



To: Executive Councillors:
Leader and Strategy: Councillor Nimmo-Smith;
Deputy Leader: Councillor Rosenstiel (C);
Customer Services & Resources: Councillor Liddle;
Community Development & Leisure: Councillor Rosenstiel (J);
Environment – Planning & Transport: Councillor Bailey;
Environment - Environmental Services: Councillor Coleman;
Housing & Health: Councillor Smart

Report by: Director of Finance

Relevant scrutiny committee: The Executive 26 January 2006

**DRAFT REVENUE & CAPITAL BUDGETS:
REVISED 2005/06, PROPOSED 2006/07 AND FORECAST 2007/08**

OVERVIEW

Non Key Decision

1. Executive summary

- 1.1 This report updates the position which was reported to the meeting of the Strategy Scrutiny Committee on 23 January 2006. Together with the Strategy papers, this will form the basis for consideration by the Executive, at its meeting on 26 January 2006, in arriving at an overall set of budget proposals; which will, in turn, be considered at the meeting of Council on 23 February 2006.
- 1.2 The papers included here are appropriate updates to the Strategy Scrutiny report text and appendices, reflecting changes agreed following scrutiny committee meetings, the proposals for funding Priority Policy Fund (PPF) and Capital Bids, and the latest position regarding the Local Government Settlement.
- 1.3 Changes to recommendations are highlighted in italics within the report.

Recommendations in the Strategy Scrutiny Committee report are amended as follows :

Revenue Budgets

- Delete the wording “, with any amendments,” in 2 a).
- Replace existing 2 b) with :

Agree to fund the PPF bids as shown in the revised Appendix H.

Capital Plan

- Replace existing 2 f) with :
Agree to add the capital bids detailed in the revised Appendix R to the Capital Plan and Hold List, as indicated.
- Delete 2 g)
- Amend 2 h) amend first line to read :
Agree the re-phased Capital Plan “and Hold List” as presented

2. Changes Approved By Executive Councillors

2.1 At the meeting of the Customer Services and Resources Scrutiny Committee (17 January 2006) changes were agreed to the priority ratings for the following items :

- PPF 670 Recycling in the Guildhall (Medium to High)
- PPF779 Specialist agency staff : Benefits (Medium to High)
- PPF782 Specialist agency staff : CT (Medium to High)
- PPF 816 Central Safety Advisory post (Medium to High)
- PPF 817 Members Allowances (Medium to Low)
- PPF 819 HR Diversity Adviser (Medium to High)

- C575 Market management system (Medium to Low)

2.2 Full details of these items were included on the Amendment Sheets circulated with the agenda for this meeting.

2.3 The impact of the above changes was to increase the funding required for the High Priority category of bids by £167,250 for 2006/07, £140,500 for 2007/08 and £47,480 from 2008/09 onward.

3. Final Local Government Finance Settlement 2005/06

3.1 At the point that the papers for Strategy Scrutiny Committee had to be published the Final Settlement for 2006/07 had still not been announced.

3.2 Projections were based on the Provisional Settlement figures, with the expectation that the Final Settlement would be unlikely to result in any material change (in cash terms) in grant entitlement for the Council; as it is currently at the 'Floor'.

3.3 The date for the announcement of the Final Settlement is still not known. Once the announcement is made a briefing paper will be produced outlining the relevant details and the implications for the proposed budget. This will be

reported to either the meeting of Strategy Scrutiny Committee on 10 February 2006 or the meeting of Council on 23 February 2006.

- 3.4 Based on the information currently available, it is not anticipated that capping criteria for 2006/07 will be an issue for the City Council, based on the current spending and Council Tax plans.

4. Cash Limit Position - Bids and Savings

- 4.1 The Executive are minded to approve all of the Bids and Savings which have been recommended by individual Executive Councillors following consideration at the January scrutiny committee meetings.
- 4.2 This was the assumption adopted in the Budget-Setting report to Strategy Scrutiny Committee, and so does not result in any changes to the figures used in the projections within that report.

5. Capital Approvals

- 5.1 The papers to Strategy Scrutiny Committee recommended the following parameter in making the final decisions on the approval of individual Capital Bids (paragraph 10.16 , page 50 refers) :

“That capital approvals in 2006/07 should be limited to a level close to the revised uncommitted capital funding level available in that year”.

- 5.2 The revised Appendix R (attached) contains details of the Capital Bids which it has been indicated that the Executive are minded to approve.

Items for inclusion in the Capital Plan

- 5.3 The commitment of funding is required for those items which are to be added directly to the Capital Plan. The comparison for these items, with available funding, is shown in the table below :

Capital Bids Against Funding Available

Factor	2005/06 (£'s)	2006/07 (£'s)	2007/08 (£'s)	2008/09 (£'s)	2009/10 (£'s)
Uncommitted Capital Funding Available	0	(829,500)	(720,000)	(950,000)	(891,000)
Capital bids from Appendix R		817,820	242,500	75,000	75,000
Reprofiling of funding		11,680	(11,680)	0	0
(Surplus) / Shortfall in Funding Available	0	0	(489,180)	(875,000)	(816,000)

- 5.4 This results in a surplus of funding in 2006/07 of £11,680; which is in line with the target of “a level close to the revised uncommitted capital funding level available in that year”. This amount has been reprofiled from 2006/07 to 2007/08.
- 5.5 The table above shows the requirement for additional funding; i.e. excluding the spend associated with approved bids which is to be funded from other sources such as Repair & Renewal Funds, external funding, etc.
- 5.6 The full funding profile is :

Capital Funding for Approved Bids

Funding Source	2005/06 (£'s)	2006/07 (£'s)	2007/08 (£'s)	2008/09 (£'s)	2009/10 (£'s)
Reserves	0	817,820	242,500	75,000	75,000
Technology Investment Fund	0	0	0	0	0
R & R Funds	0	825,670	328,000	358,000	38,000
Other	0	410,160	0	0	0
Total Use of Funding	0	2,053,650	570,500	433,000	113,000

- 5.7 This demonstrates that the spending associated with the approved Capital bids is affordable.
- 5.8 The cashflow and reserves implications associated with the actual profile of spending are reflected in the updated General Fund Projection in Appendix U [Revised], attached.
- 5.9 Revenue effects resulting from the approved Capital Items have all been included in the list of Approved PPF Bids.

Items for inclusion in the Hold List

- 5.10 The final section of the Revised Appendix R also shows the items which are for inclusion in the Hold List.

- 5.11 These are primarily items which have implications relating to the outcome of the Customer Access Strategy (CAS), and this will allow consideration of them in line with the final outcomes of CAS (scheduled for July 2006).
- 5.12 It should be noted that bids C591 (Planning On-Line Phase 2) and C593 (Planning On-Line Phase 3) effectively replace the existing item H24 (Planning Services On-Line : further development). They represent a refinement of the original H24 item (for £446,000).
- 5.13 The commitment of funding for items on the Hold List is not required at this stage, however, for reference, the funding implications associated with these items are :

Capital Funding Implications of Items to be added to the Hold List

Funding Source	2005/06 (£'s)	2006/07 (£'s)	2007/08 (£'s)	2008/09 (£'s)	2009/10 (£'s)
Reserves	0	685,210	0	0	0
Technology Investment Fund	0	0	0	0	0
R & R Funds	0	0	0	0	0
Other	0	70,000	0	0	0
<i>(Surplus) / Shortfall in Funding Available</i>	0	755,210	0	0	0

- 5.14 The approval of the January 2006 report on Customer Access Strategy included the decision :

“To put on hold any decision to fund other bids from the Technology Investment Fund (TIF) until the future direction of the Customer Access Strategy is known.”

- 5.15 As noted above, these recommendations include items totalling £865,210 which relate to CAS. The current balance on the TIF is £ 947,065.

6. Decisions On PPF Bids

- 6.1 The papers to Strategy Scrutiny Committee recommended the following parameter in making the final decisions on the approval of individual PPF Bids (paragraph 8.6 to 8.7, page 38 refers) :

“That the approval of PPF Bids should be limited to a level equivalent to an annual figure of around £300,000”.

- 6.2 The revised Appendix H (attached) contains details of the PPF Bids which it has been indicated that the Executive are minded to approve. The comparison with available funding is shown in the table below :

PPF Bids Against Funding Available

Factor	2005/06 (£'s)	2006/07 (£'s)	2007/08 (£'s)	2008/09 (£'s)	2009/10 (£'s)
Available Funding for PPFs [from Budget-Setting Report]	498,940	(235,390)	(235,370)	(536,070)	(465,780)
<i>PPF bids from Appendix H</i>		347,770	317,770	277,770	267,770
Net (Surplus) / Deficit of Available Funding	498,940	112,380	82,400	(258,300)	(198,010)

- 6.3 This results in expenditure of £1,211,080 over the MTS period, which is equivalent to £302,770 per annum; compared with the target level of around £300,000 per annum.
- 6.4 This demonstrates that the spending associated with the approved PPF bids is affordable.
- 6.5 The cashflow and reserves implications associated with the actual profile of spending are reflected in the updated General Fund Projection in Appendix U [Revised], attached.

7. Other Issues

Section 25 Report

- 7.1 As noted in section 12 of the Budget Finalisation report to Strategy scrutiny committee, section 25 of the Local Government Act 2003 requires the Chief Financial Officer to report on the robustness of estimates and adequacy of reserves in conjunction with statutory determinations on precept and Council Tax setting.
- 7.2 A formal report will be finalised once the Final Settlement details are received, based on the proposals outlined in this document. In the interim, a draft is included as Appendix V [Revised] for consideration.

8. Inspection of papers

To inspect the background papers or if you have a query on the report please contact:

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Priority Policy Fund (PPF) Bids

- Approved Bids

Appendix H
[Revised]

Ref.	Item Description	Detail / Justification	2006/07 Budget £	2007/08 Budget £	2008/09 Budget £	2009/10 Budget £	Contact	Cttee Priority
Community Services Scrutiny Committee								
Community Services - Community Development & Leisure Portfolio								
PPF Bids								
PPF728	S106 Community Facility Development Officer	New Active Communities/Section 106 Officer The section is receiving an additional workload for which there is no planned capacity, namely: a) Project management and support for Community Development and Active Communities section 106 work. Current demand by Area Committees and residents for completion of approved 106 projects considerably outstrips capacity to deliver them. There is a risk to the Council that the developer may reclaim funds if the projects cannot be completed within an agreed timeframe b)Development of asset management plans for recreation facilities c)Administration of events on parks and open spaces in line with requirements of the Licensing Act. d)Administration and operation of City Council's new Moorings Policy	28,000	28,000	28,000	28,000	Debbie Kaye	H
Total of Com Serv - CD&L PPF Bids :			28,000	28,000	28,000	28,000		

Ref.	Item Description	Detail / Justification	2006/07 Budget £	2007/08 Budget £	2008/09 Budget £	2009/10 Budget £	Contact	Cttee Priority
Community Services Scrutiny Committee								
Community Services - Housing & Health Portfolio								
PPF Bids								
PPF834	Safer Homes Initiative	A scheme to help elderly people to stay safe in their home has been operating for 3 years and jointly funded by CCC and the PCT. The City Councils funding has come to an end and a further bid is required to keep the scheme operating. It is a worthwhile scheme as it has helped many elderly people to continue to live in their home as it funds small safety works. It enables the City Council to work in partnership with the PCT.	10,000	10,000	10,000	0	Roger Coey	H
PPF832	Landlord Accreditation Scheme	To have a landlord accreditation Officer to run a scheme .A lot of the HMOs will be exempt from licensing and therefore it will be difficult to improve the management of them. However, we have the power to have additional licensing whereby we could license those that are exempt. To do this we have to prove to the Secretary of State that all other efforts have failed including accreditation schemes. Also we have to develop a code of practice that educational establishment properties have to conform to. If they fail we can then process them for licensing which otherwise they would be exempt	40,000	40,000	40,000	40,000	Roger Coey	H
PPF760	Travellers Emergency Stopping Place	This bid sits alongside a capital bid (C763) for the initial creation of a travellers emergency stopping place, and allows for the on-going costs of maintaining such a site.	30,000	30,000	30,000	30,000	Suzanne McBride	H
PPF756	Single Homeless / Rough Sleepers Strategy - Reconnections	The draft Single Homeless and Rough Sleepers Strategy Review includes provision for a number of changes to services in Cambridge to reshape services, aiming to reduce rough sleeping (a key PI which has again begun to increase in 2005). Most of the strategy will be ODPM grant funded, but council	40,000	40,000	0	0	Suzanne McBride	H

Ref.	Item Description	Detail / Justification	2006/07 Budget £	2007/08 Budget £	2008/09 Budget £	2009/10 Budget £	Contact	Cttee Priority
PPF755	Finance required to continue to fund Access Scheme placements.	<p>funding is sought for reconnections - a short term post to develop and implement a policy and working arrangements with other authorities, to allow rough sleepers new to Cambridge to return to their local area with support to regain independence.</p> <p>The Access Scheme has successfully contributed to the reduction in costs of Bed and Breakfast within Cambridge. Without this funding, new placements will cease until deposits are returned from existing placements when tenancies cease. Top-up funding may be required on a recurrent basis, as some funding is lost to the scheme each year.</p>	30,000	0	0	0	Suzanne McBride	H
Total of Com Serv - H&H PPF Bids :			150,000	120,000	80,000	70,000		

Ref.	Item Description	Detail / Justification	2006/07 Budget £	2007/08 Budget £	2008/09 Budget £	2009/10 Budget £	Contact	Cttee Priority
Customer Services & Resources Scrutiny Committee								
Customer Services & Resources Portfolio								
PPF Bids								
PPF761	Independent Complaints Investigator	Extra provision for increased contract hours. The amount of time spent on complaints investigation has risen causing a rise in contract costs. This can be funded from savings elsewhere in S&P which are in the Strategy portfolio.	2,270	2,270	2,270	2,270	Antoinette Jackson	H
PPF661	Establishing R&R fund for Commercial Properties (excluding Orwell House)	The Council's commercial property portfolio has not had an R&R fund for future major building repairs but one has been established from surplus rental income in 2005/6. However further provision from future rental income is needed to cope with anticipated demands over the next 20 years.	20,000	20,000	20,000	20,000	John Cowin	H
PPF648	Increasing R&R provision for Orwell House	Orwell House's maintenance profile has been reviewed and the accumulated R&R fund and current annual contributions are inadequate to meet potential maintenance demands in the future. Additional annual payments are required to meet potential expenditure over the next 20 years.	6,500	6,500	6,500	6,500	John Cowin	H
Total of CS&R PPF Bids :			28,770	28,770	28,770	28,770		

Ref.	Item Description	Detail / Justification	2006/07 Budget £	2007/08 Budget £	2008/09 Budget £	2009/10 Budget £	Contact	Cttee Priority
Environment Scrutiny Committee								
Environment - Environmental Services Portfolio								
PPF Bids								
PPF843	Revenue Implications of mobile male urinals	This PPF bid is in conjunction with the capital bid C841. This is the revenue costs of purchasing the urinal. There is an option to hire and in this case the revenue costs would be £14,700 per year.	10,000	10,000	10,000	10,000	Dave Coventry	H
PPF675	Establishment of R&R Fund for the external fabric of the Crematorium buildings	A recent review of the Crematoria repair requirements and risk management issues has indicated that the current buildings maintenance provision should be increased to address existing maintenance requirements. The current repairs and maintenance budget is £5,450 and will be converted into a R&R contribution.	10,000	10,000	10,000	10,000	Tracy Spaxman	H
PPF656	Crew for extra Dry Recycling Vehicle	The one existing vehicle covering bring sites, flats and colleges is at full capacity. This is needed to cope with growth in the city and to service the increased number of flats being included in the dry recycling scheme. The bid covers a driver and one loader. This is marked as top priority as without this vehicle certain flats will not be included in the dry recycling. This PPF bid is in conjunction with the capital bid C658.	60,000	60,000	60,000	60,000	Roger Coey	H
PPF681	Streetscene Response Team	Meeting increasing demands and expectations of Residents through rapid response to local problems including response to issues linked with anti social behaviour. Will service delivery timescales set within new Defra, Litter & Refuse code of practice operating from April 2006.	28,000	28,000	28,000	28,000	Dave Coventry	H
Total of Envnt - Envnt PPF Bids :			108,000	108,000	108,000	108,000		

Ref.	Item Description	Detail / Justification	2006/07 Budget £	2007/08 Budget £	2008/09 Budget £	2009/10 Budget £	Contact	Cttee Priority
Environment Scrutiny Committee								
Environment - Planning & Transport Portfolio								
PPF Bids								
PPF545	Community Liaison Manager (Nature Reserves)	Failure to continue with the post may result in an unavoidable bid to continue necessary maintenance of the Nature Reserves and honour commitments given to English Nature in funding this project.	30,000	30,000	30,000	30,000	Brian Human	H
Total of Evt - P&T PPF Bids :			30,000	30,000	30,000	30,000		

Ref.	Item Description	Detail / Justification	2006/07 Budget £	2007/08 Budget £	2008/09 Budget £	2009/10 Budget £	Contact	Cttee Priority
Strategy Scrutiny Committee								
Strategy Portfolio								
PPF Bids								
PPF804	Translation and Interpretation – increased provision	Higher demands are being made on the corporate translation and interpretation contract we have with CINTRA - this is a corporate budget, which is used by departments to fund the work they do. Demand is likely to stay at this level and could increase if we become an asylum dispersal area. Can be funded within cash limit savings.	3,000	3,000	3,000	3,000	Antoinette Jackson	H
Total of Strategy PPF Bids :			3,000	3,000	3,000	3,000		
Overall Total of PPF :			347,770	317,770	277,770	267,770		

Capital (PPF) Bids

- Approved Bids

Appendix R
[Revised]

Ref.	Item Description	Detail / Justification	2006/07 Budget £	2007/08 Budget £	2008/09 Budget £	2009/10 Budget £	Contact	Cttee Priority
Approved For inclusion in Capital Plan								
Community Services Scrutiny Committee								
Community Services - Community Development & Leisure Portfolio								
Capital Bids								
C784	Parkside Swimming Pool	Cost of replacing boilers at Parkside swimming pool which failed in November 2005. Options appraisal scheduled for Asset Management group Dec/Jan. Officers have hired a temporary external boiler to enable pool to operate in the interim.	200,000	0	0	0	Debbie Kaye	U
C863	Security at Sheep's Green Pool	Health and Safety measures to meet insurance requirements.	15,000	0	0	0	Debbie Kaye	H
C844	Corn Exchange Refurbishment	Execution of the Corn Exchange Building Improvement Plan, in particular to refurbish aspects of the building and plant which are now 20 years old, including bleacher seating unit, auditorium floor, seats.	204,000	0	0	0	Nigel Cutting	H
Total of Com Serv - CD&L Capital Bids :			419,000	0	0	0		

Community Services Scrutiny Committee

Community Services - Housing & Health Portfolio

Capital Bids

C860	Safer City funding	Continuation of existing funding arrangement (PR006)	50,000	50,000	50,000	50,000	Suzanne	H
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Ref.	Item Description	Detail / Justification	2006/07 Budget £	2007/08 Budget £	2008/09 Budget £	2009/10 Budget £	Contact	Cttee Priority
		which will cease on 31 March 2006.					Mcbride	
C763	Travellers Emergency Stopping Place	This bid is for the capital cost of the creation of a site for travellers, providing basic amenities and utilities. The bid is directly linked to PPF760, which would allow for the revenue running costs of the site. A bid has been made for Government funding for this scheme.	300,000	0	0	0	Suzanne Mcbride	H
C764	Choice Based Lettings - IT system costs	Capital funding is required, alongside revenue bid B754, to allow for the necessary infrastructure works associated with Choice Based Lettings.	37,430	0	0	0	Suzanne Mcbride	H
Total of Com Serv - H&H Capital Bids :			387,430	50,000	50,000	50,000		

Customer Services & Resources Scrutiny Committee

Customer Services & Resources Portfolio

Capital Bids

C726	Guildhall-Improvements to first floor Security Arrangements	Offices and officers at First Floor level do not enjoy the same level of security as those on 2nd 3rd & 4th floors and there have been incidents of staff threatened by intruders. Installation of additional doors, auto openers and Cryptag readers in Peas Hill side FF corridor plus auto openers and Cryptag readers in Guildhall Street side FF corridor. Solution based on options report prepared by Property & Building Services. No measurable efficiency gain – additional revenue costs due to auto opener and Cryptag maintenance contracts and R&R provision. See also Revenue Bid B727.	19,000	0	0	0	Tony Attwell	H
C737	Managed Business Premises at 25 Gwydir Street, Cambridge	Works to upgrade low quality first floor storage accommodation to create small office units to let which will generate additional rental income. Revenue saving reference S736. The payback for this scheme is just over 5 years.	78,000	0	0	0	Desmond Hirsch	H
C765	Energy Audit – Automated Energy	Recommended as a priority action by Energy Audit to	35,000	0	0	0	Jim Stocker	H

Ref.	Item Description	Detail / Justification	2006/07 Budget £	2007/08 Budget £	2008/09 Budget £	2009/10 Budget £	Contact	Cttee Priority
	monitoring system to improve energy management	replace inadequate manual monitoring limited by primitive software and staff time and resource constraints. Aim is to achieve full analysis and recognise performance errors, billing faults and take appropriate action. Resulting Revenue saving see ref S766. The payback for this scheme is 7.76 years.						
C769	Energy Saving works – Guildhall Heating system	Energy audit has identified several opportunities to save money and reduce CO2 emissions by replacing obsolete start control system for central heating boilers; installing variable speed pumps, and reviewing control strategy for 4th floor. Each will save energy consumption and thus reduce costs and save CO2 emissions whilst providing better control of the heating system. Resulting Revenue saving see S770. The payback for this scheme is 5.56 years.	10,000	0	0	0	Jim Stocker	H
C773	Works to implement Energy Audit recommendations – Replacement of existing fluorescent light fittings with new energy efficient fittings in Admin Buildings	Energy Audit reckons that the Council can save 20% on electricity consumed by existing fluorescent fittings by upgrading to modern lower energy fittings. Also improve working environment for staff. Resulting Revenue saving see S777. The payback for this scheme is 4.26 years.	20,000	0	0	0	Jim Stocker	H
C864	Managed Business Premises at 25 Gwydir Street - asbestos removal	Works to upgrade low quality first floor storage accommodation through removal of asbestos cement sheeting in roof (desirable on H&S grounds).	35,000	0	0	0	Desmond Hirsch	H
C799	Improved site security at Mill Road depot	The Mill Road depot is a multi occupancy site with inadequate access control. Additional security is required to reduce the risk of theft (building materials & garage), verbal and physical assault to staff (Reception, LAPE and abandoned cars). The proposed system will be compatible with existing Council buildings throughout the City.	20,430	0	0	0	Paul Parry	H
C849	Purchase of land abutting Cambridge Crematorium	An opportunity has arisen to purchase a 7-acre plot of land to the east of Cambridge Crematorium. The increasing use of the Huntingdon Road Cemetery means that we have inadequate car parking to fulfil our service objectives. The land will have mixed use to include a memorial garden and space for woodland	84,000	0	0	0	Bob Hadfield	H

Ref.	Item Description	Detail / Justification	2006/07 Budget £	2007/08 Budget £	2008/09 Budget £	2009/10 Budget £	Contact	Cttee Priority
C808	CCTV at Mill Road depot	interments in addition to car parking. The Mill Road depot is a multi occupancy site with inadequate CCTV systems. Replacement equipment is required to improve security, employee safety, fire monitoring, theft, unauthorised use and also to provide recorded playback facilities.	21,600	0	0	0	Paul Parry	H
C807	Air conditioning at Mill Road depot offices	The Mill Road depot is a multi occupancy site whose administration buildings are cooled by mobile cooling units or fans with consequent fire and Health & Safety risk. The buildings were designed with good heating efficiency which allows the building to be heated at a low cost in the winter but which means that during the summer the working temperatures are unacceptable.	35,640	0	0	0	Paul Parry	H
Total of CS&R Capital Bids :			358,670	0	0	0		

Environment Scrutiny Committee

Environment - Environmental Services Portfolio

Capital Bids

C658	Extra Dry Recycling Vehicle	This vehicle is need to cover the remainder of flats that need to be incorporated into the dry recycling scheme. It would also be used to cover any outstanding schools and colleges although most of these are included. This capital bid is in conjunction with the bid PPF656. The £61k capital element of the 2006/07 WPEG funding to be used to part-fund this item. The balance of the revenue element of WPEG (after fully funding C839) is also to be used as DRF to part-fund this item.	135,000	0	0	0	Roger Coey	H
C689	Extension of Public Conveniences capital programme (PR016)	A 2-year extension to the current capital programme (PR016) at £167,500 per annum. This item also includes the ongoing R&R programme at £38k p.a. for	205,500	205,500	38,000	38,000	Bob Kerry	H

Ref.	Item Description	Detail / Justification	2006/07 Budget £	2007/08 Budget £	2008/09 Budget £	2009/10 Budget £	Contact	Cttee Priority
		5 years from 2006/07.						
C841	Purchase of mobile male street urinals	This capital bid is in conjunction with the bid PPF843. This is the cost of purchasing the urinals. There is an option to hire and the revenue costs of this are shown in the notes of bid PPF843.	4,800	0	0	0	Dave Coventry	H
C840	Containers for growth and flats to provide recycling provision	This matches up with the revenue bid for running a 2 dry recycling vehicle to cover flats and growth in the city. These containers would need to be provided to flats not incorporated in the dry recycling scheme	34,000	0	0	0	Roger Coey	H
C839	Storage receptacles for residents who need to move from bins to white sacks for their refuse	This is related to the bins on streets issue. A report is going to ESC in January with proposals to issue certain households who need to move from a bin for refuse to a white sack collection with a receptacle to store the sacks (similar to a bin but lower level to facilitate ease of removal of the white sacks). To be funded by DRF from part of the revenue element of WPEG in 2006/07.	11,500	0	0	0	Roger Coey	H
C791	Replacement vehicle programme for waste management fleet	Increase in scheduled cost of replacement vehicles from £300k to £523k in 2006/07, as part of the Council's rolling replacement programme (PR017).	223,000	0	0	0	Graham Watts	H
Total of Env't - Env't Capital Bids :			613,800	205,500	38,000	38,000		

Environment Scrutiny Committee

Environment - Planning & Transport Portfolio

Capital Bids

C814	Waterproofing repairs to various levels of Grafton East multi-storey car park [associated with structural repairs in 1CB]	Integrity of car park is in jeopardy from concrete damage through water penetration. Essential repairs are required to protect structure on levels 8a, 10 & 10a. contractual responsibility on CCC to maintain surfaces	70,000	0	0	0	Paul Necus	U
C805	Overhaul of ventilation system at Lion	Existing equipment is failing. Overhaul is time critical,	15,000	0	0	0	Paul Necus	U

Ref.	Item Description	Detail / Justification	2006/07 Budget £	2007/08 Budget £	2008/09 Budget £	2009/10 Budget £	Contact	Cttee Priority
	Yard Car Park Annexe	before redecoration of Annexe in 06/07 as part of Grand Arcade approved programme. Failure of system, leading to car park closure on Health and Safety grounds.						
C604	Structural repairs to Grafton East Multi-storey car park	To carry out essential structural repairs following the structural survey. Cambridge City Council has contractual responsibility to carry out these works.	70,000	0	0	0	Paul Necus	U
C824	Refurbishment of Cranmer Road - Gough Way cycle track/footpath	An R&R fund has been established since this path was constructed in order to provide for for the maintenance of this and similar paths. The path now requires refurbishment. Bid of £24,000 for 2005/06	0	0	0	0	Brian Human	H
C576	Bus Shelters (PR018)	Proposed extension to programme PR018. Supported by Environment Scrutiny Committee 8 November 2005.	25,000	25,000	25,000	25,000	Brian Human	H
C788	Refurbishment of Brookfields to Coldhams Common Lane public footpath	The footpath is currently closed for safety reasons. It is proposed to reinstate the stream bank and resurface the path.	28,250	0	0	0	Brian Human	H
C608	Waterproofing floors at Park Street Car Park	Essential maintenance to protect structure from deterioration.	0	70,000	0	0	Paul Necus	H
C607	Survey & drainage repairs at Park Street Car Park	Survey to assess the structural condition of of Park Street Car Park and essential drainage maintenance to protect from deterioration.	0	70,000	0	0	Paul Necus	H
C603	Resurfacing / lining at surface Car Parks		12,500	0	0	0	Paul Necus	H
C600	Replacement of control equipment on Car Parks across City	Existing equipment on Park St is 8 years old, and failing. A call off programme to replacement equipment will enable more efficient performance, and allow cashless payment options to be introduced across the city over a period of time. Initial costs will research and specify service requirements for a future tendering exercise	30,000	150,000	320,000	0	Paul Necus	H
Total of Envt - P&T Capital Bids :			250,750	315,000	345,000	25,000		

Ref.	Item Description	Detail / Justification	2006/07 Budget £	2007/08 Budget £	2008/09 Budget £	2009/10 Budget £	Contact	Cttee Priority
	Total of Approvals For inclusion in Capital Plan :		2,029,650	570,500	433,000	113,000		

Ref.	Item Description	Detail / Justification	2006/07 Budget £	2007/08 Budget £	2008/09 Budget £	2009/10 Budget £	Contact	Cttee Priority
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Approved For inclusion in Hold List

Customer Services & Resources Scrutiny Committee

Customer Services & Resources Portfolio

Capital Bids

C812	Corporate GIS	Bid for item to be added to the Hold List. Establishment of a corporate GIS system and team. Please refer to papers to CS&R Scrutiny Committee 15th November 2005. See also PPF813.	239,290	0	0	0	James Nightingale	M
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Total of CS&R Capital Bids :

239,290	0	0	0
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Environment Scrutiny Committee

Environment - Planning & Transport Portfolio

Capital Bids

C854	Fisher Square Environmental Scheme Capital Grant	Bid for item to be added to the Hold List. Environmental scheme in partnership with Grand Arcade. Funding from S106 agreement (£32,000), City Centre Management Capital Grant (PR003) (£15,000) and Environmental Improvements - Pavements Programme (PR011) (£22,000).	70,000	0	0	0	Brian Human	H
C591	Planning On-Line Phase II	Bid for item to be added to the Hold List (replaces existing item H24). Capital bid for investment in hardware and other equipment (including document image processing facilities) to allow planning applications (including plans and drawings) to be publicised on line. Current Hold List item (H24) covers both Phase II & III. See PPF592 for on-going revenue costs.	190,720	0	0	0	John Summers	H

Ref.	Item Description	Detail / Justification	2006/07 Budget £	2007/08 Budget £	2008/09 Budget £	2009/10 Budget £	Contact	Cttee Priority
C593	Planning On-Line Phase III	Bid for item to be added to the Hold List (replaces existing item H24).	255,200	0	0	0	John Summers	M
Total of Envt - P&T Capital Bids :			515,920	0	0	0		
Total of Approvals For inclusion in Hold List :			755,210	0	0	0		
Overall Total of Capital Bids :			2,784,860	570,500	433,000	113,000		

General Fund Projection - 2005/06 to 2009/10

Appendix U [Revised]

General Fund category	2005/06 (£'s)	2006/07 (£'s)	2007/08 (£'s)	2008/09 (£'s)	2009/10 (£'s)	Comments / Notes
Net Spending (Cttee Totals)	21,268,540	21,927,280	22,909,440	23,242,080	22,745,000	Inflated base budgets (includes savings, inflation and PPF effects from prior years)
	<u>21,268,540</u>	<u>21,927,280</u>	<u>22,909,440</u>	<u>23,242,080</u>	<u>22,745,000</u>	
less Asset Management Revenue Account	(4,936,870)	(4,936,870)	(4,936,870)	(4,936,870)	(4,936,870)	
less Minimum Revenue Provision Adj.	(2,016,360)	(2,016,360)	(2,016,360)	(2,016,360)	(2,016,360)	
	<u>14,315,310</u>	<u>14,974,050</u>	<u>15,956,210</u>	<u>16,288,850</u>	<u>15,791,770</u>	
less Contribution to :						
Technology Investment Fund (TIF)	155,000	0	0	0	0	IT contract saving contribution
Efficiency Fund	0	0	0	0	0	Transfer to Efficiency Fund
Capital Plan	5,459,000	2,192,320	1,206,180	1,400,000	1,400,000	Revenue contribution to fund capital spending
	<u>19,929,310</u>	<u>17,166,370</u>	<u>17,162,390</u>	<u>17,688,850</u>	<u>17,191,770</u>	
add Anticipated changes						
Employers Pension contribution	0	0	342,000	342,000	342,000	Additional 1.5% p.a. from 2005/06 to 2007/08 - approved Feb 2005
Employers Pension contribution	0	0	73,290	537,460	977,200	Final actuarial report for 2004
JNC pay review	185,400	185,400	185,400	185,400	185,400	Provision against outcome of review

General Fund category	2005/06 (£'s)	2006/07 (£'s)	2007/08 (£'s)	2008/09 (£'s)	2009/10 (£'s)	Comments / Notes
Benefits (CTB, Rent Allowances and Rebates)	0	(162,310)	(90,440)	(90,440)	(90,440)	Review of benefit levels and subsidy entitlement (subject to clawback)
External Interest	0	(257,200)	(355,000)	(555,000)	(493,000)	Latest review of projected receipts from investments
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	
	20,114,710	16,932,260	17,317,640	18,108,270	18,112,930	
<i>add</i> Priority Policy Fund (PPF)						
- Total for Budget Year	-	347,770	317,770	277,770	267,770	PPF Bids in current budget year
- Future Years PPF Provision	-	-	500,000	500,000	500,000	New provision included in each budget year
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	
	20,114,710	17,280,030	18,135,410	18,886,040	18,880,700	
<i>less</i> Net savings Requirement	-	0	(750,000)	(750,000)	(750,000)	New savings required in each budget year
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	
Total Net Spending Requirement	20,114,710	17,280,030	17,385,410	18,136,040	18,130,700	

General Fund Funding Statement - 2005/06 to 2009/10

Appendix U [Revised]

General Fund category	2005/06 (£'s)	2006/07 (£'s)	2007/08 (£'s)	2008/09 (£'s)	2009/10 (£'s)	Comments / Notes
Total Net Spending Requirement	20,114,710	17,280,030	17,385,410	18,136,040	18,130,700	
less External Support	(11,026,480)	(11,843,785)	(12,147,632)	(12,269,110)	(12,391,800)	Formula Grant (RSG and NNDR Pool share)
	9,088,230	5,436,245	5,237,778	5,866,930	5,738,900	
less Collection Fund (Surplus) / Deficit						
- Council Tax	35,180	(86,960)	0	0	0	Based on latest review of Collection Funds
- Poll Tax	(20,100)	0	0	0	0	
	9,103,310	5,349,285	5,237,778	5,866,930	5,738,900	
less Income from Council Tax	(5,009,900)	(5,269,510)	(5,507,840)	(5,756,650)	(6,016,840)	
Contribution (To) / From Reserves	4,093,410	79,775	(270,062)	110,280	(277,940)	

Memo Items :

Council Tax					
- Taxbase	36,590	37,005	37,190	37,376	37,563
- Council Tax at Band 'D'	£136.92	£142.40	£148.10	£154.02	£160.18
- Implied annual Council Tax increase	-	4.00%	4.00%	4.00%	4.00%

Appendix U [Revised]

General Fund Reserves Projection - 2005/06 to 2009/10

General Fund category	2005/06 (£'s)	2006/07 (£'s)	2007/08 (£'s)	2008/09 (£'s)	2009/10 (£'s)	Comments / Notes
Balance as at 1 April (b/f)	12,008,540	7,915,130	7,835,355	8,105,417	7,995,137	
less Contribution (to) / from General Fund	(4,093,410)	(79,775)	270,062	(110,280)	277,940	
Balance as at 31 March (c/f)	7,915,130	7,835,355	8,105,417	7,995,137	8,273,077	

Memo Items :

Analysis of Contribution (to) / from General Fund

- Support for Capital	5,459,000	2,192,320	1,206,180	1,400,000	1,400,000
- Support for Revenue	(1,365,590)	(2,112,545)	(1,476,242)	(1,289,720)	(1,677,940)

2006/07 Budget Process

Robustness of Estimates and Adequacy of Reserves

1 Background

- 1.1 Section 25 of the Local Government Act 2003 requires that the Chief Financial Officer (CFO) must report to the authority, when it is making the statutory calculations required to determine its Council Tax or precept, on the following :
- a) the robustness of the estimates made for the purposes of the calculations, and
 - b) the adequacy of the proposed financial reserves
- 1.2 The majority of the material required to meet the requirements of the Act has been built into the key reports prepared throughout the corporate budget cycle, in particular :
- a) The Medium Term Strategy (MTS) [September 2005]
 - b) The Revised Budgets, as part of the Service Plan review for current year performance (to the November cycle of scrutiny committee meetings)
 - c) The final Service Plan and main budget reports to the January cycle of meetings
 - d) The Budget-Setting Report to Strategy Scrutiny Committee on 19 January 2006
- 1.3 This reflects the fact that the requirements of the Act incorporate issues which the Council has, for many years, adopted as key principles in its financial strategy and planning; and which have therefore been incorporated in the key elements of the corporate decision-making cycle.
- 1.4 This also reflects the work in terms of risk assessment and management which is built into all of the key aspects of the Council's work.
- 1.5 It is also important to note that these considerations are assessed by the Council within a medium and longer-term framework, which is ensured through supporting financial modeling conducted over :

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Table 1: Financial Projection Periods

Documents	Period	Purpose / Use
MTS & budget	5 years	Detailed budget & Council Tax setting
Longer-term projections (HRA)	10 years	To demonstrate long-term effects & thus sustainability
Longer-term projections (General Fund)	25 years	To demonstrate long-term effects & thus sustainability

1.6 Figures are generally shown within reports covering the 5-year medium-term forecast period, with any significant longer-term implications specifically highlighted.

2 Robustness of Estimates

2.1 Each year, as part of the development of the budget, analysis is undertaken of the key financial assumptions on which the budget will be based. An overview of this work is included in the MTS and the final Budget-Setting Report.

2.2 The key areas covered included :

- a) Economic factors, such as inflation
- b) Treasury Management, including interest rates
- c) Demographic pressures on spending
- d) Other spending pressures & opportunities (revenue and capital)
- e) External funding sources
- f) Reserves

2.3 The area which has for a number of years required the greatest attention during the annual budget process has been government grant support for the General Fund, in particular, the policy on the setting of grant 'Floors' as part of the protection arrangements for authorities adversely affected by the introduction of the new formula distribution mechanism.

2.4 The City Council was one of the worst affected District Councils in England in cash terms, receiving £1,807,310 in 2004/05; a position which left the Council particularly vulnerable to changes in policy on Floors in future years. This has been exacerbated by the fact that details are only announced very late in the annual process (as part of the December Provisional Settlement announcement).

2.5 The 2006/07 Settlement has been particularly significant as it :

- Includes a review of the underlying methodology and formulae for grant distribution

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- Introduces the first step towards 3-year Settlements (which will start in full as part of the 2007 Comprehensive Spending Review), with figures for 2007/08 as well as 2006/07 being announced
- Updates underlying 1991 Census data to 2001 data
- Makes the grant distribution system more forward-looking in nature, by incorporating projections for population and taxbase, and adapting to policy change

- 2.6 The new distribution formula has resulted in significant changes in the components of the overall Total External Support (TES) which the City Council will receive from 2006/07. The most important element of this is the level of Floor adjustment grant which is included. This is the level of additional grant which is payable in order to bring the Council's level of entitlement up to the minimum level of year-on-year increase (the 'Floor').
- 2.7 The Floor adjustment element, therefore, represents the level of risk to the Council in future Settlements, as this mechanism for damping the effects of reduction in grant entitlement could be phased-out or withdrawn.
- 2.8 The following table illustrates the levels of Floor adjustment grant which the Council has received since 2003/04.

Table 2 : Grant Protection from the 'Floors'

Financial Year	Total Formula Grant (FG) (£'s)	Increase at 'Floor' [c.f. Prior Year Adjusted] (%'age)	Level of Protection through 'Floors' included in FG (£'s)	Protection as a %'age of FG (%'age)
2003/04	11,217,610	3.0%	1,950,309	17.39%
2004/05	10,725,430	3.0%	1,807,310	16.85%
2005/06	11,026,479	2.5%	1,304,364	11.83%
2006/07	11,843,785	3.0%	393,000	3.32%
2007/08	12,147,632	2.7%	297,000	2.44%

- 2.9 This demonstrates that the level of risk faced by the Council from changes to 'Floors' has been materially reduced by :
- a) the significant reduction in the level of the adjustment element in 2006/07 - from over £1.3m to £0.4m (or 3.32% of Formula Grant)

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b) the announcement of the 'Floor' for 2007/08

- 2.10 It is hoped that the Government's commitment to the introduction of full 3-year Settlements for revenue and capital from 2007/08 will provide further improvements in certainty for key funding streams over the medium-term. The resultant improvements in financial information available to the Council will further reduce the level of residual risk associated with this issue.
- 2.11 The budget process specifically identifies and controls the requirements for the delivery of savings from all areas of spending, managed through a process of Cash Limits. The Cash Limit process allows the inclusion of unavoidable bids and bids where the additional funding requirement can be met through additional compensating savings.
- 2.12 Further bids for service development are determined centrally by the Executive, and prioritised against the requirements in delivering the Council's Medium Term Objectives. This includes the specific test of affordability and sustainability of the overall level of funding for this Priority Policy Fund (PPF), which is clearly shown within the final decision-making framework adopted.
- 2.13 The level of funding which is deemed affordable within the initial MTS projections (in this case in September 2005) is reviewed in light of updated information in the final Budget-Setting Report to Strategy Scrutiny Committee in the January cycle of meetings. This ensures that, as is the case for 2006/07, the affordable level of funding for PPFs is reduced should the level of unavoidable bids identified exceed the level of savings available.
- 2.14 Approval of new capital spending is dependent on the identification of the appropriate levels of revenue and capital funding, demonstrating their affordability. If this cannot be achieved the scheme will be approved in principle and added to the Council's capital Hold List until such time as the funding is identified and approved.
- 2.15 This existing test of affordability for capital spending has been reinforced by the introduction of the Prudential Code, with effect from 1 April 2004. The indicators identified as part of the Code have been included with the final budget reports, and have been taken into account in arriving at the final recommendations on the Capital Plan.
- 2.16 Spending during the year is monitored on a monthly basis by the Asset Management Group, and on a quarterly basis by the Corporate Management Team; based on a consistent financial monitoring and reporting framework. This ensures that current performance is effectively challenged, and the need for any remedial measures identified at the earliest opportunity.
- 2.17 In the current year the process has identified material factors affecting land charge fee income, property rental income, costs associated with the Licensing Act 2003 and Housing and Council Tax Benefits and these were reflected as unavoidable pressures, agreed as part of the Medium Term Strategy, approved at Council in September 2005. Close monitoring of performance on current year

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budget heads has been maintained throughout the 2006/07 budget process, to ensure a robust basis for projections in future year estimates.

3 Financial Reserves

- 3.1 Reserves are established and maintained in line with the Code of Practice on Local Authority Accounting, and are reviewed annually by the Council's external auditors taking into account their knowledge of the Council's performance over a period of time.
- 3.2 There are two main categories of reserves to be considered :
 - a) Earmarked Reserves
 - b) Unallocated general reserves

Earmarked Reserves

- 3.3 Earmarked reserves are those which the Council builds up over a period of time to fund known or predicted liabilities.
- 3.4 Specific examples include :
 - Repair & Renewal Funds - individual Funds have been established to cover key items of vehicle and plant, in line with the Council's policy of ensuring sustainability of services. New Funds or contribution requirements are assessed as part of any new project appraisal
 - Funds set up to meet material costs which occur regularly, but over a longer period than annually, where it is deemed prudent to make contributions every financial year e.g. Local Plan
 - Insurance Fund - which underpins the Council's policy and practice on self-insurance, and reflects the analysis of potential and contingent claims over time
- 3.5 The Council reviews each of the Funds during each year to ensure that the levels, and the ongoing contributions, are appropriate to achieve the purpose for which it was set-up. A further review is completed as part of the final accounts process, at year end, in conjunction with the review work of external audit.

Unallocated general reserves

- 3.6 As part of its financial strategy the Council has determined two levels by which the appropriateness of the general reserve for the General Fund will be assessed:
 - a) Minimum Level - set at £1.5m (approximately 10% of the net expenditure

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level), to deal with timing issues and uneven cashflows and avoid unnecessary temporary borrowing

- b) Target Level - set at £5m, reflecting the level which provides the target over the longer-term.

3.7 A similar approach has been adopted in respect of the Housing Revenue Account (HRA), which has identified :

- a) Minimum Level - set at £1m (approximately ? weeks of rental income), to deal with timing issues and uneven cashflows and avoid unnecessary temporary borrowing
- b) Target Level - set at £3m, reflecting the level which provides the target over the longer-term.

3.8 The key elements which are considered in setting the target level have been :

- a) The potential need to 'cushion' the impact of an unexpected events or emergencies (above the levels supported directly by the government, under the 'Bellwin' scheme)
- b) The need to deal with major incidences of uneven funding associated with schemes or initiatives. Previous examples have included the significant up-front investment in the redevelopment of Parkside Pools to facilitate access to Lottery Funding. Future pressures may result from initial investment requirements associated with projects such as the implementation of the outcomes of the Council's Customer Access Strategy.
- c) The level of risk / uncertainty associated with the budget and financial strategy, particularly the continuing uncertainty over grant entitlement.

3.9 Currently, use of reserves has been approved to cover the uneven cost incidence, principally associated with the 6-year phasing of additional employer contribution costs associated with the County Pension Fund. The 25-year model has confirmed that reserves for the General Fund will return to around the target level by 2016/17; and will remain in balance thereafter.

3.10 The Council has a long-established commitment to risk management, as a key element of effective internal control. This has been enhanced during 2005/06 through a Council-wide series of workshops to update the corporate risk database, which forms the basis for the Risk and Assurance Framework that informs the Statement of Internal Control and Head of Internal Audit Opinion in future Statements of Accounts. The database also informs the strategic internal audit plan, ensuring that all cross-cutting and service issues are effectively prioritised for coverage.

3.11 As part of the budget process areas of uncertainty are identified in July each year as part of the MTS, and are then reviewed and updated throughout the process to identify the level of residual risk at the point of budget-setting.

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3.12 The main issues which remain outstanding at the point of budget-setting this year are :

- a) Lion Yard – proposals for the next stage of development are still awaited from the developer.
- b) ICT Contract Re-tendering – the new contract will come into effect from 1 June 2006. Current indications are that costs can be contained within the budget provision which has been made.
- c) Concessionary Fares – negotiations with the providers are still to be completed in respect of costs associated with the new scheme from 2006/07.
- d) Growth Agenda – work is underway to determine the cost pressures which will be associated with the levels of growth scheduled both within the City and the sub-region. This is being undertaken in conjunction with the County Council and neighbouring authorities, as well as with Cambridgeshire Horizons.

3.13 A further review of these areas, and the others still unresolved, will take place as part of the July 2006 MTS.

3.14 The Council's financial strategy also supports the provision of funding for known commitments, which commence beyond the specific budget year, as part of the prudence and sustainability concept. This approach will form the basis for developing medium-term budgeting further as part of the July 2006 MTS, and in line with the Government's introduction of 3-year Settlements.

3.15 Part of the Council's established financial strategy is to ensure that funding for future spending is not dependent on the use of reserves, so as to demonstrate long-term sustainability. This has been demonstrated in the setting of the 2006/07 budget.

4 Comprehensive Performance Assessment (CPA)

4.1 As part of the CPA work undertaken by Inspectors the Council's external auditors (PricewaterhouseCoopers) completed a scored review of five areas relating to the statutory code of audit practice. These scores represent a judgement of the Council's performance on scale of 1 to 4, with 4 being the highest score.

4.2 The scores given were :

Area for auditor judgement	Grade	Issues included in this area
Financial standing	4	Setting a balanced budget Setting a capital programme

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Area for auditor judgement	Grade	Issues included in this area
		Financial monitoring and reporting Meeting financial targets Financial reserves
Systems of internal financial control	3	Monitoring of financial systems An adequate internal audit function is maintained Risk identification and management
Standards of financial conduct and the prevention and detection of fraud and corruption	3	Ethical framework Governance arrangements Treasury management Prevention and detection of fraud and corruption
Financial statements	3	Timeliness Quality Supporting records
Legality of significant financial transactions	4	Roles and responsibilities Consideration of legality of significant financial transactions New legislation

4.3 This identifies strong performance in the areas relating to this judgement, particularly the issues under the first area of judgement; which received a maximum score of 4.

5 Conclusion

5.1 The 2006/07 budget process has resulted in recommendations for spending and tax-setting which are broadly in line with the original objectives set in the MTS in September 2005.

5.2 Integral to the process has been the testing of assumptions and associated risks underlying the financial projections, which have been determined in line with the adopted principles of prudence, affordability and sustainability.

5.3 The medium and longer-term projections have also confirmed that the spending plans proposed can be funded, whilst reserves are kept in line with

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the agreed target levels.