



EAST CAMBRIDGESHIRE DISTRICT COUNCIL

THE GRANGE, NUTHOLT LANE,
ELY, CAMBRIDGESHIRE CB7 4EE
Telephone: 01353 665555

MEETING: FINANCE & ASSETS COMMITTEE
TIME: 4:30pm
DATE: Thursday, 6th February 2020
VENUE: Council Chamber, The Grange, Nutholt Lane, Ely
ENQUIRIES REGARDING THIS AGENDA: Janis Murfet
DIRECT DIAL: (01353) 665555 **EMAIL:** Janis.murfet@eastcambs.gov.uk

Membership:

Conservative Members

David Brown (Chairman)
David Ambrose Smith
Ian Bovingdon (Vice Chair)
Bill Hunt
Alan Sharp

Liberal Democrat Members

Alison Whelan (Lead Member)
Charlotte Cane
Simon Harries
John Trapp

Substitutes:

Dan Schumann
Josh Schumann
Jo Webber

Substitutes:

Christine Whelan
Gareth Wilson
Matt Downey

Lead Officer:

Emma Grima, Director Commercial

Quorum: 5 Members

AGENDA

- 1. Public Question Time**
The meeting will commence with up to 15 minutes public question time
- 2. Apologies and Substitutions**
- 3. Declarations of Interest**
To receive declarations of interest from Members for any items on the Agenda in accordance with the Members Code of Conduct.

4. Minutes

To confirm as a correct record the Minutes of the meeting of the Committee held on 28th November 2019.

5. Chairman's Announcements

AUDIT ITEMS

6. External Audit – Audit Results Report

7. 2018/19 Statement of Accounts/ Annual Financial Report

8. Internal Audit Progress Report

9. Corporate Risk Management

ITEMS FOR DECISION

10. ECTC Business Plan 2020/21

(There is an Exempt Appendix 1a – if Members wish to discuss it, they will have to go into Exempt Session)

11. Supplementary Planning Document: Natural Environment – Draft for Consultation

12. Supplementary Planning Document: Self and Custom Build – Draft for Consultation

13. Revenue Budget, Capital Strategy & Council Tax 2020/21

14. 2020/21 Annual Treasury Management Strategy, Minimum Revenue Provision Policy Statement & Annual Investment Strategy

15. Bus Services and Cycling & Walking Routes Public Consultation

16. Information Security Policy 2020

ITEMS FOR NOTING

17. Finance Report

18. Assets Update

19. Anglia Revenues Partnership Joint Committee Minutes:

To receive the Minutes of the meeting held on 17th December 2019

20. East Cambs Bus Services Review Working Party Minutes:

To receive the Minutes of the meeting held on 13th November 2019

21. Forward Agenda Plan

22. EXCLUSION OF THE PUBLIC INCLUDING REPRESENTATIVES OF THE PRESS

That the press and public be excluded during the consideration of the remaining item no's 23 - 28 because it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that if members of the public were present during the items there would be disclosure to them of exempt information of Categories 1, 2 & 3 of Part I Schedule 12A to the Local Government Act 1972 (as amended).

23. ECTC Business Plan 2020/21 – Exempt Appendix 1a

24. Write Off of Unrecoverable Debt

25. Appointments, Transfers, Resignations

26. ECTC Management Accounts – 8 Months to November 2019

27. Asset Management Matter

28. Exempt Minutes

To receive the Exempt Minutes of the meeting of the Finance & Assets Committee held on 28th November 2019

NOTES:

1. Members of the public are welcome to attend this meeting. There are a number of schemes aimed at encouraging public participation in the Council's activities and meetings. These include public question times and a process to enable petitions to be submitted. Details of these can be obtained by calling any of the telephone numbers below or by logging onto the Council's website.

The maximum capacity for meetings in the Council Chamber has been set by the Fire Officer at 100 persons. Allowing for Member/Officer attendance and room layout constraints, this will normally give a capacity for public attendance of 30 seated people and 20 standing.

2. Fire instructions for meetings:
 - If the fire alarm sounds please make your way out of the building by the nearest available exit - i.e. the back staircase or the fire escape in the chamber. Do not to use the lifts.
 - The fire assembly point is in the front staff car park by the exit barrier.
 - This building has an auto-call system to the fire services, so there is no need for anyone to call the fire services.

The Committee Officer will sweep the area to ensure that everyone is out of this area.

3. Reports are attached for each agenda item unless marked "oral".
4. If required all items on the agenda can be provided in different formats (e.g. large type, Braille or audio tape, or translated into other languages), on request, by calling Main Reception on (01353) 665555 or e-mail: translate@eastcambs.gov.uk
5. If the Committee wishes to exclude the public and press from the meeting a resolution in the following terms will need to be passed:

"That the press and public be excluded during the consideration of the remaining items no. X because it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that if members of the public were present during the item there would be disclosure to them of exempt information of Categories X Part I Schedule 12A to the Local Government Act 1972 (as Amended)."



EAST
CAMBRIDGESHIRE
DISTRICT COUNCIL

Minutes of the meeting of the Finance & Assets Committee held in the Council Chamber, The Grange, Nutholt Lane, Ely at 4.30pm on Thursday, 28th November 2019.

PRESENT

Councillor David Brown (Chairman)
Councillor Ian Bovingdon (Vice Chair)
Councillor Christine Ambrose Smith
Councillor Charlotte Cane
Councillor Simon Harries
Councillor Bill Hunt
Councillor Alan Sharp
Councillor John Trapp
Councillor Alison Whelan

OFFICERS

Emma Grima – Director Commercial
Ian Smith – Finance Manager
Adrian Scaites-Stokes – Democratic Services Officer

IN ATTENDANCE

Nigel Ankers – Finance Manager, East Cambs Trading Company
Vicky Chong – Client Manager, Ernst & Young
Suresh Patel – Associate Partner, External Audit, Ernst & Young

67. **PUBLIC QUESTION TIME**

No questions were submitted by members of the public.

68. **APOLOGIES AND SUBSTITUTIONS**

There were no apologies given or substitutions made.

69. **DECLARATIONS OF INTEREST**

There were no declarations of interest.

70. **MINUTES**

In reference to minute 43, in response to a Member's questions, the Committee was informed that the East Cambs Trading Company accounts had been signed off in September and nothing had materially changed from the draft set presented in July. There had been an additional delay until October Due to the Auditors and Finance Manager leave commitments. The same situation occurred for the ECSS Accounts.

It was agreed that the word "small" be deleted from the last paragraph under minute 45.

It was resolved:

That the Minutes of the meeting of the Committee held on 26th September 2019, as amended, be confirmed as a correct record and be signed by the Chairman.

71. **CHAIRMAN'S ANNOUNCEMENTS**

The Chairman made the following announcement:

The Chairman had met with Combined Authority Members and officers to consider the issues with Public Sector Audit Appointments Ltd (PSAA). The Chief Executive of PSAA had not been convincing, so it had been recognised that there was a potential for reputational damage to this Council.

72. **EXTERNAL AUDIT – ANNUAL AUDIT LETTER**

The Committee considered the Annual Results Report, previously circulated.

An apology was given for the delays in finalising the accounts and thanks were offered for the help received from the Council's Finance team. The report detailed the current state of the audit, i.e. that work was still outstanding. It had taken longer than expected and had been impacted by staff sicknesses and a struggle for resources. The external auditors were working hard to progress the audit. A number of audit differences had been found as part of the work completed to date. It was also noted that running parallel to the statutory audit, a review was taking place following a letter from the Liberal Democrat Group to the Auditor, where it was noted that the Finance manager had responded to the queries raised but they could not yet form a view until the work has been concluded.

Regarding the audit, most of the work had been completed, though there was work still to be completed in a number of areas. Audit adjustment had been identified in relation to pensions, the loan to East Cambs Trading Company and asset valuations.

The next step would be to continue with the audit, hopefully to be finished within three weeks. The accounts previously received by Committee did not include the audit adjustments so it was felt appropriate that a revised set of accounts would be presented to Committee for approval once the audit was complete.

In response to the Committee's queries, the following replies were made:

- East Cambs Street Scene (ECSS) accounts had been included in the Group Accounts.
- No inconsistencies with the ECSS accounts had been found and they had been correctly consolidated.
- Any questions about the ECSS accounts not balancing should be directed to the Finance Manager.
- Any questions directed to the Council's Asset Champion should be made in writing.

Members were pleased that a revised set of accounts would be issued, as there were some significant errors in the current set. The Committee needed to understand how the errors had arisen, as it was responsible for the accounts being correct.

73. **LOCAL COUNCIL TAX REDUCTION SCHEME 2019-20 REVIEW**

The Committee received a report (reference U121, previously circulated) which reviewed the Council's Local Council Tax Reduction Support Scheme (LCTRS).

The Finance Manager (ECDC) reminded the Committee that they had a report in June asking for approval to go out to consultation on recommended changes. The responses from this were now recorded in this report. As there were no significant objections to the suggestions the proposals were recommended to Council for approval.

It was acknowledged by the Committee that the ideas were good and should go ahead. As a Member had not seen the consultation it was suggested that all Members be copied in to all future consultations.

It was resolved to RECOMMEND TO FULL COUNCIL:

- (i) That the Council retain the 8.5% benefit scheme, i.e. the maximum benefit to working age claimants to be 91.5%;**
- (ii) That enhancements to the treatment of Universal Credit income be introduced as detailed in the report.**

74. **TREASURY OPERATIONS MID-YEAR REPORT**

The Committee received a report (reference U122, previously circulated) which provided an update on the Council's 2019/20 Treasury Management Strategy Statement.

The Finance Manager advised the Committee that the report stated the position as at the end of September and so prior to the forthcoming election being announced. The Council remained external debt-free. The interest received from East Cambs Trading Company was lower than anticipated, due to less funding being drawn, but was compensated for by additional general interest receipts due to the Council's healthy cash position throughout the year.

It was resolved to RECOMMEND TO FULL COUNCIL:

That the mid-year review of the Council's Treasury Management Strategy for 2019/20, as set out in Appendix 1, be noted.

75. **APPOINTMENT TO THE PADNAL AND WATERDEN INTERNAL DRAINAGE BOARD**

The Committee received a report (reference U123, previously circulated) which considered representation on the Padnal And Waterden Internal Drainage Board.

Councillor Sue Kerridge was considered a suitable candidate, as she had served on Internal Drainage Boards previously.

It was resolved:

That Parish Councillor Sue Kerridge be appointed to the Padnal & Waterden Internal Drainage Board.

76. **PERFORMANCE MANAGEMENT – SIX MONTH UPDATE**

The Committee received a report (reference U124, previously circulated) which provided a six month update of the Service Delivery Plans 2019/20.

The Chairman took the Committee through the Service Delivery Plans one-by-one and the following responses were given to questions raised:

- Human Resources – the 13 ‘no official rating’ are due to employees not being in the post long enough to have an appraisal.
- Infrastructure & Strategic Housing – this service was about delivering infrastructure, for example it monitored the north Ely development, and worked with the Planning Department to ensure infrastructure and affordable housing was secured.
- Leisure Services - as the update was found to be uninformative on what had been achieved, what bids had been made or on what was happening, it was agreed that a briefing note should be circulated to Members and proper information be provided in future.

The Committee requested that in the future updates should be printed on A4 rather than A3.

It was resolved:

That the six months update of the Service Delivery Plans for the following services be noted:

- Democratic Services
- Financial Services
- Human Resources
- Infrastructure & Strategic Housing
- Legal Services
- Leisure Services
- Open Spaces & Facilities
- Reprographics
- Strategic Planning.

77. **EAST CAMBS TRADING COMPANY ACCOUNTS 2018/19**

The Committee received a report (reference U125, previously circulated) which detailed the East Cambs Trading Company (ECTC) accounts 2018/19.

The Finance Manager (ECTC) advised the Committee that pages 1 and 2 set out the Directors' responsibilities and that the accounts had been prepared in accordance with relevant standards. The auditors, Price Bailey, confirmed that in their opinion the accounts give a true and fair view of the Company's state of affairs at 31 March 2019 and had nothing further to report. Although the notes on pages 10-20 are the responsibility of the Directors, Price Bailey were happy with the report's consistency. Page 6 set out the income from services including markets and open spaces, and property development (Palace Green Homes.) Grant income related to building work on the Soham development. No interest was included in the P&L as this is allocated to each of the development projects. This meant that overall there was a profit of £663k for the year. Page 7 showed that the Company now had some fixed assets. The inventories balance related to properties that had been built but not yet sold. There had been a large increase in the cash balance, which was used on current projects to reduce this year's interest charge. Financial Liabilities referred to the loan from the Council. The balance sheet still showed a deficit, though this was expected to turn to a positive in this financial year. Page 8 showed there was no additional income. Page 9 showed the cash flow statement for the year. Pages 10 – 13 detailed the accounting policies and were fairly standard. Note 1.4 refers to the support of ECDC through the loan facility. The balance of loan was expected to be repaid in full by the end of March 2021. Pages 14 – 20 added detail to the profit and loss and balance sheet figures, Page 17 had an error, as the figure £4,939,725 should read £4,939,752. The credit risk showed on page 18 indicated that the risk was minimal.

In response to Members' questions, the Committee was informed that the salary increase was due to an additional six members of staff. Note 11 on page 16 showed a balance of £690,000 owed to parent undertakings was the balance of the land value at Barton Road. Note 4 contained a reference to a director accruing benefits under a defined benefit pension scheme that would have to be checked, it might be an error as it could be a defined contribution scheme

A Member expressed concern that this last point could be a high risk, if there was only one person involved. It was noted that it also showed up in last year's accounts and a written confirmation that it was an error was requested.

Concern was also voiced about the reliance of the Trading Company on the Council, as outlined in paragraph 1.4 on page 10. The risk was that, as the Council was behind the Company, it would be legally responsible to pay any outstanding debts. The note was not therefore accurate, as the Council had not been given assurance that this was not the case. The note would be clarified in future to be limited to the existing loan facilities only. ECTC Finance Manager confirmed that there were no parental-company guarantees from ECDC in place.

With reference to the Company's accounts and when they were signed off, what did the Company Directors do during July to September to assure themselves that the figures in the balance sheet were still of a reasonable value. The Directors were responsible for the accounts but it appeared they had not checked that the risk assessments were correct.

There were also a lot of estimated figures in the draft and during the following two months those estimates should have been checked. It should be expected

that this would have been done with the Finance team before the accounts were signed off. This may have made the accounts incorrect. ECTC Finance Manager confirmed that he performed post-balance sheet reviews with Price Bailey during this period.

Councillor Charlotte Cane wished it recorded that she was not happy with the accounts. If one member was defined in the benefit scheme this could crystallise the debt and the Council would have to pay it and it may be a significant amount of money. This should be notified in the accounts.

It was resolved:

That the East Cambs Trading Company Accounts 201819 as set out in Appendix 1 be noted.

*The meeting adjourned at 5:25pm.
The meeting reconvened at 5:28pm.*

78. **FINANCE REPORT**

The Committee received a report (reference U126, previously circulated) which provided budget monitoring information for services under the Finance & Assets Committee and then the Council as a whole as part of the Committee's overall responsibility for finance.

The Finance Manager (ECDC) advised the Committee that, as at September, the overall Council position was an underspend of £351k on the revenue budget.

In response to the Committee's questions, it was noted that the member allowance variance was incorrect as the revised payment levels were not being backdated as incorrectly assumed in the report. The quarter two sum for the Parks & Garden service to the Trading Company had been invoiced since the report was produced.

It was resolved:

- (i) That the projected yearend underspend of £398,500 when compared to its approved revenue budget of £5,181,667 be noted;
- (ii) That it be noted that the Council had an overall projected budget underspend of £351,000 when compared to its approved revenue budget of £13,455,801;
- (iii) That it be noted that the overall position for Council on Capital was a projected outturn of £3,773,185 which was an underspend of £7,362,620 when compared to its revised budget.

79. **ASSETS UPDATE**

The Committee received a report (reference U127, previously circulated) which provided an update on Council owned assets.

The Director Commercial advised the Committee that there were no significant updates to report.

It was resolved:

That the update on Council owned assets be noted.

80. **COMMUNITY INFRASTRUCTURE LEVY AND SECTION 106 UPDATE**

The Committee received a report (reference U128, previously circulated) which provided an update on Community Infrastructure Levy (CIL) and Section 106 (S106) income and expenditure.

The Director Commercial advised the Committee that CIL income had increased, so S106 funds were running down. The CIL income was now at £12.1million, which had exceeded expectations. This would allow some flexibility over its expenditure.

It was resolved:

That the contents of this report be noted.

81. **ANGLIA REVENUES PARTNERSHIP JOINT COMMITTEE MINUTES**

No minutes were presented to the meeting as no Joint Committee had been held on 17th September 2019.

82. **FORWARD AGENDA PLAN**

The Committee received its forward agenda plan.

83. **EXCLUSION OF THE PUBLIC INCLUDING REPRESENTATIVES OF THE PRESS**

It was resolved:

That the press and public be excluded during the consideration of the remaining items because it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that if members of the public were present during the item there would be disclosure to them of exempt information of Categories 1 & 3 of Part I Schedule 12A to the Local Government Act 1972 (as amended).

84. **WRITE OFF OF UNRECOVERABLE DEBT**

The Committee considered an exempt report regarding the write off of debts referred to in the submitted report.

The Finance Manager (ECDC) explained that the write offs were beyond the control of the Council and had to be accepted. The Committee acknowledged the situation but queried whether earlier action could have made a difference.

It was resolved:

That the recommendations be approved.

85. **ASSET MANAGEMENT ITEM**

The Committee considered an exempt report concerning an asset of the Council.

The Director Commercial explained the situation over the asset and the recommendation was approved.

It was resolved:

That the recommendations be approved.

86. **ASSET MANAGEMENT ITEM**

The Committee considered an exempt report concerning an asset of the Council.

The Director Commercial explained the situation over the asset and the Committee made a number of comments and asked questions. These being satisfactorily answered the recommendation in the report was agreed.

It was resolved:

That the recommendations be approved.

87. **EXEMPT MINUTES**

It was resolved:

That the Exempt Minutes of the meeting of the Committee held on 26th September 2019 be confirmed as a correct record and be signed by the Chairman.

The meeting closed at 5:57pm.

East Cambridgeshire District Council Audit results report

Year ended 31 March 2019

21 January 2020

The EY logo consists of the letters 'EY' in a bold, white, sans-serif font. A yellow triangle is positioned above the 'Y', pointing downwards towards the letters.

Building a better
working world

21 January 2020



Dear Finance and Asset Committee Members

We are pleased to attach our Final Audit Results Report in advance of the forthcoming meeting of the Finance and Assets Committee (the Committee). This updates the Initial Report we presented to the 28 November Committee meeting. We have now completed the audit of East Cambridgeshire District Council for 2018/19.

Subject to concluding the final procedures listed in our report, we will be issuing an unqualified audit opinion on the financial statements in the form at Section 3 after the Committee meeting. Whilst we have no matters to include in the auditor's report on your arrangements to secure economy, efficiency and effectiveness in your use of resources, we have identified some areas for improvement and have included some recommendations.

This report is intended solely for the use of the Finance and Assets Committee, other members of the Council, and senior management. It should not be used for any other purpose or given to any other party without obtaining our written consent.

We would like to thank your staff for their prolonged help during the engagement.

We welcome the opportunity to discuss the contents of this report with you at the Finance and Assets Committee meeting on 6 February 2020.

Yours faithfully

A handwritten signature in black ink, appearing to read 'S Patel', written in a cursive style.

Suresh Patel

Associate Partner

For and on behalf of Ernst & Young LLP

Encl

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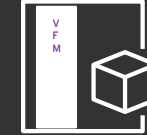
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Appendices

Public Sector Audit Appointments Ltd (PSAA) have issued a 'Statement of responsibilities of auditors and audited bodies'. It is available from the Chief Executive of each audited body and via the PSAA website (www.psa.co.uk). This Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas. The 'Terms of Appointment (updated April 2018)' issued by PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and statute, and covers matters of practice and procedure which are of a recurring nature.

This Audit Results Report is prepared in the context of the Statement of responsibilities. It is addressed to the Members of the audited body, and is prepared for their sole use. We, as appointed auditor, take no responsibility to any third party.

Our Complaints Procedure - If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, you may take the issue up with your usual partner or director contact. If you prefer an alternative route, please contact Steve Varley, our Managing Partner, 1 More London Place, London SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute. We can provide further information on how you may contact our professional institute.



01 Executive Summary

Executive Summary

Scope update

In the Outline Audit Plan that we presented at the January 2019 Resources and Finance Committee meeting, we provided you with an overview of our audit scope and approach for the audit of the financial statements. We have carried out our audit in accordance with this plan but have made a small change to materiality using the draft financial statements. Overall materiality is now £0.842 million (Audit Plan – £0.885 million), which results in updated performance materiality, at 50% of overall materiality, of £0.421 million. The updated threshold for reporting misstatements is £0.042 million.

Status of the audit

In July we reported to the Finance and Assets Committee that due to our resourcing issues we needed to reschedule the audit of the Council's accounts until after the end of July. We subsequently agreed with the Finance Manager an October start date with the aim of reporting a completed position to the 28 November Committee meeting. We then reported at 21 November that our audit was in progress and we anticipated completing procedures by the middle of December. We have now completed those procedures.

Subject to satisfactory completion of the final audit procedures listed below we will issue an unqualified opinion on the Council's financial statements in the form which appears at Section 3:

- Review of the revised set of statements that management has prepared taking into account the audit differences we have identified.
- Completing a subsequent events review;
- Requesting and then reviewing the management representation letter; and
- Completing our final sign off procedures.

Value for money conclusion

At 21 November we reported that we had completed our planned work in response to the significant risk we had communicated in the Audit Plan but were completing our final reporting. In addition, we communicated to the Committee that we had received correspondence raising concerns as to the risk and governance of East Cambridgeshire Trading Company (ECTC) and its relationship with the Council. We treated the correspondence as information received during the course of the audit and in particular relevant to our consideration of our value for money conclusion responsibilities. We have now completed our consideration of the matters raised and include our findings and conclusions in Section 5. Overall, we did not identify any matters which we need to include in our auditor's report at Section 3. We have however identified five improvement areas which management have agreed to follow up.

Executive Summary

Audit differences

There are no unadjusted audit differences arising from our audit.

At the 21 November we reported the following audit differences to the Committee:

1. £198k and £726k increase in the pension liability arising from the revised IAS 19 report as outlined above.
2. £4.636k adjustments to the Group Balance Sheet (further impact on Group CIES and MIRS), including a prior year adjustment arising from not excluding transactions with ECTC. Inter-company transactions should be removed on consolidation.
3. £90k decrease in the value of property, plant and equipment arising from the removal of duplicate entry of £236k in relation to Paradise Swimming Pool and valuation uplift of £145k on assets since they were last valued in April 2018. £567k misclassification between debtors and creditors due to Receipt in Advance being incorrectly classified as Debtors.
4. £23k understatement on exit packages.

On completion of our audit procedures we report further audit differences:

6. £145k misclassification between cash and creditors of £145k.

In addition, our sample testing of expenditure items did identify a small number which were recognised in the incorrect financial year. We extrapolated the error rate and calculated a projected understated expenditure difference of £76,000. Management have not adjusted for this item as it is a projected and not an actual understatement.

Further details can be found in Section 4 Audit Differences.

Executive Summary

Areas of audit focus

Our audit plan identified significant risks and areas of focus for our audit of the Authority's financial statements. We summarise below our latest findings.

Significant risk	Findings & conclusions
Misstatements due to fraud or error - management override of controls	We have found no indications that management have overridden controls and have no matters to report.
Misstatements due to fraud or error - the incorrect capitalisation of revenue expenditure	We have found no indications that revenue expenditure has been inappropriately charged to capital.
Other area of audit focus	Findings & conclusions
Property, Plant and Equipment valuations	We identified the need for the Council to decrease the value of PPE by £90,000.
Pension Valuation and Disclosures	We have agreed an audit adjustment of £924,000 increase to the pension liability due to the changes for McCloud, GMP and investment valuations.
Group accounts	We identified a material error which management have corrected. This also impacted on the prior year Group Balance Sheet.
New accounting standards	We identified a need for IFRS 9 (financial instruments) disclosures to be improved, which management have done. We have no other matters to report.
New payroll arrangements	We have no matters to report.

This report sets out our observations and conclusions on the above matters, and any others identified, in the "Areas of Audit Focus" section of this report. We ask you to review these and any other matters in this report to ensure:

- ▶ There are no other considerations or matters that could have an impact on these issues; and
- ▶ You agree with the resolution of the issues; and there are no other significant issues to be considered.

There are no matters, apart from those reported by management or disclosed in this report, which we believe should be brought to your attention.



Executive Summary

Control observations

We have adopted a fully substantive approach, so have not tested the operation of controls.

Other reporting issues

We have reviewed the information presented in the Annual Governance Statement for consistency with our knowledge of the Authority. We have no matters to report as a result of this work.

We have performed the procedures required by the National Audit Office (NAO) on the Whole of Government Accounts submission. The Council is below the testing threshold set by the NAO for detailed procedures on the consolidation return, we therefore did not have any issues to report.

Independence

Please refer to Section 8 for our update on Independence. There are no relationships from 1 April 2018 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity.

Correspondence

As referenced in the status of the audit section we received correspondence during the course of the audit. We have not received any formal objections or questions from members of the public.



02

Areas of Audit Focus



Areas of Audit Focus

Significant risk

Misstatements due to fraud or error – management override of controls

What is the risk?

The financial statements as a whole are not free of material misstatements whether caused by fraud or error.

As identified in ISA (UK and Ireland) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. We identify and respond to this fraud risk on every audit engagement.

We have not identified a heightened risk of management override overall, but we have identified a specific area where management override might occur: incorrect capitalisation of revenue spending. Our specific response to this risk is set out in the next slide.

What judgements are we focused on?

We have considered the risk of management override and the areas of the financial statements that may be most susceptible to this risk.

What did we do?

- ▶ Identified fraud risks during the planning stages.
- ▶ Asked management about risks of fraud and the controls put in place to address those risks.
- ▶ Understood the oversight given by those charged with governance of management's processes over fraud.
- ▶ Considered the effectiveness of management's controls designed to address the risk of fraud.
- ▶ Determined an appropriate strategy to address those identified risks of fraud.
- ▶ Performed mandatory procedures regardless of specifically identified fraud risks, including testing of journal entries and other adjustments in the preparation of the financial statements
- ▶ Reviewing critical judgements made by management in applying accounting policies.

What are our conclusions?

- We have not identified any material weaknesses in controls or evidence of material management override.
- We have not identified any instances of inappropriate judgements being applied.
- We have not identified any other transactions during our audit which appear unusual or outside the Council's normal course of business.



Areas of Audit Focus

Significant risk

Misstatements due to fraud or error - the incorrect capitalisation of revenue expenditure

What is the risk?

The Council is under financial pressure to achieve budget and maintain reserve balances above the minimum approved levels. Manipulating expenditure is a key way to achieve these targets.

We consider the risk applies to capitalisation of revenue expenditure. Management could manipulate revenue expenditure by incorrectly capitalising expenditure which is revenue in nature and should be charge to the comprehensive income and expenditure account.

What judgements are we focused on?

We have identified a risk of expenditure misstatement due to fraud or error that could affect the income and expenditure accounts.

We have focused on the Council's judgement that an item is capital expenditure in nature.

What did we do?

Our approach focused on:

- ▶ Sample testing additions to property, plant and equipment to ensure that they had been correctly classified as capital and included at the correct value in order to identify any revenue items that have been inappropriately capitalised; and
- ▶ Using our data analytics tool to identify and test journal entries that moved expenditure into capital codes.

What are our conclusions?

- ▶ Our sample testing of additions to property, plant and equipment found that they had been correctly classified as capital and included at the correct value.
- ▶ Our sample testing of additions to property, plant and equipment did not identify any revenue items that were incorrectly classified.
- ▶ Our data analytical procedures did not identify any journal entries that incorrectly moved expenditure into capital codes.



Areas of Audit Focus

Significant risk

Valuation of land and buildings

What is the risk?

The fair value of land and buildings represents a significant balance in the Council's accounts and is subject to valuation changes, impairment reviews and depreciation charges. Management is required to make material judgemental inputs and apply estimation techniques to calculate the year-end balances recorded in the balance sheet.

There is a risk that the value of land and buildings in the Council's accounts is materially misstated for 2018/19.

What did we do?

- Considered the work performed by the Council's valuer, including the adequacy of the scope of the work performed, their professional capabilities, the results of their work covering the judgements and assumptions made in assessing the impact the capital works have on the property's value;
- ▶ Reviewed and sample tested the key asset information provided by the Council to the valuer in performing their valuation (e.g. floor plans to support valuations based on price per square metre);
- ▶ Reviewed and sample tested the key assumptions used by the valuer in performing their valuation, by cross referencing to available market data for similar properties within the region (e.g.: value of developed and undeveloped land);
- ▶ Considered the annual cycle of valuations to ensure that assets have been valued within a five year rolling programme as required by the Code. We have also considered whether any specific changes to assets (which would impact its value) have been communicated to the valuer;
- ▶ Considered changes to useful economic lives as a result of the most recent valuation;
- ▶ Performed a reasonableness review on the valuation of assets not included in the 2018/19 valuation cycle, via reference to the NAO commissioned Local Government Gerald Eve report. This is performed to confirm that the remaining asset base is not materially misstated;
- ▶ Considered whether asset categories held at cost have been assessed for impairment and are materially correct; and
- ▶ Tested that the accounting entries have been correctly processed in the financial statements, including the treatment of impairments.

What are our conclusions?

- We satisfied ourselves with the work of the Council's valuer.
- We identified the need for the Council to remove a duplicate entry of £236k in relation to Paradise Swimming Pool.
- We identified the need for the Council to increase the value of PPE by £145k due to the valuation uplift on Hive Leisure Centre since it was last valued in April 2018.



Areas of Audit Focus

Significant risk

Pension liability valuation

What is the issue?

The Local Authority Accounting Code of Practice and IAS19 require the Authority to make extensive disclosures within its financial statements regarding its membership of the Local Government Pension Scheme administered by the Council.

The Council's pension fund deficit is a material estimated balance and the Code requires that this liability be disclosed on the balance sheet. At 31 March 2019 this totalled £26 million. The information disclosed is based on the IAS 19 report issued to the Council by the actuary to the Pension Fund.

Accounting for this scheme involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf. ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.

What did we do?

- Liaised with the auditors of the Cambridgeshire Pension Fund, to obtain assurances over the information supplied to the actuary in relation to the Council.
- Assessed the work of the pension fund actuary (Hymans Robertson LLP) including the assumptions they have used by relying on the work of PWC - Consulting Actuaries commissioned by the National Audit Office for all Local Government sector auditors, and considering any relevant reviews by the EY actuarial team.
- Reviewed and tested the accounting entries and disclosures made within the Council's financial statements in relation to IAS19.

We also considered outturn information available at the time of the audit after production of the Council's draft financial statements, for example the year-end actual valuation of pension fund assets. We use this to inform our assessment of the accuracy of estimated information included in the financial statements and whether any adjustments are required. Finally, we liaised with officers to understand the implications of the McCloud ruling and reviewed the changes made to the statements.

What are our conclusions?

We concluded that we could rely on the work of the actuary and that the values and entries from the actuarial report were correctly reflected in the draft financial statements.

The Council re-engaged the actuary to estimate the impact of the McCloud ruling and GMP on the pensions liability. We reviewed the Council's assessment of the impact and confirmed that the planned changes to the accounts were reasonable.

We also reviewed and agreed with the planned changes to reflect the difference between the year-end actual value of pension fund assets and the estimate used to inform the actuary's assessment of the IAS 19 liability.

The pension liability has increased by £924,000.



Areas of Audit Focus



Other Areas of Audit Focus - Group accounts

The Council consolidates East Cambridgeshire Trading Company (ECTC), East Cambs Business Centres and East Cambs Street Scene into its group accounts. There is an inherent risk in ensuring that the group accounts reflect fairly the financial position and performance of each component.

We reviewed the arrangements and controls the Council used to consolidate its components as well as checking the consolidation adjustments. As we identified ECTC as a significant component we also carried out procedures to gain assurance over the work of the auditor of ECTC.

Whilst we were satisfied with the work of the ECTC auditor and the arrangements that the Council has in place to consolidate the components into its group accounts we did identify an error relating to inter-company transactions. This is a material error which requires the Council to restate the current and prior year Group Balance Sheet, CIES and MIRS.



Other Areas of Audit Focus - New Payroll arrangements

For 2018/19 the Council has changed its payroll provider and needs to ensure it has arrangements in place to gain assurance over the controls and processes adopted by the new provider.

We have reviewed the adequacy of the Council's assurance arrangements over the new provider, MHR. We are satisfied that there are adequate arrangements in place to ensure the material accuracy and completeness of payroll information in the financial statements, and we were also able to agree to the monthly payroll reports provided by MHR.



Areas of Audit Focus



Other Areas of Audit Focus - New accounting standards

The Code requires the Authority to comply with the requirements of two new accounting standards for 2018/19 and make preparations for another new standard for 2020/21. These standards are:

- ▶ IFRS 9 - Financial instruments
- ▶ IFRS 15 - Revenue from contracts
- ▶ IFRS 16 - Leases

There is an inherent risk in relation to implementing new accounting standards and carrying out a sufficient assessment and evaluation.

Standard	Audit Findings
IFRS 9 - Financial Instruments	Our audit procedures for financial instruments identified that there were some disclosure amendments required in the statement of accounts. Management have revised these disclosures.
IFRS 15 - Revenue from Contracts	Our audit procedures for revenue from contracts have not identified any audit issues.
IFRS 16 - Leases	IFRS 16 replaces IAS 17 Leases and its related interpretations, it will apply to the 2020/21 financial statements. The changes introduced by the standard will have substantial practical implications for local authorities that currently have material operating leases, and are also likely to have an effect on the capital financing arrangements of the authority. We have considered the Authority's implementation plan and preparedness for IFRS 16. The Authority have already considered their completeness of leases and identifying those that may require reclassifying. The Authority should continue to progress their work on IFRS 16 to ensure they are ready for its implementation.

In addition, changes have been made to the CIPFA/LAASAC Code for 2019/20, as noted below:

- The revised IASB Conceptual Framework for Financial Reporting (Conceptual Framework), the main elements being (2019/20 Code Cpt 2.1 refers);
 - new definitions of assets, liabilities, income and expenses
 - updates for the inclusion of the recognition process and criteria and new provisions on de-recognition
 - enhanced guidance on measurement bases
- Guidance in the treatment of the Apprenticeship Levy (2019/20 Code Cpt 2.11 refers)
- Updated guidance on IFRS 9 Financial Instruments: Prepayment Features with Negative Compensation & LOBOs (2019/20 Code Cpt 2.11 refers)
- Clarifications for the disclosure requirements with respect to interests in entities within the scope of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations (2019/20 Code Cpt 9 refers).



03 Audit Report



Audit Report

Our draft opinion on the financial statements

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EAST CAMBRIDGESHIRE DISTRICT COUNCIL

Opinion

We have audited the financial statements of East Cambridgeshire District Council for the year ended 31 March 2019 under the Local Audit and Accountability Act 2014. The financial statements comprise the:

- Authority and Group Comprehensive Income and Expenditure Statement
- Authority and Group Movement in Reserves Statement
- Authority and Group Balance Sheet
- Authority and Group Cash Flow Statement
- Authority related notes 1 to 31 and notes to the Group accounts
- Collection Fund and the related notes 1 to 7.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.

In our opinion the financial statements:

- give a true and fair view of the financial position of East Cambridgeshire District Council as at 31 March 2019 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Comptroller and Auditor General's (C&AG) AGN01, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Finance Manager and Section 151 Officer's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Finance Manager and Section 151 Officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Authority's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.



Audit Report

Our draft opinion on the financial statements

Other information

The other information comprises the information included in the Statement of Accounts 2018/19 set out on pages 4 to 78, other than the financial statements and our auditor's report thereon. The Finance Manager and Section 151 Officer is responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Local Audit and Accountability Act 2014

In our opinion, based on the work undertaken in the course of the audit, having regard to the guidance issued by the C&AG in November 2017, we are satisfied that, in all significant respects, East Cambridgeshire District Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.

Matters on which we report by exception

We report to you if:

- in our opinion the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the Authority;
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014;
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.



Audit Report

Our draft opinion on the financial statements

Responsibility of the Finance Manager and Section 151 Officer

As explained more fully in the Statement of Responsibilities set out on page 20, the Finance Manager and Section 151 Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19, and for being satisfied that they give a true and fair view.

In preparing the financial statements, the Finance Manager and Section 151 Officer is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Authority either intends to cease operations, or have no realistic alternative but to do so.

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General (C&AG) in November 2017, as to whether East Cambridgeshire District Council had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether East Cambridgeshire District Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.



Audit Report

Our draft opinion on the financial statements

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, East Cambridgeshire District Council had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the National Audit Office (NAO) requires us to report to you our conclusion relating to proper arrangements.

We report if significant matters have come to our attention which prevent us from concluding that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Certificate

We certify that we have completed the audit of the accounts of East Cambridgeshire District Council in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice issued by the National Audit Office.

Use of our report

This report is made solely to the members of East Cambridgeshire District Council, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Suresh Patel (Key Audit Partner)
Ernst & Young LLP (Local Auditor)
Cambridge
XX XXXXXXXX 2019



04 Audit Differences





Audit Differences

In the normal course of any audit, we identify misstatements between amounts we believe should be recorded in the financial statements and the disclosures and amounts actually recorded. These differences are classified as “known” or “judgemental”. Known differences represent items that can be accurately quantified and relate to a definite set of facts or circumstances. Judgemental differences generally involve estimation and relate to facts or circumstances that are uncertain or open to interpretation.

Summary of adjusted differences

As at 21 November we reported the following adjustments:

- IAS19 - the Council's pension liability has increased by £924k due to the impact of the ruling on McCloud, GMP and reflecting the actual value of pension assets at the year end.
- Group consolidation - we identified that transactions with East Cambridgeshire Trading Company (i.e. inter-company transactions) with a value of £4,636k were not eliminated correctly in the Group Balance Sheet in respect of Long-Term Debtors, Debtors and Creditors balances. This error also impacts the group CIES and MIRS. It also affects the prior year and as a result the Council needs to make a prior year adjustment.
- Valuation error on property plant and equipment with a net impact of £90k
- Misclassification between debtors and creditors - receipts in advance of £567k was misclassified as Debtors and hence understated both Debtors and Creditors balances.
- Exit packages are understated by £23k as they do not include the settlement agreement of £12k and pay in lieu notice of £11k.

In addition, we highlighted the need for some disclosures to be corrected.

Since then we have also identified the following audit differences which management have corrected in the revised statements:

- IFRS 9 disclosures to meet the Code requirements
- £145k misclassification between cash and creditors.

There were no uncorrected misstatements.

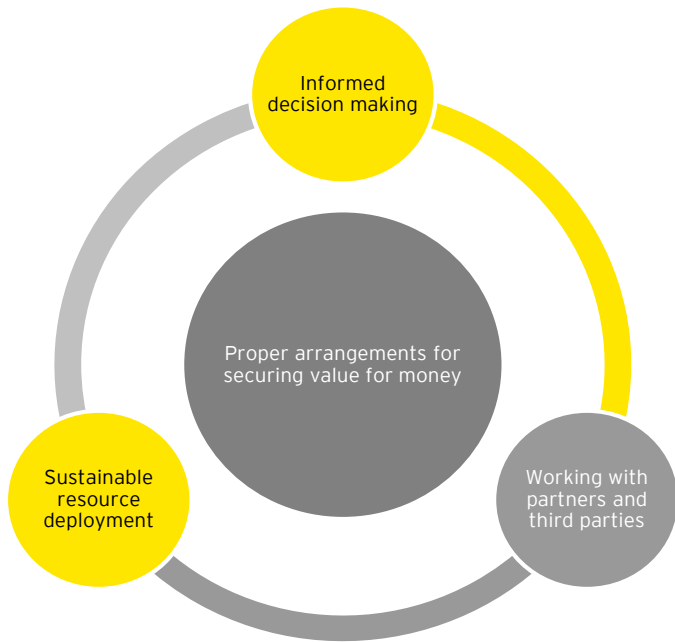


05

Value for Money Risks



Value for Money



Background

We are required to consider whether the Authority has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources. This is known as our value for money conclusion.

For 2018/19 this is based on the overall evaluation criterion:

"In all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people"

Proper arrangements are defined by statutory guidance issued by the National Audit Office. They comprise your arrangements to:

- Take informed decisions;
- Deploy resources in a sustainable manner; and
- Work with partners and other third parties.

In considering your proper arrangements, we will draw on the requirements of the CIPFA/SOLACE framework for local government to ensure that our assessment is made against a framework that you are already required to have in place and to report on through documents such as your annual governance statement.

Overall conclusion

We identified one significant risks around these arrangements. In addition, we also considered correspondence that we received during the course of the audit. The table below presents our findings in response to the risk in our audit plan and the matters highlighted by the correspondence.

We have no matters to include in the auditor's report about your arrangements to secure economy, efficiency and effectiveness in your use of resources.

Value for Money Risks

We are only required to determine whether there are any risks that we consider significant within the Code of Audit Practice, where risk is defined as:
"A matter is significant if, in the auditor's professional view, it is reasonable to conclude that the matter would be of interest to the audited body or the wider public"

Our risk assessment supports the planning of enough work to deliver a safe conclusion on your arrangements to secure value for money, and enables us to determine the nature and extent of any further work needed. If we do not identify a significant risk we do not need to carry out further work. We present below the findings of our work in response to the risk area in our audit plan.

What is the significant value for money risk?

Sustainable resource deployment: Achievement of savings needed over the medium term

The Council's Medium Term Financial Plan for the coming 4-year period identifies the need to make savings against budget gaps in 2020/21 and 2021/22. It is clear that the Council is facing a number of financial pressures which may impact on its ability to develop and deliver sustainable financial and service plans for current and future years. Therefore a risk remains that savings or increased income will not be identified to close the funding gaps.

In response we have:

- Assessed the adequacy of the Council's budget monitoring process, comparing budget to outturn;
- Challenged the robustness of key assumptions used in medium term planning;
- Reviewed the Council's approach to prioritising resources whilst maintaining services; and
- For a sample of initiatives tested the adequacy of the Council's arrangements for delivering savings/ efficiencies.

What are our findings?

The Council currently has a good level of general fund reserves (£1,011K at 31 March 2019), which are above the minimum levels range set by the S151 Officer. These provide the Council with the flexibility to manage its financial position over the short-to-medium term, and reduce the risk that an unexpected overspend, or unexpected one-off item of expenditure, has a detrimental impact on the Council's financial standing. The Council also has in place substantial levels of earmarked reserves (£10,038K at 31 March 2019), including the Surplus Savings Reserve of £6,235K. The existence of these reserves provides further evidence of the Council's prudent approach to financial management. While the Council achieved an underspend of £987K against its approved budget of £13,099K in 2018/19, it has also identified a contribution of £1,539K from Surplus Saving Reserve in order to reach a balanced budget for 2019/20.

(Continued over)



Value for Money

What are our findings (continued)?

The Council's February 2019 Medium Term Financial Strategy showed a balanced budget for 2020/21 using £3.4m from the Surplus Savings Reserve. At that stage it reported budget gaps for 2021/22 and 2022/23 identifying some options to resolve the gaps:

- Efficiencies in the cost of service delivery
- Reductions in service levels
- Increased Council Tax
- Increased income from fees and charges
- Increased commercialisation via its trading companies

The Finance Manager's report to the February 2020 Finance and Asset Committee includes a balanced budget for 2020-21 and 2021-22 as a consequence of a number of factors not least the Spending Review having been delayed a year.

The MTFS remains a challenge for the Council. We suggest that the Council could be more transparent in its planning around the areas it has identified to help bridge funding gaps and we recommend that the Council considers updating its MTFS and its underlying assumptions more frequently than the current annual cycle.

RECOMMENDATION 1

The Council should consider increasing the frequency that it considers and updates its MTFS and the underlying assumptions.

MANAGEMENT RESPONSE

Agreed, in order to build robust, balanced budgets in future years, it will become increasingly important that the Council considers the options around its MTFS on a timely basis. Officers are already doing this throughout the year and moving forward this will also be shared with Members at their September meeting.

Correspondence

Information was brought to our attention in an 'Open Letter to auditors' dated 11 October 2019 from the Liberal Democrat Group. We considered this information to be relevant for our consideration of the Council's arrangements for the effective use of resources for 2018/19 and our subsequent value for money conclusion.

Summary of matters highlighted

The 11 October letter highlighted concerns over the relationship and governance arrangements between the Council and its wholly owned subsidiary company, East Cambridgeshire Trading Company (ECTC). These concerns are three-fold:

- A. That the November 2019 change to the composition of the ECTC Board means that no decisions can be made by the Board or the Council.
- B. The risk that ECTC will default on its loan repayment to the Council, impacting adversely on the Council's finances.
- C. That there are conflicts of interest with ECTC Board members and their roles within the Council, specifically in respect of the co-dependencies between ECTC and the Council.

Summary of procedures carried out by EY

We have made relevant enquiries to the Finance Manager and asked a series of questions in respect of the three issues identified above. As these procedures have formed part of our VFM work we have not carried out any testing of information provided but through requesting information and asking questions we have sought evidence that arrangements are in place.

The Finance Manager has responded promptly and comprehensively to all of our enquiries.

Background

ECTC was incorporated on 14 March 2016 as a wholly owned subsidiary of the Council. Its principle business is providing markets services, ground maintenance and property consultancy and development services. The day to day management of ECTC is vested in its Directors. As the sole shareholder, the Council established a Shareholder Committee to essentially monitor the Council's investment by giving it the ability to:

- Recommend the appointment of the Chair of the ECTC Board.
- Consider the ECTC Business Plan, including making recommendations for amendments.
- Review the financial performance of ECTC.
- Make recommendations to the Council on how it should exercise its functions flowing from its ownership of shares.

In February 2019, the Council agreed to make the Finance and Assets Committee fulfil the role of the Shareholder Committee.

The Shareholder Agreement between the Council and ECTC includes requirements of the Board. The current Agreement requires the Board to comprise not less than four Directors but does not include any requirements on Board composition. The Board is chaired by an individual independent of the Council. In May 2019 the Council agreed changes to member appointments to the Board. Then in October 2019 the Council made further changes to re-designate elected members as Board members with voting rights to observer non-voting status. The Shareholder Agreement has yet to be formally updated to reflect these changes.



Background (continued)

On 16 June 2016 the Council agreed to loan ECTC £5m for purposes as outlined in the ECTC Business Plan. The agreement was for the loan to be repaid within 5 years of the date of the first drawdown. On 20 December 2018, the Council agreed a £1.5m extension of the loan specifically for the purchase and development of the MOD Site, Ely. The extended loan will fall due in line with the original loan, March 2021.

Consideration of the matters highlighted by the correspondence

- A. That the November 2019 change to the composition of the ECTC Board mean that no decisions can be made by the Board or the Council.
- C. That there are conflicts of interest with ECTC Board members and their roles within the Council, specifically in respect of the co-dependencies between ECTC and the Council.

The appointment of an independent Chair of the Board provides some safeguards to potential or actual conflicts of interests. From reviewing the minutes of Board meetings (April 2018 - September 2019) it is evident that declarations of interest are a standing agenda item and on occasions specific declarations have been recorded.

Following the changes to the Board Directors in October 2019, the Board now comprises the independent Chair and two officers of the Council - the Chief Executive and the Commercial Director. Elected members are now involved as non-voting Board Observers. Whilst it is not uncommon for officers of a council to be directors of council trading companies, the current composition of the Board does reduce the ability of the Directors to mitigate any perceived or actual conflicts of interest that may exist between their roles as an officer of the Council and a Board Director. For example, in the scenario that ECTC is unable to repay the loan, how will the Directors of the company discharge their board responsibilities and act in the interests of the company when they will be acutely aware of the impact of default on the Council.

We understand that the changes made by the Council to the composition of the Board in October 2019 was not based on legal advice.

The changes made to the composition of the Board are currently bedding in. However, based on a review of the ECTC Articles of Association and the Shareholder Agreement, we cannot see any reason why the Board or the Council cannot continue to make decisions.

RECOMMENDATION 2

The Council should consider obtaining legal advice on the changes it has made to the composition of the ECTC Board to ensure that the new arrangements enable the Board to mitigate any conflicts of interest that the two Council officers may face when making decisions as Board Directors.

MANAGEMENT RESPONSE

While it should be noted that the Directors of the Board are not decision makers at the Council - this is a member function at the Council - we are happy to seek advice with the intention of preparing a "conflicts of interest policy", to assist in this area moving forward.

Consideration of the matters highlighted by the correspondence (continued)**B. The risk that ECTC will default on its loan repayment to the Council, impacting adversely on the Council's finances.**

The Shareholder Agreement includes a number of details about the ability of the Council, via the Shareholder Committee, to monitor its investment in ECTC. Most significantly the Shareholder Agreement:

- Allows the Shareholder Committee to receive, review and comment on, or recommend any amendments to, the ECTC Business Plan.
- Allows the Shareholder Committee to review the financial performance of ECTC.
- Requires the ECTC Board of Directors to provide quarterly (changed to biannually in the October 2019 proposed revision) information on progress against the Business Plan, summary management accounts and key financial metrics (including financial projections and variations).
- Requires ECTC to produce annual audited accounts.
- Requires ECTC to provide the Council with full details of any actual or prospective material change in the business or financial affairs of the Company as soon such details are available.

In addition, the Articles of Association of ECTC afford the Council the ability to review the 'books and records' of the Company.

Shareholder Committee meeting minutes (28/6/18, 1/10/18, 3/12/18, 11/2/19, 26/9/19 and 28/11/19 - the latter two being the Finance and Assets Committee) record details of the Committee considering the ECTC Business Plan, management accounts and annual accounts. In addition, the Council's Finance Manager and Monitoring Officer regularly attend the Shareholder Committee and ECTC Board as non-voting members and are able to ask questions during any discussion that takes place. The Finance Manager has also stated that he has full access to ECTC's Management Accountant and can request any financial information off him at any time.

The most recent loan advance from the Council to ECTC was in June 2018. At this point, the Council's Finance Team were providing financial support to both the Council and the Company and as such, the Council had full access to the cashflow projections supporting the advance. In November 2018 a management accountant was appointed by ECTC, at which point managing the Company accounts was taken from the ECDC Finance Team.

In respect of ECTC's forecast cashflows and outturn, ECTC prepares financial modelling forecasts which are discussed at Board meetings. The Finance Manager, as the Council's Section 151 Officer, attends the Board meetings and is able to challenge any of the information provided and discuss issues in more detail with the Management Accountant outside of Board meetings. From reviewing Board meeting minutes, any such challenge does not appear to be recorded and minuted. There could be greater transparency in how this challenge is recorded.

In its 26 September 2019 meeting the Finance and Assets Committee did consider the ECTC's balance sheet and cash flow forecasts up to March 2021 as they were included in the ECTC Business Plan.

To date the Council has made no allowance in its MTFS for the non-repayment by ECTC of its loans with the Council. The MTFS also does not assume any dividends will be received from ECTC. The Finance Manager, based on his understanding of ECTC's current and future financial performance, does not consider non-repayment of the loan as a significant risk. The Finance Manager has acknowledged that in the event that the loan is not repaid, the Council will need to make a charge to its minimum revenue provision (MRP), but the Council does not consider it necessary to build in any contingency for this at this time. It is not clear where the Council's considerations over the risk of ECTC defaulting on repaying its loan are documented.



Consideration of the matters highlighted by the correspondence (continued)

We understand that there have been recent discussions between the Council and ECTC about the potential for ECTC paying back some of the loan to the Council in 2019-20. We also understand that a repayment schedule has now been agreed by the ECTC Board. This was part of a verbal discussion as part of the management accounts item on the agenda. The Board minutes have not yet been drafted but the Council expects ECTC to make a loan repayment prior to the end of January 2020. Further, we are informed that the Board also agreed a loan repayment schedule, which will be a fundamental part of the finance report for future meetings.

RECOMMENDATION 3

The Council should document its consideration of the risk associated with ECTC defaulting on repaying its loan. The risk should be regularly revisited and updated as appropriate.

MANAGEMENT RESPONSE

As Section 151 Officer, I (Finance Manager) am, on a regular basis, monitoring the performance of the Company, to ensure that I continue to have confidence that the loan will be repaid. I accept that to date this has only been a mental exercise and I have not documented my thought processes. I am happy to put in writing that I have had these deliberations in the future, but it is only a judgement view, as there are no calculations that would allow an objective view to be arrived at.

RECOMMENDATION 4

The Council should ensure that the challenge made by the Finance Manager as to the financial performance (current and future) of ECTC is documented and shared with the Finance and Assets Committee in its role as Shareholder Committee.

MANAGEMENT RESPONSE

Agreed, I (Finance Manager) will ensure that my challenge at Board is appropriately included in the minutes moving forward.

RECOMMENDATION 5

The Council should ensure that the ECTC loan repayment schedule is made available to the Finance and Assets Committee (in its role as Shareholder Committee) as part of the assurances that they should obtain to support ECTC's ability to repay its loan to the Council.

MANAGEMENT RESPONSE

Finance and Assets Committee members receive Board minutes, and as such, will receive details of the loan repayment schedule when the minutes for the meeting on the 14th November are circulated.



06 Other reporting issues

Other reporting issues

Consistency of other information published with the financial statements, including the Annual Governance Statement

We must give an opinion on the consistency of the financial and non-financial information in the Statement of Accounts 2018/19 with the audited financial statements. We must also review the Annual Governance Statement for completeness of disclosures, consistency with other information from our work, and whether it complies with relevant guidance.

Financial information in the Statement of Accounts 2018/19 and published with the financial statements was consistent with the audited financial statements.

We have reviewed the Annual Governance Statement and can confirm it is consistent with other information from our audit of the financial statements and we have no other matters to report.

Whole of Government Accounts

Alongside our work on the financial statements, we also review and report to the National Audit Office on your Whole of Government Accounts return. The extent of our review, and the nature of our report, is specified by the National Audit Office.

As the Authority falls below the £500 million threshold for review as per the NAO's group instructions, we are not required to undertake detailed procedures on your consolidation schedule.

Other powers and duties

We have a duty under the Local Audit and Accountability Act 2014 to consider whether to report on any matter that comes to our attention in the course of the audit, either for the Authority to consider it or to bring it to the attention of the public (i.e. "a report in the public interest"). We did not identify any issues which required us to issue a report in the public interest.

We also have a duty to make written recommendations to the Authority, copied to the Secretary of State, and take action in accordance with our responsibilities under the Local Audit and Accountability Act 2014. We did not identify any issues.



07

Assessment of Control Environment



Assessment of Control Environment

Financial controls

It is the responsibility of the Authority to develop and implement systems of internal financial control and to put in place proper arrangements to monitor their adequacy and effectiveness in practice. Our responsibility as your auditor is to consider whether the Authority has put adequate arrangements in place to satisfy itself that the systems of internal financial control are both adequate and effective in practice.

As part of our audit of the financial statements, we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed. As we have adopted a fully substantive approach, we have therefore not tested the operation of controls.

Although our audit was not designed to express an opinion on the effectiveness of internal control we are required to communicate to you significant deficiencies in internal control.

We have not identified any significant deficiencies in the design or operation of an internal control that might result in a material misstatement in your financial statements of which you are not aware.



08

Independence

Independence

Confirmation

We confirm that there are no changes in our assessment of independence since our confirmation in our Outline Audit Plan dated January 2019.

We complied with the FRC Ethical Standards and the requirements of the PSAA's Terms of Appointment. In our professional judgement the firm is independent and the objectivity of the audit engagement partner and audit staff has not been compromised within the meaning of regulatory and professional requirements.

We consider that our independence in this context is a matter which you should review, as well as us. It is important that you and your Finance and Assets Committee consider the facts known to you and come to a view. If you would like to discuss any matters concerning our independence, we will be pleased to do this at the meeting of the Finance and Assets Committee on 28 November 2019.

We confirm we have not undertaken any non-audit work outside the NAO Code requirements in relation to our work.

Relationships, services and related threats and safeguards

The FRC Ethical Standard requires that we provide details of all relationships between Ernst & Young (EY) and your Authority, and its directors and senior management and its affiliates, including all services provided by us and our network to your Authority, its directors and senior management and its affiliates, and other services provided to other known connected parties that we consider may reasonably be thought to bear on the our integrity or objectivity, including those that could compromise independence and the related safeguards that are in place and why they address the threats. There are no relationships from 1 April 2018 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity.

Services provided by Ernst & Young

The table overleaf includes a summary of the fees that you have paid to us in the year ended 31 March 2019 in line with the disclosures set out in FRC Ethical Standard and in statute.

As at the date of this report, there are no future services which have been contracted and no written proposal to provide non-audit services has been submitted.

Independence

Fee analysis

As part of our reporting on our independence, we set out below a summary of the fees paid for the year ended 31 March 2019. In our Outline Audit Plan we indicated a range for the additional audit work we were aware of at that time. We have indicated the final additional fee where that work is complete.

We confirm that we have not undertaken non-audit work outside the NAO Code requirements, though we are engaged to act as reporting accountant in respect of the Housing Benefit Subsidy claim, as set out below. We have adopted the necessary safeguards in completing this work and complied with Auditor Guidance Note 1 issued by the NAO.

	Final fee 2018/19	Planned fee 2018/19	Final Fee 2017/18
		£	£
Scale fee	31,955	31,955	41,500
Audit of group accounts	6,425	5,000 - 7,000	5,025
Working paper issues	-	-	6,125
Change to 50% materiality (Note 1)	6,665	5,000 - 7,000	-
Correspondence matter (Note 2)	2,005	-	-
Total audit	47,050	41,955 - 45,955	52,650
Other non-audit services not covered above Housing Benefits Subsidy Claim	TBC	14,960	12,004
Additional 40+ testing	TBC	-	2,034
Total other non-audit services	TBC	14,960	14,038
Total fees	TBC	56,915 - 60,915	66,688

All fees exclude VAT. We will agree the additional fees with the Finance Manager before seeking approval from PSAA.

Notes 1 & 2: Subject to providing a detailed breakdown of work by grade with the Finance Manager.



09

Appendices

Appendix A

Audit approach update

We summarise below our approach to the audit of the balance sheet and any changes to this approach from the prior year audit.

Our audit procedures are designed to be responsive to our assessed risk of material misstatement at the relevant assertion level. Assertions relevant to the balance sheet include:





- ▶ Existence: An asset, liability and equity interest exists at a given date
- ▶ Rights and Obligations: An asset, liability and equity interest pertains to the entity at a given date
- ▶ Completeness: There are no unrecorded assets, liabilities, and equity interests, transactions or events, or undisclosed items
- ▶ Valuation: An asset, liability and equity interest is recorded at an appropriate amount and any resulting valuation or allocation adjustments are appropriately recorded
- ▶ Presentation and Disclosure: Assets, liabilities and equity interests are appropriately aggregated or disaggregated, and classified, described and disclosed in accordance with the applicable financial reporting framework. Disclosures are relevant and understandable in the context of the applicable financial reporting framework

Balance sheet category	Audit Approach in current year	Audit Approach in prior year	Explanation for change
Property, plant and equipment	Substantively test all relevant assertions	Substantively tested all relevant assertions	No change
Investment properties			
Short term debtors			
Short & long term borrowing			
Short & long term creditors			
Provisions			
Other long term liabilities			
Capital grants received in advance			
Reserves			




Appendix B

Required communications with the Finance and Assets Committee




There are certain communications that we must provide to the audit committees of UK clients. We have detailed these here together with a reference of when and where they were covered:

 Our Reporting to you		
Required communications	 What is reported?	  When and where
Terms of engagement	Confirmation by the Performance, Audit and Governance Oversight Committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter.	Outline Audit Plan - Jan 2019
Planning and audit approach	Communication of the planned scope and timing of the audit, any limitations and the significant risks identified.	Outline Audit Plan - Jan 2019
Significant findings from the audit	<ul style="list-style-type: none"> ▶ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures ▶ Significant difficulties, if any, encountered during the audit ▶ Significant matters, if any, arising from the audit that were discussed with management ▶ Written representations that we are seeking ▶ Expected modifications to the audit report ▶ Other matters if any, significant to the oversight of the financial reporting process 	Audit Results Report - November 2019 Final Audit Results Report - Feb 2020




Appendix B

		 Our Reporting to you
Required communications	 What is reported?	 When and where
Going concern	<p>Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> ▶ Whether the events or conditions constitute a material uncertainty ▶ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements ▶ The adequacy of related disclosures in the financial statements 	No conditions or events were identified, either individually or together to raise any doubt about East Cambridgeshire District Council's ability to continue for the 12 months from the date of our report
Misstatements	<ul style="list-style-type: none"> ▶ Uncorrected misstatements and their effect on our audit opinion ▶ The effect of uncorrected misstatements related to prior periods ▶ A request that any uncorrected misstatement be corrected ▶ Material misstatements corrected by management 	Audit Results Report - November 2019 Final Audit Results Report - Feb 2020
Subsequent events	<ul style="list-style-type: none"> ▶ Enquiry of the Finance and Assets Committee where appropriate regarding whether any subsequent events have occurred that might affect the financial statements. 	Audit Results Report - November 2019 Final Audit Results Report - Feb 2020
Fraud	<ul style="list-style-type: none"> ▶ Enquiries of the Committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the Authority ▶ Any fraud that we have identified or information we have obtained that indicates that a fraud may exist ▶ Unless all of those charged with governance are involved in managing the Authority, any identified or suspected fraud involving: <ol style="list-style-type: none"> a. Management; b. Employees who have significant roles in internal control; or c. Others where the fraud results in a material misstatement in the financial statements. ▶ The nature, timing and extent of audit procedures necessary to complete the audit when fraud involving management is suspected ▶ Any other matters related to fraud, relevant to the Committee's responsibility. 	Audit Results Report - November 2019 Final Audit Results Report - Feb 2020

Appendix B

		Our Reporting to you
Required communications	 What is reported?	  When and where
Related parties	<p>Significant matters arising during the audit in connection with the Authority's related parties including, when applicable:</p> <ul style="list-style-type: none"> ▶ Non-disclosure by management ▶ Inappropriate authorisation and approval of transactions ▶ Disagreement over disclosures, Non-compliance with laws and regulations ▶ Difficulty in identifying the party that ultimately controls the Authority 	<p>Audit Results Report - November 2019 Final Audit Results Report - Feb 2020</p>
Independence	<p>Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, objectivity and independence.</p> <p>Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> ▶ The principal threats ▶ Safeguards adopted and their effectiveness ▶ An overall assessment of threats and safeguards ▶ Information about the general policies and process within the firm to maintain objectivity and independence <p>Communications whenever significant judgments are made about threats to objectivity and independence and the appropriateness of safeguards put in place.</p>	<p>Outline Audit Plan - Jan 2019 and Audit Results Report - November 2019 Final Audit Results Report - Feb 2020</p>
External confirmations	<ul style="list-style-type: none"> ▶ Management's refusal for us to request confirmations ▶ Inability to obtain relevant and reliable audit evidence from other procedures. 	<p>We have received all requested confirmations</p>
Significant deficiencies in internal controls identified during the audit	<ul style="list-style-type: none"> ▶ Significant deficiencies in internal controls identified during the audit. 	<p>Audit Results Report - November 2019 Final Audit Results Report - Feb 2020</p>

Appendix B

		Our Reporting to you
Required communications	 What is reported?	  When and where
Consideration of laws and regulations	<ul style="list-style-type: none"> ▶ Subject to compliance with applicable regulations, matters involving identified or suspected non-compliance with laws and regulations, other than those which are clearly inconsequential and the implications thereof. Instances of suspected non-compliance may also include those that are brought to our attention that are expected to occur imminently or for which there is reason to believe that they may occur ▶ Enquiry of the Performance, Audit and Governance Oversight Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Committee may be aware of 	We have asked management and those charged with governance. We have not identified any material instances or non-compliance with laws and regulations
Written representations	<ul style="list-style-type: none"> ▶ Written representations we are requesting from management and/or those charged with governance 	Audit Results Report - November 2019 Final Audit Results Report - Feb 2020
Material inconsistencies or misstatements	<ul style="list-style-type: none"> ▶ Material inconsistencies or misstatements of fact identified in other information which management has refused to revise 	Audit Results Report - November 2019 Final Audit Results Report - Feb 2020
Auditors report	<ul style="list-style-type: none"> ▶ Any circumstances identified that affect the form and content of our auditor's report 	Audit Results Report - November 2019 Final Audit Results Report - Feb 2020
Fee Reporting	<ul style="list-style-type: none"> ▶ Breakdown of fee information when the audit plan is agreed ▶ Breakdown of fee information at the completion of the audit ▶ Any non-audit work 	Outline Audit Plan - Jan 2019 and Audit Results Report - November 2019 Final Audit Results Report - Feb 2020

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ED None

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TITLE: 2018/19 ANNUAL FINANCIAL REPORT / STATEMENT OF ACCOUNTS

Committee: Finance and Assets Committee

Date: 6th February 2020

Author: Finance Manager

[U164]

1.0 ISSUE

1.1 To approve the 2018/19 Statement of Accounts.

2.0 RECOMMENDATION

2.1 That the 2018/19 Statement of Accounts as set out in Appendix 1 be approved subject to the Section 151 Officer, in conjunction with Ernst & Young (EY), being authorised to make any final changes, as required, prior to final sign-off by EY on or around the 10th February 2020.

3.0 BACKGROUND/OPTIONS

3.1 The Audit and Accounts Regulations 2015 which apply to the preparation, approval and audit of the Statement of Accounts for the year ending 31st March 2019 require the following process to be followed:

- The draft Accounts must be certified by the Council's Responsible Financial Officer (Section 151 Officer) by 31st May following the end of the financial year. It is confirmed that the accounts were signed off by this statutory deadline.
- The draft accounts and any associated financial documentation are made available for public inspection for a period of 30 working days. The accounts were available for public inspection from the 1st June to the 12th July 2019, but during this period neither the Council nor EY received any communications from the public.
- By the 31st July:
 - The Accounts must be re-certified by the Responsible Financial Officer before Member approval is given
 - The Accounts must be approved by Members
 - The Accounts must be published together with any certificate, opinion or report issued by the appointed auditor.

3.2 From the Council's side the requirements of the 31st July were achieved, but due to resourcing issues at EY it was not possible to receive the audit opinion by this date and so the accounts published remained draft subject to final audit sign-off.

3.3 Under the Council's Constitution, it is the Finance and Assets Committee's function to approve the Statement of Accounts 2018/19.

4.0 FORMAT OF THE ANNUAL FINANCIAL REPORT 2018/19

4.1 The format of the Statement of Accounts is prescribed by a range of regulations and reporting requirements together with a code of practice issued by the Chartered Institute of Public Finance and Accountancy (CIPFA).

4.2 Since 2010/11, as part of the wider public sector move towards international accounting standards, all local authorities in the UK are required to produce their annual financial statements using International Financial Reporting Standards (IFRS).

5.0 CHANGES SINCE THE DRAFT ACCOUNTS

5.1 Members will note that Ernst & Young, our appointed auditors, identified a number of issues during the course of their audit. These are detailed in the Audit Differences section of their Audit Results Report.

5.2 The version attached as appendix 1 to this report includes all the adjustments identified since the draft accounts were published on the Council's website on the 31st May, including all the issues detailed in the Audit Results Report (previously discussed on this agenda). This version does however remain subject to further Audit review and so there remains the possibility that further minor changes will be needed.

5.3 There was an adjustment required in relation to the valuation of Property, Plant and Equipment for the Paradise Pool and Hive Leisure Centre. There was also an adjustment for the reporting on the Group accounts for eliminations purposes. These adjustments do not impact the reported Outturn position and are purely for the Council's statutory accounts.

5.4 A further major adjustment that has been required related to the Pension Fund valuation, where due to a court ruling known as McCloud, we had to request a revised report from the actuary detailing the position as at the 31st March 2019. This impacted on all councils across the Country. This however is an entry solely for the Council's Statutory Accounts and again does not impact on the reported Outturn position.

6.0 FINANCIAL IMPLICATIONS / EQUALITY IMPACT ASSESSMENT

6.1 This report presents details of the Council's financial position for the year ended 31st March 2019 in the prescribed format.

6.2 Equality Impact Assessment (INRA) not required.

6.3 Carbon Impact Assessment (CIA) not required.

7.0 APPENDICES

7.1 Appendix 1 – Statement of Accounts 2018/19

<u>Background Documents</u>	<u>Location</u>	<u>Contact Officer</u>
The Code of Practice on Local Authority Accounting in the United Kingdom 2017/18 (The Code).	Room 104 The Grange Ely	Ian Smith Finance Manager and Section 151 Officer Telephone: (01353) 616470 E-mail: ian.smith@eastcambs.gov.uk
The Prudential Code for Capital Finance in Local Authorities published by CIPFA		
Final Accounts working papers.		

EAST CAMBRIDGESHIRE DISTRICT COUNCIL

DRAFT STATEMENT OF ACCOUNTS 2018/19

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Narrative Report

By the Finance Manager

As the Council's Responsible Financial Officer, I am pleased to present the Council's 2018/19 Annual Financial Report which outlines the Council's financial performance for the year ended 31 March 2019.

The purpose of this foreword is to provide a guide to the most significant matters reported in the Council's accounts and is in three sections.

- Commentary and review of 2018/19.
- The Financial Statements
- Technical information

Commentary and Review of 2018/19

Review of the Year

2018/19 has been another challenging year for the Council with the reduction of grant funding from Central Government as austerity measures continue. However, our strong Medium Term Financial Strategy (MTFS) etc., has enabled balanced budgets to be set for 2019/20 and 2020/21.

The Council set a net budget for 2018/19 of £8.215 million (2017/18; £8.659 million), a net decrease of £0.444 million (5.1%). After the application of the following government grants and collection fund funding:

- Revenue Support Grant of £0.354 million (2017/18; £0.660 million),
- Business Rates Retention scheme (NNDR) of £3.478 million (2017/18; £3.624 million),
- Collection Fund surpluses of £0.224 million (2017/18; £0.260 million)

this left the Council to raise £4.159 million (2017/18; £4.144 million) from Council Tax. This equated to a Council Tax of £142.14 (2017/18; £142.14) for a Band D equivalent property, freezing the Council Tax for the fifth year in a row.

Review and Commentary on the Council's services and performance during 2018/19

Within the Corporate Plan 2017-2019, there are 6 priority areas;

- (1) Delivering a financially sound and well managed Council**
- (2) A fantastic place to Live, Work and Visit**
- (3) Genuinely Affordable Housing**
- (4) New Jobs and funding**
- (5) Improving Infrastructure**
- (6) Improving Local Transport**

The following information details the outcomes against the outstanding performance measures over the past twelve months:

Delivering a financially sound and well managed Council**Performance Measure - Freeze the East Cambs element of Council Tax in 2017/18, 2018/19 and 2019/20 (six years in a row)**

The Council has frozen the East Cambs element of Council Tax for the past 6 years and continues to make a commitment to ensuring this continues.

Performance Measure-Develop and begin to deliver a programme of investment to generate income from the East Cambs Trading Company to protect, invest in and enhance 'front line' services and balance the budget

The East Cambs Trading Company's annual business plan is currently being refined and will be presented to Committee for agreement once completed.

Performance Measure - Ensure developer contributions are used effectively to maximise community benefit

ECDC continues to maximise support from developer contributions.

Performance Measure - Develop a plan to realise a capital receipt from The Grange and deliver a fit for purpose and efficient office in an accessible location

£50,000 remains in the Council's budget to explore options and potentially undertake an option appraisal if this is considered the preferred route.

Performance Measure - Continue business reviews to minimise bureaucracy, increase efficiency and provide excellent 'can do' and 'open for business' services

The Markets team has been reviewed over the past 12 months which has identified financial and administrative savings and offered recommendations on improvements moving forward.

A fantastic place to Live, Work and Visit**Performance Measure - "Work to live, not live to work" - focus efforts throughout the Council and partner agencies to improve opportunities across the District for people to work near to home**

The Council continues to play an active role in supporting local communities to develop Community Land Trusts across the district. This helps local residents to live where they work and achieve an improved work/life balance.

Performance Measure - Maximise the benefits of devolution for all our residents, businesses and visitors within East Cambridgeshire

East Cambs Trading Company has secured a loan of £24.4m from the Combined Authority for the redevelopment of the former MOD site in Ely to provide new housing opportunities including affordable housing.

Performance Measure - Adopt the East Cambridgeshire Local Plan in 2018/19

At full Council in February 2019 Members determined to withdraw the Local Plan from its examination (a full explanation of which can be found in the appropriate Committee minutes).

Performance Measure - Develop and begin to deliver a District wide tourism strategy to maximise the benefits of tourism to the local economy-

A district wide tourism strategy and action plan has been approved by Committee. The action plan is now being implemented.

Performance Measure - We aim to have fly-tipping on public land removed within two full working days of it being reported

The average removal time for non-hazardous waste fly-tips is 53.74% and hazardous is 36.36%

Performance Measure - Work with local partners and the Combined Authority towards improved quality sixth form provision and skills support

ECDC has continued to support the East Cambs Skills Forum and work with partners on the Skills Fair which supports young people to identify routes to employment.

Performance Measure - Work with the existing Community Leisure Trusts throughout the District to develop performance improvement plans

The Council continues to work with community leisure trusts to offer support and guidance. Ross Peers is currently working with the Council on the development of a new business plan and Littleport and Ellesmere Leisure Centres have been utilising the Let's Get Moving campaign to help broaden their community programmes offer.

Performance Measure - Prevent homelessness across the District

The Council prevented 286 people from becoming homeless, with an additional 116 homeless people have been supported into accommodation.

Genuinely affordable housing**Performance Measure - Continue to support and encourage development of new CLTs throughout the District**

The Council has continued to support local communities to develop new CLTs and offer guidance in areas such as project planning, fundraising and housing management.

Performance Measure - Continue to work towards a community led housing scheme supported by appropriate infrastructure in Kennett

Planning Committee has approved the new Kennett development.

Performance Measure - Investigate 'modular' housing near key transport hubs

The Council continues to explore opportunities to develop modular housing around transport hubs and in larger developments within East Cambs.

Performance Measure - Build CLT homes at The Shade, Soham and Haddenham by 2019

CLT developments at the Shade, Soham have been completed. Plans have been submitted for Haddenham CLT with building work expected to commence in the autumn.

Performance Measure - Submit a planning application for Kennett by 2018/19

Completed. Planning Committee has approved the planning application.

Performance Measure - Continue to work with communities across East Cambs and establish two new CLTs in 2018/19

Whilst there haven't been any new CLTs developed over the previous financial year, 3 CLTs have started to look at land options to help deliver additional CLT sites.

New jobs and funding**Performance Measure - Increase jobs and inward investment to the Enterprise Zone at Lancaster Way in Ely and other identified sites in the Local Plan across the District**

There has been one new business who has committed to the Enterprise Zone in Lancaster Way during 2018/19.

Performance Measure - Consider the case for investment in commercial property

The Council has agreed has continued to consider cases for investment in commercial property over the past 12 months.

Performance Measure - Promote apprenticeships with local businesses

The Council has supported eight new apprenticeships over the past 12 months.

Improving local infrastructure**Performance Measure - Work with local partners and the Combined Authority to develop an integrated, improved and sustainable road transport, including work on A142, A14, A10**

The Council is in the process of developing a brief to enlist consultants to develop an integrated and sustainable road transport system.

Performance Measure - Champion the provision of GP, health, social care and school places to support growth

The Council has been working with Sutton GP practice on their expansion plans and continues to work in partnership with NHS England.

Performance Measure - Seek to deliver a crematorium within the District and investigate the options for a woodland burial area

The project is currently being scoped with consultant and possible sites are being investigated.

Performance Measure - Continue to work with Network Rail and Cambridgeshire County Council to secure a new railway station for Soham

GRIP 3 is nearing completion and the Council continues to work with partners including Network Rail.

Performance Measure - Deliver a Southern bypass for Ely by 2019 - *Cambridgeshire County Council Led*

Completed. Bypass delivered.

Improving Local Transport**Performance Measure - Work with local partners and the Combined Authority to develop an integrated, improved and sustainable public transport service**

ECDC has been continuing to work with the Combined Authority and partner agencies to help to improve public transport for local residents.

Performance Measure - Keep free parking in our city and town centre car parks

The Council is committed to keeping free parking in our city and town centre car parks. This is an ongoing commitment which has been enshrined in the constitution.

Performance Measure - Work with local partners towards reducing and slowing traffic on the A1123

Initiatives include; reduction of speed limits through villages on the A1123, installation of a pedestrian crossing in Haddenham and improved signage.

Performance Measure - Deliver an additional 80 commuter car spaces in Littleport and 128 in Ely

Completed - Additional car spaces have been delivered.

Revenue Spending and Sources of Income

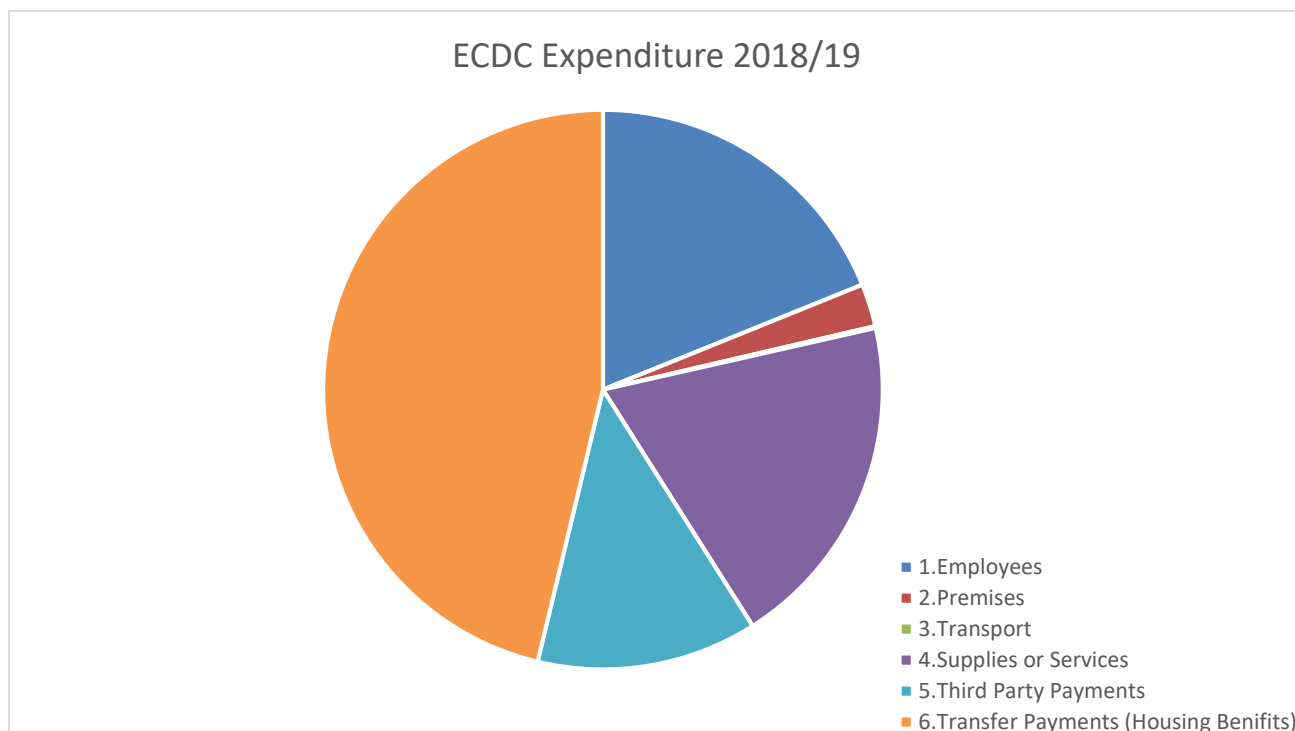
The Table below sets out the Council's budget for 2018/19 and how it performed against this and details out the main sources of income the Council receives to pay for its services.

	2018/19		
	Budget	Outturn	Variance
	£000	£000	£000
Service			
Resources & Finance	5,334	4,661	(673)
Regulatory Services	3,547	3,076	(471)
Community Services	1,623	1,623	(0)
Service Net Revenue Expenditure	10,504	9,360	(1,144)
Land Drainage	482	480	(2)
Parish Precepts	2,113	2,113	(0)
Total Net Revenue Expenditure	13,100	11,953	(1,147)
Financing			
Council Tax	(6,365)	(6,365)	(0)
Non Domestic Rates	(3,610)	(3,347)	263
Revenue Support Grant	(354)	(354)	0
Other Government Grants	(878)	(982)	(104)
Budget - draw from Surplus Savings Reserve	(1,893)	(1,893)	0
Total Financing	(13,100)	(12,941)	159
Transfer to Surplus Savings Reserve			(988)
Net (Increase)/Decrease in Earmarked Reserves			234
Total Reported General Fund Movements			(755)
Adjustment between funding & accounting basis			284
Reported (Surplus) upon Services in Income & Expenditure Account			(1039)

The net cost of individual committees in the above table are different to those in the formal Statement of Accounts due to the statutory charges that are applied to the formal Accounts and the treatment of movements to and from reserves. The above table however reflects the structure of the accounts as presented to Council throughout the year and in the Outturn report reported to Finance and Assets Committee on 20th June 2019. Reasons for yearend variances can be found in this report, for both revenue and capital.

Analysis of Revenue Expenditure

The Council spent £75.433 million in 2018/19 and the chart below shows the type of expenditure this was spent on.



Balance Sheet Summary and Capital Outturn

Reserves

The table below shows the movement in the useable reserves during the year.

Usable Reserves 2018/19	Brought Forward £'000	Contributions		Carried Forward £'000
		To £'000	From £'000	
General Fund	1,000	11	0	1,011
Surplus Savings & Earmarked	10,803	2,832	(3,598)	10,037
TOTAL GENERAL FUND	11,803	2,843	(3,598)	11,048
Capital Receipts Reserve	769	706	(113)	1,362
Capital Grants Unapplied	0	940	(940)	0
Total Usable Reserves	12,572	4,489	(4,651)	12,410

Capital Spending

The final capital budget for 2018/19 was £11.431 million and the table below shows the movement from the original capital programme approved in February 2018.

Capital Programme	£'000	£'000
Original Approved Capital Programme 2018/19	9,672	
Approved slippage from 2017/18	1,691	
Approved Additions	68	
Updated Capital Programme for 2018/19		11,431
Capital outturn		3,479
Underspend against revised budget		7,952

Spend in 2018/19 was as shown below:

2017/18 £'000	Capital Spending	2018/19 £'000
952.0	Refuse vehicles	438.4
1,000.0	Housing Grants	698.9
60.2	Vehicle Replacement Programme	0.0
11,011.2	Leisure Centre	851.6
2,090.0	Loan to subsidiary company	1,485.0
992.4	Additional Car Parking	23.2
87.1	IT Projects	(17.8)
0.0	Other	
16,192.9	Gross Expenditure	3,479.3
	Funded From	
1,484.9	Capital Receipts Reserve Applied	113.9
1,741.0	Grants	939.7
1,676.0	CIL Earmarked Reserve Contribution	1,318.6
11,075.9	Internal Borrowing Contributions	1,062.2
215.1	Other Revenue Contributions	9.2
0.0	Section 106	35.7
16,192.9		3,479.3

Treasury Management

East Cambridgeshire District Council was in cash surplus during the whole of the 2018-19 financial year. The Council invested this "surplus" cash in both fixed term and short term investments during the year, this to maximise interest receipts, but while ensuring, as its main focus, the security of the funds invested.

Looking to the Future

The Council's Medium Term Financial Strategy (MTFS) sets a robust financial framework for the Council's plans over the next four years which support the delivery of the Council's priorities within a context of an annual balanced budget. Specifically, the MTFS:

- Looks to the longer term to help plan sustainable services within an increasingly uncertain external economic and funding environment;
- Maximises the Council's financial resilience and manage risk and volatility, including managing adequate reserves;
- Helps ensure that the Council's financial resources are directed to support delivery of the Council's priorities over the medium term.

The current MTFS covers the period 2019/20 to 2022/23. The 2019/20 financial year is the final year of the current Government core grant scheme, therefore the MTFS plans beyond this time frame should be treated with great caution until greater clarity is known about the Governments Spending Review, the Fair Funding Review for local government; the new 75% Business Rate Retention Scheme and the new burdens which are expected to accompany this. The current MTFS shows the budgets for 2019/20 and 2020/21 are fully funded based on the assumptions detailed below. However, there are significant budget shortfalls projected in the subsequent years (£3,181,842 in 2021/22, rising to £4,044,479 in 2022/23). Clearly many things will change between now and then, not least the funding we receive from Central Government as detailed above, but it will be necessary to continue to identify and implement strategies around commercialisation and transformation to meet these shortfalls. While the Council does have time to put plans in place, the need for these are becoming increasingly important and urgent.

The Council also has access to a good level of reserves, although these are expected to reduce over the MTFS period as money is withdrawn from in particular the Surplus Savings Reserve. The assumptions in the current MTFS include:

- Government funding through Revenue Support Grant continues to fall and ends in 2019/20, as per the Settlement;
- New Homes Bonus reduces to levels projected in the Settlement, but remains part of the overall funding package from Government (this is not certain, but there is nothing in any of consultations to suggest that we differ from this view);
- The Council's Business Rate growth continues;
- Savings held in the "Surplus Savings Reserve" as a consequence of savings being made in advance of need, will be used as one off funding to balance the budget until such time as this reserve is exhausted;
- 2% inflation is added to the Waste contract on an annual basis, however additional budget is provided from 2021/22 when new recycling vehicles will be purchased. The vehicles purchased by the Council using the weekly collection grant from Government will reach the end of their useable life in 2020/21 so will need to be replaced, adding this additional cost. (This cost increase would have occurred regardless of whom is undertaking the contract at this point);
- The loan to ECTC is planned to be repaid in March 2021, the interest received by the Council on this loan will therefore stop at this point. The loan repayment will be used to reduce Council external borrowing, therefore reducing costs, albeit not to the magnitude that income will be lost;
- The Council has a track record of delivering cost reductions; it is anticipated therefore that a contribution to the budget deficit forecast in future years will be achieved during the term through general efficiencies and income generating opportunities; however, to be prudent, no account of these are shown within the forecasts within the MTFS at this time;
- Further, ECTC is anticipated to start making profits in the period of the MTFS, it remain unclear how much of this will need to be retained by the business as working capital, so at this point, no account of this being paid to the Council as a potential dividend is assumed at this stage.

The Financial Statements

The Council's financial statements for 2018/19 have been prepared in accordance with the:

- Standard format for local authority accounts recommended by the Chartered Institute of Public Finance and Accountancy (CIPFA) for the Statement of Accounts in 2018/19 as prescribed by the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 based on International Financial Reporting Standards.
- Accounts and Audit Regulations 2015.

The primary financial statements are supported by explanatory notes, including details of the accounting policies adopted by the Council.

The Comprehensive Income and Expenditure Statement (CIES)

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the movement in reserves statement.

Movement in Reserves Statement

The CIES differs from the Council's management accounts, as it contains a number of transactions that are required for accounting purposes but disregarded for management reporting purposes as they are deemed not to be covered by Council Tax. A reconciliation is presented at Notes 1 & Note 8 to the accounts.

This statement also shows the movement in the year on the different reserves held by the Council, analysed into 'useable reserves', (i.e. those that can be applied to fund expenditure or reduce local taxation) and 'unusable' reserves.

Balance Sheet

The Balance Sheet shows the value at the 31 March 2019 of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves are useable reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts reserve may only be used to fund capital expenditure or repay debt). The second category of reserves are unusable reserves and include unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the asset to which they relate was sold; and reserves that hold timing differences shown in the Movement in Reserves Statement at the line entitled 'Adjustments between accounting basis and funding basis under regulations'.

31 Mar 18 £'000		31 Mar 19 £'000
39,165	Long Term Assets	41,435
9,429	Current Assets	7,634
(7,134)	Current Liabilities	(6,150)
(24,931)	Long Term Liabilities	(29,481)
<u>16,529</u>	Net Assets	<u>13,438</u>
12,572	Useable Reserves	12,410
3,957	Unusable Reserves	1,028
<u>16,529</u>	Total Reserves	<u>13,438</u>

The Council's Balance Sheet has moved from a position at 31st March 2018 of £16.529 million to £13.438 million at 31 March 2019. The principle reasons for this movement of £3.584 million is largely attributable to the actuarial loss on Pension Reserves. The full Balance Sheet is on page 24 of the Accounts.

At this time, the statutory arrangements for funding the Pension deficit mean that the financial position of the Council continues to remain healthy.

- The deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees (i.e. before payments fall due), as assessed by the scheme and actuary.
- Finance is only required to be raised to cover discretionary benefits when the pensions are actually paid.

The Cash Flow Statement

The Cash Flow Statement shows the changes in "cash" (cash and cash equivalents) of the Council during the reporting period. The statement shows how the Council generates and uses "cash" by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Council.

Net Cash Flows from:	31 March 2019 £'000
Operating activities	2,595
Investing activities	(1,715)
Financing activities	442
Net Increase or Decrease in cash and cash equivalents	<u>1,322</u>
Cash and cash equivalents	
At the beginning of the reporting period	4,530
At the end of the reporting period	5,852

The Collection Fund Revenue Accounts

The Collection Fund Accounts are separate accounts into which are paid amounts raised from local taxation. There are two accounts detailing the amounts collected in respect of Council Tax and National Non-Domestic Rates (NNDR).

The NNDR amount collected is then distributed subject to a predetermined Government set formulae.

The Council Tax Account is distributed based on the requested value of the preceptors across the District, these preceptors are:

- Cambridgeshire County Council
- Cambridgeshire Fire Authority
- Cambridgeshire Police and Crime Commissioner
- East Cambridgeshire District Council
- Parish Councils

Technical Information

East Cambridgeshire's financial statements for 2018/19 have been prepared in accordance with the:

- Standard format for local authority accounts recommended by the Chartered Institute of Public Finance and Accountancy (CIPFA) for the Statement of Accounts in 2018/19 as prescribed by the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 based on International Financial Reporting Standards.
- Accounts and Audit Regulations 2015.

International Financial Reporting Standards

The Council has reported its financial position based on the requirements of International Financial Reporting Standards (IFRS) and this is encapsulated within the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.

Statement of Accounting Policies

The accounting policies applicable to the 2018/19 Statement of Accounts are, in the main, the same as those that were applied to the 2017/18.

True and Fair View Override

As required by the Accounts and Audit Regulations 2015, paragraph 8.2, it is noted that the Responsible Financial Officer has not had to use the "true and fair view override".

Changes to the Statement of Accounts

There are no material changes to the Statement of Accounts.

Material and Unusual Charges or Credits in the Accounts

There are no material and unusual charges or credits in the accounts.

Material Events after the Reporting Date

There have not been any material events after the reporting date.

Material Assets Acquired or Liabilities Incurred

There have not been any material assets acquired or liabilities incurred during the year.

Changes in Statutory Functions

There were no changes in statutory functions in 2018/19.

Ian Smith - CPFA

Finance Manager & Section 151 Officer

10th February 2020

Independent auditor's report to the members of East Cambridgeshire District Council

Opinion on the Authority's financial statements

Statement of Responsibilities

The Authority's Responsibilities

The Authority is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Authority, that officer is the Finance Manager & Section 151 Officer;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- approve the Statement of Accounts.

The Section 151 Officer's Responsibilities

The Section 151 Officer is responsible for the preparation of the authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC *Code of Practice on Local Authority Accounting in the United Kingdom* (the Code).

In preparing this Statement of Accounts the Section 151 Officer has:

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the local authority Code.

The Section 151 Officer has also:

- kept proper accounting records which were up-to-date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

I certify that the Statement of Accounts presents a true and fair view of the financial position of the Authority at 31 March 2019 and its income and expenditure for the year ended 31 March 2019

Ian Smith - CPFA

Finance Manager & Section 151 Officer

10th February 2020

COUNCIL Comprehensive Income and Expenditure Statement

2017/18			2018/19			
GROSS EXPENDITURE £000	GROSS INCOME £000	NET EXPENDITURE £000		GROSS EXPENDITURE £000	GROSS INCOME £000	NET EXPENDITURE £000
4,973	(1,977)	2,996	Community Services	4,127	(2,044)	2,083
27,914	(25,029)	2,885	Resources & Finance	26,212	(22,536)	3,676
6,910	(3,043)	3,867	Regulatory Services	7,831	(3,936)	3,895
39,797	(30,049)	9,748	Cost of Services	38,170	(28,516)	9,654
1,938	0	1,938	Parish Council Precepts	2,113	0	2,113
470	0	470	Internal Drainage Board	480	0	480
0	0	0	Interest on soft Loans	(26)	0	(26)
0	0	0	Loss/(Gain) on disposal of non current assets	0	0	0
2,408	0	2,408	Other Operating Expenditure	2,567	0	2,567
0	(208)	(208)	Interest Receivable & Investment Income	0	(364)	(364)
584	0	584	Net Interest on the net Pension Liability	612	0	612
584	(208)	376	Financing & Investment Income & Expenditure	612	(364)	248
0	(6,106)	(6,106)	Council Tax Income	0	(6,348)	(6,348)
0	(5,120)	(5,120)	Non Domestic Rates income & Expenditure	0	(3,853)	(3,853)
0	(2,126)	(2,126)	Non Ring Fenced Government Grants	0	(1,229)	(1,229)
	(13,352)	(13,352)	TAXATION & NON SPECIFIC GRANT INCOME	0	(11,430)	(11,430)
42,789	(43,609)	(820)	(Surplus)/Deficit on Provision of services	41,349	(40,310)	1,039
0	(561)	(561)	(Surplus) or deficit in the revaluation of non-current assets	(1,441)	0	(1,441)
0	(965)	(965)	Actuarial losses (Gains) on pension assets & liabilities	3,494	0	3,494
0	(1,526)	(1,526)	Other comprehensive income & expenditure	2,053	0	2,053
42,789	(45,135)	(2,346)	TOTAL COMPREHENSIVE INCOME & EXPENDITURE	43,402	(40,310)	3,092

COUNCIL Movement in Reserves Statement**MOVEMENT WITHIN THE YEAR**

2017/18	Opening Balance	General Fund and Earmarked	Adjustments between Accounting Basis and funding basis - Capital	Adjustments between Accounting Basis and funding basis - Pension and other purposes	Other comprehensive Income and Expenditure - Capital	Other comprehensive Income and Expenditure - Pension	Closing Balance	Note Ref
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Surplus/(Deficit) on provision of services		820						CI&E
Adjustments between Accounting Basis and funding basis		230	759	(989)			0	11
General Fund	10,754	1,050					11,804	9
Capital Receipts Reserve	2,211		(1,443)				768	10 & 11
Capital Grants Unapplied	51		(51)				(0)	10 & 11
TOTAL USEABLE RESERVES	13,016	1,050	(1,494)				12,572	
Capital Adjustment Account	15,089		2,393				17,482	11
Revaluation Reserve	7,033		(111)		561		7,483	12
Deferred Capital Receipts Reserve	1,144		(29)				1,115	11
Financial Instrument Adjustment Reserve	(130)						(130)	
Pensions Reserve	(22,230)			(1,101)		965	(22,366)	21
Collection Fund Adjustment Reserve	358			97			455	
Accumulated Absences Reserve	(97)			15			(82)	
TOTAL UNUSEABLE RESERVES	1,167		2,253	(989)	561	965	3,957	
TOTAL RESERVES	14,183	1,050	759	(989)	561	965	16,529	Bal Sheet

Adjustments between Accounting Base and Funding Base			759	(989)			(230)	11
Total Movement in Reserves		1,050	759	(989)	561	965	2,346	CI&E

COUNCIL Movement in Reserves Statement**MOVEMENT WITHIN THE YEAR**

2018/19	Opening Balance	General Fund and Earmarked	Adjustments between Accounting Basis and funding basis - Capital	Adjustments between Accounting Basis and funding basis - Pension and other purposes	Other comprehensive Income and Expenditure - Capital	Other comprehensive Income and Expenditure - Pension	Closing Balance	Note Ref
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Surplus/(Deficit) on provision of services		(1,039)					(1,039)	CI&E
Adjustments between Accounting Basis and funding basis		284	427	(711)			0	11
General Fund	11,803	(755)					11,048	9
Capital Receipts Reserve	769		593				1,362	10 & 11
Capital Grants Unapplied	0						0	10 & 11
TOTAL USEABLE RESERVES	12,572	(755)	593	0	0	0	12,410	
Capital Adjustment Account	17,482		647				18,129	11
Revaluation Reserve	7,483		(79)		1,441		8,845	12
Deferred Capital Receipts Reserve	1,115		(733)				382	11
Financial Instrument Adjustment Reserve	(130)			26			(104)	
Pensions Reserve	(22,366)			(1,228)		(3,494)	(27,088)	21
Collection Fund Adjustment Reserve	455			490			945	
Accumulated Absences Reserve	(82)			1			(81)	
TOTAL UNUSEABLE RESERVES	3,957	0	(165)	(711)	1,441	(3,494)	1,028	
TOTAL RESERVES	16,529	(755)	428	(711)	1,441	(3,494)	13,438	Bal Sheet

Adjustments between Accounting Base and Funding Base			428	(711)			(283)	11
Total Movement in Reserves		(755)	428	(711)	1,441	(3,494)	(3,092)	CI&E

Balance Sheet

31 Mar 18 £'000		Note	31 Mar 19 £'000
	LONG TERM ASSETS		
34,285	Property, Plant and Equipment	12	35,806
105	Heritage Assets		105
93	Intangible Assets	14	59
496	Investments in Subsidiaries		496
4,186	Long Term Debtors	16	4,969
39,165	TOTAL LONG TERM ASSETS		41,435
	CURRENT ASSETS		
	Investments (Short Term)		
4,848	Short Term Debtors	17	1,748
51	Inventories		34
4,530	Cash and Cash Equivalents	18	5,852
9,429	TOTAL CURRENT ASSETS		7,634
48,594	TOTAL ASSETS		49,069
	CURRENT LIABILITIES		
(6,465)	Short Term Creditors & Receipts in Advance	19	(5,048)
(669)	Provisions	20	(1,102)
(7,134)	TOTAL CURRENT LIABILITIES		(6,150)
2,295	TOTAL CURRENT ASSETS/LIABILITIES		1,484
41,460	TOTAL ASSETS LESS CURRENT LIABILITIES		42,919
(2,565)	Capital Grants Received in Advance		(2,393)
(22,366)	Net Pensions Liability	21	(27,088)
(24,931)			(29,481)
16,529	NET ASSETS		13,438
	FINANCED BY:		
12,572	USABLE RESERVES		12,410
3,957	UNUSABLE RESERVES		1,028
16,529	TOTAL RESERVES		13,438

Ian Smith - CPFA
Section 151 Officer

10th February 2020**Cash Flow Statement**

Council 31 March 2018 £'000		Council 31 March 2019 £'000
820	Net Surplus/(Deficit) on the Provision of Services	(1,039)
	Adjustments for Non cash items:	
(208)	Interest Receivable	(364)
1,836	Depreciation & Amortisation, Impairment	1,249
1,101	Pension Liability	1,228
215	Change in Debtors, Creditors and provisions and inventories (excluding collection Fund)	1,521
2,944	Total Adjustments	3,634
3,764	Net Cash Flows from Operating Activities	2,595
(13,102)	Purchase of PPE & Intangibles	(1,295)
(2,836)	Change in Long Term Debtors	(784)
11,960	Net (purchase) of Investments	0
208	Interest Received	364
(3,770)	Investing Activities	(1,715)
(655)	Net Receipt/(application) of Capital Grants	(172)
682	Change in Collection Fund agencies, Debtors & Creditors	614
27	Financing Activities	442
21	Net increase (decrease) in cash and cash equivalents	1,322
4,509	Cash and cash equivalents at the beginning of the reporting period	4,530
4,530	Cash and cash equivalents at the end of the reporting period	5,852

Note 1 Expenditure & Funding Analysis

The Expenditure and Funding Analysis is complementary to the Movement in Reserves Statement. The latter defines which of the Authorities Reserves align to the categories of 'General Fund and Earmarked', 'Capital Purposes' and 'Pension and Other Purposes'. The 'General Fund and Earmarked' category reflects the financial outturn of the Council in accordance with statutory reporting requirements. The 'Capital Purposes' and 'Pension and Other Purposes' categories reflect the Movements from the Statutory base of accounting to the Full Accounting base required under IFRS. The 'Total Movement in Year' reflects the latter and equates to the Total Income and Expenditure for the year as reported in the Comprehensive Income & Expenditure Account. The overall purpose of the Expenditure and Funding Analysis is to analyse the amounts reported in the Comprehensive Income and Expenditure Account as operating reporting segments across specific purpose headings. * items represent 'Adjustments between Accounting basis and Funding Basis under regulation.'

2017/18	General Fund Core £'000	Earmarked £'000	General Fund and Earmarked £'000	Charges to Capital Reserves £'000	Charges to other non-General Fund £'000	Total Movement in year £'000
Community	1,332	334	1,666	1,329		2,996
Resource & Finance	6,080	(1,181)	4,899	(2,465)	451	2,884
Regulatory	3,111	381	3,492	376		3,868
NET COST OF SERVICES	10,523	(466)	10,057	(760)	451	9,748
Other Operating Expenditure plus Taxation & Grant Income	(11,717)	610	(11,107)		539	(10,568)
TOTAL SURPLUS(DEFICIT) upon PROVISION OF SERVICES	(1,194)	144	(1,050)	(760)	990	(820)
Other Comprehensive I&E				(561)	(965)	(1,526)
TOTAL	(1,194)	144	(1,050)	(1,321)	25	(2,346)

2018/19	General Fund Core £'000	Earmarked £'000	General Fund and Earmarked £'000	Charges to Capital Reserves £'000	Charges to other non-General Fund £'000	Total Movement in year £'000
Community	1,413	41	1,454	629		2,083
Resource & Finance	4,976	(466)	4,510	(1,446)	612	3,676
Regulatory	3,654	(246)	3,408	487		3,895
NET COST OF SERVICES	10,043	(671)	9,372	(330)	612	9,654
Other Operating Expenditure plus Taxation & Grant Income	(10,045)	1,437	(8,608)	(99)	92	(8,615)
TOTAL SURPLUS(DEFICIT) upon PROVISION OF SERVICES	(2)	766	764	(429)	704	1,039
Other Comprehensive I&E				(1,441)	3,494	2,053
TOTAL	(2)	766	764	(1,870)	4,198	3,092

Note 2. Explanation of order of Notes to the Financial Statements

Following on from the Expenditure & Funding Analysis, the Notes to the main Financial Statements are organised in 4 distinct groups:

- (i) Introductory Notes explaining current context issues (Notes 2 to 7, Pages 27 to 30).
- (ii) Notes directly supporting the prime Financial Statements (Notes 8 to 21, Pages 31 to 47).
- (iii) Notes containing memorandum notes in support of the Accounts (Notes 22 to 30, Pages 48 to 59).
- (iv) Accounting Policies (Note 31, Pages 60 to 70).

In relation to section (ii) above, the Notes are organised as follows:

- (a) Note 8 in support of the Comprehensive Income and Expenditure Account.
- (b) Note 9 supplementary information in support of the General Fund Statutory Outturn.
- (c) Notes 10 & 11 in support of the Movement in Reserves Statement and the Reserves section of the Balance Sheet.
- (d) Notes 12 to 21, Pages 39 to 47 in support of the Assets and Liabilities sections of the Balance Sheet.

Note 3. Accounting Standards that have been issued but have not yet been adopted

It is not anticipated that the above amendments will have a material impact on the information provided in the financial statements, i.e. there is unlikely to be a change to the reported information in the reported net cost of services or the Surplus or Deficit on the Provision of Services or in upon the Council's retained Reserves.

The standards that may be relevant for additional disclosures that will be required in the 2018/19 financial statements in respect of accounting changes that are introduced in the 2019/20 Code are:

- IFRS 16 Leases
- Amendments to IAS 40 Investment Property: Transfers of Investment Property
- Annual improvements to IFRS Standards 2014-16 Cycle
- IFRIC 22 Foreign Currency Transactions and Advance Consideration
- IFRIC 23 Uncertainty over Income Tax Treatments
- Amendments to IFRS 9 Financial Instruments: Prepayment Features with Negative Compensation.

Note 4. Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 31, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

- In line with the Code of Practice on local authority accounting in the United Kingdom 2018/19, based on International Financial Reporting Standards, the Council has not charged depreciation on land, investment properties, community assets, assets held for sale and assets under construction. For all assets subject to valuation, the total value for 2018/19 for Land and Buildings (NBV) is £31.075 million (2017/18; Land and Buildings (NBV) is £14.607 million).
- The Council has taken professional advice from the Pension Fund's actuary, Hymans Robertson LLP, to determine the overall net liability of the fund which is £27.088 million for 2018/19; this has increased by £0.380 million since 2017/18. However:
 - This does not adversely affect the financial position of the Council as the actuarial valuation is based on a number of assumptions about the future, as shown in Note 4.
 - The revenue impact of the deficit is formally reviewed by the actuary on a triennial basis who determines revised employer contributions for the forthcoming 3-year period. Further, fluctuations in pension assets and liabilities occur due to movements in market investments.
- The participants in the Council's Non-Domestic Rates Collection Fund share the costs of any successful appeals to reduce the rateable value of a property. This includes the cost of any outstanding appeals which may be backdated prior to 1 April 2014.

To estimate the provision for outstanding appeals, the Council has reviewed the outstanding appeals as at 31 March 2019. An estimated provision of £2.302 million has been included in the Collection Fund in respect of successful appeals costs. The Council's share of any such Collection Fund costs is 40% or £0.921 million of the total provision and this is included in the General Fund balance.

Note 5. Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Council's Balance Sheet at 31 March 2019 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property	<p>All Property is reviewed on a 4 year rolling basis. Where an asset has not been specifically reviewed a “table-top” analytical review is undertaken to determine if the principle valuation indexes show a material change in the current assets valuation.</p> <p>In addition, an annual impairment review is undertaken to determine if any of the Council’s assets have been impaired.</p>	<p>86% of the Council’s assets are valued at fair value, so the impact of changes in market is significant. If there was a 1% fall in market value, it is estimated that the value of the Council’s property assets would reduce by £0.306 million.</p>
Plant and Equipment	<p>Plant and Equipment are valued on an historic cost basis.</p>	<p>There will not be any changes to this valuation due to market conditions because the valuation approach reflects costs at acquisition or similar situations.</p>
Pensions Liability	<p>Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.</p>	<p>The effects on the net pension’s liability of changes in individual assumptions, as provided by the actuary, can be measured. For instance a:</p> <ul style="list-style-type: none"> • 0.5% decrease in the discount rate assumption would result in an increase in the pension liability of £6.881 million. • 0.5% increase in the salary increase rate would result in an increase in pension liability of £0.755 million. • 0.5% increase in the pension increase rate would result in an increase in pension liability of £6.028 million.

Provision – Rateable Value Appeals	Appeals by non-domestic ratepayers for a reduction in the rateable value of their premises are outstanding. Appeals are determined by the Valuation Office and are not within the Council's control. However, expert independent advice has been sought in arriving at an estimated provision.	<p>The provision is based upon the latest list of outstanding rating list proposals provided by the Valuation Office Agency. It is an estimate based on changes in comparable hereditaments, market trends and other valuation issues, including the potential for certain proposals to be withdrawn. The estimate includes appeals and proposals in respect of live and historic Rating List entries. It does not include any allowance or adjustment for the effects of transition or for changes in liability. The estimated provision is made up of the estimated outcome of appeals calculated by a weighted average of the historic outcomes. It should be noted that the impact on the Council of appeals, as well as other NNDR, is limited by Safety Net calculation (the calculation of which is limited by regulation).</p> <p>A 10% variation in the estimated provision would be £0.230 million for the Collection Fund of which £0.092 million would be attributable to the General Fund.</p>
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Note 6. Material Items of Income and Expenditure

The primary purpose of this note is to disclose those material items of income and expenditure that are not part of the ordinary course of business or events of the Council (i.e. extraordinary). During 2018/19 no such items of income or expenditure were incurred (2017/18 was also nil.)

Note 7. Events after the Balance Sheet Date

The Annual Financial Report, incorporating the Statement of Accounts, was authorised for issue by the Section 151 Officer on 31st May 2019.

With regard to 2018/19:

- **Adjusting Events**
The financial statements and notes have been adjusted to take into account the Pensions revisions due to the McCloud and GMP rulings.
- **Non-Adjusting Events**
The financial statements and notes have not been adjusted for any such material events which took place after the 31 March 2019.

Note 8 Expenditure & Income by Nature

2017/18	2017/18	2017/18		2018/19	2018/19	2018/19
General Fund	Other Reserves	Total		General Fund	Other Reserves	Total
7,023	502	7,525	Employees *	7,125	612	7,737
32,337	(1,906)	30,431	Other Service Expenses *	30,521	(1,333)	29,188
0	1,835	1,836	Depreciation, Amortisation & Impairment *	0	1,244	1,244
(1,000)	1,000	0	REFCUS*	(699)	699	0
0	584	584	Interest payable		612	612
			Statutory Minimum Provision	99	(99)	0
2,408	0	2,408	Precept Payments	2,594	0	2,594
40,768	2,015	42,784	TOTAL EXPENDITURE	39,640	1,735	41,375
(23,328)	(1,741)	(25,069)	Government Grants (Services)*	(22,140)	(940)	(23,080)
(2,178)	52	(2,126)	Government Grants (Central)	(1,229)	0	(1,229)
(4,975)	0	(4,975)	Sales Fees & Charges *	(5,436)	0	(5,436)
(208)	0	(208)	Interest Receivable	(365)	(25)	(390)
(6,061)	(45)	(6,106)	Council Tax	(6,364)	16	(6,348)
(5,068)	(52)	(5,120)	Business Rates	(3,348)	(505)	(3,853)
(41,818)	(1,786)	(43,604)	TOTAL INCOME	(38,882)	(1,454)	(40,336)
(1,050)	229	(820)	NET EXPENDITURE	758	281	1,039
10,057	(310)	9,747	COST OF SERVICES *	9,371	282	9,653

Note 8a. Grant Income

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement:

2017/18		2018/19
£000		£000
Credited to non-specific income		
(660)	Revenue Support Grant	(354)
(1,336)	New Homes Bonus	(713)
(130)	Rural Services Grant	(162)
(2,126)	TOTAL	(1,229)
Credited to services		
(18,370)	Benefits	(17,498)
(1,009)	Section 106	(308)
(1,000)	Disabled Facilities	(578)
(4,419)	Community Infrastructure Levy	(3,223)
(286)	Waste Recycling Credits	(76)
	Sport England Grant	(361)
	Homelessness	(90)
	Collection Costs	(177)
15	Other	(769)
(25,069)	TOTAL	(23,080)

NOTE 9 STATUTORY OUT-TURN

General Fund Balance (Useable Reserve)

The General Fund is the statutory fund into which all the receipts of the Council are required to be paid and out of which all liabilities of the Council are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund Balance, which is not necessarily in accordance with proper accounting practice under IFRS as presented in these Financial Statements. The General Fund Balance therefore summarises the resources that the Council is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the Council is required to recover) at the end of the financial year.

The elements of the General Fund Balance at the Balance Sheet date are as follows:

31 March	Movement In	31 March		Movement	31 March
2017	Year	2018	Other Earmarked	In Year	2019
£'000	£'000	£'000		£'000	£'000
5,781	1,172	6,953	General Fund Core and Surplus Savings	293	7,246
1,588	(61)	1,527	Community Infrastructure Levy	431	1,958
797	(796)	1	Medium Term Financial Strategy	(1)	0
523	(298)	225	Weekly Waste Collection	(225)	0
67	1,299	1,366	Business Rates Retention Pilot	(1,366)	0
578	0	578	New Homes Bonus	(578)	0
244	0	244	Change Management	(194)	50
170	83	253	Affordable Housing	41	294
119	(92)	27	Asset Management	(0)	27
114	(114)	0	Planning Specialists	0	0
116	0	116	Housing	(36)	80
106	(50)	56	Environmental	(56)	0
551	(93)	458	Other Earmarked	936	1,394
4,973	(122)	4,851	Total Earmarked	(1,048)	3,803
10,754	1,050	11,804	TOTAL	(755)	11,049

Community Infrastructure Levy – to fund relevant infrastructure projects.

Weekly Waste Collection – Government grant awarded to fund continuation of weekly service the final tranche of this was used in 2018-19

Business Rates retention pilot – retention of business growth from the Cambridgeshire Deal, this was transferred to the surplus savings reserve during 2018-19

New Homes Bonus – additional Government grant connected with new homes expansion. This has been allocated to meet any short-term costs of the leisure centre, prior to the management fee from the operator being received.

Affordable housing – a top slice of the New Homes Bonus to support the development of affordable housing.

Note 10a. Useable Reserves other than General Fund

Capital Receipts Reserve

The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have been received and yet to be applied for these purposes at the year-end.

Capital Grants Unapplied Reserve

The Capital Grants Unapplied Reserve holds the grants and contributions received towards capital projects yet to take place where there are no obligations for the Council to make repayments in any circumstances.

Note 10b. Un-useable Reserves

Capital Adjustment Reserve

The Asset Historic Cost (Capital Adjustment) Reserve together with the Revaluation Reserve represent the Council's financial interest in its' own assets. The balance of the Reserve is determined by taking account of the Revaluation Reserve requirements defined below.

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its Property, Plant and Equipment arising from the annual valuation process. It is identified at individual asset level.

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Depreciation is applied each year whilst any disposed assets are written out in the year. Accumulated gains arising before that date are consolidated into the balance on the Asset Historic Cost (Capital Adjustment) Reserve.

Financial Instruments Adjustment Reserve

The Financial Instruments Adjustment Reserve absorbs the differences between accounting for the fair value of loans given to individuals and organisations, and the actual income credited to the General Fund.

Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangements, the Authority does not treat these gains as usable for financing new capital

expenditure until they are received in cash. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.

Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for valuing Pension Liabilities for the purpose of producing the Financial Statements and for funding such liabilities in accordance with statutory provisions. Further information is found in Note 22 in respect of Defined Benefit Pension Scheme.

Collection Fund Adjustment Reserve

The Collection Fund Adjustment Reserve identifies the element of the Collection Fund balance that is due to the Council at the Balance Sheet date but which will be settled to the Council in accordance with statutory General Fund requirements in the next financial year.

Accumulated Compensated Absences Adjustment Reserve

The Accumulated Compensated Absences Reserve accounts for the financial value of staff entitlements at the financial year end. I.e. annual leave entitlement and accrued flexitime carried forward at 31 March. This accrual is not permitted to the General Fund.

Note 11. Analysis of Capital Reserve Movements & Adjustments Between Accounting Basis & Funding Basis under Regulation

The following definitions are applicable to the subsequently presented Tables of Capital Reserve Movement for the year:

Transfers between Reserves – The Capital Receipts Reserve makes a contribution to the Capital Adjustment Reserve to fund a portion of new Capital Investment.

General Fund (GF) Contribution to Capital – A portion of new Capital Investment is funded by General Fund Contributions. The General Fund does not incur any Depreciation or Impairment charges

Capital Grant Receipts – These are applied to the Capital Grants Unapplied Reserve when received then transferred to the Capital Adjustment Reserve when utilised for new investment. The overall balance in any one year may therefore be either positive or negative.

Expenditure Grants to Third Parties – The Grants are to provide long term benefit to the recipients therefore they are financed by Capital Grants.

Profit Upon Sale of Assets – Receipts upon Sale are credited to the Capital Receipts Reserve or Deferred Capital Receipts Reserve as appropriate whilst the book value of the Asset at the time of sale is written off to the Capital Adjustment Reserve or Revaluation Reserve as appropriate.

Depreciation - This represents a charge for the diminution of the value of the Asset through use according to a pre-determined schedule. The historic cost element of the charge (calculated in accordance with book value of the asset at 31 March 2019 or the actual incurred cost of subsequent additions or enhancements) is charged to the Capital Adjustment Reserve

whilst the remainder (relating to the portion of the upward asset value arising from post 31 March 2019 Annual Revaluations) is charged to the Revaluation Reserve.

Impairment – When Annual Valuation takes place the historic cost base arising from the Depreciation exercise referred to above is further adjusted. The charge or credit shown here reflects that adjustment but only up to the level of the original historic cost base at individual asset level. The overall balance in any one year may therefore be either positive or negative.

Revaluation – When Annual Valuation takes place some assets are identified as having a value above their historic cost base. The charge or credit shown here reflects the adjustment upon valuation of such assets in the current financial year though in the case of any downward valuations the adjustment is applied only to the extent that the holding balance of the Revaluation Reserve at individual asset level is reduced to zero at the year end. The overall balance in any one year may therefore be either positive or negative.

Note 11.

Capital Movements in 2017/18	Usable Capital Receipts Reserve	Usable Capital Grants Unapplied Reserve	Un-usable Capital Adjustment Reserve	Un-usable Revaluation Reserve	Un-usable Deferred Capital Receipts	Capital Outturn for the year TOTAL
Transfers between reserves	1,485		(1,485)			0
GF Contributions to Capital			(1,891)			(1,891)
Capital Grants Receipts		52	(1,741)			(1,689)
Revenue expenditure funded from capital under statute			1,000			1,000
Profit on Asset Sale	(43)				29	(14)
Depreciation			535	111		646
Amortisation			23			23
Impairment			1,166			1,166
						0
TOTAL ADJUSTMENTS BETWEEN ACCOUNTING BASE & FUNDING BASE	1,442	52	(2,393)	111	29	(759)
Revaluation				(561)		(561)
TOTAL RESERVES MOVEMENT	1,442	52	(2,393)	(450)	29	(1,320)

Note 11.

Capital Movements in 2018/19	Usable Capital Receipts Reserve	Usable Capital Grants Unapplied Reserve	Un-usable Capital Adjustment Reserve	Un-usable Revaluation Reserve	Un-usable Deferred Capital Receipts Reserve	Capital Outturn for the year TOTAL
Transfers between reserves	114		(114)			0
GF Contributions to Capital			(1,364)			(1,364)
Capital Grants Receipts			(940)			(940)
Revenue expenditure funded from capital under statute			699			699
Deferred Capital Receipts	(690)				690	0
Repayment of Soft Loans	(8)				39	31
Mortgages	(4)				4	0
Depreciation			646	56		702
Amortisation			15			15
Impairment			527			527
Statutory Minimum Provision			(99)			(99)
TOTAL ADJUSTMENTS BETWEEN ACCOUNTING BASE & FUNDING BASE - Balance Sheet Side	(588)	0	(630)	56	733	(429)
Revaluation				(1,441)		
TOTAL RESERVES MOVEMENT	(588)	0	(630)	(1,385)	733	(1,870)

Please refer to Movement in Reserves Statement for opening & closing Balances upon each Reserve.

ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATION

2017/18 £'000		2018/19 £'000
(759)	Total Capital Items from previous page	(429)
584	Net interest on the Pension Liability	612
517	Current & Past Cost Pension Adjustment	616
1,101	Pensions Reserve (see Note 21 for detail)	1,228
(45)	Change in Council Tax Entitlement	16
(52)	Change in Business Rates entitlement	(15)
	Change in renewable Energy NNDR	(490)
(97)	Collection Fund Adjustment Account (see Collection Fund Note 7 for detail)	(489)
(15)	Other Items	(26)
230	TOTAL ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATION	284
820	SURPLUS UPON PROVISION OF SERVICES	(1,039)
1,050	GENERAL FUND OUT-TURN UNDER STATUTE (including Earmarked Items)	(755)

Adjustments between Accounting Basis and Funding under Regulation refers to those items chargeable to Reserves other than the General Fund. The latter being the budget monitoring vehicle of the Council as defined by Statute. The items charged to Other Reserves as listed above are those required to convert the 'Surplus or Deficit upon the Provision of Services' as shown on the 'Comprehensive Income & Expenditure Statement' to the General Fund Out-turn (including Earmarked items) as defined by Statute.

Note 12a. Property, Plant and Equipment - Council – Prior year

Movement of Property, Plant and Equipment 2017-18	Land & Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Assets Under Construction	Total Assets
	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation						
At 1 April 2017	14,215	6,105	720	877	4,379	26,296
Transfers	410				(410)	0
Additions in Year	1,010	1,012			11,011	13,033
Revaluation increases / (decreases) recognised in the Revaluation Reserve	506					506
Revaluation increases / (decreases) recognised in the CI&ES	(1,165)					(1,165)
Disposals						
At 31 March 2018	14,976	7,117	720	877	14,980	38,670
Accumulated Depreciation & Impairment						
At 1 April 2017	(212)	(3,522)	(60)	0	0	(3,794)
Depreciation Charge in year	(212)	(430)	(4)			(646)
Depreciation restated to the Revaluation reserve Upon Revaluation	55					55
Depreciation restated to the Income & Expenditure Account Upon Revaluation						0
Adjustment for disposal						0
At year end	(369)	(3,952)	(64)	0	0	(4,385)
Balance Sheet Value at year end	14,607	3,165	656	877	14,980	34,285
Balance Sheet Value at year start	14,005	2,583	660	877	4,379	22,504

Note 12b. Property, Plant and Equipment - Council - year

Movement of Property, Plant and Equipment 2018-19	Land & Buildings £'000	Vehicles, Plant, Furniture & Equipment £'000	Infrastructure Assets £'000	Community Assets £'000	Assets Under Construction £'000	Total Assets £'000
Cost or valuation						
At 1 April 2018	14,976	7,117	720	877	14,980	38,670
Transfers	15,692				(15,692)	0
Additions in Year	23	581			712	1,316
Revaluation increases / (decreases) recognised in the Revaluation Reserve	1,392					1,392
Revaluation increases / (decreases) recognised in the CI&ES	(645)					(645)
Disposals						0
At 31 March 2019	31,438	7,698	720	877	0	40,733
Accumulated Depreciation & Impairment						
At 1 April 2018	(369)	(3,952)	(64)			(4,385)
Depreciation Charge in year	(161)	(544)	(4)			(709)
Depreciation restated to the Revaluation reserve Upon Revaluation	49					49
Depreciation restated to the Income & Expenditure Account Upon Revaluation	118					118
Adjustment for disposal						0
At year end	(363)	(4,496)	(68)	0	0	(4,927)
Balance Sheet Value at year end	31,075	3,202	652	877	0	35,806
Balance Sheet Value at year start	14,607	3,165	656	877	14,980	34,285

Capital Commitments

At 31 March 2019 the authority had a retention amount of £0.357 million with the Pellikaan contract on the Hive Leisure Centre to be paid in 2019/20.

Revaluations

Land and buildings

The Authority carries out a rolling programme that ensures that all Property required to be measured at fair value is revalued at least every four years. All valuations were carried out externally. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

The Council's current valuers are Wilks, Head & Eve, 6th Floor, Fairgate House, 78 New Oxford Street, London WC1A 1HB.

The specific assumptions applied in estimating current values in respect of Land and Buildings by the Council's valuer were as follows:

- that exchange takes place on the date of valuation and after proper marketing,
- that there is a willing buyer and a willing seller, i.e. not forced or compelled,
- that it is an "arm's-length" transaction, i.e. not between parties that have a particular or special relationship, e.g. parent and subsidiary companies,
- and that the parties acted knowledgeably and prudently.

Vehicles, Plant, Equipment and Infrastructure assets are valued at historic cost, as at the date of acquisition and subsequent capital enhancement expenditure less depreciation. Community Assets and Assets Under Construction are valued at historic cost at the date of acquisition and subsequent capital enhancement. Consequently there is no on-going revaluation review for these assets.

In addition to the Professional Valuations undertaken, the Authority has conducted any necessary impairment reviews. In the light of these the Authority considers the quoted value of its assets to constitute a fair and objective valuation of future Service Delivery potential. Assets Held for Sale are valued at lower of carrying value and fair value less cost of sale.

Revaluation Profile	Land and Buildings	Vehicles Plant Furniture & Equipment	Infrastructure Assets	Community Assets	Total
	£'000	£'000	£'000	£'000	£'000
Carried at Historic Cost	0	3,202	652	877	
Valued at Fair Value as at:					
31st March 2019	19,651				
31st March 2018	4,141				
31st March 2017	7,380				
31st March 2016	257				
Assets below de-minimus	9				
Total Cost of Valuation	31,438	3,202	652	877	36,169

Note 13. Capital Enhancement and Capital Financing

The total amount of capital enhancement incurred in the year is shown in the table below, (including the value of assets acquired under finance leases), together with the resources that have been used to finance these. Where capital enhancement is to be financed in future years by charges to revenue as assets are used by the Council, the spend results in an increase in the Capital Financing Requirement (CFR); a measure of the capital spend incurred historically by the Council which has yet to be financed. The CFR is analysed in the second part of this note.

A net increase in the CFR would reflect the Council's need to borrow to finance capital enhancement. Any borrowing would be repaid from an annual revenue charge (MRP) which reflects the use of the assets over their useful lives.

2017/18		2018/19
£000		£000
1,704	Opening Capital Financing Requirement	12,749
	Capital Expenditure	
13,003	Property, Plant and Equipment	1,315
2,090	Investment in Subsidiary Company	1,485
69	Intangible Assets	(20)
1,000	Revenue Expenditure Funded from Capital under Statute	699
16,162	TOTAL CAPITAL EXPENDITURE	3,479
	Sources of Finance	
(1,485)	Capital receipts	(114)
(1,741)	Grants and other contributions	(940)
(1,891)	Direct Revenue Financing – Other	(1,364)
0	Minimum revenue provision	(99)
(5,117)	TOTAL SOURCES OF FINANCE	(2,517)
12,749	Closing Capital Finance Requirement	13,711

Note 14. Heritage Assets**Cultural Heritage Assets**

The Authority's collection of themed displays is reported in the Balance Sheet at historic cost, which is also used for the insurance valuation.

These heritage assets are located at Oliver Cromwell's House and are held to increase the knowledge, understanding and appreciation of the house and local area during the time when Oliver Cromwell resided in the District. The collection is relatively static and acquisitions and donations are rare. Where they do occur, acquisitions are initially recognised at cost.

The displays are themed rooms and include a painting of Oliver Cromwell, as well as reproduction furniture, models, firearms and wall hangings.

The displays are reviewed annually and replaced or renewed if necessary as per the three year Business Plan for Oliver Cromwell's House. These would be low cost items. The collection is on display and open to the public throughout the year in the Museum.

Note 15. Intangible Assets

The Council accounts for its software as intangible assets, where the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. The intangible assets include both purchased licenses and internally generated software.

All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Council. The useful lives assigned to software are generally five years.

Note 16. Long Term Debtors

2017/18 £'000		2018/19 £'000
3,135	Loan to Trading Companies	4,670
690	Trading Company Land Purchase	0
361	Loans to Individuals & Private Sector	299
4,186	Total Financial Instruments definition	4,969

Interest rate on the loan to the trading company is fixed at 5.2%.

Other long term loans are not charged interest.

Note 17. Debtors

Council 2017/18 £000		Council 2018/19 £000
373	Council Taxpayers	402
318	Non-Domestic Rate Payers	159
691	Sub total Local Taxation	561
911	Trading Company	188
1,675	Sundry Debtors & Accruals	2,121
2,585	Sub Total Financial Instruments definition	2,309
67	Payments in Advance	90
(1,314)	Bad Debt Provisions	(1,324)
8	Housing Act Advances	76
1,139	Sport England	0
(147)	Local Govt.	0
854	Central Govt. – Customs & Excise	36
964	Central Govt. – DWP	0
4,848	TOTAL	1,748

Note 18. Cash and Cash Equivalents

Council 2017/18 £'000		Council 2018/19 £'000
4,550	Short term investments repayable on notice	5,930
0	Bank Account - Investments	(78)
(20)	Bank Account - Operational Cash in Transit	(78)
4,530	Total	5,852

Note 19. Creditors

Council 2017/18 £000		Council 2018/19 £000
(342)	Payroll Creditors	(215)
(3,060)	Sundry Creditors	(874)
(262)	Trading Company	(191)
(363)	National Practitioners	(372)
(4,026)	Sub Total Financial Instruments Definition	(1,653)
(1,128)	Local Govt. - Collection Fund Account	(1,153)
(949)	Central Govt. – Collection Fund Account	(1,537)
(126)	Parish Councils and other Local Govt.	0
(13)	Central Govt. – DWP, DCLG & External Audit	(139)
(222)	Receipts in Advance	(567)
(6,465)	TOTAL	(5,048)

Note 20. Provisions, Contingent Assets and Liabilities**Provisions**

2017/18 £'000		2018/19 £'000
(36)	Maintenance of Amenity Areas	(150)
(32)	Sports, Recreation & Historic	(32)
(601)	Business Rate Appeal	(920)
(669)	Total	(1,102)

1. Maintenance of Amenity Areas

Amounts received which are used to fund the maintenance of amenity areas over a period of 15 years.

2. Sports, Recreation & Historic Buildings Grants

Grants committed by Committee which will be paid over the next two years.

3. NDR Appeals Provision

As a consequence of the Government initiative in the localisation of Non-Domestic Rates (NDR), the Government transferred the risk of appeals against Rateable Values to local authorities. Following a review, a provision for appeals outstanding was estimated to be £2.302 million at the end of 2018/19 of which £0.921 million would have to be met by the Council, and £1.381 million by other Collection Fund participants.

Contingent Liabilities

The Council only has one on-going Contingent Liability as detailed in the table below:

Position at 31st March 2018	Up-dated Position 31st March 2019
<p>Single Status Exercise</p> <p>The Council has not yet formally completed a Job Evaluation Project to determine the salaries of all posts under the National Single Status Agreement. Any cost is not expected to be material.</p>	<p>The Council continued to move forward this work during 2018-19 and it is now expected to implement the revised Agreement during 2019. It remains the expectation that any additional costs resulting from this work will be accommodated from within the 2019-20 budget.</p>

No new contingent liabilities were identified as at 31st March 2019.

Contingent Assets

There were no material contingent assets at the 31st March 2019.

Note 21. Pension Fund Net Long Term Liability & Reserve

31 March 2018 £'000	Gross Liabilities	31 March 2019 £'000
(59,224)	Opening Balances as at 1 April	(60,074)
(1,544)	[I] Interest Cost	(1,629)
1,112	[A] Actuarial losses /(gains) from changes in financial assumptions	(4,956)
(1,747)	[C] Past Service Cost	(1,711)
	[C] Current service cost	(196)
(292)	[N] Contributions from scheme participants	(298)
1,543	[N] Benefits paid	1,536
78	[N] Estimated unfunded benefits paid	77
(60,074)	Closing balance at 31 March	(67,251)

31 March 2018 £'000	Gross Assets	31 March 2019 £'000
36,994	Opening fair value of scheme assets balance as at 1 April	37,708
960	[I] Interest Income on plan assets	1,017
(147)	[A] Return on assets excluding amounts included in net Interest	1,462
1,152	[C] Contributions by the employer	1,214
78	[C] Contributions for unfunded (Discretionary benefits)	77
292	[N] Contributions by employees into the scheme	298
(1,543)	[N] Benefits paid	(1,536)
(78)	[N] Unfunded (Discretionary benefits)	(77)
37,708	Closing balance at 31 March	40,163
(22,366)	TOTAL NET LIABILITIES	(27,088)

Net Movement 2017/18 £'000		Net Movement 2018/19 £'000
1230	General Fund Charge - Employer Contributions	1291
517	[C] Other items to net cost of services	616
584	[I] Interest cost minus return on plan assets to financing income & expenditure	612
2,331	Charge to Surplus/(Deficit) upon Provision of Services	2,519
(965)	[A] Actuarial Gains/Losses to other income & expenditure	3,494
1,366	Charge to Comprehensive Income & Expenditure Account for the Year	6,013
(1,230)	Less General Fund Charge - Employer Contributions	(1,291)
136	TOTAL MOVEMENT IN PENSION RESERVE	4,722

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

Note 22. Defined Benefit Pension Scheme

Participation in Pension Schemes

As part of the terms and conditions of employment of its officers, the Council makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make payments and this needs to be disclosed at the time that employees earn their future entitlement.

Employees of East Cambridgeshire District Council may participate in the Cambridgeshire Pension Fund, part of the Local Government Pension Scheme (LGPS). The fund is administered as a defined benefit final salary scheme by Cambridgeshire County Council in accordance with LGPS Regulations 1997, as amended.

Valuation of Pension Fund

The contribution rate is determined by the Fund's actuary based on triennial valuations. The last valuation took place as at 31 March 2016.

In 2018/19 the Council paid an employer's contribution of £1.29 million representing 28.5% of employees' pensionable pay (2017/18 £1.23 million @ 27.6%) into the Cambridgeshire County Pension Fund. The contribution rate is set to meet 100% of the pension fund's liabilities. The scheme provides members of the Fund with defined benefits related to pay and service.

Changes to the Local Government Pension Scheme permit employees retiring on or after 6 April 2006 to take an increase in their lump sum payment on retirement in exchange for a reduction in their future annual pension. Our actuary has allowed for future retirements to elect to take 25% of the maximum additional tax-free cash up to HMRC limits for pre-April 2008 service and 63% of the maximum for post-April service.

As a consequence of the triennial valuation, the asset value in the intervening period is an estimate calculated by the actuary using a model. Any differences between the estimate and actual figures are adjusted at the next full valuation.

Transactions Relating to Post-Employment Benefits

The Council charges the cost of retirement benefits to the cost of services when they are earned by employees as distinct from when the benefits are eventually paid as pensions. However, the charge the Council is required to make to the General Fund is based on the cash payable in the year. The difference between the two different methods is charged to the Pension Reserve.

Assets and Liabilities in relation to Post-employment Benefits

The Reconciliation of present value of the scheme liabilities in respect of East Cambridgeshire District Council is shown at Note 21 to the Accounts.

The liabilities show the underlying commitments that the authority has in the long run to pay retirement benefits. The total liability of £27.088 million has a substantial impact on the net worth of the authority as recorded in the Balance Sheet. However, statutory arrangements for funding the deficit mean that the financial position of the authority remains healthy. The deficit on the scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary.

The total contribution expected to be made to the scheme by the Council in the year to 31 March 2020 is £1.263 million.

Basis for estimating Liabilities and Assets

Liabilities, for the purposes of IAS19, have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, longevity etc. The liabilities have been assessed by Hymans Robertson LLP, the independent firm of actuaries to the County Council Pension Fund being based on the latest full valuation of the scheme as at 31 March 2016. The results of this valuation were projected forward using approximate methods.

The main assumptions used by the actuary are as shown below.

2017/18	County Fund – Main Assumptions	2018/19
2.70%	Rate of increase in salaries	2.80%
2.40%	Rate of increase in pensions	2.50%
2.70%	Rate of discounting scheme liabilities	2.40%
	<i>Mortality assumptions:</i>	
	Longevity at 65 for current pensioners	
22.4 years	Men	22.4 Years
24.4 years	Women	24.4 Years
	Longevity at 65 for future pensioners	
24.0 years	Men	24.0 years
26.3 years	Women	26.3 Years

Local Government Pension Scheme Assets Comprised:

Pension fund assets consist of the following categories, by value of the total assets held:

31-Mar-18 £'000		31-Mar-19 £'000
1,215	Cash and cash equivalents	622
	Equity instruments by industry:	
1,047	Consumer	1,209
677	Manufacturing	772
811	Energy and utilities	945
1,625	Financial institutions	1,567
400	Health and care	246
178	Information technology	244
	Other	0
4,738	Sub-total equity	4,986
	Private equity:	
3,498	All not in active markets	3,338
3,498	Sub-total private equity	3,338
	Other investment funds:	
3,790	Bonds	3,920
20,883	Equity	22,263
950	Debt Securities – UK Government	1,016
2,634	Other	4,744
28,257	Sub-total other investment funds	31,943
37,708	Total Assets	40,889

Sensitivity analysis:

Increase in assumption 31-Mar-18 £'000	Impact on the defined benefit obligation in the Scheme	Increase in assumption 31-Mar-19 £'000
679	Rate of increase in salaries (increase or decrease by 0.5%)	755
5,172	Rate of increase in pensions (increase or decrease by 0.5%)	6,028
5,913	Rate for discounting scheme liabilities (increase or decrease by 0.5%)	6,881

Further information

Further information may be found in the Cambridgeshire County Pension Fund Annual Report, available from the Director of Resources, Cambridgeshire County Council, Shire Hall, Castle Hill, Cambridge, CB3 0AP.

The Council adopted the IFRS Financial Instruments accounting standard with effect from 1st April 2018. The standard includes requirements for recognition, measurement and impairment accounting. All of the Councils financial instruments are measured at amortised cost or fair value through profit & loss

	IAS39				IFRS 9
	31 March 2018 £'000	Reclassifi- cation £'000	Remeasure- ment £'000	Impairment £'000	01 April 2018 £'000
Investments in subsidiaries	496	0	0	0	496
Short term Investments	4,550	0	0	0	4,550
Cash & Cash Equivalents	(20)	0	0	0	(20)
Debtors	2,586	0	0	0	2,586
Loans & Investments	4,186	0	0	0	4,186
Total Financial Assets	11,798	0	0	0	11,798
Creditors	(4,026)	0	0	0	(4,026)
Total Financial Liabilities	(4,026)	0	0	0	(4,026)
Net Financial Assets	7,771	0	0	0	7,771

	31 March 2018 £'000	Reclassificati- on £'000	Remeasure- ment £'000	Impairment £'000	01 April 2018 £'000
Reserves					
Useable Reserves					
General Fund	11,804	0	0	0	11,804
Capital Receipts Reserve	769				769
Other Useable reserves					
Total Useable Reserves	12,573	-	-	-	12,573
Unusable Reserves					
Capital Adjustments account	17,482	0	0	0	17,482
Revaluation reserve	7,483	0	0	0	7,483
Deferred Capital Receipts Reserve	1,115	0	0	0	1,115
Financial Instrument Adjustment Reserve	(130)	0	0	0	(130)
Pensions Reserve	(22,366)	0	0	0	(22,366)
Collection Fund Adjustment Account	455	0	0	0	455
Accumulated Absences account	(82)	0	0	0	(82)
Total Unusable Reserves	3,957	-	-	-	3,957
Total Reserves	16,530	-	-	-	16,530

The Council's activities expose it to a variety of financial risks:

Risk management is carried out by the Finance Team with due regard to the Annual Treasury Management Strategy approved by the Council.

Credit risk

Credit risk arises from investments with banks and other financial institutions, as well as credit exposures to the Council's customers.

The Council's theoretical maximum exposure to credit risk in relation to its investments in banks and the money markets is equivalent to its total cash holding £5.93 million (2017/18; £4.53 million). However, in reality the true risk cannot be assessed, as the risk of any institution failing to make interest payments or repay the principal sum will be specific to that individual institution. The risk of not being able to recover the principal sums applies to all of the Council's deposits but there was no evidence as at 31 March 2019 that this was likely to occur and there are no investments that as at 31 March 2019 were with institutions that had failed.

In relation to the sums owed by the Council's customers and contractual debtors, the Council makes prudent financial provision for bad debts based on an assessment of the risks for each type of debt and the age of those debts whilst maintaining a robust approach to the collection of debts. The older the debt, the greater is the provision for bad debts. The bad debt provision has taken into account the current economic climate and the increased likelihood of debtors not being able to settle their debts.

The Council does not generally allow credit for its customers, such that £114k (£382k in 2017/18) of the £843K (£685k in 2017/18) balance is past its due date for payment. The past due amount can be analysed by age as follows:

	31 March 2018 £000	31 March 2019 £000
Less than three months	161	32
Three to six months	39	6
Six months to one year	89	9
More than one year	93	67
Total	382	114

Collateral – During the reporting period the Council held no collateral as security

Liquidity risk

The Council's current liquidity risk is low, as it has significant cash holdings. The authority has a comprehensive cashflow management system that seeks to ensure that cash is available as needed. However, if unexpected movements happen, the authority has ready access to borrowings from the PWLB and money markets, so there is no significant risk that it will be unable to meet its commitments under financial instruments.

Market risk – Interest Rate Risk

The Council currently has cash surpluses and has no external borrowing. Its interest rate exposure is therefore limited to the interest rate movements on its investments.

Price risk

The Council invests in shares in three wholly owned companies to provide a local service. There is no intention to sell these shares and there is no other source of valuation of them so the risk is minimal.

Foreign Exchange Risk

The Council does not hold foreign currencies and has no intention of doing so; consequently it has no exposure to loss arising from movements in exchange rates.

IFRS 9 Disclosure

ECDC's core treasury management investments is not material. The risk of default should be virtually zero and therefore any potential expected credit loss impairment under IFRS 9 should not be required. The Council has reviewed its loan to the LATC and does not expect any credit loss.

Note 24. Acquired and Discontinued Operations

There are no acquired or discontinued operations during 2018/19 (There were also none in 2017/18).

Note 25. Trading Operations

From a local authority context, a trading operation is one where a Council is trading and taking operational risks and could, if the economic environment so dictated, expose the Council to a financial loss on the service provided.

The Council owns a number of industrial sites in the District, the biggest being East Space North in Littleport. The profits (or losses) on these trading operations were as follows:

Trading Operations	2017-18		2018-19	
	Turnover	Surplus/(Loss)	Turnover	Surplus/(Loss)
Business Units	35,099	26,732	27,740	25,518
E Space North	272,592	66,886	295,375	138,650
Building Control	270,884	65,756	279,761	83,507
Total	578,575	159,374	602,876	247,675

Note 26. Members' Allowances

The Authority paid the following amounts to Members of the Council during the year:

2017/18 £		2018/19 £
244,130	Allowances	252,664
16,135	Expenses	8,392
260,265		261,056

Note 27. Senior Officer and Staff Remuneration over £50,000

The number of employees whose remuneration in the year was £50,000 or more is shown in the table below. It includes pay, redundancy payments and other employee benefits but not employer's pension contributions.

2017/18			2018/19	
4	50,000	but less than	55,000	2
1	55,000	but less than	60,000	3
0	60,000	but less than	65,000	0
2	65,000	but less than	70,000	2
0	70,000	but less than	75,000	0
1	75,000	but less than	80,000	0
0	80,000	but less than	85,000	0
0	85,000	but less than	90,000	0
0	90,000	but less than	95,000	1
1	95,000	but less than	100,000	0
0	100,000	but less than	105,000	0
0	105,000	but less than	110,000	1
0	110,000	but less than	115,000	0
0	115,000	but less than	120,000	0
0	120,000	but less than	125,000	0
0	125,000	but less than	130,000	0
0	130,000	but less than	135,000	0
1	135,000	but less than	140,000	0
0	140,000	but less than	145,000	0
0	145,000	but less than	150,000	1
10			10	

Included in the banding table above are those Senior Officers who are separately disclosed in the following Remuneration of Senior Employees table.

The remuneration of Senior Employees is shown in the table below.

2017/18	Salary including allowances	Allowances and fees	Total remuneration	Employer Pension contributions	Remuneration including pension contributions
Post Holder	£	£	£	£	£
Chief Executive	131,203	6,683	137,886	22,567	160,453
Director Operations	90,742	871	91,613	15,608	107,221
Director Commercial	77,656	0	77,656	13,357	91,013
Legal Services Manager	52,068	0	52,068	8,956	61,024
Finance Manager	53,327	310	53,637	9,172	62,809

Key – 2017/18

Note 1 The Council set up a Section 113 Agreement with Peterborough City Council for the provision of the Section 151 Officer role which finished on 12th July 2017

Note 2 The Finance Manger was in post from 13th July 2017

Note 3 Other staff detailed above were all in post throughout the 2017-18 financial year

Note 4 The Chief Executive also received remuneration for his post as Returning Officer for the District

2018/19	Salary including allowances	Allowances and fees	Total remuneration	Employer Pension contributions	Remuneration including pension contributions
Post Holder	£	£	£	£	£
Chief Executive	141,933	14,454	156,387	25,730	182,117
Director Operations	98,561	11,743	110,304	18,617	128,921
Director Commercial	92,599		92,599	15,927	108,526
Legal Services Manager	59,388		59,388	10,215	69,603
Finance Manager	59,388	325	59,713	10,215	69,928

Key – 2018/19

Note 1 All staff detailed above were in post throughout the 2018-19 financial year

Note 2 The Chief Executive also received remuneration for his post as Returning Officer for the District

The numbers of exit packages committed in the year with total cost per band and total cost of the compulsory and other redundancies are set out in the table below

2017/18			2018/19			
Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages agreed		Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages agreed
	2	2	£0 to less than £20,000		1	1
	0	0	£20,000 to less than £40,000		1	1
	2	2	Total		2	2
		Cost £'000				Cost £'000
		24	£0 to less than £20,000			12
			£20,000 to less than £40,000			33
		24	TOTAL			45

Note 28. External Audit Related Costs

These figures show the amounts included in the accounts which include any adjustments made for previous years.

2017/18		2018/19	
£000		£000	
35	External Audit	45	
12	Grant Claim Certificate	14	
47		59	

Note 29. Related Parties

The Council must disclose in the accounts any material transactions with related parties. Related parties are bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions allows readers to assess the extent to which the Council might have been constrained in its ability to operate independently.

Central Government has significant influence over the general operations of the Council, it is responsible for providing the statutory framework within which the Council operates, provides a significant amount of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties, for example Council Tax bills.

Grants received from Government departments are set out in the analysis in Note 8a on "Grant Income".

The Council has a significant operational relationship with Cambridgeshire County Council. The County Council is the administering authority for the East Cambridgeshire's pension fund, and many of the Council's services work with County Council services on a day-to-day basis, for example, the Council is the statutory waste collection authority whereas the County Council is the statutory waste disposal authority, but each of the Councils has to pay the other in respect of certain types of waste.

Two of the Councils management team were seconded to Cambridge & Peterborough combined authority during 2018-19

Members of the Council have direct control over the Council's financial and operating policies. The total of members' allowances paid in 2018/19 is shown in Note 26. Some Council members are also:

1. Elected members of other Councils, including the County Council, Parish and Town Councils.
2. Nominated representatives of Cambridgeshire County Council on various organisations.

In respect of 2018/19, there were no known material transactions with related parties when the accounts were produced that are not disclosed elsewhere in the accounts.

Entities Controlled or Significantly Influenced by the Authority

The Council fully owns East Cambridgeshire Business Centres Limited, East Cambs Trading Company Limited and East Cambs Street Scene Ltd

East Cambridgeshire Business Centres Ltd

The aim of the business is the promotion of economic development by providing a Managed Workspace Centre. This contains small business units and associated common facilities for new and very small businesses. The shared facilities help to reduce the costs for the businesses as it saves them having to purchase equipment and provides meeting / training rooms.

The workspaces are let on a short-term basis to allow them to expand or contract as necessary without being locked into a long- term tenancy agreement.

Income £126K, Expenditure £126K

East Cambridgeshire Trading Company Ltd

East Cambridgeshire Local Authority Trading Company (LATC) Ltd formally started trading on the 1st April 2016. ECTC has two functional divisions; Commercial Services and Property and CLT Development.

The Commercial Services arm of the Trading Company manage the Ely markets on behalf of the Council and undertake grounds maintenance works for external customers within the District.

The Property and CLT Development arm, known as Palace Green Homes, are responsible for progressing the development of small scale house building, including the development of CLTs, within the District.

Income £987K, Expenditure £1,197K

East Cambs Street Scene Ltd

East Cambs Street Scene is responsible for the delivery of the waste and street cleansing service.

Income £992K Expenditure £2,941K

Group Accounts have been produced as the figures for both the above companies are material to the overall accounts of the Council. The Council's financial relationship with the companies is shown in the Group Accounts section of the Financial Statements.

Anglia Revenue Partnership

The Council became a partner in the Anglia Revenue Partnership (ARP) on 13 October 2010. Breckland Council, East Cambridgeshire District Council, Fenland District Council, East Suffolk Council and West Suffolk Council, work together to provide their Revenues and Benefits services through the ARP. The Council pays ARP for the services it provides; this payment is included in the service costs in the CI&E Account.

Note 30. Leases**Council as Lessee****Finance Leases**

The only material Finance Leases held by the Council as lessee are:

2017/18 £000 (restated)		2018/19 £000
326	Public Conveniences, Car Park, Open Space	349

The Authority was committed to making minimum payments under these leases through the service payment to the main contractor in settlement of the effective long-term liability for the interest in the vehicles. The minimum lease payments are made up of the following:

2017/18 £000		2018/19 £000
	<i>Finance lease liabilities (net present value of minimum lease payments)</i>	
17	Current	11
4	Finance costs payable in future years	30
21	Minimum lease payments	41

There will be no rent reviews or other adjustments (therefore no contingent rents apply). Consequently, the minimum rentals is directly equal to the Finance Lease liability above.

As these amounts are immaterial, they have not been included in the Comprehensive Income & Expenditure Statement.

Operating Leases

The Authority has no material operating leases as lessee.

Council as Lessor**Finance leases**

The Council has no finance leases as lessor.

Operating Leases

The Authority leases out property and equipment under operating leases for the following purposes:

- for the provision of public open space, recreation and public conveniences
- to provide for Registrar offices and Citizens Advice Bureau
- to encourage small businesses
- and other minor items.

The future minimum lease payments receivable under non-cancellable leases in future years are:

2017/18 £000		2018/19 £000
12	Not later than 1 year	21
325	Later than 1 year and not later than 5 years	109
32	Later than 5 years	170
369		300

The minimum lease payments receivable include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2018/19 £0 contingent rents were receivable by the Authority (2017/18 £0).

Note 31. Accounting Policies

Accounting Policies in respect of Concepts and Principles

➤ General Principles

The Statement of Accounts summarises the Council's transactions for the **2018/19** financial year and its position at the year-end of 31 March 2019. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2011 in accordance with proper accounting practices. These practices comprise the Code of Practice on Local Authority Accounting in the United Kingdom **2018/19** and the Service Reporting Code of Practice **2018/19**, supported by International Financial Reporting Standards (IFRS).

The underlying concepts of the accounts include the:

- Council being a 'going concern' – all operations continuing
- Accrual of income and expenditure – placing items in the year they relate, rather than the year the cash transaction takes place
- Primacy of legislative requirements – legislation overrides standard accounting practice

The accounting statements are prepared with the objective of presenting a true and fair view of the financial position and transactions of the Council.

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

The accounting policies are reviewed on an annual basis to ensure that they are appropriate, compliant with accepted accounting practice and relevant to the Council's ongoing business activity.

➤ Changes in Accounting Policies, Prior Period Adjustments, Estimates and Errors

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, or other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively, if material, by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Changes in accounting estimates are accounted for prospectively, i.e., in the current and future years affected by the change and do not give rise to a prior period adjustment.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

➤ Exceptional Items

When items of income and expense are material, their nature and amount are disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Council's financial performance.

➤ **Accruals of Income and Expenditure as shown in Comprehensive Income and Expenditure Account**

Income and expenditure is accounted for in the year in which resources are consumed or when entitlement arises. The principles applied are as follows:

- Revenue from the sale of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- Revenue from the provision of services is recognised when the Council can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption; they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised, but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.
- Where the Council is acting as an agent for another party (e.g. in the collection of NNDR and Council Tax), income and expenditure are recognised only to the extent that commission is receivable by the Council for the agency services provided or the Council incurs expenses directly on its own behalf in providing the services.
- Government Grants are recorded as Income when they are received provided there is reasonable assurance that the conditions of receipt are complied with or at a later date should the conditions be met at that later date.
- In relation to the Local Government Pension scheme the liability that the Authority has for meeting the future cost of retirement benefits arising from service provided by employees up to the Balance Sheet date net of the contributions paid into the fund and the investment income generated.
- Changes in fair values of Investment Properties are recognised.
- The Statutory basis of accounting for the Council differs from that reported in the Comprehensive Income & Expenditure Account as required under IFRS. Details are provided on the following page:

The differences between the Statutory Basis of Accounting and the IFRS Accounting base are as follows:

Income or Expense	Basis of Statutory Charge to General Fund	Basis of Accounting Charge or Credit	Other Funds utilised to represent enhancement from Statutory Outturn to Accounting Outturn
Consumption or usage of Long Term Assets	Contribution to the reduction in borrowing requirement in accordance with statutory guidance.	Full accrual principle determined by Depreciation, Amortisation & Impairment	Capital Adjustment Account with small portion to Revaluation Reserve in relation to Current Cost Element of Depreciation
Grant receipts relating to Long Term Assets	None	All Grants received in year providing no conditions are attached and/or conditional grants from prior years that were applied in year.	Unapplied Capital Grants Reserve
Disposal Receipts or entitlements relating to Long Term Assets	None	Net Profit	Capital Receipts Reserve (deferred if cash not received) minus Capital Adjustment Account (or Revaluation Reserve) in relation to holding value of asset at time of sale.
Financing of new Capital Investment	Contributions made where otherwise not funded by Capital Receipts or designated Capital Grants	None	Capital Adjustment Account
Upward Valuation of Assets	None	Credited	Revaluation Reserve or, where reinstating past Impairment, Capital Adjustment Account
Pension Scheme Costs	Direct amounts paid in relation to the scheme	Full accrual principles including actuarial valuation	Pension Reserve
Staff Costs	Direct amounts paid	Accrual made for leave entitlement deferred forwards	Accumulated Absences Adjustment Account
Council Tax Receipts & Business Rates	Pre-planned demand plus prior year surplus	Full accrual income principle	Collection Fund Adjustment Account
Revenue Expenditure Financed by Capital Under Statute	None	Full accrual principles	Capital Adjustment Account
Minimum Statutory Provision For Capital Debt Repayment	Charge as required under statute	None	Capital Adjustment Account

➤ **Reserves**

The Council's Reserves represent the accumulation of surpluses (and deficits) upon the Comprehensive Income & Expenditure account overall years up to and including the Balance Sheet Date. It also equals the Total Value of the Council's assets less its' liabilities.

Reserves are classified into Useable (when currently available for application) and Un-useable (when there is no current liquidity).

The Notes to the Accounts upon the Reserves explains fully the purpose of each Reserve and the uses to which they are applied.

➤ **Value Added Tax**

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

➤ **Events after the Balance Sheet Date**

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- Those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events.
- Those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes, detailing the nature of the event and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

Accounting Policies in respect of Non-Current Assets

➤ **Property, Plant and Equipment (IAS 16)**

Assets that have physical substance and are held for use in the provision of goods or services, for rental to others or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

- **Recognition**

Spend on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits associated with the item will flow to the Council and the cost of the item can be measured reliably. There is a de minimis level of £10,000 however, where the cumulative value of individual assets is greater than £10,000 and they meet the criteria for recognition they will be capitalised.

- Measurement

Assets are initially measured at cost, comprising:

- the purchase price;
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management; and

Assets are then carried in the Balance Sheet using the following measurement bases:

- Fair Value: Land and Buildings, Investment Properties
- Depreciated Historic Cost: Vehicles, Plant and Equipment, Infrastructure, Intangibles
- Historic Cost: Community Assets, Assets Under Construction Assets Held for Sale

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost is used as an estimate of fair value.

Assets included in the Balance Sheet at fair value are revalued regularly to ensure that their carrying value is not materially different from their fair value at the yearend, but as a minimum every four years.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only. Gains arising before that date have been consolidated into the Capital Adjustment Account.

- Components

The Council will separately account for components where the cost of the component is significant in relation to the overall total cost of the asset, and the useful economic life of the component is significantly different from the useful economic life of the asset. Individual components with similar useful lives and depreciation methods will be grouped.

For this purpose, a significant component cost would be 10% of the overall total cost of the asset but with a de-minimis component threshold of £100,000.

Impairment

Assets are assessed at each year end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where there is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

The incidence of charge to the Capital Adjustment and Revaluation Reserve is detailed above.

- Disposals and Non-Current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and

Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously recognised losses. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as Held for Sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. The balance of receipts is required to be credited to the Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the capital financing requirement)

- Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by allocating the value of the asset over its useful life. An exception is made for assets where the finite useful life cannot be determined, (i.e. land and Community Assets) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated as follows:

Asset Type	Depreciation basis	Useful Economic Life
Operational Buildings	Straight-line allocation over the estimated life of the building or component where identified separately	5 years to 99 years
Community Assets	Straight line allocation over the estimated life of the asset	16 years to 99 years
Intangible Assets	Straight line allocation over the estimated life of the asset	1 year to 5 years
Vehicles, Plant, Furniture & Equipment	Straight line allocation over the estimated life of the asset	1 year to 48 years
Infrastructure	Straight line allocation over the estimated life of the asset	5 years to 99 years

Where a Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the asset, the components are depreciated separately.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

The residual value of the assets is reviewed at least every four years and the depreciation adjusted to match any change in the life of the asset.

Year of depreciation charge

The depreciation charge will generally commence in the year after the addition of the asset, unless the in-year depreciation charge would have a material impact.

➤ **Heritage Assets**

Heritage Assets (those Assets of cultural, environmental or historic importance) are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Authority's accounting policies on Property, Plant and Equipment. However, some of the measurement rules are relaxed in relation to heritage assets.

➤ **Intangible Assets**

Expenditure, on an accruals basis, for assets that do not have physical substance but are identifiable and controlled by the Council (e.g. software licences) are capitalised where they will bring benefit for more than one year. The balance is amortised (charged) to the relevant service revenue account over the economic life of the investment to reflect the pattern of consumption of benefits.

➤ **Leases**

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

- **The Council as Lessee**

- Finance leases

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant and equipment, applied to write down the lease liability, and
- a finance charge which is debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Property, plant and equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life

(where ownership of the asset does not transfer to the Council at the end of the lease period.)

- Operating leases.

Rentals paid under operating leases are debited to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from the use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease.

- The Council as Lessor

- Finance Leases

Where the Council grants a finance lease over a property, the relevant asset is written out of the Balance Sheet as a disposal whilst an appropriate debtor balance is created to reflect the amount owed to the Council.

- Operating Leases.

Where the Council grants an operating lease over a property the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease.

Current Value Measurement (IFRS 13)

Previously, all assets and liabilities were valued under the principle of “fair value” which was defined as “the amount for which an asset could be exchanged or liability settled between knowledgeable, willing parties in an arm’s length transaction”.

Although “fair value” remains as the approach to valuation for a number of assets and liabilities, in respect of Operational Assets IFRS 13 introduces “current value”. This means such assets have to be measured in a way that recognises their “service potential”.

Accounting Policies in respect of Employee Benefits

Benefits payable during employment

To the extent that the Council has an outstanding liability for these at the Balance Sheet Date, the amount is shown in the Accumulated Absences Reserve.

➤ Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer’s employment before the normal retirement date or an officer’s decision to accept voluntary redundancy.

Termination benefits are charged to the appropriate service line in the Comprehensive Income and Expenditure Account when the Council can demonstrate that it is committed to either terminating the employment of an officer or has made an offer of voluntary redundancy even if the officer has not left the Council by 31 March.

➤ **Post-Employment Benefits (Pensions)**

Employees of the Council are members of the Local Government Pensions Scheme (LGPS), administered by Cambridgeshire County Council. This scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees work for the Council.

- The liabilities of the LGPS attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using an appropriate discount rate (based on the indicative rate of return on high quality corporate bonds as identified by the actuary).

➤ **Discretionary Benefits**

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

Accounting Policies in respect of Financial Instruments

➤ **Financial Assets**

The main financial assets attributable to the Council are:

- Inventories

The Council has a number of inventories but none either individually or in aggregate are material to the accounts.

- Contingent Assets

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts.

- Loans and receivables

Financial assets that are applicable to the Council are loans and receivables which are assets with a fixed or determinable payment but not quoted in an active market (e.g. trade debtors, fixed term investments). Loans and receivables are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and carried at their amortised cost. The Council has the following loans and receivables:

- Debtors

Debtors are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts at yearend, taking into account

the nature, value and age of debts and historic losses for similar groups of assets. Bad debts are written off when they are identified.

Debtors falling due after more than one year are classified as long-term debtors, which includes housing improvement loans and housing advances. The charge for these services is to the Housing Services line in the Net Cost of Services in the Comprehensive Income and Expenditure Statement.

- **Cash and equivalents**

The fair values for debtors and cash and equivalents are estimated using their carrying values. Cash is defined as cash in hand and deposits with financial institutions repayable without penalty on notice of up to 24 hours. Cash equivalents are defined as investments that mature in up to 3 months from the date of acquisition and that are readily convertible with no significant risk of loss of value.

- **Investments**

Investments are carried at their amortised cost. The fair value of investments is determined by discounting the future cash flows using a relevant market rate of interest comparable to the rate for the same investment from a comparable institution, available at the Balance Sheet date.

➤ **Financial Liabilities**

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and initially measured at fair value and carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised. The Council has the following liabilities:

- **Creditors**

Creditors are carried at their original invoice amount.

- **Bank overdrafts**

Bank overdrafts comprise amounts owed to banks and similar institutions and are repayable on demand.

Due to their nature and short-term maturity, the fair values for creditors and bank overdrafts are estimated using their carrying values.

- **Short-term borrowing**

Loans of less than one year and carried at amortised cost.

- **Long-term loan**

Loans of over one year are carried at their amortised cost but with the fair value disclosed as a note.

- The liabilities of the Local Government Pension Scheme attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an

assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projections of projected earnings for current employees. Such liabilities are discounted to their value at current prices, using an appropriate discount rate (based on the indicative rate of return on high quality corporate bonds as identified by the actuary).

➤ **Provisions and Contingent Liabilities**

• Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires a financial settlement and a reliable estimate of the obligation can be made. Provisions are debited to the Comprehensive Income and Expenditure Statement and are measured at the best estimate of the expenditure that is likely to be required. When payments are made they are charged to the provision.

• Contingent Liabilities

A contingent liability arises from an event which is too uncertain or the amount of the obligation cannot be reliably estimated. The liability is disclosed as a contingent liability within the notes to the accounts. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Collection Fund

2017/18			2018/19		
Non Domestic Rates £'000	Council Tax £'000	TOTAL £'000	Non Domestic Rates £'000	Council Tax £'000	TOTAL £'000
Income					
	(48,235)	(48,235)		(51,397)	(51,397)
(20,889)		(20,889)	(21,355)		(21,355)
(872)		(872)	(1,146)		(1,146)
(21,761)	(48,235)	(69,996)	(22,501)	(51,397)	(73,898)
Expenditure					
Repay Previous Years Surplus					
313		313	165		165
251	10	261	132	92	224
56	56	112	30	526	556
	9	9		83	83
6	3	9	3	30	33
626	78	704	330	731	1,061
Precepts and Demands					
9,504	0	9,504	10,189		10,189
8,074	6,052	14,126	8,178	6,273	14,451
1,817	34,458	36,275	1,840	36,570	38,409
	5,406	5,406		5,814	5,814
202	1,933	2,135	205	2,011	2,216
19,597	47,849	67,446	20,412	50,668	71,080
Charges to Collection Fund					
(177)	(102)	(279)	(79)	(93)	(172)
280	49	329	35	208	243
586		586	797		797
95		95	95		95
367		367	841		841
0		0	33		33
1,151	(53)	1,098	1,722	115	1,837
21,374	47,874	69,248	22,464	51,514	73,978
(387)	(361)	(748)	(37)	117	80
(430)	(516)	(946)	(817)	(877)	(1,694)
(817)	(877)	(1,694)	(854)	(760)	(1,614)

Notes to the Collection Fund

1. Purpose of Fund

The Collection Fund is an agent's statement that reflects the statutory obligation for the Council as a billing authority to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities and the Government of council tax and non-domestic rates.

Until it is distributed, the tax collected is held in a statutory Collection Fund which is separate from the General Fund of the Council. The accounts are however, consolidated into the Council's accounts. They have been prepared on an accruals basis.

Parish and Town Council precepts are transferred to the General Fund before being paid to the Parish or Town Council. Interest is not payable / chargeable to the Collection Fund on cash flow variations between it and the General Fund.

There is no requirement for a separate Collection Fund Balance Sheet. The assets and liabilities of the Collection Fund at the end of the year are apportioned between East Cambridgeshire District Council and the major preceptors in proportion to their demand on the fund for the year. The major preceptors' share of the assets and liabilities of the Collection Fund are shown as a debtor in East Cambridgeshire District Council's accounts. East Cambridgeshire District Council's share of the assets and liabilities are held in the Collection Fund Adjustment Account reserve.

2. Council Tax

Tax Base at 31 March 2019					
Tax Band	Properties	Exemptions & Discounts	Chargeable Dwellings	Band D Multiplier	Band D equivalent
A	4,730	(1,687)	3,043	6/9	2,028
B	11,084	(2,463)	8,621	7/9	6,705
C	7,679	(1,001)	6,678	8/9	5,936
D	6,855	(707)	6,148	9/9	6,148
E	4,492	(376)	4,116	11/9	5,031
F	2,084	(137)	1,947	13/9	2,812
G	718	(54)	664	15/9	1,106
H	82	(11)	71	18/9	143
Total	37,724	(6,436)	31,288		29,909

Council Tax charge per band D property for 2018/19 £1,731.68.

Council Tax charge per band D property for 2017/18 £1,653.04.

3. Non Domestic Rates (NNDR)

The standard business rate multiplier set by the Government for 2018/19 was 49.3p (2017/18 47.9p). The small business multiplier, for business with a rateable value of under £18,000 was 48.0p (2017/18 46.6p)

Total rateable value at 31 March 2019 £57.607 million.

Total rateable value at 31 March 2018 £56.524 million.

4. Non Domestic Rates Appeals

The provision is based upon the latest list of outstanding rating list proposals provided by the Valuation Office Agency. It is an estimate based on changes in comparable hereditaments, market trends and other valuation issues, including the potential for certain proposals to be withdrawn. The estimate includes appeals and proposals in respect of live and historic Rating List entries. It does not include any allowance or adjustment for the effects of transition or for changes in liability. The estimated provision is made up of the estimated outcome of appeals calculated by a weighted average of the historic outcomes. It should be noted that the impact on the Council of appeals, as well as other NDR, is limited by Safety Net calculation (the calculation of which is limited by regulation).

5. Collection Fund Balance Sheet

Non Domestic Rates	Council Tax	TOTAL		Non Domestic Rates	Council Tax	TOTAL
31-Mar-18	31 Mar 18	31 Mar 18		31 Mar 19	31 Mar 19	31 Mar 19
£'000	£'000	£'000		£'000	£'000	£'000
1,896	1,072	2,968	Cash held by ECDC	3,074	965	4,039
1,148	2,491	3,639	Debtors	970	2,694	3,664
(394)	(1,266)	(1,660)	Receipts in Advance	(601)	(1,365)	(1,966)
(329)	(1,420)	(1,749)	Impairment Provision	(286)	(1,535)	(1,821)
(1,504)	0	(1,504)	Appeals Provision	(2,302)	0	(2,302)
(817)	(877)	(1,694)	Fund Surplus	(854)	(760)	(1,614)
0	0	0	TOTAL	0	(0)	0

6. Collection Fund Representation of Debtor, Creditor & Appeals Balances in ECDC Accounts

The Debtor, Creditor and Provisions entries are recorded in the Council's Accounts in accordance with the proportion of the fund attributable to East Cambridgeshire for its own purposes. The relevant proportions are 40% for Non-Domestic Rates and 13% for Council Tax. The entries are therefore as follows:

Non Domestic Rates	Council Tax	TOTAL		Non Domestic Rates	Council Tax	TOTAL
31-Mar-18	31 Mar 18	31 Mar 18		31 Mar 19	31 Mar 19	31 Mar 19
£'000	£'000	£'000		£'000	£'000	£'000
458	323	781	Debtors	388	341	729
(158)	(165)	(323)	Receipts in Advance	(240)	(173)	(413)
(132)	(180)	(312)	Impairment Provision	(114)	(194)	(308)
(601)	0	(601)	Appeals Provision	(921)	0	(921)
(187)	(940)	(1,127)	Creditors - Local Government	(307)	(845)	(1,153)
(949)	0	(949)	Creditors - Central Government	(1,537)	0	(1,537)
(327)	(110)	(437)	Fund Surplus to Collection Fund Adjustment Account	(342)	(94)	(436)
(1,896)	(1,072)	(2,968)	TOTAL	(3,074)	(965)	(4,039)

7. Collection Fund Adjustment Reserve

The Collection Fund Adjustment Reserve identifies the element of the Collection Fund balance that is due to this Council.

2017/18		2018/19
£'000	Collection Fund Adjustment Account	£'000
358	Opening Balance	455
97	Movement in Year	490
455	Closing Balance	945
110	Council Tax	94
327	Non Domestic Rates - Core	342
18	Non Domestic Rates - Renewable Energy	509

GROUP Comprehensive Income & Expenditure Account

2017/18				2018/19		
GROSS EXPENDITURE £000	GROSS INCOME £000	NET EXPENDITURE £000		GROSS EXPENDITURE £000	GROSS INCOME £000	NET EXPENDITURE £000
4,973	(1,977)	2,996	Community Services	4,127	(2,045)	2,082
27,269	(24,220)	3,049	Resources & Finance	32,187	(29,189)	2,998
6,910	(3,043)	3,867	Regulatory Services	8,984	(5,090)	3,894
39,152	(29,240)	9,912	Cost of Services	45,298	(36,324)	8,974
2,408		2,408	Other Operating Costs	2,568	0	2,568
584	(70)	514	Financing & Investment Items	612	(364)	248
	(13,352)	(13,352)	Taxation & Grant Income	0	(11,430)	(11,430)
42,144	(42,662)	(518)	Net Surplus/Deficit on provision of services	48,478	(48,118)	360
			Other comprehensive income & expenditure		2,053	2,053
	(1,526)	(1,526)				
42,144	(44,188)	(2,044)	TOTAL	48,478	(46,065)	2,413

GROUP Movement in Reserves Statement

2017/18					2018/19		
Opening Balance Restated £'000	Adjustments between Account basis and fund basis £'000	Other income & Expenditure £'000	Closing Balance £'000		Adjustments between Account basis and fund basis £'000	Other income & Expenditure £'000	Closing Balance £'000
10,371	230	649	11,250	General Fund	159	(360)	11,050
2,211	(1,443)		768	Capital Receipts Reserve	593		1,361
51	(51)		0	Capital Grants Unapplied	0		0
12,634	(1,264)	649	12,019	Total Useable	752	(360)	12,411
15,089	2,393		17,482	Capital Adjustments Account	647		18,129
7,033	(111)	561	7,483	Revaluation Reserve	(79)	1,441	8,845
(20,824)	(1,149)	965	(21,008)	Other Unusable	(1,444)	(3,494)	(25,946)
1,298	1,133	1,526	3,957	Total Unusable	(877)	(2,053)	1,027
13,932	(1310)	2,175	15,976	TOTAL	(125)	(2,413)	13,438

Group Balance Sheet

Group 31 March 2018 £'000 Restated		Group 31 March 2019 £'000
38,311	Property, Plant and Equipment	36,618
105	Heritage Assets	105
93	Intangible Assets	59
0	Investments in Subsidiaries	0
351	Long Term Debtors	349
38,860	LONG TERM ASSETS	37,131
0	Short Term Investments	
51	Inventories	3,022
3,795	*Short Term Debtors	1,788
4,618	Cash and Cash Equivalents	7,492
8,464	CURRENT ASSETS	12,302
0	Cash and Cash Equivalents	
(5,748)	*Short Term Creditors	(5,422)
(669)	Provisions	(1,102)
(6,417)	CURRENT LIABILITIES	(6,524)
(2,565)	Capital Grants Received in Advance	(2,393)
	Borrowings	
(22,366)	Net Pensions Liability	(27,088)
(24,931)	LONG TERM LIABILITIES	(29,481)
15,976	NET ASSETS	13,428
	FINANCED BY:	
12,019	USABLE RESERVES	12,400
3,957	UNUSABLE RESERVES	1,028
15,976	TOTAL RESERVES	13,428

*Prior year adjustment for Intercompany transactions not eliminated for Debtors and Creditors £911K

Ian Smith - CPFA
Section 151 Officer

10th February 2020

Group Cash Flow Statement

Council		Council
31 March 2018		31 March 2019
£'000		£'000
656	Net Surplus / (Deficit) on the Provision of Services – (i)	(360)
(70)	Interest receivable	(60)
	Adjustments for Non-cash Items:	
671	Depreciation & Amortisation	1,256
1,165	Impairment	0
1,101	Pension Liability	1,228
(2,008)	Change in Inventories	227
459	Change in Debtors & Creditors	1,528
1,318	Total Adjustments (ii)	4,179
1,974	A- Net Cash Flows from Operating Activities (i)+(ii)	3,820
(13,102)	Purchase of Property, Plant & Equipment	(1,440)
(874)	Change in Long Term Debtors	2
11,960	Net (Purchase) of Investments	0
70	Interest Received	60
(1,946)	B- Investing Activities	(1,378)
		0
(655)	Net receipt / (application) of Capital Grants	(172)
682	Change in Collection Fund agencies Debtors & Creditors	614
27	C- Financing Activities	442
55	Net (decrease) in cash and cash equivalents (A+B+C)	2,883
4,563	Cash and cash equivalents at the beginning of the reporting period	4,618
4,618	Cash and cash equivalents at the end of the reporting period	7,501

Notes to Group Accounts

The Council has three Trading Companies East Cambridgeshire Business Centres Limited, East Cambs Trading Company Limited and East Cambs Street Scene. As a result a set of Group Accounts for the group as a whole are produced. The accounts have been consolidated on a line by line basis, as per IFRS10.

The impact of the Companies activities upon the Reserves of the Group are as follows;

	31 March 2018 £'000	In Year Movement 2018/19 £'000	31 March 2019 £'000
Surplus Savings Reserve - Profit & Loss Account	(276)	955	679
Revaluation Reserve	130	0	130
Total Company Reserves portion of Group Balance Sheet	(146)	955	809
Represented by:			
East Cambs Trading Company Profit & Loss	(305)	968	663
East Cambs Street Scene Profit & Loss		1	1
East Cambs Business Centres Profit & Loss	29	(14)	15
East Cambs Business Centres Revaluation Reserve	130	0	130

The Assets & Liabilities of the Company's at the Balance Sheet Date are as follows:

	Trading Company	Street Scene	Business Centres	Inter Company	Total Change upon Council
Property Plant & Equipment	0	0	678	3,122	3,800
Company Share - Capital Council Investment	0	0	(496)	(50)	(546)
Long Term Debtor/Creditor	0	0	0	0	0
Debtors & Cash	1,667	317	76	188	2,248
Inventories	3,122	0	0	(3,122)	0
Creditors	(351)	(317)	(85)	(191)	(944)
TOTAL ASSETS NET OF COUNCIL SHARE	4,438	0	173	(53)	4,558

Glossary of Terms and Abbreviations

GLOSSARY OF TERMS

Accrual

The recognition of income and expenditure as it is earned or incurred, rather than as cash is received or paid.

Actuarial Assumptions

These are predictions made for factors that will affect the financial condition of the pension scheme.

Amortisation

The gradual write off of the initial cost of assets.

Asset

An item having value to the Council in monetary terms.

Capital Enhancement

Enhancement on the acquisition of non-current assets which will be used in providing services beyond the current accounting period, or spend on non-current assets.

Capital Receipts

Income received from selling non-current assets.

Carrying amount

The value of an asset or liability in the Balance Sheet.

CIPFA

This is the Chartered Institute of Public Finance and Accountancy which is an institute that represents accounting in the Public Sector.

Collection Fund

A separate fund that records the income and expenditure relating to council tax and non-domestic rates.

Community Infrastructure Levy (CIL)

An amount payable by developers (commercial and domestic) in respect of new buildings created within the District. The Levy must be used to provide infrastructure; decisions on which are taken by District and Parish Councils.

Contingent Liabilities

These are amounts that the Council may be, but is not definitely, liable for.

Council Tax

A tax paid by residents of the District that is based on the value of the property lived in and is paid to the Council and spent on local services.

Creditors

These are people or organisations which the Council owes money to for goods or services which have not been paid for by the end of the financial year.

Current Assets

These are assets that are held for a short period of time, for example cash in the bank, inventories and debtors.

Debtors

Sums of money owed to the District Council but not received by the end of the financial year.

Earmarked Reserves

Money set aside for a specific purpose.

Exceptional Item

A material item in the Comprehensive Income and Expenditure Statement that falls within the ordinary activities of the Council but which needs to be disclosed separately by virtue of its size to give a fair presentation of the accounts.

Fair value

The amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in arms-length transaction.

Finance Lease

A lease is a financial agreement to pay for an asset, for example a vehicle, in regular instalments. A finance lease transfers substantially all of the risks and rewards of ownership of an item of property, plant and equipment to a lessee.

Impairment of debts

This recognises that the real value of debt is less than the book value.

Intangible Assets

A non-physical item which provides future economic benefits. This Council's intangible assets comprise computer software licences.

Liabilities

Amounts due to individuals or organisations which will have to be paid at some time in the future. Current liabilities are usually payable within one year of the Balance Sheet date.

Liquid Resources

Current asset investments held as readily disposable stores of value, either readily convertible into cash, or traded in an active market.

Minimum Revenue Provision (MRP)

The minimum amount that must be charged to the revenue account each year to provide for the repayment of monies borrowed by the Council.

Non Domestic Rates

Rates which are levied on business properties. From 1st April 2013, as a consequence of The Local Government Finance Act 2012, a local Non Domestic Rating regime was introduced that included the business rates retention scheme. See also **Tariff** and **Safety Net**.

Operating Leases

A lease is a financial agreement to pay for an asset, for example a vehicle, in regular instalments. An operating lease is where the ownership of the non-current asset remains with the lessor.

Precept

A payment to the Council's General Fund, or another local council, from the Council's Collection Fund.

Prior Year Adjustments

These are material adjustments applicable to previous years arising from changes in accounting policies or from the correction of fundamental errors.

Property, Plant and Equipment

Non-current assets that give benefit to the District Council and the services it provides for more than one year.

Provisions

Monies set aside for liabilities or losses which are likely to be incurred but where the exact amounts or dates on which they will arrive are uncertain.

Reclassification

Where comparative (prior year) figures are reclassified into new categories of income or expenditure, and the change has not been the result of a material error or accounting policy but the amount is “material” then this is a reclassification.

Responsible Financial Officer

The designated post within the Council, as determined by the Accounts and Audit Regulations 2011, which holds the statutory S.151 responsibility (Local Government Act 1972). This responsibility is in respect of ensuring the proper administration of the Council’s financial affairs. This post was formerly known as Chief Financial Officer.

Restated

Where there has been a material error in the accounts or a new accounting policy has been applied, then the comparative (prior year) figures have to be “restated” as if the correction or policy had been in place as at the end of the previous financial year.

Revenue Expenditure Funded from Capital under Statute

Spending on items normally classed as revenue but which are defined by statute as capital e.g. improvement grants.

Revenue Support Grant

A grant from Central Government towards the cost of providing services.

Safety Net

The scheme for localising Non Domestic Rates (NDR) includes a safety net provision. Where the actual NDR after Tariff is less than 92.5% of the funding baseline, Central Government makes a safety net payment to the Council equal to the difference between the actual NDR and the funding baseline.

Section 106

Under planning regulations developers can be requested to make contributions to on and off-site facilities required as a result of their development.

Tariff

The scheme for localising Non Domestic Rates (NDR) includes baselines for both the amount of NDR the Council receives and the amount of Council funding from NDR. The Council pays Central Government a Tariff equal to the difference between the two baselines.

True and Fair View Override

As required by the Accounts and Audit Regulations 2011, paragraph 8.2, the Responsible Financial Officer is required to certify that the Statement of Accounts presents a true and fair view of the financial position of the Council. However, as a consequence of IFRS, this has introduced the principle of the “true and fair view override”. This means, where the Responsible Financial Officer considers that to give a true and fair view would actually require the Council to provide misleading information i.e. to provide an actual outturn figure would actually show to the reader an unexpected financial position, the Responsible Financial Officer is permitted to provide alternative figures providing such divergence from the “true and fair view” is appropriately acknowledged in the notes to the accounts.

ABBREVIATIONS

CFR	Capital Financing Requirement
CIES	Comprehensive Income and Expenditure Statement
CIL	Community Infrastructure Levy
CIPFA	Chartered Institute of Public Finance and Accountancy
CPFA	Chartered Public Finance Accountant
DCLG	Department for Communities and Local Government
DRC	Depreciated replacement cost
FTE	Full Time Equivalent
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
LEP	Local Enterprise Partnership
LGPS	Local Government Pension Scheme
LLPG	Local Land and Property Gazetteer (UK)
MRP	Minimum Revenue Provision
MTFS	Medium Term Financial Strategy
NBV	Net Book Value
NDR	Non Domestic Rates
NHB	New Homes Bonus
NNDR	National Non Domestic Rates (Business Rates)
PWLB	Public Works Loans Board
RICS	Royal Institution of Chartered Surveyors
RSG	Revenue Support Grant
S106	Section 106
SOLACE	Society of Local Authority Chief Executives

Internal Audit Progress Report

To: Finance & Assets Committee

Date: 6th February 2020

From: Chief Internal Auditor, LGSS

[U165]

1. ISSUE

1.1. To advise Members of the work of Internal Audit completed during the period October 2019 to January 2020, and the progress against the Internal Audit Plan.

2. RECOMMENDATION

2.1. That the Committee notes the progress made by Internal Audit in the delivery of the Audit Plan and the key findings.

3. BACKGROUND/OPTIONS

3.1. The role of Internal Audit is to provide the Finance and Assets Committee, and management, with independent assurance on the effectiveness of the internal control environment. Internal audit coverage is planned so that the focus is upon those areas and risks which will most impact upon the Council's ability to achieve its objectives.

3.2. The Internal audit Plan for 2019/20 was approved in March 2019. At the time of reporting, 71% of assignments within the plan are either complete, in progress or in advanced planning stages. As such, the service is on track to achieve the target set for delivery of at least 90% of reports to draft or final stage by 31st March 2020.

3.3. Since September 2019, ten actions arising from audit reports have been implemented by officers.

4. ARGUMENTS/CONCLUSIONS

4.1. The attached report (Appendix A) informs Members on the progress to date against the Audit Plan.

5. FINANCIAL IMPLICATIONS/EQUALITY IMPACT ASSESSMENT

5.1. There are no additional financial implications arising from this report. An Equality Impact Assessment is not required.

6. APPENDICES

- Appendix A – Internal Audit Update Report – February 2020

Background Documents**Location****Contact Officer**

None

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EAST CAMBRIDGESHIRE DISTRICT COUNCIL
INTERNAL AUDIT PROGRESS & PERFORMANCE UPDATE

FEBRUARY 2020



Date: 6th February 2020

Introduction

- 1.1 LGSS provides the Internal Audit service for East Cambridgeshire District Council and has been commissioned to provide 210 days to deliver the 2019/20 Annual Audit Plan.
- 1.2 The Public Sector Internal Audit Standards (the Standards) require the Finance and Assets Committee to satisfy itself that it is receiving appropriate assurance about the controls put in place by management to address identified risks to the council. This report aims to provide the committee with details on progress made in delivering planned work, the key findings of audit assignments completed since the last committee meeting and an overview of the performance of the audit team.

Performance

2.1 Delivery of the 2019/20 Audit Plan

At the time of reporting, fieldwork on twelve assignments from the 2019/20 Audit Plan is either complete or underway, representing 71% of the planned work. As such, delivery is on schedule.

Progress on individual assignments is shown in Table 1.

2.2 Are clients satisfied with the quality of the Internal Audit assignments?

To date, six survey responses have been received in relation to feedback on assignments and all have rated the service as either 'good' or 'outstanding' in all areas. The results are provided in Table 2.

2.3 Based upon recent Internal Audit work, are there any emerging issues that impact upon the Internal Audit opinion of the Council's Control Framework?

Since the last committee meeting, three audit reports from the 2019/20 audit plan have been finalised. To date, these have not highlighted any issues or weaknesses which would impact upon the overall Internal Audit opinion. The key findings from the reports were as follows:

Treasury Management

The Council is responsible for its treasury decisions and activity and must ensure that it complies with treasury management regulations and best practice, whilst balancing the security and return on investments. The Council has remained debt free, and at the time of the audit, investments with approved counterparties totalled £12.310 million. The audit of treasury management forms part of the 2019/20 suite of annually performed key financial system reviews and is undertaken in order to inform the Head of Internal Audit's overall opinion on the control environment, which supports the Annual Governance Statement.

Overall the governance arrangements for treasury management were found to be sound. The Council has in place a Treasury Management Strategy for the financial year 2019/20 and has also produced a Capital Strategy for the financial year 2019/20 in accordance with the CIPFA revised

Prudential and Treasury Management Codes. These were approved by Full Council in February 2019. These are supported by operational procedure notes and Treasury Management Practice notes. Testing of a sample of investments made by the Council confirmed that in each case there were sufficient surplus funds available to make the investments, investments were made within the approved counterparty limits, and were approved by either the Finance Manager or Director Commercial. Testing of a sample of investments recalled confirmed that there was a justified reason for monies to be recalled, they were appropriately authorised and had been received back into the Council’s bank account on the due date.

There are monthly control reconciliations completed between the loans records (Treasury Management Spreadsheet) and the general ledger for investments made and recalled which are prepared by the Senior Accountant and reviewed by the Finance Manager. Testing of a sample of control account reconciliations confirmed that they had been completed in a timely and accurate manner. For interest received there are monthly reconciliations completed between the amount received in the bank and the financial ledger. Interest received is not presently recorded on the Treasury Management Spreadsheet however this is considered to be a low risk to the Council and periodic random checks could be introduced to provide assurance over the accuracy of interest received from investments.

Based on the work performed during the audit, overall substantial assurance can be given that there are effective controls in operation. The assurance opinions given are as follows:

Assurance Opinion		
Control Environment	Substantial	●
Compliance	Substantial	●
Organisational Impact	Minor	●

Grants to Voluntary Organisations

The Council provides grant funding to three voluntary sector organisations that deliver valuable services to the East Cambridgeshire community, which is agreed annually through the Committee process. The total budget for the financial year 2019/20 is £102,433. Grants awarded have remained at the same level for a number of years. In addition there is a small community grants scheme which aims to work in partnership with local communities to provide new and innovative community services and initiatives which develop the quality of life in East Cambridgeshire. The total budget for the financial year 2019/20 is £7,650 with a maximum grant of £1,000 being available. The objective of the audit was to provide management with assurance that the controls in place were operating effectively.

Testing completed on the award of grants to the three voluntary sector organisations confirmed that for both the financial years 2018/19 and 2019/20 they had been approved by Committee and supporting documentation was held on file including copies of audit accounts, a signed copy of the Service Level Agreements and monitoring reports. For the small community grants scheme there had been a total of eleven grants awarded in the last two financial years. Pre-grant due diligence procedures are undertaken as part of the grant award process and testing

completed on a sample of grants confirmed that all the required documentation was held. The grant fund process also requires reports to be submitted by organisations to demonstrate value for money and a positive outcome for the community. Testing of individual grants confirmed that in each case reports had been provided.

Based on the work performed during the audit, overall substantial assurance can be given that there are effective controls in operation. The assurance opinions given are as follows:

Assurance Opinion		
Control Environment	Substantial	●
Compliance	Substantial	●
Organisational Impact	Minor	●

Health and Safety

East Cambridgeshire District Council has a duty to protect the health, safety and welfare of its employees, in accordance with the Health and Safety at Work Act 1974. The objective of the review was to provide management with assurance over the Council’s compliance with Health and Safety legislation and to review the design of controls against best practice.

The Council has a Corporate Health and Safety Policy in place which was last reviewed and formally approved by the Finance & Assets Committee in June 2019. The Corporate Health and Safety Policy is supported by a number of individual Codes of Practice.

There is a designated senior officer with overall responsibility for health and safety whose role is to facilitate and provide the means for Service Leads to manage health and safety within their service areas as well as providing the expert advice on health and safety as the Council’s nominated ‘competent person’. The Council complies with health and safety regulations by displaying the relevant health and safety law poster and has a valid employers’ liability insurance. There is an annual review of health and safety risks which is the responsibility of Service Leads to complete. At the time of the audit there were a number of outstanding risk assessments which had not been completed for the 2019/20 review.

There are designated Fire Wardens for specific areas of the Council’s offices who receive accredited training including the use of fire extinguishers. Fire alarms are tested weekly and the fire evacuation procedure half yearly. There are also fully trained first aiders who have attained the relevant qualification. There is a Health and Safety Working Group which is defined in the Corporate Health and Safety Policy as the senior health and safety decision making body in the Council which is led by the Director Commercial. The review has identified however that there is no reporting on health and safety to Members. There is a standard health and safety induction process for all new employees. The Council has recently introduced a health and safety E-Learning training package called ‘Office Health & Safety’ which all officers will be required to complete.

Based on the work performed during the audit, overall satisfactory assurance can be given that there are effective controls in operation, however testing completed on a sample of Codes of Practice identified some areas of non-compliance. The assurance opinions given are as follows:

Assurance Opinion		
Control Environment	Good	●
Compliance	Satisfactory	●
Organisational Impact	Minor	●




2.4 Implementation of audit recommendations by officers

Where an Internal Audit review identifies any areas of weakness or non-compliance with the control environment, recommendations are made and an action plan agreed with management, with timeframes for implementation. In order to provide the Committee with assurances that these actions are being implemented in a timely and effective manner, a more robust follow up process has been implemented for the 2019/20 financial year.

Since the last committee meeting, 10 agreed actions have been implemented by officers. An overview is provided in Table 3.

At the time of reporting, there are six actions which are overdue for implementation. Of these, one has been assessed as 'High' or 'Medium' priority and has been overdue for more than three months. As such, further details are provided in Table 4.

Table 1 - Progress against 2019/20 Internal Audit Plan

Assignment	Planned start	Status	Assurance sought	Assurance Opinion			Comments
				Control Environment	Compliance	Org impact	
Governance & Counter Fraud							
Counter Fraud Procedures	Q2	In progress	<i>Supported drafting of revised policy.</i>	Consultancy			
National Fraud Initiative	Q3	In progress	<i>Support with reviewing and investigating matches identified by the National Fraud Initiative</i>	Consultancy			
Risk Management support	Q1 – Q4	In progress		Consultancy			
Ethical Governance	Q3	Planning					
Annual Governance Statement	Q1	Complete	<i>Not applicable</i>	Consultancy			
Key Financial Systems							
Bank Reconciliation	Q3	Fieldwork underway					
Creditors	Q4	Planning					
Debtors	Q4	Planning					
Payroll	Q4	Planning					
Treasury Management	Q3	Final report issued	<i>To provide assurance over the controls to prevent and detect fraud and error.</i>	Substantial 	Substantial 	Minor 	See section 2.3

					Assurance Opinion				
Assignment		Planned start	Status		Assurance sought	Control Environment	Compliance	Org impact	Comments
Budgetary Control		Q3	Fieldwork underway						
Key policy compliance									
Absence management		Q1	Final report issued		<i>To provide assurance over compliance with key Council policies and procedures, based on sample testing.</i>	Good ●	Good ●	Minor ●	Reported in September 2019
Use of Government Procurement Cards (GPCs)		Q2	Final report issued		<i>To provide assurance over compliance with key Council policies and procedures, based on sample testing.</i>	Good ●	Satisfactory ●	Minor ●	Reported in September 2019
Contract extensions		Q2	Draft report						
Grants to voluntary organisations		Q3	Final report issued		<i>To provide assurance over compliance with key Council policies and procedures, based on sample testing.</i>	Substantial ●	Substantial ●	Minor ●	See section 2.3
Risk based audits									
Homelessness Reduction Act		Q2	Fieldwork complete						
Leisure centre income		Q1	Final report issued		<i>To provide assurance that the Council receives income due from the operator in accordance with contractual arrangements.</i>	Good ●	N/A	Minor ●	Reported in July 2019







Assignment	Planned start	Status	Assurance sought	Assurance Opinion			Comments
				Control Environment	Compliance	Org impact	
Community Infrastructure Levy (CIL) income	Q1	Final report issued	To provide assurance over the recovery and monitoring of Community Infrastructure Levy (CIL) monies.	Good 	Good 	Minor 	Reported in September 2019
Health and Safety	Q1	Final report issued	To provide assurance over the Council's compliance with Health and Safety legislation and to review the design of controls against best practice.	Good 	Satisfactory 	Minor 	See section 2.3
ICT and Information Governance							
Controls review of critical systems / Cyber Security	Q4	Not started					

Table 2: Customer Satisfaction

At the completion of each assignment, the Auditor issues a Customer Satisfaction Questionnaire (CSQ) to each client with whom there was a significant engagement during the assignment. There have been six survey responses received during the year to date.

Responses	Outstanding	Good	Satisfactory	Poor
Design of assignment	1	5	-	-
Communication during assignment	3	3	-	-
Quality of reporting	3	3	-	-
Quality of recommendations	2	2	-	-
Total	9	13	-	-

Table 3 - Implementation of Audit Recommendations

	'High' priority recommendations		'Medium' priority recommendations		'Low' priority recommendations		Total	
	Number	% of total	Number	% of total	Number	% of total	Number	% of total
Actions due and implemented since last Committee meeting	-	-	6	67%	4	57%	10	56%
Actions overdue by less than three months	1	50%	-	-	1	14%	2	11%
Actions overdue by more than three months	1	50%	3	33%	2	29%	6	33%
Totals	2	100%	9	100%	7	100%	18	100%

Table 4 – Actions overdue more than three months (high and medium priority)

Audit plan	Audit title	Agreed action	Priority	Responsible officer	Date for implementation	Officer update / revised date
Information Governance						
2016/17	Information Governance	Refresh and promote the information security policy.	High	ICT Manager	01/12/2017	January 2020: The Information Security Policy has been completed and will be presented to F & A Committee on 6 th February 2020 for consideration and approval.”

Notes

At the completion of each assignment the Auditor will report on the level of assurance that can be taken from the work undertaken and the findings of that work. The table below provides an explanation of the various assurance statements that Members might expect to receive.

Compliance Assurances			
Level		Control environment assurance	Compliance assurance
Substantial	●	There are minimal control weaknesses that present very low risk to the control environment.	The control environment has substantially operated as intended although some minor errors have been detected.
Good	●	There are minor control weaknesses that present low risk to the control environment.	The control environment has largely operated as intended although some errors have been detected.
Satisfactory	●	There are some control weaknesses that present a medium risk to the control environment.	The control environment has mainly operated as intended although errors have been detected.
Limited	●	There are significant control weaknesses that present a high risk to the control environment.	The control environment has not operated as intended. Significant errors have been detected.
No	●	There are fundamental control weaknesses that present an unacceptable level of risk to the control environment.	The control environment has fundamentally broken down and is open to significant error or abuse.

Organisational Impact		
Level		Definition
Major	●	The weaknesses identified during the review have left the Council open to significant risk. If the risk materialises it would have a major impact upon the organisation as a whole.
Moderate	●	The weaknesses identified during the review have left the Council open to medium risk. If the risk materialises it would have a moderate impact upon the organisation as a whole.
Minor	●	The weaknesses identified during the review have left the Council open to low risk. This could have a minor impact on the organisation as a whole.

Limitations and Responsibilities

Limitations inherent to the internal auditor's work

LGSS Internal Audit is undertaking a programme of work agreed by the Council's senior managers and approved by the Finance and Assets Committee subject to the limitations outlined below.

Opinion

Each audit assignment undertaken addresses the control objectives agreed with the relevant, responsible managers.

There might be weaknesses in the system of internal control that Internal Audit are not aware of because they did not form part of the programme of work; were excluded from the scope of individual internal assignments; or were not brought to Internal Audit's attention.

Internal Control

Internal control systems identified during audit assignments, no matter how well designed and operated, are affected by inherent limitations. These include the possibility of poor judgement in decision making; human error; control processes being deliberately circumvented by employees and others; management overriding controls; and unforeseeable circumstances.

Future Periods

The assessment of each audit area is relevant to the time that the audit was completed in. In other words, it is a snapshot of the control environment at that time. This evaluation of effectiveness may not be relevant to future periods due to the risk that:

- The design of controls may become inadequate because of changes in operating environment, law, regulatory requirements or other factors; or
- The degree of compliance with policies and procedures may deteriorate.

Responsibilities of management and internal auditors

It is management's responsibility to develop and maintain sound systems of risk management; internal control and governance; and for the prevention or detection of irregularities and fraud. Internal audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems.

Internal Audit endeavours to plan its work so that there is a reasonable expectation that significant control weaknesses will be detected. If weaknesses are detected additional work is undertaken to identify any consequent fraud or irregularities. However, Internal Audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected, and its work should not be relied upon to disclose all fraud or other irregularities that might exist.

Corporate Risk Management

To: Finance & Assets Committee

Date: 6th February 2020

From: Head of Internal Audit, LGSS

[U166]

1. ISSUE

- 1.1. To update members on the key risks facing the Council, and the associated mitigating actions.

2. RECOMMENDATION

- 2.1. To endorse the proposed amendments to the Corporate Risk Register.

3. BACKGROUND/OPTIONS

- 3.1. The Finance and Assets Committee is responsible for overseeing the Council's Corporate Risk Register and recommending revisions to the Council's Risk Management Strategy.
- 3.2. Updates on the Corporate Risk Register are provided on a six monthly basis, with the previous update being provided in July 2019.
- 3.3. The Corporate Risk Register has been updated to reflect the latest risks and opportunities for the Council.

4. ARGUMENTS/CONCLUSIONS

- 4.1. The attached report informs members on the development of the risk management arrangements, and updates to the Corporate Risk Register.
- 4.2. Reviewing risk management helps the committee to oversee the Council's Corporate Governance arrangements.

5. FINANCIAL IMPLICATIONS/EQUALITY IMPACT ASSESSMENT

- 5.1. There are no additional financial implications arising from this report. An Equality Impact Assessment is not required.

6. APPENDICES

- Appendix 1 – Corporate Risk Management Report – February 2020
 - Appendix 2 – Corporate Risk Register
 - Appendix 3 – Corporate Risk Register Heat Map
-

<u>Background Documents</u>	<u>Location</u>	<u>Contact Officer</u>
None	LGSS, Room 207 The Grange Ely	Duncan Wilkinson, Chief Internal Auditor duncan.wilkinson@milton-keynes.gov.uk Rachel Ashley-Caunt Head of Internal Audit RAshley-Caunt@rutland.gov.uk

Appendix 1 – Corporate Risk Management Report – February 2020

Background

1. Risk management is a key element of East Cambridgeshire District Council's Code of Governance. The Council has experience in Risk Management and has prepared Risk Registers which have been reviewed and approved by the senior management, the former Corporate Resources & Finance Committee, and full Council.
2. The Finance and Assets Committee is now responsible for overseeing the Council's Corporate Risk Register and recommend revisions to the Council's Risk Management Strategy.
3. The format of the Corporate Risk Register and revised approach to Risk Management was approved by the Resources and Finance Committee on 20th July 2017. At this meeting the committee also recommended to Council that the proposed amendments to the Corporate Risk Register and Risk Management Policy were adopted. Full Council approved the amendments on 5th October 2017 and six monthly updates on the Corporate Risk Register have since been presented to the Resources and Finance Committee and will be presented to this Committee moving forward.

Corporate Risk Management updates

4. The Code of Governance is published on the Council's website. A key element of the Code, which is based on a prescribed best practice format, is to establish and maintain a systematic strategy, framework and process for managing risk.
5. The Council has a Risk Management Framework which sets out the procedures for risk management, and a Risk Management Policy which sets out the strategic direction for risk management at the Council.
6. In addition the Council has a Risk Management Group, with a mix of professional expertise from across the Council. The group works together to:
 - Provide support for the delivery of the Risk Management Policy across the Council.
 - Promote and advise upon risk management practices and procedures
 - Identify topical and emerging risks, based on their areas of expertise, and consider appropriate controls and actions.
7. This collaborative approach provides more assurance that all risks are being identified, and resources are being spent managing the important risks.
8. Furthermore, training delivered to Service Leads during 2018 and engagement with the service delivery planning process has enabled service managers to highlight and escalate risks for consideration by the group.

Corporate risk register updates

9. The Corporate Risk Register has been updated, and is attached at **appendix 2**.

10. The register includes scores for **inherent** risks (before any mitigating controls are considered) and **residual** risk (after taking account of key controls, which are listed). Any planned actions to further mitigate risks are also shown.
11. Risks are grouped into categories, to help monitor them. The use of the “right” category is not critical, it is simply an aid to assist the identification of a risk. The critical factor is that all key risks are identified and then managed effectively.
12. The Policy establishes the Council’s appetite to risk. As an organisation with limited resources it is inappropriate for the Council to seek to mitigate all of the risk it faces. The Council therefore aims to manage risk in a manner which is proportionate to the risk faced, based on the experience and expertise of its senior managers.
13. The risk appetite communicates the level of risk the Council is willing to take. In exceptional circumstances it may not be possible, or proportionate, to implement controls that reduce the residual risk score within this appetite. In this instance the risk would be managed, and the aim would be to reduce this below the risk appetite at the earliest opportunity.
14. The maximum risk appetite score is set at 15, as a multiple of residual likelihood and residual impact.
15. The risk appetite is illustrated in the scoring matrix, which is also used to highlight the significance of the residual risks in a “heat map”, which accompanies the Corporate Risk Register.
16. The Corporate Risk Register will be reported to the Committee at least twice per year. Changes to the risk register, and relevant updates, are reported to the Committee for awareness. Current developments are detailed below:

Risk	Description
<p>B3</p> <p>Failure to plan for and accommodate the impact of Brexit.</p>	<p>Since this was recognised as a risk on the Corporate Risk Register in January 2019, the scoring has been regularly reviewed. It is acknowledged that the Council is pro-actively engaging in workshops and with partnerships/local networks to plan robustly for potential impacts but the scoring reflects that there remains limited scope to significantly reduce all potential risks associated with this. The scoring of the risk’s likelihood has recently been reduced from 3 to 2 for both the inherent and residual risk on the basis that the immediate likelihood of a ‘no deal’ Brexit has reduced.</p>
<p>C1</p> <p>Loss of data or access to ICT systems due to a breach of information security or</p>	<p>The controls listed on the Corporate Risk Register to manage this risk include disaster recovery planning. An update on progress being made in relation to management of this risk and development of the disaster recovery provision and plans has been reflected in the risk register.</p>

Risk	Description
weaknesses in the IT infrastructure.	
D2 Failure to deliver upon strategic development plans and requirements.	The action associated with the risk has been updated to reflect the decision taken in October 2019 not to commence work on a new Local Plan. The Council committed to undertake a second Review of the Local Plan within 18 months and the target date has been amended to April 2021.
C6 Failure of corporate governance and counter fraud and corruption controls.	This entry has been updated to reflect actions taken since the last report to the Finance and Resources Committee including promotion of International Fraud Awareness Week in November; the introduction of a dedicated fraud reporting mailbox; and the review of the Council's Anti-Money Laundering policy.

Corporate residual risk heat map

- An updated risk heat map is included at **appendix 3** which shows the residual risk level for each of the risks. This gives a quick view of where each risk sits in relation to the Council's risk appetite, i.e. there should be no risks with a residual score greater than 15, unless there are exceptional circumstances.

Conclusion

- Risk management processes follow good practice, and are proportionate. These are documented in a Risk Management Policy, with a supporting framework.
- The Risk Management Group continue to review the Risk Register on a quarterly basis to ensure all risks are recognised and up to date.
- The Council has a Corporate Risk Register and each risk shows the owner and the key controls, both in place or planned, designed to minimise any impact on the Council and its provision of services to stakeholders.
- The Risk Management Policy requires managers to keep all risks under review, and the Corporate Risk Register has been updated accordingly.

Inherent Risk								Residual Risk				Actions			
Risk No.	Risk Description	Cause	Effect	Owner	Likelihood	Impact	Score & RAG	Key Controls	Likelihood	Impact	Score & RAG	Actions	Owner	Target Date	Action RAG
C1	Failure to maintain service delivery and support the community in the event of an unforeseen emergency or loss of resources.	Major civil emergency potentially due to: <ul style="list-style-type: none"> • Loss of access to premises • Severe weather events • Fuel shortages • Communications failure • Pandemics • Loss of power • Terrorist events • Supply chain failure 	Inability to access key staff or resources resulting in reduced ability to deliver services. Increased requests for Council resources and services Health and safety impact on staff and vulnerable residents Damage to Council property and impact on residents Reputation damage	CEX	3	5	15 (A)	Business Continuity Plan (BCP) updated. Business Continuity Training and exercises. Member's handbook. Emergency Management Plan with supporting plans for specific activities e.g. rest centres. Rest Centre plans reviewed by National Resilience Forum. Registration process and template forms aligned to other Councils so they can mutually assist each other as responders.	3	2	6 (A)				

Inherent Risk								Residual Risk				Actions			
Risk No.	Risk Description	Cause	Effect	Owner	Likelihood	Impact	Score & RAG	Key Controls	Likelihood	Impact	Score & RAG	Actions	Owner	Target Date	Action RAG
C2	Loss of data or access to ICT systems due to a breach of information security or weaknesses in the IT infrastructure.	<p>ICT systems abuse, intrusion or failure.</p> <p>Under investment in IT infrastructure and lack resource to implement change.</p> <p>Employees not having the right tools for the job to work efficiently.</p>	<p>Business interruption resulting in reduced ability to deliver services.</p> <p>Not prepared for disaster recovery.</p> <p>Non-compliance with legislation, resulting in financial penalties up to £0.5m and reputational risk.</p> <p>Inefficient working.</p>	D-O	3	4	12 (A)	<p>ICT Disaster Recovery Plan.</p> <p>System and Penetration testing regime.</p> <p>ICT Security Policy.</p> <p>Government Connect and Public Sector Network compliance.</p>	3	4	12 (A)	<p>The new resilient network connection between The Grange and Espace North has been installed and is currently being tested ready for sign off. The new proposed Disaster Recovery Setup including both hardware and software will commence by end of January 2020 with an aim to be complete by end of March 2020. The associated Disaster Recovery Plan will be updated and reviewed as part of the process and will be completed by the end of April to reflect the changed and improvements made.</p> <p>The systems and Network Penetration tested has been quoted for the testing is now being arranged with the winning supplier. The testing and results report will be completed by the end of March 2020.</p> <p>The Information Security Policy will be taken to the February Finance and Resources Committee for approval.</p>	D-0	March 2020	A

Inherent Risk								Residual Risk				Actions			
Risk No.	Risk Description	Cause	Effect	Owner	Likelihood	Impact	Score & RAG	Key Controls	Likelihood	Impact	Score & RAG	Actions	Owner	Target Date	Action RAG
C3	Non-compliance with legislative and regulatory requirements.	Changes in legislation from Central Government, Europe, or Professional bodies can impact many areas, for example: <ul style="list-style-type: none"> • health and safety, • equalities, • safeguarding, • environmental legislation, • employment law. 	Financial penalties for non-compliance. Reputational risk.	MT	4	3	12 (A)	Monitoring changes to legislation that impacts the Council. Topical examples include H&S sentencing guidelines, and earlier closedown of accounts. Procedural changes and training is delivered as required. Safeguarding policy in place and refreshed in 2017/18. Safeguarding leads nominated and all staff have received safeguarding training. Health and safety risk assessment programme.	2	3	6 (A)				
C4	Failure to achieve compliance with the General Data Protection Regulations (GDPR) and Data Protection Act.	New legislation from Central Government and Europe.	ICO warnings, bans on processing data, fines. Compensation claims and reputational damage.	LSM	3	5	15 (A)	Information Officer post created and filled. All Council staff briefed. Key (public facing) stages completed for GDPR introduction in May 2018, continued compliance in place via action plan. Staff e-learning and Member briefing.	2	4	8 (A)	Continue working towards full compliance via action plan.	LSM	May 2020	G
C5	Payroll and HR system not meeting the needs of the whole organisation.	Midland HR do not meet our service requirements.	Salaries are not paid correctly to employees Pensions and subsequent pension reports are not completed properly for HMRC and LGSS	FM	3	5	15 (A)	Regular communication with Midland HR Effective communication between HR and payroll Service Level Agreement to be adhered to	2	5	10 (A)				

Inherent Risk								Residual Risk				Actions			
Risk No.	Risk Description	Cause	Effect	Owner	Likelihood	Impact	Score & RAG	Key Controls	Likelihood	Impact	Score & RAG	Actions	Owner	Target Date	Action RAG
C6	Failure of corporate governance and counter fraud and corruption controls.	Attempts at fraud and corruption from internal or external sources are successful due to inadequate corporate governance and counter fraud controls.	Financial losses and reputational damage. Impact on service delivery.	MT	3	3	9 (A)	Counter fraud training for officers as part of induction process. Gifts and hospitality registers. Counter fraud and ethical governance policies and procedures. Anti-money laundering policy added to Constitution. Internal control framework including segregation of duties and authorisations. Reviewed annually for Annual Governance Statement. Participation in National Fraud Initiative. Fraud awareness promotion in February 2019 and November 2019. Fraud reporting tool introduced in November 2019.	2	3	6 (A)	Review of Counter Fraud policies and Anti Money Laundering policy	FM	September 2019	G
LEARNING AND GROWTH															
D2	Failure to deliver upon strategic development plans and requirements.	Following a recent public inquiry, the Planning Inspectorate has determined the Council is unable to demonstrate a five-year land supply for housing. Lack of up to date Local Plan. Lack of delivery of permitted schemes by developers.	Planning applications can only be refused if the adverse impacts significantly and demonstrably outweigh the benefits of the proposal, in accordance with the presumption in favour of the sustainable development. More speculative development Not delivering quantity of housing/employment to meet needs of the district	D-CS	5	5	25 (R)	Development Management to manage speculative applications when submitted. Work with developers to ensure delivery of sites.	3	4	12 (A)	Members to determine whether to commence work on a new Local Plan	D-CS	October 2019	

Inherent Risk								Residual Risk				Actions			
Risk No.	Risk Description	Cause	Effect	Owner	Likelihood	Impact	Score & RAG	Key Controls	Likelihood	Impact	Score & RAG	Actions	Owner	Target Date	Action RAG
D8	Difficulties with staff recruitment, absence and retention – leading to lack of resources.	Lack of staff resources in terms of numbers due to high turnover or failed recruitment exercises. Lack of staff resources in terms of knowledge, skills and behaviours due to poor staff retention.	A shortage of staff in roles across the Council and Trading Companies and a loss of knowledge and skills, could lead to service failure, which could result in an increased level of complaints, poor reputation and financial penalties from breaches in legislation or failure to follow rules, procedures and meet deadlines.	MT	4	3	12 (A)	Pay Review exercise linked to revised Job description questionnaires (JDQ) implemented in December 2019, this should ensure that all staff are being paid an appropriate salary for the job they are undertaking. Investment in training and up-skilling existing staff. Absence Management policy. Effective implementation of Service Delivery Plans and performance management Management Development training has been delivered to all Service Leads and team leaders.	4	2	8 (A)				

Corporate Priorities:

- 1 Delivering a Financially Sound and Well Managed Council
- 2 Genuinely Affordable Housing
- 3 A Fantastic Place to Live
- 4 Improving Local Transport
- 5 Improving Infrastructure
- 6 New Jobs and Funding

Key to risk owners (above):

- CEX Chief Executive
D-O Director, Operations
D-CS Director, Commercial Services
FM Finance Manager and S151 Officer
LSM Legal Services Manager and Monitoring Officer
ISM Infrastructure and Strategy Manager
HSM Health & Safety Manager
HRM Human Resources Manager
MT Management Team

Appendix 3 - Corporate Risk Register Heat Map

Summary of Residual Scores for Corporate Risks

Impact	Very High	5		C5			
	High	4		A2, C4	B1, B2, D2, C2		
	Medium	3		A3, B3, C3, C6			
	Low	2		A4	C1	D8	
	Negligible	1					
			1	2	3	4	5
			Very rare	Unlikely	Possible	Likely	Very Likely
			Likelihood				

Red scores – in excess of the Council's risk appetite. Action is needed to redress, with regular monitoring. In exceptional circumstances residual risk in excess of the risk appetite can be approved if it is agreed that it is impractical or impossible to reduce the risk level below 16. Such risks should be escalated through the management reporting line to Corporate Management Team, Resources and Finance Committee and Council.

Amber scores – likely to cause the Council some difficulties (risk score 5 to 15) – six monthly monitoring.

Green scores (risk score 1 to 4) – low risk, monitor as necessary.

Code	Title
A2	East Cambridgeshire Trading Company and East Cambridgeshire Street Scene Ltd fail to deliver upon business plans and expected levels of performance.
A3	Failure to deliver the housing strategy, and provide affordable housing to residents within the district.
A4	Homelessness in the district.
B1	Inability to balance budget.
B2	Failure to achieve expected levels of development and planning income.
B3	Failure to plan for and accommodate the impact of Brexit.
C1	Failure to maintain service delivery and support the community in the event of an unforeseen emergency or loss of resources.
C2	Loss of data or access to ICT systems due to a breach of information security or weaknesses in the IT infrastructure.
C3	Non-compliance with legislative and regulatory requirements.
C4	Failure to achieve compliance with the General Data Protection Regulations & Data Protection Act.
C5	Payroll and HR system not meeting the needs of the whole organisation.
C6	Failure of corporate governance and counter fraud and corruption controls
D2	Failure to deliver upon strategic development plans and requirements.
D8	Difficulties with staff recruitment, absence and retention – leading to lack of resources.

TITLE: ECTC BUSINESS PLAN 2020/21

Committee: Finance & Assets Committee

Date: 6 February 2020

Author: Director Commercial

[U167]

1.0 ISSUE

1.1 To consider the ECTC Business Plan 2020/21.

2.0 RECOMMENDATION

2.1 Members are requested to approve the ECTC Business Plan 2020/21 as set out in Appendix 1.

3.0 BACKGROUND/OPTIONS

3.1 In accordance with the Shareholder Agreement ECTC is required to produce an annual business plan for approval by the Finance & Assets Committee.

4.0 ARGUMENTS/CONCLUSIONS

4.1 ECTC has produced the Business Plan 2020/21 (Appendix 1). The business plan was approved by the ECTC Board of Directors on 15 January 2020.

4.3 The ECTC Business Plan 2019/20 has been produced in compliance with the Shareholder Agreement and sets out the key business that will be conducted by ECTC during 2020/21.

5.0 FINANCIAL IMPLICATIONS/EIA/CIA

5.1 There are no financial implication arising from this report.

5.2 EIA not required.

5.3 CIA not required for the approval of the business plan. Carbon Impact will be considered, where relevant, through individual projects.

6.0 APPENDICES

6.1 Appendix 1- ECTC Business Plan 2020/21.

Background Documents

None

Location

Room 105,
The Grange,
Ely

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Emma Grima
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EAST CAMBRIDGESHIRE
DISTRICT COUNCIL

East Cambs
Trading CO. Ltd

ECTC BUSINESS PLAN

1. INTRODUCTION

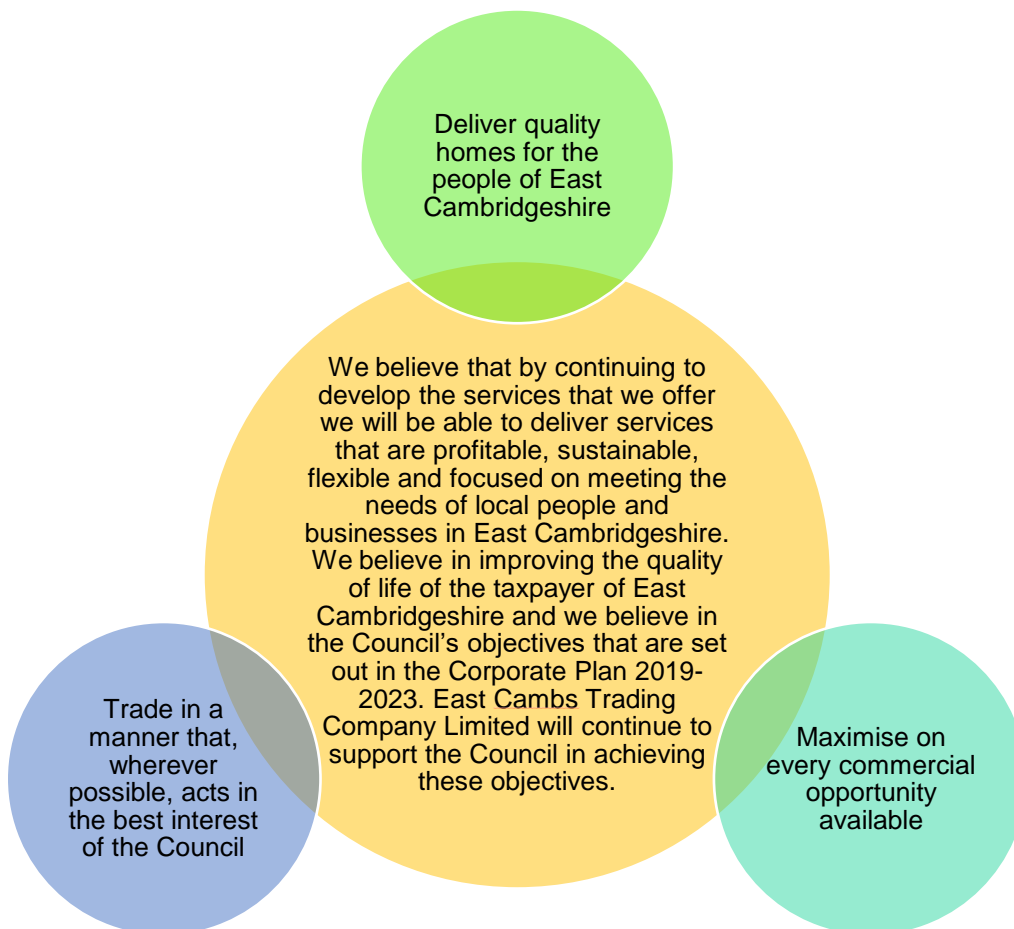
This Business Plan is designed to provide an overview and detail of the:

- ❖ Governance structure
- ❖ Financial overview
- ❖ Risk Management
- ❖ Board and Management Structure
- ❖ Commercial Services
- ❖ Property

East Cambs Trading Company (ECTC) is a private company limited by shares that is wholly owned by East Cambridgeshire District Council (ECDC). ECTC operates at 'arm's length' from ECDC with an independent board for operational decision making.

Working with ECDC the following drivers were established:

- ❖ Balance the Budget
- ❖ Improve Services
- ❖ Build New Homes
- ❖ Maximise Devolution Opportunities
- ❖ Promote Open for Business and 'Can Do' Attitude



2. BACKGROUND

ECTC was established as a 'tool' to enable ECDC to do more than it already does. Whilst ECTC is a legal entity in its own right, and should be free to operate commercially to generate the maximum returns, it is important to remember that it is a company that is wholly owned by ECDC.

As the sole shareholder ECDC has an interest to ensure, wherever practicably possible, that ECTC is profitable. Profit for ECTC will ultimately benefit the Council as sole shareholder as the only body capable of receiving a dividend. Profit will either be reinvested in ECTC to achieve service improvements and greater profits or will be paid to ECDC, as a dividend, to enable it to achieve the aims of the MTFs and the Corporate Priorities.

2.1 Key Business

ECTC has two key business areas; the first is Commercial Services, which currently delivers Ely Markets and Grounds Maintenance and, the second is Property Development.

Both areas of the business carry out business on behalf of ECDC as well as other customers.

ECTC will continually look for new opportunities to enter new markets or expand in existing markets. Where necessary individual business plans will be developed for approval by the board.

3. PROCESS

3.1 Service Level Agreements

ECDC will continue to provide support services to ECTC through Service Level Agreements (SLA). ECTC will negotiate individual SLAs with each ECDC support service to reflect the needs of ECTC. Each SLA will include measurable performance indicators, break clauses and remedies for non-performance. There will be an annual review process whereby SLAs are refined to more accurately reflect the support required by ECTC.

Support services from ECDC for 2020/21 include:

- ❖ HR Support, including recruitment and training,
- ❖ Payroll,
- ❖ Customer Services- Phone answering service and taking telephone payments,
- ❖ Insurance provision (buildings, vehicles, employers and public liability),
- ❖ Legal Support- as and when required, and
- ❖ IT

3.2 Property and Assets

The Head Office of ECTC is The Grange, Nutholt Lane, Ely, Cambridgeshire, CB7 4EE. Wherever possible, ECTC seeks to operate from premises within the ECDC Estate.

Ely Markets currently occupy The Grange, Ely.

Grounds Maintenance currently occupy The Grange, Ely and The Depot, Portley Hill, Littleport.

Property Development occupy 5 Fordham House Court, Newmarket Road, Fordham. The Fordham property is occupied under a 6 year lease that has an option to break after 3 years. The lease is assignable and sub-letting is allowed. A formal review of the office requirements of Property and Community Housing will be carried out prior to December 2020.

3.3 Policies and Procedures

ECTC continue to use all relevant ECDC policies and procedures.

3.4 Data Protection

ECTC comply with the relevant legislation and guidance concerning Data Protection.

3.5 Freedom of Information

ECTC is subject to requests for the disclosure of information under the Freedom of Information Act 2000 in its own right. As such, ECTC maintain a record management system that complies with the relevant guidance concerning the maintenance and management of records. ECTC will liaise with ECDC as appropriate to ensure consistency in answering FOI requests and provide such information to ECDC as it may require to answer questions it has received.

4. GOVERNANCE AND MANAGEMENT

This Business Plan will be delivered in full compliance with the governance arrangements set out by ECDC. ECTC will seek to maintain and enhance ECDCs reputation and brand for high standards.

ECTC continues to maintain an effective service and will deliver financial performance management reporting systems to the Board and ECDC Shareholder Committee.

4.1 Structure

Board of Directors

The Board of Directors comprises:

The Independent Chairman
2 ECDC Senior Officers; the Chief Executive and the Director, Commercial

The quorum for board meetings shall be two.

At board meetings each director shall have one vote.

Board meetings shall be held at least quarterly on such dates as they may agree (where there is failure to reach an agreement a decision will be made by the Chairman).

An agenda for the meeting will be prepared and distributed not less than 5 business days prior to the meeting.

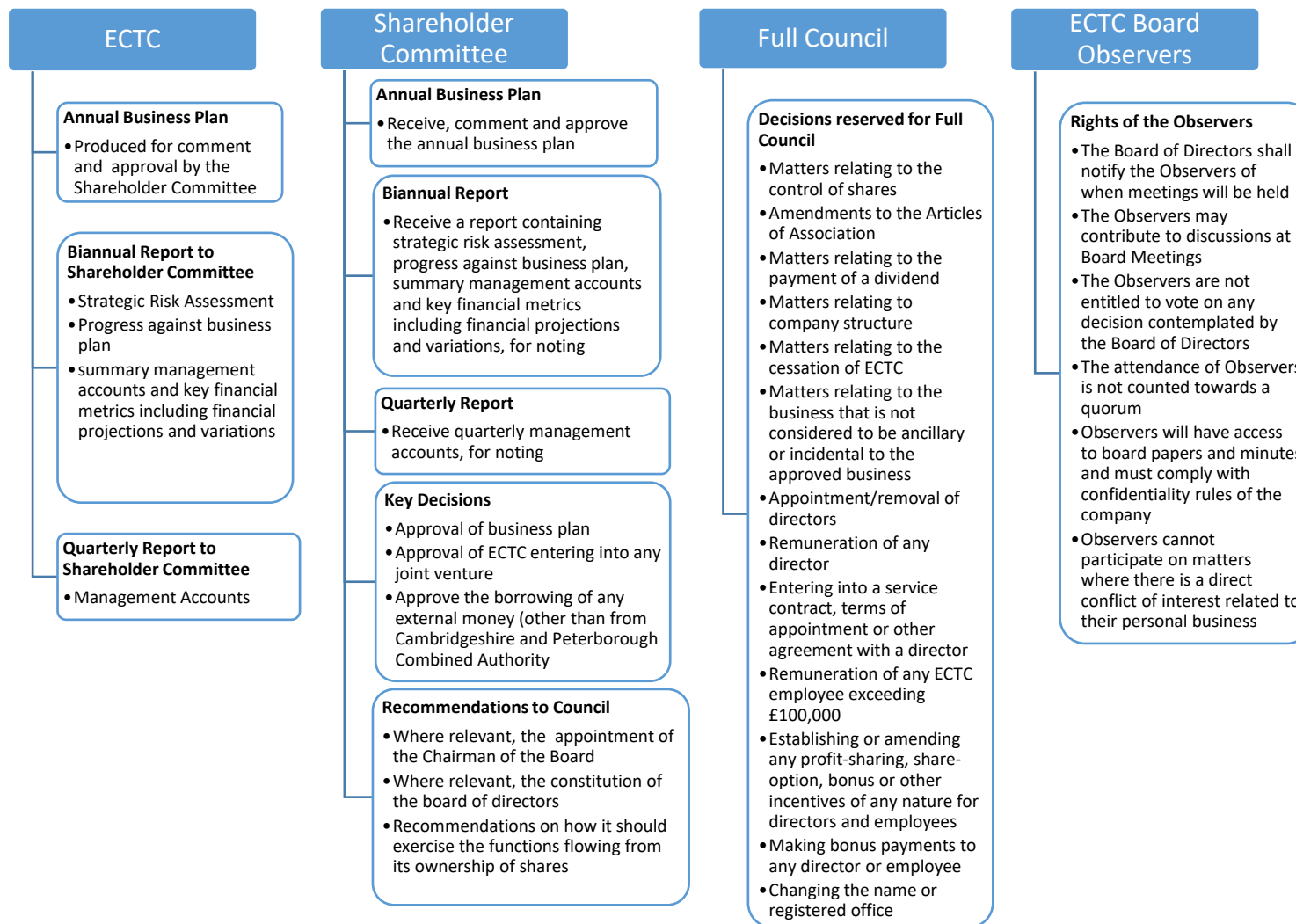
Except where the information is commercially sensitive, approved minutes of Board meetings will be provided to the Shareholder Committee for noting.

Managing Director and Company Secretary

The Managing Director of ECTC is the Chief Executive of ECDC. The Managing Director acts as the key conduit between ECTC and ECDC and has overall responsibility for ensuring compliance with the Shareholder Agreement.

The Company Secretary of ECTC is ECDC's Director Commercial.

4.2 ECTC's relationship with ECDC



5. FINANCIAL INFORMATION

5.1 Budget

The table below provides a summary of turnover and cost up to 2021/22.

	2019/20	2020/21	2021/22
Turnover			
Commercial	1,125,117	1,024,001	1,032,712
Property	6,779,506	24,363,539	25,564,041
Total	7,904,623	25,387,540	26,596,753
Cost			
Corporate	185,338	188,060	191,663
Commercial	889,427	971,089	987,774
Property	6,251,252	23,625,825	23,928,974
Total	7,326,017	24,784,975	25,108,411
EBITDA	578,606	602,565	1,488,342
Interest cost	205,917	673,858	506,934
Profit before tax	372,688	(71,293)	981,408
Tax	61,750	-	154,720
Profit after tax	310,939	(71,293)	826,689

The balance sheet and cashflow statement are provided as EXEMPT Appendix 1.

Although an overall loss for the business is far from ideal, it has been known for some time that a loss would be made. Below is an extract from the approved 2019/20 business plan detailing the planned post-tax profits (losses) at that point:

	2019/20	2020/21
Profit after tax	248,615	(221,817)

As can be seen, profits in 2019/20 are predicted to be higher than planned and the losses for 2020/21 have been reduced. This, in part, is as a result of a reorganisation of the staff structure carried out in Q3 2019/20.

5.2 Financial benefit to ECDC

The table below shows the receipts that ECDC has received from ECTC as a result of its activities:

	2016/17 Actual	2017/18 Actual	2018/19 Actual	2019/20 Actual Nov 19 + Forecast	2020/21 Forecast	2021/22 Forecast	Total
Profit after tax from Trading Company	(405,810)	(305,803)	663,922	319,262	(71,293)	821,788	1,022,065
Financial Benefits From Property Development	-	-	943,224	127,244	429,170	686,559	2,186,198
Charges Incurred From ECDC	93,800	233,188	401,334	393,038	334,907	165,320	1,620,586
Reduction in Parks Contract	-	-	-	-	100,000	100,000	200,000
Total Financial Benefit From Company	(312,010)	(72,615)	2,008,481	838,544	792,784	1,773,666	5,028,849

6. RISK MANAGEMENT

LEGISLATIVE/POLICY				
Identified Risk	Management of Risk	Risk Score		Risk Owner
<p>Changes in legislation which could place restrictions on the Council's powers to trade in a commercial manner.</p> <p>Changes in legislation could impact on ECTC's ability to borrow (or conversely ECDC's power to lend) to fund future projects</p>	<p>This is outside the control of ECTC.</p> <p>Continuous monitoring of changes to legislation and government guidance through liaison with MP's, ebulletins, consultations, LGA KnowledgeHub and other publications.</p> <p>Any significant changes in legislation which realise this risk should be addressed immediately by the Managing Director to the Board of Directors.</p> <p>An amended Business Plan or Exit Strategy will need to be approved by the Board of Directors and submitted to the Council.</p> <p>The Council's S151 Officer attends all Board Meetings and advises on all relevant financial and governance matters.</p> <hr/> <p>Monitoring</p> <p>There have been no significant changes in legislation. This risk is continually reviewed through publications and regular liaison with Grant Thornton.</p>	<p>Likelihood</p> <p>Impact</p> <p>Risk</p>	<p>1</p> <p>5</p> <p>5</p>	<p>Managing Director</p>
<p>The June 2016 Referendum result for the United Kingdom to leave the European Union could have a financial and/or operational impact on ECTC.</p>	<p>The Board of Directors shall continuously monitor the perceptions and actual impacts on market conditions and inform the Council of any changes/decisions that need to be made.</p> <p>Advice will be sought from the relevant professional body when appropriate.</p> <hr/> <p>Monitoring</p>	<p>Likelihood</p> <p>Impact</p> <p>Risk</p>	<p>3</p> <p>4</p> <p>12</p>	<p>Board of Directors</p> <p>Section 151 Officer & Director Commercial (ECDC)</p>

	<p>The United Kingdom is due to leave the European Union on 31 January 2020.</p> <p>At present there are still many unknown implications that could arise from BREXIT.</p> <p>The key risks identified so far relate to inflationary pressures on construction products and material prices, potential for skills shortages within the construction industry, and constraints on market for new homes due to economic uncertainty.</p> <p>ECTC seek to manage these risks through its tendering process and ensures that as much flexibility as possible is retained when entering into land agreements.</p> <p>The Head of Development has addressed the key risks in the individual project business plans.</p>			
Local Government Reform	<p>The Cambridgeshire and Peterborough Combined Authority Mayor has announced a review for local government reform. Details and scope of the review are not defined at present, such a review is capable of having both a positive and a negative impact on ECTC, depending on the outcomes of the review.</p> <p>It is unlikely that there will be negative impact for ECTC in 2020/21 as the review is likely to take a significant amount of time to conclude.</p> <p>The Director Commercial shall monitor the proposals as they progress.</p> <p>The Director Commercial shall inform the Board as soon as is practicably possible of any opportunities and threats that arise.</p>	<p>Likelihood Impact Risk</p>	<p>2 2 4</p>	<p>Director Commercial</p>
Changes in Planning and Housing Policies could have an impact of the Property Division,	<p>The Government has published revised National Planning Policy Framework (July 2018). The revised definition of affordable rented housing restricts delivery to registered providers. This will restrict CLTs</p>	<p>Likelihood Impact Risk</p>	<p>3 3 9</p>	<p>Director Commercial</p>

<p>for example, changes to Affordable Housing, Starter Homes, and Self-build could impact the profitability of a particular development.</p>	<p>ability to deliver affordable rented housing unless they become, or work with, a registered provider.</p> <hr/> <p>Monitoring</p> <p>The Regulator has approved Stage 1 consent for the Council setting up a company to become a Registered Provider. Work is underway to complete the Stage 2 application.</p> <p>There will be no impact on the Haddenham Development or the MOD, Ely Phase 1 development as the Section 106 Agreement for the former was completed prior to the changes and there is no Section 106 Agreement for the latter.</p> <p>The Head of Property shall continue to monitor progress.</p>			<p>Head of Property Development</p>
<p>The Council cannot demonstrate a five year land supply.</p> <p>This has a potential to undermine the ability to deliver CLT development in East Cambridgeshire.</p>	<p>In February 2019 ECDC took the decision to withdraw the emerging local plan and has reverted to the 2015 adopted local plan. The Council cannot demonstrate a five year land supply from now until April 2020 (once the adopted plan is five years old).</p> <p>This situation provides landowners the potential of an additional option for development outside the development envelope other than CLT's or rural exception sites. This could undermine the negotiating ability of local CLT's.</p> <hr/> <p>Monitoring</p> <p>ECTC has not experienced a negative impact from the Council's lack of five year land supply. The Head of Development shall continue to monitor the situation closely in 2020/21.</p>	<p>Likelihood Impact Risk</p>	<p>5 4 20</p>	<p>Director, Commercial Services</p> <p>Head of Property Development</p>

GOVERNANCE				
Inadequate governance arrangements and lack of clarity on roles of the Council and ECTC could lead to poor decision making which could undermine the operation of ECTC	<p>In 2019/20 Council approved governance changes to the Articles of Association and the Shareholder Agreement. Such changes included the removal of elected Members from the ECTC Board of Directors. Elected Members now serve as Observers to the Board of Directors. The rights and rules of Observers are set out in the Shareholder Agreement.</p> <p>The Council and ECTC will continue to monitor the practicalities of the Shareholder Agreement to ensure that it is fit-for-purpose. Any necessary changes will be brought to the attention of the Council.</p> <p>Any changes to the Shareholder Agreement will need to be approved by the Council. The Managing Director will provide a report to the Council detailing any proposed changes and why these changes would be necessary.</p>	Likelihood Impact Risk	3 4 12	Managing Director
As ECTC is wholly owned by ECDC, ECTC is subjected to the controls and decision making process for matters that lay outside of the Business Plan.	<p>The Shareholder Agreement sets out the decision making abilities of the ECTC and ECDC. The Shareholder Agreement provides for the ability of extraordinary meetings of the Shareholder Committee to be called to consider urgent business and where necessary make recommendations to Full Council.</p>	Likelihood Impact Risk	3 4 12	Managing Director
The speed of the decision making process may have an impact on ECTC's ability to operate effectively.	<p>In accordance with the Council's Constitution a Full Council meeting can be convened to deal with any urgent business.</p>			
ECONOMIC				
ECDC has provided a loan to ECTC of £5,000,000, to be drawn down in accordance with the loan agreement.	<p>ECTC is required to repay in full at March 2021 any loan outstanding from the £5m facility agreed by Council at the inception of the company.</p>	Likelihood Impact Risk	4 4 16	Finance Manager

<p>ECDC has provided a loan to ECTC of up to £1,500,000, to be drawn down in accordance with the loan agreement.</p>	<p>The ability of ECTC to repay any outstanding loan to ECDC is dependent on commercial activities of ECTC particularly with reference to property development.</p> <p>The repayment schedule is on track but is dependent on £2m receipt from the Kennett development, most probably facilitated with the transfer of the site to a special delivery vehicle wholly owned by ECTC or joint venture with third party funder. This is of course, dependent on the availability of finance.</p> <p>Monitoring</p> <p>In December 2019 ECTC made an early payment of £1.7m to the Council.</p> <p>The £2m assured receipt or a substantial part of this figure will be required to meet ECTC obligations to the Council.</p> <p>An award of funding from the Combined Authority should enable the transfer of the site to a special delivery vehicle and retain the development rights for ECTC and any JV partners (if applicable).</p> <p>The Head of Development is exploring alternative commercial opportunities to ensure that ECTC can meet its obligations to repay the loan and will report progress to the board in due course.</p> <p>The Head of Development will complete a full risk assessment before ECTC commit further finance (beyond that already agreed to achieve outline planning permission) for the Kennett development.</p> <p>ECTC is required to repay in full at March 2021 any loan outstanding from the £1.5m facility agreed by Council.</p> <p>The ability of ECTC to repay any outstanding loan to ECDC is dependent on achieving the sales revenues from the MoD site in Ely.</p>			
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	<p>The current loan facility from ECDC is inadequate to fund all of the development activities that ECTC plans to undertake in this business plan</p> <p>Business Plans will be produced to secure additional loan financing for projects that are not currently funded in development stage.</p>			
<p>Changes in taxation, interest rates and build cost inflation could have an impact on the viability and profitability ECTC.</p>	<p>At present changes in taxation is not a known risk, however, ECTC should have regard to the impact of any such changes.</p> <p>Building cost inflation is a key risk; to minimise the impact of this contracts will be let on a fixed price basis with costs defined.</p> <p>The Finance Team, and where relevant the Head of Property Development will monitor changes and factor any changes in the business planning process.</p>	<p>Likelihood Impact Risk</p>	<p>1 3 3</p>	<p>Section 151 Officer/Finance Manager</p> <p>Head of Property Development</p> <p>Director, Commercial Services (ECTC)</p>
<p>Economic downturn could result in less than anticipated (or even losses) assumed in the Business Plan</p>	<p>A full assessment of the market conditions will be carried out prior to any development commencing. In the event that an economic downturn occurs once a development has commenced the Head of Property Development will appraise the Managing Director of the situation and propose a solution to mitigate any potential losses.</p> <p>The Managing Director shall inform the Council as soon as is practicably possible of any significant changes that may impact on the repayment of any of the company's loans.</p> <p>Where relevant the Managing Director shall present to the Council an amendment to the Business Plan or, if necessary, present an Exit Strategy, for approval.</p>	<p>Likelihood Impact Risk</p>	<p>3 4 12</p>	<p>Head of Property Development</p> <p>Managing Director</p>
<p>In order to prosper in a commercial environment, cash</p>	<p>The cash flow of ECTC is dependent on the loan facilities from ECDC/Combined Authority, commercial returns from non-property based activities, receipts from property sales and project cash flow.</p>	<p>Likelihood Impact Risk</p>	<p>3 4 12</p>	<p>Managing Director</p>

<p>flow for the ECTC will be essential.</p> <p>Insufficient cash flow will result in ECTC being constrained in realising the objectives of the Business Plan.</p>	<p>Monitoring</p> <p>ECTC continues to monitor its cash flow to ensure it meets its creditor obligations to staff and contractors.</p> <p>Should opportunities arise that are outside of the scope of the Business Plan ECTC shall liaise with the Council and prepare a revised Business Plan, at the earliest opportunity, which will include identifying loan funding (to be approved by Council) that would enable commercial opportunities to be realised.</p>			<p>Head of Development</p> <p>Director Commercial</p> <p>Finance Manager</p>
<p>OPERATIONAL</p>				
<p>Inadequate cost controls on commercial build contracts can lead to delays, overspends and reduced profitability/cash flow for the company.</p> <p>This has the potential to undermine the ability to repay loans to the Council and the Combined Authority.</p>	<p>The Head of Property Development, in the business planning cycle, shall have regard to market conditions, build cost inflation and put in place a robust project management and cost control plan.</p> <p>The Head of Development shall monitor the impacts of Brexit and report any implications to the Board of Directors.</p>	<p>Likelihood Impact Risk</p>	<p>2 3 6</p>	<p>Managing Director</p> <p>Head of Property Development</p>
<p>Adequacy of resources to deal with change and upheaval.</p>	<p>The realisation of ECTC ambitions to build 1850 homes (including Kennett) requires investment into ECTC particularly on the development side to ensure that the company has the human resources it needs to deliver the necessary outcomes.</p> <p>Monitoring</p> <p>In 2019/20 the Head of Property and Managing Director carried out a review to ensure that the staff structure reflected the needs of the company.</p>	<p>Likelihood Impact Risk</p>	<p>1 3 3</p>	<p>Managing Director</p> <p>Head of Property</p>

7. COMMERCIAL SERVICES

- 7.1 The Commercial Services of ECTC currently delivery Ely Markets on behalf of ECDC and Grounds Maintenance Services; both on behalf of ECTC and for other customers.
- 7.2 Commercial services, through the Grounds Maintenance Service has made a commitment to explore areas of income generation that will enable ECDC to continue to deliver good quality services to its residents, visitors and businesses.
- 7.3 The primary focus of Commercial Services for 2020/21 shall be to continue to develop Ely Markets, focusing on the community as its customer, and Grounds Maintenance Service focusing on new areas of income generation; ensuring that both continue to deliver high quality services that respond to the needs of their customers and seek to maximise opportunities that arise throughout the year.
- 7.4 Where opportunities arise that are outside of the scope of this business plan, individual business plans will be produced and submitted to the Board for approval.
- 7.5 The following table provides a cumulative budget to 2021/22.

	2019/20	2020/21	2021/22
Turnover	1,125,117	1,024,001	1,032,712
Cost	919,427	971,089	987,774
EBITDA	205,690	52,912	44,938

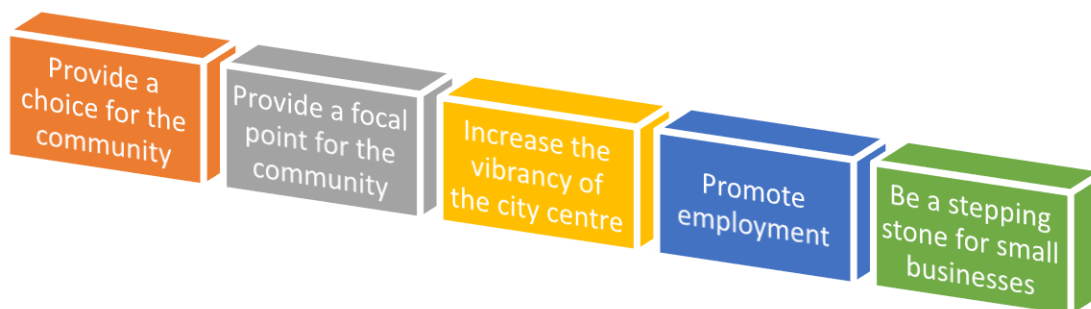
It is important to note that the main difference in profitability relates to ECTC reducing its management fee for the Council's Grounds Maintenance contract by £100,000. This is a positive business decision as it provides an immediate benefit to ECDC as the shareholder, i.e. the Council is saving £100,000 in 2020/21.

ECTC will continue to seek to reduce the fee to the Council whenever the opportunity arises. This demonstrates that the Council can continue to receive an excellent service at a reduced price as the management fee reduction is being absorbed by the profits generated from other contracts in the Grounds Maintenance Service.

7.6 Ely Markets

ECTC manages and operates Ely Markets on behalf of ECDC. This has been secured by way of a ten year operations and management contract.

7.6.1 Service Objectives



7.6.2 Budget

The following table provides a summary of the budget to 2021/22.

	2019/20	2020/21	2021/22
Salaries	131,083	130,156	132,759
Premises	18,698	23,971	24,029
Transport	762	762	770
Supplies & Services	23,434	26,777	27,045
Turnover	225,896	225,710	225,710
Gross Profit	51,920	44,045	41,108

The service has been able to maintain previous profitability levels and make investments in improving the service. An example of investment will be that in 2020/21 the Markets Service will install a water refill station on the Market Place. This shows that Ely Markets is a self-sustaining element of the business and relies on its own income to keep improving. The Markets Service will continue to look for opportunities to reinvest its surplus to deliver more for the community.

The difference in premises cost relates to the planned investment for the water refill station.

7.7 Grounds Maintenance

ECTC currently carries out Grounds Maintenance services for a variety of different customers; ECDC, Cambridgeshire County Council, Parish Council's, Schools and other private clients. Grounds maintenance services include (but are not limited to); grass cutting, hedge trimming, SUDS maintenance, sports pitch line marking, tree services and sports pitch maintenance.

7.7.1 Service Objectives



ECTC's main client is ECDC; generating an income of £720,675 in 2019/20 and rising with RPI in future years. Please note that the Sanctuary contract is incorporated into the management fee paid by ECDC as ECDC 'sub-contract' the Sanctuary contract to ECTC.

The Sanctuary contract is due to end in March 2020. Positive discussions are ongoing with Sanctuary Officers for an extension to this contact.

7.7.5 Budget

The following table provides a summary of the budget to 2021/22.

	2019/20	2020/21	2021/22
Salaries	535,898	585,373	597,080
Premises	66,678	66,640	67,306
Transport	71,698	71,697	72,414
Supplies & Services	41,177	65,714	66,371
Turnover	899,220	798,291	807,002
EBITDA	183,770	8,867	3,830

The difference in staff costs is due to vacancies that arose during different periods of 2019/20. The service was able to absorb the vacancies during the year by offering

additional hours (either through overtime or time off in lieu). In addition, the results of Job Evaluation and NJC have been reflected.

It is important to note that the main difference in profitability relates to ECTC reducing its management fee for the Council's Grounds Maintenance contract by £100,000. This is a positive business decision as it provides an immediate benefit to ECDC as the shareholder, i.e. the Council is saving £100,000 in 2020/21.

ECTC will continue to seek to reduce the fee to the Council whenever the opportunity arises. This demonstrates that the Council can continue to receive an excellent service at a reduced price as the management fee reduction is being absorbed by the profits generated from other contracts in the Grounds Maintenance Service.

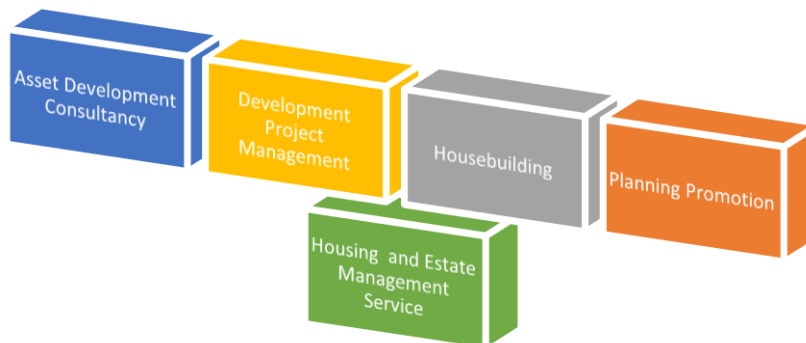
The Grounds Maintenance Team consists of 21 members of staff; 1 Open Spaces & Facilities Manager, 1 Parks & Open Spaces Team Leader, 1 Open Spaces & Facilities Support Officer, 1 Open Spaces & Facilities Administrative Officer, 2 Gardeners, 13 Grounds Maintenance Operatives (1 vacancy), 2 Grounds Maintenance Operatives (Seasonal) and 1 Apprentice Grounds Maintenance Operative (vacant).

At the time of preparing this business plan ECTC is actively recruiting to fill the vacancy identified above.

This staffing structure represents the level of staff needed to accommodate the existing contracts in place. If further contract opportunities arise then there may be a need to recruit additional staff to service the contracts. A case will be made to the Managing Director as and when appropriate to secure additional resource.

8 Property

8.1 Service Objectives



8.2 Overview

Since the company was established in 2016, East Cambridgeshire District Council (ECDC) has already benefitted by £1,073,788 from the property activities of East Cambs Trading Company. In addition, 24 high quality new homes have been delivered, including 10 CLT owned affordable homes that will be available for local people in perpetuity and will generate cash surpluses for re-investment in the local communities.

The company has moved quickly to take advantage of new business opportunities and has secured land that, subject to planning permission, will expand the development pipeline to over 700 homes; at least 210 of these are expected to be affordable homes. The projects at Haddenham and Ely will bring forward new homes that are additional to the existing local plan, support the further development of CLTs and bring homes back into use that have been empty for years.

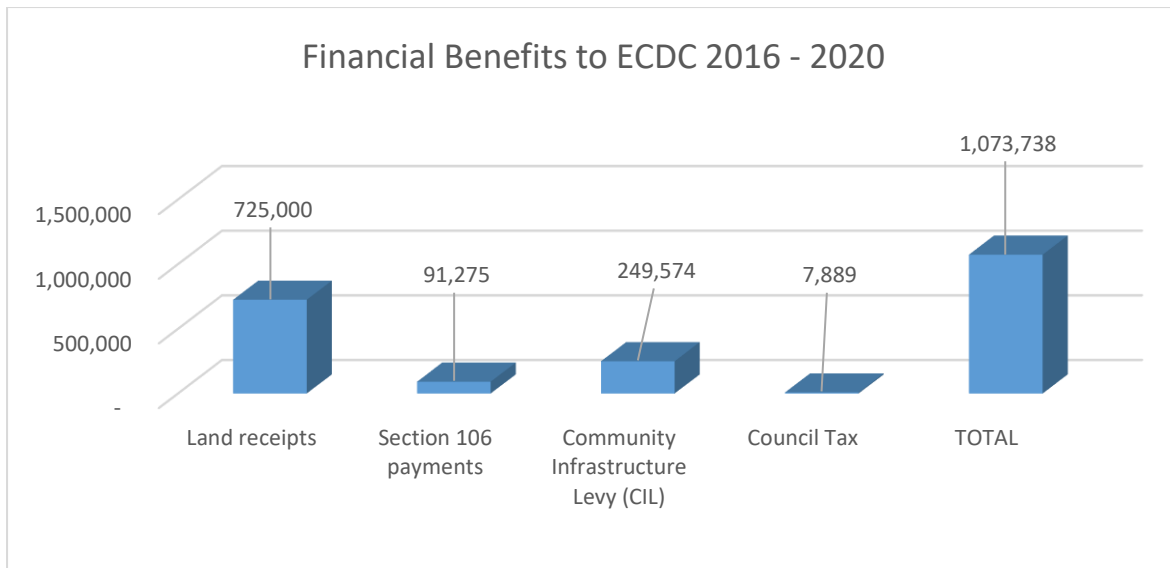
ECTC has been able to progress these projects using existing finance facilities from ECDC and new development loans from the Cambridgeshire and Peterborough Combined Authority (CPCA). Unlike a normal public sector grant fund, the repayable loan and profit share arrangements that have been agreed will allow CPCA to recycle the funds into more new housing projects across Cambridgeshire beyond 2021.

The housing and estate management service that was established by ECTC in 2018 has already produced revenue and this is expected to grow in the coming year as new projects progress. Housing management contracts have been agreed with three local CLTs and affordable homes are now being managed by the team in Soham and Ely.

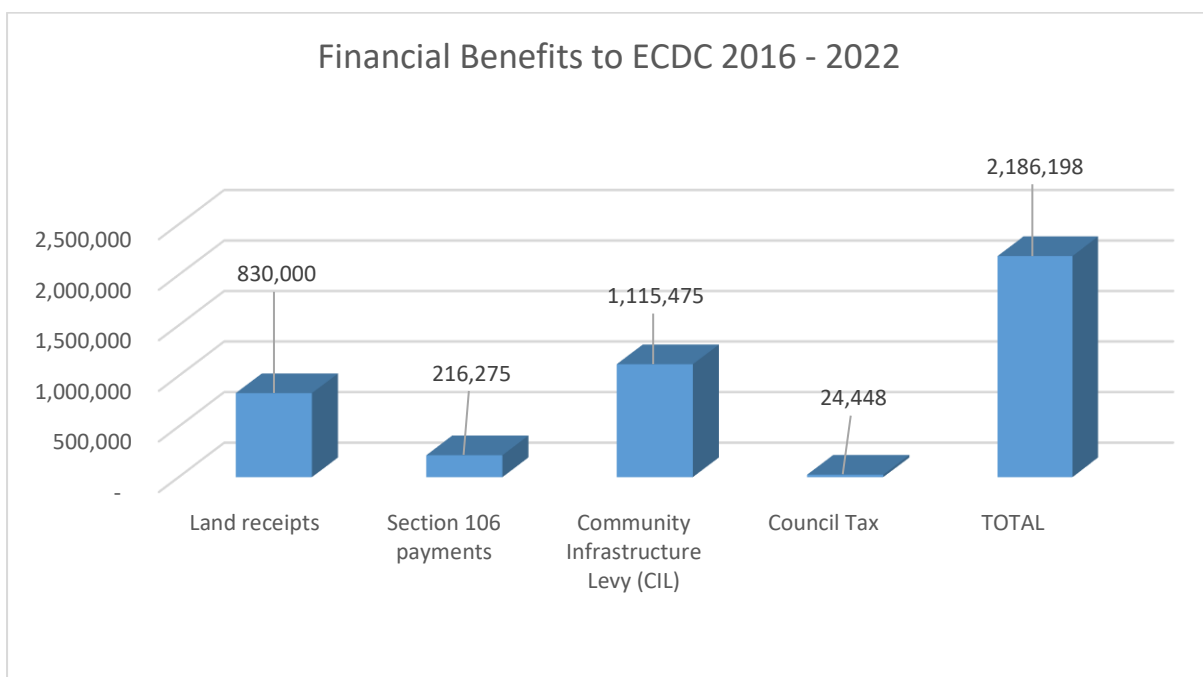
In December 2019, ECTC made its first repayment of £1.7m against the original £5.0m ECDC loan, and the company is on-track to being able to repay the ECDC loan in full in 2021 as planned.

8.3 Financial benefits to ECDC from ECTC Property

To date, due to the development activities of ECTC (Property and Community Housing), £1,073,738 in financial benefits have already been transferred to the Council in the form of land receipts, section 106 payments, CIL payments and Council tax receipts from newly built properties. The breakdown of these payments are illustrated on the chart below.



In the coming years, the financial benefits to ECDC are expected to grow. Based on the current development pipeline, by March 2022 the total financial benefits that will accrue to the Council from the company's development activities will be close to £2.2 million, illustrated in detail on the chart below. It should be noted that this figure excludes any dividends that may be paid to the Council out of profits generated by development activities.



8.4 Key Challenges for 2020/21

This business plan has been produced at a time of almost unprecedented uncertainty, with politics affecting the real economy as almost never before. The weakening global picture is continuing to depress UK growth and a large question mark hangs over any projections made for the economy in 2020.

Bank of England forecasts suggest economic growth of 1.3% in 2020. This is well below the long-term average, and growth is expected to remain subdued over the medium term. Inflation is at the 2% target, and the bank is suggesting that UK short-term interest rate rises should

be gradual and limited. Meanwhile, Oxford Economics has downgraded its long-term GDP forecast from 1.7% to 1.4% per year between 2020 and 2030. This shift is based on the expectation of a looser relationship with the EU and lower levels of trade, along with an ageing and less productive population. This lower GDP forecast will restrict household income growth, which in turn will limit long term house price growth.

In the twelve months to Sep 19, house price growth in the East of England remained broadly flat (0.2% reported by Savills and 1.7% reported by Nationwide), however in the run up to the recent general election in the final quarter of 2019, housing sale transaction volumes in East Anglia fell by over 20% as sellers opted to 'wait and see' the outcome from events in Westminster. This had a negative effect on the local market, particularly for higher value properties as some sellers reacted by accepting offers at 5% - 10% below asking price in order to achieve sales.

The election result has provided a little more certainty about Brexit, and this is expected to have some positive effects on market sentiment and transaction volumes in 2020. That said, any 'Brexit bounce' is likely to be modest and housing sales activity during 2020 is likely to remain relatively subdued, with the danger of another political 'cliff edge' persisting until the end of the transition period in December 2020. Savills are forecasting house price growth in the East of England to remain flat for the whole of 2020, followed by modest growth of between 2.5% and 3.0% per annum in the years that follow¹.

ECTC will continue to closely monitor market conditions for any potential impact on local customer confidence in light of wider political and economic uncertainty. Certainty of future demand is absolutely key as the company looks to invest in its planning permissions, and get them to the point to where homes can actually be built.

Concerns also remain as to the impact Brexit will have on the local economy, and in particular on continued access to skilled foreign workers who provide around 7% of the UK construction workforce. To counter this, the company is investing in training for its own staff and has recently developed an in-house construction management capability which will be key to the company's ability to build out its sites expeditiously. ECTC is now less reliant on large principle contractors and more able to employ local workers, suppliers and contractors on its development projects.

Prices for many construction products and materials rose significantly following the falls in the value of sterling post EU referendum, and with about 15% of products used in UK construction coming from the EU, the basis of our future trading relationship could have a significant effect on cost pressures. To date ECTC has successfully managed to keep control of its construction costs to date by securing fixed price tender contracts with suppliers and contractors, and this is expected to continue for the projects currently under construction.

The company will continue to invest in the people, supply chain and new technologies that it needs to deliver the development pipeline. By further developing the company's own 'in house' capability, it should be possible to mitigate against some of these external risk factors, and give the company greater control of project delivery. Utilisation of modern methods of off-site construction on future projects should also help to ensure more homes can be built, more quickly, and with greater pricing certainty.

¹ Savills Dec 2019 – UK Housing Market Update

8.5 Targets for 2020/21

During the current financial year, ECTC will:

- ❖ Complete the construction of 29 homes at West End Gardens, Haddenham, including 16 affordable homes for transfer to Haddenham CLT.
- ❖ Complete the refurbishment of 60 homes on the Former MOD site in Ely, including 15 shared ownership affordable homes.
- ❖ Implement delivery arrangements for 500 new homes, including 150 affordable homes a new primary school and other village facilities at Kennett.
- ❖ Secure new planning permissions for additional new build housing to underwrite the development pipeline.
- ❖ Repay the original £5m loan to ECDC, and the £6.5m Haddenham loan to CPCA.

8.6 Projects

8.6.1 West End Gardens, Haddenham

This development, which commenced in late September 2019, is for 54 new homes in the village of Haddenham, with generous green space on 8 acres (3.24 hectares) of land that was acquired in April 2019. A close partnership formed back in 2016 between the landowner, ECTC (Palace Green Homes), Haddenham CLT, the Parish Council, and the local community looks sets to create a positive lasting legacy for the village.

19 of the new homes within the scheme will be affordable homes managed by Haddenham CLT that are available to people that live and/or work in the parish. These one, two and three bed properties will be assets that benefit the wider community for years to come. The first affordable homes, that include several bungalows, are expected to be ready for occupation in Summer 2020. 35 two, three and four bed homes will be available for sale on the open market, the first of are expected to be ready for occupation in Summer 2020.

In total, 29 of the 52 homes are expected to be completed during 2020. All of the homes within the scheme have been designed so that the affordable and the market homes blend together seamlessly to create a balanced community, close to the centre of Haddenham.

The project is being funded in part by a £6.5 million development loan from the Cambridgeshire and Peterborough Combined Authority. The balance of the project costs are being resourced from ECTC's own finances.

8.6.2 Former MOD Site, Kilkenny Avenue, Ely

In late July 2019 ECTC acquired 8.78 hectares (21.6 acres) of land in Ely. The land includes 88 existing houses and provides opportunities for further new-build development. The site is contiguous with adjoining existing housing estates, new development at Ely North and the Princess of Wales Hospital.

The estate was formerly used to accommodate US Air Force families, but some of the homes have stood empty for up to 5 years. The housing is at low density, and includes terraced, semi-

detached and detached houses. There are several hundred mature protected trees giving it a very attractive 'garden village' feel. Structurally the houses are generally in very good condition however, the refurbishment plans will bring them up to modern standards through the installation of replacement bathrooms, kitchen and floor coverings. Improvements to the streetscape and additional off-road parking will also be completed.

Through these improvements, it is possible to convert four houses into eight maisonettes, delivering 92 homes in total. These will be refurbished for occupation over a two year period with 77 sold to individual purchasers on the open market and 15 offered as shared ownership units. Refurbishment work has been underway since August 2019 and the first homes are now ready for occupation. The shared ownership homes are expected to be available for occupation in late Spring 2020. In total, 60 of the 92 homes are expected to be completed during 2020.

In addition to the refurbishment, subject to planning permission, there are opportunities for further new build development within the site. The terms of the deal to buy the site from the MOD include obligations on ECTC to submit planning applications to make optimum use of this well-located, urban, brown-field site. ECTC have already committed to deliver more than 30% of the homes as affordable housing. Planning applications are expected to be submitted in 2020.

The project is being funded by a £24.4 million development loan from the Cambridgeshire and Peterborough Combined Authority. The balance of the project costs will be funded by ECTC resources and an additional 'top-up' ring fenced loan of £1.5 million from ECDC.

8.6.3 Kennett Garden Village

Now in the advanced planning stage, Kennett Garden Village is set to be the fifth and largest community-led development in East Cambridgeshire. The proposals for Kennett Garden Village are the product of a genuine collaboration between the local community, the landowners, who live locally, and ECTC (Palace Green Homes).

Kennett Garden Village will offer 500 high-quality homes of all tenures and for all ages, create local employment opportunities and encourage healthy and sociable community living in a careful design that will further enhance this attractive village. 150 of the new homes will be affordable housing.

ECTC will build the new housing, and invest significantly in improvements to local highway infrastructure. In conjunction with Cambridgeshire County Council, the project will deliver new school buildings for Kennett Primary School with a dedicated sports pitch and an Early Years Centre. There will also be a new Village Green and Village Square, an enterprise park for new business, car parking for the adjacent railway station (connecting the development to Cambridge and Ipswich), and open spaces that local families, dog walkers, picnickers and joggers can enjoy.

The project has been designed as a sustainable, lower-density 'garden village' style mixed-use development that will not only be a great place to live, but is somewhere that has community ownership at its heart, including genuinely affordable homes and attractive open

spaces owned by Kennett Community Land Trust. The trust will own and manage community assets for the long-term, providing a significant and on-going income that can be reinvested back into the local community for generations to come.

Planning permission was approved by ECDC planning committee in April 2019 and ECTC will be implementing delivery arrangements during the course of 2020, with the intention of commencing development in 2021.

8.7 Financial projections – Property

Financial projections 2017 – 2022

	2017/18	2018/19	2019/20	2020/21	2021/22	TOTAL
Turnover						
Market housing sales	£0.0m	£4.56m	£6.33m	£20.27m	£23.76m	£54.92m
Affordable (CLT) housing sales	£0.0m	£0.86m	£0.29m	£4.01m	£1.79m	£6.95m
Other income	£0.99m	£0.13m	£0.16m	£0.08m	£0.01m	£1.37m
Total Turnover	£0.99m	£5.55m	£6.78m	£24.36m	£25.56m	£63.24m
Cost of Sales						
Housing construction costs	£0.78m	£4.4m	£5.73m	£23.17m	£23.46m	£57.55m
Salaries	£0.37m	£0.42m	£0.39m	£0.34m	£0.35m	£1.88m
Premises	£0.0m	£0.01m	£0.05m	£0.05m	£0.05m	£0.16m
Transport			£0.0m	£0.0m	£0.0m	£0.0m
Supplies & services	£0.02m	£0.05m	£0.08m	£0.06m	£0.06m	£0.27m
Cost of Sales	£1.18m	£4.88m	£6.25m	£23.63m	£23.93m	£59.86m
Gross Profit / (Loss)	(£0.19m)	£0.67m	£0.53m	£0.74m	£1.64m	£3.38m
Overheads	£0.14m	£0.16m	£0.12m	£0.15m	£0.15m	£0.73m
EBITDA	(£0.33m)	£0.51m	£0.4m	£0.59m	£1.48m	£2.66m

8.8 SWOT Matrix

SWOT Matrix	
INTERNAL FACTORS	
STRENGTHS (+)	WEAKNESSES (-)
<ol style="list-style-type: none"> 1. Low overhead costs. 2. Responsive and pro-active; 'fleet of foot'. 3. Specialist knowledge of existing project teams. 4. Strong local connections with key stakeholders, contractors and suppliers. 5. Company ethos aligned with target market. 6. Intensive community engagement activity at planning stage reduces development risk. 	<ol style="list-style-type: none"> 1. Reliance on existing funders; potential difficulties securing private finance. 2. Build costs are higher than mainstream housebuilders. 3. Balance between financial benefit and community benefit / political priorities can sometimes become blurred. 4. Inability to compete with private sector remuneration can affect staff retention. 5. Media and Comms profile needs to be stronger. 6. Inaccurate public perceptions of bias / conflict of interest with council can have a negative effect on operations.
EXTERNAL FACTORS	
OPPORTUNITIES (+)	THREATS (-)
<ol style="list-style-type: none"> 1. ECTC objectives aligned with Council Corporate Plan. 2. Few local competitors, though number are growing. 3. Future public sector land disposal programmes. 4. Growing support for community-led development and council housebuilding activities across the region. 5. Housing crisis firmly on political agenda, though solutions are still thin on the ground 6. Partnerships / Joint ventures with commercial companies and public sector. 	<ol style="list-style-type: none"> 1. Low level of housing transactions continuing in 2020, negatively impacting on ECTC sales revenue. 2. Current development projects are based on low profit margins so sales risk and cost risks are higher. 3. Construction cost inflation after Brexit caused by could further erode profits. 4. Failure / delay in obtaining planning permissions could impact on development programme / financial projections. 5. Risk of loss of support from local community due to negative media coverage. 6. Adjustments to changing local political priorities can take time to implement.

AGENDA ITEM NO 11

TITLE: Natural Environment Supplementary Planning Document (SPD)

Committee: Finance and Assets

Date: 6 February 2020

Authors: Richard Kay – Strategic Planning Manager
Rebecca Saunt – Planning Manager
Harj Kumar – Senior Planning Officer

[U168]

1.0 ISSUE

1.1 For Committee to determine whether to approve the Natural Environment Supplementary Planning Document (SPD) for public consultation. The SPD can be found at Appendix 2.

2.0 RECOMMENDATION(S)

2.1 That Committee:

- I. Approves the draft Natural Environment SPD for the purpose of public consultation (with any minor editorial or presentation improvements delegated to officers, in consultation with the Chair, prior to publication), with public consultation anticipated to be for 6 weeks over the period mid-February to end of March.

3.0 BACKGROUND

Introduction

3.1 The Natural Environment SPD has been prepared to provide advice on policy requirements relating to the natural environment, including issues such as:

- 'net gain' in biodiversity through development proposals;
- protection and provision of trees;
- protection of existing nature sites, including technical advice in terms of discharging Habitat Regulation Assessments (HRA) obligations, especially in relation to swan and goose foraging in designated protection zones around the Ouse Washes; and
- supporting the Council's position in relation to the recently adopted Local Nature Partnership vision to 'double land for nature' by 2050 across Cambridgeshire.

3.2 Preparing this SPD was a specific commitment (amongst others) in the 'Climate Change' Motion passed by Full Council in October 2019.

- 3.3 Whilst this SPD could cover many things, it is not intended to cover the following matters (though there may be some cross over to some of these issues):
- Detailed design
 - Matters relating to visual impact
 - Carbon Dioxide (and equivalent) emissions
 - Green Infrastructure
 - EIA procedures and requirements

These are likely to be addressed in future SPDs over the coming months.

Context and Background

- 3.4 East Cambridgeshire's natural environment is a valuable resource, rich in international, national and locally designated sites. Ecological networks comprising designated sites, other habitats, and wildlife corridors are necessary to maintain and enhance biodiversity and prevent fragmentation and loss of connectivity. This is essential if species are to adapt to climate change and if biodiversity is to flourish.
- 3.5 Numerous legislation forms the basis for this SPD including the Wildlife and Countryside Act 1981 (as amended), The Natural Environment and Rural Communities Act 2006, The Conservation of Habitats and Species Regulations 2012 (as amended) and The Conservation of Habitats and Species Regulations 2017.
- 3.6 The Government is also expected to introduce the Environment Bill in early 2020. The Environment Bill is expected to put into legislation a series of environmental principles and establish an Office for Environmental Protection, which will have scrutiny, advice and enforcement functions. It is also expected to make provision for the setting of long-term, legally binding environmental targets in four "priority areas" of air quality, water, biodiversity and resource efficiency / waste reduction, along with the production of statutory Environmental Improvement Plans (the first being the January 2018, 25 Year Environment Plan).
- 3.7 The National Planning Policy Framework (NPPF) provides national policy guidance on conserving and enhancing the natural environment. Planning policies are expected to, amongst other things, protect and enhance valued landscape, recognising the intrinsic character and beauty of the countryside, minimise impacts on, and providing net gains for, biodiversity and preventing adverse effect of new and existing development on the natural environment.

Natural Environment SPD

- 3.8 An SPD is, as the name suggests, a supplement to the main planning policy document for the district, namely the East Cambridgeshire Local Plan (and, where they exist, a Neighbourhood Plan). This SPD therefore supplements in particular Policy ENV7 'Biodiversity and Geology' of the 2015 Local Plan. However, as well as supplementing policy in the Local Plan, the SPD has taken the opportunity to provide local interpretation and guidance in respect of the

latest national policy, such as the recent NPPF (2019) and the emerging Environment Bill.

- 3.9 The SPD contains the Council's overarching vision for the natural environment. This includes providing assistance to the management, protection, enhancement and creation of priority habitats; promoting the creation of an effective, functioning ecological network throughout the district; and taking decisions which respond to, and helps nature adapt to, a changing climate.
- 3.10 A flow chart is provided in the SPD to help developers establish whether the natural environment has been suitably taken into account in their proposals. If developers follow the flow chart steps then the Council should be able to deal with the application in a timely manner, and it will ensure development proposals provide wide ranging natural environment benefits.
- 3.11 The SPD will endeavour to reverse the decline in biodiversity and instead promote a 'net gain' in biodiversity. It is expected that Government will introduce mandatory biodiversity 'net gain' through the Environment Bill, but this is not certain both in terms of scope and timing. Thus, in the meantime, the SPD provides guidance how all development could contribute to the objective of achieving a net gain, but this can be reviewed as and when the Bill progresses.
- 3.12 The SPD encourages opportunities for new tree planting to be explored as part of all development proposals. A policy in the SPD encourages the existing tree and woodland cover to be maintained, improved and expanded; and create opportunities for expanding woodland.
- 3.13 The SPD provides helpful guidance on information that should be submitted with a planning application where there is likely to be impact on the natural environment, including the use of available 'toolkits'. These toolkits will help developers provide essential information with the planning application and this will help in reaching prompt decisions.

Consultation

- 3.14 As is legally required, prior to the adoption of this SPD, Council must undertake appropriate consultation for a minimum of four weeks. Officers will ensure at least minimum legal requirements in this regard are met, and are recommending a 6 week consultation period. After consultation, any appropriate revisions will be made to the SPD before it is returned to this committee for adoption.

4.0 FINANCIAL IMPLICATIONS/EQUALITY IMPACT ASSESSMENT / CARBON IMPACT ASSESSMENT

- 4.1 There are no financial implications in preparing this SPD that cannot be covered by existing budgets. The consultation on the SPD will be carried out primarily via emails and the Council's web site. Other more specific consultation, such as with the agents forum, parish councils and the Local Nature Partnership can be achieved under existing budgets.

4.2 Equality Impact Assessment (INRA) completed – appendix 1.

4.3 Carbon Impact Assessment (CIA) completed. In summary, the CIA concluded as follows:

There are no direct significant carbon impacts arising from the recommendations of this report. However, indirectly, if the SPD is subsequently adopted in due course, some carbon offsetting benefits could materialise via the planning system because the SPD supports tree planting and specifically acknowledges the carbon offsetting of tree planting. However, those benefits will only materialise at the point of decisions on individual planning applications being taken.

5.0 APPENDICES

Appendix 1 - Completed INRA

Appendix 2 – Draft Natural Environment SPD

<u>Background Documents</u>	<u>Location</u>	<u>Contact Officer</u>
East Cambridgeshire Local Plan – 2015	Room12A The Grange	Richard Kay Strategic Planning Manager (01353) 616245
National Planning Policy Framework (NPPF) - 2019	Ely	E-mail: richard.kay@eastcambs.gov.uk

Appendix 1 - Completed INRA

EQUALITY IMPACT ASSESSMENT – INITIAL SCREENING

Initial screening needs to take place for all new/revised Council policies. The word 'policy', in this context, includes the different things that the Council does. It includes any policy, procedure or practice - both in employment and service delivery. It also includes proposals for restructuring, redundancies and changes to service provision. This stage must be completed at the earliest opportunity to determine whether it is necessary to undertake an EIA for this activity.

Name of Policy:	Natural Environment Supplementary Planning Document (SPD)
Lead Officer (responsible for assessment):	Harjinder Kumar
Department:	Strategic Planning
Others Involved in the Assessment (i.e. peer review, external challenge):	None
Date Initial Screening Completed:	7 January 2020

- (a) **What is the policy trying to achieve?** i.e. What is the aim/purpose of the policy? Is it affected by external drivers for change? What outcomes do we want to achieve from the policy? How will the policy be put into practice?

The SPD is a supplementary document, in support of policy contained in the Local Plan and in support of national policy. It does not set new strategic policy, but rather gives clarity on how to interpret existing policy, and sets out what information is needed by applicants, parishes or communities in order to help them meet natural environment considerations.

The aim is to assist applicant and developers in preparing proposals or plans.

- (b) **Who are its main beneficiaries?** i.e. who will be affected by the policy?

It is primarily aimed at developers in East Cambridgeshire. Developers will be helped by the clarity provided in the SPD as to how the policy will be implemented. Parishes and communities will be helped because it sets out how the district council will consider planning applications in their area.

However, all residents and business of (and visitors to) the district will, indirectly, benefit from the proposals, to a lesser or greater degree, because the SPD will help protect and enhance the natural environment of East Cambridgeshire.

- (c) **Is this assessment informed by any information or background data?** i.e. consultations, complaints, applications received, allocations/take-up, satisfaction rates, performance indicators, access audits, census data, benchmarking, workforce profile etc.

The draft SPD will be subject to public consultation in spring 2020.

(d) Does this policy have the potential to cause a positive or negative impact on different groups in the community, on the grounds of any of the protected characteristics (please tick all that apply):

Ethnicity	No	Age	No
Gender	No	Religion or Belief	No
Disability	No	Sexual Orientation	No
Gender Reassignment	No	Marriage & Civil Partnership	No
Pregnancy & Maternity	No	Caring Responsibilities	No

Please explain any impact identified: i.e. What do you already know about equality impact or need? Is there any evidence that there is a higher or lower take-up by particular groups? Have there been any demographic changes or trends locally? Are there any barriers to accessing the policy or service?

There is no apparent reason why any of the different groups as listed above will be particularly affected, negatively or positively, as a result of the SPD

(e) Does the policy affect service users or the wider community?	NO
(f) Does the policy have a significant effect on how services are delivered?	NO
(g) Will it have a significant effect on how other organisations operate?	NO
(h) Does it involve a significant commitment of resources?	NO
(i) Does it relate to an area where there are known inequalities, e.g. disabled people's access to public transport etc?	NO

If you have answered **YES** to any of the questions above, then it is necessary to proceed with a full equality impact assessment (EIA). If the answer is **NO**, then this judgement and your response to the above questions will need to be countersigned by your Head of Service and then referred to the Council's Equal Opportunities Working Group (EOWG) for scrutiny and verification. Please forward completed and signed forms to the Principal HR Officer.

Signatures:

Completing Officer: HK **Date:** Jan 2020
Head of Service: RK **Date:** Jan 2020



East Cambridgeshire
District Council

East Cambridgeshire District Council

Natural Environment – Supplementary Planning Document (SPD)

A planning policy document to help deliver a net gain in biodiversity and, in turn, assist in delivering the vision to double the area of rich wildlife habitats and natural green-space across Cambridgeshire and Peterborough, with the aim of creating a world-class environment where nature and people thrive, and businesses prosper.

Consultation Draft

February 2020

This is a draft version as being presented to ECDC Finance and Assets Committee on 6 February 2020. If approved by the Committee, it will be subject to consultation over February – March 2020.

A simple guide to this Natural Environment Supplementary Planning Document

What is this document?

Its primary purpose is to help make sure new development in East Cambridgeshire both protects the current natural environment, but also creates new areas for wildlife to thrive.

Do we have many wildlife areas worthy of protection in East Cambridgeshire?

Yes, lots!

In fact, some parts of the district are of international importance for wildlife, whilst other sites are of national or local importance.

Internationally important? That's exciting. Why are they so important?

For various reasons, but mostly it relates to surviving wetland areas in our district which are home to rare plants, birds and other animals. Wicken Fen is probably the best known, and home to all kinds of rare plants and animals (8,500 different species have been recorded, including over 1,000 different species of moths!), whereas in the north of the district the Ouse Washes (the UK's biggest washland) is especially important for birds. For example, around one-third of the entire population of north-west Europe Bewick Swans spend their winter on the Ouse Washes.

And nationally important in East Cambs?

We have a further 15 sites of national importance, and hundreds of sites of more local importance.

So, this document protects these sites does it?

Yes, absolutely, this document provides a vital role in helping to both highlight the importance of these sites and to make sure new development does not harm them.

But I hear the environment is in decline, and there is a decline in wild animals such as birds, bees and butterflies?

Sadly, across the country, this is generally true. That's another reason why the Council has prepared this document. We don't just want to **protect** what we have got, but also **create** new areas for wildlife to thrive. This is sometimes referred to as making sure new development not only provides the homes, jobs and facilities we need, but also provides a 'net gain for biodiversity'.

'Net gain for biodiversity' – what does that mean?

Net gain describes an approach to development that leaves the natural environment in a measurably better state than it was beforehand. So, if development is to take place on, say, a current agricultural field with perhaps a hedgerow around it, by the time the development is complete, there should be more land set aside for wildlife to thrive than there was before development took place. This will require new habitats to be created, such as woodlands and ponds, as well as homes that incorporate wildlife friendly measures such as bird and bat boxes.

Does 'net gain' apply to all development?

Yes, except for very small development such as householder extensions (though even then you are encouraged to make a difference if you can).

What about trees? We need more of them don't we?

Yes, we do. Trees serve a wide range of benefits, not just for wildlife, but they also help reduce flood risk and 'capture' carbon from the atmosphere, therefore helping efforts to reduce climate change. But, we need to be careful that the right sort of tree is planted in the right location. Too close to a property, and some trees can cause building damage as they grow.

I heard that Cambridgeshire wants to 'double land for nature'. Will this document help?

East Cambridgeshire District Council has joined forces with all other Cambridgeshire districts and the Local Nature Partnership to set itself a target to double the amount of land across Cambridgeshire which is classed as rich habitat for nature. About 8% or so of land is currently in such state – we want to reach 17%. This SPD will help, but lots of other projects will need to happen to make that target a reality, such as changing the way some of our farmland is managed.

What else does this document do?

Because it is a planning document, some of it is a bit technical in how it is worded. It has to be in order to enforce what it is trying to achieve through the planning application process. This is especially the case for protecting the sites which are of international importance – these sites have strict legal rules in place to make sure such sites are not harmed.

I'm a developer – what does it all mean for me?

This SPD is here to help you. There is already a lot of legislation and national policy for you to comply with in terms of the natural environment, and this SPD aims to help you get through all that as simply as possible. But this SPD also makes clear that the Council will not accept development that either harms wildlife sites or fails to make enough efforts to boost wildlife areas.

A housing scheme with just a few simple bird boxes thrown in, is not good enough – it needs to incorporate genuine net gain for biodiversity.

And it is in your interests to do so, not only so your planning application gets a speedier ride through the planning system, but development which works with nature can add considerable value to your development. The ONS has calculated, for example, that houses are worth 1-4% more if close to functional areas of open space or water areas.

Contents

[to be added on publication]

1. Introduction, Purpose and Consultation Arrangements

Introduction

- 1.1 East Cambridgeshire’s natural environment is a valuable resource, rich in international, national and locally designated sites. Ecological networks comprising designated sites, other habitats, and wildlife corridors are necessary to maintain and enhance biodiversity and prevent fragmentation and loss of connectivity. This is essential if species are to adapt to climate change and if biodiversity is to flourish.

Purpose of the Supplementary Planning Document (SPD)

- 1.2 The purpose of this SPD is to provide advice on policy requirements relating to the natural environment, including issues such as a ‘net gain’ in biodiversity through development proposals and technical advice in terms of discharging Habitat Regulation Assessment (HRA) obligations, especially in relation to swan and goose foraging in designated protection zones around the Ouse Washes. This SPD also sets out the Council’s position in relation to the recently adopted Local Nature Partnership vision to ‘double land for nature’ by 2050 across Cambridgeshire (a vision also endorsed by the Combined Authority in July 2019).
- 1.3 Whilst this SPD could cover many things, it is not intended to cover the following matters (though there may be some cross over to some of these issues). These may be addressed in future SPDs:
- Detailed design
 - Matters relating to visual impact
 - Carbon Dioxide (and equivalent) emissions
 - Green Infrastructure
 - Environmental Impact Assessment (EIA) procedures and requirements
- 1.4 Preparing this SPD was a specific commitment (amongst others) in the ‘Climate Change’ Motion passed by Full Council in October 2019.

Consultation Arrangements

- 1.5 We are consulting on this draft SPD between xxx and xxx. We invite you to make comments on this SPD, such as (but not limited to):
- Whether it is easy to understand or how it can be improved.
 - Whether you think it should include any topic or further advice that currently is not included in the document.
 - Whether you disagree with what this document is proposing.
- 1.6 The consultation is open to anybody to make comments, but the Council will make special efforts to seek the views of relevant bodies and organisations with an interest in the natural environment, as well as developers and agents on the Council’s ‘agents forum’.
- 1.7 Comments made during this consultation period will be carefully considered. We will make changes in light of these comments where we think it is appropriate. For your comments to be considered, please ensure that they reach us before the deadline.
- 1.8 After the consultation period has expired, we will make the changes that are reasonable and necessary and then the final version of the SPD will be adopted at an appropriate meeting of East Cambridgeshire District Council.

Status of this document

- 1.9 At this consultation draft stage, it is likely that limited weight will be given to it in the decision making process. Once adopted, the SPD will become a material consideration and will need to be taken into account when planning decisions are made.

2 Legislation and Policy Review

Legislation

- 2.1 The following paragraphs set out some of the key legislation which is relevant to the preparation of this SPD. However, it should only be seen as a summary of some of the legislation, as there are wide ranging other Acts and regulations which have an impact on natural environment matters.
- 2.2 **The Natural Environment and Rural Communities Act 2006¹** (NERC Act): This includes the duty on public bodies, including Local Planning Authorities, to have proper regard to conserving biodiversity in the exercising of their functions. It also lists species and habitats of principal importance for biodiversity in England. Section 40 of the NERC Act provides the source for the lists of Habitats and Species of Principal Importance.
- 2.3 **Wildlife and Countryside Act 1981 (As amended)**: The Act provides primary legislation which covers protection of wildlife (birds, and some animals and plants), the countryside and the designation of protected areas including Sites of Special Scientific Interest (SSSI's).
- 2.4 **The Conservation of Habitats and Species Regulations 2012 (As amended)**: These Regulations provide for the designation and protection of 'European sites', and the protection of European protected species.
- 2.5 **The Hedgerows Regulations (1997)**: These Regulations protect most countryside hedgerows from being removed.
- 2.6 **The Conservation of Habitats and Species Regulations 2017** consolidate the Conservation of Habitats and Species Regulations 2010 with subsequent amendments. The Regulations transpose Council Directive 92/43/EEC, on the conservation of natural habitats and of wild fauna and flora (EC Habitats Directive), into national law. They also transpose elements of the EU Wild Birds Directive in England and Wales. The Regulations came into force on 30th November 2017.
- 2.7 The Regulations place a duty on the Secretary of State to propose a list of sites which are important for either habitats or species (listed in Annexes I and II of the Habitats Directive respectively) to the European Commission. Once the Commission and EU Member States have agreed that the sites submitted are worthy of designation, they are identified as Sites of Community Importance (SCIs). The EU Member States must then designate these sites as Special Areas of Conservation (SACs) within six years. The Regulations also require the compilation and maintenance of a register of European sites, to include SACs and Special Protection Areas (SPAs) classified under Council Directive 79/409/EEC on the Conservation of Wild Birds (the Birds Directive). These sites form a network termed Natura 2000.
- 2.8 The Regulations require competent authorities to consider or review planning permission, applied for or granted, affecting a European site, and, subject to certain exceptions, restrict or revoke permission where the integrity of the site would be adversely affected. Special provisions are also made as respects general development orders, special development orders, simplified planning zones and enterprise zones.
- 2.9 **The Water Framework Directive 2000**: It applies to all surface freshwater bodies (including lakes, rivers and streams), groundwater, groundwater dependent ecosystems, estuaries and coastal waters. The Directive aims to improve the ecological health of inland and coastal waters and prevent further deterioration.
- 2.10 **Environment Bill (due early 2020)**: The Environment Bill is expected to put into legislation a series of environmental principles and establish an Office for Environmental Protection, which will have scrutiny, advice and enforcement functions. It is also expected to make provision for the setting of long-term, legally binding environmental targets in four "priority areas" of air quality, water, biodiversity and resource efficiency and waste reduction, along with the

¹ <http://www.legislation.gov.uk/ukpga/2006/16/contents>

production of statutory Environmental Improvement Plans (the first being the January 2018, 25 Year Environment Plan²).

- 2.11 Following a commitment in the 25 Year Environment Plan, the Government published a consultation on Net Gain in December 2018. This was followed by a commitment to apply a requirement for biodiversity net gain of 10% for developers through the planning system. This gain will be measured using a biodiversity metric that has been developed by Defra. The Bill is expected to legislate for the creation of the net gain requirement, expand the duty on relevant authorities from conserving to “conserving and enhancing” biodiversity, and legislate for the creation of Local Nature Recovery Strategies to cover the whole of England.

Policy Review - National

- 2.12 **25 Year Environment Plan:** The Government set out its aim in the Plan of restoring and creating habitats to provide the greatest opportunity for wildlife to flourish, and “promote the economic and social benefits that healthy habitats offer”. The Government announced that, against a background of significant housebuilding, it would embed the principle of “environmental net gain” in the planning system:
“We want to put the environment at the heart of planning and development to create better places for people to live and work”³
- 2.13 The Plan includes commitments to use resources from nature more sustainably and efficiently; and to enhance beauty, heritage and engagement with the natural environment through a natural capital approach. As part of this approach it set out a range of policies aimed at preventing and reversing biodiversity loss, covering both terrestrial and marine environment.
- 2.14 A natural capital approach aims to determine the value of natural capital, and then ensure this value is maintained, or compensated for elsewhere, when considering any action. It also advocates restoring natural capital in areas where it has fallen below a self-sustaining, or renewable, level. The aim is to ensure that an overall level of sustainable natural capital is maintained for future generations.
- 2.15 **National Planning Policy Framework:** The NPPF provides policy guidance on conserving and enhancing the natural environment. Planning policies are expected to, amongst other things: protect and enhance valued landscape; recognise the intrinsic character and beauty of the countryside; minimise impacts on and provide net gains for biodiversity; and prevent adverse effect of new and existing development on the natural environment.
- 2.16 Paragraphs 175-177 are most relevant for considering development proposals:
175. When determining planning applications, local planning authorities should apply the following principles:
- a) if significant harm to biodiversity resulting from a development cannot be avoided (through locating on an alternative site with less harmful impacts), adequately mitigated, or, as a last resort, compensated for, then planning permission should be refused;*
 - b) development on land within or outside a Site of Special Scientific Interest, and which is likely to have an adverse effect on it (either individually or in combination with other developments), should not normally be permitted. The only exception is where the benefits of the development in the location proposed clearly outweigh both its likely impact on the features of the site that make it of special scientific interest, and any broader impacts on the national network of Sites of Special Scientific Interest;*
 - c) development resulting in the loss or deterioration of irreplaceable habitats (such as ancient woodland and ancient or veteran trees) should be refused, unless there are wholly exceptional reasons and a suitable compensation strategy exists; and*

² <https://www.gov.uk/government/publications/25-year-environment-plan>

³ HM Government, A Green Future: Our 25 Year Plan to Improve the Environment, January 2018 p32

d) development whose primary objective is to conserve or enhance biodiversity should be supported; while opportunities to incorporate biodiversity improvements in and around developments should be encouraged, especially where this can secure measurable net gains for biodiversity.

176. The following should be given the same protection as habitats sites: a) potential Special Protection Areas and possible Special Areas of Conservation; b) listed or proposed Ramsar sites; and c) sites identified, or required, as compensatory measures for adverse effects on habitats sites, potential Special Protection Areas, possible Special Areas of Conservation, and listed or proposed Ramsar sites.

177. The presumption in favour of sustainable development does not apply where the plan or project is likely to have a significant effect on a habitats site (either alone or in combination with other plans or projects), unless an appropriate assessment has concluded that the plan or project will not adversely affect the integrity of the habitats site.”

2.17 **National Planning Practice Guidance (NPPG):** The NPPG advises that development plans and planning decisions have the potential to affect biodiversity outside as well as inside relevant designated areas.

2.18 It advises that planning authorities and neighbourhood planning bodies can work collaboratively with other partners, including Local Nature Partnerships, to develop and deliver a strategic approach to protecting and improving the natural environment based on local priorities and evidence. Equally, they need to consider the opportunities that individual development proposals may provide to conserve and enhance biodiversity and geodiversity, and contribute to habitat connectivity in the wider area (including as part of the Nature Recovery Network).

Policy Review – Sub-Regional

2.19 **Local Nature Partnership (Natural Cambridgeshire):** LNPs are partnerships of a broad range of local organisations, businesses and people who aim to help bring about improvements in their local natural environment.

2.20 The role of Natural Cambridgeshire LNP is to act as an independent, objective voice for the natural environment in Cambridgeshire and Peterborough, acting as a conduit to local and central government and other stakeholders. The LNP’s work and proposals in the following areas are of particular relevance to this SPD:

- **Toolkit:** The LNP developed a Toolkit in 2018 to help developers and infrastructure providers to demonstrate their commitment to achieving a net biodiversity gain. The Toolkit comprises a simple list of 10 Things to do for Nature. More details on this are set out in section 14 of this SPD.
- **Doubling Nature:** In July 2019, the LNP launched ambitious plans for doubling land for nature across Cambridgeshire and Peterborough with the aim of creating a world-class environment where nature and people thrive, and businesses prosper.

2.21 **Cambridgeshire County Council:** In May 2019, CCC declared a climate and environmental emergency, and recently issued (Dec 2019) for consultation until end of January 2020 a ‘Climate Change and Environment Strategy’, with one of its priorities being to create ‘space for nature to thrive’. More details here:

<https://consultcambs.uk.engagementhq.com/climate-strategy>

Policy Review – East Cambridgeshire

2.22 **East Cambridgeshire Local Plan:** The Local Plan was adopted in 2015, and forms the primary basis upon which this SPD document sits under.

2.23 The most relevant policy in the Local Plan that provides protection to the natural environment is Policy ENV7 (Biodiversity and geology):

Policy ENV7 Biodiversity and geology

All development proposals will be required to:

- *Protect the biodiversity and geological value of land and buildings and minimise harm to or loss of environmental features, such as trees, hedgerows, woodland, wetland and ponds.*
- *Provide appropriate mitigation measures, reinstatement or replacement of features and/or compensatory work that will enhance or recreate habitats on or off site where harm to environmental features and habitat is unavoidable; and*
- *Maximise opportunities for creation, restoration, enhancement and connection of natural habitats as an integral part of development proposals.*

Development proposals where the main aim is to conserve biodiversity will be permitted; and opportunities to incorporate biodiversity into new development will be supported.

All applications for development that may affect biodiversity and geology interests must be accompanied by sufficient information to be determined by the Local Planning Authority, including an ecological report, to allow potential impacts and possible mitigation measures to be assessed fully. Where there is reason to suspect the presence of protected species, trees and woodland, applications must be accompanied by a survey carried out by a qualified individual assessing their presence and, if present, the proposal must be sensitive to, and make provision for, their needs, in accordance with the relevant protecting legislation. Where appropriate, there will be a requirement for the effective management of designated sites and other features, controlled through the imposition of conditions or Section 106 agreements.

Proposals which have an adverse impact on a site of international importance will not normally be permitted unless there are exceptional overriding reasons of public interest (human health, public safety or environmental benefit).

Proposals which have an adverse impact on a site of national importance will not normally be permitted unless the benefits of development at the site significantly outweigh the impacts.

Proposals which would cause harm to County Wildlife Sites, Ancient Woodland, aged and veteran trees, Local Nature Reserves, Protected Roadside Verges, any other irreplaceable habitats, and green corridors or important species will not be permitted unless the need for, and benefits of development in that location outweigh the potential harm to nature conservation interests.

- 2.24 **Neighbourhood Plans:** These are plans prepared by parish councils, with support from the district council. To date, a number of parishes have commenced neighbourhood plans, with two formally adopted. Neighbourhood Plans can contain policies relevant to the natural environment for the local parish area.
- 2.25 **Climate Change Motion:** In October 2019, East Cambridgeshire District Council agreed a motion which recognised the need to build on the positive work already done by the Council, to further embed positive environmental thinking, behaviours, and action throughout the organisation and to seek to influence partners and others to do the same. The motion declared there was a climate emergency and committed the Council to undertake a number of activities, including: setting up an Ideas Forum; preparing this SPD; developing a costed Environment and Climate Change Strategy and Action Plan, including targets and timescales to reduce carbon emissions and pollution and protect and enhance biodiversity; and promotion of tree planting.

3 Overarching Natural Environment Vision of the Council

Introduction

- 3.1 In order to set the context for the detailed policies and guidance in this SPD, the following box sets out the overarching vision of the Council in terms of its approach, via the planning responsibilities it has, to the natural environment:

East Cambridgeshire District Council will, through the development management process, management agreements and other positive initiatives:

- a. aid the management, protection, enhancement and creation of priority habitats, including fens, calcareous limestone grasslands, woodlands and hedgerows, wet-woodlands, rivers and floodplain grazing marsh meadows;
- b. promote the creation of an effective, functioning ecological network throughout the district, consisting of core sites, buffers, wildlife corridors and stepping stones that link to wildlife rich sites in adjoining local authority areas;
- c. take decisions which respond to, and help nature adapt to, a changing climate;
- d. safeguard the value of previously developed land where it is of significant importance for biodiversity; and
- e. work with other bodies, in order to support the delivery of strategic ambitions for nature, such as the vision of ‘doubling the area of rich wildlife habitats and natural green space’ across Cambridgeshire and Peterborough (Natural Cambridgeshire LNP, 2019) and emerging nature related ambitions of the Cams-Ox Arc project.

4 Step by Step Guide

Introduction

- 4.1 The rest of this SPD sets out a wide range of policy requirements, guidance, suggestions and links to other information.
- 4.2 To help developers work their way through this SPD, and to help all parties to establish whether the natural environment has been suitably taken into account in developer proposals, the following flow chart has been developed:

Table 1: Recommended Approach to Natural Environment for all Planning Applications			
	All Development Proposals (scale and degree being proportionate to the development proposed)	Additional for 'Major' Proposals	Planning Stage
STEP 1	<ul style="list-style-type: none"> Seek pre-application advice from East Cambridgeshire District Council and relevant agencies and organisations is strongly recommended. In addition it is advised that Natural England is contacted at the earliest stage possible where a development is likely to impact on a National or International Site as there may be a requirement to carry out an Appropriate Assessment under the Habitats Regulations. <p><i>This will ensure all potential ecological and/or Green Infrastructure issues and requirements are considered before a planning application is submitted and help prevent delays.</i></p>		Prior to application submission
STEP 2 See section 11 for more information.	<ul style="list-style-type: none"> Complete a suitable Biodiversity Checklist, which is highly recommended for all applications other than: <ul style="list-style-type: none"> - householder applications; and - most applications which create no additional floor space (though it is recommended for barn conversions). Without it, it may be hard to demonstrate how you can meet the 'net gain' national policy requirements. <p><i>For most developments, the County Council checklist should suffice. However, other checklist are available and may be more suitable for your particular proposal.</i></p> <p><i>It should be possible for a non-specialist member of the public, planning agent or developer to complete the County Council checklist.</i></p>	For strategic scale proposals, the LNP 'Developing with Nature Toolkit' would be beneficial	Prior to application submission

<p>STEP 3</p>	<ul style="list-style-type: none"> If the checklist identifies the potential presence of protected species and/or habitats, relevant ecological survey(s) must be undertaken by a suitably qualified ecologist in accordance with British Standard BS42020 and details of this must be submitted with your application. Provision of this information is a pre-requisite to the planning validation process. If the initial survey indicates the need for additional survey(s) (eg a detailed survey for a specific species), then these must also be completed and submitted with the application – they will not be a condition added to any approval. <p><i>The Chartered Institute of Ecology and Environmental Management (CIEEM) provides a professional directory of qualified, regulated ecologists which can be found at www.cieem.net/members</i></p> <p><i>Submission of appropriate surveys will help to avoid potentially costly delays at a later date and allow a planning decision to be made in a timely manner, which is beneficial for both the applicant and the planning authority. It is also important to consider that some species can only be surveyed at certain times of the year, for example bat roost emergence and activity surveys may only be carried out between May and September. Failure to address this aspect at the onset of the application could result in costly time delays for the developer and may potentially result in the application being rejected at a later date.</i></p>	<p>It is recommended that professional ecological expertise is appointed at start of concept design process for all major development schemes.</p>	<p>Prior to application submission</p>
<p>STEP 4</p>	<ul style="list-style-type: none"> Carefully design scheme in context of wider landscape and ecological networks, taking all reasonable opportunities to make biodiversity gains. This should in most instances be achieved on site, but exceptionally the use of S.106 contributions may be sought to assist in delivery of a nearby project. <p>Plan green and hard infrastructure at same time, following the ecological mitigation hierarchy by retaining existing natural features such as hedgerows, woodlands and mature trees, ponds and water courses wherever possible, around which connectivity of habitats can be further enhanced, benefiting priority habitats and species.</p>		<p>Strategic Concept Design Stage</p>
<p>STEP 5</p>	<ul style="list-style-type: none"> Design a landscaping scheme which uses native species of trees, shrubs and other plants, with a view to it benefitting birds, bats and invertebrates (as well as wider benefits such as carbon offsetting, shading, flood alleviation and visual amenity). However, for trees, choose species suitable for their location, so as to prevent future 		<p>Detailed Technical Design Stage</p>

	<p>problems (such as damage to foundations, footpaths and roads) as the trees mature.</p> <ul style="list-style-type: none"> Where trees are present on site, a Tree Survey will be required, and, potentially, an Arboricultural Method Statement, Impact Assessment and Tree Protection Plan (see Chapter 11). <p><i>Incorporating native wildflower species into seed mixes for areas of public open space is also extremely beneficial to invertebrates (as well as being visually attractive to new residents), and should be used wherever possible. Wild-flower grassland will usually require less frequent mowing and therefore can reduce management costs. Flora Locale’s website is a useful source of further information and also provides a link to approved UK wildflower seed suppliers: www.floralocale.org</i></p> <p><i>The RHS has produced the following list of pollinator-friendly plants:</i></p> <p>www.rhs.org.uk/science/pdf/conservation-and-biodiversity/wildlife/rhs_perfectforpollinators_plantlist-ian15</p>		
<p>STEP 6</p>	<ul style="list-style-type: none"> Provide Sustainable Drainage Systems (SuDS) with integral wildlife features. <p>See separate Flood and Water SPD for more details.⁴</p> <p><i>The natural features offered by grass swales, infiltration strips, reed beds and ponds may provide habitats for amphibians, birds, mammals and invertebrates. The replacement of open drains and gully pots with surface features will also reduce the number of animals becoming trapped in drains.</i></p> <p><i>The RSPB has also produced a useful guide which provides more detailed SuDS information including the use of Green Roofs, Living Walls and Rain Gardens:</i></p> <p>www.rspb.org.uk/Images/SuDS_report_final_tcm9-338064.pdf</p> <p><i>Buglife has produced a best practice guide to creating green roofs for invertebrates:</i></p> <p>www.buglife.org.uk/sites/default/files/Creating%20Green%20Roofs%20for%20Invertebrates_Best%20practice%20guidance_2.pdf</p> <p><i>For more information on Green Roofs, see the independent trade organisation NRFC website: https://www.nrfc.co.uk/green-roof-installations</i></p>		<p>Detailed Technical Design Stage</p>
<p>STEP 7</p>	<ul style="list-style-type: none"> Provide full range of breeding sites, shelter and year-round food resources for protected/ priority species as part of on-site ecological mitigation and enhancement measures. Full details and 		<p>Detailed Technical Design Stage</p>

⁴ See <https://www.eastcambs.gov.uk/local-development-framework/supplementary-planning-documents>

	<p>specifications may be provided as part of the application or, where appropriate, later at the detailed planning stage and secured by condition.</p>		
STEP 8	<ul style="list-style-type: none"> • Submit completed Biodiversity Checklist along with additional protected species survey reports as required (and any EIA reports if necessary). <p><i>Professional scrutiny from statutory and non-governmental bodies to ensure adequate ecological information has been provided; requests for further information from the applicant may be made should it not be considered adequate.</i></p> <p><i>Statutory obligations including having due regard to biodiversity conservation, must be fulfilled.</i></p> <p><i>Approved applications may be subject to relevant biodiversity planning conditions.</i></p> <p><i>To ensure biodiversity is protected during the construction phase, measures such as Construction Environmental Management Plans (CEMP), use of Ecological Clerk of Works (ECW) and restrictions on timings of works may be required.</i></p>		<p>Validation & registration</p> <p>Decision-making</p> <p>Determination</p>
STEP 9	<ul style="list-style-type: none"> • Post-development management and/ or monitoring of habitats and species should be carried out as appropriate (may be subject to specific conditions). <p><i>It is important to implement appropriate management of biodiversity features and habitats that are retained or created on site. These may include measures such as reducing the frequency of grassland/ wild-flower meadow mowing, avoiding or reducing the use of pesticides and herbicides and retaining rough grassland buffer zones along field margins, hedges and ditches. Details of all such management measures should be clearly identified in an Ecological/ Landscape Management Plan.</i></p> <p><i>Ecological monitoring (and reporting) of natural green-spaces and associated species/ habitats for a period of five or more years may be required to ensure their satisfactory establishment.</i></p> <p><i>Options for long-term management of natural green-space may include entering into an agreement with conservation bodies such as the Wildlife Trust or Parish Council as an alternative to the land's adoption by the Local Authority.</i></p>		<p>Implementation</p>

4.3 By following the above steps, the Council should be able to deal with your application in a timely manner, and your development proposal should provide wide ranging natural environment benefits.

5 What sort of nature conservation measures will decision makers look for?

Introduction

- 5.1 It is important to understand that no two sites or proposals are the same. Different sites will have different biodiversity value pre-development, and differing biodiversity potential which can be created via development.
- 5.2 Some sites will largely have issues confined to that site, whereas others will have potential issues off-site (possibly even several miles away, depending on the 'connection' between the proposal site and the habitat affected). Even on the same site, the development itself can also have significantly different outcomes depending on what sort of development is proposed.
- 5.3 Nevertheless, the following box lists the sorts of things that decision makers will be looking out for when determining applications for their impact (positive or negative) on the natural environment. But, it must be emphasised that this list is not comprehensive, and many other issues may well need looking at, and the issues below might not be relevant to all proposals.

Potential impact of development proposals

Decision makers on planning applications might consider implications relating to:

- Changes to water table height and hydrology of the area and the subsequent impact on habitats and important plant communities.
- Changes to stream/river flow and the resulting impacts on aquatic and riparian ecology.
- Pollution of water courses from run-off from roads and parking areas.
- Impacts of any archaeological investigations or remediation of contaminated land on habitats not identified through constraints mapping.
- Wildlife disturbance and damage to habitats through construction, recreation and increased risks of unlawful activities, such as trespass, vandalism and introduction of non-native species. This extends to offsite effects via public rights of way, other publicly accessible land, permissive routes and potential routes of trespass.
- Loss of foraging/roosting/commuting habitat for important species.
- Loss of general ecological resources needed to support biodiversity, such as water sources, food plants and nectar sources, and nest sites and song posts for birds.
- Effects of lighting, especially any floodlighting, on important nocturnal species such as bats.
- Effects of pet predation on important species.
- Disturbance of important species and habitats due to construction work (including noise and piling), and the intended use of the proposed development. A method of construction report may need to be submitted.
- Risk of pollution from construction materials/effluents, such as dust/cement powder or cement washings.
- Storage of materials, location of site huts, construction traffic (parking, turning areas, routes and site access).
- Effects on the long-term viability of land management required to conserve important habitats.
- Effects on bats from construction materials such as breathable roof membranes which pose a risk to bats through entanglement.
- Effects of traffic once the development is complete and operational.

By using the checklist approach (see section 14) or submission of a suitable ecology assessment(s), the above issues should be more easily assessed by the decision maker.

6 Protecting the Most Valuable Sites: Internationally Designated Sites

Introduction

- 6.1 Most nature sites are identified as falling within a hierarchy of importance, with international and then nationally important sites being at the top of the hierarchy. These sites usually contain rare habitats or species (often both), and are heavily protected through international and national legislation.
- 6.2 Below international and national important sites are more locally designated sites, usually listed as being of county-importance. For national advice on planning applications and such designations, please see:

<https://www.gov.uk/guidance/protected-sites-and-areas-how-to-review-planning-applications>

- 6.3 This chapter, and the following two chapters, provides local guidance and policy in respect of all such designated sites. Of course, other sites may well have rich biodiversity within them, but are not necessarily designated for protection. These areas are not covered in the following three chapters, but are covered by the more generic chapters within this SPD.

Internationally Designated Sites

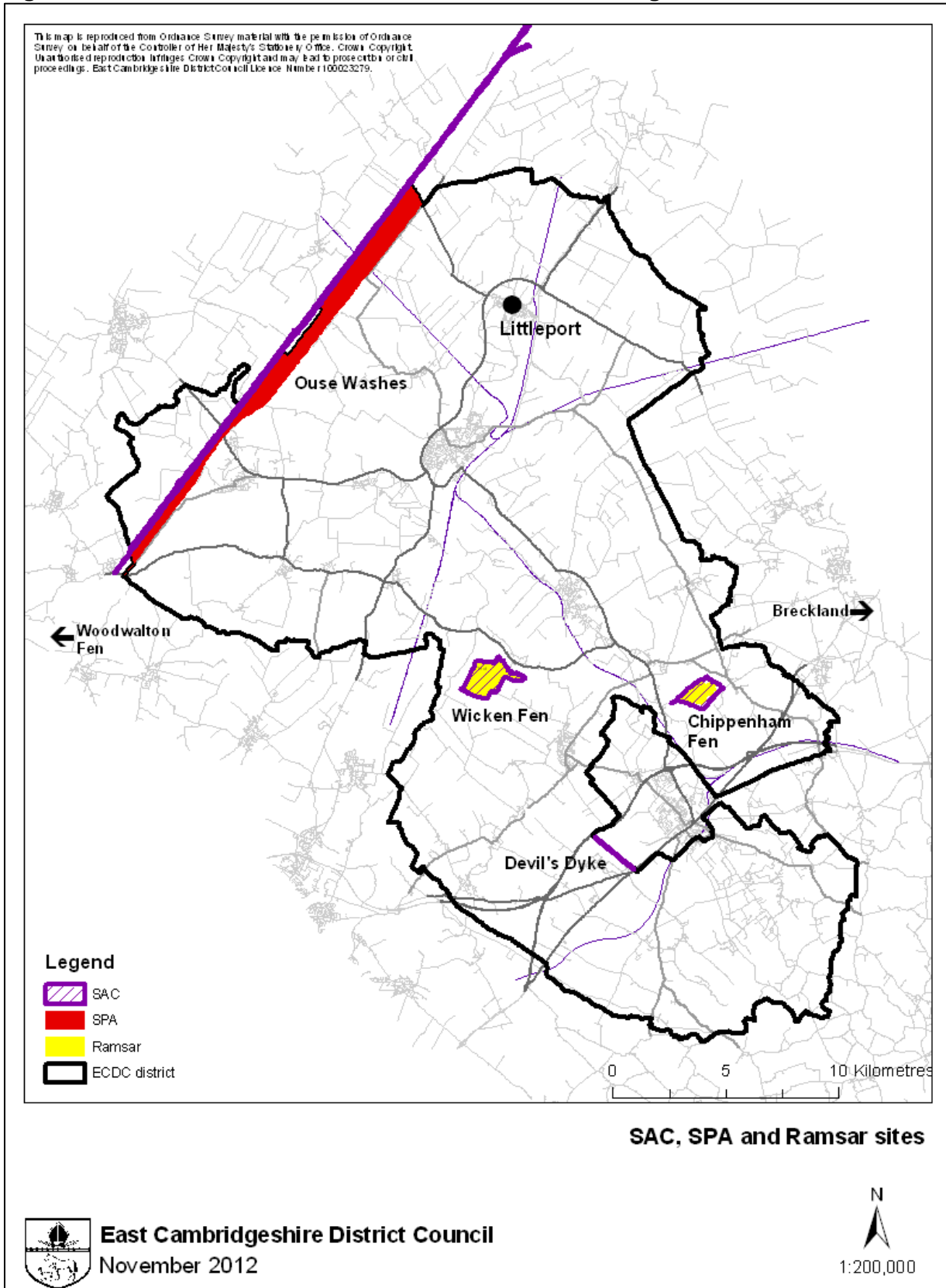
(Note: for the purpose of this draft SPD, the following text is written on the basis of the UK still implementing EU legislation in respect of habitat protection. This section may need adjusting prior to this SPD being adopted, depending on the transition arrangements in respect of leaving the EU, and the incorporation or otherwise of EU legislation within UK law).

- 6.4 Within East Cambridgeshire, there are five sites of relevance for their international importance:
- Wicken Fen (part of the Fenland SAC, which is a collection of three sites formed by Wicken Fen, Woodwalton Fen and Chippenham Fen Ramsars. The Woodwalton Fen site falls within Huntingdonshire district, rather than East Cambridgeshire, and therefore any policies or guidance in this SPD do not apply to that site)
 - Chippenham Fen (part of Fenland SAC – see above)
 - Ouse Washes SAC/SPA/Ramsar
 - Devil's Dyke SAC
 - Breckland SAC/SPA (not physically located within East Cambridgeshire, but part of the buffer zones around it are)
- 6.5 The above sites are known as 'Natura 2000 sites', which is a Europe-wide network of sites of international importance for nature conservation established under the Habitats Directive⁵. The network comprises Special Protection Areas (SPAs) and Special Areas of Conservation (SACs). SPAs are designated under the European Directive 79/409/EEC 'on the Conservation of Wild Birds' (the Birds Directive) for the protection of wild birds and their habitats (including particularly rare and vulnerable species listed in Annex 1 of the Birds Directive, and migratory species). SACs are designated under the Habitats Directive and target particular habitats (Annex 1) and/or species (Annex II) identified as being of European importance.
- 6.6 Ramsar sites (which are separate to Natura 2000 EU related sites, albeit often overlap in terms of designation, where applicable) support internationally important wetland habitats and are listed under the Convention on Wetlands of International Importance especially as Waterfowl Habitat (Ramsar Convention, 1971).
- 6.7 A map identifying four sites is on the next page (Breckland SAC/SPA buffer zone is not shown).
- 6.8 In recognition of their importance, development proposals which may have an impact on these sites must undertake a rigorous process to determine what those effects might be. Importantly,

⁵ the European Directive 92/43/EEC on the Conservation of Natural Habitats and of Wild Fauna (the Habitats Directive)

it is not just proposals which are located within the designated sites which must be assessed, but also proposals away from such sites, potentially several miles away, if a connection exists between the designated site and the proposed development site. This SPD provides some specific guidance in this respect.

Figure 1: Location of Natura 2000 Sites within East Cambridgeshire



Policy for Internationally designated sites

- 6.9 The Local Plan (2015), in respect of specific policy for internationally protected sites, states as follows (extract of Policy ENV7):

“Proposals which have an adverse impact on a site of international importance will not normally be permitted unless there are exceptional overriding reasons of public interest (human health, public safety or environmental benefit).”

- 6.10 The above policy is, however, somewhat dated. It does not accurately reflect the latest international law, and provides some doubt through the use of the phrase ‘not normally’. The NPPF (2019) provides a more up to date policy framework for considering such sites. Whilst the thrust of the NPPF is that there should be a presumption in favour of sustainable development, at para 177 it clarifies that such a presumption does not apply to internationally protected sites (referred to as a ‘habitats site’):

“The presumption in favour of sustainable development does not apply where the plan or project is likely to have a significant effect on a habitats site (either alone or in combination with other plans or projects), unless an appropriate assessment has concluded that the plan or project will not adversely affect the integrity of the habitats site.”

- 6.11 Having taken account all of the above (Local Plan, NPPF and NPPG), the following sets out supplementary detailed supporting policy in respect of considering development proposals in East Cambridgeshire:

Policy SPD.NE1: Conserving and Enhancing Biodiversity - Internationally Designated Sites

The highest level of protection will be afforded to international sites designated for their nature conservation importance. Proposals having an adverse impact on the integrity of such areas, that cannot be avoided or adequately mitigated to remove any adverse effect, will not be permitted other than in exceptional circumstances. These circumstances will only apply where:

- (a) there are no suitable alternatives;
- (b) there are imperative reasons of overriding public interest; and
- (c) necessary compensatory provision can be secured.

Development will only be permitted where the Council is satisfied that any necessary mitigation is included such that, in combination with other development, there will be no adverse effects on the integrity of international sites.

Development proposals that are likely to, or have the potential to, have an adverse effect, either alone or in-combination, on European designated sites must satisfy the requirements of the Habitats Regulations (or any superseding similar UK legislation, post the UK leaving the EU), determining site specific impacts (which could be off-site as well as on-site) and avoiding or mitigating against impacts where identified. Mitigation may involve providing or contributing towards a combination of the following measures:

- (i) Access and visitor management measures within the designated site;
- (ii) Improvement of existing greenspace and recreational routes;
- (iii) Provision of alternative natural greenspace and recreational routes;
- (iv) Monitoring of the impacts of new development on European designated sites to inform the necessary mitigation requirements and future refinement of any mitigation measures;
- (v) Other potential mitigation measures to address air pollution impacts e.g. emission reduction measures, on site management measures.

Guidance to applying the policy

- 6.12 The NPPF (paragraph 177) refers to the need for an ‘appropriate assessment’ and the policy above also makes reference to meeting the requirements of the Habitats Regulations. Both of

these are making reference to The Conservation of Habitats and Species Regulations 2010 (as amended) ('the Habitat Regulations') which require a Habitats Regulation Assessment (HRA) to be undertaken for all relevant projects or proposals. Therefore, in accordance with these Regulations, Local Planning Authorities such as East Cambridgeshire District Council must demonstrate that the implementation of a development proposal would not adversely affect the integrity of Natura 2000 sites within or outside of its area, either alone or in combination with other plans or projects.

- 6.13 Theoretically, any development proposal within East Cambridgeshire could be 'caught' by the need to undergo a HRA. However, the purpose of preparing a HRA is to determine whether or not the proposal will have a **significant adverse effect** on the Natura 2000 site. Consequently, many small scale development proposals (e.g. a house extension within an urban area) would clearly not result in a significant adverse effect, and it would be nonsensical to go through the HRA process for such proposals.
- 6.14 However, other proposals are less clear cut, and sometimes proposals which might not initially seem relevant for consideration under the HRA regime, may well require such consideration.
- 6.15 This SPD aims to set out some clear guidance as to when the provisions of the HRA legislation will need to be applied to proposals within East Cambridgeshire.

What proposals might have an adverse effect on an international designated site?

- 6.16 It is unlikely the Council will receive many proposals for development within an internationally designated site itself, on the basis that it is highly unlikely that such a proposal would be able to meet the national and local policy tests (the only exception likely being a proposal which is directly related to and necessary for the management of the site itself).
- 6.17 However, many proposals 'off-site' could have an adverse effect on a designated site. For example, an increase in populations near a designated site might result in increased recreational pressure on the designated site (e.g. new homes will result in more people in a particular area, thereby more people potentially undertaking leisure activities on a nearby designated site), and such increased pressure could have an adverse effect on the integrity of the designated site. Another example could be that a site is designated for its population of a certain species (eg bird(s)), but such species use land outside of the designated area for foraging. If such foraging land was lost, then the integrity of the designated site could be adversely effected.
- 6.18 To help determine what effects may occur, first it is necessary to provide details of each Natura 2000 site, setting out the qualifying features for which the sites are designated and specific sensitivities of each site which contribute to and define their integrity. In compiling this information, reference was made to the Conservation Objectives for each site, Standard Data Forms for SACs and SPAs and Natural England's Site Improvement Plans (SIPs).⁶ Appendix 1 provides the detailed information, whereas table 2 below provides a summary:

⁶ These were obtained from the JNCC and Natural England websites (www.jncc.gov.uk and www.naturalengland.org.uk)

Table 2: Natura 2000 Sites: Vulnerability, Pressures and Threats (Summarised from Natural England's Site Improvement Plans and advice to the Council)

Site	Vulnerability (✓ means site is vulnerable)						Summary of Pressures/Threats
	Physical Habitat Loss	Physical Damage	Disturbance Recreational	Water Quantity	Water Pollution	Atmospheric Pollution	
Devil's Dyke	✓	✓	✓	x	x	✓	This species rich calcareous grassland is vulnerable to vegetation succession by rank grasses and requires active management by grazing. It is also vulnerable to increased recreational pressure. Habitat degradation is occurring, particularly through trampling of vegetation and soil enrichment from dog excrement. Antisocial behaviour such as littering, fires and other activities is damaging vegetation. Dogs off leads also pose a risk to the continuance of the essential long term management of the site through livestock grazing. The site is also potentially at risk from atmospheric nitrogen deposition, although the site improvement plan states this requires further investigation.
Wicken Fen	✓	✓	✓	✓	✓	✓	This site is vulnerable to vegetation succession and requires management to retain fen characteristics. Hydrological changes associated with off-site agricultural drainage and land reclaim threatens the sites designated features. In addition nitrification from agricultural run-off and abstraction from the underlying aquifer is a threat. Nitrogen deposition exceeds site relevant critical loads. This has the potential to affect the Molinia meadow and calcareous fen features although there is no information known on any current impacts.
Chippenham Fen	✓	✓	✓	✓	✓	✓	Key threats include water pollution and hydrological changes. There is considerable pressure in the region from the water abstraction that may affect the local springs and aquifer. The habitats within the site are highly sensitive to inorganic fertilisers and pesticides, applications of which should be avoided both within the site itself and in adjacent surrounding areas. There is also inappropriate scrub control and cutting/mowing in some areas. Nitrogen deposition exceeds site relevant critical loads. This has the potential to affect the Molinia meadow and calcareous fen features although there is no information known on any current impacts.
Ouse Washes	✓	✓	✓	✓	✓	x	The Ouse Washes are extremely vulnerable to changes in hydrology and the site is currently suffering from nitrification and changes in water quality as a result of agricultural run-off and the input of water with high nutrient levels from sewage treatment works. Off-site changes in hydrology have the potential to affect the site's integrity. Over the

Site	Vulnerability (✓ means site is vulnerable)							Summary of Pressures/Threats
	Physical Habitat Loss	Physical Damage	Disturbance Recreational	Water Quantity	Water Pollution	Atmospheric Pollution		
								past 25yrs it has also been noted that there has been an increase in summer flooding as well as high water levels in winter. This has adversely affected both the breeding birds and the traditional washland management regime. It also results in Glyceria grass (sweet rush) competing with the other grasses and herbs, which may affect food availability for wintering waterfowl. High winter water levels also reduce grazing area for wigeon.
Breckland (outside of district)	✓	✓	✓	✓	✓	✓		Grazing by sheep/cattle is essential to the maintenance of habitats. Undergrazing, both by domestic livestock and wild rabbits affects the majority of grassland & heathland sites throughout the SPA/SAC, which puts at risk the quality of SAC habitats and their characteristic species, including SPA bird species. Development, especially for housing, roads and solar farms, can impact on SPA species through disturbance (Stone Curlew, Woodlark, Nightjar). Recreational and other activities have the potential to impact both SAC and SPA features. SAC features may be affected through eutrophication (dog fouling, unauthorised fires) and disturbance of soils, in particular on commons and heaths. Habitat fragmentation is a key threat, with connectivity between heaths poor and the landscape between them hostile to species dispersal. Local groundwater abstraction can negatively impact on the Breckland meres (restricted to the Norfolk Breckland). A further key threat is air pollution from atmospheric nitrogen deposition.

- 6.19 In order to establish whether or not a proposal might have an effect on one of the above designations, then Natural England's Impact Risk Zones (IRZs) should be consulted in the first instance.
- 6.20 IRZs are a GIS tool developed by Natural England to make rapid initial assessment of the potential risks posed by development proposals to: Sites of Special Scientific Interest (SSSIs), Special Areas of Conservation (SACs), Special Protection Areas (SPAs) and Ramsar sites. They define zones around each site which reflect the particular sensitivities of the features for which it is notified and indicate the types of development proposal which could potentially have adverse impacts. The IRZs can be used by local planning authorities (LPAs) to consider whether a proposed development is likely to affect a SSSI, SAC, SPA or Ramsar site and determine whether they will need to consult Natural England to seek advice on the nature of any potential impacts and how they might be avoided or mitigated.
- 6.21 The following weblink provides considerable more detail and guidance on the interpretation and use of the IRZs dataset:
<https://naturalengland-defra.opendata.arcgis.com/datasets/sssi-impact-risk-zones-england> .
- 6.22 The IRZs data can also be viewed on government's MAGIC website:
<https://magic.defra.gov.uk/>
- 6.23 More specific information on how developers can get advice from Natural England on planning applications can be viewed at <https://www.gov.uk/guidance/developers-get-environmental-advice-on-your-planning-proposals> .
- 6.24 In respect of East Cambridgeshire, the vast majority of the district is 'washed over' with at least one IRZ, reflecting the volume and sensitivities of designated sites in the district.
- 6.25 Applying the IRZs is not, however, the most straight forward process. IRZs are typically split into several 'layers' stretching away from the designated site, and within each layer are differing advice as to when there may be an impact and when Natural England will need consulting on proposals. To add to the difficulty, one particular designated site can have two or more different IRZs stretching out from it, with differing impacts potentially arising. Whilst this is unusual, such a scenario applies in East Cambridgeshire with the Ouse Washes designation. Also, an IRZ stretching out from one designated site, may overlap with an IRZ stretching out from another designated site.
- 6.26 Further, once a proposal has been determined to fall within an IRZ (or potentially more than one IRZ), and also within the threshold for the potential of having harm on the designated site, it does not identify what that harm might be or what might need to be investigated. Thus, identification of a site within an IRZ is merely a 'flag' that further work and investigation needs to be undertaken.
- 6.27 It can, therefore, especially in these situations of overlapping IRZs, be very difficult to know whether a parcel of land is within one or more IRZs, and for what reason, and what the implications of development might be. This is why your development proposal will need specialist ecological advice.
- 6.28 To help applicants (and decision makers of planning applications), it is apparent that one particular IRZ within East Cambridgeshire is worthy of highlighting and providing guidance within this SPD.

'Goose and Swan' IRZ

- 6.29 Following discussions in 2018 with Natural England, it was agreed between ECDC and Natural England that land within this particular IRZ (which was established following a British Trust for Ornithology (BTO) research project) is considered to be potentially functionally linked to the Ouse Washes European designated site and therefore any development which may take place within this IRZ has the prospect of needing to be considered under the Conservation (of Habitats and Species) Regulations 2010 (as amended) and, therefore, potentially undergo the HRA process, starting with a HRA screening to be undertaken to determine if there will be a likely significant effect.

- 6.30 The map on the following page illustrates the extent of this particular IRZ (though the ‘Magic’ website should be consulted if there is any doubt as to whether a particular parcel of land falls within it). As can be seen, it covers a large part of East Cambridgeshire.
- 6.31 The following policy applies to proposals within that IRZ:

Policy SPD.NE2: Proposals within the Swan and Goose Impact Risk Zone

Land within the ‘Swan and Goose’ Impact Risk Zone, as identified on the ‘MAGIC’ website and indicatively illustrated in the map on page 25 of this SPD, may provide important functional habitat for qualifying bird species associated with the Ouse Washes Special Protection Area (SPA) and Ramsar site, particularly swans, for foraging and roosting.

Since the IRZ area is considered to be potentially functionally linked to the European designated site, development in this area requires appropriate consideration under the Conservation (of Habitats and Species) Regulations 2010 (as amended). As such, any **greenfield ‘major development’** (as defined by legislation) within the IRZ must undertake a project-level Habitats Regulation Assessment (HRA) to demonstrate that proposed development will not have any adverse effect on Ouse Washes functional land in accordance with the requirements of the Habitats Regulations.

Such a project level HRA should initially commence with a robust HRA Screening, prepared by the applicant, to identify whether the land affected by the proposed development is regularly used by qualifying species (especially foraging and roosting swans) of the Ouse Washes SPA / Ramsar site and whether the proposal will have a likely significant effect. Where this identifies a likely significant effect (or the effect is unknown), applicants will be required to submit sufficient information for a project level Appropriate Assessment to be undertaken by the District Council under the Habitats Regulation Assessment process to ensure there will be no adverse impacts on the Ouse Washes designated site.

For the avoidance of doubt, proposals which are **not greenfield ‘major development’** are not automatically excluded from the need to undergo the HRA process, because such a process may need to be undertaken for reasons not referred to in this policy (for example, for smaller scale development very close to the designated site). However, such proposals are excluded from the provisions of this particular policy.

- 6.32 Should a development proposal be captured by the above policy then it does not mean that development is likely to be refused as a consequence. It is likely that most land will not, following due investigation, be regularly used by qualify species (such as swans). However, as a precautionary measure, it will be necessary for this to be tested and confirmed at the project level HRA stage, in line with the above policy.
- 6.33 For the avoidance of doubt, it should be noted that the above policy applies even if the proposed development is allocated within a development plan (i.e. within the Local Plan or a Neighbourhood Plan) for development.

Specific advice and policy in respect to recreational pressure on designated sites arising from development

- 6.34 As identified in the summary table (Table 2), all four European designated sites in East Cambridgeshire are vulnerable to recreational pressure, as well as Breckland. In simple terms, this means that harm to the integrity of such sites could arise because people are using such sites for recreational purposes (such as dog walking). Consequently, if development was to likely increase the quantity of recreational use, that development could potential result in harm.
- 6.35 Only residential development has the potential to increase recreational pressure. The potential increase in pressure will depend on the location of the development and quantity of new homes (and hence people) it will deliver.

- 6.36 By applying Policy GROWTH3 of the Local Plan (which requires new infrastructure provision via development, including open space), most development is likely to not result in a significant increase in recreational pressure on designated sites.
- 6.37 In addition, whilst all four East Cambridgeshire sites plus the Breckland site are listed as being vulnerable to recreational pressure, it was agreed in 2018 with Natural England that only Devil's Dyke and Breckland sites need to be identified for specific additional guidance and policy (rather than all designated sites) because the Site Improvement Plan for Breckland lists public access and recreational pressure as a threat, and (whilst not specifically mentioned in its Site Improvement Plan) Natural England has stated that recreational pressure is an issue for the Devil's Dyke site. All other designated sites do not list public access and recreational pressure as a vulnerability. It has been agreed with Natural England, therefore, that it would be unreasonable to apply additional guidance and policy in relation to development near to one of the other designated sites because they are not recognised as having a recreational pressure problem. It is worth noting that, for example, at Ouse Washes and Wicken Fen, visitors are actively managed (with Wicken Fen in particular actively encouraging visitors, and has, for example, recently substantially expanded its car park to facilitate further visitors).

Policy SPD.NE3: Recreational pressure on the designated sites of Devil's Dyke and Breckland

For major housing related development (as defined by legislation), and especially any such proposal within an assumed 8km zone of influence of Devil's Dyke SAC and Breckland SPA (see indicative map on page 25), it may be necessary to provide open space, outdoor sport and recreational facilities in excess of what would ordinarily be expected to be provided under GROWTH5 and the associated Developer Contributions SPD.

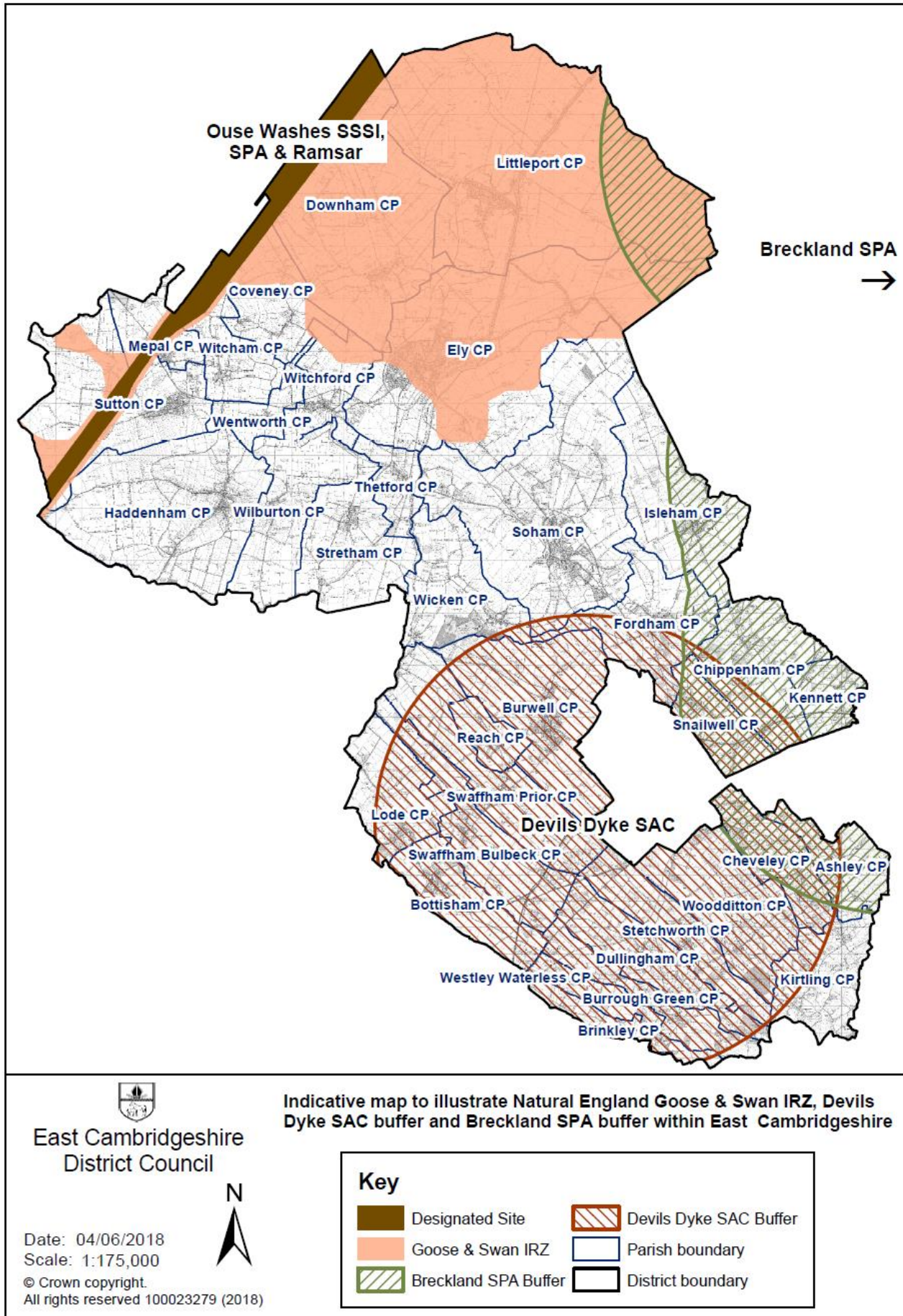
Such 'in excess' provision would be necessary in those instances where it is identified it is needed to mitigate the effects of increased recreational pressure on nationally or internationally designated biodiversity sites.

This 'in excess', which would need to be agreed with the Council (potentially in consultation with Natural England), could be on-site, off-site and/or include a financial contribution to the delivery of a project as set out in the Cambridgeshire Green Infrastructure Strategy (2011 or successor document).

In order for the decision maker to consider the potential recreational effects of a proposal, the following bullet points apply:

- For residential major development (as defined in the NPPF and legislation) within the 8km zones of influence, it will be for the applicant to provide sufficient evidence in order to demonstrate what excess, if any, above the minimum open space provision will be provided as a consequence of the development, and an explanation as to why the applicant believes such excess to be sufficient to enable the decision maker to conclude that there would be no significant adverse effect arising from the development, via recreational pressure, on Devil's Dyke or Breckland SAC (as applicable).
- For development within or adjacent to Reach, Swaffham Prior, Stechworth and Burwell (or at any other location in close proximity to wider Devil's Dyke SSSI), the above bullet point will be particularly relevant, due to the footpath link along the Devil's Dyke SSSI to the SAC element of Devil's Dyke.
- For development outside the 8km zones of influence (i.e. the rest of the district), only strategic scale development of 100 dwellings or more would need to need to comply with the first bullet point above.

Diagram 1: Indicative Map of relevant zones and buffer areas



7 Protecting the Most Valuable Sites: Nationally Designated Sites

Introduction

7.1 The previous chapter was focussed on internationally important designated sites. The next tier down the hierarchy is nationally designated sites, under two headings:

- National Nature Reserves (NNRs)
- Sites of Special Scientific Interest (SSSI).

7.2 East Cambridgeshire is blessed by a large number of nationally designated sites, as the following list demonstrates:

National Nature Reserves (NNRs)

- *Wicken Fen*
- *Chippenham Fen*

Sites of Special Scientific Interest (SSSI)

- *Ouse Washes*
- *Wicken Fen*
- *Devil's Dyke*
- *Chippenham Fen and Snailwell Poor's Fen*
- *Newmarket Heath*
- *Park Wood*
- *Out and Plunder Woods*
- *Ten Wood*
- *Snailwell Meadows*
- *Brackland Rough*
- *Soham Wet Horse Fen*
- *Stow-cum-Quay Fen*
- *Upware Bridge Pit North*
- *Upware South Pit*
- *Upware North Pit*
- *Cam Washes*
- *Delph Bridge Drain*
- *Ely Pitts and Meadows*
- *Shippea Hill*

7.3 As can be seen from above, in italics, the four internationally designated sites are also designated as nationally important sites. The boundaries of such sites are either the same, or very similar to the international designation. Consequently, for those four sites, for planning decision making purposes it is highly likely that any impact upon them will be considered in respect of any harm arising as an internationally important site.

7.4 For the remaining SSSIs sites, the Local Plan states as follows (extract of Policy ENV7):

“Proposals which have an adverse impact on a site of national importance will not normally be permitted unless the benefits of development at the site significantly outweigh the impacts”

7.5 The NPPF (2019) is similar in sentiments, and states as follows (para175(b)):

“Development on land within or outside a Site of Special Scientific Interest, and which is likely to have an adverse effect on it (either individually or in combination with other developments), should not normally be permitted. The only exception is where the benefits of the development in the location proposed clearly outweigh both its likely impact on the features of the site that make it of special scientific interest, and any broader impacts on the national network of Sites of Special Scientific Interest.”

- 7.6 On the basis that the two policy positions are very similar, but that the NPPF is more up to date and provides slightly greater policy detail, decision makers should apply greater weight to the NPPF wording.
- 7.7 The NPPF wording also usefully clarifies that its policy position applies equally to development 'outside' an SSSI in addition to development within such sites.
- 7.8 In order to help determine what the impact might be, IRZs have been prepared for each SSSI, and are available through the MAGIC website. See chapter 6 for further details on IRZs. Such IRZs will form a starting point for determine what evidence should be provided in support of an application.
- 7.9 In some instances, where a SSSI is vulnerable to recreational pressure, the sentiments of policy SPD.NE3 may need to be applied to development proposals, in order to comply with national and local policy.

8 Protecting the Most Valuable Sites: Locally Designated Sites

Introduction

- 8.1 Below nationally designated sites, many local areas have a variety of local biodiversity related designations.
- 8.2 In East Cambridgeshire, the Local Plan (2015) highlights the following (with Ancient Woodlands considered in more detail in section 11 of this SPD):

Type	Number of sites within East Cambridgeshire
County Wildlife Site (CWS)	81
Local Nature Reserve (LNR)	2 (Isleham and Little Downham)
Protected Roadside Verge (PRV)	12
Ancient Woodland	24

- 8.3 The Local Plan provides specific policy for such sites within the following paragraph (Policy ENV7):

“Proposals which would cause harm to County Wildlife Sites, Ancient Woodland, aged and veteran trees, Local Nature Reserves, Protected Roadside Verges, any other irreplaceable habitats, and green corridors or important species will not be permitted unless the need for, and benefits of development in that location outweigh the potential harm to nature conservation interests.”

- 8.4 The NPPF is largely silent in terms of policy position on these matters, except in a specific reference to ancient woodlands in the following policy position (para 175(c)):

“development resulting in the loss or deterioration of irreplaceable habitats (such as ancient woodland and ancient or veteran trees) should be refused, unless there are wholly exceptional reasons and a suitable compensation strategy exists”

- 8.5 The phrase ‘exceptional reasons’ in that paragraph is clarified in the NPPF (footnote 58) as follows: *“For example, infrastructure projects (including nationally significant infrastructure projects, orders under the Transport and Works Act and hybrid bills), where the public benefit would clearly outweigh the loss or deterioration of habitat”*.

- 8.6 The NPPF also defines what is meant by ‘irreplaceable habitats’ in its glossary, as follows:

“Irreplaceable habitat: *Habitats which would be technically very difficult (or take a very significant time) to restore, recreate or replace once destroyed, taking into account their age, uniqueness, species diversity or rarity. They include ancient woodland, ancient and veteran trees, blanket bog, limestone pavement, sand dunes, salt marsh and lowland fen.”*

- 8.7 Para 175(c) is a very firm national policy position. And, it is entirely possible that, in addition to Ancient Woodland (which the NPPF expressly identifies), some of the locally designated CWS, LNR or PRV could qualify as an ‘irreplaceable habitat’, and consequently para 175(c) would apply.

- 8.8 Separately, the NPPG has the following advice for locally designated sites (such advice covering geological sites as well):

“Locally designated ‘Local Wildlife Sites’ and ‘Local Geological Sites’ are areas of substantive nature conservation value and make an important contribution to ecological networks and nature’s recovery. They can also provide wider benefits including public access (where agreed), climate mitigation and helping to tackle air pollution. They can be in

in rural, urban or coastal locations, can vary considerably in size, and may comprise a number of separate sites.

National planning policy expects plans to identify and map these sites, and to include policies that not only secure their protection from harm or loss but also help to enhance them and their connection to wider ecological networks.

Local planning authorities can take a lead in establishing and maintaining partnerships and systems to identify, manage, enhance and safeguard local sites. The positive engagement and co-operation of land owners and their representative bodies can contribute significantly to the success of these partnerships.

All local sites partnerships need to use clear and locally defined site selection criteria with measurable thresholds. For example, where a particular habitat is especially scarce, it may be appropriate to adopt a lower threshold for selection than would be appropriate for other natural areas so that a suitable range of sites is protected. Selection criteria need to be developed with reference to the standard criteria in the following question, with all sites that meet the relevant criteria (informed by detailed ecological surveys and expertise) then being selected.

Paragraph: 013 Reference ID: 8-013-20190721"

- 8.9 The above advice is therefore recommending a detailed site selection process for local wildlife sites. Whilst the above advice is recent (2019), East Cambridgeshire District Council, working with partners across Cambridgeshire, has been involved in designating 'County Wildlife Sites'. In 2010, the Council adopted the 'East Cambridgeshire County Wildlife SPD'. That SPD sets out information and a map for all the CWS in the district, and also explains the methodology and selection process for designating them. The Council therefore believes the SPD remains consistent with the latest national advice.
- 8.10 Bring all of this together, it is apparent that existing Local Plan policy together with the East Cambridgeshire County Wildlife SPD provides appropriate policy coverage, with one exception, that being any such site which is deemed to be an 'irreplaceable habitat'. The following additional policy is therefore necessary:

Policy SPD.NE4: Development resulting in the loss or deterioration of a County Wildlife Site (CWS), Local Nature Reserve (LNR) or Protected Roadside Verge (PRV)

In addition to legislation and national and local policy in relation to such sites, development which will result in the loss or deterioration of a CWS, LNR or PVR which is deemed to be an irreplaceable habitat (as defined by the NPPF) will be refused, unless there are wholly exceptional reasons and a suitable compensation strategy exists.

For CWS, LNR or PVR sites which are not deemed to be an irreplaceable habitat, then existing Local Plan policy will continue to apply to such sites.

9 Protected Species

Introduction

- 9.1 Whilst certain land areas are designated for nature conservation purposes, often for multiple reasons, certain species are also protected irrespective of where such species are found. Thus, it can often be the case that a parcel of land proposed for development is not designated in any way for nature conservation purposes, BUT may still have protected species present on site.
- 9.2 It is vitally important that both applicants and decision takers follow due process in assessing the potential presence of such species and, if such species are present (or could be present), that consideration of a development proposal takes account of such issues.
- 9.3 Many wildlife species benefit from statutory protection under a range of legislative provisions. Section 41 (S41) of the Natural Environment and Communities Act 2006 contains a list of habitats and species of principal importance. The current list (August 2010) contains 56 habitats of principal importance and 943 species of principal importance. The Council has a duty to promote the protection and recovery of these species populations, linked to national and local targets, and identify suitable indicators for monitoring biodiversity.
- 9.4 Developers are advised to make use of government guidance (see below) and speak to their own ecologist at an early stage to determine if their proposal would affect any habitat or species of principal importance. The Cambridgeshire and Peterborough Biodiversity Partnership has published lists of priority species and additional species of interest that are locally important. The Cambridgeshire and Peterborough Environmental Records Centre also holds records of locally recorded species and is therefore a useful source of biodiversity information.
- 9.5 Within East Cambridgeshire, such protected species which can arise on a fairly frequent basis includes bats, great crested newts and badgers. In certain parts of the district, protected species which are related to wetland habitats may occur. However, it is possible for other protected species to be present on a site.

Process to follow

- 9.6 Having reviewed guidance, it has been decided that this SPD need not set out bespoke species advice for the East Cambridgeshire area.
- 9.7 As such, both applicants and decision makers should refer in the first instance to government advice on this matter, as available on this page:
www.gov.uk/guidance/protected-species-how-to-review-planning-applications
- 9.8 However, the following policy is necessary to explain, in generic terms, how the Council will review planning applications for their potential impact on protected species.

Policy SPD.NE5: Reviewing planning applications for Protected Species

The Council will place great care in assessing development proposals in relation to the potential impact on protected species, and will follow the advice as available on the government website:

www.gov.uk/guidance/protected-species-how-to-review-planning-applications

When a proposal is likely to affect a protected species, the Council will only grant planning permission if:

- an appropriate survey was carried out by a qualified ecologist at the time of year specified in Natural England's standing advice;
- a wildlife licence is likely to be granted by Natural England if one is needed;
- mitigation plans are considered acceptable;
- compensation plans are acceptable when mitigation isn't possible; and
- review and monitoring plans are in place, where appropriate.

Achieving the above may require an applicant to enter into a suitable form of developer contributions agreement.

Where a proposal is not likely to affect a protected species, but the proposal provides measures (such as an appropriate habitats in an appropriate location) which are likely to be beneficial to protected species, then weight in favour of such a proposal will apply.

10 Reversing the Decline – A ‘net gain’ in Biodiversity

Introduction

- 10.1 In simple terms, biodiversity has been in serious decline in the UK, and Cambridgeshire is no exception.
- 10.2 The State of Nature 2016 report⁷ shows that over half (56%) of the UK’s wild species have declined in the past 50 years and continue to do so, and that more than one in ten species faces extinction.
- 10.3 Farmland birds in the UK declined by 56 per cent between 1970 and 2015. Hedgehogs have declined by a half, whilst almost one in five of British mammal species face a high risk of extinction, according to a comprehensive review published in 2018 by The Mammal Society and Natural England.
- 10.4 Locally, across Cambridgeshire, we only have 8.5% of land which is of rich wildlife habitat, one of the lowest in the country.
- 10.5 Of course, East Cambridgeshire is dominated by some of the finest agricultural land in the country, a vital food resource for the country, but the intensification of farming has had an impact on local biodiversity. Significant parts of East Cambridgeshire is also of national importance to the equine industry, but again such use can impact on biodiversity.
- 10.6 Led by government, there is a growing momentum that public policy (whether Local Plan or through other means) should be seeking not only to halt further decline and protect what we have, but to proactively deliver ‘gains’ in order to start to make up for the considerable losses over the decades. The phrase ‘net gains for biodiversity’ is therefore becoming more common, as a policy or target.

Local Policy

- 10.7 The Local Plan (2015) is written largely around protecting what we have and mitigating for harm, which reflected national policy at its time of preparation. However, it does ‘require’ all development proposals to:

“Maximise opportunities for creation, restoration, enhancement and connection of natural habitats as an integral part of development proposals.”

National Policy

- 10.8 The NPPF (2019) goes further than the Local Plan, by specifically requiring a net gain for biodiversity (rather than just ‘maximise opportunities’):

*“170 Planning policies and decisions should contribute to and enhance the natural and local environment by... minimising impacts on and **providing net gains for biodiversity**, including by establishing coherent ecological networks that are more resilient to current and future pressures;”*

*“175 When determining planning applications, local planning authorities should apply the following principles... opportunities to incorporate biodiversity improvements in and around developments should be encouraged, especially where this can secure measurable **net gains for biodiversity**.”*

- 10.9 The NPPG provides considerable guidance on what is intended by ‘net gains’. This is very useful advice and for ease of access is included on the following page.

⁷ See <https://www.rspb.org.uk/globalassets/downloads/documents/conservation-projects/state-of-nature/state-of-nature-uk-report-2016.pdf>

Extract from the National Planning Practice Guide

(sourced 6.12.19, and is subject to change. Please check for any updates at <https://www.gov.uk/government/collections/planning-practice-guidance>)

What is net gain?

Net gain in planning describes an approach to development that leaves the natural environment in a measurably better state than it was beforehand. Net gain is an umbrella term for both biodiversity net gain and wider environmental net gain.

Paragraph: 020 Reference ID: 8-020-20190721

Revision date: 21 07 2019

How can plans encourage net gain?

Plans, and particularly those containing strategic policies, can be used to set out a suitable approach to both biodiversity and wider environmental net gain, how it will be achieved, and which areas present the best opportunities to deliver gains. Such areas could include those identified in: natural capital plans; local biodiversity opportunity or ecological network maps; local green infrastructure strategies; strategic flood risk assessments; water cycle studies; air quality management plans; river basin management plans; and strategic protected species licensing areas. Consideration may also be given to local sites including where communities could benefit from improved access to nature.

Paragraph: 021 Reference ID: 8-021-20190721

Revision date: 21 07 2019

What is biodiversity net gain?

The National Planning Policy Framework encourages net gains for biodiversity to be sought through planning policies and decisions. Biodiversity net gain delivers measurable improvements for biodiversity by creating or enhancing habitats in association with development. Biodiversity net gain can be achieved on-site, off-site or through a combination of on-site and off-site measures. It may help local authorities to meet their duty under Section 40 of the Natural Environment and Rural Communities Act 2006.

Paragraph: 022 Reference ID: 8-022-20190721

Revision date: 21 07 2019

How can biodiversity net gain be achieved?

Planning conditions or obligations can, in appropriate circumstances, be used to require that a planning permission provides for works that will measurably increase biodiversity. An applicant may also propose measures to achieve biodiversity net gain through a unilateral undertaking. The work involved may, for example, involve creating new habitats, enhancing existing habitats, providing green roofs, green walls, street trees or sustainable drainage systems. Relatively small features can often achieve important benefits for wildlife, such as incorporating 'swift bricks' and bat boxes in developments and providing safe routes for hedgehogs between different areas of habitat.

Benefits could be achieved entirely on-site or by using off-site gains where necessary. Off-site measures can sometimes be secured from 'habitat banks', which comprise areas of enhanced or created habitats which generate biodiversity unit 'credits'.

Care needs to be taken to ensure that any benefits promised will lead to genuine and demonstrable gains for biodiversity. Discussions with local wildlife organisations can help to identify appropriate solutions, and tools such as the Defra [biodiversity metric](#) can be used to assess whether a biodiversity net gain outcome is expected to be achieved. Planning authorities need to make sure that any evidence and rationale supplied by applicants are supported by the appropriate scientific expertise and local wildlife knowledge.

When assessing opportunities and proposals to secure biodiversity net gain, the local planning authority will need to have regard to all relevant policies, especially those on open space, health,

green infrastructure, Green Belt and landscape. It will also be important to consider whether provisions for biodiversity net gain will be resilient to future pressures from further development or climate change, and supported by appropriate maintenance arrangements.

Paragraph: 023 Reference ID: 8-023-20190721

Revision date: 21 07 2019

How does biodiversity net gain fit with the mitigation hierarchy?

Biodiversity net gain complements and works with the biodiversity mitigation hierarchy set out in NPPF paragraph 175a. It does not override the protection for designated sites, protected or priority species and irreplaceable or priority habitats set out in the NPPF. Local planning authorities need to ensure that habitat improvement will be a genuine additional benefit, and go further than measures already required to implement a compensation strategy.

Paragraph: 024 Reference ID: 8-024-20190721

Revision date: 21 07 2019

How can biodiversity net gain be calculated?

Using a metric is a pragmatic way to calculate the impact of a development and the net gain that can be achieved.

The biodiversity metric can be used to demonstrate whether or not biodiversity net gain will be achieved. It enables calculation of losses and gains by assessing habitat:

- distinctiveness: whether the type of habitat is of high, medium or low value to wildlife.
- condition: whether the habitat is a good example of its type.
- extent: the area that the habitat occupies.

The information needed to populate this metric is taken from habitat surveys of the site before development and any related habitat clearance or management, and for the habitats proposed within the development as well as any additional habitat improvement off-site. The metric translates habitat distinctiveness, condition and extent into a score which is presented in biodiversity units. It also uses multipliers to account for risks in delivering habitat creation or enhancement. To achieve net gain, a development must have a sufficiently higher biodiversity unit score after development than before development.

Paragraph: 025 Reference ID: 8-025-20190721

Revision date: 21 07 2019

What is the baseline for assessing biodiversity net gain?

The existing biodiversity value of a development site will need to be assessed at the point that planning permission is applied for. It may also be relevant to consider whether any deliberate harm to this biodiversity value has taken place in the recent past, and if so whether there are grounds for this to be discounted in assessing the underlying value of the site (and so whether a proposal would achieve a genuine gain).

There are laws to protect important sites and species from harm, for which Natural England have enforcement powers. In addition, the felling of trees requires a Forestry Commission licence in most cases before felling can commence. There may be a penalty or requirement to restock if felling occurs without this. There are some exemptions relating to the location, volume and diameter of a tree, and an exemption for felling which is immediately required for the purpose of development authorised by a planning permission.

Paragraph: 026 Reference ID: 8-026-20190721

Revision date: 21 07 2019

How can biodiversity net gain be of lasting value?

New or improved habitat needs to be located where it can best contribute to local, national and international biodiversity restoration, including the Nature Recovery Network proposed in the 25

Year Environment Plan, locally identified ecological or green infrastructure networks and biodiversity opportunity areas. Providing biodiversity net gain close to where people live can improve access to nature and bring health and wellbeing benefits.

It is good practice to establish a detailed management plan to ensure appropriate management of the habitat in the long term, and to arrange for regular but proportionate monitoring on how the habitat creation or enhancement is progressing, indicating any remedial action necessary. Planning authorities may consider recording where habitat compensation has been established, and how relevant survey and monitoring data can best be utilised to strengthen the local biodiversity evidence base; for example by working with Local Environmental Record Centres.

Paragraph: 027 Reference ID: 8-027-20190721

Revision date: 21 07 2019

What is wider environmental net gain and how can it be achieved?

The aim of wider environmental net gain is to reduce pressure on and achieve overall improvements in natural capital, ecosystem services and the benefits they deliver. For example, habitat improvements can provide a range of benefits such as improvements to soil, water and air quality, flood risk management and opportunities for recreation.

In planning strategically for the enhancement of natural capital, planning authorities can draw upon evidence on natural capital assets, the supply and demand of ecosystem services flowing from them, and existing and future risks and opportunities for these services.

A number of metrics to measure and monitor aspects of wider environmental net gain are under development.

Paragraph: 028 Reference ID: 8-028-20190721

Revision date: 21 07 2019

The 25 Year Environment Plan

- 10.10 Despite the firm words of the NPPF, Government has committed to go further to secure net gain. It's very first action, of the first chapter, of the 25 Year Environment Plan (2018) states:

"We will embed an 'environmental net gain' principle for development, including housing and infrastructure"

- 10.11 Thus, not only is government seeking biodiversity net gains, but also wider net gain. The Environment Plan set out a number of proposals to progress this, including the option of mandating the delivery of a net gain in biodiversity.

The Environment Bill (expected early 2020)

- 10.12 Due to the 2019 General Election, an emerging (October 2019) Environment Bill did not receive Royal Assent. However, the December 2019 Queen's Speech confirmed that the Bill will be re-presented in the new parliament session. At the time of writing, it is not known what parliamentary timetable it will follow. Nevertheless, the October 2019 Bill provides a reasonable starting point for understanding how government is likely to progress a number of environmental matters. In respect of 'net gain', government provided the following summary of the October 2019 Bill:

Extract from the (October 2019) 'Environment Bill Policy Statement'⁸

"The Environment Bill introduces mandatory biodiversity net gain, to ensure that new developments enhance biodiversity and help deliver thriving natural spaces for communities. Integrating biodiversity net gain into the planning system will provide a step change in how planning and development is delivered. The Bill will provide new opportunities for innovation as well as stimulating new economic markets. This is expected to result in the creation and the avoidance of loss of several thousands of hectares of

⁸ See <https://www.gov.uk/government/publications/environment-bill-2019/environment-bill-policy-statement>

habitat for wildlife each year, which represents annual natural capital benefits of around £1.4 billion. This will increase the public benefits of ecosystems, such as improvements in air quality, water flow control, outdoor recreation and physical activity.

Net gain requirements do not undermine existing protections for protected sites or irreplaceable habitats. In relation to protected sites, net gain will only be enforceable following a planning decision which will consider the existing legal and planning policy requirements for protected sites in the usual way. Net gain requirements will not undermine the existing range of protections, in planning policy and legislation, for irreplaceable habitats and protected sites.”

- 10.13 The Bill itself set out more precisely what is intended⁹, namely the compulsory requirement for the preparation of a ‘biodiversity gain plan’, which must be approved as part of a development proposal before development can proceed.
- 10.14 With some uncertainty over the Environment Bill, the final version of this SPD will need to be updated to reflect the latest position.
- 10.15 The following policy is therefore subject to change:

Policy SPD.NE6 Biodiversity Net Gain

In addition to the provisions set out in the Local Plan, all development proposals should contribute to and enhance the natural and local environment by minimising impacts on and providing net gains for biodiversity.

If and when a nationally mandated mechanism to secure ‘net gains’ is introduced, then the following policy will not be implemented.

In the absence of any nationally mandated mechanism to secure such ‘net gains’, the following policy applies:

All development proposals (except householder applications – see below) must provide clear and robust evidence setting out:

- (a) information about the steps taken, or to be taken, to minimise the adverse effect of the development on the biodiversity of the onsite habitat and any other habitat,
- (b) the pre-development biodiversity value of the onsite habitat,
- (c) the post-development biodiversity value of the onsite habitat; and
- (d) the ongoing management strategy for any proposals.

Proposals which do not demonstrate that the post-development biodiversity value of the onsite habitat will not significantly* exceed the pre-development biodiversity value of the onsite habitat will be refused.

Demonstrating the value of the habitat (pre and post development) will be the responsibility of the applicant, and the information to be supplied will depend on the scale and degree of proposals being submitted. The Council strongly recommends the use of available toolkits (see section 14 of this SPD) and/or ecology surveys.

Where insufficient, incomplete or inaccurate information is submitted, meaning the Council is not able to determine whether a proposal is likely to lead to a net gain in biodiversity, a proposal will be deemed to fail the policy requirements (as set out in the Local Plan, the NPPF and this SPD) to take biodiversity opportunities and providing a biodiversity net gain.

Only in exceptional circumstance, the Council may (but is not obliged to) accept off-site biodiversity gains in exchange for on-site biodiversity net gain, but only in instances whereby:

- (i) it is not possible to provide significant net gains on site;
- (ii) the overall net outcome is a significant net gain in biodiversity; and

⁹ See Schedule 15 for full details: https://publications.parliament.uk/pa/bills/cbill/2019-2019/0003/cbill_2019-20200003_en_22.htm#sch15

- (iii) a robust agreement is in place to deliver and maintain such off-site gains.

For householder applications, the detailed provisions of this policy do not apply, but there is still an expectation in most instances that an element of biodiversity gain should be incorporated into the proposal, such as bird boxes, insect ‘hotels’, bee blocks, bat boxes and/or hibernation holes. More detailed biodiversity gain would be welcomed.

** whilst ‘significantly’ is not defined precisely in this SPD, it should be taken to read that very minor net gains (such as a new bird box) would not constitute a significant gain. The gain should be more considerable, preferably creating habitat gains which support a larger variety of biodiversity. Where space is tight, integrating a variety of measures within the development may be appropriate, such as targeted bird boxes, insect ‘hotels’, bee blocks, bat boxes, hibernation holes and ‘green’ roofs.*

Doubling Nature

- 10.16 Via its role in Nature Cambridgeshire (the Local Nature Partnership for Cambridgeshire and Peterborough), the Council has already endorsed the following Natural Cambridgeshire vision (2019):

“Our Vision is that by doubling the area of rich wildlife habitats and natural green-space, Cambridgeshire and Peterborough will become a world-class environment where nature and people thrive, and businesses prosper.”¹⁰

- 10.17 The Council is committed where it can to help make the above vision a reality, and implementing this SPD is an important contribution to do so.
- 10.18 Whilst the vast majority of planning applications received by the Council have the potential to deliver a ‘net gain’ for biodiversity on site, it is accepted that the vast majority will not be able to directly contribute to meeting the above vision. However, some will have potential to do so, and there is a realistic chance that in the near future (via legislation, such as the Environment Bill or equivalent) that some development will contribute a financial sum to an appropriate body which could be used by that appropriate body on initiatives which will assist in delivering the vision.
- 10.19 The following policy sets out the Council’s planning policy position in respect of assisting the vision to ‘doubling nature’, which also aligns with the adopted Local Plan policy (ENV7) requiring all development to ‘*Maximise opportunities for creation, restoration, enhancement and connection of natural habitats as an integral part of development proposals*’:

Policy SPD.NE7: Contributing to the strategic target of doubling land for nature

All strategic scale development proposals* must either achieve (A) or (B) as part of the development’s contribution to assist in making the Local Nature Partnership’s vision to ‘doubling nature’ a reality:

- (A) set aside a minimum of 20% of the application site area as land for rich wildlife habitat. Such set aside land must have clear proposals for its creation and maintenance. Where the application site already contains rich wildlife habitat which is to be protected as part of the development proposals, then the 20% requirement applies to the land which is not presently rich wildlife habitat.

In the unlikely scenario whereby the application site already contains rich wildlife habitat which is to be lost as part of the development proposals, then not only must the area lost be replaced, but the 20% requirement also added.

Or;

- (B) via an appropriate legal agreement, create (or provide a financial contribution in order to create) new rich wildlife habitat off-site, on land broadly equivalent in size to the land area of the application site. Such off-site land must not presently be rich wildlife habitat, and such land must have clear proposals for its creation and maintenance,

¹⁰ See - <https://naturalcambridgeshire.org.uk/news/natural-cambridgeshire-ambition-to-double-nature-across-peterborough-and-cambridgeshire/>

and details of future public access (if any). The land must be within the district of East Cambridgeshire. Extensions to existing nature rich sites may form an appropriate site. The Council will endeavour to maintain a list on its website of candidate off-site sites** which may be suitable to meet this clause via a financial contribution, but an applicant is not obliged to use one of these such sites.

For all of the above scenarios, the provision of such land can be counted towards the requirement to deliver a net gain for biodiversity.

For all other development proposals not covered by above, the council will give considerable weight in favour of proposals which create new rich wildlife habitat, but only if such provision forms part of delivering a wider net gain for biodiversity.

**defined as 100 dwellings or more, or 5ha or more for non-dwelling proposals.*

*** NOTE: at this draft SPD stage, we do not yet have a list of suitable candidate sites, but would welcome suggestions from you. For example, if you are a parish council, do you have any land which you would welcome be converted, at nil cost to you, to rich wildlife habitat? Or, if you are a charity or similar, do you have any projects which, with funding, could help create new rich wildlife habitats? Or you could simply be a private individual with land you may be willing to release provided it is converted to rich wildlife habitat, and protected as such in perpetuity.*

11 Trees and Woodlands

Introduction

- 11.1 The Council has a statutory duty (s197 of the Town and Country Planning Act 1990) to consider and ensure whenever it is appropriate the protection and planting of trees when granting planning permission for proposed development. The potential effect of development on trees, whether statutorily protected (e.g. by a tree preservation order or by their inclusion within a conservation area) or not, is a material consideration that must be taken into account in dealing with planning applications.
- 11.2 Trees provide a broad range of benefits, from providing wildlife habitat, adding maturity to new sites, screening, shade, storm water attenuation, visual amenity, improving air quality and the ability to soften and complement the built form.
- 11.3 In terms of existing trees and woodlands, where trees are present on a development site a British Standard 5837 Tree Survey ‘Trees in relation to construction survey’, and any related survey information, should be submitted along with an application for planning permission. This will ensure it is clear that a proper consideration of trees and woodlands has taken place and been taken into account in the preparation of proposals for a site.
- 11.4 In addition, an Arboricultural Method Statement, Impact Assessment and Tree Protection Plan will also be required where there is a likely adverse impact on the health and wellbeing of the trees, either through the pressure to prune or fell or through excavation works which could harm the root systems. The Statement should set out the measures that will need to be taken to protect the health of the trees during the construction period and afterwards.
- 11.5 If the development site (or land within 12 times of the stem diameter of trees located beyond the site boundaries) includes Ancient Woodland, an Ancient Tree and/or a Veteran Tree then any proposal that may result in the loss or damage of such trees will be particularly scrutinised, and only exceptionally approved. Proposals within 500m of an Ancient Woodland will also be tested (and, as appropriate, advice sought from the Forestry Commission) for any potential impact on the Ancient Woodland. Similarly, any loss of a tree which is protected by virtue of a Tree Preservation Order (TPO) will be resisted and unlikely be approved if it resulted in a net loss of amenity. In all instances, clear demonstration of overriding public interest in the loss of a tree(s) or woodland would need to be provided.
- 11.6 Any unprotected trees (especially those as defined as Category A or B trees within the aforementioned BS5837) will be expected to be retained if possible.
- 11.7 In terms of mitigation where loss of trees and woodland is proposed (and where it is deemed acceptable for such tree(s) to be lost, taking account of the status of the tree), then suitable proposals for mitigation, via compensation, should be provided. The tree compensation standard set out in this policy provides a suitable mechanism to determine the appropriate level of mitigation. The council’s first preference is for on-site replacement at suitable locations within the curtilage of the development. In exceptional circumstances, where planting cannot be achieved on-site without compromising the achievement of good design, new tree planting proposals may be considered off site (including on public land) to mitigate. Where trees are to be provided off-site, planning obligations will be sought to cover replacement trees, their planting and their future maintenance.
- 11.8 The council is committed to increasing the overall tree canopy cover, and therefore opportunities for new tree planting should be explored as part of all development proposals.
- 11.9 Where new tree planting is proposed (irrespective of whether this is to compensate for losses on site), then the quantity, location and species selection of new trees will be expected to take practicable opportunities to meet the following five Tree Planting Principles.
- Create habitat and, if possible, connect the development site to the Strategic Green Infrastructure Network, and
 - Assist in reducing or mitigating run-off and flood risk on the development site; and

- Assist in providing shade and shelter to address urban cooling, and in turn assist in mitigating against the effects of climate change; and
- Create a strong landscaping framework to either (a) enclose or mitigate the visual impact of a development or (b) create new and enhanced landscape; and
- Be of an appropriate species for the site.

Policy SPD.NE8: Trees and Woodland

Development proposals should be prepared based on the overriding principle that:

- the existing tree and woodland cover is maintained, improved and expanded; and
- opportunities for expanding woodland are actively considered, and implemented where practical and appropriate to do so.

Existing Trees and Woodland

Planning permission will only be granted if the proposal provides evidence that it has been subject to adequate consideration of the impact of the development on any existing trees and woodland found on-site (and off-site, if there are any trees near the site, with 'near' defined as the distance comprising 12 times the stem diameter of the off-site tree). If any trees exist on or near the development site, 'adequate consideration' is likely to mean:

- (a) the completion of a British Standard 5837 Tree Survey and, if applicable,
- (b) an Arboricultural Method Statement, Impact Assessment and Tree Protection Plan.

Where the proposal will result in the loss or deterioration of these irreplaceable assets (as defined by the NPPF):

- (c) ancient woodland; and/or
- (d) the loss of aged or veteran trees found outside ancient woodland

permission will be refused, unless, and on a wholly exceptional basis, the need for and benefits of the development in that location clearly outweigh the loss and a suitable compensation strategy exists.

Where the proposal will result in the loss or deterioration of a tree protected by a Tree Preservation Order or a tree within a Conservation Area, then permission will be refused unless:

- (e) there is no net loss of amenity value which arises as a result of the development; or
- (f) the need for, and benefits of, the development in that location clearly outweigh the loss.

Where the proposal will result in the loss of any other tree or woodland not covered by above, then the council will expect the proposal to retain those trees that make a significant contribution to the landscape or biodiversity value of the area, provided this can be done without compromising the achievement of good design for the site.

Mitigating for loss of Trees and Woodland

Where it is appropriate for higher value tree(s) (category A or B trees (BS5837)) and/or woodland to be lost as part of a development proposal, then appropriate mitigation, via compensatory tree planting, will be required. Such tree planting should:

- (g) take all opportunities to meet the five Tree Planting Principles (see supporting text); and
- (h) unless demonstrably impractical or inappropriate, provide the following specific quantity of compensatory trees:

Trunk diameter (mm) at 1.5m above ground of tree lost to development	Number of replacement trees required, per tree lost*
75-200	1
210-400	4
410-600	6
610-800	9
810-1000	10
1000+	11

* replacement based on selected standards 10/12 cm girth at 1m

New Trees and Woodland

Where appropriate and practical, opportunities for new tree planting should be explored as part of all development proposals (in addition to, if applicable, any necessary compensatory tree provision). Where new trees are proposed, they should be done so on the basis of the five Tree Planting Principles. Proposals which fail to provide practical opportunities for new tree planting will be refused. Planting schemes should include provision to replace any plant failures within five years after the date of planting.

Management and Maintenance

In instances where new trees and/or woodlands are proposed, it may be necessary for the Council to require a tree/woodland management plan and/or appropriate developer contributions to be provided, to ensure provision is made for appropriate management and maintenance of the new trees and/or woodland.

Carbon Sequestration Implications of Proposals

The net increase or decrease in tree cover as a consequence of a development will be a material consideration in the decision making process in terms of the carbon sequestration consequences of the proposal. Considerable weight in favour of a proposal will be given where the net situation is a considerable increase in tree cover (and hence the positive and significant contribution to carbon sequestration). Where the net situation is a loss of trees, weight against a proposal will be given as a consequence of the loss of carbon sequestration, with the degree of weight dependent on the scale of net loss.

12 Landscaping and Biodiversity

Introduction

- 12.1 This section of the SPD does not provide policy guidance on all aspects of ‘landscaping’, but focusses on the biodiversity aspects of landscaping proposals. Policy provision on other aspects of landscaping, such as providing visually attractive development or making sure development assimilates into the local landscape character, can be found in national policy and guidance, and other local policy and guidance.
- 12.2 Good quality landscape schemes can, in addition to wider benefits, help relieve the pressure on existing habitats by providing links, enhancing existing wildlife resources and providing additional space and landscape features for animals and plants to colonise, and overall help to increase biodiversity on the development site.
- 12.3 Large developments will likely feature a range of green space, from domestic gardens to public areas such as parks, greenways or sports fields. In preparing the landscape design, applicants should consider the existing and proposed transport routes, ‘green corridors’ and watercourses within and around the development site as opportunities to increase biodiversity. When well designed, these features can be multi-functional, offering access routes and habitats for badgers, bats, birds and other wildlife, as well as human uses.
- 12.4 Where the space is available, schemes should include native tree, shrub or herbaceous planting, particularly if this can form physical or visual links to existing areas of similar planting, the countryside and the wider landscape. If space is limited many non-native varieties of plant are ‘wildlife friendly’ and can increase the wildlife value of the domestic landscape.
- 12.5 Many new build developments will also offer the opportunity to provide ‘green’ roofs or walls, constructed using a variety of plant material. A wide range of buildings can benefit from greening, from domestic sheds and dwellings to factories and office buildings. Green walls and roofs are particularly useful in providing habitat links where green space at ground level may be limited.
- 12.6 In all developments, large or small, the detailed layout and construction of the landscape scheme can also be important. Decisions regarding aspect, slopes, degree of exposure, sun and shade can greatly affect the microclimate and the range and quality of the habitat provided. Most new development could also likely make provision for nest boxes, insect hotels, wildlife shelters and improved access routes and links - leaving gaps beneath garden fences for small mammals for example.
- 12.7 The following policy therefore applies:

Policy SPD.NE9: Landscaping and Biodiversity

New planting must be an integral part of the design of a development rather than as an afterthought. It should be used in appropriate locations and must consider its function, context, scale, texture along with colour and seasonal qualities. At the same time, new planting should be chosen (in terms of species and location) to maximise biodiversity gains.

When preparing the detailed design of layouts, the implications of the future function will need to be taken into account, ensuring that the design does not cause problems for future maintenance and management.

In order to ensure the successful establishment of landscaping for biodiversity gain, the following provisions apply:

- Landscape schemes should aim to be in the form of corridors, linking up areas of greenery, rather than isolated pockets of landscaping;
- Remedial treatment should take place where the soils in planting areas are unsatisfactory, such as incorporation of soil amendments or decompaction. These should be applied to the whole planting area, not just to planting holes;

- Native new planting should be provided that reflects the local character, except where landscape character considerations suggest otherwise (for example, planting that is in keeping with areas of historic character, or within ‘on-plot’ residential planting in urban areas);
- Sufficient space should be provided to allow retained and new planting to continue growing healthily and for future management to be carried out;
- A suitable species mix should be provided that helps to promote a wide range of biodiversity and contribute to enhancing green infrastructure;
- Incorporate within the landscape scheme features that will support the establishment of biodiversity, such as wetland areas, ‘insect hotels’ and log piles (if trees are lost elsewhere on site);
- Apply the guidance as set out in the Cambridgeshire Flood and Water SPD which relates to good SUDS design and biodiversity;
- Try to avoid conflict between areas attractive for biodiversity and (i) non-native predators (such as domestic cats) and (ii) anti-social behaviour; and
- Sufficient space for soft landscaping within the layout. The space needs to be sufficient for suitable species and numbers of trees to be provided and reach maturity without creating conflicts with buildings and infrastructure.

12.8 To illustrate, in part, how the above policy can be successfully used, the following text box illustrates the advantages of incorporating willow trees within a SUDS landscape scheme:

Willow trees and attenuation ponds

Why willow trees?

Guidance for the design of SUDS states that SUDS including attenuation ponds should look to create new habitats enhancing nature conservation and amenity space. The use of native Willow trees should be considered as part of the design as they have an important ecological role that relates to their affiliation with wetlands such as found in fenland areas.

Willows have a high wildlife value, providing rich habitat and food for a diverse range of organisms. There is evidence of up to 450 species of insect associated with Willows.

Willows aid fast stabilization of chemically degraded land surfaces and the re-establishment of a biologically active soil can be achieved using Willow species, which possess the major requirements for plant survival in environmentally disrupted areas such as development sites.

Tolerance of soil chemical contamination is an important requirement for survival in many situations and Willow trees potential can be emphasized by the fact that, of the seven most important metal contaminants in soil, Willow has been reported to have tolerance to at least four (cadmium, copper, zinc, lead).

Willows’ ability to sequester heavy metals and other contaminants in their root systems, halting their circulation within the environment, can be of great practical use when dealing with water runoff. Willows dense root system and high transpiration rates provide efficient control of soil water and high filtering capacity for pollutants, along with continuous growth of some species during the whole growing season, create an efficient dehydration plant that locks up the pollutants.

The fast growth of willow can sequester more carbon than softwoods within a single growing season which could prove invaluable in the pursuit of being carbon neutral.

Management/Cost

The size of the tree can be easily managed by pollarding or coppicing. The cutting rotation cycle depends on species and growing conditions, and ranges from 3–5 years.

Pollarding/Coppicing, minimizes wind damage, enhances branching appearance of willows and supports a higher density of breeding birds.

Possible restrictions

The constraints of Willow planting in urban areas include potential for damage of drainage pipes due to roots exploring for water, damage to foundations, or road and path base layers due to pressure exerted by roots when trees are planted too closely, and lack of ample space for growth of the tree. These problems can be avoided by planting them in attenuation ponds.

13 Taking the most appropriate opportunities

Introduction

- 13.1 For many matters which are considered as part of determining a planning application, it is not just a matter of **whether** something is provided (such as affordable housing, play areas, community facilities) but also **where** it is provided and **how** it will be looked after in the long term. These issues equally apply to the provision of natural environment infrastructure.
- 13.2 For example, provision of natural environment infrastructure in the wrong location could result in:
- Long term management problems
 - Encroachment into people's property, causing a nuisance
 - Facilitate anti-social behaviour
 - Be contrary to designing out crime principles
 - Have highway safety issues
 - Impact on generation of renewable energy
- 13.3 In addition, even if provision does not result in one of the above negative issues, some locations within a site offer a much better solution to maximise the benefits. For example, the provision of new natural environment infrastructure which helps connect two existing habitat-rich areas would result in far more overall gains than the same infrastructure provided in an isolated, unconnected location.
- 13.4 The following policy therefore applies:

Policy SPD.NE10: Taking the most appropriate natural environment opportunities

In meeting wider national and local policies relating to the natural environment, developers should demonstrate that the provision of new natural environment infrastructure has taken the most appropriate opportunities for delivering such infrastructure.

Whilst the following list is not prescriptive, the most appropriate opportunities could be:

- Provision which assists in connecting existing habitats
- Provision which reduces risk of future nuisance (such nuisance could be property encroachment, opportunities to facilitate anti-social behaviour or highway safety)
- Provision which is easy to maintain (via accessibility and low maintenance costs)
- Provision which is likely to assist in supporting priority or protected species known to be present in the local area

For strategic scale developments* the applicant must consider the opportunity mapping data as available on our website**, and, if an opportunity area is highlighted which is on or near the application area, demonstrate how the proposal has considered such an opportunity, to the degree it is reasonably able to do so.

** defined as 100 dwellings or more or 5ha or more for non-dwelling related proposals.*

*** such mapping data to be added to the website shortly, and prior to this SPD being adopted.*

14 Information to be submitted and making use of Toolkits

Introduction

- 14.1 This chapter sets out what is expected in order for the council (or other decision maker) to make a decision on a planning application in terms of its implications for the natural environment.

Submitting a planning application

- 14.2 At paragraph 6.8.2 of the Local Plan, it explains that:

“Development proposals should be accompanied by sufficient information to enable effects to be assessed, such as a Phase 1 habitat survey or other appropriate ecological report. The Natural Environment and Rural Communities Act 2006 imposes a legal duty on local authorities to protect and enhance biodiversity”

- 14.3 Separately, the NPPF (footnote 56) refers the reader to Circular 06/2005 which provides further guidance in respect of statutory obligations for biodiversity and geological conservation and their impact within the planning system. For example, that circular (Paragraph 99) states:

“it is essential that the presence or otherwise of protected species, and the extent that they may be affected by the proposed development, is established before the planning permission is granted, otherwise all relevant material considerations may not have been addressed in making the decision. The need to ensure ecological surveys are carried out should therefore only be left to coverage under planning conditions in exceptional circumstances, with the result that the surveys are carried out after planning permission has been granted”.

- 14.4 The NPPF itself does not explicitly refer to a requirement for an ecology report to be submitted. The NPPG however, does state:

“An ecological survey will be necessary in advance of a planning application if the type and location of development could have a significant impact on biodiversity and existing information is lacking or inadequate.”

- 14.5 It also advises that:

“Assessments should be proportionate to the nature and scale of development proposed and the likely impact on biodiversity.”

- 14.6 Elsewhere, there is a wealth of national advice which should be taken into account prior to submitting a planning application, and then appropriate information included with the planning application. For example:

- Ecosystem services www.gov.uk/guidance/ecosystems-services
- Protected species (including Standing Advice): www.gov.uk/guidance/protected-species-how-to-review-planning-applications

- 14.7 Overall, it is worth remembering that ECDC, as a public body, has a legal duty¹¹ to have regard to conserving biodiversity as part of its policy or decision making. Thus, in order to fulfil this duty, an applicant must provide the appropriate information in order for the Council to have such ‘regard’.

Policy SPD.NE11: Provision of sufficient, suitable and robust information

Development proposals must be accompanied by sufficient, suitable and robust information to enable the effects on biodiversity to be assessed, such as a Phase 1 habitat survey, a completed toolkit or other appropriate ecological report.

Proposals which have insufficient information in order for the council to make an informed decision will be refused. Before a refusal is considered, however, the Council will endeavour to seek, within a reasonable timeframe, such information from the applicant.

¹¹ S40 of Natural Environment and Rural Communities Act 2006

Toolkits

- 14.8 An easy and consistent way of helping to assess the impacts of a proposal is through the use of toolkits.
- 14.9 The submission of a completed toolkit is not compulsory in either national or Local Plan policy, though they can be extremely helpful in order to help comply with the policy requirement to provide 'sufficient information' (Policy ENV7 and the above Policy x) to assess proposals.
- 14.10 A number of toolkits are available, and we recommend the use of the following:

Cambridgeshire Biodiversity Checklist

- 14.11 The County Council has produced both a checklist and a guidance note, available via our website (www.eastcambs.gov.uk/planning/ecology-and-biodiversity) or (for a Word version) via the County Council website: www.cambridgeshire.gov.uk/business/planning-and-development/planning-applications/submitting-a-planning-application/

Developing with Nature Toolkit

- 14.12 This recent toolkit has been prepared by Natural Cambridgeshire Local Nature Partnership (LNP). The Toolkit is primarily intended for major developments requiring an Environmental Impact Assessment (new settlements, major urban extensions, housing developments above 100 dwellings, commercial developments greater than 1 Ha or 1,000m² floor space, mixed use developments greater than 2 Ha, or major transport infrastructure projects). It should be used at the very outset of planning new developments, and ideally at the time of selecting sites to acquire for development. It is available here:

naturalcambridgeshire.org.uk/projects/developing-with-nature-toolkit/

Wildlife Assessment Check

- 14.13 Whilst the above two checklists are locally based and produced, a useful new national checklist has been developed by the Partnership for Biodiversity in Planning. This checklist is aimed at smaller scale development schemes:

www.biodiversityinplanning.org/wildlife-assessment-check/

Appendix 1: Details of the Designated Natura 2000 sites

Devil's Dyke SAC

Designation and Code: Special Area of Conservation (SAC) – UK0030037

Location: The site is located within East Cambridgeshire district and also extends into Forest Heath district in Suffolk

Area: 8.02 ha

1. Characteristics of the Natura 2000 site

a) Site Description:

- This section is the most species rich of the Devil's Dyke which as a whole stretches for approximately 7.5 miles from the Fen Edge at Reach ending at Ditton Green. The section that is identified as a SAC is adjacent to Newmarket Heath. Devil's Dyke consists of a mosaic of CG3 *Bromus erectus* and CG5 *Bromus erectus* – *Brachypodium pinnatum* calcareous grasslands.
- It is the only known UK semi-natural dry grassland site for lizard orchid *Himantoglossum hircinum*. Lizard orchid is nationally rare (i.e. occurring in 15 or fewer 10x10 km squares) and is vulnerable in Great Britain. It is restricted to calcareous grasslands and dunes in southern England.
- The Dyke is in private ownership. There is a Devil's Dyke Restoration Project set up which is a partnership scheme involving Natural England, English Heritage, Cambridgeshire Wildlife Trust and the Cambridgeshire County Council working with landowners and managers and local people. The aim of the project is to restore the Dyke and there is an agreed management plan. The species rich calcareous grassland requires active management without which it rapidly becomes dominated by rank grasses which leads to the encroachment of scrub over time. Traditional management is by grazing.
- The Pasque flower is a speciality of the dyke and a Local Species Action Plan has been produced for this plant.

b) Access: The site is in private ownership. There is a public right of way running along the Dyke. Parking is available at the July Racecourse, Newmarket. As grazing has declined in the early part of the twentieth century, scrub has encroached onto many areas of the dyke.

c) Primary Reason for Designation:

Supports Annex I Habitats, supporting the priority habitat type "orchid rich sites". Devil's Dyke consists of a mosaic of CG3 *Bromus erectus* and CG5 *Bromus erectus* – *Brachypodium pinnatum* calcareous grasslands. It is the only known UK semi-natural dry grassland site for lizard orchid *Himantoglossum hircinum*.

d) General Site Characteristics

Dry grassland. Steppes (100%)

Soil and geology – Basic, Limestone.

Geomorphology and landscape – Lowland

2. Qualifying Features

Not applicable

3. Conservation Objectives

Ensure that the integrity of the site is maintained or restored as appropriate, and ensure that the site contributes to achieving Favourable Conservation Status of its Qualifying Features, by maintaining or restoring:

- The extent and distribution of qualifying natural habitats;
- The structure and function (including typical species) of qualifying natural habitats; and
- The supporting processes on which qualifying natural habitats rely.

4. Current Site Condition

In the SAC area there had been some scrub encroachment on the southern part of the site and some clearance work has been undertaken. A survey carried out by Natural England in September 2007 assessed this section of the dyke as being in favourable condition. The site is meeting 100% of its PSA targets.

SSSI Condition Summary for Devil's Dyke SSSI (compiled 4 October 2017)

	% meeting area of favourable or unfavourable recovering	Favourable	Unfavourable - Recovering	Unfavourable – No change	Unfavourable - Declining	Partially Destroyed	Destroyed
Area (ha)	39.77	19.71	20.06				
Percentage	100	49.57	50.43	0	0	0	0

5. Site Vulnerability (including current pressures and threats):

- Inappropriate Scrub Control: Scrub encroachment is damaging some parts of the site and is likely to cause grassland to deteriorate;
- Risk of atmospheric nitrogen deposition: nitrogen deposition exceeds the site-relevant critical local for ecosystem protection and hence there is a risk of harmful effects, but the sensitive features are currently considered to be in favourable condition on the site.

Sources:

Devil's Dyke Site Improvement Plan: [file:///H:/Downloads/SIP141223FINALv1.0%20Devils%20Dyke%20\(1\).pdf](file:///H:/Downloads/SIP141223FINALv1.0%20Devils%20Dyke%20(1).pdf)

SAC: <http://jncc.defra.gov.uk/protectedsites/sacselection/sac.asp?EUCode=UK0030037>

Conservation objectives: <file:///H:/Downloads/UK0030037-Devil%60s-Dyke-SAC-V2.pdf>

Fenland SAC

Designation and Code: Special Area of Conservation (SAC) – UK 0014782

Wicken Fen – UK 11077, Chippenham Fen – UK 11014, Woodwalton Fen – UK 11078

Location: Wicken Fen and Chippenham Fen are in East Cambridgeshire; Woodwalton Fen is in Huntingdonshire.

Area: 618.64 ha

1. Characteristics of the Natura 2000 site

a) Site Description:

There are three fens together that make up the Fenland SAC: Wicken Fen, Chippenham Fen, Woodwalton Fen. Fenland contains, particularly at Chippenham Fen, one of the most extensive examples of the tall herb-rich East Anglian type of M24 *Molinia caerulea* – *Cirsium dissectum* fen meadow. It is important for the conservation of the geographical and ecological range of the habitat type, as this type of fen-meadow is rare and ecologically distinctive in East Anglia.

The individual sites within Fenland hold large areas of calcareous fens with a long and well-documented history of regular management. There is a full range from species poor *Cladium*-dominated fen to species rich fen with a lower proportion of *Cladium* and containing such species as black dog-rush *Schoenus nigricans*, tormentil *Potentilla eetcta* and meadow thistle *Cirsium dissectum*. There are good transitions to purple moor-grass *Molinia caerulea* and rush pastures, all set within a mosaic of reedbeds and wet pastures. Considered to be rare as its total extent in the UK is estimated to be less than 1,000ha.

b) Primary Reason for Designation:

Supports Annex I Habitats:

Molinia meadows on calcareous, peaty or clayey-silt-laden soils (*Molinia caerulea*),
Calcareous fens with *Cladium mariscus* and species of the *Caricion davallianae*

d) General Site Characteristics:

Bog Marshes. Water fringed vegetation. Fens. (70%)

Broad-leaved deciduous woodland (20%)

Inland water bodies (standing water, running water) (5%)

Other arable land (5%)

2. Qualifying Features

Annex II Species:

Cobitis taenia (Spined loach), for which the area is considered to support a significant presence.

Triturus cristatus (Great crested newt), for which the area is considered to support a significant presence.

3. Conservation Objectives

Ensure that the integrity of the site is maintained or restored as appropriate, and ensure that the site contributes to achieving Favourable Conservation Status of its Qualifying Features, by maintaining or restoring:

- The extent and distribution of qualifying natural habitats and habitats of qualifying species;
- The structure and function (including typical species) of qualifying natural habitats;
- The structure and function of the habitats of qualifying species;
- The supporting processes on which qualifying natural habitats rely.
- The populations of qualifying species; and
- The distribution of qualifying species within the site.

4. Current Site Condition:

See Chippenham Fen, Wicken Fen and Woodwalton Fen.

5. Site Vulnerability (including pressures and threats):

- Water pollution: nutrient enrichment of Chippenham Fen component, fed from a mixture of groundwater, rainfall and surface runoff.
- Hydrological changes related to public water supply abstraction
- Air pollution impact of atmospheric nitrogen deposition.

Sources:

Fenland Site Improvement Plan: <file:///H:/Downloads/SIP141006FINALv1.0%20Fenland%20SAC.pdf>

SAC: <http://jncc.defra.gov.uk/protectedsites/sacselection/sac.asp?EUCode=UK0014782>

Conservation objectives: <file:///H:/Downloads/UK0014782-Fenland-SAC-V2.pdf>

DESCRIPTION OF EACH SITE THAT TOGETHER FORMS THE FENLAND SAC (Excluding Woodwalton Fen)

Wicken Fen Ramsar

Designation and Code: Ramsar UK11077

Location: East Cambridgeshire

Area: 254 ha

1. Characteristics of the Natura 2000 site

a) Site Description:

- This site is a marginal remnant of the original peat fenland of the East Anglian basin. It has been preserved as a flood catchment area, and its water level is controlled by sluice gates.
- The original peat fen lies to the north of Wicken Lodge. The site here supports fern communities of carr and sedge. The carr scrub is largely of alder buckthorn *Frangula alnus*, buckthorn *Rhamnus catharticus* and willow over a sparse vegetation of fen plants and including marsh fen *Thelypteris palustris*. The more open areas of sedge fen are typically of tall grasses, saw sedge *Cladium mariscus*, purple moor grass *Molina caerulea*, sedges *Carex* spp and rushes *Juncus* spp. Nationally important higher plants include *Viola persicifolia*, *Lathyrus palustris*, *Myriophyllum verticillatum*, *Oenanthe fluviatilis* and milk parsley *Peucedanum palustre*.
- To the south of the Wicken Lode, the area is of rough pasture land, reedbed and pools which are attractive to breeding wetland birds and to wintering wildfowl, the area being subjected to winter flooding.
- The dykes, abandoned claypits and other watercourses carry a great wealth of aquatic plants. Many, such as greater spearwort *Ranunculus flammula* and lesser water-plaintain *Baldellia ranunculoides* are now uncommon elsewhere.

b) Management and ownership:

The site is owned by the National Trust and managed by a local management committee, which reports to the East Anglian Regional Office of the National Trust. The continuation of the historic systems of management and the effective monitoring and maintenance of water levels underlies the Fen's ecology and are crucial for the success of all other management practices. The Fen is artificially protected from drying out by a water-retaining membrane.

c) Access:

There is a visitor centre and shop, nature trails, three hides and 16km of walking routes. Entry is by permit only to help control visitor numbers. Visitors are also managed by 'zoning' parts of the Fen near the entrance, leaving the more remote parts of the site relatively undisturbed. The Fen is open throughout the year from dawn to dusk.

d) Primary Reason for Designation:

Meets Ramsar Criteria

- Criterion 1: One of the most outstanding remnants of East Anglian peat fens. The area is one of the few, which has not been drained. Traditional management has created a mosaic of habitats from open water to sedge and litter fields.
- Criterion 2: The site supports one species of British Red Data Book plant fen violet *Viola persicifolia* which survives at only two other sites in Britain. It contains eight nationally scarce plants and 121 British Red Data invertebrates.

e) General Site Characteristics:

- Soil and geology: neutral, clay, peat
- Geomorphology and landscape: lowland
- pH: acidic, alkaline
- Wetland: 100% peatlands (including peat bogs swamps, fens)

2. Qualifying Features

Not applicable

3. Conservation Objectives:

Not applicable

4. Current Site Condition:**SSSI Condition Summary for Wicken Fen SSSI (compiled 4 October 2017)**

	% meeting area of favourable or unfavourable recovering	Favourable	Unfavourable - Recovering	Unfavourable - No change	Unfavourable - Declining	Partially Destroyed	Destroyed
Area (ha)	254.49	119.53	134.96				
Percentage	100	46.97	53.03	0	0	0	0

5. Site Vulnerability (including pressures and threats):

The reason for the adverse conditions is related to inappropriate water levels in the fen, marsh and swamp areas. Work carried out in the nearby river system to prevent flooding in the 1960s means that the site no longer receives the amount of winter water as it did in the past. This has brought about a lowering of the water table over the past 40 years (Ramsar Report 5.5.06).

Sources:

Fenland Site Improvement Plan: <file:///H:/Downloads/SIP141006FINALv1.0%20Fenland%20SAC.pdf>

Ramsar: <http://jncc.defra.gov.uk/pdf/RIS/UK11077.pdf>

Chippenham Fen Ramsar

Designation and Code: Ramsar UK11014

Location: East Cambridgeshire

Area: 112 ha

1. Characteristics of the Natura 2000 site

a) Site description:

- The site comprises areas of tall and often rich fen, fen grassland and basic flush that have developed over shallow peat soils. The site also contains calcareous grassland, neutral grassland, woodland, mixed scrub and open water.
- The site is in a shallow peat-filled depression underlain by a thick layer of marl which rises to the surface in places. The fen is fed by rainfall and springs from the chalk aquifer. There are several ponds on the site and a system of dykes take water from the springs, in the south of the reserve, to the Chippenham River, near its northern boundary.
- The areas of tall fen are dominated by a mosaic of saw sedge *Cladium mariscus* and reed *Phragmites australis* are present with abundant purple moor grass *Molinia caerulea*. A rich fen has developed in mown areas supporting the nationally rare *Selinum carvifolia*. In one area this merges into a species rich basic flush where black bog rush *Schoenus nigricans* becomes abundant. Dense and scattered scrub has developed. There are areas of chalk grassland that grade into the fen grassland. The damp neutral grassland meadows are developing a fen meadow flora. The ditches support a rich aquatic flora.
- The water level is controlled within a series of ditches.
- Because the fen contains such a wide range of habitats it supports a wide variety of breeding bird species, including hobby, short-eared owl, nightingale and several species of warbler. It also forms the winter roosting for hen harriers.

b) Management and ownership:

Both the site and surrounding areas are privately owned. Part of the site is under unspecified tenure. The site is mainly used for nature conservation. The site is actively managed by Natural England through regular cutting and grazing with cattle. Encroaching scrub is being removed to restore fen where appropriate. A water compensation scheme has been instituted to ameliorate the effects of water abstraction. The Environment Agency monitors groundwater changes in the aquifer.

c) Access:

There are rights of way across the site. Access away from the paths is by permit only. The nearest car parking is in the villages of Fordham or Chippenham. There is a low level of usage by local inhabitants using the rights of way through the middle of the site according to the Ramsar information sheet. Few people apply for permits for recreational purposes, they are mainly requested by naturalists.

d) Primary Reason for Designation:

Meets Ramsar Criteria:

- Criterion 1: Spring-fed calcareous basin mire with a long history of management which is partly reflected in the diversity of the present-day vegetation.
- Criterion 2: The invertebrate fauna is very rich partly due to its transitional position between Fenland and Breckland. The species list is very long, including many rare and scarce invertebrates, characteristics of ancient fenland sites in GB.
- Criterion 3: the site supports diverse vegetation types, rare and scarce plants. The site is the stronghold of Cambridge milk parsley (*Selinum carvifolia*).

e) General Site Characteristics:

- Soil and geology: peat, limestone/chalk
- Geomorphology and landscape: lowland, valley, pools
- pH: alkaline
- Inland Wetland: 48.8% peatlands (including peat bogs swamps, fens); 35.5% forested peatland; 12.4% shrub-dominated wetlands; 1.7% canals and drainage channels; 0.8% freshwater marshes and; 0.8% rivers, streams, creeks.

2. Qualifying Features

Not applicable

3. Conservation Objectives:

Not applicable

4. Current Site Condition:

For reporting purposes the SSSI is divided into 15 units. Chippenham Fen has suffered from a changed hydrological regime due to abstraction from the underlying chalk aquifer. This problem is being addressed through supply of supplementary water together with a programme of vegetation and invertebrate population monitoring. Natural England, the Environment Agency and Anglian Water Group are taking this project forward.

SSSI Condition Summary for Chippenham Fen SSSI (compiled 4 October 2017)

	% meeting area of favourable or unfavourable recovering	Favourable	Unfavourable - Recovering	Unfavourable - No change	Unfavourable - Declining	Partially Destroyed	Destroyed
Area (ha)	155.87	140.73	15.14				
Percentage	100	90.29	9.71	0	0	0	0

5. Site Vulnerability (including pressures and threats):

- Hydrological changes: There is considerable pressure in the region from the water abstraction that may affect the local springs and aquifer. Persistent drought is a potential threat as 7 of 9 years in the recent past have received well below average rainfall for the regions (Report dated 2002).
- The habitats within the site are highly sensitive to inorganic fertilisers and pesticides, applications of which should be avoided both within the site itself and in adjacent surrounding areas.
- Chippenham Fen is affected by high nutrient water reaching the fen from a mixture of groundwater, rainfall and run off. In periods of low flow, poor quality water may have a more dramatic effect on the site's vascular plant assemblages.

Sources:

Fenland Site Improvement Plan: <file:///H:/Downloads/SIP141006FINALv1.0%20Fenland%20SAC.pdf>

Ramsar: <http://jncc.defra.gov.uk/pdf/RIS/UK11014.pdf>

Ouse Washes SAC, SPA, Ramsar

Designation and Code: Special Area of Conservation (SAC), Special Protection Area (SPA) and Ramsar Site – UK0013011. The boundaries of the Ramsar site as extended are coincident with those of the Ouse Washes SSSI.

Location: East Cambridgeshire, Fenland and West Norfolk

Area: 2,403 ha (Ramsar site and SSSI site), 311.35 ha (SAC site)

1. Characteristics of the Natura 2000 site

a) Site description:

- The Ouse Washes represent spined loach populations within the River Ouse catchment. The Counter Drain with its clear water and abundant macrophytes is particularly important and a healthy population of spined loach is known to occur.
- The site is an area of seasonally flooded washlands habitat managed in a traditional agricultural manner. The washlands support nationally and internationally important numbers of wintering waterfowl and nationally important numbers of breeding waterfowl. The site is also of note for the large area of unimproved neutral grassland communities, which it holds, and for the richness of the aquatic flora within the associated watercourses.

b) Management and ownership:

Given the extent of the Ouse Washes there are a number of management techniques that need to be carried out in the washes. Wetland grassland requires active management if it is to retain its conservation interest. This has traditionally been done by grazing. Partial winter flooding is required to maintain suitable habitat conditions for wintering birds. A mosaic of winter flooded grassland and permanently un-flooded grassland is desirable. Ditches are artificial habitats created by land drainage – if left unmanaged silt accumulates in the bottom of the ditches leading to the loss the range of aquatic plants and animals colonising the ditches. There needs to be a rotation undertaken on ditch management. Also the level of water in the ditches and its quality needs to be regulated to maintain the optimum level for the plant and animal community. All the habitats are highly sensitive to inorganic fertilisers and pesticides.

c) Access:

There is a network of public rights of way in the Washes. The RSPB manage a nature reserve at Welches Dam where there is a visitor centre and a number of bird hides. The WWT manage a nature reserve at Welney, Norfolk also with a centre and hides.

d) Primary Reason for Designation:

Ramsar:

- **Ramsar Criterion 1a:** The site qualifies by being a particularly good representative example of a natural or near-natural wetland characteristic of its biogeographical region. It is one of the most extensive areas of seasonally flooding washland of its type in Britain, and the wetland has high conservation value for many plant and animal groups.
- **Ramsar Criterion 2a:** The site qualifies by supporting a number of nationally rare species of plants and animals, including the whorled water-milfoil *Myriophyllum verticillatum*, greater water parsnip *Sium latifolium*, river water-dropwort *Oenanthe fluviatilis*, fringed water-lily *Nymphoides peltata*, long stalked pondweed *Potamogeton praelongus*, hair-like pondweed *Potamogeton trichoides*, grass-wrack pondweed *Potamogeton compressus*, tasteless water-pepper *Polygonum mite*, small water-pepper *Polygonum minus* and marsh dock *Rumex palustris*.

Invertebrate records indicate that the site holds a good relict fenland fauna for several groups, reflecting the diversity of wetland habitats. Two rare Red Data Book insects have been recorded, the large darter dragonfly *Libellula fulva* and the riffle beetle *Oulimnius major*.

The Ouse Washes also qualifies by supporting a diverse assemblage of rare breeding waterfowl associated with seasonally flooding wet grassland. This includes breeding migratory waders of lowland wet grassland: oystercatcher *Haematopus ostralegus*, redshank *Tringa totanus*, snipe *Gallinago gallinago*, ruff *Phodomachus pugnax*, lapwing *Vanellus vanellus*, and black-tailed godwit *Limosa limosa*, and a diverse assemblage of breeding wildfowl with mute swan *Cygnus olor*, shelduck *Tadorna tadorna*, gadwall *Anas strepera*, teal *A. crecca*, mallard *A. platyrhynchos*, pintail *A. acuta*, garganey *Anas. querquedula* shoveler *A. clypeata*, pochard *Aythya ferina*, tufted duck *Aythya fuligula*, moorhen *Gallinula chloropus* and coot *Fulica atra* occurring regularly. Many of these species are rare and much restricted in Britain and the European Community owing to habitat loss and degradation. The site thus has an important role in maintaining the ranges of several of these species, which have been affected by changes in habitat elsewhere in Britain.

Breeding gadwall, mallard, garganey *Anas. querquedula*, shoveler and bar-tailed godwit are all present in nationally important numbers.

- **Ramsar Criterion 5** - The Ouse Washes qualifies as a wetland of international importance by virtue of regularly supporting over 20,000 waterfowl, with an average peak count of 60,950 birds recorded in the five winter periods 1986/7 to 1990/91.
- **Ramsar Criterion 6** - The Ouse Washes also qualifies by supporting, in winter, internationally important populations of the following species (figures given are average peak counts for the five winter period 1986/87 - 1990/91): 4,980 Bewick's swan *Cygnus columbarius bewickii* (29% of the north-west European wintering population); 590 whooper swans *Cygnus Cygnus* (3% of the international population); 38,000 wigeon *Anas penelope* (5% of the north-west European population); 4,100 teal *A. crecca* (1% of NW European); 1,450 pintail *Anas acuta* (2% NW European); and 750 shoveler *Anas clypeata* (2% of NW European). Also notable are the following nationally important wintering populations: 270 cormorant *Phalacrocorax carbo* (2% of the British wintering population); 490 mute swan *Cygnus olor* (3% of British); 320 gadwall *Anas strepera* (5% of British); 2,100 pochard *Aythya ferina* (4% of British); 860 tufted duck *Aythya fuligula* (1 % of British); and 2,320 coot *Fulica atra*.
- During severe winter weather elsewhere, the Ouse Washes can assume even greater national and international importance as wildfowl and waders from many other areas arrive, attracted by the relatively mild climate, compared with continental European areas, and the abundant food resources available. The continued international importance of this site is dependent on the maintenance of a winter flooding regime and a high, but controlled summer water table. Over the past 25yrs it has also been noted that there has been an increase in summer flooding as well as high water levels in winter. This has adversely affected both the breeding birds and the traditional washland management regime. It also results in Glyceria grass (sweet rush) competing with the other grasses and herbs, which may affect food availability for wintering waterfowl. Persistence of high water levels in the winter also reduces available area of grazing for species such as wigeon.

SPA:

Supports species referred to in Article 4 of the Wild Birds Directive and Annex II Species:

- The Ouse Washes Ramsar site and the Special Protection Area is a wetland of major international importance comprising seasonally flooded wash lands, which are agriculturally managed in a traditional manner. It provides breeding and winter habitats for important assemblages of wetland bird species, particularly wildfowl and waders.
- The boundaries of the Special Protection Area are coincident with those of the Ouse Washes SSSI, apart from the exclusion of a section of the Old Bedford River in the north of the SSSI.
- The Ouse Washes qualifies under **Article 4.1** of the EC Birds Directive by supporting, in summer, a nationally important breeding population of ruff *Philomachus pugnax*, an Annex 1 species. In recent years an average of 57 individuals have been recorded, a significant proportion of the British population.
- The site also qualifies under Article 4.1 by regularly supporting internationally or nationally important wintering populations of three Annex 1 species. During the five year period 2012/13 to 2016/17, the following average peak counts were recorded: 2,073 Bewick's swan *Cygnus columbarius bewickii* and 6,720 Whooper swans *Cygnus Cygnus*.
- The site further qualifies under **Article 4.2** as a wetland of international importance by virtue of regularly supporting over winter: cormorant *Phalacrocorax carbo*, mute swan *Cygnus olor*, wigeon *Anas penelope*, gadwall *Anas strepera*, teal *A. crecca*, pintail *Anas acuta*, shoveler *Anas clypeata*, pochard *Aythya ferina*, tufted duck *Aythya fuligula* and coot *Fulica atra*.
- The site also qualifies under **Article 4.2** by virtue of regularly supporting, in summer, a diverse assemblage of the breeding migratory waders of lowland wet grassland including: oystercatcher *Haematopus ostralegus*, redshank *Tringa totanus*, snipe *Gallinago gallinago*, Ruff *Philomachus pugnax* lapwing *Vanellus vanellus*, and black-tailed godwit *Limosa limosa*; and a diverse assemblage of breeding wildfowl with mute swan *Cygnus olor*, shelduck *Tadorna tadorna*, gadwall *Anas strepera*, teal *A. crecca*, mallard *A. platyrhynchus*, pintail *A. acuta*, garganey *Anas. querquedula*, shoveler *A. clypeata*, pochard *Aythya farina*, tufted duck *Aythya fuligula*, moorhen *Gallinula chloropus* and coot *Fulica atra* occurring regularly.

Many of these species are rare and much restricted in Britain and the European Community owing to habitat loss and degradation. The site thus has an important role in maintaining the ranges of several of these species, which have been affected by changes in habitat elsewhere in Britain.

SAC:

- Supports Annex II species Spined loach (*Cobitis taenia*) – The Ouse Washes represents spined loach populations within the River Ouse catchment. The Counter Drain is particularly important and a healthy population of spined loach is known to occur.

e) General Site Characteristics:

- Inland water bodies (standing water, running water) (50%)
- Bogs Marshes. Water fringed vegetation. Fens (20%)
- Improved grassland (30%)

2. Qualifying Features

Not applicable

3. Conservation Objectives:

Ensure that the integrity of the site is maintained or restored as appropriate, and ensure that the site contributes to achieving Favourable Conservation Status of its Qualifying Features (SAC), or the aims of the Wild Birds Directive (SPA), by maintaining or restoring:

- The extent and distribution of the habitats of qualifying species/features;
- The structure and function of the habitats of qualifying species/features;
- The supporting processes on which qualifying species/features rely.
- The populations of qualifying species/features; and
- The distribution of qualifying species/features within the site.

4. Current Site Condition:

Assessment work was carried out in 2003 and at this time many of the units that comprise the Washes were in an unfavourable state. Only 13% of the site meets the PSA target. 87% is in an unfavourable condition as surveyed in September 2007 but this had not changed from the previous survey in August 2003. The water quality regularly fails to meet total Phosphorus target of 0.1mg/l. Until this can be remedied the site will continue to remain unfavourable.

SSSI Condition Summary for Ouse Washes SSSI (compiled 4 October 2017)

	% meeting area of favourable or unfavourable recovering	Favourable	Unfavourable - Recovering	Unfavourable - No change	Unfavourable - Declining	Partially Destroyed	Destroyed
Area (ha)	480.79	391.13	89.67	2,032.76			
Percentage	19.13	15.56	3.57	80.87	0	0	0

5. Site Vulnerability (including pressures and threats):

- Two independent and parallel rivers comprise the SAC. The Counter Drain / Old Bedford (known also as the outer river) drains adjacent farmland. The New Bedford / Delph (known also as the inner river) is sourced by the River Great Ouse. During the winter and increasingly during the spring and summer months as well, the inner river takes flood-water from the Great Ouse, and therefore has an important flood defence function. Issues of concern relate to water quantity, water quality, salinity, turbidity and sediment.
- The need to ensure there is sufficient water for the rivers is addressed through the Water Level Management Plan agreed by the Environment Agency and partner organisations. The outer river is also a source of water for nearby arable land forming spray irrigation, but this abstraction is unmetered for the most part. Abstraction of water from the Great Ouse system to Essex via the Ely-Ouse Transfer Scheme is monitored through the Denver License Variation. Other proposals for water abstraction, e.g. to Rutland Water by Anglia Water, have been the subject of assessment, but there are no current proposals.
- Water quality is a major issue of concern. Increases in two plant nutrients - nitrogen and particularly phosphorus (thought to be derived from sewage treatment works) - are leading to changes in the macrophyte communities, shown by a decline in species diversity and the loss of species together with an increase in species tolerant of eutrophic conditions. This is particularly apparent in the inner river. There is evidence that agricultural inputs are a minor component. In addition, blanket-weed (aquatic algae) poses problems to navigation and angling, leading to issues of timing and frequency of aquatic weed-cutting. Water quality issues are currently the subject of debate between the Environment Agency and Natural England. Three sewage treatment works in the Great Ouse will be covered by the Urban Waste Water Directive, but there remain more than 90 smaller works. These will be subject to the Review of Consents to be undertaken by the Environment Agency within the next four years. A case could be prepared and submitted to OFWAT and the

Water Industries AMP 4 Programme commencing 2005, in order to strip phosphates from all relevant sewage treatment works in the system.

- In addition, floodwater draining off the adjacent Ouse Washes into the inner river can be of a very poor quality (particularly in warm weather) leading to problems of deoxygenation with resultant fish-kills. The frequency of increased spring and summer flooding on the Ouse Washes is currently being studied to ascertain ways of ameliorating its effects.
- Saline intrusion through the northernmost tidal lock gate may be contributing to an increase in salinity levels of the outer river.
- Conditions must be applied to planning permissions for gravel extraction from quarries near to the SAC, to ensure that drainage water from de-watering and washings does not affect the turbidity and sediment levels in the outer river.

Sources:

Ouse Washes Site Improvement Plan:

[file:///H:/Downloads/SIP141009FINALv1.0%20Ouse%20Washes%20\(2\).pdf](file:///H:/Downloads/SIP141009FINALv1.0%20Ouse%20Washes%20(2).pdf)

SAC: <http://jncc.defra.gov.uk/protectedsites/sacselection/sac.asp?EUCode=UK0013011>

Conservation objectives: <file:///H:/Downloads/UK0013011-Ouse-Washes-SAC-V2.pdf>

SPA: <http://jncc.defra.gov.uk/pdf/SPA/UK9008041.pdf>

Conservation objectives: <file:///H:/Downloads/UK9008041-Ouse-Washes-SPA-V3.pdf>

Ramsar: <http://jncc.defra.gov.uk/pdf/RIS/UK11051.pdf>

Breckland SPA, SAC

Designation and Code: Special Protection Area (SPA) – UK9009201, Special Area of Conservation (SAC) – UK0019865

Location: Forest Heath and Kings Lynn and West Norfolk

Area: Although covering much of the same land, the boundary of the SAC is not contiguous with that of the SPA. SPA – 39433.65ha, SAC – 7543.64ha

1. Characteristics of the Natura 2000 site

a) Site description:

- Wangford Warren and adjoining parts of RAF Lakenheath are included in the Breckland site as the only occurrence of this habitat type in the UK. The site has one of the best-preserved systems of active inland sand dunes in the UK. The habitat type, which is in part characterised by the nationally rare grey hair-grass *Corynephorus canescens* occurring here at its only inland station, is associated with open conditions with active sand movement. The site shows the colonisation sequence from open sand to acidic grass-heath
- The Breckland meres in Norfolk represent natural eutrophic lakes in the east of England. They are examples of hollows within glacial outwash deposits and are fed by water from the underlying chalk aquifer. Natural fluctuations in groundwater tables mean that these lakes occasionally dry out. The flora is dominated by stonewort – pondweed *Characeae* – *Potamogetonaceae* associations.
- The dry heaths of Breckland are representative of European dry heaths in East Anglia, in eastern England, developed under a semi-continental climate. Breckland has an average annual precipitation of only 600mm, relatively hot summers and cool winters. Frosts can occur in any month of the year. The dry acidic heath of Breckland represents H1 *Calluna vulgaris* – *Festuca ovina* heath in the SAC series. The sand sedge dominated *Carex arenaria* sub-community (H1d) is typical of areas of blown sand – a very unusual feature of this location.
- The highly variable soils of Breckland, with underlying chalk being largely covered with wind-blown sands, have resulted in mosaics of heather-dominated heathland, acidic grassland and calcareous grassland that are unlike those of any other site. In many places there is a linear or patterned distribution of heath and grassland, arising from fossilised soil patterns that formed under peri-glacial conditions. Breckland is important for rare plants, such as perennial knawel *Scleranthus perennis* ssp. *Prostrates*, and rare invertebrates.
- Breckland in East Anglia is the most extensive surviving area of the rare grassland type CG7 *Festuca ovina* – *Hieracium pilosella* – *Thymus praecox* grassland. The grassland is rich in rare species typical of dry, winter-cold, continental areas, and approaches the features of grassland types in central Europe more than almost any other semi-dry grassland found in the UK. The terrain is relatively flat, with few physical variations, but there are mosaics of calcareous grassland and heath/acid grassland, giving rise to patterns of structural variation.

b) Primary Reason for Designation:

SAC

Annex I Habitats:

Inland dunes with open *Corynephorus* and *Agrostis* grasslands; natural eutrophic lakes with *Magnopotamion* or *Hydrocharition*-type vegetation; European dry heaths; semi-natural dry grasslands and scrubland facies on calcareous substrates; alluvia forests with *Alnus glutinosa* and *Fraxinus excelsior* (*Alno-Pdion*, *Alnion incanae*, *Salicion albae*), Great crested newt *Triturus cristatus*

SPA

Article 4.1, Annex I Species:

During the breeding season the area regularly supports: Stone Curlew *Burhinus oedicephalus* - 60.1% of the GB breeding population, Nightjar *Caprimulgus europaeus* - 12.2% of the GB breeding population, and Woodlark *Lullula arborea* - 28.7% of the GB breeding population.

c) General Site Characteristics:

SAC

Inland water bodies (0.5%)
Bogs. Marshes. Water fringed vegetation. Fens (1%)
Dry grassland (59.4%)
Heath. Scrub. Maquis and garrigue. Phygrana (20%)
Improved grassland (0.2%)
Other arable land (0.1%)
Broad-leaved deciduous woodland (9%)

Coniferous woodland (4%)
 Inland rocks. Screes. Sands. Permanent snow and ice (0.5%)
 Other land (0.3%)

SPA

Heath. Scrub. Maquis and garrigue. Phygrana (0.9%)
 Dry Grassland. Steppes (19.7)
 Humid grassland. Mesophile Grassland (1.3%)
 Improved grassland (0.3%)
 Other arable land (31.5%)
 Broad-leaved deciduous woodland (1.4%)
 Coniferous woodland (44.7%)

2. Qualifying Features

SAC:

Alluvial forests with *Alnus glutinosa* and *Fraxinus excelsior* (*Alno-Padion*, *Alnion incanae*, *Salicion albae*) -priority feature.

The area is considered to support a significant presence of *Triturus cristatus* (Great crested newt).

3. Conservation Objectives:

SAC

Ensure the integrity of the site is maintained or restored as appropriate, and ensure that the site contributes to achieving the Favourable Conservation Status of its Qualifying Features, by maintaining or restoring:

- The extent and distribution of qualifying natural habitats and habitats of qualifying species;
- The structure and function (including typical species) of qualifying natural habitats;
- The structure and function of the habitats of qualifying features;
- The supporting processes on which qualifying natural habitats and habitats of qualifying species rely;
- The populations of qualifying species;
- The distribution of qualifying species within the site.

SPA

Ensure that the integrity if the site is maintained or restored as appropriate, and ensure that the site contributes to achieving the aims of the Wild Birds Directive, by maintaining or restoring:

- The extent and distribution of the habitats of the qualifying features;
- The structure and function of the habitats of the qualifying features;
- The supporting processes on which the habitats of the qualifying features rely;
- The population of each of the qualifying features;
- The distribution of the qualifying features within the site.

4. Current Site Condition:

SSSI Condition Summary for Breckland Farmland SSSI (compiled 4 October 2017)

	% meeting area of favourable or unfavourable recovering	Favourable	Unfavourable - Recovering	Unfavourable - No change	Unfavourable - Declining	Partially Destroyed	Destroyed
Area (ha)	13,392.36	13,392.36					
Percentage	100	100	0	0	0	0	0

SSSI Condition Summary for Breckland Forest SSSI (compiled 4 October 2017)

	% meeting area of favourable or unfavourable recovering	Favourable	Unfavourable - Recovering	Unfavourable – No change	Unfavourable - Declining	Partially Destroyed	Destroyed
Area (ha)	18,125.83	16.22	18,109.61				
Percentage	100	0.09	99.91	0	0	0	0

6. Site Vulnerability (including pressures and threats): ¹²

- Grazing by sheep/cattle is essential to the maintenance of habitats. Problems include nutrient deposition from the atmosphere and adjacent arable land, invasion by self-sown trees/shrubs, and uncontrolled and inappropriate recreational activities. Local ground water abstraction has a deleterious impact on the natural eutrophic lakes, the Breckland meres, and is the subject of active liaison between English Nature and the Environment Agency.
- Disturbance: Stone-curlew are largely reliant on arable land for nesting and are thus vulnerable to disturbance and nest destruction from agricultural operations. A recovery project operates to find nests, advise landowners on their operations which might affect Stone-curlews, and to ring chicks. Management agreements are in place to provide nest plots and thus safeguard the population. Agreements have been extended to cover the coming two breeding seasons, after which it is hoped that Higher Level Scheme agreements will be in place.
- Recreational pressure: Recreational and other activities have the potential to impact both SAC and SPA features. The impacts of increased recreational activity are uncertain. Recreational growth in Thetford Forest may impact on Woodlark and Nightjar. SAC features may be affected through eutrophication (dog fouling, unauthorised fires) and disturbance of soils, in particular on commons and heaths.
- Predation: Stone-curlew, Nightjar and Woodlark are vulnerable to predation from corvids and foxes and to disturbance caused by human activity, including dog-walking. In 2005, new public access was introduced on heaths by legislation. Safeguards to protect stone-curlew have been included but the situation will require monitoring to determine how successful restrictions have been in preventing additional disturbance.
- Air pollution: Breckland heathlands and acid grasslands supporting stone-curlew, nightjar and woodlark are fragile in terms of the high background levels of air pollution in the area, particularly high nitrogen loads causing undesirable habitat changes. Research on this topic is ongoing, and measures to export the nutrients off heaths (such as night time sheep folding or topsoil stripping) to counter the effects of pollution are potential management options.
- There are development pressures on the area, particularly for housing, roads and renewables infrastructure, which an impact on SPA species (Stone Curlew, Woodlark, Nightjar) and which requires substantial discussion and mitigation in some cases. This is achieved through Natural England commenting on planning applications and providing input to structural and local plans.
- Woodlark and nightjar benefit from clear-fell forestry rotational management. The appropriate management is currently taking place in the forests.
- Habitat fragmentation: some heaths are relatively small and the connectivity between these and the larger heaths too, is poor. In some cases, the individual heaths are physically isolated and the landscape in between is hostile to species dispersal.
- Collecting of eggs of Stone-curlew, and to some extent Nightjar and Woodlark, is believed to be a serious threat to individual birds and to population size. The loss of eggs to this illegal activity is unknown. There is a police-based alert system in place in Breckland to try and reduce this type of crime, and landowners are vigilant.
- Water pollution: there has been a considerable loss of aquatic species in Ringmere and nutrients are impacting the mere.

¹² Site Improvement Plan Breckland (Natural England, January 2015)

TITLE: Custom and Self-Build Housing Supplementary Planning Document (SPD)

Committee: Finance and Assets

Date: 6 February 2020

Author: Richard Kay – Strategic Planning Manager

[U169]

1.0 ISSUE

1.1 For Committee to determine whether to approve the Custom and Self-build Housing Supplementary Planning Document (SPD) for public consultation. The Custom and Self-build Housing SPD can be found at Appendix 2.

2.0 RECOMMENDATION(S)

2.1 That Committee:

- I. Approves the draft Custom and Self-Build Housing SPD for the purpose of public consultation (with any minor editorial or presentation improvements delegated to officers, in consultation with the Chair, prior to publication), with public consultation anticipated to be for 6 weeks over the period mid-February to end of March.

3.0 BACKGROUND

Introduction

3.1 Whilst still a niche part of the housing market, some local residents have an ambition to 'build their own homes', doing so in accordance with their own design wishes rather than one built by a developer to an off-the-shelf design. Custom and Self-build housing could also be a route for some to get on to the property ladder, whilst for others it is the opportunity to build their 'dream home'.

3.2 This is a new SPD, prepared in order to help local residents that have a desire to build their own home. This SPD also provides guidance to large scale developers that are obliged to meet the Local Plan policy to provide self-build plots (i.e. development consisting of more than 100 dwellings should set aside a minimum 5% of plots for self-build purposes). The SPD also provides useful advice for Community Land Trusts (or similar) that may be interested in providing self-build plots. Parishes that are interested in including self-build plots in their Neighbourhood Plans may also find this SPD useful.

Context and Background

- 3.3 Custom and Self-build housing can play a role in meeting the housing needs of local residents. Some of the benefits of providing this type housing are:-
- Opportunity to provide lower cost market housing for residents;
 - Enable more self-build housing to be provided via community-led development;
 - Help to provide jobs for local residents, in particular in the construction industry;
 - Support a more resilient supply of housing from a diversity of sources, not just volume house builders; and
 - Encourage good and distinctive design and sustainable construction.

What is custom and self-build housing?

- 3.4 There is little difference between the two forms of development, with custom build being whereby a person essentially designs the home but commissions a specialist developer to help advise and construct it, whilst self-build is where a person is more directly involved in actually organising and constructing their home. The SPD follows the definition of self-build and custom house building as set out in the Self-Build and Custom Housebuilding Act 2015 (as amended by the Housing and Planning Act 2016). That Act (and the subsequent Self-build and Custom Housebuilding (Register) Regulations 2016) places a number of duties on local authorities in respect of self-build and custom housebuilding which, in short, is broadly a duty to help promote such housing and provide help to meet local demand.

Planning Policy

- 3.5 Both national and local planning policy provide support for custom and self-build housing. Policy HOU 1 (Housing mix) of the Local Plan is a key policy in delivering self-build homes because any development of 100 or more dwellings is required to provide at least 5% self-build plots. This policy has provided a number of self-build home opportunities in East Cambridgeshire.
- 3.6 National policy also provide support for those who wish to build their own homes. The NPPF in paragraph 61 includes self-build as a distinct type, size and tenure of housing needed to help cater for different groups in the community. The Government has also recently published a National Design Guide in an effort to improve design quality, and self-build homes provides an opportunity to build homes to higher design standards than that built by volume builders who tend to have standard templates for homes.

Custom and Self-Build Supplementary Planning Document (SPD)

- 3.7 In accordance with the Act and Regulations, the Council maintains a *Custom and Self-build Register* in order to monitor interest and to help quantify the volume of plots for which suitable planning permission should be granted. Whilst not strictly required, provision of an SPD on this matter will help provide clarity and guidance on how the Council will assist in meeting its obligations via the planning system.

- 3.8 The purpose of the SPD is therefore to provide guidance to all who may be interested in this form of housing especially those on the Self-build and Custom Housebuilding Register. Guidance provided in the SPD will help potential builders with information and what is required to support their proposal. Whilst the SPD will prove useful, applicants are still encouraged to seek pre-application advice at an early stage to prevent any unnecessary costs and abortive work.
- 3.9 The SPD discuss how communities can be involved in delivering self-build in the form of Community-led Development. Community Land Trusts could get involved by delivering self-build homes through community-led development as a way to help some residents to get on to the property ladder. Parishes who are preparing Neighbourhood Plans could include policies in their plan to help deliver self-build homes, subject to local circumstances.

Consultation

- 3.10 As is legally required, prior to the Council adopting an SPD, the Council must undertake appropriate consultation for a minimum of four weeks. Officers will ensure at least minimum legal requirements in this regard are met, and recommending a six week consultation period. Thereafter, any appropriate revisions will be made to the SPD before it is returned to this committee for adoption.

4.0 FINANCIAL IMPLICATIONS/EQUALITY IMPACT ASSESSMENT/CARBON IMPACT ASSESSMENT

- 4.1 There are no financial implications in preparing this SPD that cannot be covered by existing budgets. The consultation on the SPD will be carried out primarily via emails and the Council's web site. Other more specific consultation, such as with the agents forum and parish councils, can be achieved under existing budgets.
- 4.2 Equality Impact Assessment (INRA) completed – appendix 1.
- 4.3 Carbon Impact Assessment (CIA) completed. In summary, the CIA concluded as follows:

There are no direct significant carbon impacts arising from the recommendations of this report. Any attempt to make Self and Custom Build Homes undertake increased carbon saving measures (such as energy efficiency or renewable energy) would require a review of Local Plan policy. An SPD does not have the power to set such requirements

5.0 APPENDICES

Appendix 1 - Completed INRA

Appendix 2 – Draft Custom and Self-Build Housing SPD

Background Documents

East Cambridgeshire Local
Plan – 2015
National Planning Policy
Framework (NPPF) - 2019

Location

Room12A
The Grange
Ely

Contact Officer

Richard Kay
Strategic Planning Manager
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Appendix 1 - Completed INRA

EQUALITY IMPACT ASSESSMENT – INITIAL SCREENING

Initial screening needs to take place for all new/revised Council policies. The word ‘policy’, in this context, includes the different things that the Council does. It includes any policy, procedure or practice - both in employment and service delivery. It also includes proposals for restructuring, redundancies and changes to service provision. This stage must be completed at the earliest opportunity to determine whether it is necessary to undertake an EIA for this activity.

Name of Policy:	Custom and Self-Build Housing Supplementary Planning Document (SPD)
Lead Officer (responsible for assessment):	Harjinder Kumar
Department:	Strategic Planning
Others Involved in the Assessment (i.e. peer review, external challenge):	None
Date Initial Screening Completed:	January 2020

- (a) **What is the policy trying to achieve?** i.e. What is the aim/purpose of the policy? Is it affected by external drivers for change? What outcomes do we want to achieve from the policy? How will the policy be put into practice?

The SPD is a supplementary document, in support of policy contained in the Local Plan and in support of national policy. It does not set new policy, but rather gives clarity on how to interpret existing policy, and sets out what information is needed by applicants, parishes or communities in order to help them to deliver self-build homes.

The aim is to assist applicant and developers in preparing proposals or plans to help deliver custom and self-build homes in East Cambridgeshire.

- (b) **Who are its main beneficiaries?** i.e. who will be affected by the policy?

It is primarily aimed at those interested in building custom and self-build homes in East Cambridgeshire. Developers will be helped by the clarity provided in the SPD as to how the policy will be implemented. Parishes and communities will be helped in planning and delivering self-build homes. Applicants will be encouraged to come forward with their proposals with the knowledge that if their proposals meet the policy requirements they will be approved.

However, all residents and business of (and visitors to) the district could, potentially, benefit from the proposals, to a lesser or greater degree, because the SPD will help those who want to build their own homes either to get on to the property ladder or to build their ‘dream home’.

(c) Is this assessment informed by any information or background data? i.e. consultations, complaints, applications received, allocations/take-up, satisfaction rates, performance indicators, access audits, census data, benchmarking, workforce profile etc.

The draft SPD will be subject to public consultation in spring 2020.

(d) Does this policy have the potential to cause a positive or negative impact on different groups in the community, on the grounds of any of the protected characteristics (please tick all that apply):

Ethnicity	<input type="checkbox"/> No	Age	<input type="checkbox"/> No
Gender	<input type="checkbox"/> No	Religion or Belief	<input type="checkbox"/> No
Disability	<input type="checkbox"/> No	Sexual Orientation	<input type="checkbox"/> No
Gender Reassignment	<input type="checkbox"/> No	Marriage & Civil Partnership	<input type="checkbox"/> No
Pregnancy & Maternity	<input type="checkbox"/> No	Caring Responsibilities	<input type="checkbox"/> No

Please explain any impact identified: i.e. What do you already know about equality impact or need? Is there any evidence that there is a higher or lower take-up by particular groups? Have there been any demographic changes or trends locally? Are there any barriers to accessing the policy or service?

There is no apparent reason why any of the different groups as listed above will be particularly affected, negatively or positively, as a result of the SPD

(e) Does the policy affect service users or the wider community?	NO
(f) Does the policy have a significant effect on how services are delivered?	NO
(g) Will it have a significant effect on how other organisations operate?	NO
(h) Does it involve a significant commitment of resources?	NO
(i) Does it relate to an area where there are known inequalities, e.g. disabled people's access to public transport etc?	NO

If you have answered **YES** to any of the questions above, then it is necessary to proceed with a full equality impact assessment (EIA). If the answer is **NO**, then this judgement and your response to the above questions will need to be countersigned by your Head of Service and then referred to the Council's Equal Opportunities Working Group (EOWG) for scrutiny and verification. Please forward completed and signed forms to the Principal HR Officer.

Signatures:

Completing Officer:	<i>HK</i>	Date:	<i>Jan 2020</i>
Head of Service:	<i>RK</i>	Date:	<i>Jan 2020</i>



East Cambridgeshire District Council

Custom and Self-Build Housing

Supplementary Planning Document (SPD)

Draft for Consultation February 2020

Note: this is a draft as presented to Finance and Assets Committee on 6 February 2020. If approved for consultation, this box will be removed prior to publication.

Contact:
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Foreword

This Supplementary Planning Document (SPD) provides guidance to all who are interested in custom and self-build housing.

East Cambridgeshire District Council has an ambition to help deliver housing for all sections of the community, where and how communities want it. Custom and self-build housing could be a route for some to get on to the property ladder and for others to build their 'dream home'.

We are consulting on a draft of this document, **between xxx and xxx**. We invite you to make your comments on this SPD, in particular on how it can be made easier to understand, and if you think it should include any topic or further advice that currently is not included in the document. Comments made during this consultation period will be carefully considered and changes will be made in light of these comments where we think it is appropriate. **For your comments to be considered, please ensure that they reach us before the deadline.**

After the consultation, we will make the changes that are necessary and then the final version of the SPD will be adopted at an appropriate meeting of East Cambridgeshire District Council.

Introduction

1.1 Purpose and scope of this document

- 1.1.1 The purpose of this Supplementary Planning Document (SPD) is to provide guidance for those seeking to build custom and self-build housing in East Cambridgeshire.
- 1.1.2 The SPD will be of particular relevance to self-build plot providers, developers building more than 100 dwellings, communities involved in Neighbourhood Planning, Community Land Trusts and anybody else wishing to build their own home.
- 1.1.3 The SPD must be considered in the light of the wider planning policy context, including the East Cambridgeshire Local Plan, a Neighbourhood Plan (if one exists in the area of the proposed development) and the National Planning Policy Framework.

1.2 Adoption

- 1.2.1 When adopted, the SPD will become a material consideration when determining planning applications. This SPD will be updated should the need arise due to changes in national or local policy on custom and self-build housing.
- 1.2.2 If you have any questions about this document, please contact the Strategic Planning Team on 01353 665555 or email planningpolicy@eastcambs.gov.uk

1.3 Context and Introduction

- 1.3.1 East Cambridgeshire District Council has had a long standing desire to promote and support self-build housing, and has done so well before national policy brought national attention to this form of development. This SPD is important in delivering our aspiration to help prospective self-builders. The SPD sets out the Council's expectations in helping deliver custom and self-build housing.
- 1.3.2 The Council recognises the benefits of custom and self-build housing to East Cambridgeshire residents. Some of the benefits are listed below:-
 - Opportunity to provide lower cost housing for residents
 - Enable more self-build housing to be provided via community-led development
 - Help to provide jobs for local residents, in particular in the construction industry
 - Support a more resilient supply of housing from a diversity of sources, not just volume house builders
 - Encourage good and distinctive design and sustainable construction

1.4 What is a Custom and Self-Build House?

- 1.4.1 In summary, there is little difference between the two forms of development, with custom build being where a person commissions a specialist developer to help to deliver their own home, whilst self-build is where a person is more directly involved in actually organising and constructing their home. In this SPD, the Council follows the definition of self-build and custom house building as set out in the Self-Build and Custom Housebuilding Act 2015 (as amended by the Housing and Planning Act 2016) as outlined below.

*“(A1) In this Act “self-build and custom housebuilding” means the building or completion by—
(a) individuals,
(b) associations of individuals,
or (c) persons working with or for individuals or associations of individuals, of houses to be occupied as homes by those individuals.*

(A2) But it does not include the building of a house on a plot acquired from a person who builds the house wholly or mainly to plans or specifications decided or offered by that person.”

- 1.4.2 As can be seen above, custom and self-build dwellings therefore share the same legal definition.
- 1.4.3 To help the Council decide whether a proposed, or completed, home is covered by the above definition, the Council must be satisfied that the initial owner of the home will have (or has had) primary input into its final design and layout. This would mean the applicants will have to provide evidence of their input into design process of the self-build dwelling. If the Council is not satisfied that this test has been met, the home will not be considered as being a custom or self-built dwelling.
- 1.4.4 To put it another way, and by way of examples only, a new dwelling would not be classed as a self-build or custom built home:
- If a developer built a dwelling, and sold it on the open market.
 - If the future occupier of the dwelling chose a design for the dwelling from a collection of stock designs offered by a developer.
 - If there is no evidence that the future occupier had a primary input into the design of the building, even if the building appears to be a ‘one-off’ bespoke design. Or
 - If the applicant has submitted a reserved matters application with house design and layout etc. for approval before marketing the plots to self-builders.
- 1.4.5 In some circumstances, it is possible for a community to get together and provide a self-build scheme consisting of self-build plots. Each plot is then developed by the owners of the plot according to their design and specifications. Such a scheme would be treated in a similar way to self-build as each plot is brought forward for planning permission and development.

Policy and Guidance

2.1 Custom and Self- Build National Policy and Guidance

- 2.1.1 National planning policy is provided in the National Planning Policy Framework (NPPF – February 2019). There is only limited reference to custom and self-build housing within it. In the section dealing with delivering a sufficient supply of homes, paragraph 61 of the NPPF says (emphasis added):

*“Within this context, the size, type and tenure of housing needed for different groups in the community should be assessed and reflected in planning policies (including, but not limited to, those who require affordable housing, families with children, older people, students, people with disabilities, service families, travellers, people who rent their homes and **people wishing to commission or build their own homes**²⁶).”*

The associated NPPF Footnote 26 states:

“Under section 1 of the Self Build and Custom Housebuilding Act 2015, local authorities are required to keep a register of those seeking to acquire serviced plots in the area for their own self-build and custom house building. They are also subject to duties under sections 2 and 2A of the Act to have regard to this and to give enough suitable development permissions to meet the identified demand. Self and custom-build properties could provide market or affordable housing.”

- 2.1.2 The glossary of the NPPF also defines such housing as follows:

*“**Self-build and custom-build housing:** Housing built by an individual, a group of individuals, or persons working with or for them, to be occupied by that individual. Such housing can be either market or affordable housing. A legal definition, for the purpose of applying the Self-build and Custom Housebuilding Act 2015 (as amended), is contained in section 1(A1) and (A2) of that Act.”*

- 2.1.3 In addition to the NPPF, government publishes ‘live’ National Planning Policy Guidance (NPPG), a web-based resource which brings together planning guidance on various topics into one place. It was launched in March 2014 and provides government guidance, not policy, and is subject to change at any time.
- 2.1.4 At the time of preparing this SPD, the NPPG provides little additional guidance on custom and self-build homes for planning decision making purposes, it simply pointing to the Act and Regulations. It does, however, offer fairly extensive information on the obligation of Local Planning Authorities (LPA) to keep a ‘self-build register’ (see later in this SPD for more information on the East Cambridgeshire register).

2.2 Custom and Self Build Local Area (East Cambridgeshire) Policy

- 2.2.1 The East Cambridgeshire Local Plan¹ was adopted in April 2015. Although the Plan does not contain a specific custom and self-build housing policy, a key policy in helping to deliver such housing is HOU1: Housing Mix. The relevant part of this policy is as follows:

“Developments of 100 or more dwellings will be expected to provide a minimum of 5% self-build properties. The inclusion of self-build properties on smaller sites will also be encouraged.” (extract from Policy HOU1: Housing mix)

¹ <https://www.eastcambs.gov.uk/local-development-framework/east-cambridgeshire-local-plan-2015>

2.2.2 The supporting text to the policy also includes the following:

“The development of self-build properties by individuals or community groups (including Community Land Trusts) can also contribute to meeting the need for additional housing within the district, and provide a more diverse housing stock. The policy below proposes that larger housing schemes should include an element of self-build plots, to facilitate this diversity. Where this policy would result in the requirement relating to part of a dwelling the calculation will be rounded upwards to ensure that at least the minimum requirement is met.”

2.2.3 Thus, the policy is clear that developers must provide a minimum of 5% self-build properties on a development scheme of 100 or more dwellings. Following experience of implementing the policy since its adoption in 2015, the Council considers the following additional supplementary policy / guidance is necessary:

Policy SPD.SB1: Interpretation and Application of Policy HOU1

In implementing Policy HOU1 of the 2015 Local Plan (or any similar policy in any Neighbourhood Plan or in any superseding Local Plan), the Council will apply the following criteria:

- (A) Where Policy HOU1 refers to ‘self-build properties’, this will be interpreted to mean ‘self-build and custom housebuilding’ as defined by Self-Build and Custom Housebuilding Act 2015 (as amended). Where there is doubt as to whether a property (or plot) will meet such a legal definition, then the precautionary principle will be applied and it will be assumed to not meet the definition. The onus, therefore, is on the applicant to clearly demonstrate beyond reasonable doubt that the property (or plot) will meet the full legal definition as set out in the Act.
- (B) The ‘minimum of 5%’ requirement in Policy HOU1 applies to all dwellings proposed on site, and not just market housing. Thus, for example, a development proposal comprising 80 market homes and 35 affordable homes (total 115 units) would not be exempt from the policy which expects the provision of a minimum of 5% of the total number of all properties to be self-build.
- (C) A plot, forming part of a wider scheme, which is put forward by a developer as a self-build or custom housebuilding plot does not constitute an ‘affordable dwelling’ for the purpose of meeting the Council’s expectations in respect of affordable housing on that particular site. The requirements for affordable housing and self-build properties are dealt with entirely separately. Whilst it is possible for a self-build or custom build property to meet the definition of an affordable dwelling under national and local policy, it is unlikely in most instances to do so, and would require specific legal agreements confirming the delivery of such units.
- (D) Where a site is expected to provide ‘a minimum of 5% self-build properties’, then the interpretation of minimum means that any rounding of calculations should be upwards to the nearest whole dwelling so as to ensure the minimum is met. For example, a scheme of 105 units the Council would expect 6 self-build properties ($105 \times 0.05 = 5.25$, which is rounded up = 6 units).

(E) Where a plot is set aside as a self-build or custom housebuilding plot for the purpose of meeting the minimum 5% expectation, then such a plot must have, or be capable of being provided with, the following:

- (i) a parcel of land with legal access to a public highway; and
- (ii) water, foul drainage and electricity supply available at the plot boundary.

2.2.4 Where a planning permission is granted consent, but such consent is restricted in some way so as to ensure the delivery of custom or self-build housing, there may be instances where, despite the best endeavours of the landowner, insufficient interest in purchasing designated custom and self-build housing plots exists. In such instances, the Council accepts that the best overall outcome would be for such plots to be released from their obligation to be custom and self-build housing, and instead come forward for alternative development (eg market housing).

2.2.5 However, the Council is mindful that developers could use such acceptance to their advantage, by placing barriers to the sale or delivery of self-build and custom housebuilding plots, so that the obligations to provide such dwellings are removed and more profitable market housing provided. To avoid such a scenario, the following policy applies:

Policy SPD.SB2: Making plots available and fall-back position for unsold plots

Where self-build and custom housebuilding plots are to be provided in line with Policy HOU1, then prior to 50% of all homes on the site being occupied, the following will be required (and secured via a legal agreement):

- the plots will have all minimum services and vehicular access provided to base course level; and
- the plots will be marketed for sale (at a fair market price or lower) to individuals on the open market and (via the Council) the Self Build Register.

If after (whichever is the latest of):

- (a) 2 years from the occupation of 50% of all homes; or
- (b) the sale of all other dwellings within the site,

contracts for the sale of any plots have not been exchanged, the relevant plots may (subject to consent from the Council, and such consent will not be unreasonably withheld) be:

- (i) retained by the landowner and used for alternative appropriate purposes; or
- (ii) sold on the open market free from any encumbrance to provide self-build or custom housebuilding plots.

2.2.6 The Council will need to be satisfied that both policies in this SDP are complied with. Evidence would need to be submitted for some criteria such as input into the design process of the dwelling by potential owner(s) of the property. Also when selling the self-build plots, evidence will be required that these were marketed at fair price or lower and for sufficient length of time before the Council would consider lifting self-build conditions on the plots.

2.2.7 Policy HOU 1 is the key policy that will help to deliver self-build and custom housebuilding in East Cambridgeshire. Of course, however, all other policies in the Local Plan (and any applicable

Neighbourhood Plan) should also be considered when planning such housing. Some of the relevant policies are listed below by way of example;

- HOU 1: Housing Mix (i.e. the wider elements of the policy, in addition to the self-build properties element)
- HOU 2: Housing density
- HOU 3: Affordable housing provision
- ENV1: Landscape and Settlement Character
- ENV 2: Design
- ENV 4: Energy and water efficiency and renewable energy in construction
- ENV7: Biodiversity and Geology
- ENV 8: Flood risk
- COM 7: Transport impact
- COM 8: Parking provision

2.3 Custom and Self-build Homes and Affordable Housing

2.3.1 The above Policy SPD.SB1 makes reference to custom and self-build housing and the provision of affordable housing. Under certain circumstances, it is possible that custom and self-build housing be used for delivering genuine affordable housing. For example:

- Serviced building plots are made available below market value and are subject to a legal agreement that restricts the resale value of the completed property to below market value
- Homes are built as shared ownership properties – for example where a housing association or Council constructs the homes to the waterproof ‘shell’ stage and then enables private homebuilders to enter into a special form of shared ownership lease to complete the property. Once the work is satisfactorily completed this earns the homebuilder an equity share in the property, which means they need a smaller mortgage or a lower deposit
- A developer or landowner could work in partnership with a recognised Housing Association or alternative affordable housing provider; or
- Where a self-builder commits (via an agreed legal document) that the resale of the dwelling shall be restricted to an eligible household for at least a 20% discount on market prices.

2.3.2 However, there is no obligation on the Council to accept custom and self-build housing to be counted as part of the developer’s obligation to provide affordable housing. Where it does so, the Council would have to be satisfied that such provision genuinely was affordable housing (in accordance with national definitions), and would remain so. In reality, due to the complexities involved, it would appear unlikely many, if any, custom and self-build housing will be officially classed as genuine affordable housing.

2.3.3 The Council is mindful that when affordable housing is included as part of the self-build allocation, the Council would require some guarantees that these plots will be sold/rented to someone who meets the definition of being in housing need. It is likely that the Council will put a condition within the S106 to allow the Council to revisit the affordable self-build allocation if these plots do not sell after six months of being advertised. If no sale is agreed the Council could ask for a reasonable land value capture for the loss of the affordable self-build plot.

2.3.4 In the event of a 100% self-build scheme is large enough to generate the need to provide affordable housing then the Council will expect affordable housing to be provided on site. Only in exceptional circumstances will the Council consider off-site provision or a financial contribution in lieu of provision. Applicants will be expected to justify why affordable housing should not reasonably be provided on-site; for example, where there may be difficulties over the delivery,

design or management of small numbers of affordable units within a development. Therefore, the affordable housing requirement for 100% Self Build sites will be secured using the following hierarchy:

- 1a) Offered to Registered Providers (RP) as affordable self-build. If the developer can demonstrate that no RP will take on the site as affordable self-build then;
- 1b) Developer to build affordable housing units for transfer to an RP. IF no RP will accept the units;
- 1c) A commuted sum in lieu of part/all of the provision required will be payable.

2.3.5 If viability demonstrates delivery cannot be on-site a commuted sum in lieu of part/all of the provision required will be payable. If the Council agrees to accept a commuted sum in lieu of part/all of the provision required, the sum required will be of equivalent value to the contribution that would have been provided by on-site provision, i.e. the cost of delivering the Council's policy requirement on the application site.

2.3.6 In order to calculate this sum, the applicant must agree with the Council a notional scheme delivering on-site affordable housing in accordance with the Council's policy. The applicant should submit a financial assessment of this scheme using the HCA's Development Assessment Tool, together with an assessment of the actual scheme proposed. The commuted sum required will be the difference between the residual land values of the notional scheme and the actual scheme. The Council may seek independent valuation advice, and the applicant will be responsible for any costs incurred.

2.3.7 Commuted sums will be paid to the Council prior to the occupation of the first dwelling. The Council will spend commuted sums to increase or improve affordable housing provision in the district and/or to support its other statutory housing functions e.g. prevention of homelessness. The Council will endeavour to prioritise the spending of commuted sums to benefit the locality from which the contribution was raised.

2.3.8 The Council's Developer Contributions SPD sets out the process for securing Affordable Housing.

2.4 Standard Conditions and S106 Obligations

2.4.1 For transparency and to hopefully speed up the consideration and approval process of schemes involving self-build or custom housebuilding, the Council provides the following standard conditions and s106 clauses.

2.4.2 However, all proposals will be treated on their merits, and the following may not be suitable in all circumstances. They should be treated, therefore, as a starting point for discussion.

Standard Conditions:

- (A) The self-build dwellings hereby approved will be developed as single plots as shown on the drawings submitted and specified in condition 1 and shall be completed in phases.
- (B) The development hereby permitted consists of solely self-build dwellings as defined in the Custom Housebuilding Act 2015.
- (C) The details to be submitted at reserved matters stage for the self-build plots shall follow the principles on the submitted layout plan drawing number XXX dated XXX and the Self Build Design Code dated XXX.

- (D) The development shall be carried out in accordance with the approved Phasing Plan, drawing ref XXX, received XXX. Each reserved matters application will need to show how it complies with the phasing plan and its relationship with each plot/phase and submit a street scene to demonstrate the relationship with other approved plots/phases.

Standard s106 clauses:

- I. Prior to first occupation of Xth (e.g. 50th) market house unit the self-build area shall have all services and vehicle access provided to base course level;
- II. Prior to first occupation of Xth (e.g. 50th) market house unit the self-build area shall be marketed for sale at full market value or below to individuals on the open market and on the Self-Build Register;
- III. If after (whichever the latest of) (1) 2 years after the form the occupation of Xth (e.g. 50th) Market Housing unit; or (2) the sale of all dwellings within the site (excluding the self-build area), contracts for the sale of any of the plots within the self-build area have not been exchanged, the relevant self-build dwelling may be either constructed as a Custom Build home or sold on the open market free from any self-build encumbrance.

Custom and Self Build Homes: Other Matters

3.1 Community Infrastructure Levy (CIL)

- 3.1.1 CIL is a planning charge, introduced by the Planning Act 2008, as a tool for local authorities in England and Wales to help deliver infrastructure to support the development of their area. It came into force on 6 April 2010 through the Community Infrastructure Levy Regulations 2010. CIL charging has been operating in East Cambridgeshire since February 2013.
- 3.1.2 CIL regulations were amended in 2014 to make provision for exemption for self-build housing. In simple terms, a self-build home, if appropriately qualifying as such and if appropriate documentation is provided to the Council in a timely manner, would not need to pay any CIL charge. The legislative framework behind this exemption is quite complicated, and therefore if you intend to seek such exemption, you should seek appropriate advice. Council officers are available to assist. However, at the time of writing, a crucial part of gaining such exemption is that an individual claiming the exemption must own the property and occupy it as their principal residence for a minimum of 3 years after the work is completed.

3.2 Neighbourhood Planning

- 3.2.1 A Neighbourhood Plan is a way of helping local communities to influence the planning of the area in which they live and work. In East Cambridgeshire, only your local Parish Council can prepare such a Plan. It can be used to:
- Develop a shared vision for your neighbourhood.
 - Choose where new homes, shops, offices and other development should be built.
 - Identify and protect important local green spaces.
 - Influence what new buildings should look like.
- 3.2.2 Neighbourhood Plans may propose to alter non-strategic Local Plan policies where a local need can be demonstrated. Policy HOU1 of the Local Plan is not considered a strategic policy and therefore, where evidenced, Neighbourhood Plans may propose a requirement for the provision of self-build and custom housebuilding which differs from that set out in the East Cambridgeshire Local Plan.
- 3.2.3 An applicant should therefore always check to see whether a Neighbourhood Plan exists (or is well advanced) for the area in which the proposal will fall, to determine whether any alternative self-build or custom housebuilding requirements have been set.

3.3 Self-build and Custom Housebuilding Register

- 3.3.1 Following the Self-build and Custom Housebuilding Act 2015², and the subsequent Housing and Planning Act 2016³, and in accordance with the Self-build and Custom Housebuilding (Register) Regulations 2016⁴, East Cambridgeshire District Council maintains a Custom and Self-build register in order to monitor interest and to quantify the volume of plots for which suitable planning permission should be granted. The Register is open to all who have an interest in custom or self-build within the District. Whilst not obligatory, entering your name on the register is often the first stage for those people wishing to engage in self-build. Further details on the East Cambridgeshire register can be found here:
<https://www.eastcambs.gov.uk/local-development-framework/register-interest-self-build-and-custom-housebuilding>

² http://www.legislation.gov.uk/ukpga/2015/17/pdfs/ukpga_20150017_en.pdf

³ http://www.legislation.gov.uk/ukpga/2016/22/pdfs/ukpga_20160022_en.pdf

⁴ http://www.legislation.gov.uk/uksi/2016/105/pdfs/uksi_20160105_en.pdf

3.3.2 The Council must give planning permission to enough suitable serviced plots of land to meet the demand for self-build and custom housebuilding in the area. The level of demand is established by reference to the number of entries added to an authority's register. The Council monitors both demand and provision of permissions in its annual Authority's Monitoring Report (AMR) available on our website⁵.

3.4 Delivering Custom and Self-build Dwellings in East Cambridgeshire

3.4.1 Many self-build plots will come forward on an individual basis (rather than as part of meeting the 5% expectation on a larger development site), meeting the needs of the specific plot owner. These individual plots will highly likely be on 'windfall' (non-allocated) sites in towns or villages, and occasionally in more rural areas in the District.

3.4.2 Where plots come forward as part of larger sites, it is common practice for the 5% self-build minimum element being approved in outline, often in a 'hybrid' style application, with the rest of the wider scheme approved as a full permission. By having outline consent the principle of self-build development on those plots has been established. Outstanding 'reserved matters' (i.e detailed designs) will have to be submitted and approved by the Council before development could commence.

3.4.3 There are a number of self-build housing schemes that have planning permission in East Cambridgeshire. Most are single dwellings on single plots, though some are coming forward via large sites.

3.4.4 For example, in North Ely a number of custom and self-build housing are to be delivered. The current promoter of the wider site has indicated that they might provide a 'Plot Passport' for the self-build plots. The idea behind 'Plot Passport' is to provide as much information as possible to the potential buyer of the plot so they have information about parameters and what can be built on the site. The Council welcomes the provision of Plot Passports, provided they conform to the consents given to those particular plots, the Design Guide SPD and do not unduly restrict the delivery of self or custom housebuilding on them. Examples of plot passports and design code⁶ can be on the internet.

⁵ <https://www.eastcambs.gov.uk/local-development-framework/monitoring-and-local-development-scheme>

⁶ <https://righttobuildtoolkit.org.uk/briefing-notes/design-codes-and-plot-passports/#>

TITLE: Revenue Budget, Capital Strategy and Council Tax 2020/21

Committee: Finance & Assets Committee

Date: 6th February 2020

Author: Finance Manager

[U170]

1 ISSUE

1.1 This report sets out the Council's proposed revenue budget, capital strategy, and the required level of Council Tax in 2020/21. The report assesses the robustness of the budgets, the adequacy of reserves and up-dates the Council's Medium Term Financial Strategy (MTFS).

2 RECOMMENDATIONS

2.1 To recommend to Full Council to approve:

- The draft revenue budget for 2020/21 and MTFS for 2021/22 to 2023/24 as set out in Appendix 1
- A Council Tax freeze.
- The Statement of Reserves as set out in Appendix 2.
- The 2020/21 Fees and Charges as set out in Appendix 3.
- The Capital Strategy and financing as set out in Appendix 4.

2.2 To approve, that as we are still awaiting final Settlement figures, should the numbers change between Finance and Assets Committee and Full Council, that the Finance Manager adjust the use of the Surplus Savings Reserve in 2020/21 (as necessary) so that the net budget and Council Tax for that year remain unchanged.

3 BACKGROUND / OPTIONS

3.1 At the Full Council meeting on 21st February 2019, members approved a net budget for 2019/20 of £8,917,492 and a frozen Council Tax. The budget had a planned draw of £1,538,798 from the Surplus Savings Reserve. The Medium Term Financial Strategy at that time showed a balanced budget in 2020/21 (using further resources from the Surplus Savings Reserve), but with then significant budget deficits in 2021/22 and 2022/23.

3.2 The outturn position for 2018/19 was reported to the Finance and Assets Committee on the 20th June 2019. This showed that due to the proactive actions taken by management to reduce the Council's cost base prior to and during 2018/19, the Council underspent in 2018/19 by £987,740. This was transferred into the Surplus Savings Reserve.

- 3.3 The Council put aside one-third of the New Homes Bonus it received in 2015/16. This has been used in recent years to provide revenue funding to cover the costs of the Leisure Centre, this up until the point that the Council started to receive the management fee from the operator. With the first operator payment falling due in 2019/20, any surplus received in advance of the annual running costs, will initially be used to repay the drawdown from this reserve until it is returned to its 2015-16 level. As this reserve then has no further planned use, it is recommended that the reserve is then closed with the balance being transferred into the Surplus Savings Reserve for use in balancing the budget in future years. The remainder of this report is based on this transfer having been made.
- 3.4 Management has continued to reduce the Council's cost base during the current financial year. This work has led to further one-off and on-going savings being made; which both contribute to the projected outturn underspend for this financial year and also provide savings throughout the term of the MTFs. The current yearend forecast underspend for 2019/20 is £627,505, this too will be transferred to the Surplus Savings Reserve at yearend and has been reflected in the figures in this report.

4 SPENDING ROUND 2019

- 4.1 Local Government was expecting a major change in the way it is funded by Government in 2020/21. At this time last year we were expecting a:
- Spending Review, a major review by Government of all of its spending plans, determining the quantum of funding that will be made available to each Department for a number of years.
 - Fair Funding Review, a review of the relative needs of all local authorities to determine how much of the funding allocated above, would be allocated to each individual authority.
 - Business Rates Retention Scheme revision, which would result in local authorities retaining 75% of Business Rates collected, rather than the current 50%; but at the same time some direct grants paid to councils by Government, such as Revenue Support Grant and Rural Services Delivery Grant will be withdrawn.
- 4.2 On the 4th September 2019, Government postponed plans for the Spending Review, Fair Funding Review and Business Rate Retention Scheme revision, announcing that in order to fully engage and consult on such fundamental reforms, these would now take place in 2020, to be implemented for the 2021/22 financial year.
- 4.3 Instead they announced they planned to implement a one-year Spending Round, which would "roll forward" the current year's settlement into 2020-21, this to provide certainty and stability into the local government sector.

5 PROVISIONAL GRANT SETTLEMENT

- 5.1 The Provisional Settlement was announced on Friday 20th December 2019.

- 5.2 The Provisional Settlement confirmed the extension to the previous four year funding settlement that covered the period 2016/17 to 2019/20 into 2020/21, rolling over the previous funding schemes either in cash terms or increased in line with the change in the Business Rate multiplier.
- 5.3 The Revenue Support Grant figure was one of those increased in line with the Business Rate multiplier, which has resulted in us getting a small increase in cash terms.

	2017/18	2018/19	2019/20	2020/21
Provisional Settlement	£659,999	£353,703	£11,576	£11,764

- 5.4 The Settlement made a further change in the awarding of New Homes Bonus grant. Amounts earned in year 10 of the scheme, between October 2018 and October 2019, will only attract reward for one-year in 2020/21. Previous awards had been for four years, and this continues for those awarded prior to 2020/21. What this therefore means is that we receive four years of reward in 2020/21, but this reduces to two years in 2021/22 and one year in 2022/23. The current expectation is that the grant will be discontinued at this time, but, like all other funding sources in local government, this is far from clear. There is a view that Government remain committed to incentivising housing growth, but the exact form of this is unclear and there appears to be a growing view that New Homes Bonus is not the answer and they would prefer something more “targeted”.
- 5.5 That said, due to the increased level of house building in the District in the past year, our New Homes Bonus grant for 2020/21 is forecast to be £695,237, which is an increase of £122,556 when compared to that received in 2019/20.
- 5.6 The Settlement includes details of other specific grants, including the Rural Services Delivery grant, an allocation to the most rural authorities, which amounts to £161,606 in 2020/21 (this is the same value as in 2019/20); Housing Benefit administration grant of £166,767 (a reduction of £4,662 compared to 2019/20) and Council Tax administration grant £63,345 (a reduction of £3,334 compared to 2019/20).
- 5.7 The Settlement further identified the local authorities who will have Business Rates Pools during 2020/21, Cambridgeshire was amongst those councils (see paragraph 7.5).
- 5.8 The Settlement makes provision for shire districts to increase Council Tax by up to 2% or £5, whichever is the greater, in 2020/21 without the need for a referendum. To put a value on this, if we were to increase Council Tax by £5 in 2020/21 (this is the higher figure for us), this would generate additional income of £150,951 in that year. The draft budget assumes, that Council Tax will remain frozen for 2020/21 at £142.14.
- 5.9 The Business Rate Retention Scheme continues as previously operated in 2019/20. The baseline has been uplifted by CPI inflation. Growth in this Council’s Business Rates remain positive, however, there is always a risk that appeals against Business Rates can be lodged and, if successful, can be backdated for several

years. The Council does therefore include a provision for appeals in determining how much of the rates collected should be posted into the budget.

- 5.15 The Business Rate multipliers for 2020/21 were also provisional announced in the Provisional Settlement. The small business non-domestic multiplier will increase from 49.1 pence to 49.9 pence and the multiplier for larger businesses (rateable values greater than £51,000) will be 51.2 pence. The multiplier is up-dated using the September CPI which was 1.63%.

6 THE 2020/21 BUDGET

- 6.1 Due to the proactive actions taken by management to reduce costs and generate new sources of funding in recent years, the revenue budgets for 2020/21 and 2021/22 are fully funded; but there are significant budget deficits remaining in subsequent years which will need to be addressed.
- 6.2 The draft budget for 2020/21 is set out in Appendix 1 to this report.
- 6.3 The following key assumptions have been made in preparing the draft budget:
- Staff pay will increase by 2% per annum throughout the MTFS period;
 - Inflation on other expenditure has only been included where there is a contractual inflationary increase for example utilities and insurance. 2% has been added to the Waste contract with East Cambs Street Scene. Other budgets have not been increased by inflation;
 - Following the Pension Fund revaluation as at 31st March 2019 and discussion with the fund manager the Council's contribution rate has remained at 17.2%, with in addition, the lump sum contribution remaining at £485,000 in each year;
 - The Housing Benefit budget reflects the latest information from Anglia Revenues Partnership (ARP);
 - The Leisure Centre budget remains in line with the original funding strategy; that it should be revenue cost neutral. The MRP costs associated with the Leisure Centre project are being fully met in 2020/21 from the management fee to be paid to the Council by the operator. Additional management fee received over that needed to cover the debt and running costs of the Leisure Centre will initially be used to repay the New Homes Bonus reserve before then being put into a "sinking fund" to ensure that money is available for future maintenance and repairs at the Centre.
 - East Cambs Trading Company (ECTC) has reduced its management fee for parks and gardens by £100,000.

7 COLLECTION FUND AND COUNCIL TAXBASE

- 7.1 The MTFS assumed that the Collection Fund for Council Tax would be in balance as at 31st March 2020. However, an increased number of houses being built in the District have resulted in a forecast surplus as at 31st March 2020, of which £59,184 will come as income to this Council.
- 7.2 The taxbase for 2020/21 estimated in last year's budget was an equivalent of 30,178.3 Band D properties. However, the real growth in housing between October 2018 and October 2019 and an estimation of future growth in 2020/21 means that the current forecast for 2020/21 is 30,190.1 Band D properties.

- 7.3 The NNDR 1 return for 2020/21 was produced by the end of January in line with statutory requirements. Figures from this have been included in the draft budget as now presented.
- 7.4 The MTFS assumed that the Collection Fund for Business Rates would be in balance as at 31st March 2020, however the completed NNDR1 shows that the Fund will be in surplus at this point and that £12,451 of additional income will be available to this Council in 2020/21.
- 7.5 East Cambridgeshire applied to be, and was accepted by Government, to be part of a Business Rate Pool in 2020/21, alongside a number of other authorities in Cambridgeshire.
- Cambridgeshire County Council
 - Cambridgeshire Fire Authority
 - Fenland District Council
 - Peterborough City Council
 - South Cambridgeshire District Council

It is anticipated that this arrangement will benefit this authority by around £400,000 in 2020/21.

- 7.6 As highlighted elsewhere in this report, forecasts for retained Business Rates beyond 2020/21 are almost impossible at this time, but the figures presented take a prudent view, showing a significant reduction on those expected in 2020/21.

8 RESERVES

- 8.1 The Council holds reserves, at levels which remain prudent. It is important to review the level of reserves on a regular basis, in particular to ensure that potential liabilities not in the Council's base budget can be funded from earmarked reserves; and that unearmarked reserves are at a sufficient level to cover any unforeseen events.
- 8.2 As part of the process of preparing this budget, officers have reviewed each reserve to ensure its purpose and level is appropriate. A Statement of Reserves is attached at Appendix 2.
- 8.3 The sole unearmarked reserve is the General Fund. This stands at £1,045,629. There is no statutory minimum level set for a local authority's reserves; it is a matter for each local authority's own judgement after taking into consideration the strategic, operational and financial risks it faces. It has been this authority's policy for some time that the level of the unearmarked reserve be set at 10% of their net operating budget, this is a reasonably prudent approach and a higher percentage than many other authorities locally. The proposed net operating budget for 2020/21 is £10,215,476. Using the 10% figure, this would therefore require an unearmarked reserve of £1,021,547. As this would result in a reduction to the value of this reserve, for reasons of prudence it will remain unchanged in 2020/21.

9 FEES AND CHARGES

- 9.1 Officers have reviewed the fees and charges, and details of the proposals are shown at Appendix 3. The proposed budgets include increases as a result of both volume and price.
- 9.2 There have been no new fees or charges approved for 2020/21.
- 9.3 Where fees and charges are predominately related to staff costs it is planned to increase these by approximately 2% to match the anticipated increase in salary costs from the 1st April 2020. A similar approach will be adopted in future years, with fees and charges being increased by the same percentage as the anticipated pay increase for staff. This approach ensures that the additional cost of providing the service is met by the person / organisation benefiting from the service, rather than the general populous through Council Tax.
- 9.4 As external funding from Government grants continues to reduce, the Council's approach to fees and charges will need to reflect the increasing importance of this as an income source.

10 CAPITAL STRATEGY

- 10.1 The CIPFA revised 2017 Prudential and Treasury Management Codes required from 2019/20 all local authorities to prepare a capital strategy report, which provides:
- 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;
 - the implications for future financial sustainability.
- 10.2 This Council has no long term capital objectives at this time. The medium term capital programme has been reviewed, and is attached at Appendix 4. The programme is largely a continuation of the previous programme. The total value of the programme in 2020/21 is £3,592,526.
- 10.3 The Council's Treasury Management Strategy is a separate document, but is also presented to Finance and Assets Committee for review before asking for Full Council approval.
- 10.4 With the Council's Waste Service now being provided by East Cambs Street Scene (ECSS), the Council is purchasing waste fleet and hiring this to the Company. The hire charge reflecting the Council's capital costs of doing this, both the minimum revenue provision (MRP) and interest costs. Spend in 2020/21 is forecast at £1,882,077 as vehicles previously purchased by the use of the Weekly Collection Grant from Government, reach the end of their useful life and require replacing. While these additional costs will be reflected in the charge to ECSS, the Council will need to increase the contract value it pays the Company for providing the service as detailed in paragraph 13.4 to ensure that it can meet these additional costs.
- 10.5 The project to refurbish the depot has been deferred into 2020/21, while further feasibility work takes place and costings of the project reviewed. At this time the

budget originally put in for 2018/19 remains in place, but potentially this will need to be adjusted as new information comes to hand.

- 10.6 Additional capital provision, £163,200 is built into the budget for purchasing further land to extend Ely Country Park. This purchase will be funded from CIL contributions.
- 10.7 The other two areas of capital spend in the capital programme are the on-going provision of Disabled Facilities, both mandatory and discretionary. The Council receives Government funding (from the Better Care Fund), via the County Council to assist with the funding of this work. The total budget in 2020/21 is £772,299, with £526,577 being funded by grant, with the remainder (£245,722) being funded by the Council by the use of previously obtained capital receipts. And vehicle replacement funding for the Parks and Gardens team, these vehicles are purchased by the Council using Section 106 funding, and then hired to ECTC at a commercial rate.
- 10.8 The Council previously held cash balances which were invested in short and fixed term deposits, however as agreed in the 2017/18 budget, these are now being deployed to fund the expenditure on the Leisure Centre, Waste fleet and the loan to the ECTC. The current expectation is that external borrowing will be required in 2020/21, however, borrowing will only be undertaken when necessary. More details of the borrowing requirement are detailed in the Treasury Management Strategy (also on the agenda for this meeting).
- 10.9 The original loan arrangement with ECTC was that the loan must be repaid within five years (March 2021). It has been agreed with our External Auditors that the Council does not need to make any annual revenue provision to repay this loan in the short-term, but simply use the Company's repayment to repay the Council's borrowing. Officers will continue to monitor this, to ensure that the Company's accounts remain robust and the expectation remains that funding will be available in / by March 2021 to repay the loan. As long as this remains the case, the Council will not be required to set aside annual revenue provisions, however if at any point it was felt that the loan repayment could be in doubt, the Council would be expected to make provision for any expected shortfall in the year that this became known. The current schedule is that £2.5 million of this loan will be repaid in 2019/20 with the balance in 2020/21.
- 10.10 Council approved a further £1.5 million loan to ECTC in December 2018, specifically for the development of the former Ministry of Defence houses in Ely. It is the expectation that this loan will also be repaid in March 2021. Again, if this is the case, then no MRP will be required on this loan.
- 10.11 In summary therefore, the Council has limited exposure to the on-going costs of capital expenditure at this time. The costs of the Leisure Centre are being met by the operator through the management fee; the loans to ECTC will be repaid in full in March 2021 and in the intervening period a commercial interest rate is being charged, and the costs of the Waste fleet and some of the costs of the depot enhancements will be passed onto ECSS, although the Council's revenue budget has been increased to reflect the replacement of the vehicles reaching the end of their useful life in 2020/21.

11 COUNCIL TAX

- 11.1 It is proposed that the Council freezes its Council Tax for a Band D property at the current level of £142.14, based on the Council Tax requirement of £4,291,221 divided by the taxbase of 30,190.1 properties.
- 11.2 The County Council, Fire and Police budgets and precepts will be considered following the date of this Finance and Assets Committee meeting. It is envisaged that notification of their precept requirements will be in time for inclusion in the report which goes to Full Council on the 20th February 2020.
- 11.3 The parish precepts which have been notified to the Council to-date are attached at Appendix 5. These will be reflected, along with the precepts set out in paragraphs 11.1 and 11.2, in the resolution which goes before Full Council on the 20th February 2020.

12 RISK AND SENSITIVITY ANALYSIS

- 12.1 The Local Government Act 2003 places two specific requirements on an authority's Section 151 Officer in determining the Council's budget and Council Tax. Under section 25, the Section 151 Officer must advise on the robustness of the estimates included in the budget. The advice given to the Council on these issues is that the estimates have been produced on a prudent basis, with a strong emphasis on ensuring all cost pressures are included. Budget estimates have been developed with senior officers, with regular updates and discussions at Management Team.
- 12.2 The key risks are around funding of the Council. The Settlement provides clarity around grant funding for 2020/21, but looking beyond that, there is very limited information to put forward a MTFS based on confident assumptions on future Government funding. The risks from 2021/22 are significant; there is limited information on likely sources of funding and indeed the value of any funding to be received.
- 12.3 The Government has announced that it intends for local authorities to retain 75% of all business rates generated in 2021/22 - but there will continue to be the need to share resources across the country - and there will also be additional new burdens placed on local authorities, which are unclear at this time.
- 12.4 Possibly the greatest concern for this Council however, is that plans suggests that Government intend to implement a full Business Rate baseline reset in 2021/22. The current baseline was set in 2013, when all councils were given a share of Business Rates equal to their needs. Since then councils have been allowed to keep a share of their growth, which for us as a district council has been 40%. In broad figures our baseline is £2.5 million, where we actually budget for £3.4 million of Business Rates because of this growth. If the baseline is fully reset, we will lose all of the growth, and wouldn't know what our revised baseline will be until the results of the Fair Funding Review (as detailed in 4.1) is known. An allowance has been made in the MTFS for this probable reduction, but at this point, there is no certainty on what this is likely to be.

- 12.5 To mitigate the above risk, the Section 151 Officer will continue to report on a frequent basis to Management Team and members as new information becomes available.
- 12.6 The Section 151 Officer is also required to report on the adequacy of reserves. The projected level of reserves, specifically the General Fund Reserve and Surplus Savings Reserve, and their use in 2020/21 are **prudent** and show how these will sustain the functions of the Council in that year.
- 12.7 However, the budget for 2021/22 assumes the vast majority of the remaining balance on the Surplus Savings Reserve is utilised, which will reduce the overall levels of reserves significantly. Reserves can only be utilised once and while the purpose of the Surplus Savings Reserve is to provide one-off funding to balance the budget in future years, the Council needs to be considering all options to reduce the speed that these are utilised so that they remain available further into the future. The Council has a track record of delivering additional savings and generating extra income in advance of the budget requirement, so work done during 2020/21 will hopefully lead to a reduced draw from the Surplus Savings Reserve in that and later years through the MTFS period.
- 12.8 Another key risk around reserves is the risk exposure the Council has with its loan funding of ECTC. Should ECTC encounter any financial difficulties and be unable to repay the £6,500,000 loan made available to it, then the Council will need to account for this within its financial statements. In such an event, the Council would need to draw on its reserves to meet such a liability. At this point, however, there is no indication that this is likely to be the case.

13 MEDIUM TERM FINANCIAL STRATEGY

- 13.1 The Council's Medium Term Financial Strategy is to set a robust financial framework for the Council's plans over the next four years which support the delivery of the Council's priorities within a context of an annual balanced budget. Specifically, the MTFS:
- Looks to the longer term to help plan sustainable services within an uncertain external economic and funding environment;
 - Maximises the Council's financial resilience and manage risk and volatility, including managing adequate reserves;
 - Helps ensure that the Council's financial resources are directed to support delivery of the Council's priorities over the medium term.
- 13.2 The MTFS covers the period 2020/21 to 2023/24. As highlighted earlier the spending round announced by Government for 2020/21 provides some assurance about the grant position for that year, and these figures can therefore be considered robust.
- 13.3 However, it is extremely difficult to develop a robust MTFS to cover the period 2021/22 and beyond while the uncertainties around future funding levels remain. As detailed earlier in this report, the Government is currently undertaking a number of pieces of work which will impact on local government funding moving forward. The Spending Review, will determine the quantum of funding available to local government, while the Fair Funding Review will determine how much of this funding

is allocated to each individual authority. Then further Government intend to change the Business Rate retention scheme in 2021/22 to allow local government to retain 75% of the amount collected, rather than the current 50%. These issues create considerable uncertainty for local authority funding; and is an issue which will require monitoring; this so that the Council can adjust its MTFS as new information becomes available. Further up-dates will be provided to Council as further information becomes available.

13.4 The assumptions used in the MTFS include:

- Government funding through Revenue Support Grant and Rural Services Grant end in 2020/21;
- New Homes Bonus (NHB) remains part of the overall funding package from Government for the next three years, before being removed. However, while remaining in the funding package, the benefit of NHB reduces considerably over this period, before being stopped completely in 2023/24 (see paragraph 5.4);
- The Council's Business Rate growth continues;
- 2% inflation is added to the Waste contract on an annual basis, however additional budget is provided from 2021/22 when new recycling vehicles will be purchased. The vehicles purchased by the Council using the weekly collection grant from Government will reach the end of their useable life in 2020/21 so will need to be replaced, adding this additional cost. (This cost increase would have occurred regardless of whom is undertaking the contract at this point);
- The loan to ECTC is planned to be repaid in March 2021, the interest received by the Council on this loan will therefore stop at this point. The loan repayment will be used to reduce / prevent the Council needing to borrow externally, therefore reducing costs, albeit not to the magnitude that income will be lost;
- The Council has a track record of delivering cost reductions; it is anticipated therefore that a contribution to the budget deficit forecast in future years will be achieved during the term through general efficiencies and income generating opportunities; however, to be prudent, no account of these are shown within the forecasts within this report.
- Further, while ECTC is anticipated to start making profits in the period of the MTFS, it remains unclear how much of this will need to be retained by the Company as working capital, so at this point, no account of this income being paid back to the Council as a dividend is assumed in the budget.

13.5 The impact of the above assumptions is attached at Appendix 1. This shows the budgets for 2020/21 and 2021/22 are fully funded. However, there are significant budget shortfalls projected in the subsequent years. Clearly many things will change between now and then, so members should not focus on the precise numbers. What is far more important is that members appreciate the direction of funding facing this and many local authorities, and the likely scale. It will be necessary to develop a plan to meet these shortfalls, although the Council does have time (although limited) to put the necessary plans in place. The Council also has access to a reasonable level of reserves, as described in section 8 of this report.

13.6 While noting the uncertainty that is highlighted in this report about the 2021/22 financial year, it is considered unlikely that the quantum of funding from Government will increase and as such, this Council will need to identify measures to

bridge the budget gap. A comparison between this year's MTFS and the past two last years does highlight an increasing need to identify savings in the medium term, to ensure that the Council's budget can be balanced in future years.

2018/19 Budget	
2018/19 – budget year	Balanced
2019/20 – MTFS year 1	Balanced
2020/21 – MTFS year 2	Savings to find £2,266,849
2021/22 – MTFS year 3	Savings to find £3,284,390
2019/20 Budget	
2019/20 – budget year	Balanced
2020/21 – MTFS year 1	Balanced
2021/22 – MTFS year 2	Savings to find £3,181,842
2022/23 – MTFS year 3	Savings to find £4,044,479
2020/21 Budget	
2020/21 – budget year	Balanced
2021/22 – MTFS year 1	Balanced
2022/23 – MTFS year 2	Savings to find £3,327,487
2023/24 – MTFS year 3	Savings to find £4,407,938

13.7 Options to resolve the budget shortfalls in future years come from:

- Efficiencies in the cost of service delivery
- Reductions in service levels
- Increased Council Tax
- Increased income from fees and charges
- Increased commercialisation via its trading companies

13.8 While noting the Council's favourable position of having a balanced budget (by use of the Surplus Savings Reserve) for the first two years of the MTFS period, it is strongly recommended that early consideration is made to how savings in future years will be achieved. All the bullets above need to be considered, with a quickening of the pace of commercialisation and the review of all income generating opportunities, as these are potentially the areas that could generate the highest returns. However, within the MTFS period, all options will need to be considered and potentially implemented.

13.9 Any savings achieved in 2019/20, 2021/22 or 2022/23 resulting in potential underspends in those years, will provide further funding in the Surplus Savings Reserve to assist in the balancing of future years.

14 ARGUMENTS / CONCLUSIONS

14.1 The proactive actions already taken have led to a balanced budget for 2020/21 and 2021/22 (based on known information and the use of the Surplus Savings Reserve). The budget for 2020/21 therefore has minimal risks attached to it, although the Medium Term Financial Strategy and the new funding regime post 2021/22 do contain significant uncertainty and therefore risk. While there is little this Council can do to remove this uncertainty at this point, it does need to look for opportunities within its own control now, which will bridge some part of the funding gap currently forecast.

15 FINANCIAL IMPLICATIONS

15.1 The proposed net operating budget of £10,215,476 will be financed by Revenue Support Grant, retained Business Rates, Council Tax and the Surplus Savings Reserve.

16 APPENDICES

Appendix 1 - Draft Budget 2020/21 and MTFs

Appendix 2 - Statement of Reserves

Appendix 3 - Schedule of Fees and Charges

Appendix 4 - Capital Programme

Appendix 5 – Parish Precepts

Background Documents

Location

Room 104
The Grange
Ely

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DRAFT BUDGET 2020-21

	Budget 2019-20 £	Estimate 2020-21 £	Estimate 2021-22 £	Estimate 2022-23 £	Estimate 2023-24 £
Committees:					
Operational Services	5,516,770	5,650,403	6,058,794	6,174,672	6,262,662
Finance & Assets	5,239,673	4,666,203	5,244,516	5,477,383	5,603,409
Net District Spending	10,756,443	10,316,606	11,303,310	11,652,055	11,866,071
New Homes Bonus Grant	-572,681	-695,237	-241,365	-179,636	0
Rural Services Grant	-161,606	-161,606	0	0	0
Internal Drainage Board Levies	492,140	501,978	512,018	522,258	532,703
Contributions to / from Corporate Reserves	-58,006	253,735	145,293	133,253	108,333
Net Operating Expenditure	10,456,290	10,215,476	11,719,256	12,127,930	12,507,107
Contribution from Surplus Savings Reserve	-1,538,798	-1,289,812	-3,813,977	-797,251	0
Savings to be identified	0	0	0	-3,327,487	-4,407,938
ECDC Budget Requirement	8,917,492	8,925,664	7,905,279	8,003,191	8,099,169
Parish Council Precepts	2,255,224	2,290,047	2,324,870	2,359,693	2,394,516
DISTRICT BUDGET REQUIREMENT	11,172,716	11,215,711	10,230,149	10,362,884	10,493,685
<u>Financed by:</u>					
Council's share of Collection Funds Surplus	-329,345	-71,635	0	0	0
Revenue Support Grant	-11,576	-11,764	0	0	0
Locally retained Non-Domestic Rates	-3,349,219	-3,876,316	-2,888,089	-2,934,447	-2,978,259
Plus: NNDR from Renewable Energy	-1,003,036	-674,728	-674,728	-674,728	-674,728
COUNCIL TAX REQUIREMENT	6,479,540	6,581,268	6,667,332	6,753,709	6,840,698

	Estimate 2019-20 £	Estimate 2020-21 £	Estimate 2021-22 £	Estimate 2022-23 £	Estimate 2023-24 £
Unallocated Surplus Savings Reserve					
In hand at 1st April	6,234,651	5,809,838	4,611,228	797,251	0
Movement in year	-424,813	-1,198,610	-3,813,977	-797,251	0
In hand at 31st March	5,809,838	4,611,228	797,251	0	0

IMPLIED BAND 'D' COUNCIL TAX (District only i.e. excluding parish levies)					
Demand on Collection Fund as above	6,479,540	6,581,268	6,667,332	6,753,709	6,840,698
Less Parish Precepts as above	2,255,224	2,290,047	2,324,870	2,359,693	2,394,516
	4,224,316	4,291,221	4,342,462	4,394,016	4,446,182
Council Tax Base	29,719.4	30,190.1	30,550.6	30,913.3	31,280.3
District Council Tax - Band D	142.14	142.14	142.14	142.14	142.14

Reserve Accounts

Description	2019/20				2020/21			
	Opening Balance 1	Transfers to Reserve	Contributions from Reserve	Forecast Balance 31	Opening Balance 1	Transfers to Reserve	Contributions from Reserve	Forecast Balance 31
	April £	£	£	March £	April £	£	£	March £
District Elections	73,185		(73,185)	0	0	22,500		22,500
Historic Buildings Grants	6,190			6,190	6,190			6,190
Housing Conditions Survey	35,000	5,000		40,000	40,000	5,000		45,000
Building Control	23,155			23,155	23,155			23,155
Change Management	284,015		(34,792)	249,223	249,223		0	249,223
Major Project Development	100,000		(60,000)	40,000	40,000		(40,000)	0
Asset Management	26,690			26,690	26,690			26,690
Leisure	0			0	0			0
Surplus Savings Reserve	6,234,651	1,113,985	(1,538,798)	5,809,838	5,809,838	91,202	(1,289,812)	4,611,228
Vehicle Replacements	89,187			89,187	89,187			89,187
New Homes Bonus	577,682		(486,480)	91,202	91,202		(91,202)	0
Leisure Centre - sinking fund	(42,953)		(48,249)	(91,202)	(91,202)	270,529		179,327
Insurance	16,343			16,343	16,343			16,343
IT	0	40,000		40,000	40,000	40,000		80,000
CIL	1,690,698	5,101,000	(5,008,000)	1,783,698	1,783,698	1,200,000	(800,000)	2,183,698
CIL Admin	267,681	255,000	(100,000)	422,681	422,681	70,000	(100,000)	392,681
Care and Repair	45,000			45,000	45,000			45,000
Wheeled Bins Reserve	10,000			10,000	10,000			10,000
Community Fund Reserves	14,884			14,884	14,884			14,884
Housing	79,547			79,547	79,547			79,547
Affordable Housing	294,070	52,080		346,150	346,150	54,200		400,350
General Fund Balance	1,010,837	34,792		1,045,629	1,045,629			1,045,629
MTFS Reserve	0			0	0			0
Commercial Invest to Save	20,000			20,000	20,000			20,000
External Elections	0			0	0			0
CLT Grant Applications	19,000			19,000	19,000			19,000
Weekly Waste Collection Grant	0			0	0			0
Travellers' Sites	0	23,283		23,283	23,283	27,634		50,917
Enterprise Zone NNDR	75,600	70,460	(43,818)	102,242	102,242	154,761	(46,428)	210,575
Economic Development	98,500		(98,500)	0	0			0
Business Rates Retention Pilot	0			0	0			0
Other								
Section 106 Agreements	2,392,542		(500,000)	1,892,542	1,892,542		(500,000)	1,392,542
Internal Borrowing	(14,486,529)	2,993,230	(1,652,450)	(13,145,749)	(13,145,749)	5,119,058	(2,628,027)	(10,654,718)
Total Reserves	(1,045,023)	9,688,830	(9,644,272)	(1,000,465)	(1,000,465)	7,054,884	(5,495,469)	558,950

Reserve Accounts

Description	2021/22				2022/23			
	Opening Balance 1	Transfers to Reserve	Contributions from Reserve	Forecast Balance 31	Opening Balance 1	Transfers to Reserve	Contributions from Reserve	Forecast Balance 31
	April £	£	£	March £	April £	£	£	March £
District Elections	22,500	22,500		45,000	45,000	22,500		67,500
Historic Buildings Grants	6,190			6,190	6,190			6,190
Housing Conditions Survey	45,000	5,000		50,000	50,000	5,000		55,000
Building Control	23,155			23,155	23,155			23,155
Change Management	249,223		(126,297)	122,926	122,926		(40,867)	82,059
Major Project Development	0			0	0			0
Asset Management	26,690			26,690	26,690			26,690
Leisure	0			0	0			0
Surplus Savings Reserve	4,611,228		(3,813,977)	797,251	797,251		(797,251)	(0)
Vehicle Replacements	89,187			89,187	89,187			89,187
New Homes Bonus	0			0	0			0
Leisure Centre - sinking fund	179,327	327,903		507,230	507,230	313,382		820,612
Insurance	16,343			16,343	16,343			16,343
IT	80,000	40,000		120,000	120,000	40,000		160,000
CIL	2,183,698	1,200,000	(800,000)	2,583,698	2,583,698	1,200,000	(800,000)	2,983,698
CIL Admin	392,681	70,000	(100,000)	362,681	362,681	70,000	(100,000)	332,681
Care and Repair	45,000			45,000	45,000			45,000
Wheeled Bins Reserve	10,000			10,000	10,000			10,000
Community Fund Reserves	14,884			14,884	14,884			14,884
Housing	79,547			79,547	79,547			79,547
Affordable Housing	400,350	36,960		437,310	437,310	24,920		462,230
General Fund Balance	1,045,629	126,297		1,171,926	1,171,926	40,867		1,212,793
MTFS Reserve	0			0	0			0
Commercial Invest to Save	20,000			20,000	20,000			20,000
External Elections	0			0	0			0
CLT Grant Applications	19,000			19,000	19,000			19,000
Weekly Waste Collection Grant	0			0	0			0
Travellers' Sites	50,917	34,647		85,564	85,564	42,279		127,843
Enterprise Zone NNDR	210,575	154,761	(46,428)	318,907	318,907	154,761	(46,428)	427,240
Economic Development	0			0	0			0
Business Rates Retention Pilot	0			0	0			0
Other								
Section 106 Agreements	1,392,542		(500,000)	892,542	892,542		(500,000)	392,542
Internal Borrowing	(10,654,718)	1,742,015		(8,912,703)	(8,912,703)	2,742,015		(6,170,688)
Total Reserves	558,950	3,760,083	(5,386,702)	(1,067,669)	(1,067,669)	4,655,724	(2,284,546)	1,303,508

EAST CAMBRIDGESHIRE DISTRICT COUNCIL

FEES AND CHARGES SCHEDULE 2020-21

Description	VAT code	Discretionary or Statutory	Charge for 2019-20	Proposed Charge for 2020-21
COMMUNITY SERVICES				
BUSINESS PARKING PERMIT SCHEME				
First permit	SR	Discretionary	£50.00	£50.00
Second permit	SR	Discretionary	£55.00	£55.00
Third permit	SR	Discretionary	£60.00	£60.00
Fourth permit	SR	Discretionary	£70.00	£70.00
Market Traders	SR	Discretionary	£20.00	£20.00
CAR PARKING – ANGEL DROVE, ELY				
Cost per day (except Saturdays & Bank Holidays)	SR	Discretionary	£3.00	£3.00
Season Ticket – Weekly (6 days)	SR	Discretionary	£12.00	£12.00
Season Ticket – Quarterly	SR	Discretionary	£145.00	£145.00
Season Ticket – Annual	SR	Discretionary	£506.00	£506.00
CAR PARKING – THE DOCK, ELY				
Cost per day (except Saturdays & Bank Holidays)	SR	Discretionary	£3.00	£3.00
Season Ticket – Weekly (6 days)	SR	Discretionary	£12.00	£12.00
Season Ticket – Quarterly	SR	Discretionary	£145.00	£145.00
Season Ticket – Annual	SR	Discretionary	£506.00	£506.00
CAR PARKING – LITTLEPORT STATION				
<u>On-peak</u>				
Daily	SR	Discretionary	£1.80	£1.80
Weekly	SR	Discretionary	£5.70	£5.70
Quarterly	SR	Discretionary	£57.00	£57.00
Annual	SR	Discretionary	£205.00	£205.00
<u>Off-peak</u>				
Daily	SR	Discretionary	£0.50	£0.50
FIXED PENALTY PARKING FINES				
Excess Charge if paid within 14 days	OS	Discretionary	£50.00	£50.00
Excess Charge if paid after 14 days	OS	Discretionary	£60.00	£60.00
ELY RIVERSIDE				
Mooring Overstay Charge Notice - First 48 hours are free, with a charge applying after this period	SR	Discretionary	£100.00 (reduced to £70 if paid within 14 days)	£100.00 (reduced to £70 if paid within 14 days)

Description	VAT code	Discretionary or Statutory	Charge for 2019-20	Proposed Charge for 2020-21
<u>DEVELOPMENT SERVICES</u>				
PLANNING PRE APPLICATION ADVICE				
Householder Schemes – Extension or works to a dwelling - General Advice on issues is FREE but comment on a particular scheme would attract a fee - Written advice only	SR	Discretionary	£40.00	£41.00
Householder Schemes – Extension or works to a dwelling - General Advice on issues is FREE but comment on a particular scheme would attract a fee - Meeting Only	SR	Discretionary	£40.00	£41.00
Householder Schemes - Extension or works to a dwelling - General Advice on issues is FREE but comment on a particular scheme would attract a fee - Meeting and written advice	SR	Discretionary	£80.00	£82.00
Householder Schemes – Building Control Advice - Written advice only	SR	Discretionary	£22.00	£22.50
Householder Schemes – Building Control Advice - Meeting and written advice	SR	Discretionary	£43.00	£44.00
Householder Schemes – Heritage Advice – Written advice only	SR	Discretionary	£10.00	£10.50
Householder Schemes – Heritage Advice– Meeting only	SR	Discretionary	£10.00	£10.50
Householder Schemes – Heritage Advice– Meeting and written advice	SR	Discretionary	£20.00	£20.50
Householder Schemes – Follow Up Plan Checking	SR	Discretionary	FREE	FREE
Small Scale Minor Development – Residential schemes 1-2 dwellings. Other buildings up to 999sqm. Written Advice	SR	Discretionary	£144.00	£147.00
Small Scale Minor Development – Residential schemes 1-2 dwellings. Other buildings up to 999sqm. Meeting only	SR	Discretionary	£240.00	£245.00
Small Scale Minor Development – Residential schemes 1-2 dwellings. Other buildings up to 999sqm. Meeting and Written Advice	SR	Discretionary	£384.00	£392.00
Small Scale Minor Development – Subsequent Advice on Amended Schemes. Written Advice	SR	Discretionary	£72.00	£73.50
Small Scale Minor Development – Subsequent Advice on Amended Schemes. Meeting only	SR	Discretionary	£120.00	£122.50
Small Scale Minor Development – Subsequent Advice on Amended Schemes. Meeting and Written Advice	SR	Discretionary	£192.00	£196.00
Small Scale Minor Development – Building Control Advice. Written Advice	SR	Discretionary	£55.00	£56.00
Small Scale Minor Development – Building Control Advice. Meeting and Written Advice	SR	Discretionary	£115.00	£117.00
Small Scale Minor Development – Heritage Advice. Written Advice	SR	Discretionary	£30.00	£31.00
Small Scale Minor Development – Heritage Advice. Meeting only	SR	Discretionary	£30.00	£31.00
Small Scale Minor Development – Heritage Advice. Meeting and Written Advice	SR	Discretionary	£60.00	£61.00
Minor Residential Schemes 3-9 dwellings – Written Advice only	SR	Discretionary	£240.00	£245.00
Minor Residential Schemes 3-9 dwellings – Meeting only	SR	Discretionary	£336.00	£343.00
Minor Residential Schemes 3-9 dwellings – Meeting and Written Advice	SR	Discretionary	£576.00	£588.00
Minor Residential Schemes 3-9 dwellings – Subsequent Advice on Amended Schemes - Written Advice only	SR	Discretionary	£120.00	£122.50

Description	VAT code	Discretionary or Statutory	Charge for 2019-20	Proposed Charge for 2020-21
Minor Residential Schemes 3-9 dwellings – Subsequent Advice on Amended Schemes - Meeting only	SR	Discretionary	£168.00	£171.50
Minor Residential Schemes 3-9 dwellings – Subsequent Advice on Amended Schemes - Meeting and Written Advice	SR	Discretionary	£288.00	£294.00
Minor Residential Schemes 3-9 dwellings – Building Control Advice - Written Advice only	SR	Discretionary	£100.00	£102.00
Minor Residential Schemes 3-9 dwellings – Building Control Advice - Meeting and Written Advice	SR	Discretionary	£170.00	£173.50
Minor Residential Schemes 3-9 dwellings – Heritage Advice - Written Advice only	SR	Discretionary	£60.00	£61.00
Minor Residential Schemes 3-9 dwellings – Heritage Advice - Meeting only	SR	Discretionary	£60.00	£61.00
Minor Residential Schemes 3-9 dwellings – Heritage Advice - Meeting and Written Advice	SR	Discretionary	£120.00	£122.50
Small Scale Major Development – 10 up to 40 dwellings. Site area up to 0.5ha. 1000sqm - 4999sqm floor-space. Unaccompanied site visit – Written advice only	SR	Discretionary	£384.00	£392.00
Small Scale Major Development – 10 up to 40 dwellings. Site area up to 0.5ha. 1000sqm - 4999sqm floor-space. Unaccompanied site visit – Meeting only	SR	Discretionary	£432.00	£441.00
Small Scale Major Development – 10 up to 40 dwellings. Site area up to 0.5ha. 1000sqm - 4999sqm plus floor-space. Unaccompanied site visit – Meeting and Written Advice	SR	Discretionary	£816.00	£832.50
Small Scale Major Development – 10 up to 40 dwellings. Site area up to 0.5ha. 1000sqm - 4999sqm floor-space. Unaccompanied site visit –Advice on Amended Schemes - Written advice only	SR	Discretionary	£192.00	£196.00
Small Scale Major Development – 10 up to 40 dwellings. Site area up to 0.5ha. 1000sqm - 4999sqm plus floor-space. Unaccompanied site visit – Advice on Amended Schemes -Meeting only	SR	Discretionary	£216.00	£220.50
Small Scale Major Development – 10 up to 40 dwellings. Site area up to 0.5ha. 1000sqm - 4999sqm floor-space. Unaccompanied site visit – Advice on Amended Schemes - Meeting and Written advice	SR	Discretionary	£408.00	£416.00
Small Scale Major Development – 10 up to 40 dwellings. Site area up to 0.5ha. 1000sqm - 4999sqm floor-space. Building Control Advice - Written advice only	SR	Discretionary	£170.00	£173.50
Small Scale Major Development – 10 up to 40 dwellings. Site area up to 0.5ha. 1000sqm - 4999sqm floor-space. Building Control Advice - Meeting and Written advice	SR	Discretionary	£280.00	£286.00
Small Scale Major Development – 10 up to 40 dwellings. Site area up to 0.5ha. 1000sqm - 4999sqm floor-space. Heritage Advice - Written advice only	SR	Discretionary	£75.00	£76.50
Small Scale Major Development – 10 up to 40 dwellings. Site area up to 0.5ha. 1000sqm - 4999sqm floor-space. Unaccompanied site visit – Heritage Advice -Meeting only	SR	Discretionary	£75.00	£76.50
Small Scale Major Development – 10 up to 40 dwellings. Site area up to 0.5ha. 1000sqm - 4999sqm floor-space. Heritage Advice - Meeting and Written advice	SR	Discretionary	£150.00	£153.00
Large Scale Major Development – 41-99 Dwellings - Site are over 0.5ha. 5000sqm plus floor spaces - Meeting Only.	SR	Discretionary	£528.00	£539.00

Description	VAT code	Discretionary or Statutory	Charge for 2019-20	Proposed Charge for 2020-21
Large Scale Major Development – 41-99 Dwellings - Site are over 0.5ha. 5000sqm plus floor spaces - Meeting and Written Advice	SR	Discretionary	£1,104.00	£1,126.00
Large Scale Major Residential Development – 41-99 Dwellings Site are over 0.5ha. 5000sqm plus floor spaces - Advice on Amended Schemes - Meeting Only	SR	Discretionary	£264.00	£269.00
Large Scale Major Residential Development – 41-99 Dwellings Site are over 0.5ha. 5000sqm plus floor spaces - Advice on Amended Schemes - Meeting and Written Advice	SR	Discretionary	£552.00	£563.00
Large Scale Major Residential Development – 41-99 Dwellings - Building Control Advice - Written Advice	SR	Discretionary	£280.00	£286.00
Large Scale Major Residential Development – 41-99 Dwellings - Building Control Advice - Meeting and Written Advice	SR	Discretionary	£395.00	£403.00
Large Scale Major Residential Development – 41-99 Dwellings - Heritage Advice - Meeting Only	SR	Discretionary	£150.00	£153.00
Large Scale Major Residential Development – 41-99 Dwellings - Heritage Advice - Meeting and Written Advice	SR	Discretionary	£150.00	£153.00
Strategic Development – 100 plus dwellings or mixed use development that includes 1000sqm of non-residential floor space. Accompanied site visit.	SR	Discretionary	£1,728.00	£1,763.00
Strategic Development – 100 plus dwellings or mixed use development that includes 1000sqm of non-residential floor space. Advice on Amended Schemes	SR	Discretionary	£864.00	£881.00
Strategic Development – 100 plus dwellings or mixed use development that includes 1000sqm of non-residential floor space. Building Control Advice - Meeting and Written Advice	SR	Discretionary	£344.00	£351.00
Strategic Development – 100 plus dwellings or mixed use development that includes 1000sqm of non-residential floor space. Heritage Advice - Meeting and Written Advice	SR	Discretionary	£150.00	£153.00
High Hedge Complaint	SR	Discretionary	£450.00	£459.00
Admin Charge if we return application because information requested for validation is not provided within timescale - Householder	SR	Discretionary	£25.00	£25.50
Admin Charge if we return application because information requested for validation is not provided within timescale - Minor & Other Applications	SR	Discretionary	£50.00	£51.00
Admin Charge if we return application because information requested for validation is not provided within timescale - Major Applications	SR	Discretionary	£150.00	£153.00
Listed Building Advice for alteration or extension to a listed building or development within the curtilage if a listed building - On site Meeting (1 hour) plus written advice	SR	Discretionary	£150.00	£153.00
Listed Building Advice for alteration or extension to a listed building or development within the curtilage if a listed building - Site visit (No written advice)	SR	Discretionary	£96.00	£98.00
Registration and annual fee to be included on the register under the Self Build and Custom Housing Building Act 2015	OS	Discretionary	£20.00	£20.50

Description	VAT code	Discretionary or Statutory	Charge for 2019-20	Proposed Charge for 2020-21
PLANNING APPLICATIONS				
See separate document for scale of fee for planning applications, determinations, certificates of lawful use or development and advertising consents				
click here for planning fees				
BUILDING REGULATION CHARGES				
See separate documents for Building Regulations Non-Domestic/Domestic Guidance Notes				
www.eastcambs.gov.uk/sites/default/files/BC%20Fees%20Aug%202018%20Final%206th%20August.pdf				
STREET NAMING & NUMBERING				
Property name additions/amendments/removals	OS	Discretionary	£50.00	£50.00
Naming of new streets	OS	Discretionary	£150.00	£150.00
Numbering of new properties				
1 property	OS	Discretionary	£50.00	£50.00
2 – 5 properties	OS	Discretionary	£75.00	£75.00
6 – 10 properties	OS	Discretionary	£100.00	£100.00
11 – 25 properties	OS	Discretionary	£150.00	£150.00
26 – 50 properties	OS	Discretionary	£250.00	£250.00
51 – 100 properties	OS	Discretionary	£400.00	£400.00
101 + properties	OS	Discretionary	£500.00	£500.00
			Plus £10 per property over 101	Plus £10 per property over 101
Division of properties – same as numbering of new properties (and based on number of properties created including the original)	OS	Discretionary	See numbering of new properties	See numbering of new properties
Confirmation of address to solicitors / conveyancers / occupiers or owners	OS	Discretionary	£25.00	£25.00
Renumbering of scheme following development replan (after notification of numbering scheme issued)	OS	Discretionary	£100.00 + £10 per property	£100.00 + £10 per property
Address issued/confirmed when replacement property built (as the original address will have been removed following the demolition as address may be different to original property) reactivation of address	OS	Discretionary	£50.00 per property	£50.00 per property
1 st set of nameplates erected for each new street if one nameplate required	OS	Discretionary	£225.00	£225.00
1 st set of nameplates erected for each new street if two nameplates required	OS	Discretionary	£325.00	£325.00
For each additional nameplate that is required to be erected at other junctions and entrances onto the new street	OS	Discretionary	£100.00	£100.00
Challenges/requests/revisions to existing street naming and numbering schemes	OS	Discretionary	Price on Application	Price on Application
E-SPACE BUSINESS CENTRES				

Description	VAT code	Discretionary or Statutory	Charge for 2019-20	Proposed Charge for 2020-21
Ely – Annual rental charge per square foot (effective for new leases and on renewals)	SR	Discretionary	£29.30	£30.00
Littleport – Annual rental charge per square foot (effective on new leases and on renewals)	SR	Discretionary	£19.20	£20.00
PHOTOCOPYING CHARGES				
Up to 10 A4 pages	SR	Discretionary	No charge	No charge
11 A4 pages and over	SR	Discretionary	£1.00 plus 10p per copy	£1.10 plus 10p per copy
A3 copies (2xA4)	SR	Discretionary	As above plus 20p per copy	As above plus 20p per copy
A2 copies (4xA4)	SR	Discretionary	As above plus 40p per copy	As above plus 40p per copy
A1 copies (8xA4)	SR	Discretionary	As above plus 80p per copy	As above plus 80p per copy
Copy of Building Control Completion Certificate			£10.00	£10.20
ENVIRONMENTAL SERVICES				
Safer Food Better Business Mentoring Scheme	SR	Discretionary	£50.00 per hour	£51.00 per hour
Re-rating inspection fee for food business	OS	Discretionary	£130.00	£133.00
HYPNOTISM				
Daily permit to stage a show	OS	Discretionary	£93.00	£93.00
GAMBLING ACT 2005				
Casino Premises Licence - Regional				
Maximum non conversion application fee in respect of provisional statement premises	OS	Statutory	£8,000.00	£8,000.00
Maximum non conversion application fee in respect of other premises	OS	Statutory	£15,000.00	£15,000.00
Annual fee	OS	Statutory	£15,000.00	£15,000.00
Fee for application to vary licence	OS	Statutory	£7,500.00	£7,500.00
Fee for application to transfer licence	OS	Statutory	£6,500.00	£6,500.00
Fee for application for reinstatement of a licence	OS	Statutory	£6,500.00	£6,500.00
Fee for application for provisional statement	OS	Statutory	£15,000.00	£15,000.00
Casino Premises Licence - Large				
Maximum non conversion application fee in respect of provisional statement premises	OS	Statutory	£5,000.00	£5,000.00
Maximum non conversion application fee in respect of other premises	OS	Statutory	£10,000.00	£10,000.00
Annual fee	OS	Statutory	£10,000.00	£10,000.00
Fee for application to vary licence	OS	Statutory	£5,000.00	£5,000.00
Fee for application to transfer licence	OS	Statutory	£2,150.00	£2,150.00
Fee for application for reinstatement of a licence	OS	Statutory	£2,150.00	£2,150.00
Fee for application for provisional statement	OS	Statutory	£10,000.00	£10,000.00
Casino Premises Licence - Small				
Maximum non conversion application fee in respect of provisional statement premises	OS	Statutory	£3,000.00	£3,000.00
Maximum non conversion application fee in respect of other premises	OS	Statutory	£8,000.00	£8,000.00
Annual fee	OS	Statutory	£5,000.00	£5,000.00
Fee for application to vary licence	OS	Statutory	£4,000.00	£4,000.00
Fee for application to transfer licence	OS	Statutory	£1,800.00	£1,800.00

Description	VAT code	Discretionary or Statutory	Charge for 2019-20	Proposed Charge for 2020-21
Fee for application for reinstatement of a licence	OS	Statutory	£1,800.00	£1,800.00
Fee for application for provisional statement	OS	Statutory	£8,000.00	£8,000.00
Casino Premises Licence - Converted				
Maximum conversion application fee for non fast track application	OS	Statutory	£2,000.00	£2,000.00
Annual fee	OS	Statutory	£3,000.00	£3,000.00
Fee for application to vary licence	OS	Statutory	£2,000.00	£2,000.00
Fee for application to transfer licence	OS	Statutory	£1,350.00	£1,350.00
Fee for application for reinstatement of a licence	OS	Statutory	£1,350.00	£1,350.00
Bingo Premises Licence				
Maximum conversion application fee for non fast track application	OS	Statutory	£1,750.00	£1,750.00
Maximum non conversion application fee in respect of provisional statement premises	OS	Statutory	£1,200.00	£1,200.00
Maximum non conversion application fee in respect of other premises	OS	Statutory	£3,500.00	£3,500.00
Annual fee	OS	Statutory	£1,000.00	£1,000.00
Fee for application to vary licence	OS	Statutory	£1,750.00	£1,750.00
Fee for application to transfer licence	OS	Statutory	£1,200.00	£1,200.00
Fee for application for reinstatement of a licence	OS	Statutory	£1,200.00	£1,200.00
Fee for application for provisional statement	OS	Statutory	£3,500.00	£3,500.00
Adult Gaming Premises Licence				
Maximum conversion application fee for non fast track application	OS	Statutory	£1,000.00	£1,000.00
Maximum non conversion application fee in respect of provisional statement premises	OS	Statutory	£1,200.00	£1,200.00
Maximum non conversion application fee in respect of other premises	OS	Statutory	£2,000.00	£2,000.00
Annual fee	OS	Statutory	£1,000.00	£1,000.00
Fee for application to vary licence	OS	Statutory	£1,000.00	£1,000.00
Fee for application to transfer licence	OS	Statutory	£1,200.00	£1,200.00
Fee for application for reinstatement of a licence	OS	Statutory	£1,200.00	£1,200.00
Fee for application for provisional statement	OS	Statutory	£2,000.00	£2,000.00
Betting Premises (Track) Licence				
Maximum conversion application fee for non fast track application	OS	Statutory	£1,250.00	£1,250.00
Maximum non conversion application fee in respect of provisional statement premises	OS	Statutory	£950.00	£950.00
Maximum non conversion application fee in respect of other premises	OS	Statutory	£2,500.00	£2,500.00
Annual fee	OS	Statutory	£1,000.00	£1,000.00
Fee for application to vary licence	OS	Statutory	£1,250.00	£1,250.00
Fee for application to transfer licence	OS	Statutory	£950.00	£950.00
Fee for application for reinstatement of a licence	OS	Statutory	£950.00	£950.00
Fee for application for provisional statement	OS	Statutory	£2,500.00	£2,500.00
Family Entertainment Centre Premises Licence				
Maximum conversion application fee for non fast track application	OS	Statutory	£1,000.00	£1,000.00
Maximum non conversion application fee in respect of provisional statement premises	OS	Statutory	£950.00	£950.00

Description	VAT code	Discretionary or Statutory	Charge for 2019-20	Proposed Charge for 2020-21
Maximum non conversion application fee in respect of other premises	OS	Statutory	£2,000.00	£2,000.00
Annual fee	OS	Statutory	£750.00	£750.00
Fee for application to vary licence	OS	Statutory	£1,000.00	£1,000.00
Fee for application to transfer licence	OS	Statutory	£950.00	£950.00
Fee for application for reinstatement of a licence	OS	Statutory	£950.00	£950.00
Fee for application for provisional statement	OS	Statutory	£2,000.00	£2,000.00
Betting Premises (Other) Licence				
Maximum conversion application fee for non fast track application	OS	Statutory	£1,500.00	£1,500.00
Maximum non conversion application fee in respect of provisional statement premises	OS	Statutory	£1,200.00	£1,200.00
Maximum non conversion application fee in respect of other premises	OS	Statutory	£3,000.00	£3,000.00
Annual fee	OS	Statutory	£600.00	£600.00
Fee for application to vary licence	OS	Statutory	£1,500.00	£1,500.00
Fee for application to transfer licence	OS	Statutory	£1,200.00	£1,200.00
Fee for application for reinstatement of a licence	OS	Statutory	£1,200.00	£1,200.00
Fee for application for provisional statement	OS	Statutory	£3,000.00	£3,000.00
Temporary Use Notices				
Temporary Use Notice fee	OS	Statutory	£500.00	£500.00
Replacement of an endorsed copy	OS	Statutory	£25.00	£25.00
All premises licences				
Change of circumstances fee	OS	Statutory	£50.00	£50.00
Fee for a copy licence	OS	Statutory	£25.00	£25.00
GAMBLING ACT 2005 PERMITS				
Family Entertainment Centre Gaming Machine Permit				
Application fee	OS	Statutory	£300.00	£300.00
Renewal	OS	Statutory	£300.00	£300.00
Change of name	OS	Statutory	£25.00	£25.00
Copy of permit	OS	Statutory	£15.00	£15.00
Club Gaming Permits				
Application fee - holder of club premises certificate or holder of existing Pt 2 or 3 registration under Gaming Act 1968	OS	Statutory	£100.00	£100.00
Application fee – non club premises certificate holder	OS	Statutory	£200.00	£200.00
Renewal after 10 years	OS	Statutory	£200.00	£200.00
Copy of permit	OS	Statutory	£15.00	£15.00
Variation	OS	Statutory	£100.00	£100.00
Annual fee	OS	Statutory	£50.00	£50.00

Description	VAT code	Discretionary or Statutory	Charge for 2019-20	Proposed Charge for 2020-21
Club Machine Permits				
Application fee - holder of club premises certificate or holder of existing Pt 2 or 3 registration under Gaming Act 1968	OS	Statutory	£100.00	£100.00
Application fee – non club premises certificate holder	OS	Statutory	£200.00	£200.00
Renewal after 10 years	OS	Statutory	£200.00	£200.00
Copy of permit	OS	Statutory	£15.00	£15.00
Variation	OS	Statutory	£100.00	£100.00
Annual fee	OS	Statutory	£50.00	£50.00
Alcohol Licensed Premises – 2 or less machines				
Notification fee	OS	Statutory	£50.00	£50.00
Alcohol Licensed Premises – more than 2 machines				
Application fee	OS	Statutory	£150.00	£150.00
Annual fee	OS	Statutory	£50.00	£50.00
Change of name	OS	Statutory	£25.00	£25.00
Copy of permit	OS	Statutory	£15.00	£15.00
Variation	OS	Statutory	£100.00	£100.00
Transfer	OS	Statutory	£25.00	£25.00
Prize Gaming Permits (pubs)				
Application fee	OS	Statutory	£300.00	£300.00
Renewal	OS	Statutory	£300.00	£300.00
Change of name	OS	Statutory	£25.00	£25.00
Copy of permit	OS	Statutory	£15.00	£15.00
Registration Of Small Society Lotteries				
Lottery registration	OS	Statutory	£40.00	£40.00
Lottery renewals	OS	Statutory	£20.00	£20.00
HACKNEY CARRIAGE AND PRIVATE HIRE FEES				
New Driver Licence Application for 12 months				
Joint Hackney Carriage <u>and</u> Private Hire (incl. 1st knowledge test)	OS	Discretionary	£217.00	£217.00
Knowledge Test Re-sit	OS	Discretionary	£20.00	£20.00
Renewal of Driver Licence Application for 12 months				
Joint Hackney Carriage <u>and</u> Private Hire	OS	Discretionary	£175.00	£175.00
New Driver Licence Application for 36 months				
Joint Hackney Carriage <u>and</u> Private Hire (incl. 1st knowledge test)	OS	Discretionary	£612.00	£525.00
Renewal of Driver Licence Application for 36 months				
Joint Hackney Carriage <u>and</u> Private Hire	OS	Discretionary	£570.00	£570.00
General driver fees				
Three yearly Criminal Records Bureau disclosure		Discretionary	£49.00	£49.00
DVLA check		Discretionary	£5.00	£5.00
New Vehicle (Plate) Licence Application				
Private Hire Vehicle Licence – 1 year	OS	Discretionary	£250.00	£250.00
Hackney Carriage Vehicle Licence – 1 year	OS	Discretionary	£250.00	£250.00
Renewal Vehicle (Plate) Licence Application				
Private Hire Vehicle Licence – 1 year	OS	Discretionary	£250.00	£250.00
Hackney Carriage Vehicle Licence – 1 year	OS	Discretionary	£250.00	£250.00

Description	VAT code	Discretionary or Statutory	Charge for 2019-20	Proposed Charge for 2020-21
Transfer of Vehicle Plate/licence				
Private Hire	OS	Discretionary	£35.00	£25.00
Hackney Carriage	OS	Discretionary	£25.00	£25.00
Variation of Vehicle Plate/licence				
Private Hire	OS	Discretionary	£35.00	£35.00
Hackney Carriage	OS	Discretionary	£25.00	£35.00
Private Hire Operator's Licence				
New & Renewal - 1 year - Single vehicle	OS	Discretionary	£126.00	£126.00
New & Renewal - 1 year - 2 to 5 vehicles	OS	Discretionary	£156.00	£156.00
New & Renewal - 1 year - 6 to 10 vehicles	OS	Discretionary	£186.00	£186.00
New & Renewal - 1 year - 11 + vehicles	OS	Discretionary	£216.00	£216.00
New & Renewal - 5 year - Single vehicle	OS	Discretionary	£627.00	£627.00
New & Renewal - 5 year - 2 to 5 vehicles	OS	Discretionary	£737.00	£737.00
New & Renewal - 5 year - 6 to 10 vehicles	OS	Discretionary	£847.00	£847.00
New & Renewal - 5 year - 11 + vehicles	OS	Discretionary	£957.00	£957.00
Replacement Items (charge applicable per licence)				
Joint P/H & H/C Licence	OS	Discretionary	£10.50	£10.50
P/H or H/C Vehicle Licence	OS	Discretionary	£10.50	£10.50
Private Hire Operator Licence	OS	Discretionary	£10.50	£10.50
Joint P/H and H/C Driver Badge/ID	OS	Discretionary	£10.50	£10.50
P/H or H/C Vehicle Plate	OS	Discretionary	£20.00	£20.00
Joint P/H and H/C Driver change of address	OS	Discretionary	£10.50	£10.50
P/H and H/C Vehicle change of address	OS	Discretionary	£10.50	£10.50
Theft, loss etc of a licence	OS	Discretionary	£10.50	£10.50
Replacement door sticker	OS	Discretionary	£6.00	£6.00
DBS update service check	OS	Discretionary	£5.00	
Knowledge test re-sit fee	OS	Discretionary	£20.00	£20.00
DBS enhanced check (where no DBS update service option available)	OS	Discretionary	£49.00	£49.00
DVLA licence check	OS	Discretionary	£5.00	£5.00
PARK HOMES / CARAVAN SITES / MOBILE HOMES				
Costs of New Applications				
1-5 pitches	OS	Discretionary	£208.00	£212.00
6-10 pitches	OS	Discretionary	£227.00	£232.00
11-20 pitches	OS	Discretionary	£227.00	£232.00
21-50 pitches	OS	Discretionary	£246.00	£251.00
51-100 pitches	OS	Discretionary	£265.00	£270.50
Greater than 100 pitches	OS	Discretionary	£265.00	£270.50
Annual Inspection Fees				
1-5 pitches	OS	Discretionary	nil	nil
6-10 pitches	OS	Discretionary	£225.00	£229.50
11-20 pitches	OS	Discretionary	£225.00	£229.50
21-50 pitches	OS	Discretionary	£225.00	£229.50
51-100 pitches	OS	Discretionary	£263.00	£268.50
Greater than 100 pitches	OS	Discretionary	£263.00	£268.50
Cost of Laying Site Rules	OS	Discretionary	£27.00	£28.00
Cost of Variation / Transfer	OS	Discretionary	£100.00	£102.00

Description	VAT code	Discretionary or Statutory	Charge for 2019-20	Proposed Charge for 2020-21
ZOO LICENCE				
New establishment (excl. VET fees)	OS	Discretionary	£2,415.00	£2,415.00
Renewal (excl. VET fees)	OS	Discretionary	£2,070.00	£2,070.00
Theft, loss etc of a licence	OS	Discretionary	£10.50	£10.50
Change of name on licence	OS	Discretionary	£10.50	£10.50
Change of licence details	OS	Discretionary	£10.50	£10.50
ANIMAL WELFARE LICENCE				
Animal Welfare Licence - New and renewal applications	OS	Discretionary	£290.00 - £2,490	£290.00 - £2,490
Re-rating inspection fee	OS	Discretionary	£72.00 - £168.00	£72.00 - £168.00
Variation requiring inspection	OS	Discretionary	£72.00 - £168.00	£72.00 - £168.00
Copy licence, change of details not requiring inspection	OS	Discretionary	£10.50	£10.50
DANGEROUS WILD ANIMALS (2 YR LICENCE)				
New establishment (excl. VET fees)	OS	Discretionary	£648.00	£648.00
Renewal applications (excl. VET fees)	OS	Discretionary	£648.00	£648.00
Theft, loss etc of a licence	OS	Discretionary	£10.50	£10.50
Change of name on licence	OS	Discretionary	£10.50	£10.50
Change of licence details	OS	Discretionary	£10.50	£10.50
STRAY DOGS				
Stray Dog Collection - per dog	OS	Statutory	£25.00	£25.00
Kennelling Charge per night/or few hours	OS	Discretionary	£16.20	£16.20
Stray dog collection (anytime)	OS	Discretionary	£50.00	£50.00
Transfer to Woodgreen	OS	Discretionary	£40.00	£40.00
Admin Fee	OS	Discretionary	£10.00	£10.00
PRIVATE WATER SUPPLY SAMPLING				
Risk Assessment (each assessment) - officer hourly rate x time taken up to a maximum fee	OS	Discretionary	Max £500.00	Max £500.00
Sampling (each visit) - officer hourly rate x time taken up to a maximum fee	OS	Discretionary	Max £100.00	Max £100.00
Investigation (each investigation) - officer hourly rate x time taken up to a maximum fee	OS	Discretionary	Max £100.00	Max £100.00
Granting an authorisation (each authorisation) - officer hourly rate x time taken up to a maximum fee	OS	Discretionary	Max £100.00	Max £100.00
Analysing a sample				
Taken under Regulation 10 - officer hourly rate x time taken up to a maximum fee	OS	Discretionary	Max £25.00	Max £25.00
Taken during check monitoring - officer hourly rate x time taken up to a maximum fee	OS	Discretionary	Max £100.00	Max £100.00
Taken during audit monitoring - officer hourly rate x time taken up to a maximum fee	OS	Discretionary	Max £500.00	Max £500.00
IMMIGRATION HOUSING INSPECTIONS				
Production of housing condition reports	OS	Discretionary	£100.00	£105.00
LICENSING OF HOUSES IN MULTIPLE OCCUPATION				
Mandatory licence for 5 years	OS	Discretionary	£300.00	£310.00

Description	VAT code	Discretionary or Statutory	Charge for 2019-20	Proposed Charge for 2020-21
SKIN PIERCING (ACUPUNCTURE, TATTOOING, PERMANENT AND SEMI PERMANENT SKIN COLOURING)				
Premises	OS	Discretionary	£182.00	£186.00
Per Individual	OS	Discretionary	£182.00	£186.00
Amendment of Export health or skin piercing certificate	OS	Discretionary	£10.50	£0.00
SEX ESTABLISHMENTS				
Application	OS	Discretionary	£3,761.00	£3,761.00
Renewal	OS	Discretionary	£1,880.50	£1,880.50
Variation	OS	Discretionary	£1,880.50	£1,880.50
Transfer	OS	Discretionary	£1,880.50	£1,880.50
Theft, loss etc of a licence	OS	Discretionary	£10.50	£10.50
TRAVELLER SITE RENTS				
Burwell – Site Rent per week	EX	Discretionary	N/A	N/A
Burwell – Water & Waste Charge per week	EX	Discretionary	N/A	N/A
Earith Bridge – Site Rent per week	EX	Discretionary	£85.00	£87.00
Earith Bridge – Water & Waste Charge per week	EX	Discretionary	£10.00	£10.50
Wentworth – Site Rent per week	EX	Discretionary	£85.00	£87.00
Wentworth – Water & Waste Charge per week	EX	Discretionary	£10.00	£10.50
STREET TRADING				
Street Trading - Consent - Annual	OS	Discretionary	£520.00 - £1040.00	£520.00 - £1,040.00
Street Trading – Consent - Daily Permit	OS	Discretionary	£15.00 - £30.00	£15.00 - £30.00
Street Trading - Consent - Transfer	OS	Discretionary	£48.00	£48.00
Street Trading Consent - Event	OS	Discretionary	£20.00 - £500.00	£20.00 - £500.00
THE POLLUTION PREVENTION & CONTROL ACT 1990 ENVIRONMENTAL PERMITTING REGULATIONS 2010				
See link for nationally set figures http://www.defra.gov.uk/industrial-emissions/files/List-		Statutory		
LICENSING ACT 2003				
Personal Licence				
Application for a grant of a personal licence	OS	Statutory	£37.00	£37.00
Theft, loss etc of a personal licence	OS	Statutory	£10.50	£10.50
Temporary Event Notices				
Temporary & Late Temporary Event Notices	OS	Statutory	£21.00	£21.00
Theft, loss etc of Temporary Event Notice	OS	Statutory	£10.50	£10.50
Premises Licence				
Application for transfer of a premises licence	OS	Statutory	£23.00	£23.00
Theft, loss etc of premises licence	OS	Statutory	£10.50	£10.50
Loss of premises summary	OS	Statutory	£10.50	£10.50
Application to vary licence to specify individual as designated premises supervisor (DPS)	OS	Statutory	£23.00	£23.00
Application to dis-apply designated premises supervisor (DPS) on community premises	OS	Statutory	£23.00	£23.00
Club Premises				
Change of relevant registered address of club	OS	Statutory	£10.50	£10.50
Notification of change of name or alteration of club rules	OS	Statutory	£10.50	£10.50
Theft, loss etc of club certificate	OS	Statutory	£10.50	£10.50
General				

Description	VAT code	Discretionary or Statutory	Charge for 2019-20	Proposed Charge for 2020-21
Minor variation to a premises licence or club premises certificate	OS	Statutory	£89.00	£89.00
Notification of change of name or address	OS	Statutory	£10.50	£10.50
Duty to notify change of name or address	OS	Statutory	£10.50	£10.50
Application fee for a provisional statement where premises being built	OS	Statutory	£315.00	£315.00
Interim authority notice following death etc of licence holder	OS	Statutory	£23.00	£23.00
Right of freeholder etc to be notified of licensing matters	OS	Statutory	£21.00	£21.00
New Premises Licence Applications And Variations For Premises And Club Premises Licences				
Band A	OS	Statutory	£100.00	£100.00
Band B	OS	Statutory	£190.00	£190.00
Band C	OS	Statutory	£315.00	£315.00
Band D	OS	Statutory	£450.00	£450.00
Band D when primary business Alcohol Sales x 2	OS	Statutory	£900.00	£900.00
Band E	OS	Statutory	£635.00	£635.00
Band E when primary business Alcohol Sales x 3	OS	Statutory	£1,905.00	£1,905.00
Premises Annual Renewal				
Band A	OS	Statutory	£70.00	£70.00
Band B	OS	Statutory	£180.00	£180.00
Band C	OS	Statutory	£295.00	£295.00
Band D	OS	Statutory	£320.00	£320.00
Band D when primary business Alcohol Sales x 2	OS	Statutory	£640.00	£640.00
Band E	OS	Statutory	£350.00	£350.00
Band E when primary business Alcohol Sales x 3	OS	Statutory	£1,050.00	£1,050.00
Additional Fees For Large Venues And Events				
Number in attendance at any one time				
5,000 – 9,999	OS	Statutory	£1,000.00	£1,000.00
10,000 – 14,999	OS	Statutory	£2,000.00	£2,000.00
15,000 – 19,999	OS	Statutory	£4,000.00	£4,000.00
20,000 – 29,999	OS	Statutory	£8,000.00	£8,000.00
30,000 – 39,999	OS	Statutory	£16,000.00	£16,000.00
40,000 – 49,999	OS	Statutory	£24,000.00	£24,000.00
50,000 – 59,999	OS	Statutory	£32,000.00	£32,000.00
60,000 – 69,999	OS	Statutory	£40,000.00	£40,000.00
70,000 – 79,999	OS	Statutory	£48,000.00	£48,000.00
80,000 – 89,999	OS	Statutory	£56,000.00	£56,000.00
90,000 and over	OS	Statutory	£64,000.00	£64,000.00
SCRAP METAL DEALER LICENCE				
Initial Site Licence Fee	OS	Discretionary	£662.00	£732.00
Site Licence Renewal	OS	Discretionary	£450.00	£600.00
Initial Collectors Licence Fee	OS	Discretionary	£490.00	£560.00
Collectors Licence renewal.	OS	Discretionary	£394.00	£450.00
Variation for both licences.	OS	Discretionary	£120.00	£120.00
Theft, loss etc of a licence	OS	Discretionary	£10.50	£10.50

Description	VAT code	Discretionary or Statutory	Charge for 2019-20	Proposed Charge for 2020-21
WASTE				
Bulky Waste				
Up to three household items	OS	Discretionary	£25.00	£25.50
Fridge or freezer	OS	Discretionary	£25.00	£25.50
Initial cost of bins for new residential properties (this is for each bin provided)	OS	Discretionary	£25.00	£25.50
Annual Garden Waste Wheeled Bin Licence - this is for an additional bin	OS	Discretionary	£48.00	£49.00
Delivery and Administration Charge for additional blue bin (one off charge)	SR	Discretionary	£25.00	£25.50
Fly Tipping Fee	OS	Statutory	£400.00	£400.00
ENVIRONMENTAL PROTECTION ACT PERMIT				
EXPORT CERTIFICATE OF HEALTH				
	OS	Statutory	Variable	Variable
	OS	Discretionary	£95.00	£97.00
<u>FACILITIES MANAGEMENT</u>				
GARAGE RENTS – ST JOHNS ROAD, ELY				
Monthly charge	SR	Discretionary	£28.83	£28.83 + April 2020 RPI
<u>LEGAL SERVICES</u>				
LLC1 ONLY	OS	Discretionary	£21.48	£21.95
CON29(R) ONLY	SR	Discretionary	£127.98	£130.50
STANDARD SEARCH - LLC1 AND CON29(R)	SR/OS	Discretionary	£149.46	£152.50
CON29 OPTIONAL ENQUIRIES				
Q4 Road proposal by private bodies	SR	Discretionary	£10.32	£10.50
Q5. Advertisements	SR	Discretionary	£10.32	£10.50
Q6 Completion Notices	SR	Discretionary	£13.44	£13.70
Q7 Parks and Countryside	SR	Discretionary	£10.32	£10.50
Q8 Pipelines	SR	Discretionary	£3.24	£3.50
Q9 Houses in Multiple Occupation	SR	Discretionary	£3.24	£3.50
Q10 Noise Abatement	SR	Discretionary	£2.88	£3.00
Q11 Urban Development Areas	SR	Discretionary	£10.20	£10.50
Q12 Enterprise Zones, Local Development Orders and BID	SR	Discretionary	£3.24	£3.50
Q13 Inner Urban Improvement Areas	SR	Discretionary	£3.24	£3.50
Q14 Simplified Planning Zones	SR	Discretionary	£10.32	£10.50
Q15 Land Maintenance Notices	SR	Discretionary	£10.32	£10.50
Q16 Mineral Consultation and Safeguarding Areas	SR	Discretionary	£4.80	£5.00
Q17 Hazardous Substance Consents	SR	Discretionary	£10.32	£10.50
Q18 Environmental and Pollution Notices	SR	Discretionary	£3.24	£3.50
Q19 Food Safety Notices	SR	Discretionary	£7.68	£7.90
Q20 Hedgerow Notices	SR	Discretionary	£3.24	£3.50
Q21 Flood Defence and Land Drainage Consents	SR	Discretionary	£4.98	£5.20
Q22 Common Land and Town or Village Green	SR	Discretionary	£9.96	£10.20
CON29 ENQUIRIES				
1.1a-i Planning and Building Decisions and Pending			Total £9.50	Total £9.70
1.1 j-l Planning and Building Decisions and Pending			Total £3.85	Total £4.0
1.2 Planning designations and proposals			Total £0.84	Total £0.90
2.1 to 2.5 Roadways and footpaths			HIGHWAYS	HIGHWAYS

Description	VAT code	Discretionary or Statutory	Charge for 2019-20	Proposed Charge for 2020-21
3.1 Other Matters - Is the property included in land required for public purposes	SR	Discretionary	Total £3.60	Total £3.80
3.2 Other Matters - Is the property included in land required for road works	SR	Discretionary	HIGHWAYS	HIGHWAYS
3.3 Drainage Matters			Total £2.70	Total £2.80
3.4 Nearby Road Schemes			HIGHWAYS	HIGHWAYS
3.5 Nearby Railway Schemes			HIGHWAYS	HIGHWAYS
3.6 Traffic Schemes			HIGHWAYS	HIGHWAYS
3.7 Outstanding Notices (a) (b) (c) (d) & (f) only			Total £6.14	Total £6.30
3.8 Contravention of Building Regulations			Total £2.52	Total £2.60
3.9 Notices, Orders, Direction and Proceedings under			Total £4.58	Total £4.70
			Total £7.56	Total £7.80
3.10 Community Infrastructure Levy (CIL)				
3.11 Conservation Area			Total £3.96	Total £4.00
3.12 Compulsory Purchase			Total £3.96	Total £4.00
3.13 Contaminated Land			Total £0.86	Total £0.90
3.14 Radon Gas			Total £1.68	Total £1.80
3.15 Assets of Community Value			Total £5.04	Total £5.20
REGISTER OF ELECTORS				
Sale of Copies of Register of Electors				
Data Form per 1000 electors or part of	OS	Statutory	£20.00, plus £1.50	£21.00, plus £1.50
Printed Form per 1000 electors or part of	OS	Statutory	£10.00, plus £5.00	£10.50, plus £5.00
List of Overseas Electors				
Data Form per 1000 electors or part of	OS	Statutory	£20.00 plus £1.50	£21.00 plus £1.50
Printed Form per 1000 electors or part of	OS	Statutory	£10.00 plus £5.00	£10.50 plus £5.00
LEGAL WORK				
Section 106 Agreements & Variations				
Hourly rates ***				
Legal Services Manager/Planning Solicitor	OS	Discretionary	£150.00	£155.00
Legal Assistant	OS	Discretionary	£120.00	£125.00
Senior Legal Assistant	OS	Discretionary	£130.00	£135.00
Land Charges Officer & Paralegal/Paralegal	OS	Discretionary	£50.00	£51.00
Information Officer	OS	Discretionary	£55.00	£56.00
Simple S106 - Standard Charge	OS	Discretionary	£1,050.00	£1,070.00
Easements (e.g. Car parking verges etc)				
Simple	OS	Discretionary	£675.00	£690.00
Complex	OS	Discretionary	See hourly rates above***	See hourly rates above***
Conveyancing (e.g. POS, small parcels of land, small leases & Licences, etc)				
Simple	OS	Discretionary	£675.00	£690.00
Complex	OS	Discretionary	See hourly rates above***	See hourly rates above***
Release of restrictive covenant				
Simple	OS	Discretionary	£675.00	£690.00
Complex	OS	Discretionary	See hourly rates above***	See hourly rates above***

Description	VAT code	Discretionary or Statutory	Charge for 2019-20	Proposed Charge for 2020-21
Miscellaneous Deeds				
Simple	OS	Discretionary	£675.00	£690.00
Complex	OS	Discretionary	See hourly rates above***	See hourly rates above***
Prosecutions				
Car Parking	OS	Discretionary	£100 plus Legal Officer presentation time at court and disbursements – i.e. if have to travel to Court	£102 plus Legal Officer presentation time at court and disbursements – i.e. if have to travel to Court
Licence - Garage at St John's Road	OS	Discretionary	£110.50	£113.00
All prosecutions			See hourly rates above***	See hourly rates above***
Miscellaneous removal of charge from property	OS	Discretionary	£110.50	£113.00
Mortgages				
Redemptions	OS	Discretionary	£220.00	£225.00
Civil Cases	OS	Discretionary	See hourly rates above***	See hourly rates above***
HOUSING				
Bed and Breakfast Charges	OS	Discretionary	See hourly rates above***	See hourly rates above***
Removals and Storage Charges	SR	Discretionary	See hourly rates above***	See hourly rates above***

Capital Programme 2019/20 to 2023/24

CAPITAL BUDGET	Projected Spend 2019/20	Proposed Budget 2020/21	Proposed Budget 2021/22	Proposed Budget 2022/23	Proposed Budget 2023/24
	£	£	£	£	£
Operational Services					
Refuse Vehicles	52,450	1,882,077			
Depot	100,000	745,950			
Conservation Area Schemes - 2nd round	27,506				
Mandatory Disabled Facilities Grants (DFG)	1,080,808	697,299	697,299	697,299	697,299
Empty Properties, Discretionary DFGs, Minor Works, Home Repair Asst.	78,619	75,000	75,000	75,000	75,000
Vehicle Etc. Replacements	118,187	29,000	29,000	29,000	29,000
Operational Services Total	1,457,570	3,429,326	801,299	801,299	801,299
Finance and Assets					
Intranet / HR / Payroll System Improvements	26,115				
Commuter Car Park - Ely (additional)	400,000				
Riverside Moorings	289,500				
Extension to Country Park		163,200			
East Cambs Trading Company - MOD Loan	1,500,000				
Finance and Assets Total	2,215,615	163,200	0	0	0
Capital Programme Total	3,673,185	3,592,526	801,299	801,299	801,299

Refuse Vehicles

The Council purchases and then hires to East Cambs Street Scene refuse vehicles to be used to undertake the refuse contract for the Council. A large number of vehicles will need to be purchased in 2020/21 when the vehicles purchased with the Weekly Collection Grant reach the end of their economic life.

Depot

The depot, including the drainage on the site, will be improved to provide staff with a safe environment.

Conservation Area Schemes

This scheme is for the Steeple Row enhancement, led by Ely Perspective for public realm improvements in the Steeple Row area. The remaining balance is required to provide partnership funding towards a larger Heritage Lottery Scheme currently being worked on by Ely Cathedral for enhancements to the entire cathedral precinct.

Mandatory Disabled Facilities Grants

These grants are provided to enable disabled people, including children, to remain in their own home. Due to an ageing population, the demand for this type of grant is likely to increase and capital funding will need to continue to enable the Council to meet this statutory function. Part grant funded from the Better Care Fund. The projected spend in 2018-19 includes the underspend from 2017-18 where work was committed, but not undertaken in year.

Empty Properties, Discretionary DFGs, Minor Works & Home Repair Asst.

Grant provided to owner occupiers on an income related benefit to carry out essential repairs and energy efficiency work to their homes, to ensure that they meet the decent homes standard. This grant takes two forms, one, a small non-repayable grant and the other, where more extensive works are needed, a repayable loan.

Vehicle Replacements

Vehicle replacement mostly for the Parks and Gardens Team. The majority of this is funded from CIL contributions.

Intranet / HR / Payroll System Improvements

Procurement and up-grade of a new HR and Finance systems and refreshing the intranet.

Commuter Car Park - Ely (additional)

Extension of Angel Drove commuter car park. Mostly funded from CIL funding.

Riverside Moorings

Purchase of Riverside Moorings from the Environment Agency

Extension to Country Park

Purchase of land from the Environment Agency

East Cambs Trading Company - MOD Loan

Load funding to East Cambs Trading Company(ECTC). ECTC is wholly owned by the Council, and operates as a commercial enterprise, providing more opportunities to compete for contracts. Profits generated will be either returned to the Council, the sole shareholder as dividends, or ploughed back into the company to improve services. This loan is specifically for use at the former MOD site in Ely, the Company is expected to repay this loan in full in (or before) March 2021.

SOURCES OF FINANCING	Projected 2019/20 £	Budget 2020/21 £	Budget 2021/22 £	Budget 2022/23 £	Budget 2023/24 £
Operational Services					
Revenue Contribution	89,187				
Grants (Disability Facilities Grant)	526,577	526,577	526,577	526,577	526,577
Capital Reserves	632,850	245,722	245,722	245,722	245,722
Section 106 / CIL	56,506	29,000	29,000	29,000	29,000
Borrowing Waste	152,450	2,628,027			
Operational Services Total	1,457,570	3,429,326	801,299	801,299	801,299
Finance and Assets					
Capital Reserves	315,615				
Section 106 / CIL	400,000	163,200			
Borrowing Company	1,500,000				
Finance and Assets Total	2,215,615	163,200	0	0	0
Capital Funding Total	3,673,185	3,592,526	801,299	801,299	801,299

Capital Reserves Forecast	2019/20 £	2020/21 £	2021/22 £	2022/23 £	2023/24 £
Balance Brought Forward	1,361,638	463,173	2,490,951	2,295,229	2,099,507
Add receipts from Sales of Assets	50,000	2,273,500	50,000	50,000	50,000
Less Capital Receipts Applied	(948,465)	(245,722)	(245,722)	(245,722)	(245,722)
Capital Reserves Carried Forward	463,173	2,490,951	2,295,229	2,099,507	1,903,785

Borrowing Forecast	2019/20 £	2020/21 £	2021/22 £	2022/23 £	2023/24 £
Balance Brought Forward	14,486,529	13,145,749	11,654,718	10,912,703	10,170,688
Add Borrowing in Year	1,652,450	2,628,027	0	0	0
Repayment from ECTC	(2,500,000)	(3,620,000)	0	0	0
Less Minimum Revenue Provision (MRP)	(493,230)	(499,058)	(742,015)	(742,015)	(742,015)
Total Borrowing Carried Forward	13,145,749	11,654,718	10,912,703	10,170,688	9,428,672
Internal Borrowing	13,145,749	10,654,718	8,912,703	6,170,688	5,428,672
External Borrowing	0	1,000,000	2,000,000	4,000,000	4,000,000

Appendix 5

<u>PARISH</u>	<u>COUNCIL TAX BASE Band D Eq Revised Band D for C/Tax discount scheme</u>	<u>PRECEPT 2020/21 £</u>	<u>Band D Rate £</u>
Ashley	227.50	18,650.00	81.99
Bottisham	866.40	48,250.00	55.71
Brinkley	157.60	8,804.00	55.89
Burrough Green	163.70		0.00
Burwell	2,408.70	169,395.00	70.38
Cheveley	912.40	80,000.00	87.75
Chippenham	215.20	9,641.50	44.82
Coveney	157.40	10,750.00	68.31
Dullingham	333.00	22,522.75	67.68
Ely, City of	7,043.70	601,391.00	85.41
Fordham	952.70		0.00
Haddenham	1,236.60	107,657.00	87.12
Isleham	797.30	101,939.00	127.89
Kennett	139.70	9,095.00	65.16
Kirtling and Upend	173.60	8,987.50	51.84
Little Downham	914.90	83,000.00	90.81
Little Thetford	248.60	17,250.00	69.39
Littleport	2,824.90	178,713.00	63.27
Lode	365.70	16,500.00	45.18
Mepal	350.70	32,425.00	92.52
Reach	137.00	11,002.50	80.37
Snailwell	84.00	5,160.96	61.47
Soham	3,751.50	412,000.00	109.89
Stetchworth	278.90	17,000.00	61.02
Stretham	669.70	65,000.00	97.11
Sutton	1,356.30	138,775.00	102.33
Swaffham Bulbeck	341.10	37,500.00	109.98
Swaffham Prior	359.40	14,500.00	40.41
Wentworth	65.10	6,500.00	99.90
Westley Waterless	66.70	200.00	3.06
Wicken	333.70	26,000.00	77.94
Wilburton	469.90		0.00
Witcham	163.70	15,300.00	93.51
Witchford	851.00	73,159.00	86.04
Wooditton	771.80	17,500.00	22.68
Whole Area/Average Tax Charge	30,190.10	2,364,568.21	78.32

2020/21 ANNUAL TREASURY MANAGEMENT STRATEGY, MINIMUM REVENUE PROVISION POLICY STATEMENT AND ANNUAL INVESTMENT STRATEGY

Committee: Finance and Assets Committee

Date: 6th February 2020

Author: Finance Manager

[U171]

1.0 ISSUE

1.1 To consider the 2020/21 Treasury Management Strategy, the Annual Investment Strategy and the Minimum Revenue Provision Policy Statement.

2.0 RECOMMENDATIONS

2.1 That the Finance and Assets Committee recommends to Full Council to approve:

- The 2020/21 Treasury Management Strategy
- The Annual Investment Strategy
- The Minimum Revenue Provision Policy Statement
- The Prudential and Treasury Indicators.

3.0 BACKGROUND/ OPTIONS

3.1 CIPFA Requirements

The Council has adopted the CIPFA (Chartered Institute of Public Finance and Accountancy) Code of Practice on Treasury Management and any subsequent revisions.

3.2 The Treasury Management Policy Statement

As per CIPFA's definition, the Council defines its treasury management activities as:

- The management of the Council's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.
- The Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and

reporting of treasury management activities will focus on their risk implications for the Council, and any financial instruments entered into to manage these risks.

- The Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.

The Council will create and maintain, as the cornerstones for effective treasury management:

- a treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities;
- suitable treasury management practices (TMPs), setting out the manner in which the Council will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.

The content of the policy statement and TMPs will follow the recommendations contained in Sections 6 and 7 of the CIPFA Code, subject only to amendment where necessary to reflect the particular circumstances of this Council. Such amendments will not result in the Council materially deviating from the Code's key principles.

- Full Council will receive reports on its treasury management policies, practices and activities, including, as a minimum, an annual strategy and plan in advance of the financial year (this report), a mid-year review and an annual report after financial close, in the form prescribed in its TMPs.
- The Council delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to Finance and Assets Committee, and for the execution and administration of treasury management decisions to the Finance Manager, who will act in accordance with the Council's policy statement and TMPs and as a CIPFA member, CIPFA's Standard of Professional Practice on Treasury Management.
- The Council nominates Finance and Assets Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

3.3 Investment Strategy

The Council continues to hold significant reserves (January 2020) and has been able, up until now, to meet the costs of the loan to East Cambs Trading Company (ECTC), the construction of the Leisure Centre and the purchase of Waste fleet

from internal borrowing against the cash within these reserves; therefore without the need for external borrowing. However this situation will not be maintained, cash levels will reduce in the remainder of this financial year and then further in 2021/22 with the consequence that external borrowing will be required.

External borrowing will of course be kept as low as possible, with external debt only being taken when cash balances require this. The consequence of this being that cash balances will reduce to minimal levels, resulting in the Council's ability to invest sizeable sums in longer-term deposits (more than 6 months) ceasing.

The continuation of low interest rates means that some smaller short term investment dealings will not return a beneficial return on investment, compared to the transaction cost of moving the cash. Small investments over a short period of time will therefore continue to be reviewed to determine if the investment is cash efficient. Where these circumstances arise, this will result in a higher balance in the Council's NatWest Account than would have historically been the case; however we will ensure that this balance remains within the counterparty limit set in the strategy.

It is the expectation that ECTC will meet its business plan objectives within the £6.5 million maximum loan approved by the Council and will repay the full amount of the loan in instalments to the Council by / during March 2021, indeed it should be noted that an initial £1.7 million has already been repaid and a further £0.8 million is expected before the end of the 2019/20 financial year.

3.4 Borrowing Strategy

The Council continues to hold reserves so internal cash balances are used to initially fund capital commitments.

However, as a consequence of the additional capital expenditure planned for 2020/21 and the reducing level of reserves, it is expected that external borrowing will be required to fund capital commitments in that year. External borrowing will only be taken when required, but the current plan anticipates this to peak in the region of £1 million during the year.

3.5 Counterparty Limits

The Counterparty limits were reviewed in the 2016/17 Treasury Management Strategy and approved by Council. There are no amendments to report.

4.0 **APPENDICES**

4.1 Appendix 1 - Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement and Annual Investment Strategy

Background Documents**Location****Contact Officer**

The Prudential Code
published by CIPFA

Treasury Management
Practice Schedules

Revenue Budget, Capital
Programme and Council
Tax 2018/19 Report (also
on this agenda)

Room 104
The Grange
Ely

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Treasury Management Strategy Statement

Minimum Revenue Provision Policy Statement and Annual Investment Strategy

East Cambridgeshire District Council
2020/21

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1.INTRODUCTION

1.1 Background

The Council is required to operate a balanced 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.

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.

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.

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 the pursuit of optimum performance consistent with those risks."

This authority has not engaged in any commercial investments and has no non-treasury investments other than the loan to East Cambridgeshire Trading Company.

1.2 Reporting requirements

1.2.1 Capital Strategy

The CIPFA 2017 Prudential and Treasury Management Codes require all local authorities to prepare a capital strategy report that 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
- the implications for future financial sustainability

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

1.2.2 Treasury Management reporting

The Council is currently required to receive and approve, as a minimum, three main treasury reports each year, which incorporate a variety of policies, estimates and actuals.

- a. **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 (MRP) policy, (how residual capital expenditure is charged to revenue over time);
 - the treasury management strategy, (how the investments and borrowings are to be organised), including treasury indicators; and
 - an investment strategy, (the parameters on how investments are to be managed).

- b. **A mid-year treasury management report** – This is primarily a progress report and will update members on the capital position, amending prudential indicators as necessary, and whether any policies require revision.

- c. **An annual treasury report** – This is a backward looking review document and provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

Scrutiny

The above reports are required to be adequately scrutinised before being recommended to the Council. This role is undertaken by the Finance and Assets Committee.

1.3 Treasury Management Strategy for 2020/21

The strategy for 2020/21 covers two main areas:

Capital issues

- the capital expenditure plans and the associated prudential indicators;
- the minimum revenue provision (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
- the 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 MHCLG Investment Guidance.

1.4 Training

The CIPFA Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training. This especially applies to members responsible for scrutiny.

The training needs of treasury management officers are reviewed periodically.

1.5 Treasury management consultants

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 organisation at all times and will ensure that undue reliance is not placed upon the services of our external service providers. All decisions will be taken with regards to all available information, including, but not solely, our treasury advisers.

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.

2 THE CAPITAL PRUDENTIAL INDICATORS 2020/21 – 2022/23

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.

2.1 Capital expenditure

This prudential indicator is a summary of the Council's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle. Members are asked to approve the capital expenditure forecasts:

Capital expenditure £000	2018/19 Actual	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate
Operational Services		1,457	3,429	801	801
Finance & Assets		2,216	163	0	0
Total	3,479	3,673	3,592	801	801

The table below summarises the above capital expenditure plans and how these plans are being financed by capital and / or revenue resources. Any shortfall of resources results in a need for borrowing.

Financing of capital expenditure £000	2018/19 Actual	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate
Capital receipts	114	948	246	246	246
Capital grants	940	527	526	526	526
Section 106 / CIL	1,354	457	192	29	29
Revenue	9	89			
Net financing need for the year	1,062	1,652	2,628	0	0

2.2 The Council's borrowing need (the Capital Financing Requirement)

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 indebtedness and so it's underlying borrowing need. Any capital expenditure above, which has not immediately been paid for through a revenue or capital resource, will increase the CFR.

The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge, which broadly reduces the indebtedness in line with each assets life, and so charges the economic consumption of capital assets as they are used.

The CFR includes any other long-term liabilities (e.g. finance leases). Whilst these increase the CFR, and therefore the Council's borrowing requirement, these types of scheme include a borrowing facility by the lease provider and so the Council is not required to separately borrow for these schemes. The Council currently has no of such schemes within the CFR.

The Council is asked to approve the CFR projections below:

£000	2018/19 Actual	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate
Capital Financing Requirement					
CFR Brought Forward	13,524	14,487	13,146	11,655	10,913
Movement in CFR	963	-1,341	-1,491	-742	-742
Total CFR	14,487	13,146	11,655	10,913	10,171

Movement in CFR represented by					
Net financing need for the year (above)	1,062	1,652	2,628	0	0
Repayment of Loan by ECTC	0	-2,500	-3,620	0	0
Less MRP and other financing movements	-99	-493	-499	-742	-742
Movement in CFR	963	-1,341	-1,491	-742	-742

2.3 Core funds and expected investment balances

The application of resources (capital receipts, reserves etc.) to either finance capital expenditure or other budget decisions to support the revenue budget will have an ongoing impact on investments unless resources are supplemented each year from new sources (asset sales etc.). Detailed below are estimates of the year-end balances for each resource and anticipated day-to-day cash flow balances.

Year End Resources £000	2018/19 Actual	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate
Fund balances / reserves	9,358	8,161	7,083	3,583	3,000
Capital receipts	1,362	463	2,491	2,295	2,100
Provisions	1,102	1,102	1,102	1,102	1,102
CIL / Section 106	4,083	3,676	3,576	3,475	3,475
Total core funds	15,905	13,402	14,252	10,455	9,677
Working capital*	4,772	4,772	4,772	4,772	4,772
Internal borrowing	-14,486	-13,146	-10,655	-8,913	-6,171
Expected investments	6,191	5,028	8,369	6,314	8,278

*Working capital balances shown are estimated year-end; these may be higher mid-year

2.4 Minimum revenue provision (MRP) policy statement

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 - MRP), although it is also allowed to undertake additional voluntary payments if required (voluntary revenue provision - VRP).

MHCLG regulations have been issued which require the full Council to approve an **MRP Statement** in advance of each year. A variety of options are provided to councils, so long as there is a prudent provision. The Council is recommended to approve the following MRP Statement:

The Council has no outstanding borrowing from prior to 1 April 2008.

From 1 April 2008 for all unsupported borrowing (including PFI and finance leases) the MRP policy will be on the **Asset life method** – MRP will be based on the

estimated life of the assets, in accordance with the regulations (this option must be applied for any expenditure capitalised under a Capitalisation Direction) (option 3);

Asset life's used in MRP Calculations are:

Waste Fleet	9 years
Leisure Centre	25 years
Depot	25 years
ECTC Loan	No MRP provision is made on the loan to the Company as this will be repaid by the Company in instalments, but in advance of the March 2021 deadline, (five years from the loan agreement) with the cash being used by the Council to reduce the Capital Financing Requirement at the time of the repayments.

This option provides for a reduction in the borrowing need over approximately the asset's life.

3 BORROWING

The capital expenditure plans set out in Section 2 provide details of the service activity of the Council. 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 this service activity and the Council's capital strategy. This will involve both the organisation of the 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.

3.1 Current portfolio position

The overall treasury management portfolio as at 31 March 2019 was that the Council held £6,190,745 of cash in Money Market overnight Funds and its bank account. It was external debt free.

MMF – Blackrock	£5,000,000
MMF – Aberdeen Standard Investments	£930,000
NatWest Bank	£260,745

The up-dated position at 31st December 2019 was that the Council remained external debt free, with £14,484,435 invested at various institutions as detailed below:

Lloyds Bank of Scotland	£3,000,000
MMF – Blackrock	£5,000,000
MMF – Aberdeen Standard Investments	£4,725,000
MMF – Goldman Sachs	£1,700,000
NatWest Bank	£59,435

This reflects, to some degree, the income / expenditure flows of the Council as a collection authority. Council Tax tends to be collected in the first ten months of the year, but the money we pay out to precepting authorities is more evenly spaced, with indeed one Council Tax collection date and two precept payment dates in the final quarter of the year. However, with the delay of some capital projects and the early repayment of some of the loan to the Trading Company, the expected external debt at the end of the year is now forecast as zero, rather than the £2,000,000 reported previously.

The Council's forward projections for borrowing are summarised below. The table shows the actual external debt, against the underlying capital borrowing need, (the Capital Financing Requirement - CFR), highlighting any over or under borrowing.

£000	2018/19 Actual	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate
External Debt					
Debt at 1 April	0	0	0	1,000	2,000
Expected change in Debt	0	0	1,000	1,000	2,000
Other long-term liabilities (OLTL)	0	0	0	0	0
Actual gross debt at 31 March	0	0	1,000	2,000	4,000
The Capital Financing Requirement	14,487	13,146	11,655	10,913	9,429
Under / (over) borrowing	14,487	13,146	10,655	8,913	5,549

Within the range of 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 2020/21 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue or speculative purposes.

The Finance Manager reports that the Council complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes into account current commitments, existing plans, and the proposals in this budget report.

3.2 Treasury Indicators: limits to borrowing activity

The operational boundary. This 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 and the ability to fund internal borrowing by other cash resources.

Operational boundary £000	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate
External Debt	0	1,000	2,000	4,000
Other long term liabilities	0	0	0	0
Total	0	1,000	2,000	4,000

The authorised limit for external debt. This is a key prudential indicator and 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.

1. This is the 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 councils' plans, or those of a specific council, although this power has not yet been exercised.
2. The Council is asked to approve the following authorised limit:

Authorised limit £000	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate
External Debt	5,000	10,000	10,000	10,000
Other long term liabilities	0	0	0	0
Total	5,000	10,000	10,000	10,000

3.3 Prospects for interest rates

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 our central view.

Link Asset Services Interest Rate View														
	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23
Bank Rate View	0.75	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.00	1.25	1.25	1.25	1.25
3 Month LIBID	0.70	0.70	0.70	0.80	0.90	1.00	1.00	1.00	1.10	1.20	1.30	1.30	1.30	1.30
6 Month LIBID	0.80	0.80	0.80	0.90	1.00	1.10	1.10	1.20	1.30	1.40	1.50	1.50	1.50	1.50
12 Month LIBID	1.00	1.00	1.00	1.10	1.20	1.30	1.30	1.40	1.50	1.60	1.70	1.70	1.70	1.70
5yr PWLB Rate	2.30	2.40	2.40	2.50	2.50	2.60	2.70	2.80	2.90	2.90	3.00	3.10	3.20	3.20
10yr PWLB Rate	2.60	2.70	2.70	2.70	2.80	2.90	3.00	3.10	3.20	3.20	3.30	3.30	3.40	3.50
25yr PWLB Rate	3.20	3.30	3.40	3.40	3.50	3.60	3.70	3.70	3.80	3.90	4.00	4.00	4.10	4.10
50yr PWLB Rate	3.10	3.20	3.30	3.30	3.40	3.50	3.60	3.60	3.70	3.80	3.90	3.90	4.00	4.00

The above forecasts have been based on an assumption that there is an agreed deal on Brexit, including agreement on the terms of trade between the UK and EU, at some point in time. The result of the general election has removed much uncertainty around this major assumption. However, it does not remove uncertainty around whether agreement can be reached with the EU on a trade deal within the short time to December 2020, as the prime minister has pledged.

It was little surprise that the Monetary Policy Committee (MPC) left Bank Rate unchanged at 0.75% throughout 2019 due to the ongoing uncertainty over Brexit and the outcome of the general election. In its meeting on 7 November, the MPC became more dovish due to increased concerns over the outlook for the domestic economy if Brexit uncertainties were to become more entrenched, and for weak global economic growth: if those uncertainties were to materialise, then the MPC were likely to cut Bank Rate. However, if they were both to dissipate, then rates would need to rise at a “gradual pace and to a limited extent”. Brexit uncertainty has had a dampening effect on UK GDP growth in 2019, especially around mid-year.

The end of January saw the publication of several pieces of UK economic data (GDP, inflation, retail sales), all of which pointed to the prospect of an early Bank Rate cut by the MPC. Given that at least five members of the MPC have also voiced a view that points towards a potential easing of monetary policy, as the UK economy is still likely to only grow weakly in 2020 due to the continuing uncertainty over whether there could effectively be a no deal Brexit in December 2020, if agreement on a trade deal is not reached with the EU. Until that major uncertainty is removed, or the period for agreeing a deal is extended, it is felt unlikely that the MPC would raise Bank Rate.

Bond yields / PWLB rates. There has been much speculation during 2019 that the bond market has gone into a bubble, as evidenced by high bond prices and remarkably low yields. However, given the context that there have been heightened expectations that the US was heading for a recession in 2020, and a general background of a downturn in world economic growth, together with inflation generally at low levels in most countries and expected to remain subdued, conditions are ripe for low bond yields. While inflation targeting by the major central banks has been successful over the last thirty years in lowering inflation expectations, the real equilibrium rate for central rates has fallen considerably due to the high level of borrowing by consumers: this means that central banks do not need to raise rates as much now to have a major impact on consumer spending, inflation, etc. This has pulled down the overall level of

interest rates and bond yields in financial markets over the last thirty years. We have therefore seen over the last year, many bond yields up to ten years in the Eurozone actually turn negative. In addition, there has, at times, been an inversion of bond yields in the US whereby ten-year yields have fallen below shorter-term yields. In the past, this has been a precursor of a recession. The other side of this coin is that bond prices are elevated, as investors would be expected to be moving out of riskier assets i.e. shares, in anticipation of a downturn in corporate earnings and so selling out of equities. However, stock markets are also currently at high levels as some investors have focused on chasing returns in the context of dismal ultra-low interest rates on cash deposits.

During the first half of 2019-20 to 30 September, gilt yields plunged and caused a near halving of longer term PWLB rates to completely unprecedented historic low levels. *(See paragraph 3.7 for comments on the increase in the PWLB rates margin over gilt yields of 100bps introduced on 9.10.19.)* There is though, an expectation that financial markets have gone too far in their fears about the degree of the downturn in US and world growth. If, as expected, the US only suffers a mild downturn in growth, bond markets in the US are likely to sell off and that would be expected to put upward pressure on bond yields, not only in the US, but also in the UK due to a correlation between US treasuries and UK gilts; at various times this correlation has been strong but at other times weak. However, forecasting the timing of this, and how strong the correlation is likely to be, is very difficult to forecast with any degree of confidence. Changes in UK Bank Rate will also impact on gilt yields.

One potential danger that may be lurking in investor minds is that Japan has become mired in a twenty-year bog of failing to get economic growth and inflation up off the floor, despite a combination of massive monetary and fiscal stimulus by both the central bank and government. Investors could be fretting that this condition might become contagious to other western economies.

Another danger is that unconventional monetary policy post 2008, (ultra-low interest rates plus quantitative easing), may end up doing more harm than good through prolonged use. Low interest rates have encouraged a debt-fuelled boom that now makes it harder for central banks to raise interest rates. Negative interest rates could damage the profitability of commercial banks and so impair their ability to lend and / or push them into riskier lending. Banks could also end up holding large amounts of their government's bonds and so create a potential doom loop. (A doom loop would occur where the credit rating of the debt of a nation was downgraded which would cause bond prices to fall, causing losses on debt portfolios held by banks and insurers, so reducing their capital and forcing them to sell bonds – which, in turn, would cause further falls in their prices etc.). In addition, the financial viability of pension funds could be damaged by low yields on holdings of bonds.

The overall longer run future trend is for gilt yields, and consequently PWLB rates, to rise, albeit gently. 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.

In addition, PWLB rates are subject to ad hoc decisions by **H.M. Treasury** to change the margin over gilt yields charged in PWLB rates: such changes could be up or down. It is not clear that if gilt yields were to rise back up again by over 100bps within the next

year or so, whether H M Treasury would remove the extra 100 bps margin implemented on 9.10.19.

Economic and interest rate forecasting remains difficult with so many influences weighing on UK gilt yields and PWLB rates. 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.

Investment and borrowing rates

- Investment returns are likely to remain low during 2020/21 with little increase in the following two years. However, if major progress was made with an agreed Brexit, then there is upside potential for earnings.
- Borrowing interest rates were on a major falling trend during the first half of 2019-20 but then jumped up by 100 bps on 9th October 2019. The policy of avoiding new borrowing by running down spare cash balances has served local authorities well over the past few years. However, the unexpected increase of 100 bps in PWLB rates requires a major rethink of local authority treasury management strategy and risk management. Now that the gap between longer term borrowing rates and investment rates has materially widened, and in the long term Bank Rate is not expected to rise above 2.5%, it is unlikely that this authority will do any longer term borrowing for the next three years, or until such time as the extra 100 bps margin is removed.
- While this authority will not be able to avoid borrowing to finance new capital expenditure and to replace internal borrowing as reserves reduce, there will be a cost of carry, (the difference between higher borrowing costs and lower investment returns), to any new short or medium-term borrowing that causes a temporary increase in cash balances as this position will, most likely, incur a revenue cost.

3.4 Borrowing strategy

The Council is currently maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as investment returns are low and counterparty risk is still an issue that needs to be considered.

Against this background and the risks within the economic forecast, caution will be adopted with the 2020/21 treasury operations. The Finance Manager will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:

- *if it was felt that there was a significant risk of a sharp FALL in borrowing rates, (e.g. due to a marked increase of risks around relapse into recession or of risks of deflation), then borrowing will be postponed.*
- *if it was felt that there was a significant risk of a much sharper RISE in borrowing rates than that currently forecast, perhaps arising from an acceleration in the rate of increase in central rates in the USA and UK, an increase in world economic*

activity, or a sudden increase in inflation risks, then the portfolio position will be re-appraised. Most likely, fixed rate funding will be drawn whilst interest rates are lower than they are projected to be in the next few years.

Any decisions will be reported to the Finance and Assets Committee at the next available opportunity.

3.5 Policy on borrowing in advance of need

The Council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. 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.

3.6 New financial institutions as a source of borrowing and / or types of borrowing

Following the decision by the PWLB on 9th October 2019 to increase their margin over gilt yields by 100 bps to 180 basis points on loans lent to local authorities, consideration will also need to be given to sourcing funding at cheaper rates from the following:

- Local authorities (primarily shorter dated maturities)
- Financial institutions (primarily insurance companies and pension funds but also some banks, out of spot or forward dates)
- Municipal Bonds Agency (no issuance at present but there is potential)

The degree that any of these options proves cheaper than PWLB Certainty Rate is still evolving at the time of writing but our advisors will keep us informed.

3.7 Approved Sources of Long and Short term Borrowing

On Balance Sheet	Fixed	Variable
PWLB	●	●
Municipal bond agency	●	●
Local authorities	●	●
Banks	●	●
Pension funds	●	●
Insurance companies	●	●

4 ANNUAL INVESTMENT STRATEGY

4.1 Investment policy – management of risk

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")
- CIPFA Treasury Management Guidance Notes 2018

The Council's investment priorities will be security first, portfolio liquidity second and then yield, (return).

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

1. Minimum acceptable **credit criteria** are applied in order to generate a list of highly creditworthy counterparties. This also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the short term and long-term ratings.
2. **Other information:** 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.
3. **Other information sources** used will include the financial press, share price and other such information pertaining to the financial sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.
4. This authority has defined the list of **types of investment instruments** that the treasury management team are authorised to use. There are two lists in appendix 5.4 under the categories of 'specified' and 'non-specified' investments.
 - **Specified investments** are those with a high level of credit quality and subject to a maturity limit of one year.
 - **Non-specified investments** are those with less high credit quality, may be for periods in excess of one year, and/or are more complex instruments which require greater consideration by members and officers before being authorised for use. Once an investment is classed as non-specified, it remains non-specified all the way through to maturity i.e. an 18-month deposit would still be non-specified even if it has only 11 months left until maturity.

5. **Non-specified investments limit.** The Council has determined that it will limit the maximum total exposure to non-specified investments as being £1 million of the total investment portfolio, (see paragraph 4.3).
6. **Lending limits**, (amounts and maturity), for each counterparty will be set through applying the matrix table in paragraph 4.2.
7. **Transaction limits** are set for each type of investment in 4.2.
8. This authority will set a limit for the amount of its investments that are invested for **longer than 365 days**, (see paragraph 4.4).
9. Investments will only be placed with counterparties from countries with a specified minimum **sovereign rating**, (see paragraph 4.3).
10. This authority has engaged **external consultants**, (see paragraph 1.5), to provide expert advice on how to optimise an appropriate balance of security, liquidity and yield, given the risk appetite of this authority in the context of the expected level of cash balances and need for liquidity throughout the year.
11. All investments will be denominated in **sterling**.
12. As a result of the change in accounting standards for 2019/20 under IFRS 9, this authority 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 1st April 2018.)

However, this authority will also pursue **value for money** in treasury management and will monitor the yield from investment income against appropriate benchmarks for investment performance, (see paragraph 4.5). Regular monitoring of investment performance will be carried out during the year.

Changes in risk management policy from last year.

The above criteria are unchanged from last year.

4.2 Creditworthiness policy

This 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:

- "watches" and "outlooks" from credit rating agencies;
- CDS spreads that may give early warning of likely changes in credit ratings;
- sovereign ratings to select counterparties from only the most creditworthy countries.

This modelling approach combines credit ratings, and any assigned Watches and Outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads. The end product of this 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 Bond 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

The Link Asset Services' creditworthiness service uses a wider array of information other than just primary ratings. Furthermore, by using a risk weighted scoring system, it does not give undue preponderance to just one agency's ratings.

Typically, the minimum credit ratings criteria the Council use will be a 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.

All credit ratings will be monitored weekly. 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 Swap spreads against the iTraxx European Financials benchmark and other market data on a daily basis via its Passport website, provided exclusively to it by Link Asset Services. Extreme market movements may result in downgrade of an institution or removal from the Council's lending list.

Sole reliance will not be placed on the use of this external service. In addition this Council will also use market data and market information, as well as information on any external support for banks to help support its decision making process.

Y	Pi1	Pi2	P	B	O	R	G	N/C
1	1.25	1.5	2	3	4	5	6	7
Up to 5yrs	Up to 5yrs	Up to 5yrs	Up to 2yrs	Up to 1yr	Up to 1yr	Up to 6mths	Up to 100days	No Colour

Please note: the yellow colour category is for UK Government debt, or its equivalent, money market funds and collateralised deposits where the collateral is UK Government debt –see appendix 5.4.

The following counterparty limits were agreed in the 2016/17 Treasury Management Strategy, the same limits will be applied in 2020/21.

- £6 million with counterparties rated 6 months to 1 year (Orange) duration limit
- £5 million with Money Market Funds

- £4 million with counterparties rated 3 months (Green) duration limit on the approved weekly list

UK banks – ring fencing

The largest UK banks, (those with more than £25bn of retail / Small and Medium-sized Enterprise (SME) deposits), are required, by UK law, to separate core retail banking services from their investment and international banking activities by 1st January 2019. This is known as “ring-fencing”. Whilst smaller banks with less than £25bn in deposits are exempt, they can choose to opt up. Several banks are very close to the threshold already and so may come into scope in the future regardless.

Ring-fencing is a regulatory initiative created in response to the global financial crisis. It mandates the separation of retail and SME deposits from investment banking, in order to improve the resilience and resolvability of banks by changing their structure. In general, simpler activities offered from within a ring-fenced bank, (RFB), will be focused on lower risk, day-to-day core transactions, whilst more complex and “riskier” activities are required to be housed in a separate entity, a non-ring-fenced bank, (NRFB). This is intended to ensure that an entity’s core activities are not adversely affected by the acts or omissions of other members of its group.

While the structure of the banks included within this process may have changed, the fundamentals of credit assessment have not. The Council will continue to assess the new-formed entities in the same way that it does others and those with sufficiently high ratings, (and any other metrics considered), will be considered for investment purposes.

4.3 Country limits

Due care will be taken to consider the exposure of the Council’s total investment portfolio to countries, groups and sectors.

- a) **Country limit.** The Council has determined that it will only use approved counterparties from the UK and from countries with a **minimum sovereign credit rating of AA-** from Fitch (or equivalent). The list of countries that qualify using this credit criteria as at the date of this report are shown in Appendix 5.4. This list will be added to, or deducted from, by officers should ratings change in accordance with this policy.
- b) **Other limits.** In addition:
 - no more than 40% will be placed with any non-UK country at any time;
 - limits in place above will apply to a group of companies;
 - sector limits will be monitored regularly for appropriateness.

4.4 Investment strategy

In-house funds. 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). Greater returns are usually obtainable by investing for longer periods. While most cash balances are required in order to manage the ups and downs of cash flow, where cash sums can be identified that could be invested for longer periods, the value to be obtained from longer term investments will be carefully assessed.

- If it is thought that Bank Rate is likely to rise significantly within the time horizon being considered, then consideration will be given to keeping most investments as being short term or variable.
- Conversely, if it is thought that Bank Rate is likely to fall within that time period, consideration will be given to locking in higher rates currently obtainable, for longer periods.

Investment returns expectations.

On the assumption that the UK and EU agree a Brexit deal including the terms of trade by the end of 2020 or soon after, then Bank Rate is forecast to increase only slowly over the next few years to reach 1.00% by quarter 1 2023. Bank Rate forecasts for financial year ends (March) are:

- Q1 2021 0.75%
- Q1 2022 1.00%
- Q1 2023 1.00%

The suggested budgeted investment earnings rates for returns on investments placed for periods up to about three months during each financial year are as follows:

2019/20	0.75%
2020/21	0.75%
2021/22	1.00%
2022/23	1.25%
2023/24	1.50%
2024/25	1.75%
Later years	2.25%

- The overall balance of risks to economic growth in the UK is probably to the downside due to the weight of all the uncertainties over Brexit, as well as a softening global economic picture.
- The balance of risks to increases in Bank Rate and shorter term PWLB rates are broadly similarly to the downside.
- In the event that a Brexit deal is agreed with the EU and approved by Parliament, the balance of risks to economic growth and to increases in Bank Rate is likely to change to the upside.

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.

The Council is asked to approve the following treasury indicator and limit:

Upper limit for principal sums invested for longer than 365 days			
£000	2020/21	2021/22	2022/23
Principal sums invested for longer than 365 days	2,000	2,000	2,000

For its cash flow generated balances, the Council will seek to utilise its business reserve instant access and notice accounts and money market funds, (overnight to 100 days), in order to benefit from the compounding of interest.

4.5 Investment performance / risk benchmarking

These benchmarks are simple guides to maximum risk, so they may be breached from time to time, depending on movements in interest rates and counterparty criteria. The purpose of the benchmark is that officers will monitor the current and trend position and amend the operational strategy to manage risk as conditions change. Any breach of the benchmarks will be reported, with supporting reasons in the mid-year or Annual Report.

Security - The Council's main priority is the security of its capital, and therefore security risk continues to be its main focus, with the process for securing this detailed in Section 4.1 of this report.

This is measured / benchmarked by the use of a Historic Risk of Default calculation provided to us by Link Asset Services. The calculation is a proxy for the average percentage risk for each investment based on over 30 years of data provided by Fitch, Moody's and S&P. It simply provides a calculation of the possibility of average default against the historical default rates, adjusted for the time period within each year according to the maturity of the investment. At the end of December 2019 our calculated Historic Risk of Default was 0.0% as our cash was in either MMF, a deposit with Lloyds Bank of Scotland and a liquid call account with NatWest. As this situation is not expected to change in 2019-20, then the risk remains very small.

Liquidity – in respect of this area the Council seeks to maintain:

- No Bank overdraft
- Liquid short term deposits of at least £5 million available with a week's notice.

Yield – The Council will use the 7-day LIBID compounded rate as an investment benchmark to assess the investment performance of its investment portfolio during 2019/20.

4.6 End of year investment report

At the end of the financial year, the Council will report on its investment activity as part of its Annual Treasury Report.

5 APPENDICES

(These can be appended to the report or omitted as required)

1. Prudential and treasury indicators
2. Economic background
3. Treasury management practice – credit and counterparty risk management
4. Approved countries for investments
5. Treasury management scheme of delegation
6. The treasury management role of the section 151 officer

5.1 THE CAPITAL PRUDENTIAL AND TREASURY INDICATORS 2020/21 – 2022/23

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.

5.1.1 Affordability prudential indicators

The previous sections cover the overall capital and control of borrowing prudential indicators, but 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 indicators:

a. Ratio of financing costs to net revenue stream

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.

%	2018/19 Actual	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate
Annual Change	1.018	3.847	-0.025	2.461	0.259

The estimates of financing costs include current commitments and the proposals in this budget report.

While the above table is a statutory requirement for the Strategy document, when considering the increases in the cost of capital as a proportion of the revenue budget, it should be remembered that none of these costs has a direct impact of the Council's bottom line budget.

- Borrowing in relation to the Leisure Centre is being funded initially from the use of reserves, but from 2020/21 from the management fee to be paid to the Council by the operator of the centre (including repaying the amount originally taken from reserve);
- The capital cost of the waste fleet and depot improvements will be charged to East Cambs Street Scene;
- The loan to East Cambs Trading Company is generating an income to the Council as interest is being charged on this loan at a commercial rate of 5.22%.

5.1.2 Maturity structure of borrowing

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.

The Council is asked to approve the following treasury indicators and limits:

Maturity structure of fixed interest rate borrowing 2020/21		
	Lower	Upper
Under 12 months	0%	100%
12 months to 2 years	0%	100%
2 years to 5 years	0%	100%
5 years to 10 years	0%	100%
10 years to 20 years	0%	100%
20 years to 30 years	0%	100%
30 years to 40 years	0%	100%
40 years to 50 years	0%	100%
Maturity structure of variable interest rate borrowing 2020/21		
	Lower	Upper
Under 12 months	0%	100%
12 months to 2 years	0%	100%
2 years to 5 years	0%	100%
5 years to 10 years	0%	100%
10 years to 20 years	0%	100%
20 years to 30 years	0%	100%
30 years to 40 years	0%	100%
40 years to 50 years	0%	100%

5.2 ECONOMIC BACKGROUND

UK. Brexit. 2019 has been a year of upheaval on the political front as Theresa May resigned as Prime Minister to be replaced by Boris Johnson on a platform of the UK leaving the EU on 31 October 2019, with or without a deal. However, MPs blocked leaving on that date and the EU agreed an extension to 31 January 2020. In late October, MPs approved an outline of a Brexit deal to enable the UK to leave the EU on 31 January. Now that the Conservative Government has gained a large overall majority in the **general election** on 12 December, this outline deal will be passed by Parliament by that date. However, there will still be much uncertainty as the detail of a trade deal will need to be negotiated by the current end of the transition period in December 2020, which the Prime Minister has pledged he will not extend. This could prove to be an unrealistically short timetable for such major negotiations that leaves open two possibilities; one, the need for an extension of negotiations, probably two years, or, a no deal Brexit in December 2020.

GDP growth has taken a hit from Brexit uncertainty during 2019; quarter three 2019 surprised on the upside by coming in at +0.4% q/q, +1.1% y/y. However, the peak of Brexit uncertainty during the final quarter appears to have suppressed quarterly growth to probably around zero. The economy is likely to tread water in 2020, with tepid growth around about 1% until there is more certainty after the trade deal deadline is passed.

While the Bank of England went through the routine of producing another **quarterly Inflation Report**, (now renamed the Monetary Policy Report), on 7 November, it is very questionable how much all the writing and numbers were worth when faced with the uncertainties of where the UK will be after the general election. The Bank made a change in their Brexit assumptions to include a deal being eventually passed. Possibly the biggest message that was worth taking note of from the Monetary Policy Report, was an increase in concerns among MPC members around weak global economic growth and the potential for Brexit uncertainties to become entrenched and so delay UK economic recovery. Consequently, the MPC voted 7-2 to maintain Bank Rate at 0.75% but two members were sufficiently concerned to vote for an immediate Bank Rate cut to 0.5%. The MPC warned that if global growth does not pick up or Brexit uncertainties intensify, then a rate cut was now more likely. Conversely, if risks do recede, then a more rapid recovery of growth will require gradual and limited rate rises. The speed of recovery will depend on the extent to which uncertainty dissipates over the final terms for trade between the UK and EU and by how much global growth rates pick up. The Bank revised its inflation forecasts down – to 1.25% in 2019, 1.5% in 2020, and 2.0% in 2021; hence, the MPC views inflation as causing little concern in the near future.

The **MPC meeting of 19 December** repeated the previous month's vote of 7-2 to keep Bank Rate on hold. Their key view was that there was currently 'no evidence about the extent to which policy uncertainties among companies and households had declined' i.e. they were going to sit on their hands and see how the economy goes in the next few months. The two members who voted for a cut were concerned that the labour market was faltering. On the other hand, there was a clear warning in the minutes that the MPC were concerned that "domestic unit labour costs have continued to grow at rates above those consistent with meeting the inflation target in the medium term".

If economic growth were to weaken considerably, the MPC has relatively little room to make a big impact with Bank Rate still only at 0.75%. It would therefore, probably suggest that it would be up to the Chancellor to provide help to support growth by way of a **fiscal boost** by e.g. tax cuts, increases in the annual expenditure budgets of

government departments and services and expenditure on infrastructure projects, to boost the economy. The Government has already made moves in this direction and it made significant promises in its election manifesto to increase government spending by up to £20bn p.a., (this would add about 1% to GDP growth rates), by investing primarily in infrastructure. This is likely to be announced in the next Budget, in March 2020. The Chancellor has also amended the fiscal rules in November to allow for an increase in government expenditure.

As for **inflation** itself, CPI has been hovering around the Bank of England's target of 2% during 2019, but fell again in both October and November to a three-year low of 1.5%. It is likely to remain close to or under 2% over the next two years and so, it does not pose any immediate concern to the MPC at the current time. However, if there was a hard or no deal Brexit, inflation could rise towards 4%, primarily because of imported inflation on the back of a weakening pound.

With regard to the **labour market**, growth in numbers employed has been quite resilient through 2019 until the three months to September where it fell by 58,000. However, there was an encouraging pick up again in the three months to October to growth of 24,000, which showed that the labour market was not about to head into a major downturn. The unemployment rate held steady at a 44-year low of 3.8% on the Independent Labour Organisation measure in October. Wage inflation has been steadily falling from a high point of 3.9% in July to 3.5% in October (3-month average regular pay, excluding bonuses). This meant that in real terms, (i.e. wage rates higher than CPI inflation), earnings grew by about 2.0%. As the UK economy is very much services sector driven, an increase in household spending power is likely to feed through into providing some support to the overall rate of economic growth in the coming months. The other message from the fall in wage growth is that employers are beginning to find it easier to hire suitable staff, indicating that supply pressure in the labour market is easing.

USA. President Trump's massive easing of fiscal policy in 2018 fuelled a temporary boost in consumption in that year which generated an upturn in the rate of growth to a robust 2.9% y/y. **Growth** in 2019 has been falling after a strong start in quarter 1 at 3.1%, (annualised rate), to 2.0% in quarter 2 and then 2.1% in quarter 3. The economy looks likely to have maintained a growth rate similar to quarter 3 into quarter 4; fears of a recession have largely dissipated. The strong growth in employment numbers during 2018 has weakened during 2019, indicating that the economy had been cooling, while inflationary pressures were also weakening. However, CPI inflation rose from 1.8% to 2.1% in November, a one year high, but this was singularly caused by a rise in gasoline prices.

The Fed finished its series of increases in rates to 2.25 – 2.50% in December 2018. In July 2019, it cut rates by 0.25% as a 'midterm adjustment' but flagged up that this was not intended to be seen as the start of a series of cuts to ward off a downturn in growth. It also ended its programme of quantitative tightening in August, (reducing its holdings of treasuries etc.). It then cut rates by 0.25% again in September and by another 0.25% in its October meeting to 1.50 – 1.75%.. At its September meeting it also said it was going to **start buying Treasuries again**, although this was not to be seen as a resumption of quantitative easing but rather an exercise to relieve liquidity pressures in the repo market. Despite those protestations, this still means that the Fed is again expanding its balance sheet holdings of government debt. In the first month, it will buy \$60bn, whereas it had been reducing its balance sheet by \$50bn per month during 2019. As it will be buying only short-term (under 12 months) Treasury bills, it is technically correct that this is not quantitative easing (which is purchase of long-term debt). The Fed left rates unchanged in December. However, the accompanying

statement was more optimistic about the future course of the economy so this would indicate that further cuts are unlikely.

Investor confidence has been badly rattled by the progressive ramping up of increases in tariffs President Trump has made on Chinese imports and China has responded with increases in tariffs on American imports. This **trade war** is seen as depressing US, Chinese and world growth. In the EU, it is also particularly impacting Germany as exports of goods and services are equivalent to 46% of total GDP. It will also impact developing countries dependent on exporting commodities to China. However, in November / December, progress has been made on agreeing a phase one deal between the US and China to roll back some of the tariffs; this gives some hope of resolving this dispute.

EUROZONE. Growth has been slowing from +1.8 % during 2018 to around half of that in 2019. Growth was +0.4% q/q (+1.2% y/y) in quarter 1, +0.2% q/q (+1.2% y/y) in quarter 2 and then +0.2% q/q, +1.1% in quarter 3; there appears to be little upside potential in the near future. German GDP growth has been struggling to stay in positive territory in 2019 and fell by -0.1% in quarter 2; industrial production was down 4% y/y in June with car production down 10% y/y. Germany would be particularly vulnerable to a no deal Brexit depressing exports further and if President Trump imposes tariffs on EU produced cars.

The European Central Bank (ECB) ended its programme of quantitative easing purchases of debt in December 2018, which then meant that the central banks in the US, UK and EU had all ended the phase of post financial crisis expansion of liquidity supporting world financial markets by quantitative easing purchases of debt. However, the downturn in EZ growth in the second half of 2018 and into 2019, together with inflation falling well under the upper limit of its target range of 0 to 2%, (but it aims to keep it near to 2%), has prompted the ECB to take new measures to stimulate growth. At its March meeting, it said that it expected to leave interest rates at their present levels “at least through the end of 2019”, but that was of little help to boosting growth in the near term. Consequently, it announced a **third round of TLTROs**; this provides banks with cheap borrowing every three months from September 2019 until March 2021 that means that, although they will have only a two-year maturity, the Bank was making funds available until 2023, two years later than under its previous policy. As with the last round, the new TLTROs will include an incentive to encourage bank lending, and they will be capped at 30% of a bank’s eligible loans. However, since then, the downturn in EZ and world growth has gathered momentum; at its meeting on 12 September it cut its deposit rate further into negative territory, from -0.4% to -0.5%, and announced a **resumption of quantitative easing purchases of debt for an unlimited period**. At its October meeting it said these purchases would start in November at €20bn per month - a relatively small amount compared to the previous buying programme. It also increased the maturity of the third round of TLTROs from two to three years. However, it is doubtful whether this loosening of monetary policy will have much impact on growth and, unsurprisingly, the ECB stated that governments would need to help stimulate growth by ‘growth friendly’ fiscal policy.

There were no policy changes in the December meeting, which was chaired for the first time by the new President of the ECB, Christine Lagarde. However, the outlook continued to be down beat about the economy; this makes it likely there will be further monetary policy stimulus to come in 2020. She did also announce a thorough review of how the ECB conducts monetary policy, including the price stability target. This review is likely to take all of 2020.

On the political front, Austria, Spain and Italy have been in the throes of **forming coalition governments** with some unlikely combinations of parties i.e. this raises questions around their likely endurance. The latest results of German state elections has put further pressure on the frail German CDU/SDP coalition government and on the current leadership of the CDU. The results of the Spanish general election in November have not helped the prospects of forming a stable coalition.

CHINA. Economic growth has been weakening over successive years, despite repeated rounds of central bank stimulus; medium term risks are increasing. Major progress still needs to be made to eliminate excess industrial capacity and the stock of unsold property, and to address the level of non-performing loans in the banking and shadow banking systems. In addition, there still needs to be a greater switch from investment in industrial capacity, property construction and infrastructure to consumer goods production.

JAPAN - has been struggling to stimulate consistent significant GDP growth and to get inflation up to its target of 2%, despite huge monetary and fiscal stimulus. It is also making little progress on fundamental reform of the economy.

WORLD GROWTH. Until recent years, world growth has been boosted by increasing **globalisation** i.e. countries specialising in producing goods and commodities in which they have an economic advantage and which they then trade with the rest of the world. This has boosted worldwide productivity and growth, and, by lowering costs, has also depressed inflation. However, the rise of China as an economic superpower over the last thirty years, which now accounts for nearly 20% of total world GDP, has unbalanced the world economy. The Chinese government has targeted achieving major world positions in specific key sectors and products, especially high tech areas and production of rare earth minerals used in high tech products. It is achieving this by massive financial support, (i.e. subsidies), to state owned firms, government directions to other firms, technology theft, restrictions on market access by foreign firms and informal targets for the domestic market share of Chinese producers in the selected sectors. This is regarded as being unfair competition that is putting western firms at an unfair disadvantage or even putting some out of business. It is also regarded with suspicion on the political front as China is an authoritarian country that is not averse to using economic and military power for political advantage. The current trade war between the US and China therefore needs to be seen against that backdrop. It is, therefore, likely that we are heading into a period where there will be a **reversal of world globalisation and a decoupling of western countries** from dependence on China to supply products. This is likely to produce a backdrop in the coming years of weak global growth and so weak inflation. **Central banks are, therefore, likely to come under more pressure to support growth by looser monetary policy measures and this will militate against central banks increasing interest rates.**

The trade war between the US and China is a major concern to **financial markets** due to the synchronised general weakening of growth in the major economies of the world, compounded by fears that there could even be a recession looming up in the US, though this is probably overblown. These concerns resulted in **government bond yields** in the developed world falling significantly during 2019. If there were a major worldwide downturn in growth, central banks in most of the major economies will have limited ammunition available, in terms of monetary policy measures, when rates are already very low in most countries, (apart from the US). There are also concerns about how much distortion of financial markets has already occurred with the current levels of quantitative easing purchases of debt by central banks and the use of negative central bank rates in some EU countries. The latest PMI survey statistics of economic health for the US, UK, EU and China have all been predicting a downturn in growth;

this confirms investor sentiment that the outlook for growth during the year ahead is weak.

INTEREST RATE FORECASTS

The interest rate forecasts provided by Link Asset Services in paragraph 3.3 are **predicated on an assumption of an agreement being reached on Brexit between the UK and the EU**. On this basis, while GDP growth is likely to be subdued in 2019 and 2020 due to all the uncertainties around Brexit depressing consumer and business confidence, an agreement on the detailed terms of a trade deal is likely to lead to a boost to the rate of growth in subsequent years. This could, in turn, increase inflationary pressures in the economy and so cause the Bank of England to resume a series of gentle increases in Bank Rate. Just how fast, and how far, those increases will occur and rise to, will be data dependent. The forecasts in this report assume a modest recovery in the rate and timing of stronger growth and in the corresponding response by the Bank in raising rates.

- In the event of an **orderly non-agreement exit in December 2020**, it is likely that the Bank of England would take action to cut Bank Rate from 0.75% in order to help economic growth deal with the adverse effects of this situation. This is also likely to cause short to medium term gilt yields to fall.
- If there were a **disorderly Brexit**, then any cut in Bank Rate would be likely to last for a longer period and also depress short and medium gilt yields correspondingly. Quantitative easing could also be restarted by the Bank of England. It is also possible that the government could act to protect economic growth by implementing fiscal stimulus.

The balance of risks to the UK

- The overall balance of risks to economic growth in the UK is probably even, but dependent on a successful outcome of negotiations on a trade deal.
- The balance of risks to increases in Bank Rate and shorter term PWLB rates are broadly similarly to the downside.
- In the event that a Brexit deal was agreed with the EU and approved by Parliament, the balance of risks to economic growth and to increases in Bank Rate is likely to change to the upside.

One risk that is both an upside and downside risk, is that all central banks are now working in very different economic conditions than before the 2008 financial crash as there has been a major increase in consumer and other debt due to the exceptionally low levels of borrowing rates that have prevailed since 2008. This means that the neutral rate of interest in an economy, (i.e. the rate that is neither expansionary nor deflationary), is difficult to determine definitively in this new environment, although central banks have made statements that they expect it to be much lower than before 2008. Central banks could therefore either over or under do increases in central interest rates.

Downside risks to current forecasts for UK gilt yields and PWLB rates currently include:

- **Brexit** – if it were to cause significant economic disruption and a major downturn in the rate of growth.
- **Bank of England** takes action too quickly, or too far, over the next three years to raise Bank Rate and causes UK economic growth, and increases in inflation, to be weaker than we currently anticipate.
- A resurgence of the **Eurozone sovereign debt crisis**. In 2018, Italy was a major concern due to having a populist coalition government which made a lot of anti-austerity and anti-EU noise. However, in September 2019 there was a

major change in the coalition governing Italy which has brought to power a much more EU friendly government; this has eased the pressure on Italian bonds. Only time will tell whether this new coalition based on an unlikely alliance of two very different parties will endure.

- Weak capitalisation of some **European banks**, particularly Italian banks.
- **German minority government.** In the German general election of September 2017, Angela Merkel's CDU party was left in a vulnerable minority position dependent on the fractious support of the SPD party, as a result of the rise in popularity of the anti-immigration AfD party. The CDU has done badly in recent state elections but the SPD has done particularly badly and this has raised a major question mark over continuing to support the CDU. Angela Merkel has stepped down from being the CDU party leader but she intends to remain as Chancellor until 2021.
- **Other minority EU governments.** Austria, Finland, Sweden, Spain, Portugal, Netherlands and Belgium also have vulnerable minority governments dependent on coalitions which could prove fragile.
- **Austria, the Czech Republic, Poland and Hungary** now form a strongly anti-immigration bloc within the EU. There has also been rising anti-immigration sentiment in Germany and France.
- In October 2019, the IMF issued a report on the World Economic Outlook which flagged up a synchronised slowdown in world growth. However, it also flagged up that there was **potential for a rerun of the 2008 financial crisis**, but this time centred on the huge debt binge accumulated by corporations during the decade of low interest rates. This now means that there are corporates who would be unable to cover basic interest costs on **some \$19trn of corporate debt in major western economies**, if world growth was to dip further than just a minor cooling. This debt is mainly held by the shadow banking sector i.e. pension funds, insurers, hedge funds, asset managers etc., who, when there is \$15trn of corporate and government debt now yielding negative interest rates, have been searching for higher returns in riskier assets. Much of this debt is only marginally above investment grade so any rating downgrade could force some holders into a fire sale, which would then depress prices further and so set off a spiral down. The IMF's answer is to suggest imposing higher capital charges on lending to corporates and for central banks to regulate the investment operations of the shadow banking sector. In October 2019, the deputy Governor of the Bank of England also flagged up the dangers of banks and the shadow banking sector lending to corporates, especially highly leveraged corporates, which had risen back up to near pre-2008 levels.
- **Geopolitical risks**, for example in North Korea, but also in Europe and the Middle East, which could lead to increasing safe haven flows.

Upside risks to current forecasts for UK gilt yields and PWLB rates

- **Brexit** – if agreement was reached all round that removed all threats of economic and political disruption between the EU and the UK.
- The **Bank of England is too slow** in its pace and strength of increases in Bank Rate and, therefore, allows inflationary pressures to build up too strongly within the UK economy, which then necessitates a later rapid series of increases in Bank Rate faster than we currently expect.
- **UK inflation**, whether domestically generated or imported, returning to sustained significantly higher levels causing an increase in the inflation premium inherent to gilt yields.

5.3 TREASURY MANAGEMENT PRACTICE – CREDIT AND COUNTERPARTY RISK MANAGEMENT

SPECIFIED INVESTMENTS: All such investments will be sterling denominated, with **maturities up to maximum of 1 year**, meeting the minimum 'high' quality criteria where applicable.

NON-SPECIFIED INVESTMENTS: These are any investments which do not meet the specified investment criteria. The Council will not engage in any non-specific investments.

It should be noted that any funding provided to East Cambridgeshire Trading Company is given as a loan and treated as capital expenditure. It is **not** an investment, although clearly the Council does receive a return on the amount borrowed.

SPECIFIED INVESTMENTS

A variety of investment instruments will be used, subject to the credit quality of the institution, and depending on the type of investment made, it will fall into one of the above categories.

The criteria, time limits and monetary limits applying to institutions or investment vehicles are:

	Minimum credit criteria / colour band	** Max % of total investments / £ limit per institution	Max. maturity period
DMADF – UK Government	yellow	£6 million	6 months (max. is set by the DMO*)
UK Government gilts	yellow	£5 million	5 years
UK Government Treasury bills	yellow	£5 million	364 days (max. is set by the DMO*)
Bonds issued by multilateral development banks	yellow	£5 million	5 years
Money Market Funds CNAV	AAA	£5 million	Liquid
Money Market Funds LNAV	AAA	£5 million	Liquid
Money Market Funds VNAV	AAA	£5 million	Liquid
Local authorities	yellow	£5 million	12 months
Term deposits with banks and building societies (including part nationalised banks)	Blue Orange Red Green No Colour	£6 million £6 million £6 million £4 million Nil	12 months 12 months 6 months 100 days Not for use

* DMO – is the Debt Management Office of H.M. Treasury

Accounting treatment of investments. The accounting treatment may differ from the underlying cash transactions arising from investment decisions made by this Council. To ensure that the Council is protected from any adverse revenue impact, which may arise from these differences, we will review the accounting implications of new transactions before they are undertaken.

5.4 APPROVED COUNTRIES FOR INVESTMENTS

This list is based on those countries which have sovereign ratings of AA- or higher, (we show the lowest rating from Fitch, Moody's and S&P) and also, (except - at the time of writing - for Hong Kong, Norway and Luxembourg), have banks operating in sterling markets which have credit ratings of green or above in the Link Asset Services credit worthiness service.

Based on lowest available rating

AAA

- Australia
- Canada
- Denmark
- Germany
- Luxembourg
- Netherlands
- Norway
- Singapore
- Sweden
- Switzerland

AA+

- Finland
- U.S.A.

AA

- Abu Dhabi (UAE)
- Hong Kong
- France
- U.K.

AA-

- Belgium
- Qatar

5.5 TREASURY MANAGEMENT SCHEME OF DELEGATION

(i) Full Council

- receiving and reviewing reports on treasury management policies, practices and activities;
- approval of annual strategy.

(ii) Finance and Assets Committee (as the responsible body)

- approval of/amendments to the organisation's adopted clauses, treasury management policy statement and treasury management practices;
- budget consideration and approval;
- approval of the division of responsibilities;
- receiving and reviewing regular monitoring reports and acting on recommendations;
- approving the selection of external service providers and agreeing terms of appointment.

(iii) The Finance Manager and Section 151 Officer (as the person responsibility for treasury scrutiny)

- reviewing the treasury management policy and procedures and making recommendations to the responsible body.

5.6 THE TREASURY MANAGEMENT ROLE OF THE SECTION 151 OFFICER

The S151 (responsible) officer

- recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance;
- submitting regular treasury management policy reports;
- submitting budgets and budget variations;
- receiving and reviewing management information reports;
- reviewing the performance of the treasury management function;
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function;
- ensuring the adequacy of internal audit, and liaising with external audit;
- recommending the appointment of external service providers,
- preparation of a capital strategy to include capital expenditure, capital financing, and treasury management,
- ensuring that the capital strategy is sustainable, affordable and prudent in the long term and provides value for money,
- ensuring that due diligence has been carried out on all treasury and non-financial investments and is in accordance with the risk appetite of the authority,
- ensure that the authority has appropriate legal powers to undertake expenditure on non-financial assets and their financing,
- ensuring the proportionality of all investments so that the authority does not undertake a level of investing which exposes the authority to an excessive level of risk compared to its financial resources,
- ensuring that an adequate governance process is in place for the approval, monitoring and on-going risk management of all non-financial investments and long term liabilities,
- provision to members of a schedule of all non-treasury investments including material investments in subsidiaries, joint ventures, loans and financial guarantees,
- ensuring that members are adequately informed and understand the risk exposures taken on by an authority,
- ensuring that the authority has adequate expertise, either in house or externally provided, to carry out the above,
- creation of Treasury Management Practices that specifically deal with how non-treasury investments will be carried out and managed.

TITLE: BUS SERVICES AND CYCLING AND WALKING ROUTES PUBLIC CONSULTATION

Committee: Finance and Assets Committee

Date: 6th February 2020

Author: Infrastructure and Strategy Manager

[U172]

1.0 ISSUE

1.1 To consider the draft Bus Services and Cycling and Walking Routes Consultation questionnaire for approval as a document for public consultation.

2.0 RECOMMENDATION

2.1 It is recommended that the draft Bus Services and Cycling and Walking Routes Consultation questionnaire at Appendix 1 be approved as a document for public consultation, subject to any minor editorial changes agreed by the Chairman.

3.0 BACKGROUND/OPTIONS

3.1 The Council is planning to carry out a consultation exercise to identify key bus services and cycling and walking routes for local residents. The focus of the consultation is on journeys to:

- Work
- College or higher education
- Doctors/healthcare services
- Shopping
- Public transport services
- Council offices or other public services
- Sports and entertainment facilities
- Visit family and friends

3.2 The aim of the consultation is:

- To identify bus routes that are viable, or can become viable over a period of time, and to seek funding for a trial period to allow routes to become established and self-financing.
- To identify key cycling and walking routes and seek funding to deliver these.

3.3 The East Cambs Bus Services Review Member Working Party, established by this Committee in September, District Councillors and the East Cambridgeshire Access Group have commented on the draft questionnaire.

4.0 PUBLIC CONSULTATION PROPOSALS

4.1 The consultation period will run for six weeks, from Monday 9th March 2020 – Sunday 19th April 2020. Responses will be collected via a questionnaire, a draft of which can be found at Appendix 1. This questionnaire will be delivered to every home in the district by Royal Mail during the week commencing 9th March 2020.

4.2 Completed questionnaires can be returned to the District Council offices in Ely or placed in a drop box. The locations of the drop boxes can be found on page 2 of the draft questionnaire. Some venues are still to be confirmed and an update will be given at the meeting.

4.3 The questionnaire will also be available online via the Council's website. The online version will be presented at the meeting.

4.4 Other consultation activities proposed include:

- Councillor led resident's meetings
- Information boards at local libraries
- Engagement with stakeholders via email or meetings if required.

4.5 Stakeholders include Parish Councils, the Cambridgeshire and Peterborough Combined Authority, Cambridgeshire County Council Passenger Transport Team, local bus service providers (they may be able to amend existing routes to incorporate our proposals), Cambridgeshire County Council Cycling Projects Team, local walking and cycling groups, East Cambridgeshire Access Group, schools and large local businesses/shops.

5.0 FINANCIAL IMPLICATIONS/EQUALITY IMPACT ASSESSMENT/CARBON IMPACT ASSESSMENT

5.1 The costs of the consultation will be met using existing budgets.

5.2 Equality Impact Assessment (INRA) not required at this stage. Recommendations arising from the Review may require an Equality Impact Assessment (INRA) to be completed.

5.3 Carbon Impact Assessment (CIA) completed. In summary, the CIA concluded as follows:

Although there will be a small carbon impact as a result of printing paper copies of the questionnaire and some additional staff travel relating to the consultation, the Bus Services Review and the Cycling and Walking Strategy work will, it is intended, ultimately result in a significant reduction in carbon emissions through the provision of an increase in options for sustainable travel.

6.0 APPENDICES

6.1 Appendix 1: Draft Bus Services and Cycling and Walking Routes Consultation questionnaire.

<u>Background Documents</u>	<u>Location</u>	<u>Contact Officer</u>
None	Room 13, The Grange, Ely	Sally Bonnett Infrastructure and Strategy Manager (01353) 616451 Sally.bonnett@eastcambs.gov.uk



Bus Services and Cycling and Walking Routes Consultation

Do you travel by bus? Would you use a bus service if one was available?

Tell us what local journeys you would like to be able to make by bus

Do you cycle or walk in your local area?

Tell us about the existing routes and any new routes you would like us to consider

East Cambridgeshire District Council is consulting with residents to identify key bus, cycling and walking routes that will allow local people to get to work, college, doctors, shops, public services or to visit family and friends.

If you would like to be able to travel more often by bus, please tell us where you would like to go and the times you would like to travel.

If you would like to be able to cycle, walk or use a wheelchair or mobility scooter to get to your destination, please give us details of your route.

The aim of the consultation is:

- To identify key bus routes to seek funding for a trial period to allow routes to become established and self-financing.
- To identify key cycling and walking routes and seek funding to deliver these.

The feedback you give is important as it will provide the evidence we need to secure funding for the future delivery of bus services, cycleways and footpaths. The focus of this work is to identify routes. The type of cycleway or footpath that will be provided will be determined at the delivery stage.

The consultation closes on Sunday 19th April 2020.

HOW TO HAVE YOUR SAY

Complete this questionnaire and return it to the District Council offices in Ely or put it in a drop box – please see over page for locations.

Complete the survey online at – www.eastcambs.gov.uk/buscyclewalk or use the QR code

Email - buscyclewalk@eastcambs.gov.uk

Telephone (01353) 665555



You do not need to complete all three sections of the questionnaire, just those that apply to you.

If you require this document in different formats (e.g. Braille, large print, audiotape/CD or other languages please contact the council's main reception or email translate@eastcambs.gov.uk

Return this questionnaire either to the District Council offices in Ely or place it in a drop box. These can be found at:

Ashley	To be confirmed
Bottisham	Bottisham Post Office & Village Stores, 12 High St, Bottisham, CB25 9DA
Burwell	Jubilee Reading Room, 99 The Causeway, Burwell, CB25 0DU
Cheveley	To be confirmed
Chippenham	The Tharp Arms, 4 6 High St, Chippenham, CB7 5PR
Coveney	Coveney Village Hall, School Lane, Coveney, CB6 2DB
Dullingham	To be confirmed
Ely	ECDC Offices, The Grange, Nutholt Lane, Ely, CB7 4EE, Oliver Cromwell's House, 29 St Mary's St, Ely CB7 4HF The Maltings, Ship Lane, Ely CB7 4BB
Fordham	To be confirmed
Haddenham	Haddenham Library, Arkenstall Centre, 7 Station Road, Haddenham, CB6 3XD
Isleham	To be confirmed
Kennett	To be confirmed
Kirtling,	To be confirmed
Little Downham	Nisa Local, 91 Main St, Little Downham, CB6 2SX Corkers Crisps, Willow Farm, Little Downham, CB6 2WA
Little Thetford	To be confirmed
Littleport	The Barn, Main Street Car Park, Littleport, CB6 1PH
Lode	To be confirmed
Mepal	Mepal Post Office and Stores, High St, Mepal, CB6 2AW
Newmarket (part)	To be confirmed
Reach	Dykes End Public House, Fair Green, Reach, CB25 0JD
Snailwell	To be confirmed
Soham	The Pavilion, Fountain Lane, Soham, CB7 5PL
Stetchworth	The Ellesmere Centre, Ley Rd, Stetchworth, CB8 9TS
Stretham	Stretham Stores, 45 High Street, Stretham, CB6 3JQ
Sutton	The Glebe, 4 High St, Sutton, CB6 2RB
Swaffham Bulbeck	To be confirmed
Swaffham Prior	To be confirmed
Upware	Five Miles From Anywhere Public House, Old School Lane, Upware, CB7 5ZR
Wicken	Maids Head Public House, 12 High St, Wicken, CB7 5XR Wicken Fen National Nature Reserve, Lode Lane, Wicken, CB7 5XP
Wilburton	To be confirmed
Witcham	To be confirmed
Witchford	To be confirmed
Woodditton	To be confirmed

Please answer the questions below and let us know how you currently use, or would like to use bus services.

The focus of this questionnaire is journeys to:

- Work
- College or higher education
- Doctors/healthcare services
- Shopping
- Public transport services
- Council offices or other public services
- Sports and entertainment facilities
- Visit family and friends



1. Please provide your full home postcode below:

2. How old are you? Please tick one box.

- Under 18
- 18-24
- 25-34
- 35-44
- 45-54
- 55-64
- 65+
- Prefer not to say

3. How often do you use a local bus service? Please tick one box.

- 5 or more days a week
- 2-4 days a week
- Once a week
- Less than once a week but more than once a month
- Once a month
- Less than once a month
- Never

If never, please explain why below:

4. If you currently never use a bus service, would you travel by bus if a suitable service was provided for some of the journeys you make? Please tick all that apply. Please see question 9 if you would like to suggest new bus service routes.

	Yes	No	Not applicable	Don't know
To work	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
To college/higher education	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
To doctors/healthcare services	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
For shopping	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
To access other public transport	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
To council offices or other public services	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
To sports and entertainment facilities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
To visit family and friends	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Other (please specify)

5. Do you have a bus pass? Please tick one box.

Yes

No

If yes, please specify the type of bus pass/es you have:

6. If you are a bus user, why do you travel by bus? Please tick all that apply.

Environmental reasons

Medical reasons

No access to a car

Because I can travel for free using my bus pass

Other (please specify)

7. If you are a bus user, what journeys do you regularly (at least once a month) make by bus ? Please tick all that apply.

	5 or more days a week	2-4 days a week	Once a week	Less than once a week, but more than once a month	Once a month
To work	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
To college/higher education	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
To doctors/healthcare services	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
For shopping	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
To access other public transport	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
To council offices or other public services	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
To sports and entertainment facilities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
To visit family and friends	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other (please specify)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

8. Are there any changes that you would like to see made to an existing bus service you currently use? e.g. earlier, later or more frequent services, easier connections to other services? If yes, please provide your suggestions below.

9. What new bus services do you think should be provided? Please give details of the route, and the times and days the service should operate.

Proposed Route

Start Location

Destination

Start time (outward journey)

Start time (return journey)

Day/s of the week

Journey purpose

10. Please use the space below to give details of other bus routes you think should be provided. Please give details of the start location, destination and the times and days the service should operate.

The Council is producing a Cycling and Walking Strategy to make cycling and walking the natural choice for shorter trips or as part of a longer journey. We need your help to identify cycling and walking routes that will create better links across the district.

The Cycling and Walking Strategy will focus on journeys to:

- Work
- College or higher education
- Doctors/healthcare services
- Shopping
- Public transport services
- Council offices or other public services
- Sports and entertainment facilities
- Visit family and friends



The questions below relate to cycling.

Please see page 11 of this questionnaire for questions relating to walking.

1. Please provide your full home postcode below.

2. How old are you? Please tick one box.

Under 18

45-54

18-24

55-64

25-34

65+

35-44

Prefer not to say

3. Where would you like to be able to cycle to/from, but cannot, **because there is not a cycle path?**

Please give details of route/s below, including a start and end location.

Please see question 5 if you would like to suggest improvements to existing cycle paths.

4. Why would you use this route? To get to - please tick all that apply:

	Yes	No	Not applicable	Don't know
Work	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
College/higher education	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Doctors/healthcare services	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Shopping	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Public transport services	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Council offices or other public services	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Sports and entertainment facilities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Visit family and friends	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Other (please specify)

5. Where would you like to be able to cycle to/from, but cannot, **because the cycle path is in disrepair?**

Please give details of the route/s below, including a start and end location.

6. Why would you use this route? To get to - please tick all that apply:

	Yes	No	Not applicable	Don't know
Work	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
College/higher education	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Doctors/healthcare services	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Shopping	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Public transport services	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Council offices or other public services	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Sports and entertainment facilities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Visit family and friends	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Other (please specify)

7. Where would you like to be able to cycle to/from, but cannot, **because there is no safe crossing point?** Please give details of the route below, including a start and end location, and where a crossing point is required.

8. Why would you use this route? To get to - please tick all that apply:

	Yes	No	Not applicable	Don't know
Work	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
College/higher education	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Doctors/healthcare services	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Shopping	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Public transport services	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Council offices or other public services	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Sports and entertainment facilities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Visit family and friends	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Other (please specify)

9. If you would like to make any further comments/suggestions about cycling routes, please do so in the space below.

The Council is producing a Cycling and Walking Strategy to make cycling and walking the natural choice for shorter trips or as part of a longer journey. We need your help to identify cycling and walking routes that will create better links across the district.

The Cycling and Walking Strategy will focus on journeys to:

- Work
- College or higher education
- Doctors/healthcare services
- Shopping
- Public transport services
- Council offices or other public services
- Sports and entertainment facilities
- Visit family and friends



Please answer the questions below and let us know where you would like to be able to walk, or use a wheelchair or mobility scooter, to get to.

Please see the page 7 of this questionnaire for questions relating to cycling routes.

1. Please provide your full home postcode below.

2. How old are you? Please tick one box.

- | | |
|-----------------------------------|--|
| <input type="checkbox"/> Under 18 | <input type="checkbox"/> 45-54 |
| <input type="checkbox"/> 18-24 | <input type="checkbox"/> 55-64 |
| <input type="checkbox"/> 25-34 | <input type="checkbox"/> 65+ |
| <input type="checkbox"/> 35-44 | <input type="checkbox"/> Prefer not to say |

3. Where would you like to be able to walk to/from, but cannot, **because there is not a footpath**? Please give details of the route/s below, including a start and end location for each route.

4. Why would you use this route? To get to - please tick all that apply:

	Yes	No	Not applicable	Don't know
Work	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
College/higher education	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Doctors/healthcare services	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Shopping	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Public transport services	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Council offices or other public services	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Sports and entertainment facilities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Visit family and friends	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Other (please specify)

5. Where would you like to be able to walk, or use a wheelchair or mobility scooter to get to/from but cannot use easily, **because the footpath is in disrepair**, there is street clutter obstructing the footpaths or there is insufficient street lighting? Please give details of the route/s below, including a start and end location for each route.

6. Why would you use this route? To get to - please tick all that apply:

	Yes	No	Not applicable	Don't know
Work	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
College/higher education	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Doctors/healthcare services	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Shopping	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Public transport services	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Council offices or other public services	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Sports and entertainment facilities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Visit family and friends	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Other (please specify)

7. Where would you like to be able to walk, or use a wheelchair or mobility scooter, to get to/from but cannot, **because there is no safe crossing point**? Please give details of the route, including a start and end location, and where a crossing point is required for each route.

8. Why would you use this route? To get to - please tick all that apply:

	Yes	No	Not applicable	Don't know
Work	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
College/higher education	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Doctors/healthcare services	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Shopping	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Public transport services	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Council offices or other public services	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Sports and entertainment facilities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Visit family and friends	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Other (please specify)

9. If you would like to make any further comments/suggestions about routes, or footpaths, please do so in the space below.

If you wish to make any other comments or suggestions about bus services, cycling routes or walking routes, please do so in the space below.



Thank you for completing this questionnaire.

TITLE: Information Security Policy 2020

Committee: Finance & Assets Committee

Date: 6th February 2020

Author: Karen Wright, ICT Manager

[U173]

1.0 ISSUE

1.1 To consider and approve the Council's Information Security Policy 2020.

2.0 RECOMMENDATION(S)

2.1 Members are requested to:

- i) Approve the Information Security Policy as set out in Appendix 1; and
- ii) Delegate authority to the Corporate Management Team to approve any Codes of Practice arising from this policy.

3.0 BACKGROUND/OPTIONS

3.1 The Council last refreshed the Information Security Policy in 2016. Since this last refresh there have been changes in legislation that require the need for a new policy to be considered and approved.

3.2 The Information Security Policy (provided at Appendix 1) provides a framework and guidance to ensure that all data held by the Council, in any format, is secure and complies with the requirements of the relevant legislation, particularly the Data Protection Act 2018.

3.3 It is important to note that the Information Security Policy should not be read in isolation. Users of the policy must read the Information Security Policy in conjunction with other policies, codes of practice and guidance documents.

4.0 ARGUMENTS/CONCLUSIONS

4.1 The Information Security Policy provides clear and defined guidelines that must be followed by staff, third party contractor and elected Members. Without these clear guidelines the Council could be at risk of data breaches.

4.2 It is intended that this policy will be reviewed in three years time, unless there are changes to legislation that requires the policy to be reviewed sooner.

4.3 In addition to this policy there will be a need to develop Codes of Practice documents. These documents will provide information about the practical application of the themes referred to in the policy. As with the Health & Safety

Codes of Practice, these will be approved by the Corporate Management Team and published on the Intranet.

5.0 FINANCIAL IMPLICATIONS

5.1 There are no additional financial implications arising from this report.

6.0 EQUALITY IMPACT ASSESSMENT/CARBON IMPACT ASSESSMENT

6.1 An Equality Impact Assessment is not required.

6.2 A Carbon Impact Assessment is not required.

7.0 APPENDICES

7.1 Appendix 1- Information Security Policy (2020)

<u>Background Documents</u>	<u>Location</u>	<u>Contact Officer</u>
Information Security Policy Manual (June 2016)	The Grange, Ely	Karen Wright ICT Manager (01353) 665555 E-mail: karen.wright@eastcambs.gov.uk

EAST CAMBRIDGESHIRE DISTRICT COUNCIL

INFORMATON SECURITY POLICY

Title	Information Security Policy
Owner	ICT Manager
Issue date	January 2020
Version Number	V1.0
Next revision due	January 2023

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1 Introduction

1.1 All information held by the Council, in all formats, represents an extremely valuable asset, however without it our jobs would be impossible to do.

Information is precious and, therefore, must be used and stored in a secure manner. We have identified information management and security as one of our key risks. Information Security is everyone's responsibility and this policy will provide guidance covering all aspects of processing information.

1.2 The Policy must be read in conjunction with other information management and IT Policies, Code of Practice and guidance documents, including but not limited to;

- Data Protection Guidance
- Data Breach Guidance
- Remote Working Code of Practice
- Social Media Guidance
- ICT Equipment, Internet and Email Acceptable Use Policy
- Data Retention and Disposal Guidelines
- ICT Password Policy
- ICT Starter Leavers Procedure

1.3 The Policy applies to all Members, employees of the Council, and employees of all entities owned by the Council. It also applies to contractors, business partners and visitors not employed by the council but engaged to work with or who have access to council information, (e.g. computer maintenance contractors) and in respect of any externally hosted computer systems.

1.4 The Policy applies to all locations from which council systems are accessed (including home use). Where there are links to enable non-council organisations to have access to council information, officers must confirm the security policies they operate meet the council's security requirements. A copy of any relevant third party security policy should be obtained and retained with the contract agreement.

1.5 Suitable third party processing agreements must be in place before any third party is allowed access to personal information for which the council is responsible.

1.6 The policy applies throughout the lifecycle of the information from creation, storage and use, to disposal. It applies to all information including;

- Information stored electronically in databases or applications e.g. email;
- Information stored on computers, laptops, tablets, mobile phones or removable media such as hard disks, CD/DVD's, memory sticks and other similar media;

- Information stored on networks;
- Information sent by fax or other communications method;
- All paper records;
- Microfiche, visual and photographic materials including CCTV
- Spoken, including face-to-face, voicemail and recorded conversation

2.0 Definition of Information Security

2.1 Information security means safeguarding information from unauthorised access or modification to ensure its:

- **Confidentiality** – ensuring the information is accessible only to those authorised to have access;
- **Integrity** – safeguarding the accuracy and completeness of information by protecting against unauthorised modification;
- **Availability** – ensuring that authorised users have access to information and associated assets when required.

3.0 Policy Compliance

3.1 Service Leads should ensure all staff are aware of and understand the content of this policy.

3.2 If any user is found to have breached this policy, they could be subject to East Cambridgeshire District Council's Disciplinary Policy and Procedure. Serious breaches of this policy could be regarded as gross misconduct.

4.0 Legal and Regulatory Requirements

4.1 Users of the Council's information assets will be required to abide by UK and European Legislation relevant to security including;

- Data Protection Act 2018
- The General Data Protection Regulation (GDPR)
- Computer Misuse Act 1990
- Privacy and Electronic Communications Regulations 2003
- Copyright, Designs and Patents Act 1988
- Freedom of Information Act 2000
- Payment Card Industry Data Security Standards (PCI DSS)
- Users should seek guidance about the legal constraints of using information in their work and the Council will provide appropriate guidance and training to its staff.

5.0 Roles and Responsibilities

- 5.1 The Council's Senior Information Risk Officer (SIRO) has responsibility for managing information risk on behalf of the Chief Executive and the Council's Management Team, setting strategic direction and ensuring policies and processors are in place for sage management of information.
- 5.2 Service Leads and Line Managers must:
 - 5.2.1 ensure all staff, whether permanent or temporary, are instructed in their security responsibilities
 - 5.2.2 ensure staff using computer systems/media are trained in their use
 - 5.2.3 determine which individuals are given authority to access specific information systems. The level of access to specific systems should be on a job function need, irrespective of status
 - 5.2.4 ensure staff are unable to gain unauthorised access to council IT systems or manual data
 - 5.2.5 implement procedures to minimise the council's exposure to fraud, theft or disruption of its systems such as segregation of duties, dual control, peer review or staff rotation in critical susceptible areas.
 - 5.2.6 ensure current documentation is maintained for all critical job functions to ensure continuity in the event of relevant staff being unavailable
 - 5.2.7 ensure that the relevant system administrators are advised immediately about staff changes affecting computer access (e.g. job function changes or leaving the Council or its Trading Companies) so that passwords may be changed or accounts deactivated and/or amend data access rights.
 - 5.2.8 ensure information held is accurate, up to date, and retained, in line with council retention and disposal guidelines
 - 5.2.9 be aware of information or portable ICT equipment which is removed from The Council Offices for the purpose of site visits or home working and ensure staff are aware of the security requirements detailed in Section 9.
 - 5.2.10 ensure relevant staff are aware of and comply with any restrictions specific to their role or service area. This would include Data Sharing Agreements to which the Council is a signatory
- 5.3 Members and Staff are responsible for:
 - 5.3.1 ensuring that no breaches of information security result from their actions
 - 5.3.2 reporting any breach, or suspected breach of security to the Council's Information Officer without delay. Further details can be found in the Data Protection Guidance for Staff document (found on the East Cambridgeshire District Council's Intranet - Data Protection Pages

<https://intranet.eastcambs.gov.uk/policies/data-protection>)

- 5.3.3 ensuring information they have access to remains secure. The level of security will depend of the sensitivity of the information and any risks which may arise from its loss.
- 5.3.4 ensuring they are aware of and comply with any restrictions specific to their role or service area. This would include, for example, Memoranda of Understanding with Government Departments and Data sharing Agreements to which the council is a signatory.
- 5.4 All staff should be aware of the confidentiality clauses in their contract of employment.
- 5.5 Advice and guidance on information security can be provided by the Information Officer (Legal) and, in relation to IT Security, the ICT Manager.

6.0 Keeping Data Secure

6.1 Data Protection by Design and Default

6.1.1 The General Data Protection Regulation (GDPR) requires that organisations put in place appropriate technical and organisational principles and safeguard individual rights. This is known as 'Data Protection by Design and Default'. It means we have to integrate data protection into our processing activities and business practices from the design stage right through the lifecycle.

6.1.2 The Council will ensure that privacy and data protection is a key consideration in everything we do. As part of this we will:

- Consider data protection issues as part of the design and implementation of systems, services, products and business practices
- Make data protection an essential component of the core functionality of our processing systems and services
- Anticipate risks and privacy-invasive events before of they occur and take steps to prevent harm to individuals
- Only process the personal data that we need for our purpose(s) and that we only use the data for those purposes

6.2 Core privacy considerations should be incorporated into existing project management and risk management methodologies to ensure:

- Potential problems are identified at an early stage
- Increased awareness of privacy and data protection
- Legal Obligations are met and data breaches minimised
- Actions are less likely to be privacy intrusive and have a negative impact on individuals

6.3 All paperwork particularly those that include sensitive and/or personal identifiable information should be locked away when not in use and at the end of each day.

7.0 Access Control

- 7.1 Staff, Members and contractors should only access systems for which they are authorised. Under the Computer Misuse Act (1990) it is a criminal offence to attempt to gain access to computer information and systems for which they have no authorisation. All contracts of employment and conditions of contract for contractors should have a non-disclosure clause, which means that in the event of accidental unauthorised access to information (whether electronic or manual) the member of staff or contractor is prevented from disclosing information which they had no right to obtain.
- 7.2 All new starters will only be given controlled access to applications/systems and data file areas as provided by line managers on the IT New Starter Form. Additions or changes to the access privileges to any application/system and data file areas must be made using the ICT Helpdesk and will only be actioned following authorisation from the employee's line manager or Director.
- 7.3 The ICT Team must be informed by HR or by an employee's Line Manager or Director before the last working day of employment for any employee leaving the Council. The ICT Team will remove access rights to the employees Network Account.
- 7.4 Line managers must ensure that passwords to local systems are removed or changed to deny access. This would apply to systems externally hosted and not under the remit of the ICT Team, for example.
- 7.5 System administrators will delete or disable all identification codes and passwords relating to members of staff who leave the employment of the council on their last working day. The employee's manager should ensure that all PC files of continuing interest to the business of the council are transferred to another user before the member of staff leaves.
- 7.6 Where appropriate, staff working out notice are assigned to non-sensitive tasks or are appropriately monitored.
- 7.7 Staff, Members and contractors must comply with the council's Password Policy.
- 7.8 Particular attention should be paid to the return of items which may allow future access. These include personal identification devices, access cards, keys passes, manuals and documents.
- 7.9 Managers must ensure that staff leaving the council's employment do not inappropriately wipe or delete information from devices. If the circumstances of leaving make this likely then access rights should be restricted to avoid damage to council information and equipment.
- 7.10 All visitors should have official identification issued by the council. If temporary passwords need to be issued to allow access to confidential systems these need to be disabled when the visitor has left. Visitors should not be afforded an

opportunity to casually view computer screens or printed documents produced by any information system without authorisation.

- 7.11 Physical security to the building with the exception of the reception is provided through access control. Staff and Members should challenge anyone they do not recognise in the office areas. Never let someone you don't know or recognise to tailgate you through security doors.

8.0 Security of Equipment

- 8.1 Portable devices with the ability to store data must have appropriate access protection, for example passwords and encryption.
- 8.2 Portable devices must not be left unattended in public places.
- 8.3 Computer equipment is vulnerable to theft, loss or unauthorised access. Any authorised user of council portable devices should secure laptops and handheld equipment with the equipment being locked away when they leave the office.
- 8.4 Portable devices must be kept out of site when travelling in a vehicle and should always be locked away in the glove box or similar or the boot of the vehicle.
- 8.5 Users of portable devices are responsible for the security of the hardware and the information it holds at all times on or off council property. The equipment should only be used by the individual to which it is issued.
- 8.6 Users working from home must ensure appropriate security is in place to protect council equipment or information. This will include physical security measures to prevent unauthorised entry to the property and ensuring council equipment and information is kept out of sight.
- 8.7 Council issued equipment must not be used by non-council staff and members.

9.0 Payment Card Industry (PCI) Compliance

- 9.1 The Council is currently Payment Card Industry Data Security Standard (PCI DSS) compliant. This is a set of requirements designed to ensure that all companies that process, store or transmit credit or debit card information maintain a secure environment.
- 9.2 Failure to comply with these standards could lead to fines or even the removal of the Councils ability to accept card payments.
- 9.3 Those users who have access to any part of the Councils Cash Receipting systems whereby they are taking payments either in person or over the phone should only enter Card numbers into the relevant payment screens and **under no circumstances** should card holder data such as card numbers be written down or copied by anybody as this would breach our PCI compliance.

10.0 Security and Storage of Information

10.1 All information, whether electronic or manual, must be stored in a secure manner, appropriate to its sensitivity. It is for each service area to determine the sensitivity of the information held and the relevant storage appropriate to the information. Suitable storage and security includes:

- Paper files stored in lockable cupboards or drawers
- Portable devices stored in lockable cupboards or drawers
- Electronic files password protected or encrypted
- Restricted access to ICT systems
- Computer screens to be 'locked' whenever staff leave their desk
- Removable media (for example, CD, DVDs and USB pens/sticks/drives) should be kept in lockable cupboards or drawers and information deleted or media destroyed (e.g. CD) when no longer required. Removable media should not be plugged into Council's devices unless authorised by the ICT Team .
- Paper files removed from the office (for site visits or when working from home) to be kept secure at all times and not left in plain sight in unattended vehicles or premises
- Portable Devices should not be left in unattended vehicles
- It is advisable that paper files containing personal or sensitive data are kept separate from Portal Devices, particularly when working from home
- At no time should sensitive, confidential or personal information be stored on a portable device's hard drive. Access to this type of information must always be through the council's network.
- Staff should be aware of the position of their computer screens and take all necessary steps to prevent members of the public or visitors from being able to view the content displayed on the screens.

11.0 Posting, Emailing and Copying Information

11.1 If information is particularly sensitive or confidential the most secure method of transmission must be selected. The following should be adopted as appropriate, depending on the sensitivity of the information

11.2 It is important that only the minimum amount of personal or sensitive information is sent, by whichever method is chosen.

11.3 Sending information by email:

11.3.1 Carefully check the recipient's email address before pressing send – this is particularly important where the 'to' field autocompletes.

11.3.2 If personal or sensitive information is regularly sent via email, consideration should be given to disabling the auto complete function and regularly empty the auto complete list. Both options can be found in Outlook under 'file', 'options' and 'mail'.

- 11.3.3 Staff and Members should take care when replying 'to all' – do you know who all recipients are and do they all need to receive the information being sent.
- 11.3.4 If emailing sensitive information, password protect any attachments. Use a different method to communicate the password e.g. telephone call or text
- 11.4 Sending information by post:
 - 11.4.1 Check the recipient's address is correct.
 - 11.4.2 Ensure only the relevant information is in the envelope and that someone else's letter hasn't been included in error.
 - 11.4.3 If the information is particularly sensitive or confidential send using the most secure method of delivery, this could be Special Delivery or Courier.
- 11.5 Printing and Photocopying:
 - 11.5.1 When printing or photocopying multiple documents, Staff and Members should ensure the documents are separated.
 - 11.5.2 Make sure your entire document has copied or printed – check that the copier/printer has not run of paper. This is particularly important when copying or printing large documents.
 - 11.5.3 Do not leave the printer unattended – someone else may come along and pick up the printing by mistake.
 - 11.5.4 Consideration should be given to printing of sensitive data and should be printed using the MFD printers, where possible due to the more secure nature of the printer (authentication by user card)

12.0 Redacting

- 12.1 Any third party data should be redacted either before sending it out or posting it onto the website. A suitable and permanent redaction method should be used.
- 12.2 The use of black marker pen is **not** a suitable method of redaction.
- 12.3 Changing the colour of text (e.g. white text on a white background) or using text boxes to cover text are not suitable redaction methods, as these can be removed from electronic documents. If guidance is needed for redacting documents, please contact the ICT Team.

13.0 Sharing and Disclosing Information

- 13.1 When disclosing personal or sensitive information to customers, particularly over the phone or in person, ensure you verify their identity. Service areas dealing with customers on a daily basis should have suitable security

questions which must always be used. If in doubt ask for suitable ID or offer to post the information (to the contact details on file).

- 13.2 If a request for disclosure of information is received the request must be referred to the Information Officer (Legal)

14.0 Retention and Disposal of Information

- 14.1 Information must only be retained for as long as it is needed for business purposes, or in accordance with any statutory retention period.
- 14.2 Staff should refer to the Council's Retention and Disposal Guidelines for further information. The schedule sets out the type of information held in service areas, together with statutory or agreed retention periods. Contact the Information Officer (Legal) for further advice on retention.
- 14.3 When disposing of information please ensure the most appropriate method is used. Paper files containing personal or sensitive information must be disposed of in the confidential waste bins/bags. Electronic information must be permanently destroyed.
- 14.4 When purchasing new computer systems or software, please consider requirements for the retention and disposal of information and ensure these are included at the scoping stage.
- 14.5 When a member of staff leaves, their electronic stored data (Email mailbox, "Private" file storage on the network) will be archived and stored for 3 years. The electronic data may be accessed by the leaver's Line Manager, Service Lead or Director and any electronic data may be copied/moved out of the storage archive if deemed necessary for business purposes. The electronic data in the storage archive will be destroyed in lines with the Council's retention and Disposal Guidelines after the 3 year period.

15.0 Vacating Premises or Disposing of Equipment

- 15.1 All Council information should be removed from the premises should they be vacated and from equipment before it is disposed of. Equipment includes cupboards and filing cabinets as well as computers or other electronic devices.
- 15.2 If the Council vacates any of its premises, the Manager of the service area occupying the premises must undertake appropriate checks of all areas, including locked rooms, basements and other storage areas, to ensure all Council information is removed. Such checks should be documented, dated and signed.
- 15.3 If information is bagged for disposal (whether confidential or not), this must be removed before the building is vacated.
- 15.4 Cupboards and filing cabinets must be checked before their disposal to ensure they contain no documents or papers.

15.5 All ICT equipment should be disposed of by the ICT Team. The ICT Team will arrange the disposal of the equipment through a company with the necessary credentials for that type of equipment e.g. hard drive shredded

16.0 Cloud Storage Solutions

16.1 The use of cloud storage solutions (Dropbox, Onedrive Personal, iCloud etc.) for the transfer of council information should not be used without prior authorisation from both the Legal and ICT Teams.

17 Systems Development

17.1 All system developments must include security issues in their consideration of new developments, seeking guidance from the IT Team where appropriate.

17.2 Data Privacy Impact Assessments (DPIAs) should be carried out prior to purchase of any new system which will be used for storing and accessing personal information, please see the Information Officer (Legal) prior to any new systems or technologies being implemented.

18 Network Security

18.1 The Council will engage a third-party specialist to routinely review network security.

19 Risks from Viruses and other malicious software

19.1 Viruses (including malware and zero day threats) are one of the greatest threats to the council's computer systems. PC viruses become easier to avoid if staff and members are aware of the risks with unlicensed software or bringing data/software from outside the council. Anti-virus measures reduce the risks of damage to the network.

19.2 ICT centrally maintain and update the currency of the virus definition files on servers, but users are responsible for checking that virus updates are automatically occurring on all desktop machines. Advice and support is available from the ICT Team if any remedial action is necessary. Any suspected virus attack must be report by the ICT Helpdesk.

19.3 Ransomware is becoming more common and is a serious threat to data stored by the council. A device, system or network attacked by ransomware may have all files it has access to encrypted and in some cases may have the data stolen by malicious attacks. Ransomware, and many common viruses, are often distributed via malicious email or malicious websites. Only click links and download/open attachments from trusted sources and only when you expect the item(s). Do not open or download a file if you are not sure.

20 Cyber Security

- 20.1 Cyber security and cybercrime are increasing risks that, if left unchecked, could disrupt the day to day operations of the Council, the delivery of local public services and ultimately have the potential to compromise national security.
- 20.2 Regular cyber security training will be provided to all staff and members.

21 Access to Secure Areas

- 21.1 The Council's local network equipment and servers will be located in secure areas and where appropriate within locked cabinets.
- 21.2 Unrestricted access to the central computer facilities will be confined to designated staff whose job function requires access to that particular area/equipment.
- 21.3 Restricted access may be given to other staff where there is a specific job function need for such access.
- 21.4 Authenticated representatives of third party support agencies will only be given access through specific authorisation.

22 Security of Third Party Access

- 22.1 No external agency will be given access to any of the council's networks unless that body has been formally authorised to have access.
- 22.2 All external agencies will be required to sign security and confidentiality agreements with the council.
- 22.3 All external agencies processing personal information on the council's behalf (including via a hosted IT System) will be required to sign a third party processing agreement.
- 22.4 The council will control all external agencies access to its systems by enabling/disabling connections for each approved access requirement.
- 22.5 The council will put in place adequate procedures to ensure the protection of all information being sent to external systems. In doing so, it will make no assumptions as to the quality of security used by any third party but will request confirmation of levels of security maintained by those third parties. Where levels of security are found to be inadequate, alternative ways of sending data will be used.
- 22.6 All third parties and any outsourced operations will be liable to the same level of confidentiality as council staff and members.

23 Data backup

- 23.1 Data should be held on a network directory where possible, to ensure routine backup processes capture the data. Information must not be held on a device's local storage without the prior approval of the ICT Manager.
- 23.2 Data should be protected by clearly defined and controlled back-up procedures which will generate data for archiving and contingency recovery purposes.
- 23.3 ICT should produce written backup instructions for IT Systems under their management. Procedures should be in place to recover to a useable point after restart of this back-up.
- 23.4 Archived and recovery data should be accorded the same security as live data and should be held separately preferably at an off-site location. Archived data is information which is no longer in current use, but may be required in the future, for example, for legal reason or audit purposes. The council's Retention and Disposal Guidelines must be followed in determining whether data should be archived.
- 23.5 Recovery data should be sufficient to provide an adequate level of service and recovery time in the event of an emergency and should be regularly tested as determined by the Disaster Recovery Document.
- 23.6 Recovery data should be used only with the formal permission of the data owner, the relevant Service Lead/Director or as defined in the contingency plan for the system.
- 23.7 If live data is corrupted, any relevant software, hardware and communications facilities should be checked before using the back-up data. This aims to ensure that the back-up is not corrupted in addition to the live data. An engineer (software or hardware) should check the relevant equipment or software using his/her own test data.

24 Software

- 24.1 All users should ensure that they only use licensed copies of commercial software. It is a criminal offence to make/use unauthorised copies of commercial software and offender are liable to disciplinary action. Each user should ensure that a copy of each licence for commercial software is held.
- 24.2 The loading and use of unlicensed software on council computing equipment is **NOT** allowed. All staff and member must comply with the Copyright, Designs and Patents Act (1988). This states that it is illegal to copy and use software without the copyright owner's consent or the appropriate licence to prove the software was legally acquired. The council monitors the installation and use of software by means of regular software audits; any breaches or software copyright may result in personal litigation by the software author or distributor and may be the basis for disciplinary action under the councils Disciplinary Policy and Procedures.

- 24.3 The council will only permit authorised software to be installed on its IT equipment. Approval will be via ICT Team. Any requests for software to be installed should be made by the ICT Helpdesk.
- 24.4 Where the council recognises the need for specific specialised PC products, such products should be registered with ICT and be fully licensed.
- 24.5 Software packages must comply with and not compromise council security standards.
- 24.6 Computers owned by the council are only to be used for the work of the council. The copying of leisure software on to computing equipment owned by the council is not allowed. Copying of leisure software may result in disciplinary actions under the councils Disciplinary Policy and Procedures. Computer leisure software is one of the main sources of software corruption and viruses which may lead to the destruction of complete systems and the data contained on them.
- 24.7 Education software for training and instruction should be authorised, properly purchased, virus checked and installed by ICT Team. Where a software package includes 'games' (for example, to enable the user to practise their keyboard skills), then this will be allowed as long as it does not represent a threat to the security of the system.
- 24.8 The council seeks to minimise the risks of computer viruses through education, good practice/procedures and anti-virus software position in the most vulnerable areas. Users should report any viruses detected/suspected on their machine **immediately** to ICT via the ICT Helpdesk.
- 24.9 Users must be aware of the risks of viruses from email and the internet. If in doubt any data received users should contact the ICT Team for advice.

25 Timeout and Account Lockout

- 25.1 Inactive computers should be set to time out after a pre-set period of inactivity. The time-out facility should clear the screen.
- 25.2 Users must 'lock' their computers, if leaving them unattended. For high risk applications, connection time restriction should be considered. Limiting the period during which the computer has access to the IT Services reduces the window of opportunity for unauthorised access.
- 25.3 Users computer accounts must adhere to PCI requirements (see Section 9). At time of writing this requires passwords to be reset every 90 days and the account to be locked after 3 incorrect login attempts.

26 Document Review

- 26.1 The policy will be reviewed every 3 years or sooner if deemed necessary (for example introduction of new legislation).

TITLE: FINANCE REPORT

Committee: Finance & Assets Committee

Date: 6th February 2020

Author: Finance Manager

[U174]

1. ISSUE

1.1 This report provides Members with budget monitoring information for services under the Finance & Assets Committee and then, as part of its corporate remit, for the Council as a whole.

2. RECOMMENDATION (S)

2.1 Members are requested to note:

- This Committee has a projected yearend underspend of £626,500 when compared to its approved revenue budget of £5,181,667.
- That overall the Council has a projected yearend underspend of £627,505 when compared to its approved revenue budget of £13,445,801.
- That the overall position for the Council on Capital is a projected outturn of £3,673,185, which is an underspend of £7,462,620 when compared to its revised budget.

3. BACKGROUND / OPTIONS

3.1 Under Financial Regulations, each policy committee is required to consider projections of financial performance against both its revenue and capital budget on a quarterly basis, with this Committee further considering the overall Council position.

3.2 This is the third report for the 2019-20 financial year and details actual expenditure incurred as at 31st December 2019 and projections as to the yearend position at this time.

3.3 Appendix 1 details the overall revenue position for both this Committee and the Council overall. In appendix 1 the budgets under the stewardship of this Committee are shown in detail, with then, the position for the Operational Services Committee shown in summary.

3.4 The detailed revenue budget position for the Operational Services Committee is shown in appendix 2. A report explaining the variances for this Committee

was presented to the Operational Services Committee on the 20th January 2020.

- 3.5 In summary however, at this point, there are five outturn forecast variances being projected within Operational Services Committee. Two relate to forecast overspends, these in relation to Planning, where as a result of the volume and type of applications being received, two agency workers are being employed to ensure the level of customer service continues and that target deadlines for dealing with applications and any subsequent appeals are being met, and in Customer Services caused by the pay review (budgeted for within F&A Committee (see Miscellaneous Finance below)). There are three forecast underspends, in Homelessness as a consequence of the District not being required to put anybody up in hotel accommodation during the first nine months of the year and more prevention costs now being matched against grant received from Government. Staff savings on Performance Management and an excess of income and staff savings in Street Numbering.
- 3.6 With regard to Finance & Assets Committee, the significant variances of actual spend compared to profiled budgeted spend at the end of December 2019, where no variance is forecast for yearend, are detailed below:

Service	Variance £	Explanation
Museums – Old Gaol House / Office Accommodation	£40,751 £57,222	Premises Asset Management funding will be matched against expenditure at year end.
Local Plans	(£85,001)	The main reason for the underspend is because we have still to pay the final invoice for the inspection. This invoice for £40,000 is still being disputed. We have also received £25,000 of income from DCLG to support the development of Neighbourhood Plans.
Parks & Gardens General Gang	(£127,428) (£15,783)	The quarter 3 invoice to ECTC to recover the cost of seconded staff was only raised at the start of quarter 4.

3.7 Explanations for the forecast yearend variances reported for this Committee are detailed in the below table:

Service	Variance £	Explanation
Economic Development	(£27,000)	This relates to an increase in the rental income for E-space North. With the short-term nature of many of the leases at the Council's business centre, it is difficult to determine whether this will continue, and so we have based our yearend forecast on the additional income received in the first three quarters of the year.
Financial Services	(£25,000)	Underspend on staff.
Housing Benefit	(£83,000)	The Housing Benefit budget was built using information as at August 2018, the most up-to-date information available at the time. However, more up-to-date information is now available and the outturn forecast has been corrected to reflect this information.
Housing Strategic	(£40,000)	Additional CIL admin grant will be allocated to this service at yearend.
Legal	(£15,000)	There was an underspend on the staff budget in the first half of 2019/20 while there were vacancies within the Team. There is now a full complement of staff, but the underspend previously gained will benefit the yearend position.
Management Team	(£100,000)	This relates to income generated from the secondment of senior staff at the Council to the Combined Authority.
Member and Committee Support	£17,000	This relates to an increase in Members special responsibility allowances as agreed at Full Council in October 2019.
Miscellaneous Properties	£8,000	With the delay in determining plans for the on-going use of Mepal Outdoor Centre, the Council has been required to pick up costs for the site, including Business Rates and security.

Miscellaneous Finance	(£340,000)	<p>It is now expected that no external borrowing will be required during the current financial year, resulting in a saving on the external interest budget.</p> <p>The amount of Minimum Revenue Provision (MRP) contribution has also been reduced as more CIL was allocated to the Leisure Centre in 2018/19 than originally planned, reducing the amount of borrowing required and also MRP is now being paid over 25 years on the Centre, rather than 20 years, as detailed in the Treasury Management Report.</p> <p>A contingency for the additional costs of the pay review was built into this cost centre, with the review having now been implemented, any additional costs have been charged to appropriate cost centres and so this provision can be declared surplus.</p>
Out of hours call out Service	(£10,000)	There has been a saving on this budget in this year. The budget for 2020/21 has been reduced to reflect this.
Parking of Vehicles	(£20,000)	An increase in income over that budgeted for the commuter car park in Ely during the first nine months of the year allows us to forecast a £20,000 underspend at year.
Payroll	£10,000	An overspend on salary costs has occurred as a result of the pay review.
Public conveniences	£18,000	An overspend on salary costs has occurred as a result of the pay review.
Registration of Elections	(£3,500)	Savings have been made on printing and stationary in this budget.
Sports & Recreation	(£16,000)	Grants have been allocated but not to the full value of the budget.

Capital

- 3.9 The Council's capital programme for 2019/20 (appendix 3) has now had the slippage from 2018/19 applied, and we have also been notified of the value of Disabled Facilities Grant for this year. These two changes result in the total capital programme value for 2019/20 being £11,135,805.
- 3.10 It is currently expected that the Council will underspend its revised budget by £7,462,620. This mainly relates to the Soham Eastern Gateway project, where the County Council has decided that it no longer wishes to apply for the Housing Infrastructure Fund funding for the development in Soham. And, further the Trading Company is not now expected to require the remaining

£380,000 available from its original loan agreement with the Council. Indeed ECTC repaid the Council an initial £1.7 million of the original loan in December 2019.

- 3.11 There is also an underspend on Operational Services capital, as a consequence of delays with the improvements to the Depot at Littleport as further costings are obtained to ensure that best value for money is achieved.

Reserves

- 3.13 The Council's forecast movements in Reserves for the year are detailed in appendix 4, this shows that the General Fund will be increased to remain at the 10% of the net budget as agreed at Council. Other Earmarked Reserves (excluding CIL) reduce by £924,014, which is mainly a consequence of the planned use of the Surplus Savings Reserve less the underspend now being reported for the year.

ARGUMENTS / CONCLUSIONS

- 4.1 The projected net revenue expenditure for the Council is forecast to be £12,818,296 in 2019/20. This equates to an underspend of £627,505 when compared to the Council's approved budget.
- 4.2 The projected Capital outturn for the Council stands at £3,673,185. This reflects an under spend of £7,462,620 when compared to the revised budget.

5 FINANCIAL IMPLICATIONS/EQUALITY IMPACT ASSESSMENT

- 5.1 There is a revenue underspend of £627,505 compared to this Council's approved budget, all things being equal, this will be transferred to the Surplus Savings Reserve at yearend.
- 5.2 Equality Impact Assessment (INRA) not required.
- 5.3 Carbon Impact Assessment (CIA) not required.

6 APPENDICES

- 6.1 Appendix 1 – Summary Budget Monitoring – December 2019
Appendix 2 – Operational Services Budget Monitoring – December 2019
Appendix 3 – Capital Budget Monitoring – December 2019
Appendix 4 – Reserve Accounts – December 2019

Background Documents

Location

Contact Officer

Council Budget as approved by
Council on the 21st February
2019

Room 104
The Grange
Ely

Ian Smith
Finance Manager
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FINANCE & ASSETS COMMITTEE BUDGET MONITORING REPORT - 31st December 2019

	Total Budget 2019-20	Profiled Budget to 31 December 2019	Actual to 31 December 2019	Variance	Projected Outturn	Variance between Total Budget & Projected Outturn	Outturn Variance previous Quarter
Revenue	£		£	£	£	£	£
Asset Management	191,918	--	(6,940)	6,940	191,918	--	--
Award Ditches	8,829	6,622	3,843	(2,779)	8,829	--	--
Civic Relations	13,292	9,972	6,896	(3,076)	13,292	--	--
Closed Churchyards	29,086	7,271	(2,425)	(9,696)	29,086	--	--
Community Safety	--	--	--	--	--	--	--
Community Transport	15,000	--	--	--	15,000	--	--
Corporate Management	173,016	49,882	53,658	3,777	173,016	--	--
Cost of Other Elections	--	--	(52,572)	(52,572)	--	--	--
Council Tax Accounting	402,508	295,756	297,063	1,307	402,508	--	--
Data Management	95,352	71,516	74,943	3,427	95,352	--	--
Depot Services	--	--	2,745	2,745	--	--	--
Economic Development	23,006	(20,626)	(72,238)	(51,612)	(3,994)	(27,000)	(27,000)
Financial Services	329,265	229,471	195,255	(34,216)	304,265	(25,000)	--
General Gang	111,987	84,543	68,760	(15,783)	111,987	--	--
Health & Safety (Work)	14,000	10,500	8,054	(2,446)	14,000	--	--
Housing Benefits	338,516	4,643,810	313,165	(4,330,645)	255,516	(83,000)	(130,000)
Housing Strategic	244,191	118,245	123,115	4,870	204,191	(40,000)	--
Human Resources	186,195	147,846	157,281	9,434	186,195	--	--
Interest & Financial Transactions	(225,916)	(73,178)	(107,944)	(34,765)	(225,916)	--	--
Internal Audit	71,710	33,490	33,490	(1)	71,710	--	--
Land Charges Admin	(97,602)	(71,856)	(66,496)	5,360	(97,602)	--	--
Legal	241,452	175,548	160,138	(15,410)	226,452	(15,000)	(15,000)
Leisure Centre	(311,937)	10,125	(3,060)	(13,185)	(311,937)	--	--
Local Elections	22,500	94,963	(44,384)	(139,347)	22,500	--	--
Local Plans	91,000	68,250	(16,751)	(85,001)	91,000	--	--
Management Team	447,732	277,441	174,984	(102,457)	347,732	(100,000)	(100,000)
Member & Committee Support	481,990	358,291	360,545	2,254	498,990	17,000	37,000
Miscellaneous Properties	(19,009)	(25,073)	(4,409)	20,664	(11,009)	8,000	30,000
Miscellaneous Finance	1,170,878	636,503	63,748	(572,755)	830,878	(340,000)	(190,000)
Movement in Corporate Reserves	(58,006)	--	(944,705)	(944,705)	(58,006)	--	--
Museums - Old Gaol House	--	--	40,751	40,751	--	--	--
NNDR Collection Costs	36,867	5,599	4,887	(712)	36,867	--	--
Office Accomodation	332,163	312,241	369,462	57,222	332,163	--	--
Oliver Cromwell House	--	--	(2,681)	(2,681)	--	--	--
Out Of Hours call out Service	20,000	15,000	3,897	(11,103)	10,000	(10,000)	--
Parking Of Vehicles	(33,610)	9,590	(28,129)	(37,720)	(53,610)	(20,000)	--
Parks And Gardens Team	384,896	389,672	517,098	127,426	384,896	--	--
Payroll	53,833	40,375	42,285	1,910	63,833	10,000	--
Public Conveniences	145,367	113,611	127,202	13,592	163,367	18,000	--
Refuse Collection	--	--	417	417	--	--	--
Registration of Electors	58,431	48,612	19,799	(28,812)	54,931	(3,500)	(3,500)
Reprographics	106,121	79,644	85,943	6,299	106,121	--	--
Sport & Recreation	86,646	58,685	43,011	(15,674)	70,646	(16,000)	--
Finance & Assets Committee Total	5,181,667	8,212,340	1,999,702	(6,198,759)	4,555,167	(626,500)	(398,500)
Operational Services Committee	5,516,770	3,791,851	891,289	(2,900,563)	5,515,770	(1,000)	47,500
Other Spend							
Parish Precepts	2,255,224	2,255,224	2,255,224	(0)	2,255,224	--	--
Internal Drainage Boards	492,140	492,140	492,135	(5)	492,135	(5)	--
Revenue Budget Total	13,445,801	14,751,555	5,638,349	(9,099,326)	12,818,296	(627,505)	(351,000)
Funding							
Council Tax	(6,562,114)	(6,468,438)	(6,468,438)	(0)	(6,562,114)	--	--
Revenue Support Grant	(11,576)	(8,798)	(8,798)	--	(11,576)	--	--
Business Rates	(4,599,026)	(8,886,754)	(8,886,754)	0	(4,599,026)	--	--
Other Government Grants (NHB / RSG etc.)	(734,287)	(540,765)	(540,765)	0	(734,287)	--	--
Budgeted draw from Surplus Savings Reserve	(1,538,798)	(1,499,328)	(1,499,328)	--	(1,538,798)	--	--
	(13,445,801)	(17,404,083)	(17,404,083)	0	(13,445,801)	--	--
Revenue Total	--	(2,652,528)	(11,765,734)	(9,099,326)	(627,505)	(627,505)	(351,000)

OPERATIONAL SERVICES COMMITTEE BUDGET MONITORING REPORT - 31st December 2019

Revenue	Total Budget 2019-20	Profiled Budget to 31 December 2019	Actual to 31 December 2019	Variance to date	Projected Outturn	Variance between Total Budget & Projected Outturn	Outturn Variance previous Quarter
	£	£	£	£	£	£	£
Building Regulations	18,280	13,711	16,371	2,660	18,280	--	--
CIL	(0)	--	(2,716,831)	(2,716,831)	(0)	--	--
Civic Amenities Act	11,102	8,326	6,599	(1,727)	11,102	--	--
Community Projects & Grants	221,424	165,504	185,509	20,005	221,424	--	--
Community Safety	46,346	36,260	(844)	(37,104)	46,346	--	--
Cons.Area & Listed Buildings	59,701	44,776	43,865	(911)	59,701	--	--
Customer Services	359,094	265,630	297,224	31,594	404,094	45,000	--
Dog Warden Scheme	40,317	30,363	23,385	(6,978)	40,317	--	--
Ely Markets	(0)	--	22,820	22,820	(0)	--	--
Emergency Planning	27,808	10,383	12,022	1,639	27,808	--	--
Environmental Issues	85,609	60,566	55,918	(4,648)	85,609	--	--
Health - Admin. & Misc.	379,249	287,242	295,967	8,725	379,249	--	--
Homelessness	337,757	(178,476)	(310,212)	(131,736)	286,757	(51,000)	(22,500)
IT	833,281	635,586	619,664	(15,922)	833,281	--	--
Licencing	1,848	1,386	(26,812)	(28,198)	1,848	--	--
Marketing & Grants	66,119	(24,996)	(28,775)	(3,779)	66,119	--	--
National Practitioner Support Programme	--	161,575	161,575	--	--	--	--
Parish Conferences	2,000	1,500	--	(1,500)	2,000	--	--
Nuisance Investigation	65,201	48,901	51,330	2,429	65,201	--	--
Performance Management	56,486	42,364	23,554	(18,810)	22,486	(34,000)	--
Pest Control	8,055	6,041	5,089	(952)	8,055	--	--
Planning	(80,821)	(60,588)	(27,997)	32,591	(30,821)	50,000	70,000
Public Relations	74,435	55,826	48,786	(7,040)	74,435	--	--
Refuge Recycling	840,750	630,563	679,117	48,554	840,750	--	--
Refuse Collection	1,370,393	1,027,795	892,584	(135,211)	1,370,393	--	--
Renovation Grants	1,300	975	--	(975)	1,300	--	--
Street Cleansing	609,548	457,161	507,713	50,552	609,548	--	--
Street Naming & Numbering	3,062	2,296	(15,278)	(17,574)	(7,938)	(11,000)	--
Town Centres	--	--	322	322	--	--	--
Travellers Sites	(20,000)	(12,639)	(2,008)	10,631	(20,000)	--	--
Tree Preservation	98,426	73,820	70,631	(3,189)	98,426	--	--
Revenue Total	5,516,770	3,791,851	891,289	(2,900,563)	5,515,770	(1,000)	47,500

CAPITAL BUDGET MONITORING 2019/20

Capital	Published Budget 2019-20 £	Slippage from 2018-19 £	Approved Additions £	Revised Budget 2019-20 £	Actual at 31st December 2019 £	Forecast Outturn £	Variance between Revised Budget & Forecast Outturn £
OPERATIONAL SERVICES							
Conservation Area Schemes - 2nd round		27,506		27,506		27,506	0
Refuse & Cleansing Vehicles	52,450			52,450		52,450	0
Depot	795,950	50,000		845,950	21,089	100,000	(745,950)
Mandatory Disabled Facilities Grants	697,299	368,231	15,278	1,080,808	466,144	1,080,808	0
Empty Properties, Discretionary DFGs, Minor Works, Home Repair Asst.	75,000	3,619		78,619	39,497	78,619	0
Vehicle Etc. Replacements	29,000	89,187		118,187		118,187	0
Leisure Centre					-188,038	0	0
Ely Country Park	6,670			6,670		0	(6,670)
FINANCE & ASSETS							
East Cambs Trading Company - original	380,000			380,000		0	(380,000)
East Cambs Trading Company - MOD	1,500,000			1,500,000	1,200,000	1,500,000	0
Riverside Moorings		289,500		289,500	109	289,500	0
Internet / HR / Payroll System		26,115		26,115	2,395	26,115	0
Commuter Car Park - Ely (additional)	400,000			400,000		400,000	0
Soham Eastern Gateway	6,330,000			6,330,000		0	(6,330,000)
Total	10,266,369	854,158	15,278	11,135,805	1,541,196	3,673,185	(7,462,620)

SOURCES OF FINANCING	Published Budget 2019-20 £	Slippage from 2018-19 £	Approved Additions £	Revised Budget 2019-20 £	Variations £	Forecast Outturn £
Operational Services						
Grants / Contributions (DFG)	511,299		15,278	526,577		526,577
Revenue Contribution		89,187		89,187		89,187
Capital Receipts	261,000	371,850		632,850		632,850
Borrowing - Waste	848,400	50,000		898,400	(745,950)	152,450
Section 106 / CIL	35,670	27,506		63,176	(6,670)	56,506
Operational Services Total	1,656,369	538,543	15,278	2,210,190	(752,620)	1,457,570
Finance & Assets						
Capital Receipts		315,615		315,615		315,615
Section 106 / CIL	400,000	0		400,000		400,000
Grants (Housing Infrastructure Fund)	6,330,000	0		6,330,000	(6,330,000)	0
Borrowing - Company	1,880,000	0		1,880,000	(380,000)	1,500,000
Finance & Assets Total	8,610,000	315,615	0	8,925,615	(6,710,000)	2,215,615
Capital Funding Total	10,266,369	854,158	15,278	11,135,805	(7,462,620)	3,673,185

Capital Resources Forecast	Published Budget 2019-20 £	Slippage from 2018-19 £	Approved Additions £	Revised Budget 2019-20 £	Variations £	Forecast Outturn £
Balance Brought Forward	720,787	640,851		1,361,638		1,361,638
Add receipts from Sales of Assets	50,000			50,000		50,000
Less Capital Receipts Applied	(261,000)	(687,465)		(948,465)		(948,465)
Capital Reserves Carried Forward	509,787	(46,614)	0	463,173	0	463,173

Borrowing	Published Budget 2019-20 £	Slippage from 2018-19 £	Approved Additions £	Revised Budget 2019-20 £	Variations £	Forecast Outturn £
Balance Brought Forward	15,386,292	(899,763)		14,486,529		14,486,529
Less MRP Applied	(627,470)			(627,470)	134,240	(493,230)
Repayment from ECTC					(2,500,000)	(2,500,000)
Add additional Borrowing Applied	2,728,400	50,000		2,778,400	(1,125,950)	1,652,450
Borrowing Carried Forward	17,487,222	(849,763)	0	16,637,459	(3,491,710)	13,145,749

Reserve Accounts

Description	2019/20			
	Opening Balance 1 April	Transfers to Reserve	Contributions from Reserve	Forecast Balance 31 March
	£	£	£	£
District Elections	73,185		(73,185)	0
Historic Buildings Grants	6,190			6,190
Housing Conditions Survey	35,000	5,000		40,000
Building Control	23,155			23,155
Change Management	284,015		(34,792)	249,223
Major Project Development	100,000		(60,000)	40,000
Asset Management	26,690			26,690
Leisure	0			0
Surplus Savings Reserve	6,234,651	1,113,985	(1,538,798)	5,809,838
Vehicle Replacements	89,187			89,187
New Homes Bonus	577,682		(486,480)	91,202
Leisure Centre - sinking fund	(42,953)		(48,249)	(91,202)
Insurance	16,343			16,343
IT	0	40,000		40,000
CIL	1,690,698	5,101,000	(5,008,000)	1,783,698
CIL Admin	267,681	255,000	(100,000)	422,681
Care and Repair	45,000			45,000
Wheeled Bins Reserve	10,000			10,000
Community Fund Reserves	14,884			14,884
Housing	79,547			79,547
Affordable Housing	294,070	52,080		346,150
General Fund Balance	1,010,837	34,792		1,045,629
MTFS Reserve	0			0
Commercial Invest to Save	20,000			20,000
External Elections	0			0
CLT Grant Applications	19,000			19,000
Weekly Waste Collection Grant	0			0
Travellers' Sites	0	23,283		23,283
Enterprise Zone NNDR	75,600	70,460	(43,818)	102,242
Economic Development	98,500		(98,500)	0
Business Rates Retention Pilot	0			0
Other				
Section 106 Agreements	2,392,542		(500,000)	1,892,542
Internal Borrowing	(14,486,530)	2,993,230	(1,652,450)	(13,145,750)
Total Reserves	(1,045,023)	9,688,830	(9,644,272)	(1,000,465)

Reserves for Statement of Accounts	11,048,964	6,695,600	(7,491,822)	10,252,742
General Fund	1,010,837	34,792	0	1,045,629
CIL	1,690,698	5,101,000	(5,008,000)	1,783,698
Earmarked Reserves	8,347,429	1,559,808	(2,483,822)	7,423,415
Reduction in Earmarked Reserves				924,014

TITLE: ASSETS UPDATE

Committee: Finance & Assets Committee

Date: 6 February 2020

Author: Director Commercial and Open Spaces & Facilities Manager

[U175]

1.0 ISSUE

1.1 To receive an update on Council owned assets.

2.0 RECOMMENDATION

2.1 Members are requested to note the update on Council owned assets.

3.0 BACKGROUND/OPTIONS

3.1 On 26 September 2019 (Agenda Item 16) Finance & Assets Committee received a report detailing Council owned assets which provided a summary of each asset.

3.2 The Director Commercial undertook to update Members on the assets at each meeting.

3.3 Ely Museum, Old Gaol House, Market Street, Ely.

Members will be aware that there are renovation works being carried out at Ely Museum. These works are being done as part of a major improvement project arising from a successful HLF bid. Amongst other funders the District Council also contributed £165,000 from the Community Infrastructure Levy (which has now been paid to Ely Museum).

In December 2019, a planning application was submitted to the Council for the renovation of the existing courtyard, the demolition of an existing porch and the addition of a new porch. The planning application can be viewed on public access reference 19/01753/FUL.

Officers continue to work proactively with Ely Museum and meet regularly to ensure that the works being undertaken are in accordance with the permissions given by the Council in its capacity as landlord.

3.4 Maltings Cottage, Ship Lane, Ely

Following a recent landlord visit to the property, Officers have requested a full survey to be undertaken to ensure that the property is still in good structural repair. The survey will be undertaken by the lessee as it is a requirement of

the lease. A further update will be provided to Members once the survey has been completed.

4.0 FINANCIAL IMPLICATIONS/EIA/CIA

4.1 There are no financial implication arising from this report.

4.2 Equality Impact Assessment not required.

4.3 Carbon Impact Assessment not required.

5.0 APPENDICES

5.1 None

Background Documents

Finance & Assets
Committee- Agenda Item
16

Location

Room 106,
The Grange,
Ely

Contact Officer

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BRECKLAND COUNCIL
EAST CAMBRIDGESHIRE DISTRICT COUNCIL
EAST SUFFOLK DISTRICT COUNCIL
FENLAND DISTRICT COUNCIL
WEST SUFFOLK DISTRICT COUNCIL

At a Meeting of the

ANGLIA REVENUES AND BENEFITS PARTNERSHIP JOINT COMMITTEE

Held on Tuesday, 17 December 2019 at 11.00 am in the
Level 5 Meeting Room, Breckland House, St Nicholas Street, Thetford IP24 1BT

PRESENT

Mrs S. Broughton (Chairman)	Mr P.D. Claussen (Substitute Member)
Mr D Ambrose Smith	Mrs K. French (Substitute Member)
Mr M. Cook	

In Attendance

Jo Andrews	- Strategic Manager (Revenues)
Sam Anthony	- Head of HR & OD
Alison Chubbock	- Chief Accountant (Deputy Section 151 Officer) (BDC)
Tom Darling-Fernley	- Programme Manager (ARP).
Nick Khan	- Strategic Director (East Suffolk)
Rachael Mann	- Assistant Director (Resources & Performance)
Siobhan Martin	- Head of Internal Audit
Adrian Mills	- Strategic Manager (Billing & Benefits) ARP
Stuart Philpot	- Strategic Manager (Support Services) ARP
Ian Smith	- Finance Manager & S151 Officer (East Cambs)
Julie Britton	- Democratic Services Officer

35/19 MINUTES (AGENDA ITEM 1)

(a) 11 June 2019

The Minutes of the meeting held on 11 June 2019 were agreed as a correct record.

(b) 17 September 2019 - Notes

The Notes of the meeting held on 17 September 2019 were noted.

36/19 APOLOGIES (AGENDA ITEM 2)

Apologies for absence were received from Councillors Cowen and J French. Substitutes in attendance were Councillors Claussen and K French.

Apologies were also received from Paul Corney and Peter Catchpole.

37/19 URGENT BUSINESS (AGENDA ITEM 3)

None.

38/19 DECLARATIONS (AGENDA ITEM 4)

None declared.

Action By

41/19 PERFORMANCE REPORT AND SERVICE UPDATES (AGENDA ITEM 7)

Stuart Philpot, the Strategic Manager (Support Services) presented the report.

Members were informed that all Partner Councils combined for 2019/20 for Business Rates and Council Tax collection were on target and the target for fraud and compliance for the year had been exceeded.

Breckland's Council Tax collection was behind target by £230,173 due to the high level of refunds for this year, £609k compared to £475k at this point last year – an increase of £134k which had reduced collection.. Breckland also had an increase in the amount of pre-payments for the current financial year and the first summons for non-payment had been delayed one month by the Court which would have an effect. The situation was being closely monitored.

Members were informed that whilst the Housing Benefit performance indicator had been exceeded and overachieved, this had been due to the downtime associated with the merger of East Suffolk and West Suffolk systems.

Referring to East Suffolk Council Business Rates, the collection rates were behind target for the current financial year by £347k. There had been £3.9m of backdated refunds as a result of reductions in rateable value.

As far as enforcement was concerned, the Enforcement Team continued to perform well and had collected almost £19m. From July 2019, the Team had been taking cases from Norwich City Council with some good results.

The Anglia Revenues website design had been enhanced to be more transactional and as straight forward as possible for customers and was now showing a 10% increase in usage for Council Tax, Business Rates, Housing Benefit and Local Council Tax Reduction Schemes.

The Chairman mentioned the Better Customer Journeys Programme and asked if the website was going to be further improved. Members were informed that ARP was currently working with Capita to make such improvements. All partner Councils would need to be involved to make sure that the product was fit for purpose and make it an easier journey for the customer.

Adrian Mills, the Strategic Manager for Billing & Benefits reported that Capita had now released version 2 of the address form which was in test to check enhancements that had been identified and implemented.

The Performance Report and Service updates were otherwise noted.

42/19 ARP FINANCIAL PERFORMANCE (AGENDA ITEM 8)

Alison Chubbock, the Chief Accountant for Breckland Council presented the report.

The report highlighted the full year financial information against the budget for ARP. The latest forecast at this stage of the year showed a small over spend of £34k (0.4%) for the whole of ARP.

Action By

Members were provided with a detailed overview of the work involved to develop coherent annual service delivery plans, change delivery plans and a target operating model that had led to a review of the Partnership's strategic priorities that now included benefits, customer needs and development of staff.

A strategy had been developed along with a Service Plan, details of the whole process that was followed could be found at Appendix C of the report.

The strategic themes at section 3.2.3 of the report were highlighted.

The Chairman was pleased to note that 'customers' were one of the top priorities.

Councillor Ambrose-Smith was concerned that none of the themes/priorities included the Department of Work & Pensions. Members were informed that DWP would come within 'relationships'.

Referring to Appendix D, Councillor Claussen had noticed that under 'colleagues' agile working was mentioned that would, in his opinion, be a complete culture shift and asked where ARP was at in that journey. The Strategic Manager (Support Services) explained that this would mean being able to work across all 4 sites and would be helpful for homeworking too. It was noted that this agile approach included management.

Councillor Claussen asked if this agile working would free up space at Breckland House. Members were informed that the building would not be overloaded – there was desk space and hot desking would be available.

Councillor Cook asked where ARP was with its 'digital by default' service. The Programme Manager advised that 'digital by default' had the potential to free up a large amount of full-time posts as it would promote more self-service.

In response to a question about timelines, Members were informed that Universal Credit automation was on track to be delivered by April/May 2020. The software was being tested and more elements could be added, subject to system capability.

RESOLVED that the mission, strategic themes and vision as set in the report and in Appendix D be approved.

45/19 THE ANGLIA REVENUES PARTNERSHIP (ARP) SERVICE DELIVERY PLAN (AGENDA ITEM 11)

In the absence of Paul Corney, the Head of ARP, Jo Andrews, the Strategic Manager for Revenues presented the report.

In accordance with the ARP Agreement a revised Service Delivery plan should be agreed by the Joint Committee by the end of December each year.

The last Service Delivery Plan had been agreed in December 2018 and the report provided Members with the progress/achievements that had been made since then (see section 2.1 of the report). One improvement had been on call handling and performance had increased significantly in comparison to

Action By

The Chief Accountant explained that for some Councils, the increases were higher than others but this was due to how the Partnership contributions had been split. Another reason for East Cambs percentage increase had been due to the drop in its enforcement cases.

Councillor Claussen reminded Members that East Cambs budget included a zero increase to its Council Tax.

The recommendation was proposed and seconded, and following a vote, 4 in favour and 1 against, it was:

RESOLVED that the Partnership budget for 2020-21 at Appendix A of the report be approved.

47/19 JOINT COMMITTEE ARP BROCHURE (AGENDA ITEM 13)

Stuart Philpot, the ARP Strategic Manager (Support) presented the report.

It was noted that all suggestions provided at the last meeting had been incorporated into the brochure and Members were thanked for providing their photographs.

Section 5 of the report in respect of costs was highlighted and it was further noted that only 250 copies of the brochure would be printed.

The ARP brochure would be reviewed on a regular basis; there would be an on-line version in a PDF format as well as a link.

Councillor Cook was pleased with the brochure and asked for the link to be sent round to Members again.

RESOLVED that:

1. the new ARP Brochure be adopted for use by the Anglia Revenues Partnership to provide information to Members, new Joint Committee Members and new staff working as part of the ARP; and
2. the December version of the ARP Brochure be approved.

48/19 FORTHCOMING ISSUES (STANDING ITEM) (AGENDA ITEM 14)

Nothing to report.

49/19 NEXT MEETING (AGENDA ITEM 15)

The arrangements for the next meeting on 24 March 2020 at 11am in Level 5 meeting room, Thetford were noted.

It was further noted that the pre-briefing for Members of the Joint Committee would commence at 10am.

The meeting closed at 12.10 pm

CHAIRMAN

Minutes of a meeting of the East Cambs Bus Services Review Working Party held in Committee Room 2, The Grange, Ely on Wednesday, 13th November 2019 at 6.05pm.

PRESENT

Cllr David Ambrose Smith
Cllr Lorna Dupré
Cllr Lis Every
Cllr Simon Harries
Cllr Alan Sharp

OFFICERS

Sally Bonnett – Infrastructure & Strategy Manager
Janis Murfet – Democratic Services Officer

IN ATTENDANCE

John Gregson – Programme Manager, Bus Reform Cambridgeshire & Peterborough Combined Authority
Peter Hardy – ITP
Oliver Howarth – Bus Strategy Manager, Cambridgeshire & Peterborough Combined Authority

1. ELECTION OF CHAIRMAN

Cllr Alan Sharp was duly proposed and seconded. There being no other nominations,

It was resolved:

That Cllr Sharp be elected as Chairman of the East Cambs Bus Services Review Working Party for the remainder of the municipal year.

2. APOLOGIES

Apologies for absence were received from Cllr Charlotte Cane.

It was noted that Cllr Harries had been delayed in traffic and would arrive shortly.

3. DECLARATIONS OF INTEREST

There were no declarations of interest made.

4. **TERMS OF REFERENCE OF THE EAST CAMBS BUS SERVICES REVIEW WORKING PARTY**

Members reviewed the Terms of Reference, which had been agreed at the meeting of the Finance & Assets Committee on 26th September 2019.

A Member asked whether the Working Party could have substitute Members and the Democratic Services Officer advised that this was not usual practice, as the Working Party did not have any decision making powers. However, she would raise the matter with the Democratic Services Manager and advise Members accordingly.

The Working Party discussed the remit of the review and it was agreed that as well as looking at routes, ticketing, interchanges and sustainability should also be considered as key issues.

It was resolved:

That the Terms of Reference and the comments made thereon, be noted.

5. **CAMBRIDGESHIRE & PETERBOROUGH COMBINED AUTHORITY STRATEGIC BUS REVIEW: PRESENTATION BY PETER HARDY, ITP**

Mr Hardy, gave a presentation entitled 'Bus Delivery Options: Review and Business Case'.

It was noted that the purpose of the review was to define the future vision for bus travel across Cambridgeshire & Peterborough; to consider the different options for delivering this vision (and implications) and to assess the costs and benefits of the different approaches, undertaking an outline business case.

The presentation (a copy of which is appended to these notes) covered the following topics:

- Review stages;
- Options to be considered;
- Output and activities;
- Outline business case;
- Logic mapping: vision-led;

- Current review activities;
- Transforming bus services:
 - Local Transport Plan aspirations;
 - What sort of improvements should we be considering?
 - Practical considerations.

(Cllr Harries joined the meeting at 6.25pm)

During the course of discussion, the following points were noted:

- The Combined Authority has a whole team working on the review, including market research and people will be brought in for the economic element;
- The Combined Authority will firm up on where the focus groups are to be held in the next week. The intention is to draw on the experiences of people who either do or don't use buses in order to gain a wider picture;
- It needs to be recognised that a lot of effort will go into the review and East Cambridgeshire will contribute a substantial of work towards it;
- ITP will take into consideration timescales, but these will be moulded by the Mayor;
- The outcome of the Local Transport Plan is awaited and the review will take account of local research. This to include critical mass regarding the frequency of services. There is evidence that commercial operators are successful in running inter-urban services;
- The term 'improvement' needs to be defined. The language should be about transformational change;
- The practical considerations go beyond bus services. At some point the costs of funding must be considered along with the wider implications of the models. Taxi and bus regulations should also be taken into account;

- Community transport is somewhat of a 'grey area'. Legislation cannot be influenced, but thought can be given to community lift schemes;
- Bus passes are a national scheme, but they are of no use if there no buses to use them on;
- ITP's work is to determine the best vehicle to deliver the vision. The vision needs to be created first. It is recognised that it will be different in rural areas compared to urban and it must be affordable;
- It is intended to try and limit the number of questions on the questionnaire to 15, as it is felt that to make it any longer could be problematic. People will be asked if they are prepared to participate in a focus group;
- A report will be produced on the findings of the questionnaire, and the results for East Cambridgeshire could be isolated, to inform the work of the Working Party;
- In terms of definitions, an urban centre could be likened to a hub, and a rural area to a network.

It was resolved:

That the contents of the presentation be noted.

6. REVIEW OF MAPPING OF EXISTING BUS ROUTES

The Infrastructure & Strategy Manager presented an information report which contained a list of current bus services and two maps indicating specific services in the north and south of the District.

Mr Howarth informed the Working Party that he had very wide experience of working in both the private and public sectors. His remit was to discuss what was possible and the cost implications and it was agreed that it would be useful for him to collaborate with the Infrastructure & Strategy Manager to achieve this.

Members made the point that Ward and Parish Councillors' knowledge of their own areas could be put to good use to inform the review and it was also suggested that Neighbourhood Plans should be considered as a source of information.

A Member thought this to be a strategic issue and said that links were needed to where money and energy was going without people having to get into their cars.

It was resolved:

That the contents of the report and the comments made thereon, be noted.

7. ECDC BUS REVIEW WORK PROGRAMME

Members considered a draft work programme, which set out the tasks and key dates for the Working Party.

- The draft consultation proposals were due to be agreed in December 2019;
- The final draft consultation proposals would be taken to Finance & Assets Committee in January to be signed off;
- The initial results of the CPCA business case would be emerging by April/May 2020, although the options might look different to what had been discussed today;
- It was agreed that results would be shared with the Combined Authority as they came forward subject to any Purdah restrictions (PCC elections);
- A further meeting of the Working Party to be arranged for December 2019, followed by another in February 2020.

It was resolved:

That the draft work programme be noted and further meetings be arranged as necessary.

8. EAST CAMBRIDGSHIRE BUS SERVICES REVIEW CONSULTATION PROPOSALS

The Infrastructure & Strategy Manager presented a report regarding the development of the consultation proposals for the Bus Services Review. Appended to the report was a draft questionnaire.

It was noted that a consultation exercise was to be carried out to identify key bus routes for local residents that met one of the following journey purposes:

- Access to work;
- Access to learning;
- Access to healthcare and wellbeing support;
- Access to food shopping; and
- Access to leisure.

The consultation period would run for 6 weeks in February/March 2020, with the start date to be agreed. Paragraph 4.4 of the report set out the proposed consultation activities, and paragraph 4.5, the stakeholders identified to date. Members noted that the final consultation proposals would go to the meeting of the Finance & Assets Committee on 27th January 2020.

The preliminary results would be shared with the Combined Authority, and would be probably available in late May.

During the course of discussion, the following points were put forward:

- The section on the purpose of the journey should include ‘Access to democracy and public services’
- There should be a question about connections to other services, choice and ease of connection;
- Access to healthcare and wellbeing should include family;
- Question 1 would be amended to ask for the full postcode;
- There was no question about whether people used the bus through choice or compulsion. This could include asking them to state whether they used a bus pass, and if so, what sort of pass and at what times.

The Infrastructure & Strategy Manager said that questionnaires would be available at key venues such as GP surgeries and libraries. Ward Members would know the best venues.

Members noted that the questionnaire would be revised in the light of the comments made at this evening's meeting and then circulated to the Working Party.

A Member asked the CPCA if there was any sense of the level of participation that could be expected from their survey and was told that it would probably be only one response per household. Mr Gregson said that the survey would be aimed at both bus users and non-users.

It was resolved:

That the Working Party approves the proposed consultation activities and the draft consultation questionnaire, subject to the proposed amendments as discussed at the meeting.

9. DATE OF NEXT MEETING

It was agreed that next meeting of the Working Party would be arranged for Tuesday, 17th December 2019 at 6.00pm.

The meeting closed at 7.57pm.

FINANCE & ASSETS COMMITTEE
ANNUAL AGENDA PLAN

AGENDA ITEM NO 21

LEAD OFFICER(S): Emma Grima, Director Commercial

DEMOCRATIC SERVICES OFFICER: Janis Murfet

Meeting on: Thursday, 6 th February 2020 4.30pm			Meeting on: Thursday 26 March 2020 4.30pm			Meeting on:		
Agenda Planning meeting:			Agenda Planning meeting:			Agenda Planning meeting:		
Pre-meeting briefing:			Pre-meeting briefing:			Pre-meeting briefing:		
Deadline for reports/dispatch:	4pm Monday, 27 th January 2020	Wednesday, 29 th January 2020	Deadline for reports/dispatch:	4pm Monday 16 March 2020	Wednesday 18 March 2020	Deadline for reports/dispatch:		
<ul style="list-style-type: none"> Chairman's Announcements External Audit – Audit Results Report Statement of Accounts Internal Audit Update Medium Term Financial Strategy, Revenue Budget and Capital Programme 2020/21 Annual Treasury Management Strategy/MRP/AIS Corporate Risk Register Update Finance Report ARP Joint Committee Minutes Assets Update ECTC Business Plan 2020/21 Natural Environment SPD – Draft for Consultation 	Chair External Audit External Audit Internal Audit Finance Manager & S151 Officer Finance Manager & S151 Officer Internal Audit Fin Manager & S151 Officer Dir Commercial Open Spaces & Facilities Manager Director Commercial Strat Planning Mgr	<ul style="list-style-type: none"> Chairman's Announcements External Audit Progress Report External Audit Local Govt Sector Briefing & Finance Manager's Response End of Year Reports & Draft Service Delivery Plans Internal Audit Charter and Work Plan 2019/20 Internal Audit Progress Report Action taken by the Chief Executive on the Grounds of Urgency Assets Update Refreshed Equality & Diversity Policy Developer Contributions – Draft for Consultation 	Chair External Audit External Audit /Fin Mnger & S151 Officer Perf Mgmt Officer Internal Audit Internal Audit DSO Open Spaces & Facilities Manager HR Manager/Neighbourhood Support Officer Strat Planning Mgr					

[Notes: 1. Agenda items which are likely to be “urgent” and therefore not subject to call-in are marked *
2. Agenda items in italics are provisional items/possible items for future meetings]

FINANCE & ASSETS COMMITTEE
ANNUAL AGENDA PLAN

LEAD OFFICER(S): Emma Grima, Director Commercial

DEMOCRATIC SERVICES OFFICER: Janis Murfet

Thursday, 6 th February 2020 4.30pm [continued]		Meeting on:	Thursday 26 March 2020 4.30pm [continued]		Meeting on:		
Agenda Planning meeting:		Agenda Planning meeting:		Agenda Planning meeting:			
Pre-meeting briefing:		Pre-meeting briefing:		Pre-meeting briefing:			
Deadline for reports/dispatch:	4pm Monday, 27 January 2020	Wednesday ,29 January 2020	Deadline for reports/dispatch:	4pm Monday 16 March 2020	Wednesday 18 March 2020	Deadline for reports/dispatch:	
<ul style="list-style-type: none"> Self and Custom Build SPD – Draft for Consultation Cycleway/Bus Consultation Information Security Policy East Cambs Bus Services Review Working Party Minutes Forward Agenda Plan <i>Appointments, Transfers, Resignations [EXEMPT]</i> <i>Action taken by the Chief Executive on the Grounds of Urgency (if any)</i> ECTC Management Accounts Write Off of Unrecoverable Debt 	Strat Planning Manager Infrastructure & Strategy Manager ICT Manager DSO DSO HR Manager DSO Director Commercial Finance Manager & S151 Officer	•					

[Notes: 1. Agenda items which are likely to be “urgent” and therefore not subject to call-in are marked *
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FINANCE & ASSETS COMMITTEE
ANNUAL AGENDA PLAN

LEAD OFFICER(S): Emma Grima, Director Commercial

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FINANCE & ASSETS COMMITTEE
ANNUAL AGENDA PLAN

LEAD OFFICER(S): Emma Grima, Director Commercial

DEMOCRATIC SERVICES OFFICER: Janis Murfet

Meeting on: Thursday 26 March 2020										
Meeting on: 4.30pm [continued]			Meeting on:			Meeting on:				
Agenda Planning meeting:			Agenda Planning meeting:			Agenda Planning meeting:				
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