to a £15,000.00 per application (including any Agency fee).</li> </ul>	<ul style="list-style-type: none"> <li>• Owner Occupiers can be supported by the Council, Early Help or Home Improvement Agency private/charitable funding for larger works (i.e. for extensions) if they wish for the proposed scheme to still go ahead.</li> <li>• Alternatively, schemes may need to be scaled back so that costs fall below the maximum Grant &amp; Loan level available.</li> <li>• Alternatively assistance could</li> </ul>

		be given through a relocation grant to seek alternative more suitable accommodation.
<p>Relocation Grant:</p> <ul style="list-style-type: none"> <li>Funded through Special Purposes assistance as a discretionary Grant.</li> </ul>	<p>Called - Disabled Persons Relocation Assistance</p> <ul style="list-style-type: none"> <li>Grant given to assist disabled clients to move to a new home where required adaptations are already present or whereby the new home could be made more easily adaptable and at a lesser cost.</li> <li>Only reasonable moving costs are considered (i.e. removal expenses, estate agents fees, legal fees etc.).</li> <li>The aggregate cost of any assistance given must not exceed the cost of adapting the disabled persons existing accommodation.</li> </ul>	<ul style="list-style-type: none"> <li>Likely to lead to savings to the wider public purse especially where existing properties are difficult to adapt</li> <li>Will help the disabled person resolve other issues which might impact on health and wellbeing.</li> <li>Assistance is given as a Grant so not repayable on the basis of invest to save</li> </ul>
<p>Discretionary Grants</p> <ul style="list-style-type: none"> <li>Currently just Minor Works Grants – maximum amount available = £2000.00</li> <li>Must be on income or disability related benefits to be eligible.</li> <li>Quite restrictive in grant</li> </ul>	<p>Called - Discretionary Special Purposes Assistance:</p> <ul style="list-style-type: none"> <li>Maximum amount of award £10,000.00.</li> <li>Can be awarded to private sector tenants who have repair obligations at their home.</li> <li>Must be on income or</li> </ul>	<p>More scope and funding to address wider and more complex housing issues such as:</p> <ul style="list-style-type: none"> <li>removing Category 1 (serious health and safety risks &amp; hazards from properties)</li> <li>Energy Efficiency measures</li> <li>Prevent hospital</li> </ul>

maximum to tackle issues that support BCF outcomes	<p>disability related benefits to be eligible</p> <ul style="list-style-type: none"> <li>• Linked to a wider range of discretionary priorities and to provide greater flexibility to the current Mandatory DFG scheme.</li> <li>• Not given for equipment repairs (such as stair lifts, ceiling track hoists etc.) Whereby warranty of such units should be covered by the home owner.</li> <li>• normally have been resident at the property for at least 2 years to be eligible for assistance.</li> </ul>	<p>or care admissions, speed up transfers and save money elsewhere in the health, social care and education system.</p> <ul style="list-style-type: none"> <li>• Help to make homes dementia friendly.</li> <li>• Help to fund larger items of personal equipment where alternative funding is not available.</li> </ul>
--	--	--

## **7 Effect on corporate objectives**

### **7.1 The work supports:**

- Communities :
  - Support vulnerable members of our community
  - Support our ageing population and young people
  - Promote Health & Well Being

## **8 Community impact**

- 8.1 The increase in funding and synergy with Health and Social Care partners through the Better Care Fund alongside more flexible delivery is a positive for the Fenland community. See Appendix C for the Customer Impact assessment.

## **9 Financial Considerations**

- 9.1 The policy supports the Council in spending the grant received through the Better Care Fund and other funding available through Clarion Housing and direct top up allocations from Central Government.

## **10 Conclusion**

- 10.1 The policy helps supports meeting the needs of vulnerable residents in our community and helps reduce demand for more expensive social care and health services through making homes safer and more accessible.

Policy title: (delete if not required)



Appendix title: (delete if not required)

**Appendix A**

**Cambridgeshire Housing Adaptations & Repairs Policy**

**Fenland District Council Area Version**

## **Part 1: INTRODUCTION**

### **1.1 Purpose and objectives of the Policy**

This Housing Adaptations & Repairs Policy applies to those living in Cambridgeshire (not including Peterborough), and highlights the importance that housing can play in promoting physical and mental health and wellbeing.

The five district councils in Cambridgeshire are committed to supporting people to live independently and safely in homes which are suitable for their needs. This policy outlines the interventions which the councils have agreed may be funded through the Disabled Facilities Grant (DFG) Capital Allocation paid to them through the Department of Health's Better Care Fund, and aims to provide a consistent approach across the county. (Peterborough City Council has its own separate Housing Renewal policy).

The key objectives of the Policy are:

- To support healthy, safe and independent living
- To help prevent hospital, care home or residential school admission
- To facilitate a patient being discharged from hospital and enabling them to live safely and independently at home, including making it easier for carers to provide support
- To prevent the need for higher expenditure elsewhere in the health and/or social care system
- To improve housing conditions and remove hazards in the home (ie Category 1 hazards under the Health & Safety Rating System)

**The policy will be available on the council's website [www.fenland.gov.uk](http://www.fenland.gov.uk) or on request.**

### **1.2 Background**

The Policy stems from a county-wide review of Disabled Facilities Grants carried out during 2016-17, and the need for housing, health and social care services to work in a more joined up way.

Key principles for how the district councils' Disabled Facilities Grant Allocation could be better used to support wider health and social care outcomes formed part of a Cambridgeshire Housing Adaptations Agreement which was developed, following the review, between the district and county councils in partnership with the Cambridgeshire & Peterborough Clinical Commissioning Group.

This Policy incorporates some of these key principles. It contributes to the Cambridgeshire Better Care Fund Plan vision, which involves diverting resources away from acute health services and ongoing social care, focusing on helping people



to help themselves, and returning people to independence wherever possible.<sup>1</sup> It also helps to support some of the priorities identified in a number of key local strategies, including: Cambridgeshire's Health and Wellbeing Strategy, Older People's Accommodation Strategy; an Ageing Well Strategy; and the district councils' own Housing Strategies where applicable. There are also links with the Cambridgeshire Housing and Health Joint Strategic Needs Assessment.<sup>2</sup>

The Policy also helps to meet each of the five district councils' wider responsibilities around tackling hazards in the home, and will form part or all of each council's Regulatory Reform Order Repair & Renewal policies.

Housing adaptations represent just one of a range of other interventions helping people to remain living at home. These include reablement services, provision of assistive technology and other daily living equipment, and Cambridgeshire Handyperson Service, to name a few.

One of the findings of the Review was that in order to achieve better outcomes for people, and to make best use of the resources available, providing repairs and adaptations in the home in which someone is currently living will not always be the best solution

With limited funding available, for the Policy to be successful it will need to be implemented hand in hand with a new approach to considering people's wider housing options. Independent advice and information on alternative housing options – for example sheltered or extra care housing or moving to a more suitable home – will, where appropriate, be made available at an early stage. This is particularly important where someone's home is unlikely to remain suitable in the longer term.

Further information on Cambridgeshire's approach to considering applicants' wider housing options is at Appendix 1.

Examples of evidence to support this policy are shown in Appendix 2.

The Policy will take effect from April 2019.

### **1.3 Capital resources**

Government funding for Disabled Facilities Grants has historically been insufficient to meet demand for mandatory DFGs, with the district councils providing additional funding to meet their statutory responsibilities.

---

<sup>1</sup> Cambridgeshire Better Care Fund: <https://www.cambridgeshire.gov.uk/residents/working-together-children-families-and-adults/working-with-partners/section-115/cambridgeshire-better-care-fund-bcf/>

<sup>2</sup> Cambridgeshire Housing & Health JSNA 2013: <http://cambridgeshireinsight.org.uk/housing-jsna-2013>

To help achieve broader health and social care outcomes, the Disabled Facilities Grant Capital Allocation for Cambridgeshire is expected to have increased from £1.9m in 2015-16 to just under £3.6m by 2018-19.

However, even with the increase in capital funding, with an ageing population and large-scale housing growth in many parts of the county there is a risk that much of it may be used up through increasing demand. It is essential that we make best use of the limited resources available to achieve the required outcomes.

#### **1.4 The role of the Home Improvement Agency**

Home Improvement Agencies have an important part to play in providing advice, support and assistance to older and disabled people and those on low incomes who need to adapt, repair, improve or maintain their homes to meet their changing needs. Fenland District Council procured a contract that was won by the Borough Council of Kings Lynn and West Norfolk called the Care & Repair Agency.

## **PART 2: ASSISTANCE AVAILABLE**

### **2.1 Mandatory Disabled Facilities Grants**

Mandatory Disabled Facility Grants are available to people with disabilities living in the district, to provide disabled adaptations to the home.

The Council will award Mandatory Disabled Facilities Grants (DFG's) according to the governing legislation and guidance issued by central government and in force at the time, which determines amongst other things: the maximum amount of grant payable; the type of work that can be funded; the test of financial resources that must be applied to determine the contribution to be made by the applicant. Further information is available on request.

See Appendix 3 for more details on Disabled Facilities Grants.

Contact details are available in the Policy Summary, and in paragraph 3.1 below.

Note that the Care Act includes duties to provide equipment, and adaptations up to a value of £1,000, free of charge where there is an assessed need. These are outside the scope of this policy.

#### **2.1.1 Eligibility**

Occupiers of all types and tenures of residential properties are eligible to apply. This also includes park homes and houseboats, and eligibility extends to a range of licencees, including agricultural workers and service employees.

Applications for grant aid on a dwelling owned by a trust will be considered on a case by case basis.

In assessing whether an applicant is eligible for a Disabled Facilities Grant, the council or Home Improvement Agency will consult with Social Services, and other agencies as appropriate.

Applications for Disabled Facilities Grants for adults will normally be subject to a means test to assess income and savings levels, using the national Financial Test of Resources. (See Appendix 4 for more detail). No means test will apply in relation to Disabled Facilities Grant applications for children up to the mandatory limit (currently £30,000). For the purposes of this policy, 'children' are as defined in the Glossary at Appendix 6)

Some applicants may be eligible for a Disabled Facilities Grant, but be required to make a financial contribution, depending on their financial circumstances.

#### **2.1.2 Determining whether works are appropriate**

Disabled Facilities Grants are available for adaptations which the Council considers are necessary and appropriate to meet the needs of the disabled occupant, and reasonable and practicable having regard to the age and condition of the dwelling. Steps will be taken to consider, at an early stage, and in liaison with the applicant, whether moving to alternative accommodation might be a better option. In these circumstances, help and support will be offered in considering what housing options might be available. Details of the Cambridgeshire Early Help, Housing Options for Older People and Older People's Visiting Support service are at Appendix 1.

If moving is considered a better option, Discretionary Persons Relocation Assistance grant may be available (see section 2.3 below).

In deciding whether adaptations are necessary, appropriate, reasonable and practicable, and whether they are likely to meet the person's needs, an assessment of the internal layout of the existing dwelling will be carried out. Consideration may be given to funding additional sleeping and/or bathing accommodation by way of an extension to the existing dwelling where neither rearrangement, nor moving to an alternative property is feasible.

### **2.1.3 Amount of grant payable**

The maximum amount available for a Disabled Facilities Grant is currently set nationally at £30,000. Where the works required, including any fees, will cost more than the maximum amount set by government, an applicant may be asked to seek additional sources of funding and/or make a financial contribution themselves. In some circumstances they may be able to apply for Discretionary Top Up Assistance to help with this. See section 2.2 below for details.

In the case of housing association tenants the council or Home Improvement Agency may be able to arrange for the landlord to cover some of the cost.

If the work is arranged through the local Home Improvement Agency, the cost of work will be assessed, and contractors appointed, in accordance with arrangements agreed between the council and the appropriate Home Improvement Agency.

If the applicant arranges for the work to be carried out, him/herself the council will pay the lower of a minimum of two quotations provided those received are reasonable, taking into account all the circumstances.

Where the applicant or a member of the family proposes to carry out the work, rather than through the Home Improvement Agency, Disabled Facilities Grant assistance will cover reasonable costs for materials, subject to suitable invoices or receipts. Labour costs will not be covered in these circumstances.

### **2.1.4 Means test**

Applicants not receiving one or more qualifying benefits will be means tested using the national Financial Test of Resources in place at the time. More detail on how this assessment will be carried out is at Appendix 4. Applicants for grants for children will not be assessed unless the cost of the work is likely to go above the maximum grant amount – currently £30,000. (See Glossary at Appendix 6 for definition of who counts as a child for these purposes).

Advice will be given on whether or not a disabled person might be eligible and the Home Improvement Agency can assist with the application. Where applicants are not eligible for assistance; or their financial circumstances mean that they will need to make a contribution to the cost; the council or Home Improvement Agency may be able to help the applicant to seek other sources of funding, such as charitable contributions or releasing equity in their home, etc.

### **2.1.5 Carrying out of works**

We encourage applicants to have works project managed by, and delivered through, the local Home Improvement Agency. A fee for this service is charged, and will usually be included in the grant award.

In some cases the applicant may wish to carry out additional work, over and above what the council or Home Improvement Agency deems is necessary to meet the needs of the disabled person. In this situation, the council will need to be satisfied that s/he has sufficient financial resource to fund the additional work.

### **2.1.6 Repayment of assistance when the property is disposed of**

Where the value of the grant to an owner occupier exceeds £5,000 a charge will be registered against the property, making some of the grant repayable if the property is disposed of within 10 years of completion of the work. The minimum charge registered will be £500; the maximum will be £10,000. At Fenland District Council, owner occupier applications for Disabled Facilities Grants will attract a property charge where the Grant exceeds £5,000. Fenland District Council will place a charge on the applicant's property through the Local Land Charges Register

### **2.1.7 Future applications**

Where work is completed following a Mandatory DFG application, and the applicant has been required to make a financial contribution to the work, this may in some circumstances reduce the contribution required to be made on future applications for Mandatory DFG works. Further information is available on request.

### **2.1.8 Smaller adaptations**

Some small standard adaptations eligible for a DFG may be offered as a Special Purpose Assistance grant if the council is satisfied that funding it through Discretionary Special Purposes Assistance would significantly speed up the process

and improve the outcome for the applicant. (See section 2.4 below). The council or Home Improvement Agency will discuss with the applicant the most appropriate route for the individual concerned. This option, if offered, does not affect the disabled person's statutory right to apply for a Disabled Facilities Grant.

## **2.2 Discretionary Disabled Facilities Grant Top Up Assistance**

In cases where the cost of works agreed through a Disabled Facilities Grant application is above the maximum grant allocation of £30,000 applicants may be able to apply for Discretionary Top Up Assistance in the form of a loan which will be secured on the property.

This is a discretionary loan and the decision on whether to award it in each case will depend on the individual's needs and the resources available. Details of how discretionary cases may be prioritised is shown in paragraph 4.1 below.

### **2.2.1 Eligibility**

This is available to those with an owner's interest in their home who have been assessed as eligible for a mandatory DFG where the cost of approved works is above the maximum grant allocation of £30,000.

Discretionary Top Up Assistance may be available in cases where:

- The option to move to more suitable accommodation has been explored fully but found not to be feasible, and;
- Having taken all reasonable steps, funding cannot be found from other sources; and
- Not carrying out the works would mean that the applicant would be unable to remain living in the community; or the person or their carer would be at significant risk if the work was not completed; or completion of the work would potentially bring significant savings in other areas of public provision including health, social care, and education.

Discretionary Top Up Assistance will be offered as a loan, secured on the property. There should be sufficient equity in the property to meet the cost of the assistance, taking into account any other charges on the property, and any potential uplift in value which might, in the council's opinion, apply to the property once the work is completed. If there is insufficient equity, or if the applicant is a housing association tenant, and no other suitable accommodation can be found, the council may, in exceptional circumstances, consider offering all or part of Discretionary Top Up Assistance as a grant.

In the case of Discretionary Top Up Assistance for adults, the means test carried out to assess eligibility for and any contribution towards mandatory Disabled Facilities Grant will take into account the full cost of the works, including the need for any Top Up Assistance.

Where an application for Discretionary Top Up Assistance is for a child (as defined in the Glossary at Appendix 6) financial circumstances will be taken into account.

### **2.2.2 Maximum amount payable**

The maximum amount payable for Discretionary Top Up Assistance will be £15,000 including the local Home Improvement Agency's fees where their services have been used.

### **2.2.3 Repayment**

The Loan is currently repayable in full upon sale of the property. Hardship criteria can be considered and if successful the repayment condition can be disregarded. In Fenland in exercising the repayment condition, the Council must however have regard to the following:

- (i) the extent to which the recipient of the grant would suffer financial hardship were he to repay all or any of the grant,
- (ii) whether the disposal of the premises is to enable the recipient of the grant to take up employment, or to change the location of his employment,
- (iii) whether the disposal is made for reasons connected with the physical or mental health or well-being of the recipient of the grant or of a disabled occupant of the premises, and
- (iv) whether the disposal is made to enable the recipient of the grant to live with, or near, any person who is disabled or infirm and in need of care, which the recipient of the grant is intending to provide, or who is intending to provide care of which the recipient of the grant is in need by reason of disability or infirmity

Having considered these matters the Council must be satisfied that it is reasonable in all the circumstances to require the repayment.

### **2.2.4 Future applications**

Future applications for DFG Top Up assistance, where assistance has previously been awarded for that disabled person, will only be considered in exceptional circumstances.



## **2.3 Discretionary Disabled Persons' Relocation Assistance (DPRA)**

Applications for a Disabled Persons' Relocation Assistance can be considered for people living in the district where:

- a) Adaptations are required for a person who is eligible for a DFG, but relocation may be a better and cheaper option, taking into account the cost of the works and any future works likely to be required in the new property
- b) Where adaptations are required but it is not reasonable or practicable to adapt a disabled person's existing accommodation; or
- c) Where relocation is likely to lead to savings to the wider public purse, or it would help a disabled person to resolve other issues which might impact on health, and/or well-being.

In each case, a suitable alternative property must have been identified before a formal application for Relocation Assistance is submitted.

Disabled Persons' Relocation Assistance may contribute towards reasonable costs of moving to a more appropriate property: Examples of what this may cover include:

- removal expenses
- estate agent fees
- legal fees
- other relocation expenses reasonably incurred.

It will not include any adaptations which may be required to the new home.

The council will advise whether there is a financial limit on the amount which can be awarded to any one applicant.

Disabled Persons' Relocation Assistance is discretionary assistance and depends on the individual's needs and the resources available. Details on how discretionary cases may be prioritised is shown in paragraph 4.1 below.

### **2.3.1 Eligibility**

Disabled Persons' Relocation Assistance can be considered for applicants who meet the criteria above, where the council is satisfied that the property to which the disabled person is moving more closely meets his/her needs and those of the family than the existing one.

Applications may be considered from/on behalf of owner occupiers and tenants.

A representative of the council may visit the property being considered for relocation, to ensure it is suitable to meet the needs of the disabled person.

Applicants for Disabled Persons' Relocation Assistance will not be means-tested.

Only applications made before the person has moved home will be considered.

### **2.3.2 Grant payable**

Assistance will be in the form of a grant which will not be required to be repaid.

The aggregate cost of Disabled Persons' Relocation Assistance and any work to adapt the new property must not exceed the cost of adapting the disabled person's existing accommodation.

The final decision as to whether expenditure is appropriate and costs are reasonable will rest with the council. If the applicant is transferring to a rented property, grant will not be available for anything which is the landlord's responsibility.

Assistance is only payable upon the successful completion of the purchase or sign-up of the tenancy of the 'new' property, and is dependent on the disabled person then occupying that property as their only and main residence.

If the applicant chooses not to go ahead with the move once some or all of the assistance has been paid, the council reserves the right to require some or all of the money to be repaid.

### **2.3.3 Future applications**

If an applicant subsequently moves again, further application for Disabled Persons' Relocation Assistance may only be considered where the disabled person's circumstances have changed significantly since moving into the property for which the assistance was awarded. This will be at the council's discretion.

## **2.4 Discretionary Special Purposes Assistance**

Discretionary Special Purpose Assistance may be available for repairs, or other minor works or interventions in the home which the council is satisfied is reasonable and practicable and will help to meet one or more of the Policy's key objectives.

It will not normally be offered for interventions which are readily available through other services, or where work is covered under an existing warranty.

Examples of the types of work may include:

- Property repairs and replacement of fixtures/fittings
- Remedying of Category 1 hazards, including work to reduce the risk of falls
- Energy efficiency measures to promote warm homes
- Security measures
- Works not eligible for a Mandatory Disabled Facilities Grant but would help prevent hospital or care admission, speed up transfers of care, and/or save money elsewhere in the health, social care and/or education system
- Additional work to facilitate work required under a Mandatory Disabled Facilities Grant (DFG) but which is not eligible for Mandatory DFG funding
- Work to make a home dementia-friendly
- Adaptations which would normally be funded through a Mandatory Disabled Facilities Grant but where the council is satisfied that funding it through Discretionary Special Purposes Assistance would significantly speed up the process and improve the outcome for the applicant. The council would also have to be satisfied that there were exceptional circumstances which justified the mandatory DFG process being waived for that particular applicant.
- Larger items of personal equipment where alternative funding is not available, and where provision would be cheaper and/or provide a better outcome for the individual than would be achieved through adaptations.
- Any other request deemed by the council to be reasonable & practicable, and necessary & appropriate to meet the objectives of the Policy.

Discretionary Special Purposes Assistance is not available for repairs to disability equipment, such as stairlifts, ceiling track hoists, etc, as ongoing maintenance, if not covered by warranty, is generally the responsibility of the owner.

Discretionary Special Purposes Assistance is a discretionary grant and will depend on the individual's needs, the resources available, and the particular district council's wider objectives and priorities. Details on how discretionary cases may be prioritised is given in paragraph 4.1 below.

### **2.4.1 Eligibility**

Applicants must be living in the district, and living in the property in question.

If repair work is required (as opposed to disabled adaptations), the applicant must normally have been resident in that home for a minimum of two years prior to the date of application.

Applications from tenants will normally only be considered for work which is not the responsibility of the landlord.

Discretionary Special Purposes Assistance will normally only be considered for those in receipt of a qualifying benefit (with the exception of adaptations for children – which would normally be expected to be funded through mandatory Disabled Facilities Grant). (See Appendix 4 for more detail). Evidence of being in receipt of benefits will normally be required, although if providing evidence would lead to unreasonable delays in work being carried out, the council may use its discretion to accept a signed declaration that the person for whom the work is required is in receipt of one of these benefits. If this statement is later found to be false then the applicant will be required to repay the grant in full.

The council or Home Improvement Agency may consider whether other funding options are available in considering whether assistance is payable.

#### **2.4.2 Amount of assistance payable**

The maximum amount allowed to one household will be £10,000 including any Home Improvement Agency fees.

#### **2.4.3 Future applications**

Further applications for Discretionary Special Purposes Assistance will not normally be considered from an applicant household within three years of the work being completed unless there are extenuating circumstances. E.g. if refusal would lead to significant health impact or a delayed transfer of care.

### **2.5 Discretionary funding of partnership work and other services**

This policy allows for DFG capital grant provided through the Better Care Fund to be made available to fund wider partnership projects or other services where it can be clearly demonstrated that they would help to meet the objectives of this policy.

## **PART 3: ACCESS TO THE SERVICE**

### **3.1 How to apply and who to contact for further information**

Contact Fenland District Council , telephone 01354 654321, email [privatesectorhousing@fenland.gov.uk](mailto:privatesectorhousing@fenland.gov.uk)

### **3.2 Valid applications**

For an application to be valid, it must be in writing, and all the information required by the council must be provided. This may include, amongst other things:

- Details of why the work is needed
- Details of the relevant works
- Estimates of the cost of the works
- Any financial information required for a financial assessment to be carried out
- Written documentation evidencing a legal interest in the property, and that the occupant on behalf of whom the application is made intends to live there as their only or main residence throughout the grant/loan condition period. If the application is for a property held in trust or is occupied under another licence, for example in the case of agricultural workers, it will be at the council's discretion as to the appropriateness or otherwise of the requirement for written documentation.
- For works to be carried out for the benefit of a tenant, a statement of consent to the works signed by the person who at the time of the application is the landlord under the tenancy.

Exactly what information is required in each case will depend on the type of assistance being applied for and the circumstances of the applicant. More information is available on request.

Where the applicant is using the services of the local Home Improvement Agency, the Agency can help with completing the application.

Further information on the types of legal interest and occupancy documentation required are at Appendix 4.

### **3.3 Fees to be charged**

It will be at the discretion of the Council as to the level of professional fees deemed reasonable to be covered in the calculation of financial assistance. Where an applicant uses the services of the Home Improvement Agency then the Council will generally include the fees in the calculation of financial assistance.

Fenland District Council conducted a procurement competition for the Home Improvement Agency Service. The fees for the winning tender were 25%.

### **3.4 Conditions**

Information on grant/loan conditions are available from the council or Home Improvement Agency. These conditions remain in force throughout the relevant grant/loan condition period.

In making an application for financial assistance the applicant agrees to the terms and conditions attached to the provision of that assistance.

## **PART 4: ADDITIONAL INFORMATION**

### **4.1 Prioritisation of funding**

While this policy is designed to encourage flexible use of the DFG Capital Allocation, where insufficient funding is available, Mandatory Disabled Facilities Grants will generally need to be given first priority over discretionary assistance.

Where the council considers there will be sufficient funding to provide discretionary assistance on top of Mandatory Disabled Facilities Grant work, then applications for discretionary assistance will be dealt with on a first come first served basis, so long as sufficient funding remains available.

If there are a number of applications being considered at any one time, applications will generally be prioritised in the following order:

- Mandatory Disabled Facilities Grants, and Relocation Assistance for applicants, for applicants who would be eligible for a DFG, within the terms of paragraph 2.3(a) above.
- Work to facilitate a Disabled Facilities Grant which is not eligible for Mandatory DFG funding
- Relocation assistance under the terms of paragraph 2.3(b) above
- Discretionary Top Up Assistance
- Disabled Facilities Grant works to be carried out under Discretionary Special Purposes Assistance where the council is satisfied that funding it through Discretionary Special Purposes Assistance would significantly speed up the process and improve the outcome for the applicant.
- Other Discretionary Special Purposes Assistance
- Relocation assistance under the terms of paragraph 2.3(c) above
- Discretionary partnership projects and/or other services.

The council reserves the right to amend this priority ordering if the need arises. For example: where additional funding becomes available from elsewhere with the intention of it being used for a particular type of assistance; if changes in legislation enable or require it; etc

In assessing whether to fund assistance other than Mandatory DFGs, and what priority should be given, the council will also consider:

- a) The extent to which providing assistance will meet the objectives of this Policy;
- b) Whether the need for assistance is considered serious and urgent both in its own right and relative to any other current applications and enquiries for assistance which the council is considering;
- c) The extent to which the applicant is able, and can him/ herself afford to resolve the problem and /or pay for the work;

- d) Whether the work to which the application relates is considered serious or urgent relative to the general state of repair of dwellings in the district.
- e) Any other circumstances which may be relevant at the time.

## **4.2 Approval of application and payment of grant**

Before approving an application the Council will need to be satisfied that the application is complete and that it accurately reflects the applicant's circumstances; also that the applicant clearly understands and accepts the conditions of any financial assistance being provided.

Where the assistance is to pay for work to be carried out:

- The council must be satisfied that the cost of the works is reasonable and that all the appropriate notifications and/or permissions have been obtained eg, Building Regulations, Planning Permission etc.
- If the applicant is arranging their own work, s/he should not make any arrangements for the work to start until they have received the grant/loan approval in writing from the council.
- If carrying out their own work the applicant must notify the Council when the work is completed. A council representative may need to visit the property to inspect the works before arranging payment. No payment will be made until the relevant work is completed to the Council's satisfaction. The applicant will be responsible for ensuring that any defects are remedied.
- Unless otherwise specified, payment will be made direct to the contractor.
- Where the approved work has not been carried out to the satisfaction of the applicant the Council may, at the request of the applicant and if it considers it to be reasonable, withhold payment.
- The works and the Grant should normally be completed to satisfaction within 12 month of the grant approval date

Further conditions may apply to the payment of any assistance under this policy, which applicants need to formally agree to before any application can be approved. Details are available from the council or the Home Improvement Agency.

## **4.3 Local authority decision making & appeals**

All applications for assistance contained within this Policy are subject to the local authority's decision making processes which is an Officer delegated function.



If an applicant wishes to appeal against a decision under this Policy then they can do so through the Council's "3cs" complaints procedure:

<https://www.fenland.gov.uk/complaint>

Each council may make exceptions to the policy in exceptional circumstances, and each case will be considered on its merits.

#### **4.4 Equalities**

The public sector equality duty under the Equality Act 2010 requires public bodies, in exercising their functions, to have due regard to the need to:

- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act;
- Advance equality of opportunity between people who share a protected characteristic and those who do not; and
- Foster good relations between people who share a protected characteristic and those who do not.

The protected characteristics are: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion and belief, sex and sexual orientation.

An Equality Impact Assessment has been carried out on this Policy to ensure that the Policy takes into account the needs of all groups, and that particular groups of people are not adversely affected by it.

#### **4.5 Safeguarding**

The Care Act 2014 established a national framework for safeguarding and protecting people at risk of abuse or neglect. All the Cambridgeshire councils are committed to safeguarding and promoting the welfare of children and adults who may be at risk, and their policies and processes reflect the direction of Cambridgeshire County Council in relation to safeguarding.<sup>3 4</sup>

#### **4.6 Recourse to public funds**

---

<sup>3</sup> See also: s.11 Children's Act 2004

<sup>4</sup> See also: Working Together to Safeguard Children – statutory guidance:  
<https://www.gov.uk/government/publications/working-together-to-safeguard-children--2>,

Assistance will not be available to individuals who have no National Insurance number or recourse to public funds. Further details are available from the government's website.<sup>5</sup>

#### **4.7 Monitoring of outcomes**

The five Cambridgeshire district councils signed up to this Policy will agree a common set of outcomes with health and social care partners which will be used to monitor implementation of this policy.

#### **4.8 Policy Review**

The Policy will run from April 2019. The government recently announced a national review of Disabled Facilities Grants. This Policy may need to be reviewed once the outcome of this is known. Otherwise the Policy will be reviewed as and when necessary.

---

<sup>5</sup> Gov.uk web page re public funds: <https://www.gov.uk/government/publications/public-funds--2/public-funds>

## Appendix 1

### Early Help & Housing Options

One of the findings of the Cambridgeshire Disabled Facilities Grants Review carried out in 2016 was that in order to achieve better outcomes for people, and to make best use of the resources available, providing repairs and adaptations in the home in which someone is currently living will not always be the best solution; options must also be available for people to move to more suitable accommodation.

The Home Improvement Agencies already provide basic housing options advice. However, with limited funding available, for the Policy to be successful it will need to be implemented hand in hand with a new approach to considering people's wider housing options at an earlier stage.

For adults where their current home may not meet their needs now or in the future, there is a Specialist Housing Officer who works with the Adult Early Help Team working with Social Workers and Occupational Therapists. This service provides advice and information on all the possible options that may be available at an early stage.

For older people the Councils also promote the use of the Elderly Accommodation Council (First Stop – HOOP) resources to deliver early advice and information on alternative housing options prior to a request for an adaptation. This provides comprehensive information on services available to maintain independence and also an independent advice line.

Information on alternative housing opportunities - for example sheltered housing, extra care or the purchase of a more suitable home, can inform early decisions. This is especially important if the home will not be suitable in the longer term. See the Cambridgeshire Older Peoples Factsheet for further information.<sup>6</sup>

The Housing Options for Older People (HOOP) tool is available both on line and in leaflet format and is designed to help older people think about how suitable their current home is and if submitted can identify what alternative options are nearby. See the website online tool.<sup>7</sup>

Support with planning, managing and facilitating a move can be sought from the Older Peoples Visiting Support Services which are delivered across the county to people in all tenures, be they property owners or renters, if this is not readily available from family or friends.

For working age people with a disability who are considering applying for an adaptation to their home, information and advice can be sought on alternative social housing options from the local Home-link teams. Support with planning, managing and facilitating a move may be available from the Floating Support Services available across the county.

For families with a child or young person with Special Educational Needs and Disability (SEND) 0 – 25) where their current home may not meet the child's needs now or in the

---

<sup>6</sup> Cambridgeshire Older People's Factsheet: <http://www.housingcare.org/downloads/kbase/3501.pdf>

<sup>7</sup> HOOP online tool: <https://hoop.eac.org.uk/hoop/start.aspx>

future there is a Specialist Housing Officer who works with the SEND Social Care, Occupational Therapists and others.

These services provide advice and information on all the possible options that may be available at an early stage. Often major adaptations can be expensive and the limits of the Grant funding available means that sometimes more expensive works (i.e. extensions with specialist equipment) cannot be fully funded that way. Options may include a move to a more suitable property, accessing or moving within social housing, or a new build opportunity.

## Appendix 2

### National and Local Context and Supporting Data

#### Legislative background

The Care Act 2014 focusses on prevention. Guidance states *“Local authorities must provide or arrange services, resources or facilities that maximise independence for those already with such needs, for example interventions such as rehabilitation/reablement services, e.g. community equipment services and adaptations.”* The guidance goes on to state *“Integrated services built around an individual’s needs are often best met within the home. The suitability of living accommodation is a core component of an individual’s wellbeing and when developing integrated services, local authorities should consider the central role of housing within integration.”*

The Public Health Outcomes Framework “Healthy Lives, Healthy People: Improving Outcomes and Supporting Transparency” (Dept of Health, 2013) sets out desired outcomes for public health and how they will be measured. Many of the outcomes have links to housing including prevention of falls and injuries in over 65s, Fuel Poverty and Excess Winter Deaths.

The Regulatory Reform (Housing Assistance) (England & Wales) Order 2002 (RRO 2002) repealed much of the Housing Renovation Grants regime of the previous Housing Grants, Construction and Regeneration Act of 1996 but left in place the Mandatory Disabled Facility Grants and discretionary grant duties.

In 2008/09 the government extended the scope of the Regulatory Reform Order, allowing authorities to use the Disabled Facilities Grant capital allocation on other types of adaptations, repairs and assistance. The Cambridgeshire authorities hadn’t until now adopted this approach and continued to use the DFG Allocation purely for Mandatory Disabled Facilities Grants which they have a statutory duty to provide; although some have been funding a range of discretionary Regulatory Reform Order policy initiatives through separate capital funding directly from their own budgets.

The Housing Act 2004 placed a duty on local authorities to keep housing conditions under review. The Act introduced the Housing Health and Safety Rating System (HHSRS) risk assessment for residential properties, which replaced the old housing fitness standard. In addition, the Home Energy Conservation Act 1995 continues to place a requirement on the authority to have a strategy for promotion and adoption of energy efficiency measures and to work towards the reduction of fossil fuel use.

## National data

Around 12% of homes in England are estimated to have Category 1 hazards.<sup>8</sup> Most of those are in the private rented and owner occupied sectors. In addition, around one in five homes do not meet the national 'decent homes' standard.<sup>9 10</sup>

National research by the Building Research Establishment (BRE) estimated that it was costing the NHS around £1.4bn per annum in first year treatment costs to leave people living in the poorest housing in England (ie with at least one Category 1 hazard).<sup>11</sup>

Further Building Research Establishment research found that, in England:

- Over one fifth of all older household groups (55 – 64, 65 – 74, over 75 and over 80) lived in a home that failed to meet the Decent Homes standard
- 780,000 households aged 55 years and over were in fuel poverty
- 1.3 million households aged 55 years and older lived in a home with at least one Category 1 hazard
- For households aged 55 years or more, the cost of poor housing to the NHS (for first year treatment costs) is £624 million with these costs dominated by excess cold hazards and those associated with falls (on stairs and on the level)
- The proportion of older households living in a home with the four "visitability" accessibility features assessed by the English Housing Survey (level access, flush threshold, WC at entrance level and sufficiently wide doors and circulation space) ranged from 4% (aged 55 – 64 years) to 7% (aged 80 years and over). Around a fifth of homes occupied by all age groups aged 65 years and over had none of these key features and this figure was 24% for households aged 55 – 64 years.
- A permanent home for a person with restricted mobility requires suitable parking, downstairs living space, shower on the ground floor, wheelchair turning space, bed space on the ground floor and the entrance illuminated or covered. The research estimated that only 110,000 dwellings (0.5%) were fully accessible.

## Cambridgeshire Population Data<sup>12 13</sup>

According to the Census 2011:

---

<sup>8</sup> As measured by the Housing Health & Safety Rating System – HHSRS;

<sup>9</sup> English House Condition Survey 2015:

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/627688/Potential\\_stock\\_improvements\\_Report\\_2015-16.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/627688/Potential_stock_improvements_Report_2015-16.pdf)

<sup>10</sup> Housing Health & Safety Rating System <https://www.gov.uk/government/publications/hhsrs-operating-guidance-housing-act-2004-guidance-about-inspections-and-assessment-of-hazards-given-under-section-9>

<sup>11</sup> BRE, The Cost of Poor Housing to the NHS briefing: <https://www.bre.co.uk/filelibrary/pdf/87741-Cost-of-Poor-Housing-Briefing-Paper-v3.pdf>

<sup>12</sup> Census 2011, Cambridgeshire Atlas: <http://atlas.cambridgeshire.gov.uk/census/2011/atlas.html>

<sup>13</sup> From Cambridgeshire DFG review 2016

- The number of households was 251,241
- Around 15% reported a long-term activity limiting illness

Cambridgeshire County Council's Research Group estimates that:

- In Cambridgeshire in 2016 there are estimated to be over 409,000 adults (18-64 years), over 138,000 children (0-18 years) and nearly 116,500 older people (65+).
- In the next five years the population is forecast to grow by an additional 30,800 adults (+8%), 15,700 children (+11%) and 10,400 older people (+14%). The biggest percentage change is amongst the oldest age group – an additional 4,000 people aged 85 and over by 2021.

Further data on numbers and types of interventions provided, performance data etc, is available on request from the Council.

## **Appendix 3**

### **Mandatory Disabled Facilities Grants – further information**

The provisions governing Mandatory Disabled Facility Grants are set out in the Housing Grants, Construction and Regeneration Act 1996, as amended by the Regulatory Reform (Housing Assistance)(England & Wales) Order 2002.

A summary of the purposes for which Mandatory DFGs may be given are as follows:

#### **a) Facilitating Access and Provision**

These include works to remove or help overcome any obstacles which prevent the disabled person from moving freely into and around the dwelling and enjoying the use of the dwelling and the facilities or amenities within it.

#### **b) Making a dwelling or building safe**

Adaptations to the dwelling or building to make it safe for the disabled person and other persons residing with him/her.

#### **c) Room usable for sleeping**

The provision of a room usable for sleeping should therefore only be undertaken if the council is satisfied that the adaptation of an existing room in the dwelling (upstairs or downstairs) or the access to that room is unsuitable in the particular circumstances.

#### **d) Bathroom**

A disabled person should have access to a wash hand basin, a WC and a shower or bath (or if more appropriate, both a shower and a bath).

#### **e) Facilitating preparation and cooking of food**

A wide range of works are available to enable a disabled person to cater independently.

#### **f) Heating, lighting and power**

The improvement of an existing heating system in the dwelling to meet the disabled occupant's needs. Where there is no heating system or where the existing heating arrangements are unsuitable to meet his needs, a heating system may be provided.

#### **g) Dependent residents**



Works to a dwelling required to enable a disabled occupant better access and movement around the dwelling in order to care for another person who normally resides where whether or not they are related to the disabled person.

**h) Access to garden**

Works for facilitating access to and from a garden by a disabled occupant, or making access to a garden safe for a disabled occupant.

Further details are available from the council.

## **Appendix 4**

### **Test of Resources/ Means Testing**

Where required under this policy, a test of resources will be carried out in order to assess the amount, if any, that the applicant must contribute to cost of the works. If the applicant is not in receipt of a passporting benefit they will have to provide details of income and capital.

For those in receipt of one or more of certain qualifying benefits or any equivalent or successor benefits at the time of the application, their contribution towards the financial assistance will be NIL.

The relevant qualifying benefits set by government at the time of publishing this policy are:

- Universal credit
- Income Support
- Income based Job Seekers Allowance or Income Based Employment Support Alliance
- Working Tax Credit with gross income less than the current level set by the Department of Work & Pensions
- Housing Benefit,
- Guaranteed Pension Credit,
- Or child tax credit with a relevant income less than the current level set by the DWP

In addition to the qualifying benefits set by government, Council Tax Benefit may, under this policy, be treated as a qualifying benefit for Discretionary Special Purposes Assistance adaptations which would normally be funded through a Mandatory Disabled Facilities Grant but where funding it through Discretionary Special Purposes Assistance would, in the council's view, significantly speed up the process and improve the outcome for the applicant.

For those not on one of the qualifying benefits listed above, where means testing is required legally and/or under the policy, a full means test will be carried out under the National Test of Resources in accordance with the Housing Renewal Grants Regulations 1996 (as amended), or any future legislation that replaces it. This will calculate the applicant's contribution in order to assess the extent to which any assistance may be given up to the maximum eligible expense limit.

The council may in some cases, and where legally permitted, exercise the discretion to consider a grant or loan where applicants are not on qualifying benefits but instead:

- have an income (at the time of application), of less than the current income level recognised by the DWP,
- **and** have savings less than the current cut off level determined by the benefits service,
- **and** are considered to be a priority due to their situation or their urgency of the works required.

The means test or other financial assessment will apply to the person for whom the intervention is being applied for, and any spouse/partner.

## Appendix 5

Documentation required to demonstrate a legal interest in the property and intention to remain in the property.<sup>14</sup>

### a) **Owner-Occupiers.**

An owner's certificate which certifies that the applicant has or proposes to acquire an owner's interest in the dwelling, and that the applicant intends that the person requiring financial assistance will live in the dwelling as their only or main residence throughout the relevant grant/loan condition period, or for such shorter period as his/her health and other relevant circumstances permit. The Council retains the discretion to demand repayment of the grant or loan if this condition is breached.

### b) **Tenants**

A tenant's certificate which certifies that the person requiring financial assistance is a tenant, and that they intend that the occupant for whom the assistance is being sought will live in the dwelling as their only or main residence throughout the relevant grant/loan condition period, or for such shorter period as his/her health and other relevant circumstances permit.

The Council retains the discretion to demand repayment of the grant or loan if this condition is breached. It will be at the Council's discretion whether an application should also be accompanied by an owner's certificate from the landlord.

### c) **Occupiers (in relation to houseboats and park homes)**

An occupier's certificate that states the applicant intends that the occupant for whom assistance is being sought will live in the qualifying houseboat or park home as their only or main residence throughout the relevant grant/loan condition period or for such shorter period as his/her health and other relevant circumstances permit. The Council retains the discretion to demand repayment of the financial assistance if this condition is breached. A consent certificate must also accompany an occupier's application, from each person with an interest in the land or mooring, or in the park home site or boatyard itself.

If none of the above certificates are appropriate to the applicant's situation then signed documentation shall be provided by either the owner or the occupier to confirm the intention for future occupation of the property by the person for whom financial assistance is being sought.

### d) **Availability for letting**

In a case where a certificate of intended letting accompanies the application:

---

<sup>14</sup> See sections 21-22A of the Housing Grants, Construction & Regeneration Act 1996 for more detail: <http://www.legislation.gov.uk/ukpga/1996/53>

- It is a condition of any financial assistance under this Policy that, throughout the relevant grant/loan condition period the dwelling will be let or available for letting to the applicant as a residence. Being available as a holiday letting will not satisfy compliance with this requirement.
- It is also a condition of the financial assistance that the Council, may, by written notice require the owner to provide, within 21 days of that notice, a statement showing how the property is occupied and by whom.

## Appendix 6

### Glossary

Assistance	Any form of financial assistance approved under this Policy
Better Care Fund	<p>The <u>Better Care Fund</u> (BCF) is a programme spanning both the NHS and local government which seeks to join-up health and care services, so that people can manage their own health and wellbeing, and live independently in their communities for as long as possible.</p> <p>The BCF has been created to improve the lives of some of the most vulnerable people in our society, placing them at the centre of their care and support, and providing them integrated health and social care services, resulting in an improved experience and better quality of life.</p>
Category 1 Hazards	Hazards in the home as assessed as 'serious' through the <u>Housing Health &amp; Safety Rating System</u> .
Children	<p>For mandatory DFG applications the relevant person is a child if;</p> <ul style="list-style-type: none"> <li>• under the age of 16</li> <li>• a person who is 16 or over but not yet 20 and is still in full-time non-advanced education (A level and below) and not getting Income Support, income-based Job Seekers' Allowance, income-related Employment and Support Allowance or Universal Credit.</li> </ul>
Condition	Any condition attached to financial assistance approved under this Policy. Details of conditions are available on request.
Council	Any reference to council means the local housing authority operating in the area in which the person on behalf of whom an application is made resides, or an authorised representative of that housing authority. I.e Cambridge City Council; East Cambridgeshire District Council; Fenland District Council; Huntingdonshire District Council; or South Cambridgeshire District Council. An authorised representative could include, for example: the Home Improvement Agency commissioned by that authority, an Occupational Therapist, a Trusted Assessor, etc.
Disabled person	<p>For the purposes of this policy, a person is disabled if:</p> <ul style="list-style-type: none"> <li>• their sight, hearing or speech is substantially impaired;</li> <li>• they have a mental disorder or impairment of any kind; or</li> <li>• they are physically substantially disabled by illness, injury, impairment present since birth, or otherwise.</li> </ul> <p>(s100 <i>Housing Grants, Construction and Regeneration Act 1996</i>)</p>
Discretionary assistance	Grants and/or loans which the council may make available to applicants, subject to having a policy in place, and to having sufficient funding available to offer that assistance.

	The extent to which discretionary assistance may be available to an applicant may also be subject to how the council concerned interprets and/or implements financial regulations – eg use of capital grant funding for revenue purposes.
Disposal of a property	Any reference to ‘disposal’ of a property means: <ul style="list-style-type: none"> <li>• A conveyance of the freehold</li> <li>• An assignment of the lease – where the lease was used to qualify for the assistance: eg a long lease that was treated as effective ownership</li> <li>• The grant of a lease, other than a mortgage term, for a term of more than 21 years otherwise at a rack rent</li> <li>• In the case of a mobile home or a houseboat, the sale, pledge or assignment of the mobile home or houseboat.</li> </ul>
Home Improvement Agency	An agency commissioned by the council to support people to remain independent at home. The role of the local agency is outlined in section 1.4 of this Policy.
Household	The person or persons who occupy a dwelling as their only or main residence.
Housing Health and Safety Rating System (HHSRS)	<u>National system for assessing risks in residential properties.</u> Replaced the old housing fitness standard.
Mandatory assistance	Disabled Facilities Grants are ‘mandatory’ in that local authorities are legally required to provide them to applicants who meet national eligibility requirements.
Means test/Test of resources	As part of an application for some forms of assistance under this policy, a test of resources must be carried out in order to assess the amount, if any, that the applicant must contribute to cost of the works. If the applicant is not in receipt of a passporting benefit they will have to provide details of income and capital. More information is available in Appendix 3 to this Policy
Owner’s interest	Where an application for a DFG (or other works to the home) has been made by an owner-occupier the applicant must provide proof of ownership. Under the 1996 legislation : An owner’s certificate’ certifies that the applicant has, or proposes to acquire, an owner’s interest (as defined in section 21(2)) in the dwelling, and that he intends that the disabled occupant will live in the dwelling as his only or main residence’. For more information see Appendix 5 to this Policy
Regulatory Reform Order Repair & Renewal policies	Councils have powers to provide financial assistance to individuals to help them improve living conditions. In order to be able to use those powers they need to have a published policy detailing how they will use those powers.

### Cambridgeshire Housing Adaptations & Repairs Policy

#### Summary of Policy

##### INTRODUCTION

This policy is aimed at helping people to live safely and independently at home. It applies to people living in the areas covered by:

- Cambridge City Council
- East Cambridgeshire District Council
- Fenland District Council
- Huntingdonshire District Council; and
- South Cambridgeshire District Council

It includes four types of financial assistance – in the form of grants or loans - which may be available to disabled people and those on low incomes:

1. Mandatory **Disabled Facilities Grants (DFGs)** to provide disabled adaptations in people's homes
2. Discretionary **Top Up Assistance** where the cost of works agreed through a Disabled Facilities Grant application is above the statutory maximum amount – currently set nationally at £30,000 (may be subject to change).
3. Discretionary **Relocation Assistance** to help disabled people to move to a more appropriate home; and
4. Discretionary **Special Purposes Assistance** for capital repairs or other minor works in the home.

The table at Table 1 below gives more detail on each of these.

The key objectives of the policy are:

- To support healthy, safe and independent living
- To help prevent hospital or care admission
- To facilitate a patient being discharged from hospital and enabling them to live safely and independently at home
- To prevent the need for higher expenditure elsewhere in the health and/or social care system
- To improve housing conditions and remove hazards in the home (ie Category 1 hazards under the Housing Health & Safety Rating System)

The council or local Home Improvement Agency can help you to apply for financial assistance.

If the grant or loan is to pay for work to be done in your home, the Home Improvement Agency can also arrange for that work to be carried out on your behalf.



## Appendix B - FDC Housing Adaptations and Repairs Policy

---

As part of considering any application, there is likely to be an initial discussion with you on whether, if you are offered financial assistance, your home is likely to remain suitable for you in the longer term. As part of this discussion ~~they~~ you may, if appropriate, be pointed towards advice and help in thinking about longer term housing options.

**The district councils have a statutory duty to provide Disabled Facilities Grants to those who need them. However, the extent to which the other three discretionary forms of assistance can be offered will depend on both the individual's needs and the resources available.**

For more information on what the policy covers, to apply for a grant or loan and whether you might be eligible, please contact:

01354 654321 and ask for the private sector housing team or email  
[privatesectorhousing@fenland.gov.uk](mailto:privatesectorhousing@fenland.gov.uk)

A full version of the policy will be available on the council's website at  
[www.fenland.gov.uk](http://www.fenland.gov.uk)

## Appendix B - FDC Housing Adaptations and Repairs Policy

---

Assistance	Description	Grant or loan	Max amount	Means test	Tenure	Specific restrictions	Residency requirements	Secured on property	Repayable	Restrictions on future applications
------------	-------------	---------------	------------	------------	--------	-----------------------	------------------------	---------------------	-----------	-------------------------------------

**Table 1: Draft Cambridgeshire Adaptations Policy 2018 – Summary of Assistance. PLEASE SEE FULL POLICY FOR MORE DETAIL**

## Appendix B - FDC Housing Adaptations and Repairs Policy


<b>Disabled Facilities Grant (Mandatory)</b>  <b>See full policy section 2.1</b>	Home adaptations for disabled people	Grant (Eligibility is based on current legislation – may be subject to future change)	Statutory maximum (currently £30,000)	Adults: In receipt of one or more qualifying benefits <u>or</u> full Financial Test of Resources.  Children and eligible young people: not means tested	All tenures (except council tenants in Cambridge City and South Cambs)	National eligibility criteria apply	None	Yes – for grants over £5,000. Minimum charge £500; Maximum charge £10,000	Yes, if property disposed of within 10 years	Consideration subject to new referral from Social Services
<b>DFG Top Up Assistance (Discretionary)</b>  <b>See full policy section 2.2</b>	Where cost of mandatory DFG works exceeds £30,000	Loan	£15,000	Adults: means test for DFG will take into account full cost of work.	Must have an owner's interest	Must be eligible for mandatory DFG	None	Yes – full amount	Yes – full amount	Only in exceptional circumstances
<b>Disabled Persons Relocation Assistance Priority (a) (Discretionary)</b>  <b>See full policy section 2.3</b>	To help with reasonable costs of a disabled person moving to a more suitable home.	Grant	Reasonable costs.	No	All tenures	Eligible for DFG, but moving home may be a better and cheaper option, taking into account cost of works and any future works likely to be required in the new property	None	n/a	n/a	Individual's circumstances must have changed significantly
<b>Disabled Persons' Relocation Assistance Priority (b) (Discretionary)</b>	Ditto	Grant	Ditto	No	Ditto	Existing accommodation not adaptable; & property to which moving	None	n/a	n/a	

## Appendix B - FDC Housing Adaptations and Repairs Policy

ary)  <b>See full policy section 2.3</b>						more closely meets needs.				
<b>Disabled Persons Relocation Assistance Priority (c) (Discretionary)</b>  <b>See full policy section 2.3</b>	Ditto	Grant	Ditto	No	Ditto	Moving home is likely to lead to savings to the wider public purse, or it would help a disabled person to resolve other issues which might impact on health, and/or well-being.	None	n/a	n/a	Ditto
<b>Special Purposes Assistance (Discretionary)</b>  <b>See full policy section 2.4</b>	Repairs, minor works or other interventions to meet policy objectives	Grant	£10,000	In receipt of a qualifying benefit (except adaptations for children which would normally be funded through DFG)	All tenures	Not available for repairs to disability equipment	Disabled adaptations :none  Other works: 2 years	N/A	N/A	3 years unless there are extenuating circumstances



This page is intentionally left blank

Agenda Item No:	8	
Committee:	Cabinet	
Date:	21 February 2019	
Report Title:	Fenland Local Plan Review and Update	

## Cover sheet:

### 1 Purpose / Summary

The purpose of the report is to advise Members of the need to consider a review of the Fenland Local Plan (FLP) which was adopted in May 2014. Legislation requires that local plans should be considered for review every five years. The revised National Planning Policy Framework (NPPF) of July 2018 has also introduced a number of changes which mean that the local plan should be updated. A full review and update of the local plan is therefore recommended to commence in June 2019.

### 2 Key issues

- The Fenland Local Plan was adopted on 8th May 2014 and is approaching its fifth anniversary.
- Recent changes in the NPPF (July 2018) mean that a number of policies in the FLP such as affordable housing, allocation of smaller sites and site viability could be considered to be out of date in a number of ways.
- The older a plan becomes which is not in accordance with current and evolving government policy the less reliance can be placed on it for decision making and success at appeal.
- Recommendations from the Planning Advisory Service (PAS) report of August 2018.
- The local plan process to adoption is likely to take between 3 to 4 years meaning a timely start is required to ensure an up-to-date plan is adopted as soon as possible.
- The current plan will remain in force for planning decisions until adoption of the new Local Plan with due regard being taken of relevant Government NPPF changes and new evidence documentation from the review process, as appropriate.
- Members need to be fully involved in the process potentially through a Local Plan Steering Group.

### 3 Recommendations

It is recommended that Cabinet endorse the following for consideration and agreement by Council:

- That a full review of the local plan is commenced soon after the local council elections in May 2019 but with technical reports being commissioned before then.
- That the Corporate Director (Growth and Infrastructure) is delegated to appoint PCC Planning Policy team via a Service Level Agreement (SLA) to carry out the required Local Plan review and to engage the relevant specialist advice related to the evidence documents within the allocated budget.

- That the attached Local Development Scheme (Appendix 1) is the timetable for the production of the new local plan, which will include the required consideration of Cabinet and Council at appropriate stages of the review.

<b>Wards Affected</b>	All
<b>Forward Plan Reference</b>	
<b>Portfolio Holder(s)</b>	Cllr Chris Seaton - Leader Cllr Dee Laws - Portfolio Holder for Neighbourhood Planning
<b>Report Originator(s)</b>	Gareth Martin - Senior Development Officer (Policy) Nick Harding - Shared Head of Planning Richard Kay - Neighbourhood Strategy Manager
<b>Contact Officer(s)</b>	Gary Garford - Corporate Director Richard Cassidy - Corporate Director Gareth Martin - Senior Development Officer (Policy) Nick Harding - Shared Head of Planning Richard Kay - Neighbourhood Strategy Manager
<b>Background Paper(s)</b>	Fenland Local Plan 2014



## **4 Background / Introduction**

- 1.1 The recently revised National Planning Policy Framework - July 2018 (NPPF) has confirmed that policies in local plans should be reviewed to assess whether they need updating at least once every five years and should then be updated as necessary. A review at least every five years is also a legal requirement for all local plans (Regulation 10A of the Town and Country Planning (Local Planning) (England) Regulations 2012).
- 4.1 Reviews should be completed no later than five years from the adoption date of a plan, and should take into account changing circumstances affecting the area, or any relevant changes in national policy.
- 4.2 The Fenland Local Plan (FLP) was adopted on 8th May 2014. The fifth anniversary of its adoption therefore falls on 8th May 2019. There have been significant changes since its adoption and this report sets out why the local plan needs to be updated.
- 4.3 Whilst the new plan is under development, the current plan will remain in force until adoption of the new Local Plan for planning decisions. Due regard will be taken of relevant Government NPPF changes and new evidence documentation from the review process as appropriate.

## **5 Considerations**

### **Changes to the NPPF**

- 5.2 The revised NPPF has introduced a number of changes which differ from policies in the FLP, with a much greater emphasis on housing delivery.
- 5.3 For affordable housing, S106 contributions can no longer be sought on sites which are not major developments (fewer than 10 dwellings) and the definition of what constitutes an affordable dwelling has been considerably widened. For major housing developments planning policies and decisions should expect at least 10% of the homes to be available for affordable home ownership.
- 5.4 The way an authorities' housing need is calculated has been altered. Rather than relying on an Objectively Assessed Need (OAN) figure derived from a variety of independent evidence-based sources the government has introduced a new Local Housing Need which incorporates a standard methodology for each local authorities' housing need. Early draft indications show the Fenland requirement will reduce from 550pa to around 500pa using the standard methodology. Establishing the correct local housing need figure is the basis for developing policies in any local plan to ensure that the plan is sound and robust for its lifetime.
- 5.5 The viability of sites and S106 contributions expected from development should now be considered at the local plan making stage rather than at the application stage. Paragraph 57 of the NPPF explains that where up-to-date policies have set out the contributions expected from development, planning applications that comply with them should be assumed to be viable. Viability assessments should include standardised inputs and be made publicly available.
- 5.6 Other NPPF changes include updated objectives for promoting sustainable transport (with an emphasis on walking, cycling and public transport provision) and that the planning system should actively manage patterns of growth in support of these objectives. There is a greater emphasis on good design and the need to involve design panels in planning application assessments. Policies should also take a strategic approach to maintaining and enhancing networks of habitats and green infrastructure (including the designation of Local Green Spaces) and plan for the enhancement of natural capital (open space) at a catchment or landscape scale across local authority boundaries.

### **Planning Advisory Service (PAS)**

- 5.7 The Planning Advisory Service (PAS) report of August 2018 into the Planning Service made a number of recommendations relating to planning policy.
- 5.8 One of the key recommendations was to undertake a review of the local plan as soon as possible. This was to ensure alignment with new government guidance, the Council's vision and to meet the ambition of the Combined Authority including the emerging non-statutory spatial plan. PAS advised: "The current approach of the Fenland Local Plan 2014 was intended to be as flexible as possible to encourage growth and development. To achieve this there is a deliberate lack of designated allocated sites and 'red lines' for development defined in the Plan. This approach, as agreed by the Planning Inspector, was suitable in 2014. However in light of changes in government guidance on deliverability, current market conditions and economic context, it is beneficial that the Plan will be reviewed."
- 5.9 PAS explained that a review could "provide an opportunity to help remove any ambiguity for developers/ applicants which exists under the current 'flexible' approach together with the associated potential for comments regarding inconsistency", for instance in decision making.

### **Ageing Plan**

- 5.10 The older a local plan becomes the greater the chance that it will not accord with new government guidance as this continually evolves. As a result decision making becomes more complex and the chances of the Council succeeding at appeal are lessened. Planning therefore becomes more reactive rather than proactive. A timely review of the Fenland Local Plan will ensure that the Council's planning policies are brought into line with government policies and provide a robust basis for decision making and delivery.

### **Links to other (Emerging) Plans**

- 5.11 The review and update of the FLP will also link in a timely way to the emergence of other plans currently being formulated which include the Non-Statutory Strategic Framework (NSSF) for the Cambridgeshire & Peterborough Combined Authority (CPCA), the Local Industrial Strategy, Local Transport Plan and Neighbourhood Plans. It will also allow a more formal policy based approach to be considered for the Wisbech Garden Town proposal.

### **CIL / Planning Gain**

- 5.12 The update will also allow a review of the Community Infrastructure Levy (CIL) and whether any change in economic circumstances means that this will now be possible in Fenland. A fresh study will be commissioned and will inform the development of policies in the new Local Plan.

### **Public Consultation**

- 5.13 The review and update will incorporate at least two rounds of public consultation to include statutory consultees, town and parish councils, the Fenland Developers' Forum and the wider community.

### **Timetable, Costs and Member Involvement**

- 5.14 A new local plan normally takes between 3 and 4 years to produce. Its production is legally required to accord with a publicly available timetable known as a Local Development Scheme (LDS). It is not lawful to commence preparing a local plan without first agreeing an LDS. Appendix 1 provides a draft LDS which includes a chart of key dates to which the Council will seek to adhere. This sets out that the review of the

Fenland Local Plan will formally commence after the local council elections in May 2019 with a date for adoption scheduled for early 2022.

- 5.15 Members are asked to approve this LDS as the basis for the new local plan production. Please note that the timetable set out in the LDS is intentionally 'optimistic', identifying that the Plan will take 2years 9 months to prepare and adopt, from June 2019. It is important to be optimistic in an LDS, because legally a plan cannot proceed quicker than what an LDS timetable states, but can proceed slower. It would therefore make no sense to have an LDS with a pessimistic timetable, because that would result in no scope for speeding up the process. Officers will work hard to proceed in line with the optimistic timetable, but Members should note that some slippage, by a few months, might occur.
- 5.16 The cost of producing the new local plan is estimated to be in the region of £600K which works out at approximately £200k per year (but the profile of the spend will not necessarily be the same each year). It is envisaged that staff from Peterborough City Council will be involved in the process, along with existing Council staff, in accordance with the terms of the Council's existing Service Level Agreement which is likely to require 3FTE staff members.
- 5.17 A number of evidence documents will need to be updated such as a new retail study, strategic flood risk assessment, CIL and water cycle study. There will also be costs for the examination and public consultation events. Costs may vary depending on such factors as the need to provide a variety of evidence documents, changes in government guidance or political changes through the process and therefore may be higher or lower than first estimated.
- 5.18 Members will be kept fully informed throughout the process. It is suggested that a member working group be established to assist in the development of the new local plan and to aid greater understanding of the key issues which the local plan must consider and the reasonable options that exist to address those issues. It is suggested that eight members should sit on the working group together with officer representation as appropriate, which will meet approximately four times a year on an 'as required' basis. Membership of the Working Group should be established at the first meeting of Full Council following the local council elections in May 2019, and should ideally have its first meeting in June and its second in July.

### **Type of new Local Plan**

- 5.19 It will be for Members to consider after the May elections on the type of local plan that they would like to see within given parameters. These may include a flexible criteria-based plan (as now) or a more traditional plan with clear development boundaries and allocated sites, or some other form of plan. It is possible that a hybrid plan incorporating a mixture of approaches might be appropriate. The first round of public consultation can also test which direction should be taken.

## **6 Effect on corporate objectives**

- 6.1 Production of a new local plan will allow planning policies to be brought fully up-to-date with corporate objectives which amongst other things embrace growth for the area to improve the health, well-being and opportunity of Fenland residents.

## **7 Community impact**

- 7.1 Producing the new local plan will allow full community involvement with at least two stages of public consultation in the process (the LDS is suggesting three, as is normal practice) and opportunities to attend public hearings at the examination stage.

## **8 Conclusions**

- 8.1 The Fenland Local Plan is approaching its fifth anniversary and due to changes in national policy needs to be updated to provide a sound basis for decision making and delivery. The Local Development Scheme attached to this report indicates that full production will commence following the local council elections in May with adoption of a new local plan scheduled for early 2022. The local plan update will, subject to Full Council agreement in May, include a Members' Working Group to be involved in addressing key issues identified.

# **Appendix 1**

## **Fenland Local Development Scheme 2019 onwards**

### **February 2019**

This Fenland Local Development Scheme (LDS) was approved by Full Council at a meeting on 21<sup>st</sup> February 2019 and came into effect immediately. It replaces the previous LDS, dated March 2013.

[any other front cover item add here]

## Preface

This Fenland Local Development Scheme (LDS) was approved by Fenland District Council on 21<sup>st</sup> February 2019 and came into effect immediately, replacing the previous LDS, dated March 2013.

If you require any further information regarding the Scheme, please contact a member of the Neighbourhood Strategy (Planning Policy) Team at [neighbourhoodstrategy@fenland.gov.uk](mailto:neighbourhoodstrategy@fenland.gov.uk)

A 'live' update is published on our website at regular intervals. This sets out the current and next stages of preparation, with dates, of each of the documents included in this LDS.

This LDS is produced under section 15 of the Planning and Compulsory Purchase Act 2004, as amended.

## Fenland Local Development Scheme 2019 to 2022

### 1. Introduction

- 1.1 The Local Development Scheme (LDS) is a timetable which sets out the Development Plan Documents (DPDs) that a local planning authority intends to produce over the next few years. Such DPDs are also known as the Local Plans for an area.
- 1.2 This Fenland LDS sets out the timetable for any DPDs to be prepared in the period 2019 to 2022. It explains when the Fenland District Council intends to reach key stages in the preparation of a new Local Plan.

### The Local Plan and Supporting Documents

- 1.3 In summary, the framework of strategic planning in Fenland is:
  - **Development Plan Documents (DPDs):** These are documents (often referred to as 'Local Plans') that form part of the statutory development plan for the area and are subject to independent examination by a planning inspector appointed by the Secretary of State. For Fenland, as at January 2019, they comprise:
    - **The Fenland Local Plan –**  
Adopted on 8<sup>th</sup> May 2014, it provides land use planning policies, allocates sites for development and identifies other areas designated for protection that will shape the growth and regeneration of the Fenland area over the next 15 years and beyond.
    - **Minerals and Waste Local Plans –**  
Cambridgeshire and Peterborough Minerals and Waste Plan. The Core Strategy was adopted on 19<sup>th</sup> July 2011 and the Site Specific Proposals Plan adopted on 22<sup>nd</sup> February 2012. Together these set out the framework and specific proposals for all minerals and waste developments until 2026.
  - **Neighbourhood Plans:** Local communities, including Parish and Town Councils, can prepare Neighbourhood Plans (NPs) putting in place policies to guide the future development of the area. Any NP must be in general conformity with 'strategic policies' in DPDs (Local Plans) and with national policy. NPs are not able to propose lower levels of development than those set out in up to date Local Plans but could propose higher levels, or offer other detailed policy proposals. It is up to local communities to decide if they want to produce a Neighbourhood Plan and so it is not appropriate for this LDS to specify when or where they will be produced. Any NP that has been made (brought into legal force) becomes part of the statutory development plan. One Neighbourhood Plan has been made across Fenland, and a few more are under preparation.
  - **Policies Map:** This is a map on an Ordnance Survey base for the whole of a local planning authority's area which shows where policies in DPDs apply. The Fenland Policies Map includes inset maps for some areas to show information at a larger scale. The Policies Map is updated each time that a DPD or Neighbourhood Plan is adopted/made.
  - **Supplementary Planning Documents (SPDs):** These can cover a wide range of issues on which the planning authority wishes to provide guidance to supplement the policies and proposals in its DPDs (Local Plan). They do not form part of the statutory development plan and are not subject to independent examination. There is no requirement for this LDS to set out a timetable for the production of any SPDs, but for

completeness and clarity they will be listed on the Fenland web site.

- **Statement of Community Involvement (SCI):** This is a document that explains how the local planning authority will engage the community in the preparation, alteration and review of planning documents, and in development control decisions. It is required to specify how and at what stages people will have the opportunity to be involved in planning for their area. The latest Fenland SCI was adopted in July 2018.
- **Authority's Monitoring Report (AMR):** This is a report which must be produced by the local planning authority (on an annual basis) to explain how the local development scheme is being implemented and the extent to which policies in the Local Plan are being achieved.

### **Joint Working Arrangements and Joint Local Plans**

- 1.4 No formal joint working arrangement or Joint Local Plans are currently being prepared, but long established informal joint working across Cambridge and Peterborough HMAs (including the Combined Authority) continues to proceed successfully.

## **2. Local Plan Timetable**

- 2.1 Through monitoring of the Local Plan and as a result of changes to National Planning Policy, Fenland District Council decided to review the Fenland Local Plan at its meeting on 21<sup>st</sup> February 2019.
- 2.2 There are a number of stages involved in the preparation of a DPD (Local Plan). This process allows for opportunities for the public to be involved, early resolution of conflicts and objections, and an Independent Examination. The stages in producing a Local Plan, and the intended timescales of those stages for the review of the Fenland Local Plan, are set out in Table 1.



**Table 1: Timetable for Production of Development Plan Document**

	2019							2020												2021												2022	
	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Fenland Local Plan					1							1										2		3	4						5	6	

No.	Stage	Description	Dates stage will/ is proposed to take place
1	Public Participation (Regulation 18)	Opportunities for interested parties and statutory consultees to consider the options for the plan before the final document is produced. This stage can involve one or more public consultation rounds. We intend two rounds for the Fenland Local Plan.	Oct 2019 & May 2020
2	Pre-submission Publication (Regulation 19)	The Council publishes the Local Plan which is followed with a 6 week period when formal representations can be made on the Local Plan.	Feb 2021
3	Submission (Regulation 22)	The Council submits the Local Plan to the Secretary of State together with the representations received at Regulation 19 stage.	May 2021
4	Independent Examination	Held by a Planning Inspector into objections raised at Regulation 19 stage on the Local Plan	From the day it is 'submitted'
5	Inspector's Report Issued	This will report whether if the Plan is 'Sound' or 'Not Sound'. The Inspector may make recommendations to make the plan 'sound'	Jan 2022 (estimate – could be earlier or later, and subject to the examination)
6	Adoption of DPD (Local Plan)	Final stage, the Council will formally need to adopt the Local Plan and it will then be used in making planning decisions.	Feb 2022 (estimate - could be earlier or later, and subject to the examination)

This page is intentionally left blank

## DRAFT 6 MONTH CABINET FORWARD PLAN – Updated 6 February 2019



(For any queries, please refer to the published forward plan)

### CABINET

CABINET DATE	ITEMS	LEAD PORTFOLIO HOLDER
21 Mar 2019	1. Cabinet Draft Forward Plan	Cllr Seaton
18 Apr 2019	2. Cabinet Draft Forward Plan	Cllr Seaton
23 May 2019	1. Treasury Management Annual Report 2018/19 2. Annual Report 2018/2019 3. Financial Outturn report 2018/2019 4. Growing Fenland Report 5. Cabinet Draft Forward Plan	Cllr Hay Cllr Seaton Cllr Hay Cllr Seaton Cllr Seaton
TBC June 2019	1. Cabinet Draft Forward Plan	Cllr Seaton
TBC July 2019	1. Cabinet Draft Forward Plan	Cllr Seaton

This page is intentionally left blank

Agenda Item No:	10	
Committee:	Cabinet	
Date:	21/02/19	
Report Title:	Comprehensive Spending Review (CSR) – Customer Services Review March and Wisbech	

## 1 Cover sheet:

### 11 **Purpose / Summary**

To consider the options in relation to the relocation of the One Stop Shops in March and Wisbech when the current Shop leases expire.

### 12 **Key issues**

- Since the opening of the one stop shops in 2004 there has been a dramatic fall in usage to 19% of the original footfall levels.
- In tandem with that period electronic access to services had significantly increased.
- Face to face transaction costs of £8.78 compares with a web transaction cost of £0.06.
- The Council currently occupies commercial shop facilities in March and Wisbech, both shop leases expire on 15/07/19 (March) and 26/09/19 (Wisbech).
- Potential savings of £100k per annum from 2018-19 onwards were identified as part of the Comprehensive Spending Review (CSR1) project for Customer Services.
- The CSR savings are achievable through the streamlining of our assets whilst mitigating against any diminution of service provision. This replicates the successful approach the Council took when the shop leases expired in Chatteris and Whittlesey and Community Hubs were created in the associated libraries.
- This report identifies the options available for the relocation of the service in March and Wisbech and the benefits and disbenefits associated with those options.

### 13 **Recommendations**

- Cabinet is asked to consider the options in relation to the future locations of the One Stop Shops in March and Wisbech following the expiry of the current leases.
- Approve the implementation of the preferred option in relation to the future location of the March One Stop Shop
- Approve the implementation of the preferred option in relation to the future location of the Wisbech One Stop Shop
- Delegate approval of the delivery of the preferred option(s) to the Corporate Director and Chief Finance Officer in consultation with the Portfolio Holder for Finance

<b>Wards Affected</b>	March and Wisbech
<b>Forward Plan Reference</b>	
<b>Portfolio Holder(s)</b>	Councillor Anne Hay Portfolio Holder for Finance
<b>Report Originator(s)</b>	Anna Goodall, Head of Governance and Customer Services, 01354 622357, <a href="mailto:agoodall@fenland.gov.uk">agoodall@fenland.gov.uk</a>
<b>Contact Officer(s)</b>	Anna Goodall as above  Kamal Mehta, Interim Corporate Director and Chief Finance Officer, 01354 622201, <a href="mailto:kamalmehta@fenland.gov.uk">kamalmehta@fenland.gov.uk</a>  Justin Wingfield, Head of Business and Economy  Gary Garford, Corporate Director
<b>Background Paper(s)</b>	

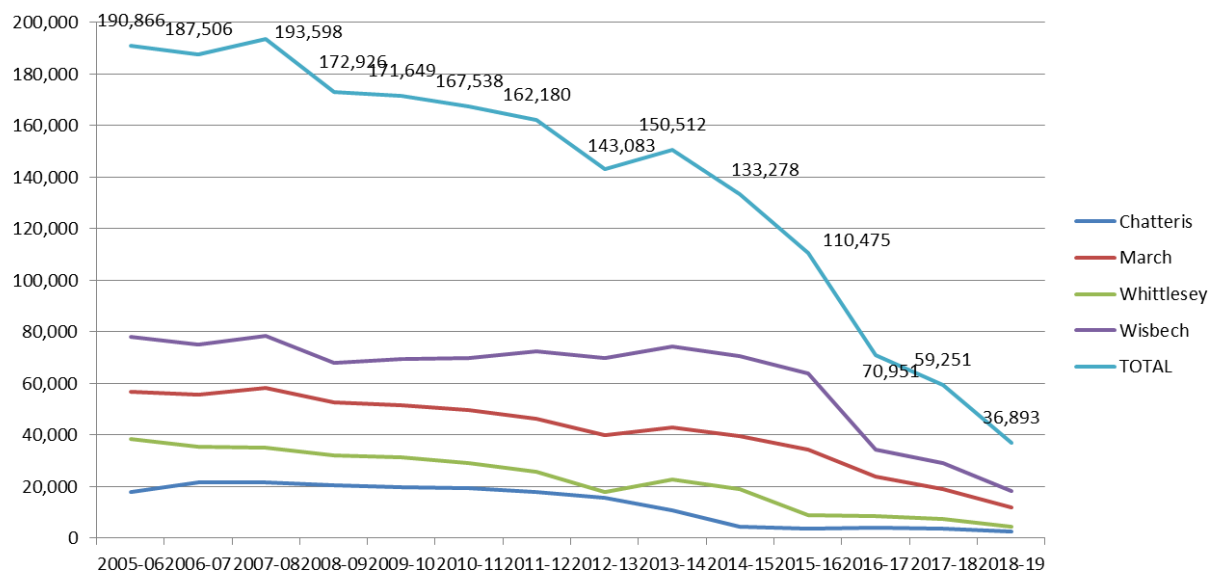
## Background / introduction

2.1 The One Stop Shops first opened in 2004 with a 15 year lease on the buildings in March and Wisbech

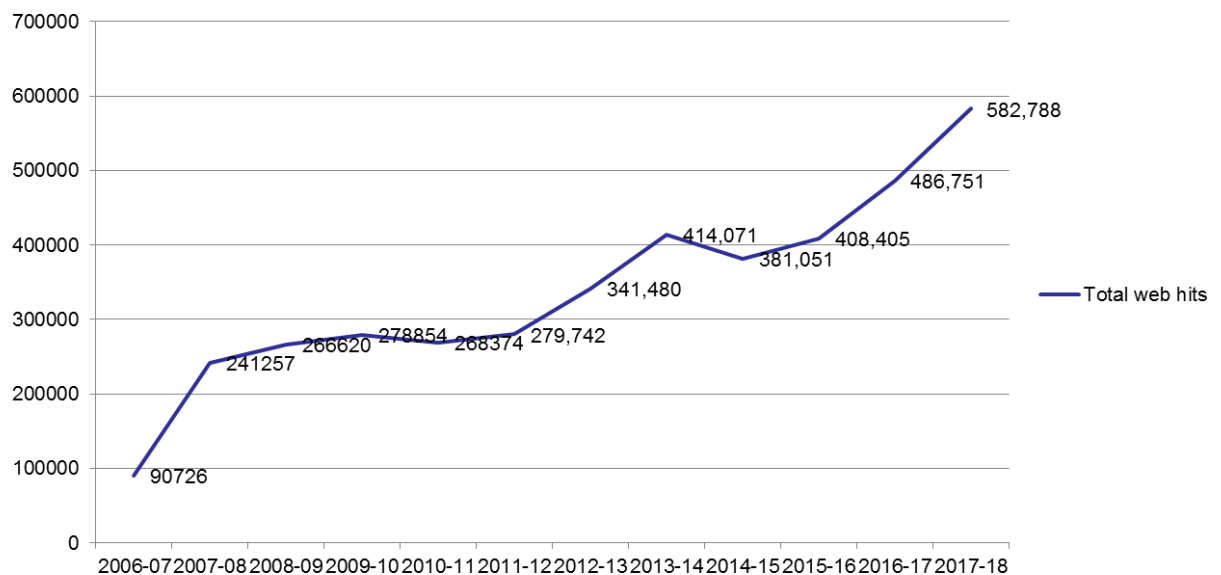
2.2 Since that time how and when our customers present to us has changed significantly with total shop footfall levels reducing to 19% of those in 2014 as shown on the graph below. This includes the cessation of front facing services for Roddons.

2.3 Phone calls have also reducing significantly. The costs per face to face transaction have risen from £6.39 in 2013/14 to £8.78 in 2017/18 due in the main to a lower customer base. This compares with an increasing take up of electronic self-serve options via the web site with web hits increasing by 642% (as shown in graph below) in the same period with the average web transaction costing 6p.

**Hubs and Shops - annual customer footfall**



**Total Web Hits**



- 2.4 Potential savings of £100k per annum from 2018-19 onwards were identified as part of the CSR project for Customer Services, proposing to move our March and Wisbech Fenland @ your service Shops. Those savings figures were based on the assumption that the One Stop Shops would relocate to the March and Wisbech Libraries to reflect the Community Hub approach which has been successfully implemented in Chatteris and Whittlesey.
- 2.5 Subsequent to the initial CSR1 discussions and assumed relocation of the One Stop Shops to the local libraries, consideration has been given to whether the One Stop Shops could be relocated to existing FDC premises in order to achieve further savings whilst minimising any diminution of service provision.
- 2.6 At an All Member Seminar on the 31 January 2019 Officers were directed by Members to explore the possibility of extending the existing leases at both March & Wisbech, requesting that Officers sought an extension based upon the 'lowest cost and the shortest term'. Officers have been able to speak to both Landlords and have determined that for March and Wisbech there is a willingness to offer new shorter term leases with options to break after 12 months.
- 2.7 As such propositions are commercially sensitive and subject to contract. Appendix A contains further information regarding the discussions with the Landlords however due to the commercial sensitivity the appendix is deemed Confidential as it comprises exempt information which is not for publication by virtue of Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act, 1972 (as amended). Officers understand that for the premises in March the Landlord is prepared to consider a lower rent, provided that all of the external remedial works to the premises are undertaken by the end of September 2019 and for Wisbech the Landlord anticipates a slightly increased rent to reflect the requested flexibility.

### **3 The March Shop**

- 3.1 The Council currently occupies 8 Broad Street, March on a lease taken out on 16/7/04 that expires on 15/7/19.
- 3.2 The premises were taken on by the Council as a ground floor shop and 2 residential flats on the first floor. Prior to the opening of the One Stop Shop, the first floor was converted into offices by FDC. The lease requires that the premises are returned to their original condition and at a recent meeting with the Landlord it was confirmed that they would expect the Council to honour the lease commitments prior to the lease coming to an end.
- 3.3 Discussions have taken place with the Planning Team regarding the conversion of the first floor offices back to residential units. There were initial concerns about the ability to establish a compliant means of escape for the two residential units, however discussions have identified a compliant option and therefore the works can proceed in accordance with the lease commitments.
- 3.4 The work to return the March One Stop Shop building to its original state are required to be completed prior to the expiry of the lease in July 2019. The building has become 'tired' in its general condition and therefore the works required to return it to its former state are extensive.
- 3.5 The services of a local surveyor have been commissioned in order to provide us with a dilapidations survey and an informed opinion regarding the extent of the works required to



return the building to its original condition, together with the likely completion timescales and associated costs.

3.6 The surveyor has subsequently confirmed that the building works associated with the March One Stop Shop plus professional fees are likely to be in the region of £162,000 (subject to a fully costed tender) and have estimated a twelve to sixteen week programme. Due to the extent of the building works it will not be possible for the @ Your Service shop to be open during this time and therefore the Customer Services Team will have to move out in advance of the building works commencing.

3.7 We are planning for the Customer Services Team to move out of the March One Stop Shop early March 2019 so that the service can be operational in the preferred new location prior to mid-March when Council tax bills are sent out to residents, as this represents the peak in demand for the service.

### **Option 1 Relocation of the March One Stop Shop to March Library**

3.8 With regards the library at March, some works would be required to make it suitable for purpose. This would include extending the existing reception counter, allowing 2 members of Fenland staff to sit alongside Cambridgeshire County Council (CCC) colleagues and provide customer service using an “assisted digital” model, whereby they assist customers to complete on-line forms and answer more complex enquiries about our services, a third member of the Customer Services Team would be required to support breaks. In addition, 2 FDC kiosks will be installed within the Library to promote the self-serve model as well as one self-serve payment machine.

3.9 The operational hours of the Library and the One Stop Shop are not aligned, there will be times when the library is operational and the One Stop Shop is not and vice versa. The number of hours of operation will remain the same but the One Stop Shop would open half an hour later and close half an hour later than currently so that the time both facilities open in the morning would be the same, this would enable cashing up of the payment machines to be undertaken when the building is not open for either service.

3.10 There is no space available for staff to be located in the back office to answer telephone calls; they would be relocated to the Contact Centre at Fenland Hall and provision for this has already been made within the Accommodation Review, which took place during 2018. There is a room in the library that could be used for private interviews if booked in advance.

3.11 Other FDC staff that use the March Shop as a ‘drop down’ would need to be accommodated at Fenland Hall or The Base at Melbourne Avenue; again, space for this has already been identified as part of the Accommodation Review.

**3.12 Net revenue savings associated with this option are £51,699 per annum.**

### **Option 2 Relocation of March One Stop Shop to Fenland Hall**

3.13 The main reception area of Fenland Hall could be further utilised as the location for the relocated March One Stop Shop. Two Customer Services Advisors could be located within the

main reception area. Self-serve kiosks are already in place and there is sufficient space to install the payment machine.

3.14 This option would enable greater resilience within the Customer Services Team as staff within the contact centre could be deployed to the One Stop Shop area should demand require it and vice versa. Confidential meeting spaces for more sensitive customer enquiries can be accommodated by the erection of sectional meeting rooms.

**3.15 Net revenue savings associated with this option are £67,321 per annum.**

### **Benefits/ Dis-benefits**

3.16 Relocation to the March library enables the Customer Services Team to maintain a town centre location which is well utilised by local residents and represents the least amount of change.

3.17 There are remedial works which are required in the Library in order to make the accommodation fit for our use in addition to an annual rental fee.

3.18 The One Stop Shop and the library share many of the same customers and therefore enabling customers to access services in one location has proven to be successful when this approach has been adopted in Chatteris and Whittlesey.

3.19 Relocation of the March One Stop Shop to Fenland Hall will enable us to achieve greater savings as there will not be any associated rent liability, but it would require initial remedial works.

3.20 Fenland Hall does not represent a town centre location and therefore this option represents the greatest amount of change from the existing service delivery location.

3.20 Fenland Hall, although not centrally located, is within 10 minutes' walk of the town centre and does have parking facilities as well as being located on a local bus route from the town centre.

3.21 As part of the options analysis, engagement with March Town Council has taken place. The Town Council indicated by a majority that their preference would be for the March One Stop Shop to relocate to March Library. However a number of members of March Town Council supported the move to Fenland Hall.

## **4 The Wisbech Shop**

4.1 The Council currently occupies 2-3 Bridge Street, Wisbech on a lease taken out on 27/9/04 that expires on 26/9/19.

- 4.2 As with the March One Stop Shop, the lease requires that the premises are returned to their original condition upon expiry. Discussions with the landlord have confirmed that they would expect the Council to honour these lease commitments. In contrast to March, FDC have undertaken relatively modest internal 'fit out' works to the Wisbech One Stop Shop and therefore any remedial works are likely to be minimal requiring a few weeks redecoration work rather than any structural changes.
- 4.3 It is estimated (without a formal dilapidations survey - yet being commissioned) that it would cost in the region of £25k to "make good" the Shop and return it to a lettable condition in accordance with the lease obligations. It is suggested that in order to carry out the remedial works prior to the end of the lease that the One Stop Shop staff would be required to move out by late July/ mid-August 2019.

### **Option 1 Relocation of the Wisbech One Stop Shop to Wisbech Library**

- 4.4 At Wisbech library, an area of the ground floor has been identified as being available and suitable for use by FDC. We have also successfully identified space for the two payment machines as they are heavily utilised but building work will be required in order to achieve this.
- 4.5 Work would be carried out to extend the existing reception counter, allowing 2 members of Fenland staff to sit alongside CCC colleagues and provide customer service using an "assisted digital" model whereby they assist customers to complete on-line forms and answer more complex enquiries about our services. There would also be space to create a confidential meeting room in order to handle more sensitive customer queries.
- 4.6 We have also identified space to accommodate 5 FDC kiosks to support self service delivery. The space on the ground floor is also sufficient for two further FDC staff to support customers utilising an assisted digital model. The staffing model reflects the as is staffing at the existing One Stop Shop. The physical works required to accommodate the One Stop Shop into the library would need to be completed by mid-June in order to avoid creating any disruption during the busy School summer holiday period between mid-June and September.
- 4.7 There is no space available for staff to be located in the back office to answer telephone calls; they would be relocated to the Contact Centre at Fenland Hall and provision for this has been made within the Accommodation Review. FDC staff that currently utilise the 'drop down' facility within the One Stop Shop would also have to be accommodated elsewhere, possibly at the Boathouse.
- 4.8 The operational hours of the Library and the One Stop Shop are not aligned, there will be times when the library is operational and the One Stop Shop is not and vice versa. The number of hours of operation will remain the same but the One Stop Shop would open half an hour later and close half an hour later than currently so that the time both facilities open in the morning would be the same, this would enable cashing up of the payment machines to be undertaken when the building is not open for either service.
- 4.9 On the days that FDC is operational but the Library is not the Library would leave its own self service till operational. On other days when Library staff are operational and FDC Customer Services Staff are not we would leave the self-service payment machine out of service to prevent any issues in our absence.
- 4.10 **Net revenue savings associated with this option are £45,890 per annum.**

## **Option 2 Relocation of Wisbech One Stop Shop to the Boathouse**

- 4.11 The café at the front of the Boathouse is currently vacant and in spite of three previous tenants letting the space, none have been able to successfully sustain the venture to create a viable concern. It was suggested that this space should be considered as an option for the One Stop Shop following the expiry of the current lease in September 2019.
- 4.12 As a minimum we require four Customer Services staff to be available to local residents at any one time this includes the provision of the Migrant Population Advisor. The proposed staffing model reflects the existing staffing arrangements at the One Stop Shop. In addition we require 5 kiosks for self-service and two payment machines. Whilst a detailed costing exercise has not been undertaken it is anticipated that making changes to the existing internal kitchen area will free up sufficient space for our requirements. The estimated capital costs associated with these works are anticipated to be in the region of £15k.
- 4.13 At present the café space is not producing any rental income and incurs some NNDR and standing charges. In the event that café is not a preferred option for the One Stop Shop relocation, the space will be offered to the market on an 'all enquiries' basis, which would effectively offer the premises, subject to planning for an alternative use. It is estimated that the potential loss of income from rental forgone would be in the region of £10k pa
- 4.14 Should option two be the preferred option the opening hours of the newly relocated One Stop Shop would reflect the existing opening hours and not those of the Boathouse main reception.
- 4.15 Net revenue savings associated with this option are £58,390 per annum.**

### **Benefits/ Dis-benefits**

- 4.16 The option to move into Wisbech Library would enable the Customer Services Team to maintain a town centre location which is well utilised by local residents and represents the least amount of change from a geographic location perspective.
- 4.17 There are significant remedial works which are required in the Library in order to make the accommodation fit for our use. These costs have yet to be defined but they are in the region of £20,000. In addition the annual rent is expected to be in the region of £15 - £20,000 pa.
- 4.18 The One Stop Shop and the library share many of the same customers and therefore enabling customers to access services in one location has proven to be successful when this approach has been adopted in Chatteris and Whittlesey.
- 4.19 Whilst not in a town centre location The Boathouse neighbours Waterlees Village Ward which represents one of the areas of greatest deprivation in the district and therefore this may prove more accessible to those most in need of our services.
- 4.20 In addition The Boathouse has car parking available which is often cited as an obstacle to the current town centre location. The café is also entirely self-contained with its own separate exit and WC's, meaning it can operate independent from the main Boathouse reception.

- 4.21 Whilst not centrally located The Boathouse is equidistant from the bus station as is the town centre.
- 4.22 Engagement with Wisbech Town Council is scheduled for 18 February and therefore it is not possible at the point of the report being published to identify the Town Council's preference in relation to the relocation of the Wisbech One Stop Shop. A verbal update will be available at the Cabinet meeting on 21 February.

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank



## Assessing Equality – The Equality Act 2010 DRAFT - Customer Impact Assessment

## Appendix B

**This impact assessment is draft. The assessment is determined by decision made by Cabinet on 21 February 2019.**

**This assessment reflects the four options available in relation to the relocation of the March and Wisbech one Stop Shops. In the event that none of these options are agreed then this draft assessment will need to be reviewed and updated.**

### Customer Services – One Stop Shops in March and Wisbech

The One Stop Shops first opened in 2004 with a 15 year lease on the buildings in March and Wisbech. Both the One Stop Shop in March and Wisbech occupy commercial premises in central town locations. The leases of the current buildings come to an end on 15/07/19 (March and 26/09/19 (Wisbech).

The existing Contact centre and web site service provision will remain unchanged as a result of these proposals

There is an existing Equality Impact Assessment in relation to the Customer Services Team, this assessment is specifically to address the potential issues as a result of the relocation of the existing One Stop Shop facilities in March and Wisbech.

**March One Stop Shop** is currently occupies 8 Broad Street March, the opening hours are Monday, Tuesday Wednesday and Friday 09.00 to 16.00 and 09.00 to 12.00 on a Saturday. The shop is currently closed on a Thursday

March One Stop Shop (OSSS) currently has two Customer Services Advisors available in addition to two self service kiosks and a cash payment machine in addition to confidential meeting space on request. The existing service provision can be replicated at either of the identified alternative sites

The number of customers who utilise the March One Stop Shop has reduced significantly since the facility first opened in 2004. The maximum customer numbers were achieved in 2007/08 with 58,321 customers directly accessing the service during that twelve month period. This reduced to 19,063 in 2017/18 and that trend is expected to continue during 2018/19. This represents a reduction of 33% within the past 10 years whilst conversely the number of hits to the Fenland District Council web site has increased by 642% since 2006/07 to 2017/18.

**Option 1** In relation to the March One Stop Shop is to relocate to March Library located in City Road March. The distance between the existing One Stop Shop and the proposed new location at the library is 0.2 miles and represents a 5 minute walk in accordance with a recognised mapping website.

Should this be the preferred option the number of opening hours per day will remain the same but the hours of operation will commence at 09.30 and close at 16.30 on Monday, Tuesday, Wednesday and Friday and open at 09.30 and close at 12.30 on a Saturday. The opening

hours of the Library and the OSS will not be aligned

**Option 2** in relation to the March One Stop Shop is to relocate to Fenland Hall located in County Road March. The distance between the existing One Stop Shop and the proposed new location at Fenland Hall is 0.7 miles and represents a 14 minute walk in accordance with a recognised mapping website.

Should this be the preferred option then the opening hours would remain as they are currently

Local buses stop frequently in Broad Street March, following which the Library is a short walk away.

Fenland Hall is on a bus route from March Town centre, although not as frequently running as those buses to Broad Street.

Car parking is provided at City Road car park directly behind the Library

Car parking is available on the Fenland Hall site

Both Fenland Hall and The March Library enable access for residents with a physical disability

Both possible future locations enable confidential meeting space should that be required

**Wisbech One Stop Shop** currently occupies 2-3 Bridge Street Wisbech, the opening hours are Monday to Friday 09.00 to 16.00 and 09.00 to 12.00 on a Saturday.

Wisbech one Stop Shop currently has 4 Customer Services Advisors available including a Migrant Population Advisor in addition to five self-service kiosks and two cash payment machines in addition to confidential meeting space on request. The existing service provision can be replicated at either of the identified alternative sites

The number of customers who utilise the Wisbech One Stop Shop has reduced significantly since the facility first opened in 2004. The maximum customer numbers were achieved in 2007/08 with 78,510 customers directly accessing the service during that twelve month period. This reduced to 28,950 in 2017/18 and that trend is expected to continue during 2018/19. This represents a reduction of 37% within the past 10 years whilst conversely the number of hits to the Fenland District Council web site has increased by 642% since 2006/07 to 2017/18.

**Option 1** In relation to the Wisbech One Stop Shop is to relocate to Wisbech Library located in Ely Place Wisbech. The distance between the existing One Stop Shop and the proposed new location at the Library is 0.1 miles and represents a 3 minute walk in accordance with a recognised mapping website.

## Assessing Equality – The Equality Act 2010

## Appendix B

Should this be the preferred option the number of opening hours per day will remain the same but the hours of operation will commence at 09.30 and close at 16.30 Monday to Friday and open 09.30 to 12.30 on a Saturday. The opening hours of the Library and the OSS will not be aligned

**Option 2** in relation to Wisbech One Stop Shop is to relocate to The Boathouse in The Harbour Square Wisbech. The distance between the existing One Stop Shop and the proposed new location at the Boathouse is 0.4 miles and represents an 8 minute walk in accordance with a recognised mapping website.

The distance from Wisbech Bus Station on Nene parade is 0.2 miles to Wisbech Library and represents a 5 minute walk or 0.3 miles to the Boathouse and represents a 6 minute walk in accordance with a recognised mapping website.

Car parking is available via Somers Road or St Peters Church Terrace for the Library, both of which represent a 5 minute walk

Car parking is available on site at The Boathouse

Wisbech Library is centrally located within the town which may prove generally more accessible to residents visiting the town centre.

The Boathouse is adjacent to Waterlees Village Ward which represents one of the areas of highest deprivation in the district and therefore this may prove more accessible to those residents who may be in most need of support from the district council.

Both Wisbech Library and the Boathouse enable access for residents with a physical disability

Both possible future locations enable confidential meeting space should that be required

	Could particularly benefit	Neutral	May adversely impact	Explanations	Is action possible or required?	Details of actions or explanations if actions are not possible  Please note details of any actions to be placed in your Service Plan

## Assessing Equality – The Equality Act 2010

## Appendix B

Race	<input type="checkbox"/>	<b>Y</b>	<input type="checkbox"/>	Residents with a disability may find option 2 in relation to the relocation of the March OSS to Fenland Hall more difficult to access due to the distance from a central town location. This may also be more of an issue with option 2 in relation to the relocation of the Wisbech OSS to The Boathouse	Y / N	Fenland Hall is on a bus route from the town centre and has parking facilities on site.  The Boathouse is equidistant from the town centre bus station as is the library, for those customer utilising public transport. The Boathouse has parking facilities on site.
Sex	<input type="checkbox"/>	<b>Y</b>	<input type="checkbox"/>		Y / N	
Gender reassignment	<input type="checkbox"/>	<b>Y</b>	<input type="checkbox"/>		Y / N	
Disability	<input type="checkbox"/>	<input type="checkbox"/>	<b>Y</b>		Y / N	
Age	<input type="checkbox"/>	<b>Y</b>	<input type="checkbox"/>		Y / N	
Sexual orientation	<input type="checkbox"/>	<b>Y</b>	<input type="checkbox"/>		Y / N	
Religion or belief	<input type="checkbox"/>	<b>Y</b>	<input type="checkbox"/>		Y / N	
Pregnancy & maternity	<input type="checkbox"/>	<b>Y</b>	<input type="checkbox"/>		Y / N	
Marriage & civil partnership	<input type="checkbox"/>	<b>Y</b>	<input type="checkbox"/>		Y / N	
Human Rights	<input type="checkbox"/>	<b>Y</b>	<input type="checkbox"/>		Y / N	
Socio Economic	<b>Y</b>	<input type="checkbox"/>		Relocating the Wisbech OSS to the Boathouse adjacent to Waterlees Village ward which represents one of the areas within the district with the highest level of deprivation may have a beneficial impact for local residents due to its accessibility		

## Assessing Equality – The Equality Act 2010

## Appendix B

				These residents may be less aware of the services we offer or the fact that the service is re-locating, therefore extensive communication will need to take place in order that all residents are aware of the preferred new locations of our OSS's		An extensive communication plan will be implemented once the preferred new locations of the OSS's is established. The communication plan will encompass multiple delivery channels including face to face, social media, press releases, web site etc.
Multiple/ Cross Cutting	<input type="checkbox"/>	Y	<input type="checkbox"/>		Y / N	
<b>Outcome(s) of customer analysis</b>  Will the policy/ procedure impact on the whole population of Fenland and/ or identified groups within the population; neutral ■  Residents are not restricted to how they contact the council therefore residents from all over Fenland District can access any of our OSS's , Contact Centre or web site. Extensive communication will take place in relation to the relocation of the OSS's when the preferred new locations are confirmed. The existing service provision will be maintained regardless of the future location of the service and in addition all of the future proposed options are accessible to residents with a physical disability. Hearing loop facilities already available at the existing OSS locations will be moved to the new locations and in addition we will continue to support customers whose first language is not English via the Migrant Population Advisors and accessing translation services when required  Options 1 in relation to the March OSS move to the Library and option 1 in relation to the Wisbech OSS move to the library may also have a beneficial impact on all customer groups as we share many of the same customers across both services. We know from experience as a result of the move to the Chatteris and Whittlesey libraries that customers have feedback that they find this joined up approach beneficial.  No major change needed ■      Adjust the policy <input type="checkbox"/> Adverse impact but continue <input type="checkbox"/> Stop and remove / reconsider policy <input type="checkbox"/>						
<b>Arrangements for future monitoring:</b> Review annually						
<b>Details of any data/ Research used</b> (both FDC & Partners):  Outlined in Cabinet Report 21February 2019						

## Assessing Equality – The Equality Act 2010

## Appendix B

**Completed by:**

**Name:** Anna Goodall

**Position:** Head of Governance and Customer Services

**Approved by** (manager signature):

**Date published:**

**Details of any Committee approved by** (if applicable):

**Date endorsed by Members** if applicable: