



Cambridge City Council

Strategy and Resources Scrutiny Committee

Date: Monday, 11 February 2019

Time: 5.00 pm

Venue: Committee Room 1 & 2, The Guildhall, Market Square, Cambridge, CB2 3QJ

Contact: democratic.services@cambridge.gov.uk, tel:01223 457000

Agenda

Decision for the Executive Councillor for Finance and Resources

7 Lion Yard Investment

The report contains exempt information during which the public is likely to be excluded from the meeting subject to determination by the Scrutiny Committee following consideration of a public interest test. This exclusion would be made under paragraph of 3 Part 1 of Schedule 12A of the Local Government Act 1972.

Decision for the Executive Councillor for Strategy and External Partnerships

8 Cambridge City Housing Company - Review of Pilot Phase (Pages 5 - 14)

The appendix to the report contains exempt information during which the public is likely to be excluded from the meeting subject to determination by the Scrutiny Committee following consideration of a public interest test. This exclusion would be made under paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

Decisions for the Executive Councillor for Finance and Resources

9 Capital Strategy (Pages 15 - 42)

10 Treasury Management Strategy Statement Report 2019/20 to 2022/23 (Pages 43 - 66)

11 General Fund Budget Setting Report 2019/20 (Pages 67 - 206)

13 Business Rates Retail Discount Scheme (Pages 207 - 214)

14	Council Tax Reduction Scheme 2019/20	(Pages 215 - 220)
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Decisions for the Executive Councillor for Strategy and External Partnerships

15	Combined Authority Update	(Pages 221 - 234)
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16	Corporate Plan 2019-22	(Pages 235 - 246)
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Strategy and Resources Scrutiny Committee Members: Barnett (Chair), Baigent (Vice-Chair), Bick, Dalzell, Green and Sargeant

Alternates: Cantrill, Massey and McQueen

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

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Item

CAMBRIDGE CITY HOUSING COMPANY LIMITED - REVIEW OF PILOT PHASE

To:

Councillor Lewis Herbert, Leader and Executive Councillor for Strategy and External Partnerships

Strategy & Resources Scrutiny Committee 08/02/2019

Report by:

Caroline Ryba, Head of Finance and S151 officer

Tel: 01223 - 458134 Email: caroline.ryba@cambridge.gov.uk

Wards affected:

All

The appendix to the report contains exempt information during which the public is likely to be excluded from the meeting subject to determination by the Scrutiny Committee following consideration of a public interest test. This exclusion would be made under paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

Key Decision

1. Executive Summary

- 1.1 This report presents the review of the pilot phase of the Cambridge City Housing Company Limited (CCHC) and considers whether the pilot phase should be continued, the company should be moved into business as usual, or it should be closed. The risks and potential impacts for the council, as the only shareholder in the company, are reviewed.

2. Recommendations

The Executive Councillor is recommended to:

- 2.1 Approve that CCHC moves from its pilot phase into business as usual.
- 2.2 Confirm the Council's financial support for the company, subject to ongoing review by the S151 officer.
- 2.3 Agree that the Council refinance the existing loan to the company for three years at 2.02%.
- 2.4 Support the company directors' recommendation that, in view of the possible market impact of Brexit, any decision on further investment is delayed until at least the final quarter of 2019/20, or until the local property market has stabilised.
- 2.5 Agree that a third director is appointed to the company.

3. Background

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- 3.1. CCHC was set up as a three-year pilot. The company board comprises the Head of Commercial Services and the Head of Finance acting as Directors and the Head of Property Services as the Company Secretary. The board has undertaken a review of the current performance of the pilot, as recommended when the company was set up. This review is attached at Appendix 1.
- 3.2 The review concludes that CCHC has broadly achieved its objectives of providing housing at intermediate rents and a return to the council. There were start-up issues relating to delayed handover of the properties, setting rents at an achievable level and snagging problems. However, once these issues had been overcome, void levels have been very low and rental income has covered management and interest costs. The review recommends that the pilot phase is concluded and that CCHC moves to business as usual operation.
- 3.3 The review also considered possible future developments for the company and reviewed its business plan. In particular it considered a number of critical financial estimates and assumptions. It is this work that has highlighted significant risks in the company, and hence for the council.
- 3.4 The risks to the council are set out in Section 4 below. Appendix 1 lists risks to the company in paragraph 1.6. In particular it notes that the directors of CCHC are personally liable for the actions of the company and at risk of disqualification from acting as a director for up to 15 years if, for example, they allow a company to continue trading when it cannot

pay its debts. The directors are reliant on the council continuing to provide financial support to the company.

3.5 There are two further key decisions for the council to make:-

- As shareholder: should the company extend, maintain or liquidate its property holdings?
- As funder: at what terms (rate, duration) should the council refinance the current property portfolio, and if further properties are to be purchased, what terms should be offered to the company for any additional loans?

4.0 Risks to the Council

4.1 The council's objectives in setting up CCHC were to:-

- Acquire properties to let on short-term tenancies at 80% of market rent to meet the needs of those who do not have priority for social housing but cannot afford market rents; and
- To generate revenue to protect services.

In summary the risks to these objectives, described in accordance with the Council's risk management strategy, are set out below. Adding to the company's portfolio will not change the risks, but is likely to increase the probability of risks crystallising and the impact if they do.

Risk 1 CCHC is unable to meet interest payments on the loans when they become due. (Category = Financial)	
Likelihood = Low Impact = High	
Cause <ul style="list-style-type: none"> • Rent levels cannot be increased as expected • Void levels increase • Other expenses such as maintenance and administration increase more than expected • Interest rate increases 	Consequence <ul style="list-style-type: none"> • CCHC will become cash flow insolvent and will require support from the council to trade out of this situation • If it is not possible to turn the company around, the properties will have to be sold and the company closed down. Market falls, disposal costs and the quantity of properties may give rise to capital losses

	<ul style="list-style-type: none"> • The value of the loans on the council's books will be impaired, with a charge to the General Fund (in accordance with International Financial Reporting Standard (IFRS) 9). Service budgets will be reduced, or reserves used to balance the council's budget
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Risk 2

Interest payments do not provide additional revenue (above that on a typical cash deposit).

(Category = **Financial**, Political)

Likelihood = Medium

Impact = Low

Cause

- Returns on cash deposits rise so that they are equal or above the interest rate on the loan to CCHC
- The interest rate on the loan is fixed for a lengthy period at a level that does not reflect the duration of the loan so cannot be flexed to reflect market rates
- The loan is refinanced at a rate that does not provide additional revenue

Consequence

- Additional revenue is not achieved
- Higher interest receipts are foregone
- Additional service spending is not supported
- State aid risk (see risk 4) is increased

Risk 3

Property values fall below the total amount of the loans.

(Category = **Financial**)

Likelihood = Medium

Impact = High

Cause

- Property market decline or crash, possibly as a result of Brexit

Consequence

- CCHC will be balance sheet insolvent (liabilities will exceed assets) and will require support

<ul style="list-style-type: none"> • Properties are not well maintained • Type of properties held are not seen as desirable 	<p>from the council to trade out of this situation</p> <ul style="list-style-type: none"> • The council will only be able to exit from the company by crystallising the capital loss • Minimum revenue provision (MRP) will have to be charged on the internal borrowing that supports the loan (£188k p.a. on current portfolio) • The value of the loans on the council's books will be impaired, with a charge to the General Fund (IFRS 9)
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Risk 4

The council is challenged in relation to the provision of state aid to CCHC

(Category = **Legislation**, Reputation, Financial)

Likelihood = Low

Impact = High

Cause

- Competitors become aware that the council is supporting CCHC financially and consider it to be anti-competitive
- The existence of new competitors in the local marketplace implies that the SGEI exemption is no longer valid (Services of general economic interest (SGEI) are economic activities that public authorities identify as being of particular importance to citizens and that would not be supplied (or would be supplied under different conditions) if there were no public intervention
- The interest rate charged does not represent a market rate as

Consequence

- Legal challenge
- Costs to defend
- Costs of compensation or other sanctions
- Reputational damage
- Officer time to manage

<p>defined by the state aid regulations – either the EU base rate increases or the rate charged on the loan decreases.</p> <ul style="list-style-type: none"> • The council provides a subsidy by providing services to CCHC at less than cost 	
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<p>Risk 5 CCHC becomes insolvent (Category = Financial, Reputation)</p>	
<p>Likelihood = Low Impact = Very High</p>	
<p>Cause</p> <ul style="list-style-type: none"> • Either Risk 1 or Risk 3 crystallise and the council decides it can no longer support the company • The external auditors question value for money in relation to support for the company • The council can no longer provide loans from its own cash resources 	<p>Consequence</p> <ul style="list-style-type: none"> • Forced sale of property assets, may not enable council loans to be full repaid • Negative impact on General Fund • Reputational damage • Sanctions on council officers acting as CCHC directors

- 4.2 A significant mitigation for the risks set out above would be to fix the financing costs for the company by refinancing the current £7.5m loan at a fixed rate that is sustainable for the company for a further three years. There are two considerations arising from this course of action. Firstly, there would be a risk that the loan could be challenged under State Aid regulations, and secondly that additional revenue above that receivable on a cash deposit would not be achieved.
- 4.3 The proposed approach prioritises the provision of affordable rented housing over financial return to the council for the duration of the loan. It will also allow the company to hold on to its property portfolio and build expertise and knowledge over the period that will stand it in good stead when business conditions improve.

- 4.4 State Aid rules indicate that, at present, the rate should be at least 2.00%, based on a reference rate of 1.00% and a margin of 100 basis points. Therefore renewing the loan at the existing rate of 2.02% would be possible.
- 4.5 However, it should be noted that:
- Interest rates are expected to rise over the next three years, with the reference rate rising in line with bank base rates, therefore this rate is likely to fall below the rate required by State Aid rules during the period of the loan.
 - The margin earned by the Council, above normal cash deposits rates, was about 1% when the initial loan was advanced. Due to increasing market interest rates this margin is currently about 0.6%, and it is likely to fall further during the three year period proposed.
- 4.6 In addition to considering the interest rate provided to CCHC, State Aid risk is also mitigated by the nature of the company's business – housing at affordable rents is not generally provided within a competitive market place. Whilst there are registered providers operating in Cambridge offering a similar product to CCHC, it is considered that the risk of challenge is very low, due to the low number of housing units owned by CCHC, and therefore the limited affect that the company has on the local market for affordable rented housing.
- 4.7 The directors' review notes that the council's S151 officer is one of the two company directors. However, in accordance with legislation, the directors must act in the best interests of the company, even if this is contrary to the council's wishes as shareholder. As the company is currently dependent on the continuing financial support of the council, this creates a conflict of interest for the S151 officer, even though she has a dispensation to act in the interests of the council, as shareholder, if required. The review therefore recommends that another director is appointed to strengthen the board.

5. Future development of the company

- 5.1 As the 100% shareholder of the company, the council will continue to explore how the company can be funded and developed to meet its dual objectives within acceptable levels of risk.

6. Implications

(a) Financial Implications

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As set out in the report.

(b) Staffing Implications

Housing management services are supplied to the company by the council's Town Hall Lettings team. Council staff provide administrative support, charged to the company at cost.

(c) Equality and Poverty Implications

No Equality impact Assessment has been done as this is a continuation of an existing service.

(d) Environmental Implications

None.

(e) Procurement Implications

The company procures services in line with the council's procurement regulations.

(f) Community Safety Implications

None.

7. Consultation and communication considerations

None, as this report recommends actions that will ensure the continuation of the services provided by Cambridge City Housing Company.

8. Background papers

Background papers used in the preparation of this report:

(a) Cambridge City Housing Company Draft Business Plan 2018/19 to 2027/28

9. Appendices

(a) Appendix 1 – Cambridge City Housing Company Internal Review – September 2018 considered exempt from publication under paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

10. Inspection of papers

To inspect the background papers or if you have a query on the report please contact Caroline Ryba, Head of Finance, tel: 01223 - 458134, email: caroline.ryba@cambridge.gov.uk.

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Item

CAPITAL STRATEGY 2019/20 TO 2027/28

To:

Councillor Richard Robertson, Executive Councillor for Finance and Resources

Strategy & Resources Scrutiny Committee 11/02/2019

Report by:

Caroline Ryba, Head of Finance

Tel: 01223 – 458134 Email: caroline.ryba@cambridge.gov.uk

Wards affected:

All

Not a Key Decision

1. Executive Summary

- 1.1 The Council continues to develop and expand well-established, long-term capital planning.
- 1.2 This report outlines the capital strategy of the Council together with a summary capital programme for the General Fund (GF) and the Housing Revenue Account (HRA). The previous capital strategy was approved by Council on 22 February 2018 and this update has been focused on providing a framework for delivery of the capital expenditure plans over a 10 – 30 year period. Governance arrangements are also outlined in order to ensure the capital programme continues to deliver value for money.
- 1.3 The Council has a substantial Capital programme which is mainly guided by and supports the strategic aims of the Council as outlined in the *One Cambridge – Fair for All* vision and defined in the *Annual Statement* as published on the Council website.
- 1.4 There are 7 primary aims in the *Annual Statement*

- *Delivering sustainable prosperity for Cambridge and a fair share for all*
- *Tackling the City's housing crisis and bold strategic planning for Cambridge*
- *Making Cambridge safer and more inclusive*
- *Investing in improved transport and tackling pollution and congestion*
- *Protecting our City's unique quality of life*
- *Protecting essential services and transforming Council delivery*
- *Tackling climate change and making Cambridge cleaner and greener*

1.5 Major projects and external influences have a bearing on the successful delivery of these aims.

Local Plan

1.6 The Cambridge Local Plan was adopted in October 2018 which will guide development in the City in coming years, with 14,000 additional homes and 22,000 additional jobs set to be created by 2031.

1.7 Among the areas designated in the plan for potential future development is the Cambridge Northern Fringe East (CNFE) area around Cambridge North Station. The Council is working with partners to secure c£227 million in national funding to support the relocation of Anglian Water's Cambridge Water Recycling Centre. If this bid is successful 5,200 homes are planned for the core site, together with around 1m square feet of commercial space (7,000 jobs) and a mix of retail, community and leisure space. The redevelopment of the adjacent sites covering the wider CNFE area, if enabled by the relocation of the water recycling centre, has the potential to deliver an additional estimated 2,400 homes and around 40,000 new jobs, supported by amenities and community facilities. As a significant land owner in the area the project to develop CNFE has implications in terms of capital expenditure and as a source of funding in the form of capital or other receipts.

Delivery of new Council Homes

- 1.8 £70m of devolution grant has been secured towards the provision of 500 new council houses in Cambridge. This funding is to be used alongside right to buy receipts from the sale of Council dwellings.
- 1.9 The Council has formed a number of 50:50 joint venture partnerships with Hill Residential under the umbrella of the Cambridge Investment Partnership (CIP). CIP is already undertaking a redevelopment of the Council's former depot at Mill Road which will provide an equal number of market and council homes.
- 1.10 A former builders merchant's site at Cromwell Road was purchased in summer 2018 which is currently planned to be redeveloped with CIP to provide 295 units, 40% of which will be new council homes.
- 1.11 Other opportunities with CIP including the possible redevelopment of existing community centres to re-provide the existing use alongside new council homes.

Other capital priorities

- 1.12 In addition to the major plans above for the delivery of new homes and businesses in Cambridge, the Council also has plans for a number of enabling investments to drive digital delivery and service improvement. This includes investment in new IT equipment to promote flexible and collaborative working under the umbrella of 'Council Anywhere' and the replacement of a number of key systems including the housing management system.
- 1.13 The Council also uses condition surveys and asset management planning for both the Housing Revenue Account and the General Fund to inform priorities for capital expenditure.
- 1.14 The Council has worked closely with the Cambridgeshire and Peterborough Combined Authority on the project to develop CNFE, which was prioritised by the Combined Authority as its only submission in the current round of funding bids for the Housing Infrastructure Fund.
- 1.15 The Combined Authority is also responsible for the allocation of the 500 council homes grant to the City Council.

Section 151 Officer Summary

- 1.16 The Council's Section 151 Officer is required to report explicitly on the affordability and risk associated with the Capital Strategy
- 1.17 As highlighted in this report the Council ensures that capital projects and schemes are accompanied by detailed funding proposals. Where projects are to be funded from borrowing – either internally from cash balances or externally, a prudent Minimum Revenue Provision charge is made. The Council has not borrowed externally to fund capital expenditure in the recent past, the current external borrowing representing debt incurred on the transition from the old housing subsidy system to HRA self-financing.
- 1.18 Where the Council has expanded its commercial activities by purchasing additional commercial properties or making loans to subsidiaries and joint ventures to facilitate the provision of intermediate housing or the development of sites for market and affordable housing it ensures that the risks taken are proportionate to the size and scale of the authority. Legal advice is taken alongside the completion of appropriate due diligence and any loans are secured where appropriate. On projects undertaken by Joint Ventures the Council monitors the expected repayment of loans and expected future surpluses carefully. The Council has not borrowed externally to fund the increase in commercial activity and if future external funding becomes necessary appropriate external advice will be sought as necessary.

2. Recommendations

The Executive Councillor is recommended to:

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

3. Background

3.1 The capital strategy has been evolving, in line with guidance, in recent years and is now acknowledged as a prime policy document which specifically focuses on the key areas of :

- Capital expenditure
- Debt, borrowing and treasury management
- Commercial activity

3.2 A review of knowledge and skills has been carried out in light of this strategy and is shown in appendix 3 for information.

3.3 Capital expenditure

- The Council manages the majority of services in house and has an operational asset base to support these services - including community centres, car parks, a crematorium and vehicle fleet. This asset base must be maintained and assets replaced or upgraded as they age. This often reflects an enhancement e.g. providing better energy efficiency.
- Expenditure also includes purchase or development of new assets, for example community centres in new areas of the city or purchase / improve new investment properties to generate additional income to support council services.
- Grants, loans or investments made by the Council are treated as capital expenditure.

Approval of Capital Expenditure

3.4 One of the key principles of the process for the approval of capital expenditure is to ensure that when Council considers which capital projects to fund at the at Mid-Term Financial Strategy (MTFS) or Budget Setting Report (BSR), those projects have been properly

planned and developed and appropriate risks considered and are therefore ready to be implemented, subject to procurement regulations.

- 3.5 Plans for capital expenditure must also be linked to the Council's vision and address other strategic considerations, including impact on the climate.
- 3.6 The Council is developing an enhanced process for the review of capital projects prior to approval by Members. These arrangements are being coordinated by the Council's Corporate Programme Office (CPO). The objectives include ensuring that the Council has the capacity to deliver on projects which are approved for inclusion on the capital plan. Review of capital proposals should also ensure that the sensitivity of costs to both external and external risks is considered.
- 3.7 Under this process one of the Business Transformation, Place, Digital and Corporate Transformation Boards will review and approve proposals prior to any political approval that is required and funding approval in the BSR or MTFS. The CPO and a virtual Quality Assurance Group (QAG) will review projects prior to presentation to the relevant board.
- 3.8 The process gives the boards responsibility for monitoring the delivery of projects and ensures 'lessons learned' reviews take place which identify both good practice and weaker areas. These reviews are shared and help to inform decision making on future projects and schemes.
- 3.9 Where projects are to be funded by S106 contributions they are allocated S106 funding by the appropriate area committee or Executive Councillor via the S106 priority-setting process.
- 3.10 The HRA capital programme is scrutinised by the Housing Management Team and the Housing Committee prior to decisions being taken as part of the Housing BSR and MTFS.

Financing of capital expenditure

- 3.11 Consideration of the financing of capital projects is integral to the governance procedures outlined above.
- 3.12 In general the Council finances capital expenditure from existing resources including reserves and capital receipts or from specific grant funding. This ensures that capital expenditure is both affordable and prudent.
- 3.13 Revenue contributions to capital are an important source of funding for both the General Fund and the Housing Revenue Account.
- 3.14 Work with Heads of Service on forecasting possible General Fund capital expenditure requirements over the next 10 years has identified a core of around £2.0m per annum of expenditure to update or replace assets reaching the end of their useful lives. This sort of expenditure would normally be funded from revenue resource.
- 3.15 In the HRA the Council is required to make a contribution from revenue resources to the Major Repairs Reserve each year – this is equal to the assessed depreciation on HRA assets. This funding is predominantly used to maintain existing Dwellings to decent homes standards and on supporting the build of new homes. The HRA also uses direct revenue funding from its resources to support re-provision of existing units (which cannot be funded from right to buy receipts) and wider investment on housing estates.
- 3.16 Where the Council identifies that capital expenditure is to be financed from borrowing, either externally or internally, a Minimum Revenue Provision (MRP) charge is made to revenue to fund the repayment of the debt. There will be circumstances in which MRP is not required and these are outlined in the Treasury Management Strategy.

Asset Management Planning

- 3.17 The Council regularly reviews the condition of its existing assets, using specialist advisors where appropriate.
- 3.18 This includes reviews of the maintenance requirements of operational property, investment properties and council housing stock. As detailed in Section 7 the Council is undertaking a Property Portfolio Review. As well as considering the maintenance requirements of the Council's Investment Properties it will also consider the wider property estate. This will report in 2019 and a summary included in the Capital Strategy. The Asset Management Plan for housing stock is also being updated.
- 3.19 With the exception of the £214m loans taken out on the inception of self-financing of the Housing Revenue Account at the end of the previous subsidy system, the Council currently has no external debt. It therefore does not need to consider the impact of past borrowing on asset management plans.
- 3.20 The maintenance costs of existing assets are considered carefully alongside replacement or upgrade decisions. For example the Council has its own fleet garage located in Waterbeach which is responsible for the maintenance of vehicles and keeps detailed records against each asset. Annual budgets include provision for the maintenance of assets and service managers have the opportunity to make bids and offer savings in maintenance funding as part of the annual budget-setting round.
- 3.21 Debt, Borrowing and Treasury Management.**
- 3.22 The Council has both external borrowing with the Public Works Loan Board (PWLB) and 'internal' borrowing from cash balances. This borrowing is managed alongside the investment of cash balances as part of the Council's Treasury Management Function.

- 3.23 Appendix 2 contains an estimated borrowing profile with a long term projection of external debt, level of core reserves and internal borrowing based on current estimates.
- 3.24 The Prudential Code requires that the Council set and publish an authorised limit and operational boundary for external debt as part of the Treasury Management strategy.

Treasury Management

- 3.25 The Council manages its deposits in-house and uses Link as its independent Treasury Adviser. The Council recognises that responsibility for treasury management activities remains with the organisation. The Link contract is reviewed regularly. Full details of this activity are in the Treasury management strategy.

3.26 Commercial Activity

- 3.27 Activity has focused on investments, loans in companies and purchase of further investment properties in recent years. Additional schemes are being considered alongside investment criteria which are set as part of the Treasury Management policy.
- 3.28 Activity with Partners will continue to be reviewed and increased wherever appropriate.
- 3.29 For all investments the Council considers, Security, Liquidity and Yield, ranked in that order.
- 3.30 Specifically in relation to property and loans the following criteria applies:
- **Security** – Property values are regularly monitored to ensure that the overall portfolio can recoup investment funds if necessary (Appendix 3 – paragraph 1.5). Similarly the underlying asset base for company loans is also regularly monitored.

- **Liquidity** – the Council has a well-diversified portfolio of property which is capable of being sold on the open market if necessary. Repayment obligations are assessed at the outset for loans and are regularly reviewed against latest information submitted by the companies. The Council also maintains substantial financial investments geared to meet the requirements of the medium term cash flow forecast.
- **Yield** – Return for Investment properties is represented by Rental income less direct costs and is examined on a regular basis (Appendix 3 – paragraph 1.6). Loans are measured, with reference to the Interest rate charged which is based on the Bank of England base rate plus a premium, against the return generated by financial market investments. Yield is maximised in all instances after satisfying the requirements for security and liquidity.

Investment in new commercial properties

- 3.31 The Council's existing portfolio has a mix between various property types (industrial/office/retail/leisure) and the nature of the investment held (e.g., directly managed occupational leases, long leasehold geared ground leases). While it achieves diversity within Cambridge, true diversification is difficult to achieve without considering a wider geographic area and associated risks and issues of investing in areas not known to the Council. The Council achieves further diversification through its investments in pooled property funds managed as part of its treasury activity, although this represents a relatively small percentage of its property investments.
- 3.32 Due diligence includes an examination of the mix of properties in the portfolio before new investments are entered into and Agents are appointed to carry out this work.
- 3.33 The key issues for new investments to be agreed with agents are:

- How an investment fits with the Council's existing portfolio, for example in terms of property type, balance of risk, future opportunities.
- Location. Ideally an investment in Cambridge but a good quality investment relatively close would be considered.
- Rate of return. The Council is looking for the best rate of return reflecting its income targets and the risk of the investment.
- Risk. Certainty of income is important and so tenant and lease structure should reflect this as should the credit ratings of tenants.
- Management. An investment should ideally not be management intensive so net income is close to gross income.
- Condition. The investment should be in good condition and not require significant capital investment in the near future unless there is a pre-let agreement underwriting such investment.
- Accessibility. The property should offer good accessibility.
- Environmental performance. The investment should have an EPC rating of C or above.

3.34 The Council has an approved process and governance arrangements for investment property acquisitions based on the pre-agreed criteria. The market is competitive and success depends upon timely decisions, therefore, the Council has delegated authority to the Head of Property Services to approve acquisitions, after consultation, with the relevant Executive Councillor, Committee Chair, Opposition Spokesperson and Head of Finance, which are then reported to the relevant Committee.

4. Implications

Financial Implications

- 4.1 The Capital programme in the Budget Setting Report (BSR) examines the 5 year period 2018/19 to 2022/23 and this will be submitted to council for approval on 22 February 2019.
- 4.2 Appendix 1 highlights this information and extends it, over a 10 year period, to 2027/28 based on an annual review of likely activity carried out in 2018.
- 4.3 The HRA has a 30 Year business plan which is examined annually and this includes extrapolated information on capital expenditure for the entire period and the 10 year period is extracted from this information.
- 4.4 Cash flow has been examined as part of the Budget setting process and Appendix 2 shows the estimated borrowing profile to 2027/28. The increases in internal borrowing shown in the early part of the period reflect investment activities that are shown in detail in the 2019/20 BSR. No additional external debt has been forecast based on projected cash balances going forward particularly as Capital resources will increase in the HRA in respect of provisions for self-financing loan repayment which commences in 2038.
- 4.5 Cash Balances are reviewed regularly against future projections as part of Treasury management to ensure availability of funding for the capital programme. The position at the end of 2017/18 was as per table 1 below

Table 1: Cash Balances 31 March 2018

Cash Balance	£ 000
GF - Balance	13,381
HRA - Balance	17,174
Earmarked reserves & Provisions	40,707
Capital Receipts	40,487
Unapplied Capital Grants	5,415
Total	117,164

- 4.6 The Council's accounting policies have a de-minimis level of £15,000 (£2,000 for vehicles) for capital assets.
- 4.7 Appendix 3 contains additional information following a review of applicable activity in 2018.
- 4.8 In order to demonstrate that the Council takes capital expenditure and investment decisions in line with service objectives and properly takes account of stewardship, value for money, prudence, sustainability and affordability the CIPFA Prudential Code requires that councils should have in place a capital strategy that sets out the long term context in which capital expenditure and investment decisions are made and gives due consideration to both risk and reward and the impact on outcomes.
- 4.9 As local authorities become increasingly complex and diverse it is important that those charged with governance understand the long term context in which investment decisions are made and the financial risks to which the Council is exposed.
- 4.10 The Strategy maintains a strong and current link to the Council's priorities and to other key strategy documents including the Treasury Management Strategy, General Fund and Housing Revenue Account Medium Term Financial Strategies and the Council's Vision and Annual Statement.
- 4.11 The objective of the capital strategy is to ensure that the overall strategy, governance procedures and risk are clear to members. The strategy outlines how stewardship, value for money, prudence, sustainability and affordability will be secured

Staffing Implications

N/A

Equality and Poverty Implications

- 4.12 The overarching aims of the strategy are set in accordance with the *One Cambridge – Fair for All* vision and the principles established in the *Annual Statement* of the Council

Environmental Implications

N/A

Procurement Implications

N/A

Community Safety Implications

N/A

5. Consultation and communication considerations

- 5.1 This document is not subject to direct consultation but the results of the strategy are included in the annual Budget Setting Reports which had specific consultation activities with all stakeholders.

6. Background papers

- Budget Setting Report 2019/20
- Treasury Management Strategy 2019/20 to 2022/23

7. Appendices

- Appendix 1 – Estimated Capital Programme 2018 to 2028
- Appendix 2 – Estimated Borrowing Profile 2018 to 2028
- Appendix 3 – 2018/19 Review of Capital activity

8. Inspection of papers

To inspect the background papers or if you have a query on the report please contact Ken Trotter, Interim Deputy Head of Finance, Tel: 01223 - 458138, email: ken.trotter@cambridge.gov.uk

Cambridge City Council - Estimated Capital programme 2018 to 2028

£'000

	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
General Fund Capital Expenditure	43,748	21,989	15,736	2,763	5,583	2,155	3,418	3,543	1,634	3,075
Housing Revenue Account Capital Expenditure	36,151	51,977	67,059	30,603	22,732	22,512	21,505	22,151	23,045	20,284
Capital Financing Requirement	237,068	253,000	257,431	247,397	242,057	239,205	238,553	237,901	237,249	236,597

The Capital Financing Requirement shows the Council's underlying need to borrow including £213,752 for Council Dwellings under self-financing.

Cambridge City Council - Estimated Borrowing profile 2018 to 2028

£'000

	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Capital Financing Requirement	237,068	253,000	257,431	247,397	242,057	239,205	238,553	237,901	237,249	236,597
Comprising:										
External Borrowing	213,572	213,572	213,572	213,572	213,572	213,572	213,572	213,572	213,572	213,572
Internal Borrowing	23,496	39,428	43,859	33,825	28,485	25,633	24,981	24,329	23,677	23,025
General Fund Projected Year End Reserves	9,367	9,081	7,823	6,476	6,009	6,622	6,600	6,600	6,600	6,600
HRA Projected Year End Reserves	11,090	12,494	3,019	4,571	4,649	4,756	6,150	7,192	7,539	10,940
Total Reserves	20,457	21,575	10,842	11,047	10,658	11,378	12,750	13,792	14,139	17,540

Appendix 3

2018/19 Review of Capital activity

1. Investment Properties

- 1.1 The Council has historically owned a significant investment property portfolio, including retail, office and industrial properties.
- 1.2 Given the historically low returns on financial assets, the Council has made additional investments of c£28m over the past 3 years in commercial properties. Acquisitions have been made in accordance with pre-agreed criteria in terms of how an acquisition fits with the Council's existing portfolio, management issues, tenant risk, income structure and certainty, property type, condition, location, environmental and accessibility performance, financial return and lot size. Deviance from these criteria is only allowed where an acquisition supports the Council's strategic land holdings in that location or its wider corporate aims and objectives.
- 1.3 The primary aim through commercial property investments has been income generation rather than regular property trading to release capital. As the preferred investments are to be in Cambridge, the opportunity for regular trading is limited due to market supply and so to focus on long term retention and income generation or investment in the retained portfolio is considered to best meet the Council's aims and objectives.
- 1.4 The Council has invested in a number of properties which fall outside of the city boundary. These properties are elsewhere in Cambridgeshire or in the adjacent counties of Hertfordshire and Suffolk. The Council

has taken appropriate legal advice from Counsel that these out of area purchases do not contravene the relevant legislation and the powers given to the Council under the Local Government Act 2003.

- 1.5 The total value of investment properties at 31 March 2018 was £175m. The Council considers that the investment property portfolio retains sufficient value (measured using the fair value model) to provide security of investment.
- 1.6 Based on audited financial statements the fair value of investment properties, the yield achieved (rental income net of direct costs) and the gain in fair value for properties held in the General Fund has been as follows:

Table 2: Investment property portfolio

	2017/18	2016/17	2015/16
	£ 000	£ 000	£ 000
Rental income net of direct costs	9,418	8,049	7,857
Fair Value at year end	175,281	148,345	139,046
Yield	5.4%	5.4%	5.6%
Gain in fair value in year	2,674	10,128	13,321

- 1.7 The investment property portfolio is managed as a whole, including those properties which the Council has held for a number of years. However it is estimated that the yield being achieved on properties purchased since 2015 is around 6.5% and is generating income of approximately £1.8m per annum.
- 1.8 The Council's investment in property exposes it to a number of risks including a reduction in the capital value of the asset or rental incomes due to economic conditions or excessive void periods where properties cannot be let.
- 1.9 A key element of the work of Property Services is monitoring the performance of assets to identify any that are currently held which are deemed to be under-achieving, or which are no longer appropriate to hold in the portfolio. This enables consideration to be given to alternate

uses or disposal. The Council has effectively undertaken such a process for a number of years through the annual Property Portfolio Review.

- 1.10 Performance of the portfolio in rental terms is monitored by Officers and Members via the budgetary control process.

Proportionality of investment property holdings

- 1.11 Following significant activity in the commercial property market by local authorities, including district councils, concern has been expressed by MHCLG and CIPFA about the size of some property holdings. Particular concern has been raised about those councils which are externally borrowing to invest in property. To date, Cambridge City has not used external borrowing to fund purchases, but has instead used reserves or internal borrowing.
- 1.12 Although Investment Guidance and the Prudential Code were updated in early 2018 there is a suggestion that further guidance or regulation may be issued to local authorities. This is likely to focus on the concept of 'proportionality' when considering the size and scale of new property investments and could involve the introduction of prescribed ratios.
- 1.13 However, whatever the statutory guidance, to which regard must be had, may be from time to time, and whatever the issues of interpretation to which the guidance may give rise, investment on a large scale in commercial property is an activity which requires the Council to ensure appropriate due diligence and prudence.
- 1.14 The audited financial statements at 31 March 2018 show that the Net Cost of Services chargeable to the General Fund was £23.8m. Net Income from Investment Properties was 37.8% of this figure. This is consistent with the proportion for 2016/17. The Council does not identify specific funding sources for services, so the income from properties contributed to the overall funding resources available to the Council including council tax and income from government grants and business rates. The use of investment property income to support the Council's activities has been established over many years.

- 1.15 The Housing Revenue Account holds a small number of investment properties valued at £5.5 million at 31 March 2018 and earning rental income of around £440k per annum.

Property Portfolio Review

- 1.16 The Council is currently working on a review of its property assets with external consultants. This review is in two stages and is expected to report in 2019 which will inform the 2020/21 Capital strategy as necessary.
- 1.17 Stage 1 is designed to consider the Council's current approach to property management and make initial recommendations for discussion with senior officers to agree the scope and direction of a more detailed review of both the Council's approach and its portfolio. This will include:
- Understanding the objectives and rationale for holding property
 - An overview of the commercial portfolio from an investment perspective in terms of the balance of portfolio between property types, legal structures, and rates of return based on the risk/reward compared to the market in general
 - Consideration of the Council's approach to its office accommodation and how this could be delivered in the future. This could be in the context of the Council's wider property ownership including the commercial, leisure and community portfolios
 - Produce a range of options for taking forward a more detailed review of the portfolio for consideration with a clear direction from the Council as to what will/won't be acceptable for final proposals
- 1.18 Stage 2 is to produce a report with options available to the Council with more detailed assessment of the property portfolio and recommendations as to how the Council can improve its asset management and property performance. This will include
- Working with the Council to develop an Asset Management Plan

- A review of the commercial property portfolio to identify opportunities for development, redevelopment, disposals, acquisitions, re-gearing of leases and ways to maximise income streams with a risk balanced portfolio
- Provide recommendations for a longer term office accommodation strategy reflecting best practice and meeting the Council's objectives and aspirations. This may include rationalisation, re-location or co-location with partners
- Identify property performance measures and establish a baseline for monitoring against
- Presentation of findings to senior officers and Councillors.
- Producing hard and electronic copies of both Phase 1 & 2 reports

2. Treasury Management

External Debt

- 2.1 At present the only external debt held by the authority relates to the twenty loans from the PWLB for self-financing the HRA taken out in 2012 totalling £213,572,000. These loans have maturities from 2038 to 2057 and interest rates between 3.46% and 3.53%.
- 2.2 Although the Council is not required to make MRP payments on this debt, the HRA has a 30 year business plan which demonstrates its ability to meet the costs of this debt and the options for repayment or refinancing.

Internal borrowing

- 2.3 Where the Council borrows from internal cash balances it must also ensure that it makes a prudent MRP charge. The MRP policy is included each year as part of the Treasury Management Strategy.

Other Long-Term Liabilities

- 2.4 The Council may take on liabilities in the course of the provision of operational services. Examples may include financial guarantees,

including those given in respect of subsidiaries or joint ventures. Where decisions are made for service purposes, these may be outside of normal commercial terms, including liquidity, security and/or yield.

- 2.5 Where such liabilities are taken on the Council ensures that financial risks are clearly identified and quantified along with any implied subsidy as part of the decision-making process
- 2.6 The Council manages its deposits in-house and uses Link as its independent Treasury Adviser. The Council recognises that responsibility for treasury management activities remains with the organisation. The Link contract is reviewed regularly. Full details of this activity are in the Treasury management strategy.
- 2.7 The Council's deposit priorities are (and in this order):-
- The Security of capital
 - The Liquidity of deposits
 - The Yield or return on its deposits
- 2.8 The Council takes a cautious approach within its Treasury Management Strategy. However, in order to ensure that the Council invests its funds in the most appropriate way, the Strategy is regularly reviewed taking into account the information available from Link and wider economic developments.
- 2.9 The Council uses the creditworthiness service provided by Link which is updated daily for the authority to use. This service uses a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies – Fitch, Moody's and Standard & Poor's. However, the Council does not rely solely on the current credit ratings of counterparties but also uses the following as overlays:-
- Credit watches and credit outlooks from credit rating agencies
 - Credit Default Swaps (CDS) spreads to give early warning of likely changes in credit ratings i.e. similar to an insurance policy whereby counterparties enter into a contractual agreement

- Sovereign ratings to select counterparties from only the most creditworthy countries.
- 2.10 The Council will not generally place a material investment contrary to Link's credit methodology criteria which includes a maximum duration period.
- 2.11 In addition to considering the creditworthiness of counterparties the Council also considers the duration of deposits to ensure the appropriate liquidity of funds.
- 2.12 Treasury Management activity is delegated to officers in the Council's Finance team in line with the defined Treasury Management Practices.
- 2.13 The current investment position is reported as part of the Council's budget monitoring reporting to Senior Management Team. Investment performance is formally reported to Strategy and Resources Scrutiny Committee and Council at the mid-year and outturn.

3. Other Activities

Disposals

- 3.1 Disposal of assets is subject to scrutiny by relevant Committees and Executive Councillor approval. Detailed cases are prepared for any asset disposals and appropriate independent advice taken to ensure that best value is achieved on disposals, taking into account any strategic objectives. The Council is also obliged to sell Council properties under the Right to Buy legislation to qualifying tenants.
- 3.2 The Council's current plans for disposal include the transfer of the site purchased at Cromwell Road to CIP. There are also plans to look at the future of the Park Street car park.

Funding and borrowing restrictions

- 3.3 There are a number of restrictions around the borrowing and funding of capital expenditure and these are taken into account in the development and monitoring of the capital plan.

- 3.4 Under the Prudential Code the Council has discretion to undertake borrowing which is prudent, affordable and sustainable from, for example, the Public Works Loan Board.
- 3.5 In respect of the Housing Revenue Account there was a 'cap' on HRA debt of £231 million. This restricted the ability of the HRA to borrow to £16m. In October 2018 the debt cap was removed subject to the normal provision that any borrowing is affordable by the HRA.
- 3.6 The majority of the receipts from asset disposal come from the sale of council homes under the Right to Buy. The Council remains subject to the agreement with The Ministry of Homes and Local Government (MHCLG) that allows the retention of right to buy receipts, subject to a set of specific conditions. These conditions include a requirement that such receipts are spent on housing.
- 3.7 The receipts assumed in the HRA Self-Financing Settlement continue to be shared with MHCLG in the statutorily agreed proportions, with a proportion of the receipts from any subsequent sales kept by the authority in recognition of the debt that the authority holds in respect of the asset. The balance of capital receipts is ring-fenced for one-for-one (1-4-1) investment.
- 3.8 Currently, 1-4-1 receipts must still be spent within a 3-year timeframe, to fund the delivery of new social housing, with a maximum of 30% of the dwelling being met via this funding stream and the balance of 70% funded from the Council's own resources or borrowing. MHCLG has recently consulted on allowing authorities longer to use existing receipts but the outcome of the consultation is awaited.
- 3.9 Failure in delivery still results in the receipt having to be paid to central government, with interest at 4% above the base rate, which far outweighs the interest earned on the receipt whilst held by the authority.
- 3.10 The Council currently aims to be around 12 months ahead of the profile for return of monies. Currently this is around 9 months.

- 3.11 If the Council fails to spend receipts in time, it may be necessary to consider some strategic acquisitions in the short-term in order to meet the deadlines, or alternatively to pursue passing some receipts to a registered provider to deliver the affordable housing in the city, in place of the Council. Any decision in this regard, will need to take account of the subsequent impact on any future Council new build schemes.
- 3.12 The Government had planned to introduce a levy on HRAs in respect of high value properties. This would have necessitated the disposal of HRA properties. A Housing Green Paper issued in summer 2018 indicated the Government's intention not to go ahead with this but the Council awaits the repeal of primary legislation in this area.
- 3.13 The Council must also ensure that it observes the ring-fence between General Fund and Housing Revenue Account resources.

Capital Receipt Flexibilities

- 3.14 Under a direction issued by central government in February 2018 authorities can choose to use capital receipts received in the 6 years commencing from 1 April 2016 to fund the revenue costs of transformation projects. Qualifying expenditure must 'generate ongoing revenue savings in the delivery of public services and/or transform service delivery to reduce costs and/or transform service delivery in a way that will reduce costs or demand for services in future years for any of the public sector delivery partners.'
- 3.15 The Council does not currently plan to take advantage of this flexibility given the low levels of General Fund capital receipts it holds. This position can be kept under review. Any decision to take advantage of the flexibility would require the development of a strategy to be approved by full Council.

Loans to group undertakings

- 3.16 The Council has made and plans to make further loans to a number of group undertakings. These loans include

- A loan of £7.5m to Cambridge City Housing Company. This loan is secured on the properties owned by CCHC and pays an interest rate of 2.02% per annum.
- To facilitate the redevelopment of the Council's former depot site at Mill Road the Council has issued a £5.2 m loan note to the Cambridge Investment Partnership (CIP) -a joint venture and deadlock partnership in which the Council has a 50% stake.
- The Council is budgeted to make further capital contributions and loans to the CIP. These payments are classed as capital expenditure. The payments are appropriately covered by assets in the CIP and there are detailed plans to demonstrate that all investment in the CIP will be recovered in less than five years with any surplus paid to the Council.
- It is also likely that the Council will make similar arrangements with CIP to those made in respect of Mill Road, for the Cromwell Road site.

Other Long-Term Liabilities

- 3.17 The Council may take on liabilities in the course of the provision of operational services. Examples may include financial guarantees, including those given in respect of subsidiaries or joint ventures. Where decisions are made for service purposes, these may be outside of normal commercial terms, including liquidity, security and/or yield.
- 3.18 Where such liabilities are taken on the Council ensures that financial risks are clearly identified and quantified along with any implied subsidy as part of the decision-making process.
- 3.19 The Council has given financial guarantees in respect of the pension contributions due from Visit Cambridge and Beyond and Cambridge Live in the event of their winding up or liquidation.

- 3.20 The Council has also advanced a number of interest free loans in respect of improvements to private sector properties. Although there is a small cost to the authority in terms of lost interest, the loans are secured on the properties and are therefore considered to be of low financial risk to the Council. Each loan is less than £20,000.
- 3.21 The Council has advanced a number of loans to limited liability partnerships it has set up with Hill Residential under the Cambridge Investment Partnership umbrella to facilitate redevelopment of sites for housing. A number of these loans are interest free. The Council uses detailed models to assess the viability and monitor CIP schemes and is compensated in these schemes by a shared of the surpluses at the end of the development.

Knowledge and Skills

Treasury Management

- 3.22 Treasury Management Activity is undertaken by an Accountant and Assistant Accountant in the Council's Technical and Financial Accounting Team. They are managed by a CCAB qualified accountant.
- 3.23 The team has many years of treasury management experience and has recently demonstrated that it has the skills to opt-up to Professional status under the MiFID II reforms.
- 3.24 The CIPFA Code requires the responsible officer to ensure that Members and Officers are adequately trained in treasury management. Training is arranged as required and is regularly reviewed.

Property Assets

- 3.25 The Council's investment property is managed by its Property Services Team, an experienced team of 8 staff. The team includes 6 Chartered Surveyors each with over 25 years of property experience in both the private and public sector. This extensive experience includes dealing with a mix of property types and professional work including

professional services, landlord and tenant, statutory valuations, acquisitions and disposals, commercial and residential property management. They have extensive knowledge of the Cambridge property market with most of the team having worked in and around Cambridge for the past 10 years or so, some much longer.

- 3.26 Property Services also works with external agents where specialist expertise is required to deal with particular properties or resource is not available to deal with matters in a timely way. Examples of where external advice is used include agency, valuation, building surveying and planning work. The Council also has internal building surveying resource in its Estates and Facilities Team to advise on construction, repair and maintenance, and statutory compliance matters across its investment properties. Estates and Facilities commission and manage repairs and maintenance as well as capital investment programmes either directly or through framework contracts.
- 3.27 The Council's asset valuations for its financial statement are prepared by external agents with an agreed rolling programme of valuations for the whole Council property portfolio. All material investment properties are valued on an annual basis.
- 3.28 When acquiring new investment property, the Council has appointed external agents to advise on and negotiate the terms of acquisition, recognising that others are closer to the investment market on a day to day basis than the Council's in-house team in some cases. As well as advising prior to acquisition, the agents undertake due diligence which helps to ensure that those charged with governance can make informed decisions.

External advice

- 3.29 In addition to the use of external agents in the purchase of investment properties the Council makes use of other external advice as necessary for capital and treasury activity. This includes getting appropriate legal and other professional advice on more complex projects and capital transactions and the appointment of Treasury Management advisors.



Item

ANNUAL TREASURY MANAGEMENT STRATEGY STATEMENT REPORT 2019/20 TO 2022/23

To:

The Executive Councillor for Finance & Resources: Councillor Richard Robertson

Strategy & Resources Scrutiny Committee 11th February 2019

Report by:

Caroline Ryba – Head of Finance & S151 Officer

Tel: 01223 458134 Email: caroline.ryba@cambridge.gov.uk

Wards affected:

All Wards

Key Decision

1. Executive Summary

- 1.1 The Council is required to receive and approve, as a minimum, three main treasury management reports each year, which incorporate a variety of policies, estimates and actuals.
- 1.2 The first and most important is the Treasury Management and Investment Strategy (this report) incorporating prudential and treasury indicators which covers:
 - Capital plans (including prudential indicators)
 - A Minimum Revenue Provision policy which explains how unfinanced capital expenditure will be charged to revenue over time;
 - The Treasury Management Strategy(how investments and borrowings are to be organised) including treasury indicators; and

- An investment strategy (the parameters on how investments are to be managed)
- 1.3 A mid-year treasury management report is produced to update Members on the progress of the capital position, amending prudential indicators as necessary and advise if any policies require revision.
 - 1.4 The Outturn or Annual Report compares actual performance to the estimates in the Strategy.
 - 1.5 The statutory framework for the prudential system under which local government operates is set out in the Local Government Act 2003 and Capital Financing and Accounting Statutory Instruments. The framework incorporates four statutory codes. These are:
 - The Prudential Code prepared by CIPFA
 - The Treasury Management Code prepared by CIPFA
 - The Statutory Guidance on Local Authority Investments prepared by Ministry of Housing, Communities and Local Government (MHCLG)
 - The Statutory Guidance on Minimum Revenue Provision prepared by MHCLG
 - 1.6 CIPFA have published a revised Prudential Code (2017 edition) with accompanying Guidance Notes for Practitioners (2018 edition) and the Treasury Management Code (2017 edition).
 - 1.7 The MHCLG have also published a revised Investment Guidance and Minimum Revenue Provision Guidance (both commenced on 1st April 2018). This report therefore reflects the new requirements. The most notable change is the requirement to expand the Investment Strategy to non-financial assets such as investments in property.
 - 1.8 The Council's S151 Officer has considered the deliverability, affordability and risk associated with the Council's capital expenditure plans and treasury management activities. The plans are considered to be affordable and where there are risks such as the slippage of capital expenditure or reductions in income or value from investments these have been considered and are considered to be mitigated or at an acceptable level. The Council has access to specialist advice where appropriate.

- 1.9 Treasury Management Reports are required to be adequately scrutinised before being recommended to the Council. This role is undertaken by the Strategy and Resources Committee.

2. Recommendations

The Executive Councillor is asked to recommend to Council:

- 2.1 This report, including the estimated Prudential & Treasury Indicators for 2019/20 to 2022/23, inclusive, as set out in Appendix C;
- 2.2 To increase the Money Market Fund (MMF) limit to £15 million per fund, with no maximum limit overall;
- 2.3 To use Enhanced Money Market Funds (EMMFs) with a credit rating not lower than AAf, as assessed by any one of the credit rating agencies, with an initial counterparty limit of £5m per fund; and;
- 2.4 To increase the Council's Authorised Borrowing Limit (external borrowing) to £300 million.

3. Background

3.1 Treasury Management Activities

- 3.2 The Council is required to comply with the CIPFA Prudential Code and the CIPFA Treasury Management Code of Practice. The Council is required to set prudential and treasury indicators, including an authorised limit for borrowing, for a three year period and should ensure that its capital plans are affordable, prudent and sustainable. The Council also follows MHCLG Investment Guidance.
- 3.3 The Link Group bought the treasury division of Capita Asset Services and started trading as Link Asset Services in November 2017. All the services that Capita undertook for this Council will now be undertaken by Link Asset Services with no changes to the current level of services provided.
- 3.4 Link's specialist services include the provision of advice to the Council on developments and best practice in this area and provide information

on the creditworthiness of potential counterparties, deposit and borrowing interest rates and the economy.

4. Borrowing Policy Statement

- 4.1 The Council is permitted to borrow under the Prudential Framework, introduced with effect from 1st April 2004.
- 4.2 At present the only debt held by the authority relates to the twenty loans from the PWLB for self-financing the HRA taken out in 2012 totalling £213,572,000.
- 4.3 The Council does anticipate that there may be some external borrowing for the period 2019/20 to 2022/23, inclusive. Hence the recommendation above to increase the Council's external Authorised Borrowing Limit (ABL).
- 4.4 In the event that external borrowing is undertaken the Council is able as an eligible local authority to access funds at the PWLB Certainty Rate (a 0.20% discount on loans) until 31st October 2019.
- 4.5 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.

5. Minimum Revenue Provision (MRP) Policy Statement

- 5.1 Minimum Revenue Provision (MRP) is the revenue charge that the Council is required to make for the repayment of debt, as measured by the underlying need to borrow, rather than actual debt. The underlying debt is needed to finance capital expenditure which has not been fully financed by revenue or capital resources. As capital expenditure is generally expenditure on assets which have a life expectancy of over one year it is prudent to charge an amount for the repayment of debt over the life of the asset or some similar proxy figure.
- 5.2 The Local Authorities (Capital Finance and Accounting) regulations require local authorities to calculate for the financial year an amount of MRP which is considered to be 'prudent'.

- 5.3 There is no requirement to charge MRP where the Capital Financing Requirement (CFR) is nil or negative at the end of the preceding financial year.
- 5.4 The Housing Revenue Account share of the CFR is not subject to an MRP charge.
- 5.5 There is no requirement to make a MRP charge on an asset until the financial year after that asset becomes operational.
- 5.6 The Government has issued revised guidance (issued in January 2018) on the calculation of MRP. The Council is required to have regard to the guidance based on the underlying principle that the provision should be linked to the life of the assets for which the borrowing is required.
- 5.7 However, the guidance is clear that differing approaches can be considered as long as the resulting provision is prudent.
- 5.8 In general, the council will make a minimum revenue provision based on the equal installment method, amortising expenditure equally over the estimated useful life of the asset for which the borrowing is required. However, no provision will be made in respect of expenditure on specific projects where the Head of Finance determines that capital receipts will be generated by the project to repay the debt. Specifically in respect of the current capital programme:-
- The Council has made a loan to a company (which is classed as capital expenditure) to enable it to let intermediate rent properties. This will be financed from internal borrowing.
 - As this loan is to a wholly owned subsidiary company and is secured on assets no MRP will be set aside. However, to ensure that this policy is prudent, the Council will review this loan annually and if the loan is renegotiated. Where there is evidence which suggests that the full amount of the loan may not be repaid or is not secured on assets of appropriate value, it will be necessary to reassess the need to commence MRP to recover the impaired amounts from revenue.
 - The Council is budgeted to make a capital contribution and loans to the Cambridge Investment Partnership (CIP) – a joint venture and

deadlock partnership in which the Council has a 50% stake - to facilitate the development of new housing on the former Mill Road Depot site within the city. These payments are classed as capital expenditure. As the payments will be appropriately covered by assets in the CIP and as there are detailed plans to demonstrate that all investment in the CIP will be recovered in less than five years with a significant surplus, no MRP will be set aside. However, to ensure that this policy is prudent, the Council will review the position regularly. Where there is evidence which suggests that the finance provided may not be repaid, it will be necessary to reassess the need to commence MRP to recover the impaired amounts from revenue.

- No MRP will be required on bond investments which are treated as capital expenditure under regulation where those bonds are appropriately secured. This security will be reviewed at least annually.

- 5.9 The Council approved a programme of investment in commercial property using powers under S12 of the Local Government Act 2003 in October 2016. This is deemed capital expenditure and will be financed from cash balances. MRP will be provided for using the useful life determinant with regard to maximum lives permitted in the revised MHCLG MRP guidance of 50 years for freehold land and 40 years for all other assets. MRP is made on the purchase of these properties from the date that rental income is earned.
- 5.10 The Council has agreed to finance an element of the capital cost of a new community centre at Clay Farm from internal borrowing. Using the asset life method MRP would normally be made over an asset life of 40 years. However, the element of capital cost being funded from internal borrowing will effectively be repaid over a shorter period from receipts of rental incomes from the tenant and subsidy from the site developer. The current estimate is that this repayment will take approximately 17 years. The Council has decided to make MRP on this accelerated basis in respect of this asset.
- 5.11 The Council has received a capital receipt for K1 amounting to £3m. This will be used to reduce the CFR in 2018/19 alongside £116k of unallocated New Homes Bonus and £8m from the Invest for Income Reserve. This will result in a reduction of MRP charges moving forward.

6. The Council's Capital Expenditure and Financing 2018/19 to 2022/23

6.1 The Council undertakes capital expenditure on long-term assets. These activities may either be:

- Financed immediately through the application of capital or revenue resources (capital receipts, capital grants, developer contributions, revenue contributions, reserves etc.), which has no resultant impact on the Council's borrowing need; or;
- If insufficient financing is available, or a decision is taken not to apply other resources, the funding of capital expenditure will give rise to a borrowing need.

6.2 Details of capital expenditure forms one of the required prudential indicators. The table below shows the proposed capital expenditure and how it will be financed.

	2018/19 Estimate £'000	2019/20 Estimate £'000	2020/21 Estimate £'000	2021/22 Estimate £'000	2022/23 Estimate £'000
General Fund Capital Expenditure	43,748	21,989	15,736	2,763	5,583
HRA Capital Expenditure	36,151	51,977	67,059	30,603	22,732
Total Capital Expenditure	79,899	73,966	82,795	33,366	28,315
Resourced by:					
• Capital receipts	-11,090	-9,288	-11,950	-6,062	-3,419
• Other contributions	-71,933	-48,263	-66,030	-36,803	-29,584
Total available resources for financing capital expenditure	-83,023	-57,651	-77,980	-42,865	-33,003
Financed from/ (to) cash balances	-3,124	16,315	4,815	-9,499*	-4,688*

*Includes Cambridge Investment Partnership Repayments

7. The Council's Prudential and Treasury Management Indicators

7.1 The table below shows the Capital Financing Requirement (CFR), which is the underlying external need to incur borrowing for a capital purpose. It also shows the expected debt position over the period. This is termed the Operational Boundary.

Capital Financing Requirement & Cumulative External Borrowing	2018/19 Estimate £'000	2019/20 Estimate £'000	2020/21 Estimate £'000	2021/22 Estimate £'000	2022/23 Estimate £'000
General Fund Capital Financing Requirement	22,747	38,679	43,110	33,076	27,736
HRA Capital Financing Requirement	214,321	214,321	214,321	214,321	214,321
Total Capital Financing Requirement	237,068	253,000	257,431	247,397	242,057
Movement in the Capital Financing Requirement	-3,526*	15,932*	4,431*	-10,034*	-5,340*
Estimated External Gross Debt/Borrowing (Including HRA Reform)	213,572	213,572	213,572	213,572	213,572
Authorised Limit for External Debt	300,000	300,000	300,000	300,000	300,000
Operational Boundary for External Debt	242,068	258,000	262,431	252,397	247,057

*Includes Minimum Revenue Provision (MRP) of £(-) 402k in 2018/19, £(-) 383k in 2019/20, £(-) 384k in 2020/21, £(-) 535k in 2021/22 & £(-) 652 in 2022/23.

7.2 During the above financial years the Council will operate within the 'authorised' and 'operational' borrowing limits contained within the Prudential Indicators set out in the Council's Treasury Management Strategy Statement. The anticipated Prudential & Treasury indicators are shown in Appendix C.

8. Investment Strategy

- 8.1 The Council's overall approach to investment in financial and non-financial assets is outlined in the Capital Strategy presented in a separate report to this Committee.

Financial Asset Counterparties

- 8.2 The full listing of approved counterparties is presented at Appendix A, showing the category under which the counterparty has been approved, the appropriate deposit limit and current duration limits. The recommendations shown on this year's counterparty list is highlighted in bold text.

Financial Asset Performance Indicators

- 8.3 The Council's investments at 30 November 2018, including the principal invested, yield and credit rating as advised by Link are as follows:-

Counterparty	Link Credit Rating	Principal (£)	Yield
Fixed Term Deposits (Original Term less than one year)			
Blaenau Gwent Council	AA	3,000,000	0.95%
Cherwell District Council	AA	5,000,000	1.05%
Stockport MBC	AA	5,000,000	1.00%
Thurrock Borough Council	AA	5,000,000	0.95% - 0.98%
West Dunbartonshire Council	AA	10,000,000	0.85%
Bank of Scotland Plc (RFB)	A+	20,000,000	0.75%-1.05%
Barclays Bank Plc (NRFB)	A	2,000,915	0.65%
Lloyds Bank Plc (RFB)	A+	20,000,000	1.00%-1.10%
Standard Chartered Bank	A+	2,000,000	0.90%
Fixed Term Deposits (Original Term More than One Year)			
Cambridgeshire County Council	AA	5,000,000	1.30%
Doncaster MBC	AA	5,000,000	0.90%
Liverpool City Council	AA	5,000,000	0.70%
Variable Net Asset Value Funds			

Counterparty	Link Credit Rating	Principal (£)	Yield
CCLA Local Authorities' Property Fund	Unrated	15,000,000	4.26%
ECF - Payden Sterling Reserve Fund	AAA	5,000,000	0.87%
ECF - Royal London Cash Plus Fund	AAA	5,000,000	0.68%
Fixed Term Deposits to Other Organisations (over 1 year)			
Housing Company Loan	Unrated	7,500,000	2.02%
TOTAL		119,500,915	

- 8.4 There is no risk to the capital invested (other than the risk of failure of the financial institution) for fixed term deposits and constant net asset value money market funds. Variable net asset funds are priced and the market value of these funds at 30 November 2018 was £25,439,164.
- 8.5 The Council continually reviews its investment policy and has identified concerns in relation to property holdings within the retail sector. As the Council has a £15m stake in the CCLA Local Authorities' Property Fund, we had a meeting with the CCLA on the 7th December 2018 at which they confirmed that the fund holds a small high quality retail investment portfolio (shops) equating to 3.9% of their total investments.
- 8.6 The Council has made a loan of £7.5 million to Cambridge City Council Housing Company, a wholly owned subsidiary. This loan earns 2.02% and is secured on the properties owned by the company.
- 8.7 The Council also plans to commence making loans to Cambridge Investment Partnership, a joint venture, in 2018/19 as detailed in 5.8.

9. Brexit Update

- 9.1 At the time of writing this report there is still considerable uncertainty around the country's proposed exit from the EU on 29 March 2019, following the cancellation of the parliamentary vote on 11 December 2018. The vote was re-scheduled for 15th January 2019 where the Government lost considerably.
- 9.2 The Council will continue to monitor the situation and to take advice from Treasury Advisors as appropriate.

10. Financial Market Reforms Update

10.1 Money Market Fund (MMF) Reforms & Enhanced MMFs

10.2 The Money Market Fund Regulation came into force on 21st July 2018 which impacts immediately on any new funds created. Existing funds will have to be compliant by no later than 21st January 2019.

10.3 The above Regulation provides investors with a new way of categorising a MMF depending on the level of risk, which could cause fluctuations in their capital values. All the MMFs that the Council uses will be converted from a Constant Net Asset Value (CNAV) to a Low Volatility Net Asset Value (LVNAV) on a month by month basis up to the compliant date of 21st January 2019.

10.4 Because of the above MMF reforms, the Council took a precautionary stance and recommended that counterparty limits be lowered at the mid-year treasury management review due to the uncertainties and implementation. This has now settled and there has been little practical impact. Therefore, the Council is recommending a return to the former limits as laid out within the recommendations at paragraph 2.2.

10.5 Furthermore, the Council is looking at newer Enhanced MMF products, which are achieving returns of over 1 %, some of which are rated AA. The risk of counterparty default between AAA and AA, is negligible, as shown by a study commissioned by Moody's in 2007, at the start of the banking crises. This study, undertaken over a 5 year timescale, confirms this (see table below), and therefore we are recommending that the council adds this class of asset to its investment strategy.

RATING	RISK OF DEFAULT	CUMULATIVE DEFAULT RATE (%)	DIFFERENTIAL (%)
Aaa	Highest rating with lowest risk of default	0.18	-
Aa2	Next highest	0.28	0.10
Baa2	Next highest	2.11	1.83
Ba2	Next highest	8.82	6.71
B2	Lowest	31.24	22.42

Source:- Special Comment: Moody's Investor Service, June2007 Report

11. Interest Rates & Interest Received

- 11.1 Link Asset Services is the Council's independent treasury advisor. In support of effective forecasting the Council needs to be aware of the potential influence of interest rates on treasury management issues for the Council. Link's opinion on interest rates is presented at Appendix B.
- 11.2 Total interest and dividends of £917,585 has been received on the Council's deposits up to 30th November 2018 (for this financial year) at an average rate of 1.30% (1.06% in 2017/18). This is an under-achievement compared with the budget to date of £108,655.
- 11.3 The Bank of England's Monetary Policy Committee decided to increase its Base Rate by 0.25% to 0.75%, on 2nd August 2018. This is reflected within Link's interest rate predictions at Appendix B.

12. Implications

(a) Financial Implications

The prudential and treasury indicators have been amended to take account of known financial activities.

(b) Staffing Implications

None.

(c) Equality and Poverty Implications

No negative impacts identified.

(d) Environmental Implications

None.

(e) Procurement Implications

None.

(f) Community Safety Implications

No community safety implications.

13. Consultation and communication considerations

- 13.1 None required.

14. Background papers

No background papers were used in the preparation of this report.

15. Appendices

- 15.1 Appendix A – The Council's current Counterparty list
- Appendix B – Link's opinion on UK Forecast Interest Rates
- Appendix C – Prudential and Treasury Management Indicators
- Appendix D – Glossary of Terms and Abbreviations

16. Inspection of papers

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

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Treasury Management Annual Investment Strategy

Current Counterparty List

The full listing of approved counterparties is shown below, showing the category under which the counterparty has been approved, the appropriate deposit limit and current duration limits (*references have now been made to RFB & NRFB for UK Banks, with explanations within the Glossary at Appendix D). **Recommendations shown in bold text:-**

Name	Council's Current Deposit Period	Category	Limit (£)
Specified Investments:-			
All UK Local Authorities	N/A	Local Authority	20m
All UK Passenger Transport Authorities	N/A	Passenger Transport Authority	20m
All UK Police Authorities	N/A	Police Authority	20m
All UK Fire Authorities	N/A	Fire Authority	20m
Debt Management Account Deposit Facility	N/A	DMADF	Unlimited
Barclays Bank Plc – NRFB*	Using Link's Credit Criteria	UK Bank	35m
HSBC Bank Plc – NRFB*	Using Link's Credit Criteria	UK Bank	20m
HSBC UK Bank Plc – RFB*	Using Link's Credit Criteria	UK Bank	20m
Standard Chartered Bank	Using Link's Credit Criteria	UK Bank	20m
Bank of Scotland Plc (BoS) – RFB*	Using Link's Credit Criteria	UK Bank	20m
Lloyds Bank Plc – RFB*	Using Link's Credit Criteria	UK Bank	20m

Name	Council's Current Deposit Period	Category	Limit (£)
National Westminster Bank Plc (NWB) – RFB*	Using Link's Credit Criteria	UK Nationalised Bank	20m
Santander UK Plc	Using Link's Credit Criteria	UK Bank	5m
The Royal Bank of Scotland Plc (RBS) – RFB*	Using Link's Credit Criteria	UK Nationalised Bank	20m
Other UK Banks	Using Link's Credit Criteria	UK Banks	20m
Members of a Banking Group (BoS Group includes Lloyds, RBS Group includes NWB)	Using Link's Credit Criteria	UK Banks and UK Nationalised Banks	30m
Svenska Handelsbanken UK	Using Link's Credit Criteria	UK Bank	5m
Enhanced Cash Funds (Standard & Poor's: AAAf/S1, Fitch: AAA/S1)	Over 3 months and up to 1 year	Financial Instrument	10m (per single counterparty)
Enhanced Money Market Funds (not below AAf) - VNAV	Over 3 months and up to 1 year	Financial Instrument	5m (per fund)
Money Market Funds (AAAf) – CNAV, VNAV & LVNAV	Liquid Rolling Balance	Financial Instrument	15m (per fund) With no maximum limit overall

Name	Council's Current Deposit Period	Category	Limit (£)
Custodian of Funds	Requirement for Undertaking Financial Instruments	Fund Managers	Up to 15m (per single counterparty)
UK Government Treasury Bills	Up to 6 months	Financial Instrument	15m
Name	Council's Current Deposit Period	Asset Value (£'m) – as at 16 th November 2018	Limit (£)
Other Specified Investments - UK Building Societies:-			
Nationwide Building Society	1 month or in line with Link's Credit Criteria, if longer	227,303	Assets greater than £100,000m - £20m
Yorkshire Building Society		49,063	
Coventry Building Society		41,910	Assets between £50,000m and £99,999m - £5m
Skipton Building Society		19,567	
Leeds Building Society		18,937	Assets between £5,000m and £49,999m - £2m
Principality Building Society		9,060	
West Bromwich Building Society		5,794	

Name	Council's Current Deposit Period	Category	Limit (£)
Non-Specified Investments:-			
All UK Local Authorities – longer term limit	Over 1 year and up to 5 years	Local Authority	Up to 35m (in total)
Cambridge City Council Housing Working Capital Loan Facility	Up to 1 year	Loan	200,000
CCLA Local Authorities' Property Fund	Minimum of 5 years	Pooled UK Property Fund	Up to 15m
Certificates of Deposit (with UK Banking Institutions)	Liquid Rolling Balance	Financial Instrument	15m (per single counterparty)
Certificates of Deposit (with UK Building Societies)	Liquid Rolling Balance	Financial Instrument	2m (per single counterparty)
Certificates of Deposit (with Foreign Banking Institutions)	Liquid Rolling Balance	Financial Instrument	2m (per single counterparty)
Commercial Property Investments funded from cash balances	Over 1 year	Commercial Property	20m (in total)
Enhanced Cash Funds (Standard & Poor's: AAf/S1, Fitch: AA/S1)	Over 1 year and up to 5 years	Financial Instrument	10m (per single counterparty)
Enhanced Money Market Funds (not below AAf) - VNAV	Over 1 year and up to 5 years	Financial Instrument	5m (per fund)

Name	Council's Current Deposit Period	Category	Limit (£)
Municipal Bonds Agency	N/A	Pooled Financial Instrument Facility	50,000
Secured Local Bond in Local Businesses – Using Allia Limited	N/A	Local Business Bond	Up to £5m in total
Supranational Bonds – AAA	Using Link's Credit Criteria	Multi-lateral Development Bank Bond	15m
UK Government Gilts	Over 1 year & up to 30 Years	Financial Instrument	15m

Note: In addition to the limits above, the total non-specified items over 1 year, will not exceed £50m

Link's Opinion on Forecast UK Interest Rates – As Currently Predicted

Introduction

The paragraphs that follow reflect the views of the Council's Treasury Management advisors (Link) on UK Interest Rates as currently predicted.

Interest rates

Members of the Bank of England Monetary Policy Committee (MPC) increased the bank rate by 0.25% to 0.75% and no change to current Quantitative Easing (QE) value of £435bn, on 2nd August 2018. The vote was 9-0 in favour of an increase to the bank rate. Going-forward, the Council's treasury advisor, Link (formerly Capita), has provided the following interest rate forecasts issued on 7th August 2018:-

	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21
Bank rate	0.75%	0.75%	0.75%	1.00%	1.00%	1.00%	1.25%	1.25%	1.50%	1.50%
3 month LIBID	0.80%	0.80%	0.90%	1.10%	1.10%	1.20%	1.40%	1.50%	1.60%	1.60%
6 month LIBID	0.90%	0.90%	1.00%	1.20%	1.20%	1.30%	1.50%	1.60%	1.70%	1.70%
12 month LIBID	1.00%	1.00%	1.10%	1.30%	1.30%	1.40%	1.60%	1.70%	1.80%	1.80%
5yr PWLB rate	2.00%	2.10%	2.20%	2.20%	2.30%	2.30%	2.40%	2.50%	2.50%	2.60%
10yr PWLB rate	2.50%	2.50%	2.60%	2.70%	2.80%	2.80%	2.90%	3.00%	3.00%	3.10%
25yr PWLB rate	2.90%	3.00%	3.10%	3.10%	3.20%	3.30%	3.30%	3.40%	3.50%	3.50%
50yr PWLB rate	2.70%	2.80%	2.90%	2.90%	3.00%	3.10%	3.10%	3.20%	3.30%	3.30%

* Link Asset Services predict that the next Bank of England Rate Change will be in September 2019, with a rise of 0.25% to 1.00%.

Appendix C

PRUDENTIAL & TREASURY MANAGEMENT INDICATORS

	Estimate 2018/19 £'000	Estimate 2019/20 £'000	Estimate 2020/21 £'000	Estimate 2021/22 £'000	Estimate 2022/23 £'000
PRUDENTIAL INDICATORS					
Capital expenditure					
- General Fund	43,748	21,989	15,736	2,763	5,583
- HRA	36,151	51,977	67,059	30,603	22,732
Total	79,899	73,966	82,795	33,366	28,315
Capital Financing Requirement (CFR) as at 31 March					
- General Fund	22,747	38,679	43,110	33,076	27,736
- HRA	214,321	214,321	214,321	214,321	214,321
Total	237,068	253,000	257,431	247,397	242,057
Change in the CFR	-3,526	15,932	4,431	-10,034	-5,340
Deposits at 31 March	106,000	75,500	77,000	96,200	126,100
External Gross Debt	213,572	213,572	213,572	213,572	213,572
Ratio of financing costs to net revenue stream					
-General Fund	-610	-597	-628	-742	-1,042
-HRA	6,706	6,693	6,824	6,938	6,938
Total	6,096	6,096	6,196	6,196	5,896
% of net revenue expenditure					
-General Fund	-2.59%	-3.08%	-3.09%	-3.57%	-5.39%
-HRA	16.13%	16.05%	15.97%	15.53%	14.79%
Total (%)	13.54%	12.97%	12.88%	11.96%	9.40%

PRUDENTIAL & TREASURY MANAGEMENT INDICATORS

	Estimate 2018/19 £'000	Estimate 2019/20 £'000	Estimate 2020/21 £'000	Estimate 2021/22 £'000	Estimate 2022/23 £'000
TREASURY INDICATORS					
Authorised limit					
for borrowing	300,000	300,000	300,000	300,000	300,000
for other long term liabilities	0	0	0	0	0
Total	300,000	300,000	300,000	300,000	300,000
Operational boundary					
for borrowing	242,068	258,000	262,431	252,397	247,057
for other long term liabilities	0	0	0	0	0
Total	242,068	258,000	262,431	252,397	247,057
Upper limit for total principal sums deposited for over 364 days	50,000	50,000	50,000	50,000	50,000
Upper limit for fixed & variable interest rate exposure					
Net interest on fixed rate borrowing/deposits	6,094	6,094	6,194	6,194	5,894
Net interest on variable rate borrowing/deposits	-15	-15	-15	-15	-15
Maturity structure of new fixed rate borrowing		Upper Limit	Lower Limit		
10 years and above (PWLB borrowing for HRA Reform)		100%	100%		

Treasury Management – Glossary of Terms and Abbreviations

Term	Definition
Authorised Limit for External Borrowing	Represents a control on the maximum level of borrowing
Capital Expenditure	Expenditure capitalised in accordance with regulations i.e. material expenditure either by Government Directive or on capital assets, such as land and buildings, owned by the Council (as opposed to revenue expenditure which is on day to day items including employees' pay, premises costs and supplies and services)
Capital Financing Requirement	A measure of the Council's underlying borrowing need i.e. it represents the total historical outstanding capital expenditure which has not been paid for from either revenue or capital resources
Certificates of Deposit (CDs)	Low risk certificates issued by banks which offer a higher rate of return
CIPFA	Chartered Institute of Public Finance and Accountancy
Corporate Bonds	Financial instruments issued by corporations
Counterparties	Financial Institutions with which funds may be placed
Credit Risk	Risk of borrower defaulting on any type of debt by failing to make payments which it is obligated to do
MHCLG	Ministry for Housing, Communities & Local Government (formerly the Department for Communities & Local Government, DCLG)
Enhanced Cash Funds	Higher yielding funds typically for investments exceeding 3 months
Eurocurrency	Currency deposited by national governments or corporations in banks outside of their home market
External Gross Debt	Long-term liabilities including Private Finance Initiatives and Finance Leases

Term	Definition
Government CNAV	Highly liquid sovereign stock based on a Constant Net Asset Value (CNAV)
HRA	Housing Revenue Account - a 'ring-fenced' account for local authority housing account where a council acts as landlord
HRA Self-Financing	A new funding regime for the HRA introduced in place of the previous annual subsidy system
London Interbank Offered Rate (LIBOR)	A benchmark rate that some of the leading banks charge each other for short-term loans
London Interbank Bid Rate (LIBID)	The average interest rate which major London banks borrow Eurocurrency deposits from other banks
Liquidity	A measure of how readily available a deposit is
MPC	Monetary Policy Committee - The Bank of England Committee responsible for setting the UK's bank base rate
Low Volatility Net Asset Value (LVNAV)	Highly liquid sovereign stock based on a Constant Net Asset Value (CNAV)
Non Ring Fenced Bank (NRFB)	Government & Bank of England rules will apply to all UK Banks which have to split their business into 'core' retail and investment units known as Ring and Non Ring Fenced Banks for the 1 st January 2019 deadline
Non-Specified Investments	These are investments that do not meet the conditions laid down for Specified Investments and potentially carry additional risk, e.g. lending for periods beyond 1 year
Operational Boundary	Limit which external borrowing is not normally expected to exceed
PWLB	Public Works Loans Board - an Executive Government Agency of HM Treasury from which local authorities & other prescribed bodies may borrow at favourable interest rates

Term	Definition
Quantitative Easing (QE)	A financial mechanism whereby the Central Bank creates money to buy bonds from financial institutions, which reduces interest rates, leaving businesses and individuals to borrow more. This is intended to lead to an increase in spending, creating more jobs and boosting the economy
Ring Fenced Bank (RFB)	Government & Bank of England rules will apply to all UK Banks which have to split their business into 'core' retail and investment units known as Ring and Non Ring Fenced Banks for the 1 st January 2019 deadline
Security	A measure of the creditworthiness of a counter-party
Specified Investments	Those investments identified as offering high security and liquidity. They are also sterling denominated, with maturities up to a maximum of 1 year, meeting the minimum 'high' credit rating criteria where applicable
Supranational Bonds	Multi-lateral Development Bank Bond
UK Government Gilts	Longer-term Government securities with maturities over 6 months and up to 30 years
Variable Net Asset Value (VNAV)	MMFs values based on daily market fluctuations to 2 decimal places known as mark-to-market prices
UK Government Treasury Bills	Short-term securities with a maximum maturity of 6 months issued by HM Treasury
Weighted Average Life (WAL)	Weighted average length of time of unpaid principal
Weighted Average Maturity (WAM)	Weighted average amount of time to maturity
Yield	Interest, or rate of return, on an investment

Budget-Setting Report 2019/20

**February
2019**

2019/20

Cambridge City Council

Version Control

	Version No.	Revised version / updates for:	Content / Items for Consideration
Current	1	Strategy & Resources Scrutiny Committee (11 February 2019)	<ul style="list-style-type: none"> – Budget overview and budget proposals – Opposition budget amendment proposals
		The Executive (11 February 2019)	<ul style="list-style-type: none"> – Proposals of the Executive
	2	Council (21 February 2019)	Final Proposals to Council incorporating updates relating to: <ul style="list-style-type: none"> - Head of Finance final Section 25 report - Final Local Government Finance Settlement 2019/20 - Appendix A(b) Council Tax Setting following receipt of County Council, Police, Fire and Combined Authority precepts
	3	Council (Final)	Approved Budget-Setting Report incorporating <ul style="list-style-type: none"> - Decisions of Council - Any other final amendments

Anticipated Precept Setting Dates

Cambridgeshire Police & Crime Commissioner	Cambridgeshire & Peterborough Fire Authority	Cambridgeshire County Council	Cambridgeshire & Peterborough Combined Authority
30 January 2019	7 February 2019	5 or 8 February 2019	-

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Foreword by the Leader of the Council and the Executive Councillor for Finance and Resources

The country has now suffered for over eight years from the imposition of the austerity policies by successive governments. Public services and household incomes for many in Cambridge have been cut while at the same time significant ongoing inflation has developed. Failing to regulate markets, including private rented housing and energy, has brought great hardship to many in Cambridge, and often the same people on falling real incomes or who have suffered from welfare benefit cuts.

The Council budget for Cambridge in 2019/20 delivers on our vision to lead a united city that is “One Cambridge - Fair for All”, by supporting our city to be prosperous and using that to tackle inequality. It’s a vision we will share and develop, working with our residents and partner organisations.

Delivering quality services within financial constraints

Only five years ago, our core government grant was £5.6m. In 2019/20 it will be zero.

Despite that loss, and cuts in “New Homes Bonus”, we have found ways to continue to deliver quality services such as keeping our streets free of litter; maintaining our many play areas, parks and commons; and carrying out hygiene checks on cafés and takeaways.

Our pest control service will continue to be free, as will a collection of green waste from each household, unlike many other councils who now charge for these services. For some years we have provided Community Clear Up days in some areas to help with disposal of bulky items and avoid fly tipping, and these Clear Ups are to be expanded in 2019 across the city to areas needing them the most.

Despite government cuts, we have found rewarding ways to invest council funds for the future. Releasing underused bank balances has enabled us to purchase commercial property and provide new income. Investing a further £6m in Lion Yard will help that shopping centre diversify as well as add to the income for the Council. Our proposed investment in a new community centre at the Meadows in King’s Hedges will not only provide enhanced facilities but will also release land for the badly needed new council homes.

We are committed to ensuring the continuation of a high quality programme of entertainment and cultural events in the city. It has become apparent that Cambridge Live has been unable to do this

within financial targets so we have stepped in and all services and staff will be transferred back to the Council. We have acted decisively to make clear to customers that it is business as usual and ensure that Cambridge continues to enjoy a wide range of cultural events.

We are continuing extra investment in new IT software to improve services, with a new system for Environmental Health. Like last year's refuse and recycling IT system, this will improve access and reporting by residents as well as enhancing service and efficiency.

Last year's £800,000 funding upgraded Cambridge's CCTV cameras and enhanced pictures are already assisting our anti-social behaviour team, car park staff and the police keep our city safe. Similarly, we will continue to fund making Cambridge street lights operate at brighter levels in the evening, after persuading the County Council that they be lit all night. This is essential in a city like ours with shift workers travelling to and from work at all hours, as well as many people out at night clubs.

Helping people in Cambridge who have the greatest need

Parts of our city include great wealth while nearby there are pockets of people in poverty and severe deprivation, and they continue to be a core council target for our assistance. The Council is committed to promoting financial inclusion and prioritises services which achieve this.

This budget continues our campaign, supported by dozens of local employers, to promote the Real Living Wage of at least £9/hour to all businesses in Cambridge, further fund our Fuel and Water Poverty Campaign, and provide subsidised or free swimming and an exercise referral service targeted for those relying on benefits.

Our Financial Inclusion Officer provides support and hands-on assistance in helping people affected by welfare reforms to maximise their income, reduce their costs and explore options for improving their lives going forward. Universal Credit is now being fully rolled out in Cambridge by the Government and it is apparent from elsewhere in the country that it has profound faults. Notably these delay money reaching claimants, extensively reduce sums payable to many people, and penalise with "sanctions" even minor failures to follow agreed actions such as missing an appointment. To protect Cambridge people, we are expanding assistance from our council team, we have seconded staff to help train Work and Pensions staff on Chesterton Road in the intricacies of tenancies and rent, and have increased funding of Cambridge Citizens Advice Bureau to provide advice.

In our budget planning we have made sure that the Council Tax Reduction Scheme for lowest income households is fully maintained – we are now one of only 37 councils in the country who

have not cut this benefit. We also provide Discretionary Housing Payments which protect many recipients from increased rent arrears, and help prevent many households from becoming homeless. Our Housing Benefit Plus scheme also tops-up local housing allowance rates to those assessed to be most in urgent need, to allow them to meet the cost of renting privately.

In 2019 we will fund many organisations that work to assist homeless people and those who sleep rough. This helps prevent people from sleeping on the streets in the first place, ensures that emergency shelter is provided for rough sleepers in the event of bad winter weather, and seeks to get people into permanent accommodation as quickly as possible if they do sleep rough.

We are expanding provision of 'Housing First' flats, which accommodate homeless people with complex needs who are unable to use the usual housing services. The flats provide access to a room combined with intensive support, as a means of sustainably turning their lives around and avoid ending back on the streets.

Planning for growth and ensuring our new communities are successful

Our city has seen considerable expansion with hundreds of new homes being built, especially in the Clay Farm and Eddington areas. Further expansion is planned, with extensive possibilities for 'Cambridge North East' if the Anglian Water waste water treatment works can be moved. To ensure the quality of new buildings and the environment around them, our budget ensures our Planning Service is well staffed and that those who benefit from planning permission properly contribute towards the delivery of that service.

The Cambridge Investment Partnership, our joint venture with Hill Residential, is working to build 800 houses and flats on Council land of which at least 500 will be council homes at affordable rents. This budget also uses spare cash balances to earn interest by funding much of the development costs of this new homes programme.

To ensure that our new communities are welcoming and successful, we are funding community development officers and providing some new and some expanded community centres. All new areas need refuse collection, street cleaning and other essential services, and we are funding expansion of these services.

Protecting our environment and tackling climate change

The council is committed to increasing the city's future sustainability, acting locally to make a difference globally and working with partners and residents towards our objective of a carbon neutral Cambridge by 2050, or earlier if that proves possible.

We continue to encourage businesses and organisations to reduce their carbon footprint. On this, the council is leading the way with a further £100,000 added to our Climate Change Fund for transforming the energy efficiency of council buildings. Solar panels and a new Combined Heat and Power plant are already being installed and the new funding will provide for further investment in heating, lighting and ventilation improvements.

Our budget includes new funds for a permanent extra Air Quality officer to tackle air pollution, including our Air Quality Action Plan; and city centre and wider Clean Air Zone. We want to increase the use of electric vehicles in the city, starting with taxis and private hire cars, with the installation of electrical charging points. Where possible, our fleet of council vans is being replaced with electric vehicles on renewal.

We are committed to maintaining the unique and special environment of our city. We fund a strong team of Streets and Open Spaces staff. Our tree officers work hard to look after the many thousands of trees in the city, and find places for new plantings. This budget continues funding support for our extensive team of volunteers who complement council staff in working to support their local environment with recycling and local cleaning activities, particularly at community events.

Developing effective partnerships and an innovative and dynamic organisation

Our budget strategy includes a series of shared services mainly in conjunction with South Cambridgeshire District Council, but some with Huntingdonshire Council as well. These have saved money and enabled services to share and enhance management, and provide specialist expertise which would be too expensive for any one council to afford on its own.

Last year's budget invested heavily in extra IT capacity in conjunction with those councils. This year, "Council Anywhere" is being funded further, to provide more staff with computer access to deal with your issues and reported problems on the move and at any Council premises. Another major IT project is the "My Cambridge City" online portal which is being developed to enable residents to more easily access a range of essential council services online.

We work closely with the Greater Cambridge Partnership, to develop public transport, redesign highways including cycling and pedestrian improvements tackle congestion and implement new

residents' parking zones where supported locally. Our Cycleways Fund is developing new routes and paths for bikes and we will be providing extra secure cycle parking at local centres in 2019.

Working with the Cambridgeshire and Peterborough Combined Authority has been an interesting addition, delivering £70m for our 500 new council homes programme, and winning their support for our bid to the government for up to £227m to fund the relocation of the Anglian Water works.

We are also investing further with this budget in a new transformation team to take on further service reviews and council transformation projects.

In conclusion, despite austerity cuts that continue to be imposed by the Government, this Budget demonstrates our determination to continue the Council's challenging task of maintaining the wide range of services we provide for the whole Cambridge community. By applying sound and prudent financial management, minimising the need for cuts to services and investing in more affordable housing, we will develop a fairer and more equal city - "One Cambridge, Fair for All".

Councillor Lewis Herbert, *Leader of the Council*

Councillor Richard Robertson, *Executive Councillor for Finance & Resources*

Section 1

Introduction

Purpose

The Budget Setting Report (BSR) is designed to provide an integrated view of the council's finances and outlook. It covers General Fund (GF) revenue and capital spending, highlighting the inter-relationships between the two, and the resultant implications. Detailed budget proposals for the Housing Revenue Account are presented and considered separately from this report.

On 18 October 2018 the council approved the Medium Term Financial Strategy (MTFS). The MTFS set out the financial strategy for the council in light of local and national policy priorities, external economic factors and the outlook for public sector funding. The MTFS also reviewed key assumptions and risks, thereby confirming the framework for detailed budget work for 2019/20 and beyond.

The BSR reviews the impacts of developments since the MTFS and sets the financial context for the consideration of detailed recommendations and budget finalisation to be made at council on 21 February 2019. The document proposes a detailed budget for the next financial year, and indicative budget projections for the following four years.

Background

The financial planning context for the BSR is set by the MTFS. This identified a total net savings requirement of around £2.1m for the 5 year period, after taking into account changes to base assumptions and pressures and savings identified at that time.

£000	2019/20	2020/21	2021/22	2022/23	2023/24	Total
Net savings requirement	190	630	542	244	482	2,088

These savings requirements stem from reductions in government funding, unavoidable cost increases and pressures, including the additional net cost of services for every new home in the City.

In previous years, the net savings requirement has been adjusted using GF reserves to create a consistent profile across the period. However, the adjustment was not been made in this MTFS for the following reasons:-

- the financial modelling includes indicative pressures, which may or may not crystallise into budget proposals, so any adjustment of the savings profile could be misleading
- significant uncertainty in relation to funding from government (settlement funding assessment) would similarly impact the saving profile
- the longer planning trajectory allows use of reserves to be phased out, so that the council no longer relies on the use of reserves

The council continues to deliver a programme of on-going transformation targeted at the way it delivers services and interacts with residents, tenants and other parties. There is an increasing emphasis on identifying and implementing proposals for income generation to make the council more financially sustainable. This BSR builds on what has been achieved, with particular emphasis on the continuing delivery of transformation projects.

Key dates

The key member decision-making dates are as follows:

Date	Task
2019	
11 February	Strategy and Resources Scrutiny Committee considers BSR (all GF portfolios)
11 February	The Executive recommends BSR to Council
21 February	Council approves the budget and sets the council tax for 2019/20

Section 2

Local and national policy context

Local policy priorities

The local policy priorities for the council are informed by the budget consultation and the council's annual statement which in turn feed into the corporate plan. The plan covers services such as those shown on the diagram (below).



The corporate plan has been reviewed during 2018-19 and will be scrutinised at the Strategy & Resources Scrutiny Committee on 11 February 2019, alongside this BSR.

The final agreed corporate plan 2019/22 will then be incorporated in this document as an Appendix.

Corporate plan

The corporate plan sets out the key themes and strategic objectives for Cambridge City Council for the years 2019/22. It sets out key activities the council will undertake against five key themes:

- Delivering quality services within financial constraints
- Helping people in Cambridge who have the greatest need
- Planning for growth and ensuring our new communities are successful
- Protecting our environment and tackling climate change
- Developing effective partnerships and an innovative and dynamic organization

Review of demographic factors

Demographic factors impact on the council's financial strategies in terms of their effect on the level of demand for services, the specific types and nature of services and the income available to the council through council tax.

The direct budgetary impact of increased population could be a simple proportional uplift of service costs. However in some cases a review of the current model of service delivery will be required, factoring in not only growth in population and dwellings, but also changes in demand, changes in the nature of that demand and the available funding envelope.

Growth of Cambridge

With the on-going implementation of the planned housing and economic growth of Cambridge, the city's population is set to increase by more than 20% between 2011 and 2031. The council is already focussed on meeting the needs of new communities and residents through better use of technology, joint services with other local authorities and partnership working (through the Greater Cambridge Partnership and the Combined Authority) in order to lever in funding for infrastructure improvements.

Services use projections and estimates of population growth and the number of new dwellings to plan for the impacts of growth. The expected location of these changes can also be significant. The forecast growth in dwellings between 2011 and 2026 can be seen in two major areas – Trumpington to the south and in Castle ward to the North West. 50% of new housing growth is forecast in these wards up to 2026. This rapid growth brings associated demand on core City services and will be

reinforced with the development of Cambridge Northern Fringe East to the north and Cambridge Wing to the east.

Whilst new homes generate new council tax income for providing services, the increase in student accommodation (with council tax exemptions) and the number of commuters, plus the particular needs of new residents as they settle into new communities, can present additional service demands and financial pressure. However, this is at a time of on-going financial pressures facing council budgets with the phased withdrawal of core grants from central government.

The council will continue to explore ways to make better use of resources (say, for managing and maintaining new open spaces being created as part of new neighbourhoods and to enable new communities to become established and thrive on their own sooner).

The Greater Cambridge Partnership (GCP)

The City Council is working with Cambridgeshire County Council, South Cambridgeshire District Council and the University of Cambridge through the GCP to deliver infrastructure, housing and skills targets as agreed with government in the City Deal. The agreement consists of a grant of up to £500m, subject to periodic gateway reviews, to be released over a 15 to 20 year period, and expected to be matched by up to another £500m from local sources, including through the proceeds of growth.

The funding will enhance the status of Greater Cambridge as a prosperous economic area. The Partnership is working to:

- Accelerate the delivery of 33,500 planned homes
- Enable delivery of 1,000 extra affordable new homes on rural exception sites
- Deliver over 420 new apprenticeships for young people by 2019
- Provide £1bn of local and national public sector investment, enabling an estimated
- £4bn of private sector investment in the Greater Cambridge area
- Create 44,000 new jobs
- Harness and develop smart technology, to support transport, housing and skills
- Provide a governance arrangement for joint decision making between local councils

The Partnership is currently developing proposals for transport improvements to enable people, goods and ideas to move more quickly, reliably and sustainably between centres of research, innovation and enterprise, and between places of residence, work and study.

One aspect of this is likely to be proposals to tackle congestion, and this may require ways of managing the number of vehicles on the most congested routes at the most congested times of the day. Whatever proposals are ultimately implemented may have impacts on City Council services, including potentially budgetary implications. The service and financial impact of such measures will be factored into the council's financial planning in more detail as the impacts become clearer.

The Partnership is supporting delivery of affordable housing and a skills system that equips more young, local people with the skills they need to engage in the knowledge-based industries that comprise the Cambridge Cluster.

The Partnership is also bringing together public, private and academic experts to develop and exploit "smart city" technologies to help identify and address the challenges that Greater Cambridge faces.

The council, with the other local authority partners, have agreed to create an investment and delivery fund from a proportion of New Homes Bonus (NHB). As a result of this, the BSR considers the application of funds from NHB, earmarking part of future uncommitted funding in line with the expected levels of contribution to the fund.

Cambridgeshire and Peterborough Combined Authority

In November 2016, eight organisations¹ in Cambridgeshire, including Cambridge City Council, agreed a devolution deal with the government to form the Cambridgeshire and Peterborough Combined Authority (CPCA). The deal gives delegated powers to the CPCA, an elected Mayor, and brings funding to the region. Following elections on 5 May 2017, James Palmer was elected as Mayor for the Combined Authority. Councillor Lewis Herbert represents the council on the CPCA.

The CPCA will receive funding and powers from central government in a number of areas including:

¹ Cambridge City Council; Cambridgeshire County Council; East Cambridgeshire District Council; Fenland District Council; Huntingdonshire District Council; Peterborough City Council; South Cambridgeshire District Council; Greater Cambridge Greater Peterborough Local Enterprise Partnership

- £100 million to deliver new homes over a five-year period in Peterborough and Cambridgeshire which includes affordable, rented and shared ownership housing, plus £70m for Cambridge City Council to deliver at least 500 new council homes.
- £20 million a year funding over 30 years to support infrastructure and boost economic growth in the region

The key ambitions for the CA include:

- doubling the size of the local economy
- accelerating house building rates
- improving transport and digital infrastructure.

It has been agreed that CPCA costs will be funded from the gain share grant and therefore there will be no charge to the City Council for this. The Mayor has the power to raise a precept (i.e. a separate additional element of council tax to fund the running costs of the Mayoral office).

The CPCA (but not the Mayor) can levy constituent councils to make a contribution towards its functions but this would need to be unanimously agreed by those authorities through the budget making process for the CPCA. Each council could also decide voluntarily to make a financial contribution to the CPCA.

The city's economy should benefit from the additional investment and improved infrastructure in the local area that the CPCA brings. The delivery of the £70m council building programme will bring an income stream to the Housing Revenue account as those houses are built and occupied.

Shared / partnership services

The following services are delivered in two or three way partnerships with South Cambridgeshire District Council (SCDC) and Huntingdonshire District Council (HDC):

With SCDC and HDC:

- 3C Building Control
- 3C ICT
- 3C Legal
- Home Improvement Agency

With SCDC:

- Greater Cambridge Shared Waste Service
- Greater Cambridge Shared Internal Audit Service
- Greater Cambridge Shared Planning Service
- Payroll

With HDC:

- CCTV

There are many other areas of both direct and indirect service provision that could be incorporated into the shared service model. Whilst some of services listed above are newly shared and work remains to be done to fully develop and embed the services, work is beginning on the development of a business case for sharing Finance Services with SCDC, with the possibility of other services coming forward for sharing in due course.

Cambridge Investment Partnership (CIP)

CIP is a partnership between the City Council and Hill Investment Partnership. It is a 50:50 Limited Liability Partnership (LLP). The investment partnership model provides an opportunity for the council to benefit from the experience and additional resource that a development partner can bring. Each partner shares the outputs (financial and social) in proportion to the value of its input, and therefore the model allows the partners to share the development risk and the development uplift arising from a scheme.

The agreed objectives of CIP as set out in the Members Agreement are:-

- Investment in the development of land to create successful new places that meet both the financial objectives (primarily a revenue return) and social objectives of Cambridge City Council (particularly housing that is affordable and is needed locally), provided always that individual sites may be developed to meet either financial or social objectives;
- Improve the use of council assets and those of other public sector bodies in the Cambridge, or Cambridge-wide area;
- Maximise the financial return through enhanced asset value (with reference to the first bullet above);

- Provide a return to the investment partners commensurate to their investment and the level of risk in respect to such investment.

National policy framework

Economic factors

2018 has seen a number of developments in the UK, EU, US and beyond that have a major impact on economic forecasts. These include Brexit negotiations, lower than anticipated unemployment, greater tax receipts and a significant reduction in national debt. The ongoing poor exchange rate in the £ sterling against the US Dollar has contributed to the rate of inflation.

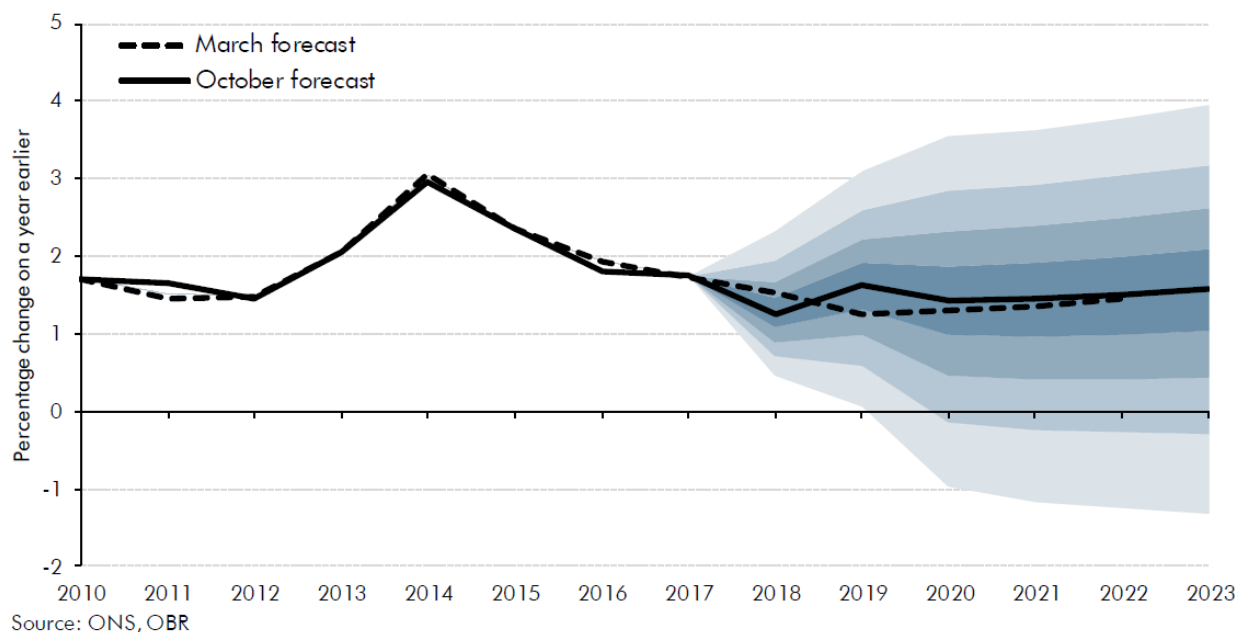
The Office of Budget Responsibility (OBR) commented in its October 2018 report:

*"There remains no meaningful basis on which to predict the outcome of the current negotiations over the relationship between the UK and the EU after Brexit, so we have retained the broad-brush assumptions on productivity, trade and migration that we have made in our previous post-referendum forecasts. The one exception – in line with the March draft Withdrawal Agreement – is that we now assume that there will be a two-year transition period in which the trading relationship will remain as it is now. This delays the decline in trade intensity that we expect after we leave the EU."*²

Most discussion of the economic outlook focuses on real GDP – the volume of goods and services produced in the economy. But the nominal (or cash) value is more important for the public finances, especially for the path of tax receipts. Nominal GDP is forecast to rise by 14.4% between 2018/19 and 2022/23, up from 12.9% in March.

² Report issued prior to Prime Minister's announcement of 16 November 2018

Real GDP fan chart (October 2018)



The Office for Budget Responsibility's charter states that the government's objective for fiscal policy is to "return the public finances to balance at the earliest possible date in the next Parliament". In January 2017, this was expected to be in the period from 2020 to 2025, but currently it can be any time between 2022 and 2027.

On current policy – including the decisions announced in Budget 2018 and the assumptions regarding the UK's exit from the EU – the deficit is expected to remain below 2 per cent of GDP throughout the forecast and, after a modest rise in 2019-20, to fall slowly over the four years to 2023-24.

The forecast reflects the effects of a significant underlying improvement in the public finances ensuing from better than expected tax receipts and lower than expected public spending in the first half of 2018. These gains are offset by the government's decision to use almost all of the improvement to boost public spending. Borrowing in 2018/19 is expected to be £11.6bn lower than forecast in March 2018.

Nominal government consumption (cash expenditure minus transfer payments, such as welfare) is expected to end the forecast slightly higher as a share of GDP than it started. This is the first time that the OBR has forecast such a rise, and is a significant development.

The reversal of the planned course of government spending in cash terms for the first time since 2010, albeit of somewhat modest magnitude, is the most significant features of this Budget. But perhaps another important development in terms of financial management is the Chancellor's signalling that PFI is coming to an end. However, this announcement was tempered by an insistence that other forms of private sector funding, so far unspecified, would be sought for large capital projects.

Bank of England forecasts from the November 2018 inflation report are as follows:

Forecast % at December	2018	2019	2020	2021
Gross Domestic Product (GDP) Growth	1.5	1.7	1.7	1.7
Consumer Index (CPI)	2.5	2.1	2.1	2.0
Unemployment rate	3.9	3.9	3.9	3.9
Bank base rate	0.7	1.0	1.2	1.4

These inflation forecasts show an under provision of inflation in the MTFS of approximately 0.1% in 2019/20 (~£20k) increasing marginally over time. No adjustment to budgets is proposed, as these amounts are minor in relation to overall expenditure.

Interest rates

Interest rates are set by the Bank's Monetary Policy Committee which increased the bank base rate to 0.75% on 2 August 2018 from 0.50% (2 November 2017). The committee maintained that rate at its November meeting and reported:



Pay is rising at a faster rate



The UK economy is growing just above its speed limit



Interest rate rises should be gradual and limited...



...and are expected to bring inflation back to our 2% target



The nature of Brexit will affect the UK economy

"In the Committee's central projection, conditioned on the gently rising path of Bank Rate implied by market yields and on a smooth adjustment to the average of a range of possible outcomes for the United Kingdom's eventual trading relationship with the European Union, GDP is expected to grow by

around 1¾% per year on average over the forecast period. Momentum in household consumption appears greater than previously expected, supported by the strong labour market and resilient household confidence. Over the forecast period, household consumption is expected to grow modestly relative to historical rates, broadly in line with real incomes. In contrast, business investment has been more subdued than previously anticipated, as the effect of Brexit uncertainty has intensified. Under the smooth transition assumption on which the forecast is conditioned, greater clarity is expected to emerge over the coming months, boosting investment growth. The MPC's projections were finalised before the Budget measures had been announced and the Committee will assess the implications at its next meeting.

The global economy continues to grow at above potential rates, supporting UK net trade. Growth has softened, however, and become more uneven across countries, and downside risks have risen. Global financial conditions have tightened, particularly in emerging market economies, and activity has slowed in the euro area. Trade restrictions have increased and there is a risk of further escalation."

Latest projections for interest rates from the council's treasury management advisors (Link Asset Services) at August 2018, set out below, show a rise from the current 0.75% to 1.5% by March 2021.

	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21
Bank Rate	0.75%	0.75%	0.75%	0.75%	1.00%	1.00%	1.00%	1.25%	1.25%	1.50%	1.50%
3 month LIBID	0.75%	0.80%	0.80%	0.90%	1.10%	1.10%	1.20%	1.40%	1.50%	1.60%	1.70%
6 month LIBID	0.85%	0.90%	0.90%	1.00%	1.20%	1.20%	1.30%	1.50%	1.60%	1.70%	1.70%
12 month LIBID	1.00%	1.00%	1.00%	1.10%	1.30%	1.30%	1.40%	1.60%	1.70%	1.80%	1.90%
5 yr PWLB	2.00%	2.00%	2.10%	2.20%	2.20%	2.30%	2.30%	2.40%	2.50%	2.50%	2.60%
10 yr PWLB	2.40%	2.50%	2.50%	2.60%	2.70%	2.70%	2.80%	2.90%	2.90%	3.00%	3.10%
25 yr PWLB	2.80%	2.90%	3.00%	3.10%	3.10%	3.20%	3.30%	3.30%	3.40%	3.50%	3.50%
50 yr PWLB	2.60%	2.70%	2.80%	2.90%	2.90%	3.00%	3.10%	3.10%	3.20%	3.30%	3.30%

Interest rates projection at August 2018 (Link Asset Services)

2018 Budget Statement

The government published the Budget on 29 October 2018.

The Chancellor went some way to meet the Local Government Association's (LGA) call for investment in local services although long term pressures still exist. £650 million was announced for social care and it is hoped that the Spending Review next year will provide a longer term solution.

The LGA commented that *"significant funding gaps and rising demand for adult social care, children's services and homelessness support will continue to threaten other services our communities rely on, like running libraries, cleaning streets and maintaining park spaces."*

The statement contained some items of relevance to the council, with little or no impact on the council's GF budget in the short-term, but with prospects for a longer term effect :

- Spending on public services will grow 1.2% above inflation a year from next year until 2023/24
- The national Living Wage will be increased by 4.9% to £8.21/hour from April 2019. The Council is paying a minimum of £10/hour for all employed staff.
- The government is lifting the cap on the amount of money local authorities are able to borrow to build housing (HRA).
- From April 2019, large businesses will be able to invest up to 25% of their apprenticeship levy to support apprentices in their supply chain.
- Public lavatories will receive 100% business rates relief.
- £1.7 billion was announced to increase existing work allowances in Universal Credit. People will also receive extra help as they move from their existing benefits to Universal Credit and there will be targeted support for people repaying debts.
- A £28.8 billion National Roads Fund, paid for by road tax, of which £25.3 billion is for the Strategic Road Network but also includes £150 million to improve local traffic hotspots such as roundabouts.

Section 3

Budget consultation

Context and approach

The council has carried out a budget consultation exercise annually since 2002, using a variety of quantitative and qualitative methods.

This year the Leader of the Council, Cllr Lewis Herbert, hosted two events in early November to discuss with local business and community representatives the council's budget priorities and challenges facing the city. The events provided the opportunity to listen to the Leader's view, participate in discussion and make comments about the path the council is looking to follow. Prior to the event a short questionnaire was provided to business representatives to hear their views about what they felt should be the priorities of the council, their satisfaction with council services relating to business and the approaches the council might take in balancing the budget.

The comments provided at the events have been used to help inform members' consideration of the council's developing budget.

The findings from the survey showed that local business respondents felt that collecting rubbish and recycling and planning for future development were the most important council services for them. They also thought the council should put more services online, continue looking at alternative ways of delivering services, such as local trusts, and protect capital spending on public assets. The number one priority for local businesses was growing the city's economy, followed by increasing the supply of affordable housing in the city.

The events were filmed with the consent of participants and the slides and videos can be viewed via the council's website.

Section 4

General Fund resources

Local government finance settlement 2019/20

In December 2015, as part of the provisional local government settlement, a four year funding guarantee was offered to councils that submit an efficiency plan. The City Council's plan was accepted by the government, confirming revenue support grant (RSG) and baseline levels of business rates for 2016/17 to 2019/20.

The provisional finance settlement was published on 13 December 2018 with the final settlement expected in January 2019, providing funding figures for 2019/20. However, certain elements are subject to the funding guarantee described above.

Impact of final settlement 2019/20

The final settlement is expected in late January or early February. This section will be completed for the Council version only.

Fair funding review and reforms to business rates retention

The fair funding review is intended to identify new baseline funding allocations for local authorities by delivering an up-to-date assessment of their relative needs and resources, using the best available evidence. A fair funding review technical consultation ran from December 2017 to March 2018. This consultation focused on potential approaches to measure the relative needs of local authorities. A further consultation was launched alongside the provisional settlement. It builds on responses received to the earlier consultation, seeking views on:

- Proposals to simplify the assessment of local authorities' relative needs
- The types of adjustment to be made to an authority's relative needs assessment to take account of the relative resources available to them to fund local services

- A set of principles that will be used to design potential transitional arrangements and examines how the baseline for the purposes of transition should be established.

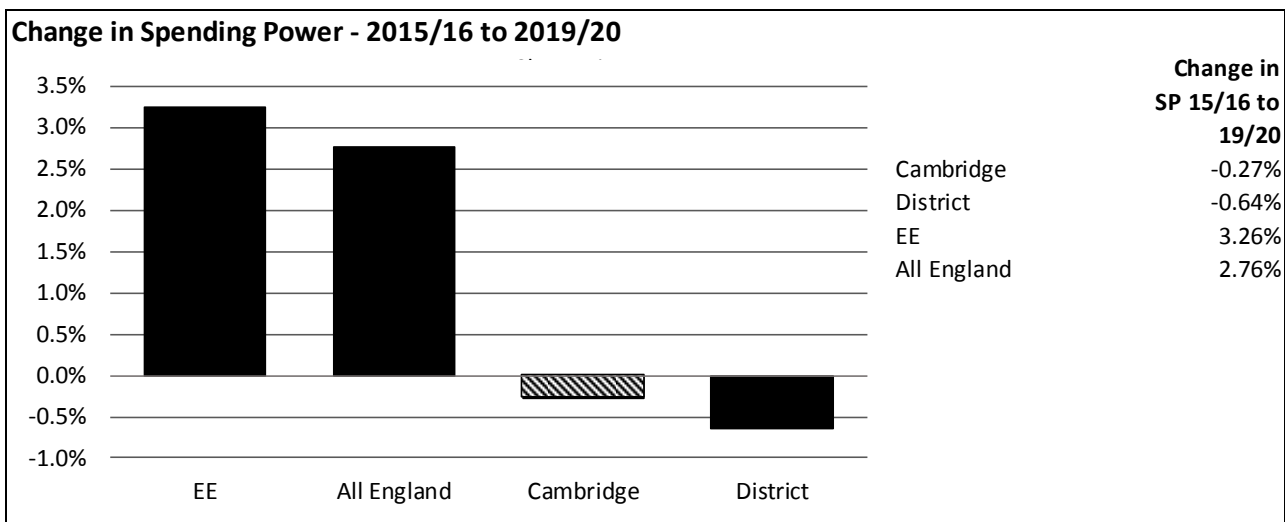
A consultation on the reform of the business rates retention system was also announced alongside the provisional settlement. It seeks views on proposals for sharing risk and reward, managing volatility in income and setting up the reformed business rates retention system.

The reform of the business rates retention system will sit alongside the wider changes to the local government finance system considered in the fair funding review, which the government aims to introduce in 2020.

Core spending power

Element of core spending power (£000)	2018/19 Final	2019/20 Provisional	2019/20 Final	Change 2018/19 to 2019/20 Provisional
Settlement Funding Assessment (SFA):				
- Revenue Support Grant (RSG)	571	-		(100.0%)
- Business rates baseline	4,109	4,203		2.3%
	4,680	4,203		(10.2%)
Compensation for under-indexation of business rate multiplier	94	137		45.7%
New Homes Bonus (NHB) grant ¹ including returned funding	5,596	5,504		(1.6%)
Council tax income ¹	8,243	8,718		5.8%
Core spending power	18,613	18,562		(0.3%)

¹ – Figures based on government projections



EE – East of England

The core spending power measure, based on illustrative amounts for NHB, shows a decline of 0.27% over five years.

There are no material changes in the SFA from that included in MTFS 2018, as this funding has been guaranteed following the government’s acceptance of the council’s efficiency plan.

Future prospects

There is considerable uncertainty relating to the SFA for 2020/21 onwards as this is beyond the spending review announced for 2019, after the possible implementation of 75% business rates retention, and following possible changes to the tier split between upper and lower tier authorities. The outcome of the fair funding review and a probable baseline reset create further uncertainty. All these changes represent a total rebasing of the business rate funding system for local government. The council has modelled the possible trajectory of the SFA but is aware that considerable risk remains around these projections. It is also noted that as RSG has now declined to zero and the business rates tariff adjustment / negative RSG will be subsumed by the fair funding review, the SFA will be equal to the business rates baseline going forwards.

	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
SFA / Business rates baseline	4,203	3,951	3,925	3,897	3,867

Local retention of business rates

The SFA approach enables local authorities to benefit directly from supporting local business growth. The assessment includes a baseline level of business rates receivable (indexed linked from an initial assessment in 2013/14) with the level of rates receivable above that being taken by government as a 'tariff' – which will be used to 'top up' local authorities who would receive less than their funding level. Government intends that this will be fixed until 2020.

In addition, the council can retain 50% of any business rates collected above the assumed baseline level, paying the remainder to central government as a 'levy'. If business rates income falls to less than 92.5% of the baseline, the council receives a 'safety net' payment so that any loss of income below the baseline is capped at 7.5%

One of the challenges faced by all authorities is effectively predicting the level of movement in the business rate tax base. This is dependent on accurately forecasting the timing and incidences of new properties, demolitions and significant refurbishments – together with the consequent effect on valuations. This is further complicated by the need to assess the level of appeals that will be lodged. For example there is currently uncertainty around whether the Valuation Office Agency (VOA) will be permitted to appeal the recent decision that retail ATMs are not rateable. If the VOA can appeal it is likely that this will take a number of years to come to court.

Although there has been growth in the tax base in the city since the scheme started in 2013/14, there have also been significant reductions as a result of the settling of appeals against rateable value (including backdated aspects).

Forecasting the effects and timing of new development and redevelopment on the city's tax base remains difficult. Significant development is continuing, for example on the Cambridge Biomedical campus and in the station area. The council expects some growth in 2019/20 as Royal Papworth Hospital opens and a major new office development at 50/60 Station Road is completed (Spring 2019). However, the timing and speed of these major projects remains subject to change. There are delays to the Astra Zeneca research and head office buildings project which was originally expected to commence occupation in late 2018.

There are also significant uncertainties around the operation of the business rates retention scheme in the next few years. The DCLG began working with local authorities and other interested parties in

2016 on changes to the local government finance system to pave the way for the implementation of 100% business rate retention. Progress on the design of any future scheme was halted by the General Election and it became clear that there was unlikely to be the capacity for government to consider the primary legislation required for 100% retention. However, as part of the settlement announcement in December 2017, the Department of Communities and Local Government (DCLG) gave some indication about the future shape of business rates retention.

The Secretary of State has announced that the local share in the business rates retention scheme (BRRS) will increase from 50% to 75% in 2020/21.

The review is likely to rebalance the distribution of business rates away from district councils towards those authorities with social care responsibilities, for example by changing the tariff and top up payments, or the relative shares of income between the tiers of local government. The government has also indicated that the increase in the retention percentage will mean the transfer of additional responsibilities to local government.

It remains difficult to forecast the appeals position accurately. There was a business rates revaluation at 1 April 2017. Alongside this there was a move to a process of 'Check, Challenge, Appeal' in respect of valuations. Nationally there has been very little activity in respect of businesses appealing their rateable values and this makes the appeals position for the 2017 list particularly challenging.

There are also uncertainties in respect of residual 2010 list appeals. with appeals settled elsewhere in the country having knock-on effects nationally. NHS Foundation Trusts, including those in the city, are also pursuing a claim for award of mandatory charitable relief, backdated a number of years.

Given these uncertainties the BSR takes a cautious approach to forecasting business rates income. The overall position is currently projected to reflect additional net income above the baseline of £800k in each year.

New Homes Bonus

2019/20 represents the final year of funding agreed through the Spending Review 2015. In light of this, it is the Government's intention to explore how to incentivise housing growth. In July 2018 The Ministry of Housing, Communities and Local Government (MHCLG, formerly DCLG) launched a

consultation covering proposals for the local government finance settlement for 2019-20, including proposals for NHB. This consultation ended on 18 September 2018.

The settlement confirms continuation of the existing threshold of 0.4% for the bonus payment. There is no change to the four year period over which the bonus continues to be paid.

The table below includes estimates of future NHB payments based on expected housing completions, four years of payment for bonus awarded in 2019/20 and thereafter and 0.4% deadweight threshold. Any changes in these factors could materially impact these estimates.

NHB is currently used to fund both revenue and capital spending related principally to growth and place. Up to and including 2018/19 40% of NHB has been set aside as a contribution to the GCP investment and delivery fund, with remaining amounts reserved for schemes to mitigate the impacts of the A14 upgrade. The GCP contribution from 2019/20 onwards has been agreed at 30%. However, the council's revenue expenditure takes priority over the contribution to the GCP Investment and Delivery Fund, so that the contribution may be limited to the available funding after revenue expenditure requirements have been met.

The amount of NHB that the Council will receive for 2019/20 was confirmed on 13 December 2018. Therefore it is proposed that uncommitted NHB in 2018/19 and 2019/20 be used to repay internal borrowing, creating a recurring saving by reducing the annual minimum revenue provision (MRP). As the future of NHB is uncertain, no similar proposals for 2020/21 onwards have been put forward at this time.

Description	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
Confirmed NHB funding at February 2018 BSR	(5,595)	(4,009)	(2,648)	(1,487)		
Add						
Confirmed NHB receipts for 2019/20		(1,496)	(1,496)	(1,496)	(1,496)	-
Estimated NHB receipts for 2020/21			(1,133)	(1,133)	(1,133)	(1,133)
Estimated NHB receipts for 2021/22				(1,161)	(1,161)	(1,161)
Estimated NHB receipts for 2022/23					(482)	(482)
Estimated NHB receipts for 2023/24						(494)
Potential New Homes Bonus Total	(5,595)	(5,504)	(5,277)	(5,277)	(4,272)	(3,270)
Commitments against NHB						
Funding for officers supporting growth e.g. within planning	785	785	785	785	785	785
Replacement of Homelessness Prevention Funding subsumed into the SFA	564	564	564	564	564	564
Public Realm Officer - Growth X3782	35	-	-	-	-	-
Direct revenue funding of capital (DRF)	1,075	1,075	1,075	1,075	1,075	1,075
Contribution to GCP	2,238	1,651	1,583	1,583	1,282	981
DRF to reduce internal borrowing NCL4329	116	1,429				
Total commitments against NHB	5,595	5,504	4,007	4,007	3,706	3,405
NHB reserved for A14 mitigation	782	-	-	-	-	-
Cumulative amounts reserved for A14 mitigation (schemes and profile of spend to be determined)	(1,500)	(1,500)	(1,500)	(1,500)	(1,500)	(1,500)
NHB (uncommitted) / overcommitted	-	-	(1,270)	(1,270)	(566)	135

The above summary shows significant levels of reduction in expected NHB receipts in future years, demonstrating the importance of keeping this funding distinct from the core funding required to support ongoing services.

Earmarked and specific funds

In addition to general reserves, the council maintains a number of earmarked and specific funds held to meet major expenditure of a non-recurring nature or where the income has been received for a specific purpose but not yet spent. Details of opening and closing balances, with approved/anticipated use over the budget period are set out in Appendix F.

These funds have been rationalised over the last couple of years, with the aim of retaining only major policy led funds. A number of funds still remain with residual balances and commitments; however these will be closed as soon as the commitments are delivered.

Existing funds

Sharing prosperity fund

The fund has been used to provide resources to fund fixed-term and one-off projects and proposals that support the objectives of the council's Anti-Poverty Strategy, namely:

- Helping people on low incomes to maximise their income and minimise their costs
- Increasing community pride, raising skills and aspirations, and improving access to higher value employment opportunities for people on low incomes
- Improving health outcomes for people on low incomes
- Helping people with high housing costs, increasing numbers of affordable homes, and improving the condition of people's homes
- Supporting groups of people that are more likely to experience poverty and social isolation, including children and young people, older people, women, people with disabilities, and BAME residents

A total of £1,634,406 has been allocated to date to 29 projects for delivery between 2014/15 and 2019/20. Some of the projects supported by the fund to date have included:

- Living Wage campaign officer and associated promotional budget
- Work to promote financial inclusion, including appointing a Financial Inclusion officer, promoting affordable finance options including credit unions, and money management projects in schools

- A programme of apprenticeships in council services
- Outreach advice work for people with mental health issues associated with low income and debt
- Work to address fuel and water poverty, including promotion of water meters, energy efficiency measures and Cambridgeshire County Council's collective energy switching scheme
- Free swimming lessons for children from low income families
- Promotion of healthy eating through cookery skills workshops for low income families
- An exercise referral scheme to support residents in low incomes areas with medical conditions to take physical exercise
- A programme of free holiday lunches at community centres and other venues
- Promoting 'Time Credits' to support volunteering in local communities
- A programme of arts and cultural activity to develop self-awareness, resilience and leadership skills amongst young people from low income families
- Provision of training and other support to promote digital skills and access

It was agreed at the Council's Environment and Community Scrutiny Committee on 28 June 2018 that funding for new anti-poverty projects would be separated into two elements:

- Funding to City Council-led anti-poverty projects. From 2019/20 onwards, funding for such projects will be allocated via the Council's existing budget setting process. Projects for 2019/20 are highlighted in this BSR as 'reducing poverty projects'.
- Funding for voluntary and community sector (VCS) organisations for projects that would help deliver the council's anti-poverty objectives. An additional £100,000 has been allocated to the council's Community Grants budget for 2019/20, and an additional 'reducing poverty' priority has been included in the criteria for the grants. The Executive Councillor for Communities will decide Community Grants allocations at the Environment and Community Scrutiny Committee meeting on 29 January 2019.

Climate change fund

The council's five key objectives in relation to climate change are set out in its Climate Change Strategy for 2016/2021. The first of these objectives is 'reducing emissions from the City Council estate and operations'.

To ensure a strategic approach to this objective, the council has produced two Carbon Management Plans for 2011/12 - 2015/2016 and 2016/17 - 2020/21. We delivered 47 carbon reduction projects

during the period of the first plan, and 9 projects were delivered during the first two years of the current plan (2016/17 and 2017/18). 8 more projects are scheduled for completion during 2018/19.

In 2008 the council established a dedicated Climate Change Fund (CCF) to finance projects that will contribute to the reduction of carbon emissions from the council's estate and operations. The fund supports projects focussing on:

- Energy and fuel efficiency;
- Sustainable transport;
- Waste minimisation; or
- Management of climate change risks.

Activities that can be supported include infrastructure, equipment, feasibility studies and awareness activities to change the behaviour of staff. Project proposals are assessed using a number of key criteria, including:

- Annual reduction in carbon dioxide emissions;
- Cost effectiveness (£ per tonne of CO2 saved);
- Annual financial savings resulting from the project; and
- Payback period on investment.

In addition to reducing the council's carbon emissions, financial savings are achieved as a result of the installation of projects, by reducing the council's energy consumption and therefore energy bills. The financial savings achieved by projects costing over £15,000 and saving more than £1,000 per annum are recouped from the utility budgets of the Council services and sites where the measure was installed.

Between 2008/09 and 2017/18, £1.2m has been allocated to the CCF and 40 projects have been supported by the fund so far, including some of those set out in the Carbon Management Plans. In addition to this, a range of other sources of funding have been used to support carbon reduction projects. Projects funded to date through the CCF have included:

- A solar thermal system to provide hot water at Abbey Pool, pool covers at Parkside and Abbey Pools, and energy efficiency measures at Parkside Pool changing rooms

- LED lighting at Mandela House, the Corn Exchange, the Crematorium, and Grafton West, Grafton East and Grand Arcade car parks
- Upgrading boilers and installing heating controls at a number of community centres, leisure centres and administrative buildings including Mandela House.

During 2018/19 a number of energy efficiency and renewable energy generation technologies are being installed at the Guildhall with funding from the CCF. These measures include:

- Installing low energy LED light fittings and motion sensors.
- Installing a solar photovoltaic (PV) system, replacing existing roofing and installing additional insulation.
- Installing a combined heat and power system (CHP).
- Building automation measures to increase the level of control over the heating systems, including installing a new Building Energy Management System (BEMS);
- Mechanical works to improve the efficiency of the heating and hot water system, and insulation of pipework and valves in plant rooms to reduce heat loss;
- Installing secondary glazing where required.

With funding from the CCF, a number of further solar photovoltaic (PV) systems and lighting upgrades are also planned at pools and leisure centres, the crematorium, office accommodation and sheltered housing schemes for installation by the end of 2018/19.

It is proposed that an additional £100,000 be allocated to the CCF in the Budget Setting Report to support projects identified in the Carbon Management Plan for 2019/20 and beyond. Utilising the County Council's Refit 3 framework, high level assessments will be carried out in 2018/19 by the chosen contractor to assess the feasibility and viability of installing further potential carbon reduction projects at the following sites during 2019/20 and 2020/21:

- Parkside Pool
- Abbey Leisure Complex
- Kings Hedges Pool
- Cherry Hinton Village Centre
- Crematorium
- Corn Exchange
- Grand Arcade Annexe Car Park

The high level assessments will identify more accurate estimates of financial savings, but we would expect any projects that are taken forward to have a payback period of around 10 years.

Greater Cambridge Partnership (GCP) investment and delivery fund

The council has committed to pooling a proportion of gross NHB receipts with its local authority partners to provide funding to enable delivery of GCP objectives which will support and address the impacts of growth. The contribution by individual authorities has now been agreed at 30% of NHB, a reduction from the previously planned 40%. The governance of the fund will be aligned with the governance of the GCP.

Invest for income fund

This fund was set up at BSR 2015 with contributions of £8m over three years. The purpose of the fund is to invest to create income streams to support service delivery in future years. Since inception, work has been undertaken to identify, investigate and evaluate a number of investment proposals. However, no proposals have reached implementation stage, so this BSR proposes to assign this fund to the financing of recently purchased commercial property, saving £200k of MRP costs each year.

Asset replacement funds

These are maintained to fund the periodic replacement of assets. Annual contributions are based on estimated replacement costs, spread over the anticipated life of the assets; these funds are kept for vehicles only.

Office accommodation strategy fund

This fund was set up at BSR 2016 to fund the ongoing programme of office / depot rationalisation. The office accommodation strategy works towards consolidating the council's city centre office accommodation at the Guildhall and Mandela House and developing longer term options for building rationalisation. Land at the depot has been released by relocating operational services to new depot facilities elsewhere in Cambridge and to Waterbeach Shared Waste and Garage sites. A significant amount of cultural change in how and where staff work has been supported through investment in training around smart working and changes in how teams are managed. The programme has also implemented reductions in space per desk and desk to staff ratios, underpinned by investment in smart working technology.

Staff are now occupying refurbished offices in Mandela House, Cowley Road and the Guildhall where office space has been rationalised. Mobile working has been enabled by new ICT hardware and software which is due to be rolled out to all services over the next year. Many staff have embraced the opportunity to use flexible working as a method of reducing both travel costs and time.

A14 mitigation fund

As referred to in the NHB section above, a temporary earmarked fund has been set up to accumulate NHB contributions to meet the requirement for funding of projects to mitigate the impacts in Cambridge of the A14 upgrade. As the work on the upgrade is completed and its impact on the city can be assessed, consideration will be given to how these funds might best be used.

Cambridge Live development fund

Approved at MTFS 2018, this fund was earmarked to support the transformation and ongoing development of Cambridge Live over the next two years, subject to a maximum spend of £500k, with full delegation for management of the fund assigned to the Chief Executive. Further intensive work has been undertaken with Cambridge Live since then, leading to a decision taken under urgency powers, to bring the activities of Cambridge Live back into the council. This BSR proposes that a further £250k of funding is added to the fund to provide resources to enable this transition.

General Fund (GF) development fund

The council will provide loans to Cambridge Investment Partnership (CIP), of which it is a member, to support the development of GF and HRA land. Interest income arising from the development of former council depot on Mill Road, land purchased at Cromwell Road and other CIP developments will be retained in an earmarked reserve reflecting uncertainty in both timings and quantum, and to provide a contingency fund reflecting the potential risks in this scheme and future schemes under development.

Tax base and council tax

Tax base

The tax base is one element in determining both the level of council tax to be set and the amount it is estimated will be collected. This calculation is governed by regulation and the formal setting of the tax base is delegated to the Head of Finance to enable notification to be made to the major precepting authorities during January each year.

The tax base reflects the number of domestic properties in the city expressed as an equivalent number of band D properties, calculated using the relative weightings for each property band. The calculation of the tax base takes account of various discounts (for example a 25% discount for single adult households) exemptions and reliefs. Allowances are also made for the projected growth in the number of dwellings as well as including a deduction assumed for non-collection.

In 2019/20 the council will be permitted to charge a premium of 100% on a property which has been empty for more than 2 years, compared to the current premium of 50%. There will be safeguards for council tax payers – so for example if a property is genuinely on the market the premium will not be payable. The estimate of the council tax base reflects the new premium.

The tax base for 2019/20 has been calculated as 43,685.3 (2018/19 42,988.6) and details of its calculation are given in Appendix A (a) and will form the basis of the final approved level for tax setting and precepting purposes. This reflects a 1.6% increase in the tax base compared with 2018/19.

Collection fund

Operation of the fund

The collection fund is a statutory fund, maintained by billing authorities such as the City Council, into which income from council tax and business rates is recorded and out of which respective amounts set for the year, are paid to the City Council and precepting bodies.

Forecast position at 31 March 2019

The collection fund for council tax is projected to have a surplus at the end of the current year of £55,856. The City Council's share of this projected year end surplus is £6,267 and this will need to be taken into account in setting the council's budget for 2019/20. The position for business rates was described earlier in this section.

Council tax thresholds

Under the Localism Act, local authorities are required to hold a local referendum if they propose to increase council tax above the relevant limit set by the Secretary of State.

The limit is a maximum increase of 3% for a Band D property, with some shire districts, including the City Council, permitted to increase their element of council tax by up to £5, where this is higher than 2.99%. The MTFS assumed an increase of 2.99% for 2019/20 and onwards.

The overall effect of the referendum requirements is such that a local authority would need to have reasonable expectation of public support for a level of council tax increase deemed to be excessive compared to the threshold, if acting in a prudent manner.

Council tax level

Financial projections of the council tax level made for the October 2018 MTFS included the assumption of an increase of 2.99% for 2019/20 and onwards. The BSR incorporates a council tax increase in 2019/20 of just below 3% to £197.50 from £191.75 for band D and proportionately for other bands.

Section 52Z of the Local Government Finance Act 1992 requires the authority to consider whether the relevant basic amount of council tax for the financial year in question is excessive, based on the principles determined by the Secretary of State. As noted above, the threshold set for 2019/20 is that an increase is excessive where it is more than 3% or £5 on the band D charge whichever is higher. Therefore the City council's proposed increase would not be deemed excessive. The table below shows the City council element of council tax for 2018/19 for each property band together with the proposed levels for 2019/20:

Band	City Council tax		Difference £
	2018/19 £	2019/20 £	
A	127.83	131.66	3.83
B	149.14	153.61	4.47
C	170.44	175.55	5.11
D	191.75	197.50	5.75
E	234.36	241.38	7.02
F	276.97	285.27	8.30
G	319.58	329.16	9.58
H	383.50	394.99	11.49

Section 5

General Fund revenue budgets

Revised budget 2018/19

GF revenue budgets for the current year (2018/19) were reviewed as part of the MTFS. It should be noted that the revised budget includes carry forward approvals from 2017/18. No adjustment of 2018/19 revenue budgets is proposed, as budgets are monitored monthly through the review of variances and forecast outturns, and management actions taken to ensure that spending is controlled and income optimised.

Budget proposals

The GF revenue projections for 2019/20 to 2023/24 as presented in the MTFS have been reviewed and changes proposed. Proposals have arisen from policy initiatives, additional income opportunities balanced by additional staffing costs where appropriate, ongoing service transformations, unavoidable increases in costs and savings opportunities. The impact of these proposals is shown below, with the detailed proposals set out in Appendix C (e) and summarised by type of proposal in Appendices C (a) and C (b).

Performance against savings target

For the purposes of this table, it has been assumed that where there are savings still to be found they will be achieved in the year, and will not therefore roll forward to later years. It should be noted that the council has embarked on a long term programme of savings and income generation, which will require an on-going focus on delivery. Work is already in progress to identify more projects to contribute to savings requirements going forward.

The table below shows that the overall effect of the measures recommended in the BSR has resulted in a total level of net savings of £2,440k across the period from 2019/20 to 2023/24.

Savings Targets	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
MTFS 2018 Current Savings Target (new savings each year)	190	630	542	244	482
Previous year savings not achieved / (over achieved)	-	-	-	-	-
Revised savings target	190	630	542	244	482
Unavoidable revenue pressures	598	581	637	697	697
Reduced income	377	542	644	522	522
Bids	545	376	58	145	145
Savings	(1,533)	(1,377)	(1,389)	(1,389)	(1,389)
Increased income	(286)	(266)	(80)	(160)	(160)
Programme	110	220	200	30	30
Net bids and savings	(190)	76	70	(155)	(155)
Revised savings target / savings	-	896	536	19	482
Adjustment to savings to attain target level of reserves at the end of 5 years and smooth savings over the final 4 year period	-	(286)	74	591	128
Savings still to be found	-	610	610	610	610

Review of significant proposals

Pressures:

Anti-poverty proposals

It is proposed that bids are incorporated for:

- Anti-poverty grants and internally delivered projects
- The continuation of a post to promote the Living Wage to local businesses
- Targeted subsidised and free swimming and exercise referral services
- A Fuel and Water Poverty Officer to support low income and vulnerable residents to reduce costs and use these utilities effectively
- A contribution to a Financial Inclusion Officer post, shared with the HRA.

Business Transformation funding

Additional funds are sought to enhance the council's transformation and project management capacity through consolidation of transformation and business analysis capability, the implementation of an enterprise portfolio management system (£30k p.a.) and the establishment of a corporate programme office (2019/20 £110k, 2020/21 £190k, 2021/22 £170k).

Parking Income

Improvements to Park Street Car Park during 2019/2022 will bring about a reduction in income of £870k over the period of this budget with an ongoing reduction of £226k pa from 2022/23. Car parks have experienced a year on year reduction in usage and this declining profile continues, is likely to continue and will become more acute with corresponding revenue pressures.

Recycled waste income

World prices for recycled waste have fallen with China, amongst others, no longer taking recycle products (£100k).

Savings and additional income:

A number of smaller savings have been identified across service budgets. The following, more significant, proposals are also recommended.

Planning Fees

Savings and additional cost recoveries have been identified in respect of the shared planning service which will reduce our share of the cost of the shared service by £174k.

Parking Services Review

The service are undertaking a review which is anticipated to yield ongoing savings of £120k however this is not yet complete and this figure is provisional.

Technical adjustments:

A number of technical adjustments have been identified in respect of the amount of Minimum Revenue Provision provided (£314k), Maternity provision (£75k), Staff Turnover Allowance (£200k), and inflation increases on certain supplies and services budgets (£150k).

Non cash limit items:

In general, non-cash limit items do not impact on savings requirements, they are use of or contributions to reserves. As such, they are only used for one off items, principally of a transformational or policy nature.

Contribution to the CCF

An additional allocation of £100k is proposed to support carbon reduction projects to be delivered in 2019/20.

Contribution to the Cambridge Live development fund

A further allocation of £250k is proposed to provide resources to enable the transition of the activities of Cambridge Live back into the council.

Funding variances

Differences in funding allocations and outturns from previous estimates are actioned as non-cash limit items, for example, differences on the local government finance settlement such as the changes in NHB noted above, changes arising from re estimation of the council tax base and the council's share of the council tax collection fund surplus or deficit. Proposals are shown in Appendix C (c).

Section 6

General Fund: Expenditure and funding 2018/19 to 2023/24

Description / £'000s	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Expenditure						
Net service budgets	21,001	19,316	22,608	23,229	22,388	21,043
Net Bids and Savings (before allocation to other lines)	-	(190)	76	70	(155)	(155)
Capital accounting adjustments	(6,342)	(6,342)	(6,342)	(6,342)	(6,342)	(6,342)
Capital expenditure financed from revenue	3,686	2,966	1,786	1,786	1,786	1,786
Contributions to earmarked funds	4,970	3,646	2,768	2,642	2,248	1,947
Revised net savings requirement	-	-	(610)	(610)	(610)	(610)
Net spending requirement	23,315	19,396	20,286	20,775	19,315	17,669
Funded by:						
Settlement Funding Assessment (SFA)	(4,680)	(4,179)	(3,951)	(3,925)	(3,897)	(3,867)
Locally Retained Business Rates – Growth Element	(800)	(800)	(800)	(800)	(800)	(800)
Other grants from central government	-	-	-	-	-	-
New Homes Bonus (NHB)	(5,595)	(5,504)	(5,277)	(5,277)	(4,272)	(3,271)
Appropriations from earmarked funds	-	-	-	-	-	-
Council Tax	(8,227)	(8,627)	(9,000)	(9,426)	(9,879)	(10,344)
Contributions to / (from) reserves	(4,013)	(286)	(1,258)	(1,347)	(467)	613
Total funding	(23,315)	(19,396)	(20,286)	(20,775)	(19,315)	(17,669)

Section 7

Capital

Introduction

The council's asset portfolio as at 1 April 2018 is shown below.

Category	Value £000	%
Operational assets:		
Council dwellings	628,303	64.7%
Other land and buildings	137,850	14.2%
Vehicles, plant and equipment	8,957	1.0%
Infrastructure assets	4,346	0.4%
Community assets	1,344	0.1%
Total operational assets	780,800	80.4%
Non-operational assets		
Investment properties	175,281	18.1%
Surplus properties	0	0.0%
Assets under construction	14,843	1.5%
Total non-operational assets	190,124	19.6%
Overall total	970,924	100.0%

The portfolio includes council housing, assets for direct service provision such as swimming pools, community centres, car parks, vehicles and equipment, as well as substantial areas of common land. In addition to the assets used for service provision, the council has a portfolio of commercial property. Each asset needs to provide an appropriate return on the investment made by the council and also be fit for the purpose for which it is used.

The council has developed long term accommodation strategy to consider the best use of our administrative buildings. This review is linked to work to determine the most appropriate service

delivery models (e.g. shared services) and working practices (e.g. flexible and/or remote working) for the future.

Capital strategy

In line with guidance, the council has prepared a capital strategy which is presented to the Strategy and Resources Scrutiny Committee and Council alongside the treasury management and investment strategies. The council is also undertaking an asset management review, which will be used to inform the capital strategy going forward.

Capital plan

The council's capital plan shows anticipated expenditure for the next 5 years, where relevant, for each programme or scheme.

Capital proposals

The majority of capital bids address the ongoing renewal, updating and major repairs of the council's buildings and operational assets. As such they support income generation (car parks, commercial property), and the delivery of services (ICT, vehicles, building repairs, etc). All capital proposals are shown in Appendix E (a) and the funding requirements in Appendix E (b). Approvals since the MTFS Oct 2018 are shown in Appendix E (c).

Significant Capital Bids

Vehicle replacements (waste and estates)

The procurement of the council's fleet vehicles, plant and equipment scheduled for replacement in 2019/20, as part of a rolling programme necessary to replace out of life assets that would otherwise significantly increase maintenance costs. This bid is for £0.7m and is funded from the asset replacement reserve.

Mill Road redevelopment

The Mill Road development, first identified in the BSR last year, has progressed with work now taking place on site. Throughout the year plans have developed and estimates have been refined accordingly. This development is being delivered by CIP providing the council with a capital receipt for the land and a projected surplus on the scheme. The capital contribution of £5,760k proposed last year is no longer required and has therefore been deleted from the capital programme.

Capital proposals were also presented for the provision of equity and secured development loans to the CIP to fund the development phase of the scheme. Revised figures are now available, reflecting the latest plans and estimates. Proposals are therefore put forward to revise and rephase these loans.

The council's equity loan to CIP will be matched by the council's partner, with both organisations earning 5% p.a. on these loans. The value of the loan will vary depending on the cash flows of the scheme, but is expected to peak at £4.3m in February 2020.

The scheme will require additional development funding expected to rise to £10.9m at peak requirement. The council will provide this loan in the place of a financial institution. The rate of interest will be determined at the point in time that funding is required by the scheme and with reference to market rates.

Cromwell Road redevelopment

The council purchased a site on Cromwell Road in 2018/19 and is now working with CIP to bring forward plans to develop the site. Capital proposals are presented for equity and secured development loans, based on early estimates. Whilst the council is committed to providing the equity funding through the CIP partnership agreement, the provision of development funding will be considered at the time the funding is required.

At this stage the equity funding requirement is expected to peak at £4.7m in July 2021 and the development funding at £7.1m in March 2021.

Investment in Lion Yard

An investment of £6.0m over 2019/20 and 2020/21 is proposed to support the redevelopment of part of the Lion Yard shopping centre to allow diversification of use, maintain the relevance and vibrancy of the shopping centre and to generate additional income.

Meadows Community Hub and Buchan Street Retail Outlet

This bid, totalling £4,614k over three years, provides for the development of a single community hub at the Meadows and the re-provision of a retail unit at Buchan Street, whilst freeing up land for the development of over 100 council homes. At this stage, funding from the council's cash balances (internal borrowing) has been assumed, with a minimum revenue provision (MRP) of £115k budgeted for from 2022/23. However, the possibility of a contribution from the HRA will be investigated and financing from capital receipts, when available, will be used to reduce internal borrowing and the associated MRP charge.

Modernisation of ICT applications and infrastructure

A number of capital bids are brought forward for consideration:

- Environmental Health ICT replacement system (40k)
- New audio-visual system for the committee rooms and council chamber (£125k)
- Income management system replacement (£47k)
- Secure phone payment solution (£24k)
- Replacement Property Management Software (£100k)
- Council Anywhere, hardware and software to support flexible and mobile working (£150k)

Allocation of existing cycleways funding

Although not a new capital bid, as it uses funding already allocated to cycleways within the capital plan, the final £40k from that budget has been allocated to provide extra secure cycle parking in local centres.

Financing

Capital schemes are funded from a variety of internal and external funding sources. The use of certain funding types is restricted, for example developer and other contributions, grants, and earmarked and specific funds.

Internal:

- Earmarked and specific funds (e.g. asset replacement reserve)
- Capital receipts
- NHB
- Revenue resources
- Internal borrowing

External:

- Developer and other contributions
- Grants, National Lottery etc.
- Prudential borrowing

Where capital expenditure is funded from internal or external borrowing, a minimum revenue provision (MRP) is charged annually in line with the council's MRP policy. In previous years £18.5m was spent on commercial property, funded from internal borrowing. It is proposed to use the Invest for Income Fund (£8m), capital receipts from the sale of residential plots at K1 (£3m) expected in December 2018 and early January 2019, and 2018/19 and 2019/20 unallocated NHB (£116k and £1,429k) to partially fund this expenditure and thereby avoiding annual MRP charges of £314k. Where the funding is available in 2018/19, the equivalent MRP charge in that year can also be avoided.

A further £1.5m of K1 receipts are expected, but timing is uncertain. Therefore these receipts will be used to fund significant projects in delivery at the time, avoiding the need for additional internal borrowing.

The following table shows the latest funding position, updated since MTFS Oct 2018:

Capital funding Available	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
Funding available and unapplied (MTFS Oct 2018)	-	(1,352)	(1,761)	(1,786)	(1,786)	(1,786)
Capital bids requiring funding (Appendix E(b))	-	867	218	48	30	-
Direct revenue funding of capital (DRF) returned to revenue S4345	-	193	-	-	-	-
Net Funding Available	-	(293)	(1,543)	(1,738)	(1,756)	(1,786)

The projections in the remainder of the BSR assume that all of the capital proposals are approved.

The current capital plan, updated for schemes approved since the MTFS 2018 and proposals for new schemes, is shown in detail in Appendix E (d). The tables below summarise the changes since the MTFS Oct 2018, the latest capital plan and shows how it is funded.

Capital plan spending	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
Spend MTFS Oct 2018	30,949	11,562	3,366	61	-	-
Approvals since MTFS Oct 2018 see Appendix E (c)						
Cromwell Road redevelopment (GF share)	17,166	-	-	-	-	-
Section 106 (with funding)	192	77	-	-	-	-
Capital Plan total before new proposals	48,307	11,639	3,366	61	-	-
New proposals see Appendix E (a)	(5,407)	9,502	11,625	1,957	30	-
Total Spend	42,900	21,141	14,991	2,018	30	-

Capital plan spending	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
Programmes	6,076	682	200	30	30	-
Projects	30,782	20,363	13,975	1,927	-	-
Sub total	36,858	21,045	14,175	1,957	30	-
Provisions	6,042	96	816	61	-	-
Total Spend	42,900	21,141	14,991	2,018	30	-

Capital plan funding	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
External support						
Developer Contributions	(2,745)	(77)	0	0	0	0
Other Sources	(495)	(431)	(25)	0	0	0
Total - External Support	(3,240)	(508)	(25)	0	0	0
City Council						
Direct Revenue Financing (DRF) - GF Services	(105)	(5)	0	0	0	0
Direct Revenue Financing (DRF) - Use of Reserves	(3,686)	(2,966)	(1,786)	(1,786)	(1,786)	(1,786)
Earmarked Reserve - Capital Contributions	(27,543)	(655)	0	0	0	0
Earmarked Reserve - Climate Change Fund	(300)	0	0	0	0	0
Earmarked Reserve - Repair & Renewals Fund	(2,156)	(682)	0	0	0	0
Earmarked Reserve - OAS	(473)	0	0	0	0	0
Internal Borrowing - Temporary Use of Balances	(626)	(16,516)	(14,723)	(1,909)	0	0
Usable Capital Receipts	(4,771)	(102)	0	(61)	0	0
Total Funding	(39,660)	(20,926)	(16,509)	(3,756)	(1,786)	(1,786)
Capital Plan	42,900	21,141	14,991	2,018	30	0
Net Funding Available	0	(293)	(1,543)	(1,738)	(1,756)	(1,786)

Section 8

Risks and reserves

Risks and their mitigation

Risks and sensitivities

The council is exposed to a number of risks and uncertainties which could affect its financial position and the deliverability of the proposed budget. These risks include:

- Assumptions and estimates, such as inflation and interest rates, may prove incorrect. These estimates are particularly difficult in light of current uncertainties surrounding the UK's exit from the EU, with or without a deal;
- The economic impact of the United Kingdom leaving the EU may impact some of the council's income streams, such as car parking income, commercial rents and planning fee income;
- Brexit uncertainty, coupled with the global nature of many of the businesses in the city, may reduce or reverse growth in the local economy. Impacts for the council could include reductions in business rates collected and increased demand for council services which support residents on low incomes.
- Unforeseen impacts resulting from a 'no deal' Brexit.
- Increases in council tax and business rates receipts due to local growth assumptions may not meet expectations;
- The actual impact and timing of local growth on the demand for some services may not reflect projections used;
- Funding from central government (NHB and other grants) may fall below projections;
- Business rates appeals, which may be backdated to 2010, may significantly exceed the provision set aside for this purpose;
- The impact of 75% business rates retention, coupled with any additional responsibilities handed down to the council at that time and the outcome of the fair funding review, may create a net pressure on resources;
- Savings plans may not deliver projected savings to expected timescales;

- New legislation or changes to existing legislation may have budgetary impacts;
- Unforeseen capital expenditure, such as major repairs to offices and commercial properties, may be required;
- The implementation of proposals to tackle congestion in Cambridge may adversely impact car parking income and the delivery of services that rely on officers travelling around the city. The council may also become subject to a work place parking levy; and
- The council may not be able to replace time limited funding for commitments to maintain open spaces associated with growth sites, or implement alternative arrangements for their maintenance.

The budget process addresses these risks by applying principles of prudence and sustainability throughout. The sensitivity of the budget to estimates and assumptions has been assessed and is presented in Appendix D.

Equality impact assessment

As a key element of considering the changes proposed in this BSR, an Equality impact assessment has been undertaken covering all of the Budget 2019/20 proposals. This is included in this report at Appendix G. Assessing the potential equality impact of proposed changes to policies, procedures and practices is one of the key ways in which public authorities can show that they have treated everyone fairly and without discrimination.

Section 25 Report

Section 25 (s. 25) of the Local Government Act 2003 requires that the Chief Financial Officer (CFO) reports to the authority, when it is making the statutory calculations required to determine its council tax or precept, on the following:

- The robustness of the estimates made for the purposes of the calculations, and
- The adequacy of the proposed levels of financial reserves.

This includes reporting and taking into account:

- the key assumptions in the proposed budget and to give a view on the robustness of those assumptions;
- the key risk areas in the budget and to assess the adequacy of the council's reserves when reviewing the potential financial impact of these risk areas on the finances of the council; and

- it should be accompanied by a reserves strategy

This report has to be considered and approved by full council as part of the budget approval and council tax setting process.

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:

- MTFS 2018
- The corporate plan and the budget reports to the January cycle of meetings.

This reflects the fact that the requirements of the Act incorporate issues that 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.

This also reflects the work in terms of risk assessment and management that is built into all of the key aspects of the council's work.

The Section 25 report will be included as Section 10 in the second publication of the BSR to be submitted to Strategy and Resources Scrutiny Committee.

General reserves

GF reserves are held as a buffer against crystallising risks, and to deal with timing issues and uneven cash flows. As such, the level of reserves required is dependent on the financial risks facing the council, which will vary over time. The prudent minimum balance (PMB) and target level of GF reserves were reviewed and amended in the MTFS. No further changes are recommended at this time.

GF reserves	£m
October 2018 MTFS / February 2019 BSR – Recommended levels	
- Target level	6.6
- Minimum level	5.5

The projected levels of reserves for the budget setting period, based on the proposals included in this report, and assuming that all net savings requirements are delivered, are as follows:

Description	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
Balance as at 1 April (b/fwd)	(13,380)	(9,367)	(9,081)	(7,823)	(6,476)	(6,009)
Contribution (to) / from reserves per MTFS 2018	4,013	(96)	876	1,099	883	-
Non-Cash Limit items (Appendix C(d))	-	382	96	36	(37)	(106)
Impact of rephasing savings	-	-	286	212	(379)	(507)
Balance as at 31 March (c/fwd)	(9,367)	(9,081)	(7,823)	(6,476)	(6,009)	(6,622)

Section 9

Future strategy and recommendations

Future issues and prospects

The impact of a number of uncertainties and challenges outlined below are likely to become clearer in the early part of 2019/20. The new or developing issues and projects which are not clear at the time of agreeing this BSR include:

- **Fair funding review** – The government are reviewing the distribution of funding across local government, with the aim of simplifying the funding formulae and rebalancing funding and need to spend. The outcome of this review is expected to become clearer in the second half of 2019/20 and to be implemented for 2020/21. It is likely to result in significant funding reductions for the council.
- **Spending review** – A full spending review has been announced for 2019. It will determine the funding envelope for local government, and will set the trajectory for local government funding for the following five years.
- **New Homes Bonus (NHB)** – the future of this funding stream, designed to reward councils for achieving growth and to mitigate the impacts of that growth, is uncertain. It may be rolled into the funding total subject to redistribution through the fair funding review, or it could be revised and reformed in some way
- **75% business rates retention** – it is still unclear how this policy will be implemented, and therefore its impact on the council finances cannot be assessed at this point..
- **Homelessness Reduction Act 2017** – the Act has placed new legal duties on the council to provide help and advice to those who are homeless or at risk of becoming homeless and are

eligible for assistance. Expectations are that the demands on the service will increase as a result of the Act however it is too soon to assess the impact on the service and the costs of delivery.

- **Delivery of planned savings** – the council has delivered significant savings in previous years. As a result, current and future savings are more difficult to deliver and the council is undertaking a complex, cross cutting programme of change, both on its own and with partners to achieve them. Significant ICT and digital projects are underway, which could take time to deliver and embed and therefore to realise savings. These programmes represent a considerable challenge for the organisation.
- **Financial pressures on other partners** - as other agencies come under spending pressure there may be direct impacts on services which are currently funded by them or in partnership with them. The County council is facing significant cuts over coming years and the Cambridgeshire and Peterborough health economy continues to be under stress. Even where there are not direct cuts to city council funding there are likely to be indirect impacts on our community based services.
- **Welfare Reform** – the government's plans to reform the country's system of welfare payments continue to have implications for the Council not least the introduction of Universal Credit, which started in October 2018 in Cambridge. The government has made clear its expectation that staff will not TUPE across to the Department for Work and Pensions (DWP) and so the council will need to transform the service as migration of caseload to DWP takes effect.
- **Changes to housing policy** - the significant impact of changes to government policy in relation to the HRA has required significant housing related savings. They will have a knock on impact on support services funded through the HRA and other housing related services funded by the GF.

Future savings strategy

Our efficiency plan

The council submitted its efficiency plan to government in October 2016 and the Minister for Local Government wrote to the council in November 2016 confirming that this efficiency plan would be rewarded by a multi-year financial settlement. This meant the council could expect at least the minimum stated allocation of business rates and revenue support grant up to 2019/20. In return the council committed to continue its ambitious programme of service transformation.

The programme laid out in the efficiency plan tackled the need to deliver good services with fewer resources through five complementary strands of activity:

- Transforming the way the council delivers services by focusing on what's important to service users and delivering that well, sharing services with neighbouring councils where possible to reduce costs and to create stronger and more resilient teams.
- Reducing the number of council offices and reusing other assets.
- Developing new council businesses and ensuring all services think commercially and explore income generating opportunities.
- Investing money wisely so it does not sit in bank accounts earning very little but works to generate a better return for council tax payers.
- Challenging the council's capital programme to reduce capital commitments and ensuring those schemes that do go ahead are well planned and delivered in a timely way.

Underpinning all of this is a commitment to targeting scarce resources to help people who need help and to meet the needs of most vulnerable.

Delivery of our transformation programme in 2019/20

This budget setting report underlines that the council needs to undergo further transformational change over the next five years to meet its financial challenges alongside the challenges posed by

growth in the city. These themes in our efficiency plan remain relevant for our future savings strategy

The Chief Executive has already brought forward proposals to change the current structure at head of service level in order to create more impetus for the transformation of the organisation. This budget includes proposals to create some additional capacity to support transformation. The budget extends some existing resources for business analysis and process reengineering to underpin efficient workflows which were originally funded for a time limited period. This funding will be used for two new posts to support transformation programme and general programme management. The new Head of Transformation and team is an investment to provide capacity to achieve the savings required over the medium term. They will be focused on delivering a transformation programme which will deliver some of those savings directly and support other heads of services to deliver savings and efficiencies in their own service areas.

Transforming the way the council delivers services by focusing on what's important to service users and delivering that well, sharing services with neighbouring councils where possible to reduce costs and to create stronger and more resilient teams

Our programme of systematic service reviews will continue with the next phase focusing on:

Maximising efficiency benefits from recent and planned ICT investment

We are making a strong investment in new ICT. In the short-to-medium term the key focus will be on maximising the benefits of that investment. This will help us maximise productivity and drive efficiencies across all our services, both in the front office and the back office.

Reviewing how we best engage and respond to our residents

We need to move the council from a position where we have a mixed quality and quantum of digital delivery, to a position in which we are delivering our customer facing services using an effective

digital interface. We will review the way we respond and communicate with our residents with the aim of making transactions and payments as seamless as possible.

Continuing to maximise the potential of sharing services with other councils

We will continue to pursue plans to share services with other councils. In particular we will seek to embed the shared planning service with South Cambridgeshire District Council which was implemented during 2018/19. We will explore whether there is a business case to implement a fully shared finance service. We will also continue to look at the services we already share to identify whether further efficiencies can be generated.

Use of car parks

We will consider both shrinking longer term income projections as new public transport infrastructure comes forward and the long term potential to use these assets differently.

Homelessness

The impact of the Homelessness Reduction Act and ensuring we are targeting grant aid effectively.

Play areas and open spaces

Including long term planning for and the funding of open space and play in new developments after committed sums run out.

Human Resources

Reviewing the council's future needs and models for delivery with a particular focus on improving recruitment and retention.

Reducing the number of council offices and reusing other assets

We will develop and deliver an updated Asset Management strategy designed to make most efficient use of our remaining office buildings to maximise return on our commercial assets.

Developing new council businesses and ensuring all services think commercially and explore income generating opportunities

We will continue to identify further opportunities for more commercial approaches to our services. This will include taking the opportunity to sell services to other agencies, such as those offered by the procurement team.

Conclusions

This report presents a balanced budget for 2019/20 and a continuing strategy to maintain the council on a firm financial footing in the medium term. However, significant financial challenges and uncertainties remain.

The overall budget and medium term financial strategy are not without risk, as they rely on the successful delivery of a challenging programme of transformational projects, some of which rely on collaborative working with partners. They are also dependent on increasing levels of income which could be adversely impacted by local or national economic factors. The council actively manages the level of its reserves to give some protection against these risks.

Increasingly, the financial health of the council and hence its ability to deliver services to local residents and visitors to the city will be under the council's control. The key will be to balance policy driven spending with commercialism, and prudent management with well-considered risk taking for reward.

Section 10

Section 25 Report

Section 25 of the Local Government Act 2003 requires the Council's Section 151 officer to report to the council when it is considering its budget requirement and consequent council tax. The report must deal with the robustness of the estimates made for the purposes of the calculations and the adequacy of the reserves allowed for in the budget proposals.

The rationale is to ensure that the estimates are sufficient to cover regular recurring costs plus any reasonable risks and uncertainties and, in the event of unexpected expenditure, there are adequate reserves to draw on. The calculations relate to the budget for the forthcoming year and the legal requirement may, therefore, be interpreted as reporting only on the 2019/20 estimates and reserves up to 31 March 2020.

Robustness of estimates

The council has well established and robust budget processes. These have been followed when compiling the 2019/20 budget and medium-term projections.

Estimates and assumptions were reviewed during the preparation of the MTFs in October 2018, and confirmed during the development of this BSR. Appendix D reviews these estimates and assumptions and indicates the sensitivity of each in financial terms.

As for the previous budget year, 2018/19, the key driving factor through the process has been the requirement to identify savings to address projected decreases in core funding. The savings requirement in year has been addressed in three principal ways:-

- Ensuring that income is maximised, increasing fees and charges where feasible
- Identifying many small savings and efficiencies across the council
- Using existing resources to repay internal borrowing, reducing the requirement to charge minimum revenue provision (MRP).

The existing transformation programme will be continued, with more resources put into the

programme to ensure delivery. The programme will be extended by identifying systematic service reviews to provide a pipeline of savings for future years.

These actions require substantial change to be delivered within the organisation to demanding timescales and in a controlled way. The transformation programme includes savings resulting from sharing services with other local authorities, and the modernisation and upgrade of administrative buildings and ICT. There are, therefore, significant levels of risk around the estimation of potential income and savings and the timing of their delivery. These risks are mitigated, to a certain extent, by management review and challenge of the proposals, regular budget monitoring and management, and the implementation of improved governance processes for the transformation programme during 2018/19.

The CIP development programme continues, using council land assets to provide housing and to generate income and capital surpluses. Progress is being made, but the scale of developments being undertaken and the partnership approach gives rise to complexity, uncertainties over timing, and increases financial risk to the council. At this stage, neither projected income nor surpluses from the programme have been used to support the delivery of council services or assumed as funding for future developments.

As noted in the BSR, local government funding levels in future years are subject to a number of government reviews and consultations. It is therefore not possible to predict these funding levels with any certainty at this point. The council will keep developments under review and bring forward proposals to address funding reductions at MTFS 2019, or sooner if necessary.

Adequacy of reserves

The requirement for financial reserves is acknowledged in statute. Section 32 of the Local Government Finance Act 1992 requires billing authorities in England and Wales to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement. It is the responsibility of the Section 151 officer to advise local authorities on the level of reserves that they should hold and to ensure that there are clear protocols for their establishment and use. Reserves should not be held without a clear purpose.

The council holds two types of general fund reserves:

- The general fund is a working balance to cushion the impact of uneven cash flows.

The reserve also acts as a contingency that can be used in year if there are unexpected emergencies, unforeseen spending or uncertain developments and pressures where the exact timing and value is not yet known and/or within the council's control. The reserve also provides cover for grant and income risk.

- Earmarked reserves are set aside for specific and designated purposes or to meet known or predicted liabilities, e.g. insurance claims.

Earmarked reserves remain legally part of the general fund, although they are accounted for separately.

A key mitigation for financial risk is the Section 151 officer's estimate of a prudent level of reserves. A risk assessment was undertaken in MTFS 2018 to determine the level of non-earmarked general reserves required by the council. Section 8 of this report recommends no changes to the assessment at this time. In making the recommendation for the level of reserves, the Section 151 officer has followed guidance in the CIPFA LAAP Bulletin 77 – Guidance notes on Local Authorities Reserves and Balances. The risk analysis shows that a prudent minimum level of reserves for 2019/20 will be of the order of £5.5m.

The final table in Section 8 shows that the anticipated level of the general fund reserves will remain above the prudent minimum level for the duration of the medium term planning period.

Financial sustainability

The Chartered Institute of Public Finance and Accountancy (CIPFA) is developing a Financial Sustainability Index for councils, comprising a range of indicators. The index has not yet been finalised, however CIPFA recommends that reference is made to the index in this report. The index confirms that the council is well placed in terms of financial sustainability.

I therefore consider that the estimates for the financial year 2019/20 to be sufficiently robust and the financial reserves up to 31 March 2020 to be adequate.

Caroline Ryba

Head of Finance and Section 151 Officer

Appendix A(a)

Calculation of Council Tax Base 2019/20

	Council Tax Bands									
	A entitled to disabled relief reduction	A	B	C	D	E	F	G	H	Total
Dwellings on the valuation list		4,208	10,396	19,758	9,993	5,729	3,654	3,193	482	57,413
Dwellings treated as exempt		(453)	(456)	(798)	(626)	(425)	(267)	(374)	(167)	(3,566)
Adjustments for disabled relief (i.e. reduced by one band)		(1)	(11)	(42)	(29)	(20)	(11)	(11)	(2)	(127)
	1	11	42	29	20	11	11	2	0	127
Total chargeable dwellings	1	3,765	9,971	18,947	9,358	5,295	3,387	2,810	313	53,847
Number of dwellings included in the totals above:										
Where there is a liability to pay 100% council tax	0	1,989	4,707	13,078	6,832	4,023	2,715	2,374	272	35,990
That are assumed to be subject to a discount or premium	1	1,776	5,264	5,869	2,526	1,272	672	436	41	17,857
Dwelling Equivalents:										
Number of dwelling equivalents after applying discounts and premiums to calculate taxbase	0.8	3,285.0	8,613.8	17,429.3	8,694.0	4,959.8	3,218.0	2,690.0	298.8	49,189.3
Ratio to Band D	5/9	6/9	7/9	8/9	1	11/9	13/9	15/9	18/9	
Band D equivalents	0.4	2,190.0	6,699.6	15,492.7	8,694.0	6,061.9	4,648.2	4,483.3	597.5	48,867.6
Band D equivalent contributions for Government properties										1.0
Allowance for Council Tax Support										(3,884.9)
Tax base after allowance for Council Tax Support										44,983.7
	Add		Estimated net growth in tax base							378.7
	Less		Adjustment for student exemptions							(1,101.6)
	Less		Assumed loss on collection at 1.3%							(575.5)
Total Band D Equivalents – Tax base for Council Tax and Precept Setting Purposes										43,685.3

Appendix A (b)

Council Tax Setting 2019/20

Appendix to follow for Council once precepts have been issued to the Council by Cambridgeshire County Council, the Cambridgeshire Police & Crime Commissioner, Cambridgeshire & Peterborough Fire Authority and the Cambridgeshire & Peterborough Combined Authority in accordance with Section 40 of the Local Government Finance Act 1992.

B Local Poverty Rating Index

A Local Poverty Rating Index to assist in assessing Budget Proposals 2019/20

To assist members in assessing the impacts of budget proposals on low income groups of people in the City a local poverty rating composite index ("the Index") has been developed and has been applied for this year's budget proposals for 2019/20 (as used in last year's process). The impact classifications are shown in the table below:

Impact classification of impact	Assessment
High	The bid is a good fit with the areas of focus in the council's Anti-Poverty Strategy and targets people on low incomes that are experiencing pressing and urgent problems that will affect their ability to meet their basic needs, such as housing, food, warmth and security in the short-term.
Medium	The bid touches on or is outside the areas of focus in the council's Anti-Poverty Strategy but will deliver improvements to people and families living on low incomes in the short to medium-term.
Low	The bid is outside the areas of focus in the council's Anti-Poverty Strategy but will deliver improvements to people and families, including those living on a low income.
None	The level of service to low income people and families will not change.
Negative	The bid is likely to reduce or restrict access to services by people or families living on a low income.

The council's full [Anti-Poverty Strategy](#) shows the objectives and areas of focus for the Cambridge Anti-Poverty Strategy.

Summary of Budget Proposals by type - Pressures & Bids

Appendix C (a)

Bids								
Portfolio	Ref	Item Description	2018/19 £	2019/20 £	2020/21 £	2021/22 £	2022/23 £	Head of Service
Communities	B4155	Allocating funding for Anti Poverty Strategy (APS) projects to the Community Grants pot [Anti-poverty project]	0	0	100,000	0	0	Debbie Kaye
Communities	B4160	Anti-poverty responsive budget [Anti-poverty project]	0	30,000	0	0	0	Andrew Limb
Communities	B4165	Anti-Poverty Strategy and Living Wage campaign [Anti-poverty project]	0	22,000	11,000	0	0	Andrew Limb
Communities	B4182	Subsidised and free swimming and exercise referral services to support Anti-Poverty Strategy work [Anti-poverty project]	0	20,000	20,000	0	0	Debbie Kaye
Communities	B4193	Fuel and Water Poverty Officer [Anti-poverty project]	0	43,000	43,000	0	0	Joel Carre
Environmental Services & City Centre	B4189	Air Quality Officer	0	24,300	24,300	0	0	Joel Carre
Environmental Services & City Centre	B4199	Visit Cambridge & Beyond (VCB) set up loan repayment requirement	0	10,000	10,000	10,000	10,000	Joel Carre
Environmental Services & City Centre	B4219	Volunteer Groups - Continue with Officer support with recycling and cleansing groups in City and South Cambs	0	20,000	20,000	0	0	Trevor Nicoll
Environmental Services & City Centre	B4253	Environmental Health ICT system replacement project	0	38,000	0	0	0	Joel Carre
Finance & Resources	B4158	Recruitment of additional Housing Benefit Assessment (Overpayments) Officer. Linked to Income proposal II4159.	0	37,800	37,800	0	0	Alison Cole
Finance & Resources	B4187	Increase Procurement Team Resources from 2.5FTE to 3 FTE	0	20,000	20,000	20,000	20,000	James Elms
Finance & Resources	B4204	Cyber Security, Vulnerability Assessment and Remediation Solutions - CCC share	0	30,000	28,000	28,000	0	Jonathan James
Finance & Resources	B4224	Gwydir Enterprise Centre improvements and repairs	0	27,000	9,000	0	0	Dave Prinsep
Finance & Resources	B4225	69-71 Lensfield Road - external works and structural repairs	0	90,000	0	0	0	Dave Prinsep
Finance & Resources	B4316	Financial Inclusion Officer (GF share) [Anti-poverty project]	0	14,700	0	0	0	Alison Cole
Finance & Resources	B4324	Meadows Community Hub and Buchan Street Retail Outlet - internal borrowing - cost	0	0	0	0	115,350	Claire Flowers

Summary of Budget Proposals by type - Pressures & Bids

Appendix C (a)

Bids								
Portfolio	Ref	Item Description	2018/19 £	2019/20 £	2020/21 £	2021/22 £	2022/23 £	Head of Service
Housing - General Fund	B4171	Increased specialist consultancy support and advice for the delivery of new build schemes through the H.D.A.	0	53,200	53,200	0	0	Claire Flowers
Streets & Open Spaces	B4198	Streets and Open Spaces - Growth Officer	0	40,000	0	0	0	Joel Carre
Streets & Open Spaces	B4322	Community Clear up	0	25,000	0	0	0	Joel Carre
Bids Total			0	545,000	376,300	58,000	145,350	

Summary of Budget Proposals by type - Pressures & Bids

Appendix C (a)

Programme								
Portfolio	Ref	Item Description	2018/19 £	2019/20 £	2020/21 £	2021/22 £	2022/23 £	Head of Service
Finance & Resources	PROG424	Enterprise Portfolio Management Solution (EPMS)	0	0	30,000	30,000	30,000	Fiona Bryant
Finance & Resources	PROG424	Establishment of Corporate Programme Office	0	110,000	190,000	170,000	0	Fiona Bryant
Programme Total			0	110,000	220,000	200,000	30,000	

Summary of Budget Proposals by type - Pressures & Bids

Appendix C (a)

Reduced Income								
Portfolio	Ref	Item Description	2018/19 £	2019/20 £	2020/21 £	2021/22 £	2022/23 £	Head of Service
Environmental Services & City Centre	RI4179	City Council Garage - Reduction in revenue forecast	0	110,000	0	0	0	James Elms
Finance & Resources	RI4321	Lion Yard investment - internal borrowing - cost	0	0	0	150,000	150,000	Dave Prinsep
Planning Policy & Transport	RI4213	Reduction in income due to review of Shopmobility charges	0	45,000	45,000	45,000	45,000	James Elms
Planning Policy & Transport	RI4214	Park Street Closure implications to budget during closure	0	122,000	397,000	349,000	0	James Elms
Planning Policy & Transport	RI4215	Reduction in car parking income for all parking revenue less Park Street MSCP	0	100,000	100,000	100,000	100,000	James Elms
Planning Policy & Transport	RI4300	Park Street Closure implications to budget after re-opening	0	0	0	0	226,500	James Elms
Reduced Income Total			0	377,000	542,000	644,000	521,500	

Summary of Budget Proposals by type - Pressures & Bids

Appendix C (a)

Unavoidable Revenue Pressure								
Portfolio	Ref	Item Description	2018/19 £	2019/20 £	2020/21 £	2021/22 £	2022/23 £	Head of Service
Environmental Services & City Centre	URP4220	Property Growth Pressure on Refuse Collection Services	0	0	44,000	100,000	160,000	Trevor Nicoll
Environmental Services & City Centre	URP4222	MRF cost – reduction in income and increase costs (with current contract and market) under Amey contract	0	100,000	100,000	100,000	100,000	Trevor Nicoll
Finance & Resources	URP4209	Secure Phone Payment Solution	0	16,000	16,000	16,000	16,000	Jonathan James
Finance & Resources	URP4240	EastNet - Forced Procurement Replacement of Virgin Media CPSN	0	86,600	26,000	26,000	26,000	Fiona Bryant
Finance & Resources	URP4244	Support Services Review (SSR) - GF element	0	145,000	145,000	145,000	145,000	Fiona Bryant
Finance & Resources	URP4278	External interest revised projections (General Fund)	0	250,000	250,000	250,000	250,000	Caroline Ryba
Unavoidable Revenue Pressure Total			0	597,600	581,000	637,000	697,000	
Pressures & Bids Total			0	1,629,600	1,719,300	1,539,000	1,393,850	

Summary of Budget Proposals by type - Savings

Appendix C (b)

Increased Income								
Portfolio	Ref	Item Description	2018/19 £	2019/20 £	2020/21 £	2021/22 £	2022/23 £	Head of Service
Environmental Services & City Centre	II4191	Environmental Health services fees and charges	0	(40,000)	(40,000)	(40,000)	(40,000)	Joel Carre
Environmental Services & City Centre	II4279	Increase income from Trade Waste Service	0	(10,000)	(10,000)	(10,000)	(10,000)	Trevor Nicoll
Finance & Resources	II4159	Increase in repayment of housing benefit overpayments.	0	(133,000)	(133,000)	0	0	Alison Cole
Finance & Resources	II4313	Procurement - income generation	0	(20,000)	0	0	0	James Elms
Finance & Resources	II4320	Lion Yard Investment - additional rental income	0	0	0	0	(80,000)	Dave Prinsep
Housing - General Fund	II4172	Increased fee income from the HRA for the delivery of new build schemes through the H.D.A.	0	(53,200)	(53,200)	0	0	Claire Flowers
Planning Policy & Transport	II4283	3C Building Control Review of Ratio of Non-Fee-Earning to Fee-Earning Elements	0	(30,000)	(30,000)	(30,000)	(30,000)	Heather Jones
Increased Income Total			0	(286,200)	(266,200)	(80,000)	(160,000)	

Summary of Budget Proposals by type - Savings

Appendix C (b)

Savings								
Portfolio	Ref	Item Description	2018/19 £	2019/20 £	2020/21 £	2021/22 £	2022/23 £	Head of Service
Communities	S4286	Reduce level of funding to Neighbourhood Community Partnerships (NCPs) pending a full review	0	(20,000)	(20,000)	(20,000)	(20,000)	Debbie Kaye
Communities	S4293	Reduce leisure management contract budgets (variations and utility variance)	0	(40,000)	(40,000)	(40,000)	(40,000)	Debbie Kaye
Communities	S4294	Reduce sport & recreation maintenance budgets	0	(15,000)	(15,000)	(15,000)	(15,000)	Debbie Kaye
Environmental Services & City Centre	S4166	Sustainable City admin and grants efficiencies	0	(18,000)	(18,000)	(18,000)	(18,000)	Andrew Limb
Finance & Resources	S4168	Savings from bringing website development support into shared service	0	(25,000)	(25,000)	(25,000)	(25,000)	Andrew Limb
Finance & Resources	S4176	Cash limit specific Supplies & Services Budgets	0	(150,000)	(150,000)	(150,000)	(150,000)	Caroline Ryba
Finance & Resources	S4177	Maternity leave costs delegated to service budgets	0	(75,000)	(75,000)	(75,000)	(75,000)	Caroline Ryba
Finance & Resources	S4178	Increase staff turnover allowance baseline by 1% to 4%	0	(200,000)	(200,000)	(200,000)	(200,000)	Caroline Ryba
Finance & Resources	S4205	Income Management Solution Replacement	0	0	0	(12,000)	(12,000)	Jonathan James
Finance & Resources	S4238	Savings from within HR service budget of £12k	0	(12,000)	(12,000)	(12,000)	(12,000)	Deborah Simpson
Finance & Resources	S4239	Delete vacant post of Assistant HR Business Partner	0	(38,000)	(38,000)	(38,000)	(38,000)	Deborah Simpson
Finance & Resources	S4247	Legal Practice	0	(64,500)	(64,500)	(64,500)	(64,500)	Tom Lewis
Finance & Resources	S4299	Invest for Income Fund used to repay internal borrowing - saving	0	(200,000)	(200,000)	(200,000)	(200,000)	Caroline Ryba
Finance & Resources	S4317	Unallocated NHB used to repay internal borrowing - saving	0	(38,600)	(38,600)	(38,600)	(38,600)	Caroline Ryba
Finance & Resources	S4318	Capital Receipt (K1) used to repay internal borrowing - saving	0	(75,000)	(75,000)	(75,000)	(75,000)	Caroline Ryba
Finance & Resources	S4345	Reduction in revenue funding (DRF) allocated to capital in 2019/20	0	(193,000)	0	0	0	Caroline Ryba
Housing - General Fund	S4169	Deletion of 18.5 hours of the Grants Officer	0	(22,100)	(22,100)	(22,100)	(22,100)	David Greening
Housing - General Fund	S4173	Reduction in Choice Based Lettings IT costs	0	(3,000)	(3,000)	(3,000)	(3,000)	David Greening
Housing - General Fund	S4174	Deletion of 7 hours of the Housing Strategy Manager post	0	(11,000)	(11,000)	(11,000)	(11,000)	David Greening
Housing - General Fund	S4175	Deletion of the Temporary Accommodation Coordinator post	0	(23,800)	(23,800)	(23,800)	(23,800)	David Greening

Summary of Budget Proposals by type - Savings

Appendix C (b)

Savings								
Portfolio	Ref	Item Description	2018/19 £	2019/20 £	2020/21 £	2021/22 £	2022/23 £	Head of Service
Planning Policy & Transport	S4167	Pruning unallocated budgets in Urban Growth cost centre	0	(4,000)	(4,000)	(4,000)	(4,000)	Andrew Limb
Planning Policy & Transport	S4216	Parking Services Administration Saving	0	(5,000)	(5,000)	(5,000)	(5,000)	James Elms
Planning Policy & Transport	S4217	Saving against Parking Maintenance	0	(13,000)	0	0	0	James Elms
Planning Policy & Transport	S4218	Parking Service review	0	(80,000)	(120,000)	(120,000)	(120,000)	James Elms
Planning Policy & Transport	S4262	Deletion of subscription to the Local Enterprise Partnership (LEP)	0	(16,720)	(16,720)	(16,720)	(16,720)	Stephen Kelly
Planning Policy & Transport	S4301	Planning Service - new and revised service delivery	0	(32,500)	(42,500)	(42,500)	(42,500)	Stephen Kelly
Planning Policy & Transport	S4302	Planning Service - Service change	0	(40,000)	(40,000)	(40,000)	(40,000)	Stephen Kelly
Planning Policy & Transport	S4303	Planning Service - more effective cost recovery process	0	(85,000)	(85,000)	(85,000)	(85,000)	Stephen Kelly
Strategy & External Partnerships	S4162	Democratic services-miscellaneous savings	0	(2,000)	(2,000)	(2,000)	(2,000)	Andrew Limb
Strategy & External Partnerships	S4163	Corporate policy efficiencies and administrative savings	0	(31,000)	(31,000)	(31,000)	(31,000)	Andrew Limb
Savings Total			0	(1,533,220)	(1,377,220)	(1,389,220)	(1,389,220)	

Savings Total			0	(1,819,420)	(1,643,420)	(1,469,220)	(1,549,220)	
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Summary of Budget Proposals by type - Non-Cash Limit

Appendix C (d)

Non-Cash Limit Items								
Portfolio	Ref	Item Description	2018/19 £	2019/20 £	2020/21 £	2021/22 £	2022/23 £	Head of Service
Environmental Services & City Centre	NCL4161	Additional allocation to the Climate Change Earmarked Fund	0	100,000	0	0	0	Andrew Limb
Finance & Resources	NCL4325	Additional contribution to Cambridge Live Development Plan Earmarked Reserve to include transition funding	0	250,000	0	0	0	Debbie Kaye
Non-Committee Items	NCL4326	New Homes Bonus (NHB) change to income projections	0	(389,000)	(390,000)	(390,000)	(390,000)	Caroline Ryba
Non-Committee Items	NCL4327	Contribution to Greater Cambridge Partnership (formerly City Deal) from New Homes Bonus (NHB)	0	(395,000)	(372,000)	(372,000)	(176,000)	Caroline Ryba
Non-Committee Items	NCL4328	New Homes Bonus (NHB) – unallocated	(116,000)	(645,000)	762,000	762,000	566,000	Caroline Ryba
Non-Committee Items	NCL4329	Unallocated NHB used to repay internal borrowing (DRF)	116,000	1,429,000	0	0	0	Caroline Ryba
Non-Committee Items	NCL4330	Council Tax Base adjustment	0	32,000	96,000	36,000	(37,000)	Caroline Ryba
Strategy & External Partnerships	NCL4335	Mill Road depot redevelopment - Equity Loan to CIP - interest receivable - revised	(25,000)	(78,000)	(51,000)	168,000	0	Caroline Ryba
Strategy & External Partnerships	NCL4336	Mill Road depot redevelopment - Development Loan to CIP - interest receivable - revised	9,000	147,000	17,000	(18,000)	0	Caroline Ryba
Strategy & External Partnerships	NCL4337	Mill Road depot redevelopment - Equity Loan to CIP - Contribution to GF development earmarked reserve - revised	25,000	78,000	51,000	(168,000)	0	Caroline Ryba
Strategy & External Partnerships	NCL4338	Mill Road depot redevelopment - Development Loan to CIP - Contribution to GF development earmarked reserve - revised	(9,000)	(147,000)	(17,000)	18,000	0	Caroline Ryba
Strategy & External Partnerships	NCL4339	Cromwell Road development - Equity Loan to CIP - interest receivable	(9,000)	(56,000)	(124,000)	(139,000)	(35,000)	Caroline Ryba
Strategy & External Partnerships	NCL4340	Cromwell Road development - Equity Loan to CIP - Contribution to GF development earmarked reserve	9,000	56,000	124,000	139,000	35,000	Caroline Ryba
Strategy & External Partnerships	NCL4341	Cromwell Road development - Development Loan to CIP - interest receivable	0	(12,000)	(160,000)	(108,000)	0	Caroline Ryba

Summary of Budget Proposals by type - Non-Cash Limit

Appendix C (d)

Non-Cash Limit Items								
Portfolio	Ref	Item Description	2018/19 £	2019/20 £	2020/21 £	2021/22 £	2022/23 £	Head of Service
Strategy & External Partnerships	NCL4342	Cromwell Road development - Development Loan to CIP - Contribution to GF development earmarked reserve	0	12,000	160,000	108,000	0	Caroline Ryba
Non-Cash Limit Items Total			0	382,000	96,000	36,000	(37,000)	

2019/20 Budget - GF proposals - by Portfolio

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Reference	Item Description	2018/19 Budget £	2019/20 Budget £	2020/21 Budget £	2021/22 Budget £	2022/23 Budget £	Contact	Climate Effect & Poverty Ratings
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Communities

Bids

B4155	Allocating funding for Anti Poverty Strategy (APS) projects to the Community Grants pot [Anti-poverty project]	0	0	100,000	0	0	Jackie Hanson	Nil
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The Council seeks to establish a grant fund open to applications from all voluntary and community sector (VCS) organisations for projects that would help deliver the Council's anti-poverty objectives. Funding for anti-poverty projects delivered by VCS organisations would be incorporated into the Council's Community Grants and an additional funding priority of 'reducing poverty' would be added. Projects funded under the 'reducing poverty' priority of the community grants would primarily be revenue projects. This approach is consistent with the existing criteria for the Community Grants. The bid is therefore for an additional annual budgetary allocation of £100k to the Community Grants. The funds for 2019/20 (£100k) have already been authorised by the Council in July 2018. High

B4160	Anti-poverty responsive budget [Anti-poverty project]	0	30,000	0	0	0	David Kidston	Nil
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As agreed at Environment and Community Scrutiny Committee on 28 June 2018, all proposals for new projects that support the delivery of the Council's Anti-Poverty Strategy from 2019/20 onwards will be submitted as individual budget proposals. This bid is for a separate responsive budget, which will be used to fund additional anti-poverty projects in response to any immediate needs or emergency issues affecting residents on low incomes in the city that emerge during the course of 2019/20. High

B4165	Anti-Poverty Strategy and Living Wage campaign [Anti-poverty project]	0	22,000	11,000	0	0	David Kidston	Nil
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This bid would fund the continuation of a 0.5 FTE post to: continue the Council's promotion of the Living Wage to businesses in Cambridge; ensure that all Council contracts continue to Living-wage compliant on an ongoing basis; and work with local businesses to identify ways in which they might use their skills, capacity and resources to support achievement of shared objectives around tackling poverty and disadvantage in Cambridge. High

B4182	Subsidised and free swimming and exercise referral services to support Anti-Poverty Strategy work [Anti-poverty project]	0	20,000	20,000	0	0	Ian Ross	Nil
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The bid is for a continuation of subsidised and free swimming and exercise referral services to support delivery of the Anti-Poverty Strategy. The swimming initiatives bid (£10k) include free swimming for Sure Start centre users, women-only BAME sessions and targeted work with schools where achievement of KS2 swimming is challenging. The exercise referral scheme bid (also £10k) is to continue to offer free exercise on prescription services to those patients referred from Arbury Road, East Barnwell and Nuffield Road surgeries. High

2019/20 Budget - GF proposals - by Portfolio

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Reference	Item Description	2018/19 Budget £	2019/20 Budget £	2020/21 Budget £	2021/22 Budget £	2022/23 Budget £	Contact	Climate Effect & Poverty Ratings
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Communities

B4193	Fuel and Water Poverty Officer [Anti-poverty project]	0	43,000	43,000	0	0	Justin Smith	+M
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The Fuel and Water Poverty Officer supports low income and vulnerable residents to reduce heating and water costs, and to heat their property effectively. Outcomes include a reduction in fuel poverty and improving health and wellbeing. These outcomes contribute to anti-poverty, housing, and climate change strategy objectives. We have had success in reducing fuel poverty in previous years, however latest Government figures show fuel poverty in Cambridge has increased to 5,632 (11.5%) of residents. Without this Officer there would be limited support to take residents out of fuel poverty.

High

Total Bids in Communities

0	115,000	174,000	0	0
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Capital Bids

C4156	CHUB - community extension to Cherry Hinton Library	0	767,000	0	0	0	Allison Conder	-L
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There is an identified need for additional community provision to offset development in and around Cherry Hinton. Local preference is for an extension of the existing community hub in the library. An initial phase would cost £484.5k, with funding from Royal British Legion (£250k) of which £200k would require the city council to agree a reducing liability underwriting proposal; generic/specific S106 (£200k); County Council (£28k); Cherry Hinton Residents Association (£1.5k); City Council Community Services (£5k). It would be more cost effective and less disruptive to the community if both phases were constructed at the same time. The additional cost of a combined scheme is £282.5k (total £767k). Before final approval is given for delivery of the combined scheme, further fundraising will be sought to achieve this based around current efforts by Cherry Hinton Residents Association to win funding from trusts.

Medium

Total Capital Bids in Communities

0	767,000	0	0	0
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Savings

S4286	Reduce level of funding to Neighbourhood Community Partnerships (NCPs) pending a full review	0	(20,000)	(20,000)	(20,000)	(20,000)	Sally Roden	Nil
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Community services are in the process of reviewing the future funding and allocation of resources to NCP projects to align them with the review of community provision outcomes and also the mainstream grants process. This work will take place over the next 12 months. Previously the Council has stated an aim to reducing NCPs reliance on Council funding. This proposed £20k reduction (from £86k to £66k) would still leave a substantial sum to be allocated to projects during the review period. This affects the Abbey People group and the North Cambridge Community Partnership (formed after a merger of Arbury and Kings Hedges groups). The community review seeks to ensure resources are directed to areas and communities in greatest need in the city.

None

2019/20 Budget - GF proposals - by Portfolio

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Reference	Item Description	2018/19 Budget £	2019/20 Budget £	2020/21 Budget £	2021/22 Budget £	2022/23 Budget £	Contact	Climate Effect & Poverty Ratings
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Communities

S4293	Reduce leisure management contract budgets (variations and utility variance)	0	(40,000)	(40,000)	(40,000)	(40,000)	Ian Ross	Nil
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Remove budgets for contract variation and utility variance adjustment from leisure management budget. None
This is not always 100% spent.

S4294	Reduce sport & recreation maintenance budgets	0	(15,000)	(15,000)	(15,000)	(15,000)	Ian Ross	Nil
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The sport, leisure and recreation budgets have a total of £90k allocated for general maintenance. This is not
always 100% spent. The proposal is to reduce it by £15k.

Total Savings in Communities

0	(75,000)	(75,000)	(75,000)	(75,000)
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Total Communities

0	807,000	99,000	(75,000)	(75,000)
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2019/20 Budget - GF proposals - by Portfolio

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Reference	Item Description	2018/19 Budget £	2019/20 Budget £	2020/21 Budget £	2021/22 Budget £	2022/23 Budget £	Contact	Climate Effect & Poverty Ratings
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Environmental Services & City Centre

Bids

B4189	Air Quality Officer	0	24,300	24,300	0	0	Jo Dicks	+L
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Create a permanent resource (0.5 FTE) to enable the Council to respond to the ongoing air quality technical needs associated with the planning and development of the strategic growth sites and associated infrastructure. The post was initially funded for two years (2017-2019) to ensure the Council had sufficient capacity to respond to the high planning case load (c1500 consultations per annum) and to support strategic air quality initiatives, such as the Air Quality Action Plan; and Clean Air Zone. There is an ongoing need for the post. Without this additional resource, the Council will have insufficient capacity to respond to planning consultations and support strategic air quality initiatives, both of which have legal implications.

None

B4199	Visit Cambridge & Beyond (VCB) set up loan repayment requirement	0	10,000	10,000	10,000	10,000	Joel Carre	Nil
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To remove the requirement for VCB to pay back the set-up loan (£90K), which forms part of the Business Transfer Agreement, when the independent, not-for-profit organisation was established by the Council in 2016. The agreement commits VCB to offset the loan's repayment against the VCB Strategic Partner Membership fee (£10k pa) which the Council is expected to pay to VCB from April 2019. Holding VCB to the payback agreement will make it extremely difficult for the organisation to move into surplus and create a long-term viable operating model to support the ongoing management of the c8M visitors which the city now attracts. VCB's proposal means that the Council would forego the offset leaving payment of the annual Strategic Partnership Member fee of £10k pa from 2019/20. The full cost of forgoing the £90k loan would need to be met in 2018/19.

None

B4219	Volunteer Groups - Continue with Officer support with recycling and cleansing groups in City and South Cambs	0	20,000	20,000	0	0	Suzanne Hemingway	+L
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The service has over 150 volunteers that work to improve their local environment and reduce waste. The volunteers support the service by helping out at local events; distributing leaflets to local residents; acting as a focal point in the community for recycling issues; talking to groups about recycling; displaying posters on local notice boards; undertaking sweeping and community events. This grade 3 post will also support with composting advice to offset the changes to the garden waste service. The officer will continue to support residents to reduce contamination in dry recycling thus reducing increases in contract costs.

Medium

The bid is to continue to fund officer that is already in place.

The cost is to be split between City and South Camb 50/50 - i.e. £20k each council.

B4253	Environmental Health ICT system replacement project	0	38,000	0	0	0	Joel Carre	+L
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2019/20 Budget - GF proposals - by Portfolio

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Reference	Item Description	2018/19 Budget £	2019/20 Budget £	2020/21 Budget £	2021/22 Budget £	2022/23 Budget £	Contact	Climate Effect & Poverty Ratings
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Environmental Services & City Centre

The City Council Environmental Health IT system contract expires in June 2019. SCDC are procuring a system at present on behalf of the three councils. CCC is named as a partner and can be called off of the contract once funding is available. This is a one off revenue to £38K Y1 (2019/20), Y2 onwards covered from current revenue budget (£30k). Y1 budget assumption is based on having to cover licence and support costs for both current and procured new systems, until the latter is built, tried and tested and rolled out; and current one can be 'switched off'. [Linked to C4252] None

Total Bids in Environmental Services & City Centre

0	92,300	54,300	10,000	10,000
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Capital Bids

C4180	Vehicle fleet replacements 2019/20	0	682,000	0	0	0	David Cox	+L
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The project is the procurement of the Council's fleet vehicles, plant and equipment scheduled for replacement in 2019/20, as part of a rolling programme necessary to replace out of life assets that would otherwise significantly increase maintenance costs. Funded from Repairs & Renewals Provisions. None

C4181	Mobile column vehicle lifts for workshop	0	24,400	0	0	0	David Cox	-L
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The HGV area of the workshop has three vehicle lifts and one hard standing area. This hard standing area is only used 20% of the time. By procuring a set of lifts we could fully utilise this area increasing efficiency and income. Capturing the 80% at an hourly rate of £44.60 per hour possible Return On Investment of £111K per annum assuming a 25% uplift return would be £27K in the first year. None

C4252	Environmental Health ICT replacement system project	0	40,000	0	0	0	Joel Carre	+L
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The City Council Environmental Health IT system contract expires in June 2019. SCDC are procuring a system at present on behalf of the three councils. CCC is named as a partner and can be called off of the contract once funding is available. This is a one off capital bid to purchase a new EH system following a detailed specification. [Linked to B4253] None

Total Capital Bids in Environmental Services & City Centre

0	746,400	0	0	0
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Increased Income

II4191	Environmental Health services fees and charges	0	(40,000)	(40,000)	(40,000)	(40,000)	Yvonne O'Donnell	Nil
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Introduction of fees and charges for following Environmental Health services: training for businesses; immigration and mentoring visits; primary authority partnerships; and pre-application advice and condition discharge for planning. None

II4279	Increase income from Trade Waste Service	0	(10,000)	(10,000)	(10,000)	(10,000)	Suzanne Hemmingsway	Nil
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2019/20 Budget - GF proposals - by Portfolio

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Reference	Item Description	2018/19 Budget £	2019/20 Budget £	2020/21 Budget £	2021/22 Budget £	2022/23 Budget £	Contact	Climate Effect & Poverty Ratings
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Environmental Services & City Centre

The trade waste service has delivered additional profit to both councils for a number of years. If trade waste continues to follow its correct business plan it is estimated that the service will be able to deliver an additional £20k profit (£10k per Council).

The service is currently working with a team of MBA students from the Cambridge University Judge Business School on a project to fully review the trade waste market in the area and develop a business marketing direction.

Total Increased Income in Environmental Services & City Centre

0	(50,000)	(50,000)	(50,000)	(50,000)
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Non-Cash Limit Items

NCL4161	Additional allocation to the Climate Change Earmarked Fund	0	100,000	0	0	0	David Kidston	+H
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An additional allocation to the Council's Climate Change Fund to support carbon and energy reduction projects to be delivered in 2019/20 at Council buildings. Specific projects will be identified following further assessments scheduled to be carried out at the following sites: Parkside Pool, Abbey Leisure Complex, Kings Hedges Pool, Cherry Hinton Village Centre, Crematorium and Corn Exchange. Subject to further investigation, potential projects will include heating, lighting and ventilation improvements.

Projects delivered through the Re-Fit Energy Performance Contract bring guaranteed financial savings to the Council. Services benefiting from these projects have their budgets adjusted accordingly.

Total Non-Cash Limit Items in Environmental Services & City Centre

0	100,000	0	0	0
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Reduced Income

RI4179	City Council Garage - Reduction in revenue forecast	0	110,000	0	0	0	David Cox	Nil
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As vehicles are replaced the maintenance requirement is reduced; an indicative example is refuse trucks 1st year costs £5k vs. 5th year costs £15k. This means that on an annual basis, as vehicles age or are replaced with new that budget expectations will need to be reviewed. A more developed forecasting model, informed by the fleet performance over the past 18 months that has greater rigour and accuracy has been used for this year's forecast. The lack of forecasting data has led to key clients underperforming against expectations for FY16/17, FY17/18 and current year.

Total Reduced Income in Environmental Services & City Centre

0	110,000	0	0	0
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Savings

S4166	Sustainable City admin and grants efficiencies	0	(18,000)	(18,000)	(18,000)	(18,000)	David Kidston	Nil
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Savings from underspends on the Council's Sustainable City budget, including underspends on conferences and events, and on historic grants no longer required for local sustainability partnerships (Travel for Cambridgeshire and the Biodiversity Partnership)

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Environmental Services & City Centre

Total Savings in Environmental Services & City Centre

0	(18,000)	(18,000)	(18,000)	(18,000)
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Unavoidable Revenue Pressure

URP4220	Property Growth Pressure on Refuse Collection Services	0	0	44,000	100,000	160,000	Suzanne Hemingway	-H
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Property growth has a direct impact on the total cost of collection, for every 3000 households built, the service requires an additional vehicle and 3 staff. The revenue cost for vehicle and staff is £155k per year. None

This calculation is for CCC part of the service. The growth figures come from Greater Cambridge Housing Trajectory which shows greater growth in SCDC (67% of growth) than the City (33% of growth).

The increase in costs in 2019/20 of around £35k have been averted by finding efficiency savings within the service.

URP4222	MRF cost – reduction in income and increase costs (with current contract and market) under Amey contract	0	100,000	100,000	100,000	100,000	Suzanne Hemingway	Nil
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The pressure is due to changes in the world commodity market which has led to a fall in the secondary material value and an increase in the quality requirements of material for recycling. In the last year we have seen a fall in the income of our recyclate in the region £5/6k per month. In addition to this, we have also lost £12/£13k per month due to reduced recycling rate income, penalties and loss of income due to the increased monitoring for contamination. More resident education will support with reducing/maintaining contamination costs, however we have no control over material value. None

The cost is to be split between City and South Camb 50/50 - i.e. £100k per council.

Total Unavoidable Revenue Pressure in Environmental Services & City Centre

0	100,000	144,000	200,000	260,000
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Total Environmental Services & City Centre

0	1,080,700	130,300	142,000	202,000
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Finance & Resources

Bids

B4158	Recruitment of additional Housing Benefit Assessment (Overpayments) Officer. Linked to Income proposal I4159.	0	37,800	37,800	0	0	Naomi Armstrong	Nil
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Proposal to recruit an additional Housing Benefit (Overpayments) Officer is linked to an initiative between DWP, HMRC and Cabinet Office to data match outstanding Housing Benefit debtor information with employment and self-employment information held. DWP estimate that additional income for 2 years is likely to be in the region of £133,000 per year. We participated in a small pilot earlier in the year and were able to recover debts where we had been unsuccessful in getting a response from previous contact with debtor. [Linked to I4159]

B4187	Increase Procurement Team Resources from 2.5FTE to 3 FTE	0	20,000	20,000	20,000	20,000	Heidi Parker	Nil
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The proposal is to increase a 1/2 band post to a full time post at a lower band so as to enable the current level of support around procurement compliance to continue, to ensure all future complex procurements will also be managed in house thus saving the council any additional costs and enable procurement to contribute to be a proactive means by which to support other council objectives. (for the past 12 months there has been 3 FTEs in procurement with the funding gap having been met by a bid to the transformation board - without it all the additional support would not have been and will not be available going forward) [Linked to I4313]

B4204	Cyber Security, Vulnerability Assessment and Remediation Solutions - CCC share	0	30,000	28,000	28,000	0	Jonathan James	Nil
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3Cs are required to prevent unauthorised, malicious, or fraudulent data access to the three partners. Each partner is also required to complete an annual IT health check to connect to the Public Sector Network (PSN). 3CS are recommending implementation of a Security Information & Event Management solution that will identify and alert in real time suspicious activity so any potential breaches can be immediately investigated and prevented. 3CS are also recommending a Cyber Security Vulnerability Assessment and Remediation solution to allow 3CS to perform their own regular in advance security assessments so that PSN compliance can be achieved and more easily retained. This bid is the city council's share of the total costs.

B4224	Gwydir Enterprise Centre improvements and repairs	0	27,000	9,000	0	0	Andrew Muggerridge	+L
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Finance & Resources

This was intended as a capital bid in accordance with long term financial planning proposals made earlier in the year for works to Commercial Property. Various works have been identified at Gwydir Enterprise Centre via the planned maintenance programme and surveys carried out by QMP in late 2015. The works identified for the year 2019/20 are as follows together with costings: Low

Repairs to boundary wall: £2,800, New external lighting: £12,000, Hardstanding repairs: £7,500, Lining to car park: £2,000, Contingency @ 10%: £2,430 - Total £26,730

These repairs are items related to addressing health and safety matters and improving energy efficiency. This will not generate additional income but will maintain existing (current income c£125,000 p.a.)

B4225	69-71 Lensfield Road - external works and structural repairs	0	90,000	0	0	0	Andrew Muggeridge	Nil
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This was intended as a capital bid in accordance with long term financial planning proposals made earlier in the year for works to Commercial Property. Various works have been identified at 69-71 Lensfield Road via the planned maintenance programme and surveys carried out by QMP in 2015. The works identified for the year 2019/20 are as follows together with costings: Low

Scaffolding: £16,500, External Decorations: £28,000, New Rain Water Goods: £2,500, Repointing to Walls & Chimney £2,500, Roof repairs: £1,500, Structural repairs: £30,000, Contingency @ 10%: £9,100 - Total £90,100

These are part building maintenance and part health and safety issues due to structural problems with part of the building preventing occupation of those parts. The structural repairs are necessary to keep the building safe and may enable occupation of more of the building generating an additional income.

B4316	Financial Inclusion Officer (GF share) [Anti-poverty project]	0	14,700	0	0	0	Naomi Armstrong	?
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This existing post (previously funded through sharing prosperity fund) provides support and hands-on assistance in helping people affected by welfare reforms to maximise their income, reduce their costs and explore options for improving their lives going forward. The client group tends to be those on lowest incomes, the most vulnerable claimants and families with complex needs and often chaotic lifestyles. High
This is the GF share (35%).

B4324	Meadows Community Hub and Buchan Street Retail Outlet - internal borrowing - cost	0	0	0	0	115,350	Jim Pollard	+M
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Construction of new Community Hub at Meadows and a Retail outlet at Buchan Street. This forms part of a scheme that will provide 106 Council rent dwellings funded through devolution grant and the HRA capital programme. The funding required from the GF may be reduced by a contribution from the HRA CP subject to Secretary of State approval. The retail unit at Buchan Street will generate a return. Requires an annual minimum revenue provision (MRP) of £115,350.[Linked to C4323] High

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Finance & Resources

Capital Bids

C4186	New audio-visual system to Committee rooms 1 & 2, as well as new audio system in the Council Chamber.	0	125,000	0	0	0	Andrew Muggeridge	-L
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The current audio-visual system in the Committee Rooms and Council Chamber has come to the end of its usable life. Continual breakdowns, connectivity problems as well as interference/crackling. All of this is hindering the ability to hold meetings. This project is to replace the existing audio-visual system in both Committee Rooms; this will include a new hearing system with a new up to date conference system to meet current and future needs and expectations. At the same time the audio system in the Council Chamber is going to be replaced to the same standard, the visual being done at a later date.

None

C4203	Improvements to Customer Service Centre	0	91,000	0	0	0	Clarissa Norman	Nil
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Improvements to Customer Service Centre to include new cash machine, scanners, lighting, CCTV and a panoramic camera to improve staff safety in the front of house area.

None

C4206	Income Management Solution Replacement	0	47,000	0	0	0	Clarissa Norman	+L
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All 3C partners currently use Capita for their income management and payment solutions. This scheme is to replace the whole income solution with a more cost effective product that enables the councils to improve customer service.

None

All 3C partners are looking to replace the current service provider for the following reasons:

- Capita are not offering their current products in line with technology trends such as mobile friendly web pages
- Capita team response to issues is slow and inefficient
- Project costs are unreasonable and project managers fail to resolve issues across projects. The level of service does not justify the high fees charged. [Linked to S4205]

C4208	Secure Phone Payment Solution	0	24,000	0	0	0	Clarissa Norman	+L
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Cambridge City Council, SCDC and HDC are all currently not compliant with the Payment Card Industry Data Security Standard (PCI DSS). All are working together with 3C ICT to support becoming compliant with PCI DSS.

None

Customers can currently call both the Call Centre and back office services to make payments. These payments are processed by an agent using the Capita Paye.net system for all three councils. This system complies from a data entry perspective but the telephone connection is a risk as the user currently reads out their sensitive card/ personal details. Calls should not be recorded or stored if they include sensitive card data but there is a risk calls on our network could be compromised and the data stolen. [URP4209]

C4210	Replacement Property Management Software Project	0	100,000	0	0	0	Philip Doggett	Nil
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Finance & Resources

Funding to procure and implement a replacement property management software system. The current property management system holds property ownership and management information and is an essential tool for overall management of the Council's property portfolio. It has not been upgraded or replaced for over 20 years. It is unable to operate on the Windows 10 platform or through "Council Anywhere" and is now unsupported and the supplier (Northgate) is not investing in the product or upgrading. The current software previously failed Government compliance requirements. The quality of decision making on property matters is crucially dependent on the quality and accuracy of property data and the ability to manipulate this. A comprehensive, easy to use, web-enabled system will facilitate this.

C4251	Council Anywhere	0	114,600	18,000	18,000	0	Fiona Bryant	+L
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The primary objective of the Council Anywhere project is to move to an effective, standardised and supportable ICT desktop setup, allowing 3C ICT to take on best of breed solutions and removing long standing issues. The technology is being utilised to help support the Office Accommodation Strategy and support the transformation agenda at Cambridge City. This bid is to cover the devices identified from a recent audit of staff and equipment to ensure all can benefit from the advantages of flexible working.

This includes providing Planning staff (based at SCDC working on CCC applications) with ICT hardware which will allow them to work more collaboratively and flexibly and support the creation of future savings as a result of services becoming significantly more efficient and productive through the use of technology the £54k cost being spread £18k over each of 3 years.

C4319	Lion Yard investment - capital spend	0	4,200,000	1,800,000	0	0	Dave Prinsep	?
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Investment in redevelopment of part of Lion Yard Shopping Centre to create new and diversified uses and income streams, improve access to and facilities in the Centre and generate additional income. [Linked to proposals I14320, R14321]

C4323	Meadows Community Hub and Buchan Street Retail Outlet	0	554,000	2,168,000	1,892,000	0	Jim Pollard	+M
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Construction of new Community Hub at Meadows and a Retail outlet at Buchan Street. This forms part of a scheme that will provide 106 Council rent dwellings funded through devolution grant and the HRA capital programme. The funding required from the GF may be reduced by a contribution from the HRA CP subject to Secretary of State approval. The retail unit at Buchan Street will generate a return. [Linked to B4324]

Total Capital Bids in Finance & Resources	0	5,255,600	3,986,000	1,910,000	0			
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Increased Income

I14159	Increase in repayment of housing benefit overpayments.	0	(133,000)	(133,000)	0	0	Naomi Armstrong	Nil
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Finance & Resources

Projected increase in repayments of housing benefit overpayments from claimants that are no longer claiming benefit (and who now have the means to make the repayments), who either gave the Council wrong information or could have known that they were being overpaid, or who didn't report a change in their circumstances. This would be achieved by making use of a new DWP matching service with HMRC, providing the opportunity to significantly increase income for the Council, but this will only be realised if we invest in additional resource to gain maximum impact from the data. (This proposal refers to 2019/20 and 2020/21 only as the introduction of Universal Credit will significantly reduce the amount of housing benefit being created). [Linked to B4158].

II4313	Procurement - income generation	0	(20,000)	0	0	0	Heidi Parker	Nil
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This budget bid is for first year income generation only and will be reviewed annually. [Linked to B4187, Increase Procurement Team 2.5 to 3 FTE]

II4320	Lion Yard Investment - additional rental income	0	0	0	0	(80,000)	Dave Prinsep	?
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Investment in redevelopment of part of Lion Yard Shopping Centre to create new and diversified uses and income streams, improve access to and facilities in the Centre and generate additional income. Return calculated at 5%, income stream commences after completion. The full year's income from 2023/24 will be £300k per year. [Linked to proposals C4319, R14321]

Total Increased Income in Finance & Resources

0	(153,000)	(133,000)	0	(80,000)
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Non-Cash Limit Items

NCL4325	Additional contribution to Cambridge Live Development Plan Earmarked Reserve to include transition funding	0	250,000	0	0	0	Jane Wilson	Nil
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The Council has been working with Cambridge Live to review the organisation's business, and this work has now concluded. Both parties have agreed that the contracted services run by Cambridge Live should return back to the direct control of the Council. The decision is made in the best interests of the beneficiaries of these services, i.e. local people and to ensure a successful and financially sustainable future for all cultural activity covered by the contract. It is proposed that additional funding of £250k is made available in 2019/20 to be utilised for the transition.

Total Non-Cash Limit Items in Finance & Resources

0	250,000	0	0	0
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Programme

PROG4242	Enterprise Portfolio Management Solution (EPMS)	0	0	30,000	30,000	30,000	Paul Boucher	Nil
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Finance & Resources

The Council will be implementing an Enterprise Portfolio Management System (EPMS) from early 2019 which will support the Corporate Programme Office and all services in delivering and managing our complex range of projects and programmes. The procurement has involved our partner Council's and it is expected that they will adopt the solution which will make cross council complex projects easier to manage in the future. Existing provision in the transformation fund covers the one off implementation costs and user licence costs in 2019/20 as a carry forward. On-going revenue funding is required from 2020/21 to cover user licence costs and this bid is linked to the Establishment of the Corporate Programme and Transformation Office budget proposal.

PROG4243	Establishment of Corporate Programme Office	0	110,000	190,000	170,000	0	Paul Boucher	Nil
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This will enhance the council's transformation and project management capacity to lead and support and delivery of service reviews and major complex projects. This is an investment to save as the team will provide support to ensure we deliver the savings required for future years and to keep major projects on track.

Total Programme in Finance & Resources	0	110,000	220,000	200,000	30,000			
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Reduced Income

RI4321	Lion Yard investment - internal borrowing - cost	0	0	0	150,000	150,000	Dave Prinsep	?
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Investment in redevelopment of part of Lion Yard Shopping Centre to create new and diversified uses and income streams, improve access to and facilities in the Centre and generate additional income. Requires an annual minimum revenue provision (MRP) of £150k.[Linked to proposals C4319, I14320]

Total Reduced Income in Finance & Resources	0	0	0	150,000	150,000			
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Savings

S4168	Savings from bringing website development support into shared service	0	(25,000)	(25,000)	(25,000)	(25,000)	Ashley Perry	Nil
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3C ICT took over responsibility from an external supplier for supporting, hosting, maintaining and developing the council's website in 2018. This shared service arrangement presents efficiencies compared to an external contract, so the full budget is no longer required in this cost centre.

S4176	Cash limit specific Supplies & Services Budgets	0	(150,000)	(150,000)	(150,000)	(150,000)	John Harvey	Nil
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Cash limit specific Supplies & Services Budgets - GF element

S4177	Maternity leave costs delegated to service budgets	0	(75,000)	(75,000)	(75,000)	(75,000)	John Harvey	Nil
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Finance & Resources

It is proposed to remove the central provision so that where cover is needed to maintain service delivery all costs of maternity leave will be met directly by services in 2019/20 and in future years. This will ensure that these costs are correctly attributed to services, and that this funding is released to support service delivery. There will be no impact on the rights of those on maternity leave, who will continue to be entitled to payment in line with Council Maternity Policy. None

S4178	Increase staff turnover allowance baseline by 1% to 4%	0	(200,000)	(200,000)	(200,000)	(200,000)	John Harvey	Nil
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Increase staff turnover allowance baseline by 1% to 4% GF element in line with experience. None

S4205	Income Management Solution Replacement	0	0	0	(12,000)	(12,000)	Clarissa Norman	+L
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All 3C partners currently use Capita for their income management and payment solutions. This scheme is to replace the whole income solution with a more cost effective product that enables the councils to improve customer service. None

All 3C partners are looking to replace the current service provider for the following reasons:

- Capita are not offering their current products in line with technology trends such as mobile friendly web pages
- Capita team response to issues is slow and inefficient
- Project costs are unreasonable and project managers fail to resolve issues across projects. The level of service does not justify the high fees charged. [Linked to C4206]

S4238	Savings from within HR service budget of £12k	0	(12,000)	(12,000)	(12,000)	(12,000)	Deborah Simpson	Nil
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Savings across various codes within the HR budget totalling £12k. None

S4239	Delete vacant post of Assistant HR Business Partner	0	(38,000)	(38,000)	(38,000)	(38,000)	Deborah Simpson	Nil
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Delete vacant post of Assistant HRBP with effect from April 2019. None

S4247	Legal Practice	0	(64,500)	(64,500)	(64,500)	(64,500)	Tom Lewis	Nil
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By reflecting on the positive growth in income and limited expenditures on training, travel etc. it is possible to identify a 10% saving for next year. The saving for the City Council would be £64,564 which would also see savings for South Cambs and Hunts equating to a combined figure £119,100. None

S4299	Invest for Income Fund used to repay internal borrowing - saving	0	(200,000)	(200,000)	(200,000)	(200,000)	Caroline Ryba	Nil
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Allocate the £8m Invest for Income Fund to repay internal borrowing used to fund commercial property purchases, thereby reducing the annual minimum revenue provision (MRP) by £200K. None

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Finance & Resources

S4317	Unallocated NHB used to repay internal borrowing - saving	0	(38,600)	(38,600)	(38,600)	(38,600)	Caroline Ryba	?
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Allocate the unallocated portion of New Homes Bonus (NHB) to repay internal borrowing used to fund None commercial property purchases, thereby reducing the annual minimum revenue provision (MRP) by £38,600. [Linked to NCL4326, NCL4327, NCL4328 and NCL4329].

S4318	Capital Receipt (K1) used to repay internal borrowing - saving	0	(75,000)	(75,000)	(75,000)	(75,000)	Caroline Ryba	?
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Allocate capital receipts expected on completed plot sales at K1 in December 2018 and January 2019 to None repay internal borrowing used to fund commercial property purchases, thereby reducing the annual minimum revenue provision (MRP) by £75k.

S4345	Reduction in revenue funding (DRF) allocated to capital in 2019/20	0	(193,000)	0	0	0	Caroline Ryba	Nil
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Reduction in revenue funding (DRF) allocated to capital in 2019/20, reflecting the expected availability of None capital receipts to meet capital financing requirements

Total Savings in Finance & Resources	0	(1,071,100)	(878,100)	(890,100)	(890,100)			
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Unavoidable Revenue Pressure

URP4209	Secure Phone Payment Solution	0	16,000	16,000	16,000	16,000	Clarissa Norman	+L
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Cambridge City Council, SCDC and HDC are all currently not compliant with the Payment Card Industry Data Security Standard (PCI DSS). All are working together with 3C ICT to support becoming compliant with PCI DSS.

Customers can currently call both the Call Centre and back office services to make payments. These payments are processed by an agent using the Capita Paye.net system for all three councils. This system complies from a data entry perspective but the telephone connection is a risk as the user currently reads out their sensitive card/ personal details. Calls should not be recorded or stored if they include sensitive card data but there is a risk calls on our network could be compromised and the data stolen. [Linked to C4208]

URP4240	EastNet - Forced Procurement Replacement of Virgin Media CPSN	0	86,600	26,000	26,000	26,000	Fiona Bryant	Nil
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Finance & Resources

Replacement of CPSN Wide Area network currently supplied by Virgin Media and due to expire end of 2019 with new EastNet Wide Area Network to be supplied by MLL Telecom, awarded as a result of procurement run by Cambridgeshire County Council. While most costs are now understood, the split between partners may not be known for some time, and will be depend on which partners join. Novation of Virgin Media Circuits may not be known until early 2019. ICT suggest that the migration will take an FTE. The revenue increases are on top of the existing CPSN budgeted costs: Exit Costs = £21,000 (year 1) - 3% of expected £700k tot

Staff Backfill = £40,000 (year 1) - CCC contribution to 1 FTE (effort related to significant number of discrete sites compared to other partners)

Amortised Setup and annual running costs = £26,000 (7 years) - Access Circuit Migration and Core costs

URP4244	Support Services Review (SSR) - GF element	0	145,000	145,000	145,000	145,000	Paul Boucher	Nil
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In setting the 2015 budget, £800K was built in as the savings target to be delivered over 4 years to reduce our support and central costs. At that stage we were at the early stages of developing and implementing alternative share service delivery models and the realisation of the full savings was uncertain. £600K savings have been achieved through support service reviews of ICT, Finance and Business Support and from procurement activity leaving £200k allocated £145k to GF and £55k to HRA. There is very little scope for further centralisation or consolidation of CCC support services, in view of the shared services that have been implemented.

URP4278	External interest revised projections (General Fund)	0	250,000	250,000	250,000	250,000	Charity Main	Nil
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Revising the income from external interest that are attributable to the General Fund based upon projected balances held.

Total Unavoidable Revenue Pressure in Finance & Resources	0	497,600	437,000	437,000	437,000
Total Finance & Resources	0	5,108,600	3,726,700	1,854,900	(217,750)

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Housing - General Fund

Bids

B4171	Increased specialist consultancy support and advice for the delivery of new build schemes through the H.D.A.	0	53,200	53,200	0	0	Claire Flowers	Nil
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To deliver the increased number of new homes that are anticipated to be on site or in earlier stages of progress from 2019/20, additional resource is requested to allow the use of specialist consultants and legal advisors where required. These costs are expected to be full recovered through the fee income generated by the H.D.A from the HRA Capital Programme. [Linked to I4172] None

Total Bids in Housing - General Fund

0	53,200	53,200	0	0
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Increased Income

I4172	Increased fee income from the HRA for the delivery of new build schemes through the H.D.A.	0	(53,200)	(53,200)	0	0	Claire Flowers	Nil
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The fee income earned by the Housing Development Team is expected to be greater in 2019/20 and 2020/21 due to the increased delivery of new homes as part of the 500 Programme. The increased fee income will allow the budget set for the team for the next two years to include funding for the specialist advice and consultancy that is expected to be required to facilitate this. [Linked to B4171] None

Total Increased Income in Housing - General Fund

0	(53,200)	(53,200)	0	0
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Savings

S4169	Deletion of 18.5 hours of the Grants Officer	0	(22,100)	(22,100)	(22,100)	(22,100)	Helen Reed	Nil
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This saving proposes the deletion of 18.5 hours of the full time Grants Officer post dealing with the approval of Disabled Facilities Grants and Private Sector Grants and Loans. This would reduce the current post to half time for Cambridge City Council. There will be no negative impact of this saving on the ability to consider and approve grant applications made. None

S4173	Reduction in Choice Based Lettings IT costs	0	(3,000)	(3,000)	(3,000)	(3,000)	David Greening	Nil
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Based upon expenditure in 2017/18, it is proposed to reduce budgets for the IT costs for the Choice Based Lettings System as costs have proved to be lower than as budgeted. Negative

S4174	Deletion of 7 hours of the Housing Strategy Manager post	0	(11,000)	(11,000)	(11,000)	(11,000)	Helen Reed	Nil
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Housing - General Fund

This saving proposes the deletion of 7 hours of the full time Housing Strategy Manager post, as the current post holder works 30 hours per week. This would mean that any additional ad-hoc housing research would need to be funded from elsewhere if it was required.

S4175	Deletion of the Temporary Accommodation Coordinator post	0	(23,800)	(23,800)	(23,800)	(23,800)	David Greening	Nil
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This saving proposes the deletion of the Temporary Accommodation Coordinator post within the Housing Advice. Following reorganisation of the Housing Service, there is now a reduced need for a post that liaises between two services that now operate as a single service and less need for a specialist in commercial temporary accommodation as this is now dealt with within the restructured Temporary Accommodation Team.

Total Savings in Housing - General Fund

0	(59,900)	(59,900)	(59,900)	(59,900)
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Total Housing - General Fund

0	(59,900)	(59,900)	(59,900)	(59,900)
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Non-Committee Items

Non-Cash Limit Items

NCL4326	New Homes Bonus (NHB) change to income projections	0	(389,000)	(390,000)	(390,000)	(390,000)	Caroline Ryba	Nil
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New Homes Bonus (NHB) income projections have been revised following the notification from the Ministry for Housing, Communities and Local Government (MHCLG) December 2018 and recalculated based on Annual Monitoring Report (AMR) housing projections. [Linked to NCL4327, NCL4328, NCL4329 and S4317].

NCL4327	Contribution to Greater Cambridge Partnership (formerly City Deal) from New Homes Bonus (NHB)	0	(395,000)	(372,000)	(372,000)	(176,000)	Caroline Ryba	Nil
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New Homes Bonus (NHB) to support the Greater Cambridge Partnership (formerly City Deal) programme, which is based on a contribution of 40% in 2018/19 and revised to 30% for all other years, has also been revised following notification from the Ministry for Housing, Communities and Local Government (MHCLG) December 2018 and recalculation based on Annual Monitoring Report (AMR) housing projections. [Linked to NCL4326, NCL4328, NCL4329 and S4317].

NCL4328	New Homes Bonus (NHB) – unallocated	(116,000)	(645,000)	762,000	762,000	566,000	Caroline Ryba	Nil
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Net unallocated New Homes Bonus (NHB) has been revised following the notification from the Ministry for Housing, Communities and Local Government (MHCLG), revised allocations for Greater Cambridge Partnership (formerly City Deal) infrastructure investment and any further funding allocations. [Linked to NCL4326, NCL4327, NCL4329 and S4317].

NCL4329	Unallocated NHB used to repay internal borrowing (DRF)	116,000	1,429,000	0	0	0	Caroline Ryba	Nil
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Allocate the unallocated portion of New Homes Bonus (NHB) in 2018/19 and 2019/20 to repay internal borrowing used to fund commercial property purchases, thereby reducing the annual minimum revenue provision (MRP) by £38,600. [Linked to NCL4326, NCL4327, NCL4328 and S4317].

NCL4330	Council Tax Base adjustment	0	32,000	96,000	36,000	(37,000)	Charity Main	Nil
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The projected Council Tax Base has been recalculated using the recent housing statistics which shows a slower rise than previously anticipated, resulting in a reduction in the income from Council Tax.

Total Non-Cash Limit Items in Non-Committee Items	0	32,000	96,000	36,000	(37,000)			
Total Non-Committee Items	0	32,000	96,000	36,000	(37,000)			

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Planning Policy & Transport

Capital Bids

C4194	Local Highway Improvement (LHI) programme	0	0	30,000	30,000	30,000	Alistair Wilson	Nil
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To extend the current jointly funded City/ County Council LHI programme for a further four year period, 2019-23. The LHI programme is managed and primarily delivered by the County Council with the aim of tackling persistent highway problems through projects, which make an improvement, have local benefit and add value. There is an expectation that LHI project applicants make a financial contribution to the programme, typically 10%. In Cambridge, the City Council's annual £30K allocation provides the necessary match funding, where the applications are from, or have the support of, Ward Councillors. Contributions to individual projects are approved by the Executive Councillor for Planning and Transport in accordance with the priorities established, and funding available. None

C4211	Replacement of Pay and Display machines	0	18,000	0	0	0	Sean Cleary	Nil
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The purchase of solar powered, card only, pay and display machines at Adam and Eve, Castle Hill, Riverside and Gwydir Street surface car parks as existing machines need upgrading. None

C4212	Replacement of 2 Car parking Centralised Servers at the Grand Arcade Multi-Storey Car Park	0	20,000	0	0	0	Sean Cleary	Nil
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Replacement of 2 Car parking Centralised Servers at the Grand Arcade Multi-Storey Car Park as existing servers need upgrading. None

[Funded from residual Local Authority Parking Enforcement (LAPE) earmarked reserve]

Total Capital Bids in Planning Policy & Transport

0	38,000	30,000	30,000	30,000
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Increased Income

II4283	3C Building Control Review of Ratio of Non-Fee-Earning to Fee-Earning Elements	0	(30,000)	(30,000)	(30,000)	(30,000)	Heather Jones	Nil
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Review of the ratio of non-fee-earning to fee-earning element of Building Control, this is reliant on the Negative approval to increase the fees and charges and that the current level of income increases. None

Total Increased Income in Planning Policy & Transport

0	(30,000)	(30,000)	(30,000)	(30,000)
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Reduced Income

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Planning Policy & Transport

RI4213	Reduction in income due to review of Shopmobility charges	0	45,000	45,000	45,000	45,000	Sean Cleary	Nil
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The Council has concluded on the base of detailed monthly usage data that, even after the Shop Mobility charges reduction in September, charging is not an effective route to matching the funding gap following withdrawal of the County Council £45k per year grant contribution. A free service will therefore recommence from April 2019. High

RI4214	Park Street Closure implications to budget during closure	0	122,000	397,000	349,000	0	Sean Cleary	Nil
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Park Street car park will be fully closed for redevelopment from Jan 2020 - December 2021 . This bid covers the sum of the anticipated reduction in income and any savings in operating costs during closure. None

[Linked to RI4300]

RI4215	Reduction in car parking income for all parking revenue less Park Street MSCP	0	100,000	100,000	100,000	100,000	Sean Cleary	Nil
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The strategy of charging a parking charge premium on cars using the car parks at peak times has successfully reduced usage at those times and contributed to reducing congestion and air pollution. The effect on car park income is recognised by this reduction in expected income. None

RI4300	Park Street Closure implications to budget after re-opening	0	0	0	0	226,500	Sean Cleary	Nil
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Park Street car park will be fully closed for redevelopment from Jan 2020 - December 2021 . This bid covers the sum of the anticipated reduction in income and any savings in operating costs after re-opening. None

Total Reduced Income in Planning Policy & Transport

0	267,000	542,000	494,000	371,500
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Savings

S4167	Pruning unallocated budgets in Urban Growth cost centre	0	(4,000)	(4,000)	(4,000)	(4,000)	Tim Wetherfield	Nil
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The Urban Growth cost centre (1709) has previously been allocated a £1,660 annual budget for agency staff, which is not needed and can be given up for 2019/20 onwards. Similarly, the £2340 conference expenses annual budget could be trimmed to £500 per year from 2019/20 onwards without impacting on the service. None

S4216	Parking Services Administration Saving	0	(5,000)	(5,000)	(5,000)	(5,000)	Sean Cleary	Nil
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Planning Policy & Transport

Saving from advertising cost line. No negative impact to service delivery anticipated

None

S4217	Saving against Parking Maintenance	0	(13,000)	0	0	0	Sean Cleary	Nil
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Saving against annual car parking maintenance for FY 19/20. This savings is only for FY19/20 and will be reviewed annually to establish if further savings or bids are required in future years

None

S4218	Parking Service review	0	(80,000)	(120,000)	(120,000)	(120,000)	Sean Cleary	Nil
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Review of Parking services running costs estimated at £120k saving year on year.

None

S4262	Deletion of subscription to the Local Enterprise Partnership (LEP)	0	(16,720)	(16,720)	(16,720)	(16,720)	Sara Saunders	Nil
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The activities of The Greater Cambridge Greater Peterborough Local Enterprise Partnership (GCGP LEP) has now become The Business Board of the Cambridgeshire and Peterborough Combined Authority. There will be no separate subscription for the services previously undertaken by GCGP LEP

None

S4301	Planning Service - new and revised service delivery	0	(32,500)	(42,500)	(42,500)	(42,500)	Sharon Brown	Nil
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Revisions to the services we provide, or the way in which they are provided to users. This includes changes to the way in which we review, consult, make decisions (scheme of delegation) or the explicit service that we offer – building upon recognised expertise nationally for place making. The income/reduced costs highlighted are estimates based upon an assessment of market conditions/demand but also depend upon our ability to account for and “harness” reductions in costs of postage/printing and redeploy staff from existing tasks (e.g. Committee meetings). In the case of changes to consultation, an estimate for investment in year 1 (of £10K) is included in the potential saving.

None

S4302	Planning Service - Service change	0	(40,000)	(40,000)	(40,000)	(40,000)	Sharon Brown	Nil
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These proposals seek to change the service provided to users in the City. The changes would end "free" conservation advice and bring householder pre-app services in line with SCDC, but retain free advice on access issues and the duty officer service at the Customer Service Centre. We would seek to address work towards improving self service advice this through new web-based information/advice using a more active feedback loop to provide written/online advice to help mitigate the impacts on users.

None

S4303	Planning Service - more effective cost recovery process	0	(85,000)	(85,000)	(85,000)	(85,000)	Sharon Brown	Nil
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Planning Policy & Transport

Improvements to accounting processes and tighter discipline around work recharging. This includes more accurate time/cost recorded using "full cost" recovery as a matter of principle. The effect of this upon some partners will be to increase their costs and will require officer support/engagement across the service, training around a new process and support from finance/FMS to include prompt invoicing and improved accounting (and member recognition). None

Total Savings in Planning Policy & Transport

0	(276,220)	(313,220)	(313,220)	(313,220)
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Total Planning Policy & Transport

0	(1,220)	228,780	180,780	58,280
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Strategy & External Partnerships

Capital Bids

C4332	Mill Road depot development - capital contribution - remove	(5,760,000)	0	0	0	0	Caroline Ryba	Nil
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Remove the capital contribution of £5,760k provided in the BSR February 2018 proposed to support the redevelopment of the council's Mill Road depot, principally for affordable and market housing. This development will be delivered by CIP providing the council with a capital receipt for the land and a projected surplus on the scheme. [Funded by temporary borrowing] [Linked to C4333, C4334, NCL4335, NCL4336, NCL4337, NCL4338] None

C4333	Mill Road depot redevelopment - Equity Loan to CIP - rephase	(709,000)	1,774,000	(2,500,000)	0	0	Caroline Ryba	Nil
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Rephase provision made in BSR February 2018 - As a partner in CIP, the Council will provide a loan, matched by its partner in the CIP, Hill Investment Partnership, to enable the development of the Mill Road depot site to provide affordable and market housing. The interest rate will be 5% per annum. [Funded by temporary borrowing] [Linked to C4332, C4334, NCL4335, NCL4336, NCL4337, NCL4338] None

C4334	Mill Road depot redevelopment - Development Loan to CIP - rephase	(51,000)	(1,253,000)	1,412,000	0	0	Caroline Ryba	Nil
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Rephase provision made in BSR February 2018. As a partner in CIP, the Council will provide a loan, matched by its partner in the CIP, Hill Investment Partnership, to enable the development of the Mill Road depot site to provide affordable and market housing. The interest rate will be 5% per annum. [Funded by temporary borrowing] [Linked to C4332, C4333, NCL4335, NCL4336, NCL4337, NCL4338] None

C4343	Cromwell Road redevelopment - Equity Loan to CIP	1,113,000	850,000	2,708,000	17,000	0	Caroline Ryba	Nil
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As a partner in CIP, the Council will provide a loan, matched by its partner in the CIP, Hill Investment Partnership, to enable the development of the Cromwell Road site to provide affordable and market housing. The interest rate will be 5% per annum. [Funded by temporary borrowing] [Linked to C4344, NCL4339, NCL4340, NCL4341, NCL4342] None

C4344	Cromwell Road redevelopment - Development Loan to CIP	0	1,324,000	5,819,000	0	0	Caroline Ryba	Nil
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As a partner in CIP, the Council will provide a loan, matched by its partner in the CIP, Hill Investment Partnership, to enable the development of the Cromwell Road site to provide affordable and market housing. The interest rate will be 5% per annum. [Funded by temporary borrowing] [Linked to C4343, NCL4339, NCL4340, NCL4341, NCL4342] None

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Strategy & External Partnerships

Total Capital Bids in Strategy & External Partnerships

(5,407,000)	2,695,000	7,439,000	17,000	0
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Non-Cash Limit Items

NCL4335	Mill Road depot redevelopment - Equity Loan to CIP - interest receivable - revised	(25,000)	(78,000)	(51,000)	168,000	0	Caroline Ryba	Nil
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Interest receivable in relation to CIP equity loan in excess of budgeted investment returns - revised based on None updated loan profile. [Linked to C4332, C4333, NCL4334, NCL4336, NCL4337, NCL4338]

NCL4336	Mill Road depot redevelopment - Development Loan to CIP - interest receivable - revised	9,000	147,000	17,000	(18,000)	0	Caroline Ryba	Nil
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Interest receivable in relation to CIP development loan in excess of budgeted investment returns - revised None based on updated loan profile. [Linked to C4332, C4333, NCL4334, NCL4335, NCL4337, NCL4338]

NCL4337	Mill Road depot redevelopment - Equity Loan to CIP - Contribution to GF development earmarked reserve - revised	25,000	78,000	51,000	(168,000)	0	Caroline Ryba	Nil
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Interest receivable in relation to CIP equity loan in excess of budgeted investment returns moved to None earmarked reserve to provide contingency and risk mitigation for the project - revised based on updated loan profile. [Linked to C4332, C4333, NCL4334, NCL4335, NCL4336, NCL4338]

NCL4338	Mill Road depot redevelopment - Development Loan to CIP - Contribution to GF development earmarked reserve - revised	(9,000)	(147,000)	(17,000)	18,000	0	Caroline Ryba	Nil
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Interest receivable in relation to CIP development loan in excess of budgeted investment returns moved to None earmarked reserve to provide contingency and risk mitigation for the project - revised based on updated loan profile. [Linked to C4332, C4333, NCL4334, NCL4335, NCL4336, NCL4337]

NCL4339	Cromwell Road development - Equity Loan to CIP - interest receivable	(9,000)	(56,000)	(124,000)	(139,000)	(35,000)	Caroline Ryba	Nil
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Interest receivable in relation to CIP equity loan in excess of budgeted investment returns. [Linked to C4343, None C4344, NCL4340, NCL4341, NCL4342]

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Strategy & External Partnerships

NCL4340	Cromwell Road development - Equity Loan to CIP - Contribution to GF development earmarked reserve	9,000	56,000	124,000	139,000	35,000	Caroline Ryba	Nil
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Interest receivable in relation to CIP equity loan in excess of budgeted investment returns moved to None earmarked reserve to provide contingency and risk mitigation for the project. [Linked to C4343, C4344, NCL4339, NCL4341, NCL4342]

NCL4341	Cromwell Road development - Development Loan to CIP - interest receivable	0	(12,000)	(160,000)	(108,000)	0	Caroline Ryba	Nil
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Interest receivable in relation to CIP development loan in excess of budgeted investment returns. [Linked to None C4343, C4344, NCL4339, NCL4340, NCL4342]

NCL4342	Cromwell Road development - Development Loan to CIP - Contribution to GF development earmarked reserve	0	12,000	160,000	108,000	0	Caroline Ryba	Nil
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Interest receivable in relation to CIP development loan in excess of budgeted investment returns moved to None earmarked reserve to provide contingency and risk mitigation for the project. [Linked to C4343, C4344, NCL4339, NCL4340, NCL4341]

Total Non-Cash Limit Items in Strategy & External Partnerships

0	0	0	0	0
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Savings

S4162	Democratic services-miscellaneous savings	0	(2,000)	(2,000)	(2,000)	(2,000)	Gary Cliff	Nil
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Savings come from the area committee overall costs following a new contract on use of audio equipment at None meetings and reduced budget for meeting venues.

S4163	Corporate policy efficiencies and administrative savings	0	(31,000)	(31,000)	(31,000)	(31,000)	David Kidston	Nil
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Savings from underspends in the Corporate Policy cost centre, including budgets for equipment, conferences and training for staff, corporate translation and interpretation services, and corporate consultations. None

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Strategy & External Partnerships

Total Savings in Strategy & External Partnerships

0	(33,000)	(33,000)	(33,000)	(33,000)
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Total Strategy & External Partnerships

(5,407,000)	2,662,000	7,406,000	(16,000)	(33,000)
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Streets & Open Spaces

Bids

B4198	Streets and Open Spaces - Growth Officer	0	40,000	0	0	0	Alistair Wilson	+L
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A one year extension to the current Growth Officer role to facilitate completing the site inspection, defect recording and adoption of public realm assets by the City Council, including open spaces, allotments, trees, drainage and other landscape features, associated with the approved city growth sites. None

B4322	Community Clear up	0	25,000	0	0	0	Joel Carre	?
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Programme of 12 additional Saturday "Community Clear Up" events in 2019/20, focusing on tackling neglected environments and areas of fly-tipping in local communities including council housing areas. Ward Councillors would be asked to nominate locations which would be assessed and a programme of 12 events drawn up for the year, one a month. Low

Total Bids in Streets & Open Spaces	0	65,000	0	0	0			
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Capital Bids

C4192	Environmental Improvement Programme	0	0	170,000	0	0	Alistair Wilson	+L
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To extend the funding and delivery of the Council's EIP for a further two year period, 2019-21, with Year 1 (2019/20) funded from the unallocated budget balance carried forward from the current EIP. A review will be carried out before any commitment is made for after 2020/21. None

Total Capital Bids in Streets & Open Spaces	0	0	170,000	0	0			
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Total Streets & Open Spaces	0	65,000	170,000	0	0			
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Report Total	(5,407,000)	9,694,180	11,796,880	2,062,780	(162,370)			
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D Sensitivity analysis

Topic	Quantum	BSR Assumption	Commentary / Risk
Bereavement services income	c.£2.3m	Current mortality rates built into BSR assumptions	<p>Falling mortality rate [yet ageing population in Cambridge]</p> <p>Competition from sites at Great Chesterford and Huntingdon</p> <p>Disruption due to works along A14 and suitability of access road after works are complete</p> <p>Success of commemoration scheme and development of other commercial activities(positive)</p>
Building control fee income	c. £1.6m	Based on break-even full cost recovery position for the Building Control Shared Service	<p>Housing development levels in the sub region are not as great as anticipated or are delayed due to developers unwillingness to build</p> <p>Competition from approved inspectors has now stalled but the threat exists leading to a potentially smaller market share</p>
Car parking income	c. £10.7m	Based on officer and external consultants' projections of usage	<p>Income stream is contingent on decisions made by the Greater Cambridge Partnership (ex City Deal) board to manage congestion and pollution in the city.</p> <p>As visitors, residents, tourist, commuters and business people choose use other modes of transport to access the city this income stream will feel negative downward pressure.</p>
Commercial property income	c. £8.7m	Officer assessment of current market conditions and future trends, including growth of the current property portfolio	<p>Economic conditions lead to increase in voids, increased level of unrecoverable debts and less significant rent increases</p> <p>High yields are negotiated on new investments (positive)</p>
Council tax base	c. 43,700 Band D equivalent properties @£197.50 (2019/20)	Projections are based on the housing trajectory indicated in the Annual Monitoring Report (AMR)	Any significant growth or deceleration in building will affect the number of houses on which council tax can be charged with the associated impact on the council tax income stream which in turn informs our savings requirement

Topic	Quantum	BSR Assumption	Commentary / Risk
Council tax income	£8.6m p.a.	2.99% per annum	<p>Criteria for triggering referendums for proposed excessive increases are published each year.</p> <p>The requirement for rebilling and associated costs, together with the loss of council tax income, effectively provides a strong disincentive for high increase proposals.</p> <p>Economic climate may require an increase in enforcement activity and consequent reduction of funds available in the collection fund</p>
Developer contributions	c. £4.0m (not yet allocated)	All contributions are used in compliance with the terms of Section 106 agreements	Failure to meet conditions stipulated in Section 106 agreements would lead city council contribution types set out in the Council's Planning Obligations Strategy becoming liable for repayment. This is mitigated by regular funding rounds and / or Section 106 negotiations to identify appropriate projects and careful Section 106 funding / programme management.
Employer's pension contribution	£4.5m	BSR includes provision for employer's percentage and capital payments, and for one-off contributions as necessary	Subject to the outcome of the next triennial review with effect from 1 April 2020.
Energy costs (all)	£0.3m	Officer assessment of current conditions and trends, based on latest contracts	Volatility of world market prices. The council has contracts for electricity and gas which run from October each year and takes specialist consultant advice in determining the most advantageous terms to contract for.
Future capital receipts	Income	Occasional disposal of assets as outlined in the disposal programme. Income is not taken into account until received.	The council's stock of land available for sale is reducing. Receipts will reduce significantly over the life of this budget plan.
Garage Income	£1.3m	Budget will be met	<p>Failure to attract new customers</p> <p>Failure to maintain customer base at remote base at Waterbeach</p>

Topic	Quantum	BSR Assumption	Commentary / Risk
Housing benefits	£34.5m	Officer assessment of current conditions and trends	<p>- With anticipated reduction in central government grant, the Council funded element of provision of the service will increase (N.B. grant funding will not be confirmed until January 2019)</p> <p>- Potential increase in housing benefit fraud</p> <p>- Ongoing impact of universal credit implementation is not fully known and may exceed (or under achieve) modelling, having an impact on staffing and Council Tax and rent arrears.</p> <p>- If the Council exceeds the thresholds (upper and/or lower) set by the DWP for local authority error overpayment subsidy, then this could materially affect the level of subsidy receivable on such amounts down from 100% to either 40% or 0%.</p>
Interest receipts from the housing company	< £150k	An estimate of additional income has been included to reflect the higher rate applicable to this loan above the interest rate expected on our treasury management investments	The viability of the company is dependent on the rent levels achievable and the capital value of the property portfolio.
Investment income	+/- 1% is ~£0.8m for 2018/19 variable investments	These are based on a mid-range level provided by market analysts	<p>Rates fall further than anticipated or for a longer period.</p> <p>A faster increase in bank base rates would result in increase in investment income. (positive)</p>
Land charges income	c. £0.25m	Reductions based on latest experience have been incorporated in the budget	Increased proportion of personal searches and reduced number of overall searches due to market conditions.
Local retention of business rates	c. £0.8m	BSR includes projections based on latest figures and guidance	Business rates are subject to the level of appeals against valuations lodged with the Valuation Office Agency (VOA) and the effects of redevelopment and growth in the city.
Market income	c. £0.90m	Officer assessment of current market conditions and future trends	<p>Level of voids as a result of a changing economic climate.</p> <p>Any reductions will be mitigated by new traders coming to the market as we seek to widen the range of services on the market.</p> <p>An improving climate will see full occupancy</p>
Non-pay inflation	Net impact +/- 1% for GF ~ £200k for 2019/20	General inflation: 2019/20 - 2.2% (2.6%) 2020/21 - 2.1% (2.2%) 2021/22 - 2.0% (2.3%) thereafter 2.0%	General Inflation rises more quickly than anticipated placing greater pressure on cash limited budgets or on general reserves to fund those pressures.

Topic	Quantum	BSR Assumption	Commentary / Risk
Pay settlement	£19.5m (GF)	Current assumption is of 2% inflation plus pay progression	New pay arrangements resulting from the pay award are scheduled from 1 April 2019 and budgets will be revised to reflect the impact in 2019/20 and for future incremental progression.
Planning fee income	c. £1.7m	Income projections for 2019/20 have been amended to reflect current market conditions. (now forms part of Greater Cambridge Planning Partnership)	Developers retain land stock rather than building out
Shared services	n/a	Shared services will deliver savings outlined individual service business cases.	<p>Delivery of savings and other non-cashable benefits is dependent on effective partnership working in a complex political and cultural environment.</p> <p>Significant element of savings will not crystallize until support service costs have been reduced to reflect smaller client base</p> <p>Savings may be delayed, may not be deliverable in full, or there may be unforeseen costs of implementation.</p>
Spending review	c. £4.2m	The budget assumption, based on the 2015 autumn statement, is that Revenue support grant will cease from 2020/21, but will be offset by increased retention of Business rates.	<p>The budget is based on the 2015 Spending review and the level of Revenue support grant and locally retained business rates are budgeted accordingly.</p> <p>Certainty of income until then has been received from the DCLG following our submission of an Efficiency Plan</p>
Support costs charged to the HRA	c. £1m	Support costs ("Recharges") are charged based on various fixed and variable criteria which change from year to year.	<p>Following significant savings in the HRA the proportion of support service costs that are chargeable to the HRA will also reduce.</p> <p>Fixed costs such as administrative buildings, management structure, costs of democracy and long term contracts cannot be reduced immediately, if at all. There may be a perceived imbalance in the short term in the proportion of costs charged to the HRA until such time as a strategic decision is taken to allocate a lower level of costs recharged to the HRA with a corresponding increase in costs to the GF and thus the council tax payer. The onus is therefore on the council to make appropriate savings in rechargeable costs as the council reduces in size overall.</p>
VAT partial exemption	c. £300k if breached	No breach of partial exemption limit is anticipated for 2018/19	Potential liability if limit is breached over a seven-year moving average

Summary of Budget Proposals by type - Capital

Appendix E (a)

Capital Bids								
Portfolio	Ref	Item Description	2018/19 £	2019/20 £	2020/21 £	2021/22 £	2022/23 £	Head of Service
Communities	C4156	CHUB - community extension to Cherry Hinton Library	0	767,000	0	0	0	Debbie Kaye
Environmental Services & City Centre	C4180	Vehicle fleet replacements 2019/20	0	682,000	0	0	0	James Elms
Environmental Services & City Centre	C4181	Mobile column vehicle lifts for workshop	0	24,400	0	0	0	James Elms
Environmental Services & City Centre	C4252	Environmental Health ICT replacement system project	0	40,000	0	0	0	Joel Carre
Finance & Resources	C4186	New audio-visual system to Committee rooms 1 & 2, as well as new audio system in the Council Chamber.	0	125,000	0	0	0	Suzanne Hemingway
Finance & Resources	C4203	Improvements to Customer Service Centre	0	91,000	0	0	0	Jonathan James
Finance & Resources	C4206	Income Management Solution Replacement	0	47,000	0	0	0	Jonathan James
Finance & Resources	C4208	Secure Phone Payment Solution	0	24,000	0	0	0	Jonathan James
Finance & Resources	C4210	Replacement Property Management Software Project	0	100,000	0	0	0	Dave Prinsep
Finance & Resources	C4251	Council Anywhere	0	114,600	18,000	18,000	0	Fiona Bryant
Finance & Resources	C4319	Lion Yard investment - capital spend	0	4,200,000	1,800,000	0	0	Dave Prinsep
Finance & Resources	C4323	Meadows Community Hub and Buchan Street Retail Outlet	0	554,000	2,168,000	1,892,000	0	Claire Flowers
Planning Policy & Transport	C4194	Local Highway Improvement (LHI) programme	0	0	30,000	30,000	30,000	Joel Carre
Planning Policy & Transport	C4211	Replacement of Pay and Display machines	0	18,000	0	0	0	James Elms
Planning Policy & Transport	C4212	Replacement of 2 Car parking Centralised Servers at the Grand Arcade Multi-Storey Car Park	0	20,000	0	0	0	James Elms
Strategy & External Partnerships	C4332	Mill Road depot development - capital contribution - remove	(5,760,000)	0	0	0	0	Caroline Ryba
Strategy & External Partnerships	C4333	Mill Road depot redevelopment - Equity Loan to CIP - rephase	(709,000)	1,774,000	(2,500,000)	0	0	Caroline Ryba
Strategy & External Partnerships	C4334	Mill Road depot redevelopment - Development Loan to CIP - rephase	(51,000)	(1,253,000)	1,412,000	0	0	Caroline Ryba
Strategy & External Partnerships	C4343	Cromwell Road redevelopment - Equity Loan to CIP	1,113,000	850,000	2,708,000	17,000	0	Caroline Ryba

Summary of Budget Proposals by type - Capital

Appendix E (a)

Capital Bids								
Portfolio	Ref	Item Description	2018/19 £	2019/20 £	2020/21 £	2021/22 £	2022/23 £	Head of Service
Strategy & External Partnerships	C4344	Cromwell Road redevelopment - Development Loan to CIP	0	1,324,000	5,819,000	0	0	Caroline Ryba
Streets & Open Spaces	C4192	Environmental Improvement Programme	0	0	170,000	0	0	Joel Carre
Capital Bids Total			(5,407,000)	9,502,000	11,625,000	1,957,000	30,000	

2019/20 Budget

<----- Funding Required ----->

<----- Project Total ----->

Ref	Project	Climate Change Indicator	Priority score	2018/19	2019/20	2020/21	2021/22	2022/23	Poverty rating	Linked to / Funding / Comments	2018/19	2019/20	2020/21	2021/22	2022/23
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General Fund

C4156	CHUB - community extension to Cherry Hinton Library	-L			282,500				Medium	Funding: Royal British Legion £250k, County Council £28k, Cherry Hinton Residents Association £1.5k, , \$106 £200k, Community Services £5k		767,000			
C4180	Vehicle fleet replacements 2019/20	+L							None	Funding: R & R		682,000			
C4181	Mobile column vehicle lifts for workshop	-L			24,400				None			24,400			
C4186	New audio-visual system to Committee rooms 1 & 2, as well as new audio system in the Council Chamber.	-L			125,000				None			125,000			
C4192	Environmental Improvement Programme	+L				170,000			None				170,000		
C4194	Local Highway Improvement (LHI) programme	Nil				30,000	30,000	30,000	None				30,000	30,000	30,000
C4203	Improvements to Customer Service Centre	Nil			91,000				None			91,000			
C4206	Income Management Solution Replacement	+L			47,000				None	Linked to: S4205.		47,000			
C4208	Secure Phone Payment Solution	+L			24,000				None	Linked to: URP4209.		24,000			

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2019/20 Budget

<----- Funding Required ----->

<----- Project Total ----->

Ref	Project	Climate Change Indicator	Priority score	2018/19	2019/20	2020/21	2021/22	2022/23	Poverty rating	Linked to / Funding / Comments	2018/19	2019/20	2020/21	2021/22	2022/23
C4210	Replacement Property Management Software Project	Nil			100,000				None			100,000			
C4211	Replacement of Pay and Display machines	Nil			18,000				None			18,000			
C4212	Replacement of 2 Car parking Centralised Servers at the Grand Arcade Multi-Storey Car Park	Nil							None	Funding: LAPE earmarked reserve		20,000			
C4251	Council Anywhere	+L			114,600	18,000	18,000		None			114,600	18,000	18,000	
C4252	Environmental Health ICT replacement system project	+L			40,000				None	Linked to: B4253.		40,000			
C4319	Lion Yard investment - capital spend	?							None	Linked to: I14320 R14321. Funding: Internal borrowing		4,200,000	1,800,000		
C4323	Meadows Community Hub and Buchan Street Retail Outlet	+M							High	Linked to: B4324. Funding: Internal borrowing		554,000	2,168,000	1,892,000	
C4332	Mill Road depot development - capital contribution - remove	Nil							None	Linked to: C4333 C4334 NCL4335 NCL4336 NCL4337 NCL4338. Funding: Internal borrowing	(5,760,000)				
C4333	Mill Road depot redevelopment - Equity Loan to CIP - rephase	Nil							None	Linked to: C4332 C4334 NCL4335 NCL4336 NCL4337 NCL4338. Funding: Internal borrowing	(709,000)	1,774,000	(2,500,000)		

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2019/20 Budget

<----- Funding Required ----->

<----- Project Total ----->

Ref	Project	Climate Change Indicator	Priority score	2018/19	2019/20	2020/21	2021/22	2022/23	Poverty rating	Linked to / Funding / Comments	2018/19	2019/20	2020/21	2021/22	2022/23
C4334	Mill Road depot redevelopment - Development Loan to CIP - rephase	Nil							None	Linked to: C4332 C4333 NCL4335 NCL4336 NCL4337 NCL4338. Funding: Internal borrowing	(51,000)	(1,253,000)	1,412,000		
C4343	Cromwell Road redevelopment - Equity Loan to CIP	Nil							None	Linked to: C4344 NCL4339 NCL4340 NCL4341 NCL4342. Funding: Internal borrowing	1,113,000	850,000	2,708,000	17,000	
C4344	Cromwell Road redevelopment - Development Loan to CIP	Nil							None	Linked to: C4343 NCL4339 NCL4340 NCL4341 NCL4342. Funding: Internal borrowing		1,324,000	5,819,000		
Total Funding Required from Reserves : General Fund					866,500	218,000	48,000	30,000			(5,407,000)	9,502,000	11,625,000	1,957,000	30,000

Capital approvals since MTFS 2018

Ref.	Description	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
SC692	Cromwell Road redevelopment (GF)	17,166	-	-	-	-	-
	Section 106 miscellaneous:						
PR030p	Outdoor fitness equipment near astroturf pitch by Abbey Pool (S106)	42	-	-	-	-	-
PR032s	Footbridge across Hobson's Brook at Accordia development (S106)	8	52	-	-	-	-
PR042a	St Clement's Church community grant (S106)	30	-	-	-	-	-
PR042b	Museum of Technology meeting space community grant (S106)	31	-	-	-	-	-
PR042c	Grant for Netherhall School meeting space (S106)	24	-	-	-	-	-
PR042d	Romsey Mill community facility grant (S106)	21	-	-	-	-	-
PR042e	Grant for Arbury Community large hall improvements (S106)	25	25	-	-	-	-
PR040v	Public art grant for Pink Festival Group - showcase of queer art (S106)	11	-	-	-	-	-
	Total S106	192	77	-	-	-	-
	Total approvals since MTFS 2018	17,358	77	-	-	-	-

Appendix E (d): Capital Plan 2018/19 to 2023/24

Ref.	Description	Lead Officer	2018/19 (£000's)	2019/20 (£000's)	2020/21 (£000's)	2021/22 (£000's)	2022/23 (£000's)	2023/24 (£000's)
Capital-GF Projects								
PR030e	Cavendish Rd (Mill Rd end) improvements: seating & paving (S106)	J Richards	13	0	0	0	0	0
PR030h	Romsey 'town square' public realm improvements (S106)	J Richards	130	0	0	0	0	0
PR030j	The Mill Road Railway Legacy (S106)	A Wilson	21	0	0	0	0	0
PR030o	Coldham's Lane play area improvements for older children (S106)	A Wilson	80	0	0	0	0	0
PR030p	Outdoor fitness equipment near astroturf pitch by AbbeyPool (S106)	I Ross	42	0	0	0	0	0
PR030q	Lichfield Rd play area improvements (S106)	A Wilson	45	0	0	0	0	0
PR030r	Brothers' Place landscaping & natural play improvements (S106)	A Wilson	8	0	0	0	0	0
PR031g	Milton Rd Library community meeting space (S106)	J Hanson	100	0	0	0	0	0
PR031n	Grant for 4 tennis courts at North Cambridge Academy (S106)	I Ross	125	0	0	0	0	0
PR031q	Bramblefields nature reserve: improve biodiversity & access (S106)	A Wilson	12	0	0	0	0	0
PR031r	Chesterton Rec Ground skate and scooter park (S106)	A Wilson	50	0	0	0	0	0
PR031s	Nun's Way Rec Ground - mini climbing dome (S106)	A Wilson	27	0	0	0	0	0
PR032p	Reilly Way play area improvements (S106)	A Wilson	5	0	0	0	0	0
PR032q	Upgrade Nightingale Avenue play area (S106)	A Wilson	24	0	0	0	0	0
PR032s	Footbridge across Hobson's Brook at Accordia development (S106)	A Wilson	8	52	0	0	0	0
PR032t	Fulbourn Road open space improvements (S106)	A Wilson	10	0	0	0	0	0
PR032u	Tenby Close play area improvements (S106)	A Wilson	50	0	0	0	0	0
PR032v	Gunhild Close play area improvements (S106)	A Wilson	50	0	0	0	0	0
PR032w	Accordia open space improvements (S106)	A Wilson	10	0	0	0	0	0
PR032y	Trumpington Rec Ground skate park (S106)	A Wilson	80	0	0	0	0	0
PR032z	Trumpington Rec Ground trim trail and climbing frame (S106)	A Wilson	70	0	0	0	0	0
PR033m	Benches on Carisbrooke Road green and next to Coton footpath near Wilberforce Road (S106)	A Wilson	1	0	0	0	0	0
PR033q	Additional play equipment, benches and landscaping at Christ Piece's play area (S106)	A Wilson	1	0	0	0	0	0
PR033r	Improvements to Histon Road Rec Ground football area (S106)	I Ross	31	0	0	0	0	0
PR033s	Histon Rd Rec play area: paths, surfacing & landscaping (S106)	A Wilson	12	0	0	0	0	0
PR033t	St Clement's churchyard open space on Bridge Street (S106)	A Wilson	10	0	0	0	0	0
PR034d	Public Art - 150th and 400th Anniversary (Cambridge Rules) (S106)	N Black	12	0	0	0	0	0

Ref.	Description	Lead Officer	2018/19 (£000's)	2019/20 (£000's)	2020/21 (£000's)	2021/22 (£000's)	2022/23 (£000's)	2023/24 (£000's)
PR034n	Cambridge Gymnastics Academy: grant for warehouse conversion into gym facility (\$106)	I Ross	65	0	0	0	0	0
PR040i	Public art grant - History Trails (\$106)	N Black	5	0	0	0	0	0
PR040o	Public art grant - 'The place where we stand' (\$106)	N Black	3	0	0	0	0	0
PR040s	Public art grant for Kettle's Yard - Antony Gormley Performance Programme (\$106)	N Black	10	0	0	0	0	0
PR040t	Public Art Grant for Cambridge Live - Colours in our Community (\$106)	N Black	8	0	0	0	0	0
PR040u	Public art grant for University of Cambridge Primary School Eddington Flag Parade (\$106)	N Black	15	0	0	0	0	0
PR040v	Public Art Grant for Pink Festival Group - showcase of queer arts (\$106)	N Black	8	0	0	0	0	0
PR040w	Public Art Grant for Menagerie Theatre Company - Trumpington Voices (\$106)	N Black	11	0	0	0	0	0
PR040x	Public Art Grant for Oblique Arts - Mitcham's Moving (\$106)	N Black	3	0	0	0	0	0
PR040y	Public Art Grant - Rhyme, Rhythm & Railways (\$106)	N Black	5	0	0	0	0	0
PR040z	Public art grant for Historyworks - Michael Rosen Walking Trails 2 (\$106)	N Black	15	0	0	0	0	0
PR041a	Grant for refurbishment of Memorial Hall and Church Hall (\$106)	J Hanson	150	0	0	0	0	0
PR041b	Grant to Cambridge Gymnastics Academy for trampoline and foam pit in gym (\$106)	I Ross	75	0	0	0	0	0
PR041g	Netherhall School: supplementary grant for gym and fitness suite facilities (\$106)	I Ross	236	0	0	0	0	0
PR042b	Mill Road cemetery access and main footpath improvements (\$106)	A Wilson	175	0	0	0	0	0
PR042g	To the River - artist in residence (\$106)	N Black	117	0	0	0	0	0
PR042h	Public art grant - Cambridge Junction: News News News (\$106)	N Black	15	0	0	0	0	0
PR042i	Public art grant - In your way festival: TAAT KHOR II (\$106)	N Black	15	0	0	0	0	0
PR042j	Public art grant - NIE Theatre, tales from the Edge of Town (\$106)	N Black	14	0	0	0	0	0
PR042k	Public art grant - Rowan Humberstone: Ecology sculpture \$106	N Black	15	0	0	0	0	0
PR042l	Public art grant - Faith and Hope (\$106)	N Black	30	0	0	0	0	0
PR042m	Public art grant - Chesterton village sign (\$106)	N Black	10	0	0	0	0	0
PR042n	Public art grant - HistoryWorks: Travellers and Outsiders	N Black	15	0	0	0	0	0
PR050a	Relocation of services to 130 Cowley Road (OAS)	W Barfield	374	0	0	0	0	0
PR050b	Mandela House refurbishment (OAS)	W Barfield	869	0	0	0	0	0
PR050d	Mobile working (OAS)	W Barfield	99	0	0	0	0	0
PR050e	Cowley Road Compound ex-Park and Ride site (OAS)	W Barfield	428	0	0	0	0	0
PR050f	Guildhall Welfare Improvements (OAS)	W Barfield	209	0	0	0	0	0
PR050g	Office optimisation (OAS)	W Barfield	275	0	0	0	0	0

Ref.	Description	Lead Officer	2018/19 (£000's)	2019/20 (£000's)	2020/21 (£000's)	2021/22 (£000's)	2022/23 (£000's)	2023/24 (£000's)
SC548	Southern Connections Public Art Commission (S106)	A Wilson	17	0	0	0	0	0
SC571	Procurement of IT System to Manage Community Infrastructure Levy	S Saunders	20	0	0	0	0	0
SC590	Structural Holding Repairs & Lift Refurbishment - Queen Anne Terrace car park	S Cleary	208	0	0	0	0	0
SC597	Empty Homes Loan Fund	Y O'Donnell	200	0	0	0	0	0
SC601	Replacement Telecommunications & Local Area Network	T Allen	34	0	0	0	0	0
SC604	Replacement Financial Management System	C Ryba	50	0	0	0	0	0
SC605	Replacement Building Access Control System	W Barfield	33	0	0	0	0	0
SC611	Grafton East car park essential roof repair	S Cleary	37	0	0	0	0	0
SC614	Redeployable CCTV camera stock	J Carre	13	0	0	0	0	0
SC615	Cherry Hinton Grounds improvements Phase 2 (S106)	A Wilson	160	0	0	0	0	0
SC621	20 Newmarket Road - commercial property	D Prinsep	3	0	0	0	0	0
SC623	Environment and cycling improvements in Water Street and Fen Road	A Wilson	35	0	0	0	0	0
SC627	Reinforcing grass edges along paths across Parker's Piece (S106)	A Muggeridge	101	0	0	0	0	0
SC633	Reinforcing grass edges along paths across Parker's Piece (S106)	D Peebles	140	0	0	0	0	0
SC634	Grand Arcade and Queen Anne Terrace car parks sprinkler systems	S Cleary	382	0	0	0	0	0
SC635	Grand Arcade car park deck coating and drainage	S Cleary	117	0	0	0	0	0
SC636	Management of waste compound - vehicle	D Blair	165	0	0	0	0	0
SC639	Re-roofing the Guildhall	W Barfield	164	0	0	0	0	0
SC644	Acquisition of land adjacent to Huntingdon Road Crematorium	G Theobald	58	0	0	0	0	0
SC645	Electric vehicle charging points	J Dicks	376	176	50	0	0	0
SC648	Local Centres Improvement Programme - Arbury Court	J Richards	138	0	0	0	0	0
SC651	Shared ICT waste management software	J Carre	453	0	0	0	0	0
SC654	Redevelopment of Silver Street Toilets	D O'Halloran	315	283	0	0	0	0
SC655	Resealing the roof at Robert Davies Court	A Muggeridge	177	0	0	0	0	0
SC656	Barnwell Business Park remedial works to the roofs	A Muggeridge	90	0	0	0	0	0
SC658	Cambridge City CCTV infrastructure	J Carre	601	0	0	0	0	0
SC659	My Cambridge City online customer portal	J James	160	76	0	0	0	0
SC660	Council Anywhere - desktop transformation	F Bryant	400	211	18	18	0	0
SC661	Adaptions to Riverside Railings	A Wilson	100	0	0	0	0	0

Ref.	Description	Lead Officer	2018/19 (£000's)	2019/20 (£000's)	2020/21 (£000's)	2021/22 (£000's)	2022/23 (£000's)	2023/24 (£000's)
SC662	Shared Planning Service software and implementation	S Kelly	90	0	0	0	0	0
SC670	Lammas Land car parking infrastructure	A French	27	0	0	0	0	0
SC671	Mill Road depot development - capital contribution	C Ryba	0	0	0	0	0	0
SC672	Mill Road Redevelopment - Development Loan to CIP	C Ryba	1,499	7,947	1,412	0	0	0
SC673	Roller brake tester for Waterbeach Garage	D Cox	26	0	0	0	0	0
SC674	Mill Road Redevelopment - Equity Loan to CIP	C Ryba	1,491	2,774	0	0	0	0
SC675	Bateman Street tree replacement	A Wilson	30	0	0	0	0	0
SC676	Refurbishment of Jesus Green Public Conveniences	A Wilson	25	0	0	0	0	0
SC677	AV equipment upgrade for Committee Rooms and Council Chamber	A Muggeridge	0	125	0	0	0	0
SC678	Crematorium - additional car park	G Theobald	25	325	0	0	0	0
SC679	Crematorium - cafe facilities	G Theobald	20	310	0	0	0	0
SC680	CCTV equipment upgrade	J Carre	30	0	0	0	0	0
SC681	Abbey astroturf floodlighting (S106)	I Ross	66	0	0	0	0	0
SC682	Pay and display equipment upgrade	S Cleary	0	18	0	0	0	0
SC684	Property Management software	D Prinsep	0	100	0	0	0	0
SC685	Mobile column lifts at Waterbeach garage	D Cox	0	24	0	0	0	0
SC686	Car park server replacement (LAPE)	S Cleary	0	20	0	0	0	0
SC687	Customer Service Centre improvements	C Norman	0	91	0	0	0	0
SC688	Environmental Health software	Y O'Donnell	0	40	0	0	0	0
SC689	Income management software	C Norman	0	47	0	0	0	0
SC690	Secure phone payments	C Norman	0	24	0	0	0	0
SC692	Cromwell Road Redevelopment (GF)	D Prinsep	17,166	0	0	0	0	0
PR042a	St Clement's Church community grant (S106)	N Black	30	0	0	0	0	0
PR042b	Museum of Technology meeting space community grant (S106)	N Black	31	0	0	0	0	0
PR042c	Grant for Netherhall School meeting space (S106)	N Black	24	0	0	0	0	0
PR042d	Romsey Mill community facility grant (S106)	N Black	21	0	0	0	0	0
PR042e	Grant for Arbury Community Centre: large hall improvements (S106)	N Black	25	25	0	0	0	0
SC692	CHUB - community extension to Cherry Hinton Library	J Hanson	0	767	0	0	0	0
SC694	Meadows community hub and Buchan St retail outlet	C Flowers	0	554	2,168	1,892	0	0

Ref.	Description	Lead Officer	2018/19 (£000's)	2019/20 (£000's)	2020/21 (£000's)	2021/22 (£000's)	2022/23 (£000's)	2023/24 (£000's)
SC693	Lion Yard shopping centre capital investment	D Prinsep	0	4,200	1,800	0	0	0
SC695	Cromwell Road redevelopment - equity loan to CIP	C Ryba	1,113	850	2,708	17	0	0
SC696	Cromwell Road redevelopment - development loan to CIP	C Ryba	0	1,324	5,819	0	0	0
Capital-GF Projects			30,782	20,363	13,975	1,927	0	0
Capital-Programmes								
PR010a	Environmental Improvements Programme - North Area	J Richards	140	0	0	0	0	0
PR010b	Environmental Improvements Programme - South Area	J Richards	126	0	0	0	0	0
PR010c	Environmental Improvements Programme - West/Central Area	J Richards	147	0	0	0	0	0
PR010d	Environmental Improvements Programme - East Area	J Richards	169	0	0	0	0	0
PR010	Environmental Improvements Programme	J Richards	0	0	170	0	0	0
PR017	Vehicle Replacement Programme	D Cox	1,781	682	0	0	0	0
PR035	Waste & Recycling Bins - New Developments (S106)	T Nicoll	284	0	0	0	0	0
PR037	Local Centres Improvement Programme	J Richards	7	0	0	0	0	0
PR038	Investment in commercial property portfolio	D Prinsep	2,427	0	0	0	0	0
PR039	Minor Highway Improvement Programme	J Richards	85	0	30	30	30	0
PR050	Office Accommodation Strategy Phase 2 (OAS)	W Barfield	473	0	0	0	0	0
PR051	Building works at the Guildhall to reduce carbon emissions and improve energy efficiency	W Barfield	437	0	0	0	0	0
Capital-Programmes			6,076	682	200	30	30	0
Capital-GF Provisions								
PV007	Cycleways	J Richards	408	0	0	0	0	0
PV018	Bus Shelters	J Richards	5	0	0	0	0	0
PV192	Development Land on the North Side of Kings Hedges Road	P Doggett	2	0	0	61	0	0
PV549	City Centre Cycle Parking	J Richards	23	0	0	0	0	0
PV554	Development Of land at Clay Farm	D Prinsep	537	96	816	0	0	0
PV583	Clay Farm Commercial Property Construction Costs	D Prinsep	67	0	0	0	0	0
PV682	Local investment bond	C Ryba	5,000	0	0	0	0	0
Capital-GF Provisions			6,042	96	816	61	0	0
Total GF Capital Plan			42,900	21,141	14,991	2,018	30	0

F Principal earmarked and specific funds

Fund	Balance at 1 April 2018 £000	Anticipated contributions £000	New contributions £000	Forecast expenditure £000	Forecast balance 31 March 2023 £000
Greater Cambridge Partnership (formerly City Deal) Investment and Delivery Fund <i>including revised projections</i>	(5,034)	(9,318)		14,352	0
Sharing Prosperity Fund	(469)	(200)		669	0
Climate Change Fund <i>including new contribution NCL4161</i>	(405)	(250)	(100)	755	0
Asset Replacement Fund	(1,005)	(6,000)		7,005	0
Bereavement Services Trading Account	(1,094)	(960)		2,054	0
Development Plan Fund	0	(252)		252	0
Shared Local Plan Fund	(315)	(900)		1,215	0
Office accommodation strategy fund	(2,759)	0		2,759	0
Invest for Income <i>now funding capital to reduce cost of internal borrowing</i>	(8,000)	0		8,000	0
A14 Mitigation Fund	(718)	(782)		1,500	0
General Fund (GF) Development Fund <i>including Mill Road and Cromwell Road revised projections</i>	0	(1,303)		1,303	0
Cambridge Live Development Plan <i>including new contribution NCL4325</i>	0	(500)	(250)	750	0
Total	(19,799)	(20,465)	(350)	40,614	0

The majority of these funds are subject to future contributions and expenditure which cannot be exactly stated. This table reflects our best estimates.

¹ The asset replacement funds will be shared in part with South Cambridgeshire District Council (SCDC) in respect of waste vehicles transferred to the shared service.

² The Development Plan Fund is a joint fund with SCDC from 1 February 2018 and the basis of cost allocation is unknown at this time because the Memorandum of Understanding is not yet complete.

Cambridge City Council Equality Impact Assessment (EqIA)

This tool helps the Council ensure that we fulfil legal obligations of the [Public Sector Equality Duty](#) to have due regard to the need to –

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
- (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
- (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

Guidance on how to complete this tool can be found on CityNet. For specific questions on the tool, email Helen Crowther, Equality and Anti-Poverty Officer at equalities@cambridge.gov.uk or phone 01223 457046. Once you have drafted the EqIA please send this to equalities@cambridge.gov.uk for checking. For advice on consulting on equality impacts please contact Graham Saint, Strategy Officer, at graham.saint@cambridge.gov.uk or 01223 457044).

1. Title of strategy, policy, plan, project, contract or major change to your service:

General Fund Budget 2019/20 Initial Budget Proposals

2. Webpage link to full details of the strategy, policy, plan, project, contract or major change to your service (if available)

The BSR will be published with the papers for Strategy and Resources Committee in January 2019.

3. What is the objective or purpose of your strategy, policy, plan, project, contract or major change to your service?

This summary EqIA provides an overview assessment of budget proposals that are likely to have equalities impacts on different categories of people arising from proposals to change services. This approach is intended to ensure that councillors have access to the appropriate level of information about the equality impacts of budget proposals at the right time and that further information is provided in the form of detailed EqIAs as budget proposals are developed and taken forward. This will enable councillors to discharge their Duty under the Equality Act 2010.

The 2019/20 budget proposals considered as part of this summary impact assessment are listed below:

C4186: New audio-visual system to Committee rooms 1 & 2, as well as new audio system in the Council Chamber

This proposal is to replace the existing, inadequate audio-visual system in both Committee Rooms with a modern system to meet current and future needs. At the same time the audio system in the Council Chamber will be replaced to the same standard - the visual being done at a later date.

B4203: Improvements to Customer Service Centre

This proposal will include the installation of a new cash machine and scanners as well as lighting and additional CCTV to improve the customer experience, efficiency and safety of staff.

R14213: Reduction in income due to review of Shopmobility charges

This proposal is to accept the reduction in income arising from the implementation of recommendations arising from the review of Shopmobility charges, which seek to encourage use of the car park by people with disabilities.

R14215: Reduction in income arising from the closure of Park Street Car Park

This proposal is to accept the reduction in income that will arise from the decision to redevelop Park Street Car Park between January 2020 and December 2021.

B4155: Allocating funding for Anti-Poverty Strategy (APS) projects to the Community Grants pot

This proposal allocates funding to the Community Grants pot to allow Community and Voluntary Groups to bid for, and if successful deliver projects that will meet the priorities set out in the Council's Anti-Poverty Strategy.

C4156: Community extension to Cherry Hinton Library

This proposal provides additional funding to deliver the entire community provision scheme in Cherry Hinton.

B4160: Anti-poverty responsive budget

This proposal is for a separate budget that will be used to fund additional anti-poverty projects in response to any immediate needs or emergency issues affecting residents on low incomes.

B4165: Anti-Poverty Strategy and Living Wage Campaign

This proposal is for the continuation of funding for a post to support the promotion of the Living Wage to businesses in Cambridge and to identify ways local businesses can contribute to the alleviation of poverty in the city.

B4182 Continuation of subsidised and free swimming and exercise referral services

This proposal is for a continuation of the subsidy that allows free swimming for Sure Start Centre users, BAME women-only sessions and targeted work with local schools where achievement of K2 swimming targets is challenging. It will also allow the continuation of the free exercise on referral

prescription service available to patients referred into the service from three GP health centres in disadvantaged areas in the city.

S4169 Delete 18.5 hours of Grant Officer post

This proposal will reduce the present post dealing with Disabled Facilities Grants and Private Sector Loan Grants to half a post.

B4193 Continuation of Fuel and Water Poverty post

This proposal will help local people in households experiencing fuel poverty to reduce their heating and water costs and improve the effectiveness of their heating.

B4219 Continuation of officer support with recycling and cleansing volunteer groups in the City

This proposal will provide support to local residents who want to improve their local environment by championing recycling and waste reduction within their communities.

S4286 Reduce level of funding to Neighbourhood Community Partnerships (NCPs) pending a full review

This proposal is part of a review looking to align the NCPs with neighbourhood community development work and the mainstream grants process. The Abbey People group and the North Cambridge Community Partnership will be the groups that will be required to work in a different way.

B4307 Additional funding to respond to Welfare Reform

This proposal will increase the level of support for people impacted by welfare reform, giving officers an additional tool to deploy temporary support to mitigate the impact of negative change on individuals and families.

B4315 Extension of the Financial Inclusion Officer post

This proposal will extend an existing post that provides "hands-on" assistance in helping people affected by welfare reforms to maximise their income, reduce their costs and explore options for improving their lives moving forwards.

4. Responsible Service

The Finance Service manages the budget process, but a range of Council services are responsible for the individual bids included in this EqIA.

5. Who will be affected by this strategy, policy, plan, project, contract or major change to your service? (Please tick those that apply)

- ☒ Residents of Cambridge City
☒ Visitors to Cambridge City
☒ Staff

Please state any specific client group or groups (e.g. City Council tenants, tourists, people who work in the city but do not live here): N/a

6. What type of strategy, policy, plan, project, contract or major change to your service is this?

Each of the proposals identified will change the level of service to be delivered.

7. Are other departments or partners involved in delivering this strategy, policy, plan, project, contract or major change to your service? (Please tick)

- ☐ No
☒ Yes (Please provide details): This is an assessment of the Council's Budget Setting Report and therefore covers all of our services. The budget may also affect some of the Council's partnership working arrangements.

8. Has the report on your strategy, policy, plan, project, contract or major change to your service gone to Committee? If so, which one?

The General Fund Budget Proposals for 2018/19 will form part of the Budget Setting Report, when it is presented to Strategy and Resources Scrutiny Committee and Council.

9. What research methods/ evidence have you used in order to identify equality impacts of your strategy, policy, plan, project, contract or major change to your service?

This information is based on feedback from Council Officers that lead the individual Budget Bids and the EqIAs they have produced.

10. Potential impacts

For each of the categories below, the possible positive or negative impacts or no impacts on service users, visitors and staff members are assessed.

(a) Age - Any group of people of a particular age (e.g. 32 year-olds) , or within a particular age range (e.g. 16-24 year-olds) – in particular, please consider any safeguarding issues for children and vulnerable adults

As a part of the normal aging process more people are likely, as they get older, to experience hearing and vision impairment¹. Whilst the **new audio-visual system to Committee rooms 1 & 2 and new audio system in the Council Chamber, (C41860)** will benefit all users of our committee rooms, with increased clarity of images and sound, older people, especially those over 65 years of age who are at higher risk of a long-term physical condition², will particularly benefit from any upgraded system.

The **improvements to the Customer Services Centre (B4203)** should benefit a wide range of people with protected characteristics under the Equality Act 2010, having taken into account the views of people using the centre in its design. Older people, in particular, will benefit from improved lighting and seating areas that offer greater comfort and ergonomic fit.

The **lowering of the present charges for the hire of Shopmobility equipment (R14213)** will benefit disabled people who wish to hire a scooter to move around the shopping area or city independently. The prevalence of disability increases with age and about one third of all people between 65 to 74 years of age nationally report having a long-term limiting illness³, with a high proportion living in low income households. Older people will therefore be more likely to use the service and benefit from this reduction in charges. The National Federation of Shopmobility⁴ local authorities, in its response to the original consultation for charges for the service, said that most users valued this kind of service and the opportunity it gave to move around an area, which in turn provided more confidence and dignity for the individual.

With the impending temporary closure of Park Street multi-storey car park and the **reduction in income arising from its closure (R14215)**, the seven disability bays on the ground floor will no longer be available during the period the car park is being redeveloped. People who are unable to use alternative transport to the car will need to park elsewhere. For older people, who are more likely to have a disability or mobility issues, the absence of parking close to where they want to be could be

¹ Age UK Information and Advice: <https://www.ageuk.org.uk/information-advice/health-wellbeing/conditions-illnesses/hearing-loss/>

² Cambridgeshire Annual Public Health Report 2017 <https://cambridgeshireinsight.org.uk/wp-content/uploads/2017/08/Cambridgeshire-Annual-Public-Health-Report-2017.pdf>

³ Public Health England: Local Health detailed report http://www.localhealth.org.uk/GC_preport.php?lang=en&s=164&view=map8&id_rep=r01&sellid0=60&nivgeo=lalt_2013

⁴ National Shopmobility Federation: <http://nfsuk.org/about-the-national-federation-of-shopmobility/>

problematic. However, in practice, the take-up of the Park Street disability bays has been relatively low and because of the significant investment in improvements across the Council's other multi storey car parks these other car parks, notably Lion Yard, are more attractive for disabled people to use. The absence of Park Street disability places will therefore have no or a low negative impact on older people.

Allocating additional funding for Anti-Poverty projects to the Community Development Grants pot (B4155) will allow a wider range of community and voluntary sector organisations to submit grant bids. This will include organisations working with children, families and older people that will look to deliver local projects that align to the Council's anti-poverty priorities and improve the lives of local people living on low incomes. Last year the Council's Community Development Grant was provided to 114 different voluntary and community groups who delivered over 150 projects to local communities⁵. This could particularly benefit younger people and older people, who are more likely to be in poverty than people of a working age. The Council's recent Mapping Poverty⁶ research revealed that nearly one in five children and one in six pensioners are living in households claiming benefits in the City.

The **community extension to Cherry Hinton Library (C4156)** will provide additional community facilities that are likely to facilitate services for disadvantaged families and older people. The library is sited in a localised "pocket of poverty" identified in the Council's Mapping Poverty 2017 research. Disadvantaged families and older people are presently two of the priority groups that the Council's existing community centre provision is aimed at⁷.

The **Anti-Poverty responsive budget (B4160)** will allow the Council to fund additional anti-poverty projects in response to any immediate needs or emergency issues affecting residents on low incomes in the city that emerge during the course of 2019/20. This could include providing support for new, short-term projects to address immediate needs, including support for disadvantaged older people and children.

The current **Living Wage Campaign (B4165)** has helped to increase the number of Living Wage accredited employers in Cambridge. There are currently just over 40 accredited local employers (with the addition of national employers the total is 66)⁸ in the City who are now paying, as a minimum, a real living wage to their employees. Additional employers who join as a result of the campaign will boost the income of low income households in work and help them meet the high cost of living in the City. There are at present 1,500 family households who are living on a low income in the City according to the Council's Mapping Poverty 2017 research. If the campaign is able to further increase the number of accredited employers, it will have a positive impact on people of a working age and their dependents.

The **continuation of subsidised and free swimming and exercise referral services** will have a positive impact on young people and older people. The bid will allow children from low income families to continue to participate in free swimming lessons in the City. Last year 3,000 young people^[1] attended free swimming lessons as a part of this scheme, which will both improve their safety in water and increase their level of physical activity. Families referred from the Sure Start programme also participated in free swimming lessons. The free exercise referral scheme tends to involve older people

⁵ Corporate Plan Annual Review 2017/18: <https://www.cambridge.gov.uk/media/4458/corporate-plan-annual-report-2017-18.pdf>

⁶ Mapping Poverty 2017: <https://www.cambridge.gov.uk/mapping-poverty>

⁷ Community Centres Strategy:

<https://democracy.cambridge.gov.uk/documents/s37430/Appendix%20A%20Building%20Stronger%20Communities%20-%20Community%20Centres%20Strategy.pdf>

⁸ Cambridge City Living Wage campaign: <https://www.cambridge.gov.uk/living-wage>

^[1] Corporate Plan Annual Review 2017/18: <https://www.cambridge.gov.uk/media/4458/corporate-plan-annual-report-2017-18.pdf>

and last year 120 people benefited from it.

The proposal is to **delete 18.5 hours of the Grant Officer post (£4169)** dealing with Disabled Facilities Grants (DFG) and Private Sector Loan Grants. It is not anticipated that there will be any delays to processing of mandatory DFGs as an outcome of this reduction, and no-one will be refused a DFG on the basis of the change. This bid will therefore have no impact on users of this service. However, now that government grant to fund DFGs to individuals comes to the districts through the Better Care Fund, the Council has been working on a new county-wide Adaptations & Repairs Policy. This is aimed at making more flexible use of the government grant beyond mandatory DFGs, achieving a more joined up approach across Cambridgeshire, and providing better housing, health and social care outcomes.

For Cambridge City, this new policy will replace the relevant elements of our existing Repair & Regulatory Reform Order (RRO) policy. The launch of a new policy is likely to make more people – including health and social care professionals – aware of the availability of these grants and loans, and demand may increase. A national review of DFGs has also just been published, which makes a number of recommendations. The implications of this are not yet known as we await the government's response.

A large number of people over 65 years of age are admitted to hospital as an emergency for falls in Cambridge City, which is significantly worse than the England average⁹. Improvements and adaptations to homes, funded by grants, can help older people live safely and independently. 71 local grants and loans were awarded in 2017/18, averaging a similar figure over the last three years.

Proposal **B4193** will help **local people in households experiencing fuel and water poverty** to reduce their heating and water costs and improve the effectiveness of their heating. This will have a positive impact on older people, children and families. The percentage of households that experience fuel poverty in Cambridge City is 11.5%¹⁰ for the 2016 period (the latest release). Households with a low income, across age ranges, are likely to find it difficult to pay fuel bills as heating a home may come lower down their list of priorities. Living in a cold home can have a range of health consequences, including potentially harming infants' and children's development, and increasing children's vulnerability to respiratory problems¹¹. Older people also feel colder because changes in the body associated with aging can make it difficult to retain body heat and be aware of the cold¹².

The proposal for the **continuation of officer support with recycling and cleansing volunteer groups in the City (B4219)** will provide support to local residents who want to improve their local environment by championing recycling and waste reduction within their communities. Recycling Champions, looking at the profile of current Champions, are likely to be older people who are already active through tenant and resident groups. Nevertheless this work will reach-out to all sections of the community to promote local action, so there will be positive benefits for all age groups.

Proposal **S4286** will **reduce the level of funding to Neighbourhood Community Partnerships (NCPs) pending a full review**. The Council will be asking the Partnerships to mitigate the impacts of this reduction in the Council's grant on different groups, across the age range, who currently benefit from their activities. This will involve: prioritising current and future work in an action plan; showing

⁹ Public Health Outcomes Framework 2.24i: <https://fingertips.phe.org.uk/profile/public-health-outcomes-framework/data#page/0/gid/1000042/pat/6/par/E12000006/ati/101/are/E07000008>

¹⁰ Public Health Outcomes Framework, 1.17 Fuel Poverty: <https://fingertips.phe.org.uk/search/fuel%20poverty#page/3/gid/1/pat/6/par/E12000006/ati/101/are/E07000008/iid/90356/age/1/sex/4>

¹¹ The Energy Penalty – University of Leicester 2013: <https://www2.le.ac.uk/departments/law/research/cces/documents/the-energy-penalty-disability-and-fuel-poverty-pdf>

¹² Age UK Winter Toolkit: <https://www.ageukmobility.co.uk/mobility-news/article/the-ultimate-winter-toolkit-for-older-people>

where they can make the biggest difference in the use of the remaining grant so that work on the ground isn't affected; identify how they will utilise any paid staff to bring the biggest benefits; securing alternative sources of grant funding where possible, and; encouraging volunteering. In addition to the NCP funding that will continue there will be community development hours managed by the Council that will be allocated to these wards.

In recent years the Partnerships have become more independent of the Council and gained a stronger sense of local ownership. The NCP groups have been funded through a revenue stream allocated to these projects as well as accessing Area Committee Grants. The North Cambridge Community Partnership now runs two community rooms on behalf of the Council and these are hired for a variety of activities, some targeting older people and others families, which can help subsidise other activities and offers a local community resource.

The **Extension of the Financial Inclusion Officer post (B4315)** will mainly involve supporting people of a working age who have been awarded Discretionary Housing Payments by the Council. The aim is to provide an extra payment for people claiming Housing Benefit or Universal Credit who are struggling to pay their rent because of changes to the way they receive benefits. People presenting are often in crisis and facing manifest poverty and need short-term help to keep their homes and families together. Revenues and Benefits Service staff processing benefit payments can identify individuals and families who need advice and guidance, but they do not have the time to offer any extended assistance. These residents would be sign-posted to the Financial Inclusion Officer, who can offer intensive support to get them back on track.

In the last financial year, the largest sum of Discretionary Housing Payment was awarded to nearly 100 households^[1] to mitigate the impact of the Benefit Cap, which places a limit on the amount households can receive. For some households, with a large number of children, the benefit cap is applied to limit the amount of benefit claimed. Households in receipt of Pension Credit are exempt from the Benefit Cap, although some pensioners have been affected by the application of the Spare Room Subsidy, which has reduced their benefit income until they can downsize or make other arrangements. It is likely the majority of people that will benefit from this proposal will be working age people and that children in claimant households will also benefit.

The majority of people that will benefit from the proposal for **Additional funding to respond to Welfare Reform (B4307)** will be working age people with children. The funding will allow specialist support to be provided to help people who will be transitioning from Housing Benefit to Universal Credit, following a change in their circumstances, who find themselves struggling to pay their rent and make ends meet because the level of payment they receive has changed. It is anticipated that approximately 5,000 people^[2] will be migrated across to Universal Credit by early 2023 and some, because of their circumstances, will not be receiving the same amount of benefit payment or face a delay in receiving this payment, which may affect their ability to pay their rent and meet other basic needs. Two additional Officers have already been brought into the Council's Income Team to help mitigate the impact on individuals and to prevent the Council's landlord services from being compromised. This proposal will provide a further tool to assist people who are facing more complex problems, such as debt and employment issues, where specialist advice or support commissioned from the Council's partners could make a difference and allow them to become more self-sufficient irrespective of their tenure type.

^[1] Discretionary Housing Payment Update, 19 March 2018, Report to Strategy and Resources Scrutiny Committee

^[2] Policy in Practice, Forecasting Universal Credit Migration in Cambridge.

(b) Disability - A person has a disability if she or he has a physical or mental impairment which has a substantial and long-term adverse effect on that person's ability to carry out normal day-to-day activities

The proposal for a **new audio-visual system to Committee rooms 1 & 2 and new audio system in the Council Chamber, (C41860)** will benefit people with hearing impairment. This package of measures will include improvements to the hearing loop system (sometimes called an audio induction loop), which is a special type of sound system for use by people with hearing aids.

The **improvements to the Customer Services Centre (B4203)** should benefit a wide range of people with protected characteristics under the Equality Act 2010, having taken into account the views of people using the centre. Disabled people will benefit from improved lighting and seating areas that offer greater comfort and ergonomic fit for all users. The accompanying income management system will also support ways of accessing the internet for people with disabilities.

The **lowering of the present charges for the hire of Shopmobility equipment** is likely to benefit people with disabilities who will pay less for the service. In Cambridge City just over 16,000 people reported in Census 2011 that they experience a long-term limiting illness or disability¹³. The prevalence of disability increases with age and about one third of all people between 65 to 74 years of age nationally report having a long-term limiting illness, with a higher proportion living in low income households. In Cambridgeshire the proportion is higher, applying Health Survey for England research with 45% of people aged 65 and over reporting two or more long-term conditions and limitations with mobility, compared to 4% of people aged between 18 to 64 years of age. Disabled people aged 16 to 64 are likely to be in receipt of Personal Independence Payments (PIPs) that may help them meet the additional costs associated with living with disability or long-term illness, helping to offset charges for this service.

The impending temporary **closure of Park Street multi-storey car park and the reduction in income arising from its closure (R14215)** will mean that seven accessible parking bays on the ground floor for people with disabilities will be no longer be available. However, overall, it is expected that the closure of the bays will not have a significant adverse impact on people with disabilities. Currently disabled people tend to use the Lion Yard multi-storey car park in preference to Park Street, where more parking bays for disabled people are available and the building is more accessible (e.g. wider lifts and circulation areas). People with Blue Badges(a nationally recognised on-street parking scheme for disabled people) could also find and use alternative on-street parking places near to Park Street by parking on double yellow lines where there are not loading restrictions or where they could block vehicle movement, as this is permissible within the Blue Badge scheme.

By **allocating funding for Anti-Poverty projects to the Community Development Grants pot (B4155)** it will allow a wider range of community and voluntary sector organisations to submit grant bids, including those looking to deliver services for disabled people.

The **community extension to Cherry Hinton Library (C4156)** will make additional community space available for use by a wider range of community groups, including those offering support for people with disabilities. The improvements will include the fitting of adaptations that will make the community centre accessible for disabled people.

The **Anti-Poverty responsive budget (B4160)**, will allow the Council to support new short-term projects or existing projects to respond to immediate needs of emergencies. These projects would

¹³ PHE Local Health:
http://www.localhealth.org.uk/GC_preport.php?lang=en&s=141&view=map8&id_rep=r01&sellid0=60&nivgeo=lalt_2013

assist vulnerable people on low incomes, including disabled people.

The current **Living Wage Campaign (B4165)** has managed to secure just over 40 accredited local employers in the City who are now paying, as a minimum, a real living wage to their employees. Recent research by the TUC highlights the “Disability Pay Gap¹⁴”, the difference between the average hourly pay of disabled and non-disabled people, and that disabled people are more likely to earn less as a result. In addition, disabled people face increased living costs of up to £550 per month due to physical barrier to their social participation¹⁵. Encouraging more local employers to pay the real living wage to is therefore likely have a positive impact on disabled people by increasing their income.

The proposal to **continue exercise referral services (B4182)** will have a positive impact on disabled people. The City Council currently runs two exercise referral schemes from GP practices for inactive residents with a medical condition or disability. This includes people with diagnosed medical conditions including high blood pressure, diabetes, obesity, osteoporosis, arthritis, depression, as well as people living with and recovering from cancer and cardiac conditions. Both schemes can help adults become more active to improve or manage their health.

The proposal is to **delete 18.5 hours of the Grant Officer post (S4169)** dealing with Disabled Facilities Grants and Private Sector Loan Grants. It is not anticipated that there will be any delays to processing of mandatory DFGs as an outcome of this reduction, and no-one will be refused a DFG on the basis of the change. This bid will therefore have no impact on disabled people applying for grants.

In Cambridge City 13%¹⁶ of the population experiences a limiting long-term illness or disability. The county-wide review around the use of Disabled Facilities Grants (DFGs) aimed to provide a more joined-up approach, and better use of resources, to improve health care and housing outcomes. Our existing policy of providing grants and loans to private sector residents includes topping up Disabled Facilities Grants (DFGs); helping people to move if their property is unsuitable for adaptation; and repairs and improvements to make homes safer. These all help to contribute towards Cambridgeshire’s Better Care Fund¹⁷ vision, which includes: diverting resources away from acute health services and on-going social care; focusing rather on helping people to help themselves; and returning people to independence wherever possible.

This proposal will help **local people in households experiencing fuel and water poverty (B4193)** to reduce their heating and water costs and improve the effectiveness of their heating. This is likely to have a positive impact on disabled people. Research shows that households that include someone with a disability or a long-term illness are at heightened risk of fuel poverty¹⁸. Many disabled people face difficulties in affording adequate energy consumption to meet their needs. The negative health impacts of fuel poverty are particularly likely to affect disabled people and those living with long term conditions. Families with one or more disabled children are likely to experience extra costs compared to those with no disabled children, and face difficulties in affording fuel and other essential costs.

It is anticipated that the proposal to **reduce the level of funding to Neighbourhood Community Partnerships (NCPs) pending a full review (S4286)** will have no impact on disabled people. The events supported by the NCPs have been accessible to people with disabilities, including trips, and it is likely that this will continue.

¹⁴ TUC, Disability Pay Gap, <https://www.tuc.org.uk/research-analysis/reports/disability-employment-and-pay-gaps-2018>

¹⁵ Scope (2014), ‘Priced out: Ending the Financial Penalty of Disability by 2020’

¹⁶ PHE Local Health:

http://www.localhealth.org.uk/GC_preport.php?lang=en&s=141&view=map8&id_rep=r01&sellid0=60&nivgeo=lalt_2013

¹⁷ Cambridgeshire Better Care Fund: <https://www.cambridgeshire.gov.uk/residents/working-together-children-families-and-adults/working-with-partners/cambridgeshire-better-care-fund-bcf/>

¹⁸ Fuel Poverty and Disability: <https://www.nea.org.uk/research/research-database/fuel-poverty-and-disability-a-statistical-analysis-of-the-english-housing-survey/>

The **Financial Inclusion Officer post (B4315)** could sign-post disabled people to Cambridge CAB and other support groups if they have been sanctioned or missed out on benefits and find that paying their rent is difficult. The **Additional funding to respond to Welfare Reform (B4307)** proposal could also allow additional support to be directed to support disabled people.

In some cases Discretionary Housing Payments are made to disabled claimants, including those whose house has been adapted to support their disability, or where a disabled claimant uses a spare bedroom to store medical equipment or other items to alleviate their disability. These payments will bridge the gap between any benefit reduction arising from welfare reforms (Spare Room Subsidy) and their rent. As people with disabilities transition to Universal Credit it is anticipated that some may be financially worse off through the removal of disability premiums, as well as cuts to child disability payments. Support will be provided through personal independence payments (PIPs) but transitional protection maybe required when disabled people are moved from ESA on to Universal Credit in 2019.

(c) Sex – A man or a woman.

R14213: Reduction in income due to review of Shopmobility charges. Women are more likely to benefit from the proposed reductions in Shopmobility charges than men, as there are more disabled women than men in the UK. In 2012/13, there were 6.4 million disabled women (21%) and 5.5 million disabled men (18%). These proportions have remained broadly stable over time¹⁹.

B4165: Anti-Poverty Strategy and Living Wage Campaign. Whilst both men and women on low incomes will benefit from the Council's Living Wage campaign, it is likely that women on low incomes will benefit more. Nationally, there is a gender pay gap of nearly 20% between men and women. In Cambridge, the average earnings for women in Cambridge with the lowest 25% of earnings is £214.50 per week or less, compared with £419 or less for men with the lowest 25% of earnings.²⁰ Women are more likely than men to be in lower paid jobs, often work part-time with less security.

Women are more likely to experience domestic abuse²¹ and experience abuse with much more intensity²². In some cases, such as where women are facing or in fear of domestic abuse and leave their home, other housing costs associated with housing need can be taken into consideration when making Discretionary Housing Payments. Both the **Financial Inclusion Officer post (B4315)** and **Additional funding to respond to Welfare Reform (B4307)** could help sign-post people to specialist support or start a process to recover their home.

(d) Transgender – A person who does not identify with the gender they were assigned to at birth (includes gender reassignment that is the process of transitioning from one gender to another)

There are no impacts for this protected characteristic arising from budget proposals.

¹⁹ PHE Local Health:

http://www.localhealth.org.uk/GC_preport.php?lang=en&s=141&view=map8&id_rep=r01&sellid0=60&nivgeo=lalt_2013

²⁰ NOMIS (2017), 'Labour Market Profile – Cambridge':

<https://www.nomisweb.co.uk/reports/lmp/la/1946157205/report.aspx?town=cambridge>

²¹ ONS (2018), 'Domestic abuse in England and Wales: year ending March 2018'

<https://www.ons.gov.uk/peoplepopulationandcommunity/crimeandjustice/bulletins/domesticabuseinenglandandwales/yearendinmarch2018>

²² Walby and Allen (2004), 'Domestic violence, sexual assault and stalking: Findings from the British Crime Survey': <http://womensaidorkney.org.uk/wp-content/uploads/2014/08/Home-office-research.pdf>

(e) Pregnancy and maternity

C4156: Community extension to Cherry Hinton Library. The extension to the library will make additional community space available for use by a wider range of community groups, including those supporting people through pregnancy and maternity.

B4165: Anti-Poverty Strategy and Living Wage Campaign. Both men and women will benefit from the Council's Living Wage campaign, if it succeeds in increasing the number of employers in the city paying their staff the Real Living Wage. Some of the beneficiaries will be women²³ who have taken breaks in their employment due to pregnancy and maternity leave, who may have had fewer opportunities to develop a career and therefore receive lower wages as a result.

B4182 Continuation of subsidised and free swimming and exercise referral services. Families using Family Centres are provided with free swimming as a part of the scheme. This will include pregnant people and those looking after young children. For pregnant women exercising in water is supportive, good for circulation (as the pressure of the water on blood vessels stimulates blood flow) and reduces swelling. The availability of free-swimming could encourage women on low incomes who are pregnant to maintain normal daily physical activity or exercise²⁴, and once they have given birth continue to participate in swimming activities and Sure Start classes with their new families.

B4193 Continuation of Fuel and Water Poverty post. The continuation of this post will provide support for people living in fuel poverty, including pregnant women. A survey by Save the Children found almost half of the parents from the lowest income families have said they are considering cutting back on food in order to pay their energy bills. During pregnancy this could have a greater impact on the health of the expectant mother and child. When a property is assessed in the current service, if a pregnant person in the household is identified this will be taken into account in the proposals.

Both the **Financial Inclusion Officer post (B4315)** and **Additional funding to respond to Welfare Reform (B4307)** could assist and help sign-post people who are pregnant who have had to give up working earlier than anticipated, or had other difficulties, to specialist support to prevent or ameliorate any loss of benefits that might cause difficulty in paying rent, putting a home at risk, and meeting basic needs.

(f) Marriage and civil partnership

There are no impacts for this protected characteristic arising from budget proposals.

(g) Race - The protected characteristic 'race' refers to a group of people defined by their race, colour, and nationality (including citizenship) ethnic or national origins.

R14213: Reduction in income due to review of Shopmobility charges. As identified above, the

²³ UK Gender Pay Gap: <https://www.gov.uk/government/news/uk-gender-pay-gap>

²⁴ Women and Sport: <https://www.sportengland.org/our-work/women/>

reduction in Shopmobility charges could have a positive impact on disabled people, by reducing the cost of using the service to access city centre shops and services. The impact may vary across ethnic groups, as the prevalence and profile of disability varies by ethnicity. For instance, people from white ethnic groups are almost twice as likely as those from non-white ethnic groups to have a limiting long-standing illness or disability (20% compared with 11%).²⁵ However, the impact that disability or long-term illness has on one's ability to participate in social life (including leisure activities like shopping) are different for different ethnic backgrounds, with black or black British disabled people reporting the highest number of life areas (for example, leisure) in which participation is restricted.²⁶

B4155: Allocating funding for Anti-Poverty Strategy (APS) projects to the Community Grants pot. This could allow community and voluntary groups to bid for projects that will help address issues of low income across a range of ethnic groups. According to JRF, for all ages, family types and family work statuses, people from minority ethnic groups are, on average, much more likely to be in income poverty nationally than white British people. The differences are particularly greater for families where at least one adult is in paid work: in these families, around 60% of Bangladeshis, 40% of Pakistanis and 30% of black Africans are in income poverty²⁷.

C4156: Community extension to Cherry Hinton Library. The extension to the library will make additional community space available for use by a wider range of community groups, including those supporting particular ethnic groups.

B4165: Anti-Poverty Strategy and Living Wage Campaign. If the Living Wage campaign succeeds in increasing the number of employers in the city paying their staff the Real Living Wage, this could particularly benefit people from particular ethnic groups who may be more likely to be on low incomes. Recent JRF research has shown that BME people have a higher likelihood of lower pay²⁸. Throughout the UK, BAME communities are less likely than white people to be paid the living wage. The Joseph Rowntree Foundation showed in 2015 that the ethnic group least likely to be paid below the minimum wage was white males (15.7 per cent); and that which was most likely was Bangladeshi males (57.2 per cent). 38.7 per cent of Pakistani males were paid below the minimum wage, 37 per cent of Pakistani women, and 36.5 per cent of Bangladeshi women.

B4182 Continuation of subsidised and free swimming and exercise referral services. The continuation of free swimming sessions is likely to have a positive impact on BAME children. Data from the Amateur Swimming Association²⁹ (ASA) shows that ethnic minorities in Britain are three times less likely than white people to know how to swim. By encouraging all school children to swim with free-swimming lessons and water confidence lessons for adults, it is hoped that more people from ethnic minority groups will be able to learn to swim.

S4286 Reduce level of funding to Neighbourhood Community Partnerships (NCPs) pending a full review. One of the aims of the Partnerships has been to bring people who live in the local community together, reflecting the diversity of the area. Overall, Cambridge is ethnically diverse, with nearly one person in three residing in the Cityborn outside of the UK³⁰. There are no real

²⁵ Papworth Trust, Disability in the United Kingdom 2016: Facts and Figures

<http://www.papworthtrust.org.uk/sites/default/files/Disability%20Facts%20and%20Figures%202016.pdf>

²⁶ Papworth Trust, Disability in the United Kingdom 2016: Facts and Figures

<http://www.papworthtrust.org.uk/sites/default/files/Disability%20Facts%20and%20Figures%202016.pdf>

²⁷ Poverty and Ethnicity in the UK: <https://www.jrf.org.uk/report/poverty-and-ethnicity-uk>

²⁸ Poverty and Ethnicity in the Labour Market: <https://www.jrf.org.uk/report/poverty-ethnicity-labour-market>

²⁹ ASA Sporting Equals:

http://www.swimming.org/~widgets/ASA_Research_Library/Black%20Minority%20Ethnic%20Swimming/ExBME8%20Sporting%20Equals%20BME%20Communities%20and%20Swimming%202012.pdf

³⁰ ONS Country of Birth estimates:

<https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/internationalmigration/datasets/populationoftheunitedkingdombycountryofbirthandnationality>

concentrations of ethnic communities in the NCP areas, but there is a larger group of people of Bangladeshi and Polish descent in some areas. The NCPs, reflecting the diversity of the area, have in the past run English classes, promoted Asian groups, street parties and cultural events. It is uncertain whether people of particular ethnicities will be disproportionately affected by the reduction of grant to the partnerships – it will depend on how the NCP's prioritise their work in the future.

(h) Religion or belief

B4182 Continuation of subsidised and free swimming lessons could have a positive impact for people of particular religions. Analysis carried out in 2012 on Sport England's Active People Survey data showed that participation in swimming is low among Sikh, Muslim and Buddhist women, compared with the overall female population. Muslim women and girls can be less likely to swim, as an outfit that fully covers the body is usually required, and they may not wish to swim in mixed classes³¹. Children attending as part of a school group are more likely to include children of different faiths.

S4286 Reduce level of funding to Neighbourhood Community Partnerships (NCPs) pending a full review. The Partnerships have looked to support groups celebrating cultural events and groups, such as an Asian girls group in the past, taking into account religion or belief and promoted events to all communities to improve integration.

(i) Sexual orientation

There are no impacts for this protected characteristic arising from budget proposals.

(j) Other factors that may lead to inequality – in particular – please consider the impact of any changes on low income groups or those experiencing the impacts of poverty

Many of the proposals will impact on people living on low incomes:

- The **Reduction in income due to review of Shopmobility charges** will lower barriers for people on low incomes to access this service.
- **Allocating funding for Anti-Poverty Strategy (APS) projects to the Community Grants pot and the Anti-poverty responsive budget** will continue to promote local projects looking to support people on low incomes, looking to prioritise those that fall within the main

³¹ Sport and Faith: <https://www.sportengland.org/research/understanding-audiences/faith/>

areas of the strategy.

- The post helping to deliver the **Anti-Poverty Strategy and Living Wage Campaign** has at its heart the purpose to raise the incomes of low income groups of people.
- The **continuation of subsidised and free swimming and exercise referral services** will provide young people living in low income families with access to swimming lessons and older people on low incomes with access to structured activities that will promote their wellbeing.
- Last year the Cambridgeshire Housing Improvement Agency completed 222 adaptations for clients living in social housing, costing £1.7m. **Reducing the present post dealing with Disabled Facilities Grants and Private Sector Loan Grants to half a post** will not affect the number of people applying or receiving this grant with a low income.
- The **Continuation of Fuel and Water Poverty post** will provide targeted help to many low income households experiencing fuel poverty to reduce their heating and water costs and improve the effectiveness of their heating.
- The **Financial Inclusion Officer post (B4315)** and **Additional funding to respond to Welfare Reform (B4307)** proposals will provide support to people who have proved that they have no financial resources at their disposal to meet their housing needs and basic living requirements. Both proposals could assist and help sign-post people to specialist support to prevent or ameliorate any loss of benefits.

11. Action plan – New equality impacts will be identified in different stages throughout the planning and implementation stages of changes to your strategy, policy, plan, project, contract or major change to your service. How will you monitor these going forward? Also, how will you ensure that any potential negative impacts of the changes will be mitigated? (Please include dates where possible for when you will update this EqIA accordingly.)

This EqIA provides an overall assessment of the equality impacts of budget proposals included in the General Fund budget proposed for 2018/19. As these projects and service changes move towards implementation during 2018/19, officers will continue to monitor equality impacts and individual EqIAs with attached action plans for these projects will be produced if required.

12. Do you have any additional comments?

No additional comments.

13. Sign off

Name and job title of lead officer for this equality impact assessment: Graham Saint, Corporate Strategy Officer.

Names and job titles of other assessment team members and people consulted:

Allison Conder, Strategic Project Manager
Andrew Muggeridge, Principal Surveyor
Clarissa Norman, Customer Services Operations Manager
David Greening, Head of Housing
David Kidston, Strategy and Partnerships Manager
Debbie Kaye, Head of Community Services
Helen Crowther, Equality and Anti-Poverty Officer
Helen Reed, Housing Strategy Manager
Ian Ross, Sport and Recreation Manager
Jonathan James, Head of Customer Services
Justin Smith, Energy Projects Team Leader
Naomi Armstrong, Benefits Manager
Rebecca Weymouth-Wood, Waste Policy, Change and Innovation Manager
Sally Roden, Neighbourhood Community Development Manager
Sean Cleary, Commercial Operations Manager

Date of EqIA sign off:

Date of next review of the equalities impact assessment: This will be different for each project.

Sent to Helen Crowther, Equality and Anti-Poverty Officer?



Yes



No

Date to be published on Cambridge City Council website (if known): Not known as yet

Contacts

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Item



BUSINESS RATES RETAIL DISCOUNT SCHEME 2019/20 & 2020/21

To:

Councillor Richard Robertson, Executive Councillor for Finance and Resources

Strategy & Resources Scrutiny Committee 11/02/2019

Report by:

Kevin Jay, Local Taxation Manager

Tel: 01223 - 457704 Email: kevin.jay@cambridge.gov.uk

Wards affected:

All

Non - Key Decision

1. Executive Summary

- 1.1 The purpose of this report is to recommend the adoption of a policy to award “Retail Discount” in accordance with the Discretionary Rate Relief powers as contained within Section 47 of the Local Government Finance Act 1988 (as amended) for the years 2019-20 and 2020-21. The policy is attached as Appendix A.
- 1.2 Central Government has recognised that changing consumer behaviour presents a significant challenge for town and city centre retailers. The retail sector is changing, particularly due to internet shopping, and many High streets are experiencing challenges as they look to adapt to

changing consumer preferences in how people shop. The Government wishes to support town centres by providing particular support to retailers.

2. Recommendations

The Executive Councillor is recommended to:

- 2.1 Adopt the Retail Discount policy (appendix A) for qualifying businesses in occupation of retail premises which have a rateable value of less than £51,000, for the financial years 1 April 2019 to 31 March 2020 and 1 April 2020 to 31 March 2021 only.
- 2.2 Delegate authority to the Head of Revenues and Benefits to award the “Retail Discount” where a ratepayer demonstrates their entitlement.

3. Background

- 3.1. The Government announced in the Autumn Budget that it will provide a rates discount to all occupiers of retail premises with a Rateable Value of less than £51,000 in each of the years 2019/20 and 2020/21. In late November, the Government issued guidance to support local authorities in administering the “Retail Discount”.
- 3.2 The “Retail Discount” awarded by the Council will be fully reimbursed by the Government if made in accordance with the Government Guidance. The Policy proposed in Appendix A reflects fully the Government’s guidance.
- 3.3 This discount must be awarded by the Council in accordance with the Discretionary Rate relief powers as contained within the Local Government Finance Act 1988 (as amended) and will be calculated at a third of the rate bill after any other applicable reliefs have been awarded.

- 3.4 State Aid (De Minimis Regulations) will apply when granting this and any other relief and ratepayers may be required to complete a declaration to confirm that they would not exceed state aid limits (currently 200,000 euros) through the granting of this discount.
- 3.5 Some preliminary modelling work has been carried out to identify properties and approximately 500-600 ratepayers are likely to qualify for the discount.

4. Implications

(a) Financial Implications

In awarding the “retail discount” in accordance with the Guidance the Council will be fully reimbursed through the NNDR claim process. This will be done by a grant under section 31 of the Local Government Act 2003. The scheme will therefore be zero cost to the Council.

The total value of Retail Discount awarded in Cambridge would be in the region of £1.9m applied to between 500 and 600 ratepayers.

(b) Staffing Implications

None – it is anticipated that the administration can be managed through existing resources in the Business Rates team.

(c) Equality and Poverty Implications

This Policy reflects the Governments expectation that all local authorities will adopt the proposals in full and provide the maximum discount to qualifying ratepayers.

(d) Environmental Implications

None

(e) Procurement Implications

None – statutory process.

(f) Community Safety Implications

None

5. Consultation and communication considerations

Consultation is not necessary although direct communication will be made with qualifying ratepayers in order to maximise take up of the discount.

6. Background papers

(a) Guidance from MHCLG – issued November 2018

7. Appendices

Appendix A : Criteria for granting discretionary discount

8. Inspection of papers

To inspect the background papers or if you have a query on the report please contact Kevin Jay, Local Taxation Manager, tel: 01223 457704, email: kevin.jay@cambridge.gov.uk.

Appendix A

NATIONAL NON-DOMESTIC RATE RELIEF:

CRITERIA FOR THE GRANTING OF DISCRETIONARY DISCOUNT BY CAMBRIDGE CITY COUNCIL TO RETAIL PROPERTIES

Under section 47 of the Local Government Finance Act 1988 the Cambridge City Council will use its powers to grant rate relief to properties in the following circumstances. (subject to not exceeding state aid thresholds).

- The property is occupied;
- The property has a rateable value of less than £51,000;
- The property is being wholly or mainly used as a shop, restaurant, café or drinking establishment; and
- The relief is in respect of the 2019/20 and 2020/21 financial years only.

The property must be wholly or mainly used as a retail property i.e. more than half of the premises must actually be used for these purposes.

An emphasis will be placed on the actual use of the property rather than full reliance on the description of individual properties in the local rating list.

Below are examples of properties that are considered eligible and those that are not. This list is not exhaustive and some cases will be determined on an individual basis.

Eligible Property

It is considered shops, restaurants, cafes and drinking establishments to mean premises that are being used for the sale of goods to visiting members of the public:

- Shops (such as: florist, bakers, butchers, grocers, greengrocers, jewellers, opticians, stationers, off licence, chemists, newsagents, hardware stores, charity, supermarkets etc.)
- Post offices, markets, petrol stations, garden centres, second hand car lots.
- Show & display rooms (such as: furnishing, double glazing, garage doors, kitchen / bathroom, carpet, cars & caravans etc.)
- Art galleries (where art is for sale / hire)

Or, properties providing the following services to visiting members of the public, including:

- Hair and beauty services (such as: hairdressers, nail bars, beauty salons, tanning shops, etc.)
- Shoe repairs/ key cutting, dry cleaners, launderettes.
- Travel agents, ticket offices e.g. for theatre.
- PC/ TV/ domestic appliance repair, DVD/ video rentals, photo processing
- Funeral directors
- Tool hire, car hire.

Or, properties being used for the sale of food and/ or drink to visiting members of the public, including:

- Restaurants, takeaways, sandwich shops, coffee shops, pubs, bars

The list set out above is not intended to be exhaustive as it would be impossible to list the many and varied retail uses that exist. There will also be mixed uses.

However, it is intended to be a guide as to the types of uses that Council and Government considers for this purpose to be retail.

Property not considered eligible

In accordance with the Government's guidance on awarding "Retail" Rate Relief, the Council considers the following not to be "retail premises" and will not be eligible for relief under the scheme:

- Offices including financial services (e.g. banks, building societies, cash points, bureau de change, payday lenders, betting shops, pawn brokers).
- Other services (e.g. estate agents, letting agents, employment agencies).
- Medical services (e.g. vets, dentists, doctors, osteopaths, chiropractors).
- Professional services (e.g. solicitors, accountants, insurance agents/ financial advisers, tutors).
- Post office sorting office.
- Hereditaments that are not reasonably accessible to visiting members of the public.

January 2019

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Item

COUNCIL TAX REDUCTION SCHEME and EMPTY HOMES PREMIUM 2019-2020

To:

Councillor Richard Robertson, Executive Councillor for Finance and Resources

Strategy & Resources Scrutiny Committee 11/02/2019

Report by:

Naomi Armstrong, Benefits Manager

Tel: 01223 - 457752 Email: naomi.armstrong@cambridge.gov.uk

Wards affected:

All

Key Decision

1. Executive Summary

Council Tax Reduction Scheme

- 1.1 From April 2013, local authorities across England were given the power to devise their own systems of Council Tax Support for working-age adults. It replaced the national system of the Council Tax Benefit which ensured that people on low incomes received help to pay Council Tax.
- 1.2 The current local scheme meets the Council's commitment to protect as many people as possible from any decrease in the level of Council Tax Reduction support.
- 1.3 The purpose of this report is to undertake the annual review of the Council Tax Reduction Scheme and to decide whether the Scheme should be revised, replaced or continued for the financial year 2019-2020.

Empty Homes Premium

- 1.4 Since 2013 the Council has exercised its discretion and has charged a Council Tax premium of 50% when an unfurnished house has been empty for two years or more.
- 1.5 In March 2018 Government proposed legislation to allow Councils to increase the amounts payable in respect of long-term empty dwellings.
- 1.6 Legislation was enacted on 1st November 2018 to allow the Council to increase the premium to 100% with effect from 1st April 2019 to provide an incentive to bring long term empty homes back into use.

In addition, the legislation also allows the Council to further increase the premium on properties that have stood empty for more than 5 years to 200% with effect from 1st April 2020 and a further increase to 300% for properties empty for 10 years or more from 1st April 2021.

2. Recommendations

The Executive Councillor is recommended to:

- 2.1 Agree to continue the current Council Tax Reduction Scheme framework with changes to applicable amounts and premiums as defined within the local scheme. The scheme supports low-paid workers already struggling to cope with stagnant wages, rising living costs and on-going Welfare Reforms that impact on Universal Credit, Tax Credits and other in-work support.
- 2.2 Agree that Care Leavers under 25 are included in the vulnerable groups classification within the local Council Tax Reduction Scheme.
- 2.3 Agree that following the delay in rolling out full service Universal Credit to October 2018, that the significant review of the current scheme be carried out during spring 2019 to reflect the rollout of Universal Credit.
- 2.4 Agree that Empty Property Premium increases are adopted in full from 1 April 2019 to 1 April 2021.

3. Background

Council Tax Reduction Scheme

- 3.1. Local Council Tax Reduction Schemes replaced the national Council Tax Benefit scheme for those of working age from April 2013.

- 3.2 The local scheme is for those of working-age only as there is no local discretion in respect of the provision for pensioners, which is set out in statute in the prescribed regulations.
- 3.3 The current local Council Tax Reduction Scheme broadly follows the Council Tax Benefit scheme that ceased on 31 March 2013 and continues to support the Council's commitment to support the most vulnerable in the city.
- 3.4 The current scheme supports all those that enter work and provides support to those who are in work.
- 3.5 As at December 2018, average weekly awards are £19.80 (average pensioner weekly awards £19.31 and working age awards £20.05 per week) and there is a continuing trend towards more working age households than pensioners. The split is projected to be 66/34. The average weekly support for employed households is £13.42.
- 3.6 The local scheme currently supports some 1879 working age households with a total of 3741 children in these households. 36 of these families are on Universal Credit as at December 2018.

Empty Homes Premium

- 3.7 Government has made it clear that they want to give Councils the flexibility to increase Council Tax and incentivise owners of long term empty homes to bring them back into use.
- 3.8 Currently 66 properties are subject to the empty home premium. Since the premium was introduced in 2013 the numbers have remained low and we have worked closely with the Empty Homes Officer to accurately identify long term empty properties so that action can be taken and incentives are offered to help bring those properties back into use.

4. Implications

(a) Financial Implications

- 4.1 Council Tax Reductions as at the end of December 2018 were £6,492,662.
- 4.2 In modelling for 2019/2020, figures have been based on expected incomes, benefit rates and caseload changes and an assumed increase in Council Tax. Based on this, it is expected that expenditure would be £6,532,725 for 2019/2020.
- 4.3 Identifiable funding for Council Tax Reduction Schemes was only explicitly stated in local authority baseline

funding levels in the new business rates retention system in 2013/14. Since then, government funding for Council Tax Reduction Schemes has not been a separately specified amount and it is now entirely for local authorities to decide how much they are prepared to spend on Council Tax support from general revenue funding, which includes retained business rates.

- 4.4 Whilst the power to set the scheme rests with billing authorities (Cambridge City Council), it is recognised that the financial impact is shared with precepting authorities (Cambridge City Council's precept is approximately 11%).
- 4.5 The legislation that brought in local Council Tax Reduction Schemes from April 2013 also allowed local authorities to change some of the Council Tax discounts and exemptions. The Council used these reforms to increase revenue to contribute to the overall funding of the local Council Tax Reduction Scheme and also promotes bringing empty homes back in to use more quickly.
- 4.6 Government have amended legislation to allow Council's the discretion to increase the amount charged on properties, empty for more than two years. A 100% premium would apply from April 2019 and from April 2020, for properties empty for more than 5 years, a premium of 200% could be applied and from April 2021, for properties empty for 10 years or more at that date, a premium of 300% could be applied.
- 4.7 Modelling work has been carried out with regard to the potential revenue generated by the increased premium and the Council Tax base has been increased to reflect the additional charge.

Based on an individual Band D property the additional amount charged from 1st April 2019 would be approximately £860 per year, with a best estimate that this could generate around £4k per year for Cambridge City (based on Cambridge City Council precept of 11%).

Additional revenue could also be generated from 2020 if the premium increases are applied in full however the number of properties that would attract the 200% or 300% premium are small, currently 12 and 5 properties respectively.

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(b) Staffing Implications

4.8 None.

(c) Equality and Poverty Implications

4.9 The current Council Tax Reduction Scheme supports the Council's aspiration to build a fairer Cambridge and help improve the standard of living for individuals and communities on a low income in the city by:

- Helping people on low incomes to maximise their income and minimise their costs
- Reducing the impact of poverty on children and helping low income families with the cost of raising a child
- Making the move into work easier

4.10 A full EqIA was carried out when the scheme was established and will be updated following acceptance of this report.

4.11 The scheme fully meets the Council's responsibilities to protect vulnerable groups including responsibilities under the Child Poverty Act 2010, the Disabled Persons' Act 1986, the Housing Act 1996, as well as the public sector equality duty in section 149 of the Equality Act 2010.

(d) Environmental Implications

4.12 None.

(e) Procurement Implications

4.13 None.

(f) Community Safety Implications

4.14 None.

5. Consultation and communication considerations

5.1 A consultation was carried out by the Council out in Autumn 2018 and more than 91% of respondents were in favour of adopting the proposals to increase premiums for empty properties.

5.2 The consultation also looked at proposals to protect Care Leavers (up to their 25th birthday) within the Council Tax Reduction scheme. The response was 91% in favour of including them in the vulnerable groups to protect them from possible reductions in the amount of Council Tax that support can be given for.

- 5.3 The consultation also looked at a proposal to limit changes in Council Tax Reduction where earnings fluctuate. Despite a majority being in favour of this, concerns have been raised on whether this will achieve the desired results and further work is being done for the 2020/2021 scheme.

6. Background papers

- 6.1 No background papers were used in the preparation of this report.

7. Appendices

- 7.1 None

8. Inspection of papers

To inspect the background papers or if you have a query on the report please contact Naomi Armstrong, Benefits Manager, tel: 01223 457752, email: naomi.armstrong@cambridge.gov.uk.



Item

Cambridgeshire and Peterborough Combined Authority - Update

To:

Councillor Lewis Herbert, Leader and Executive Councillor for Strategy and Transformation

Strategy & Resources Scrutiny Committee 11 February 2019

Report by:

Antoinette Jackson, Chief Executive

Tel: 01223 457001 Email: antoinette.jackson@cambridge.gov.uk

Wards affected:

Abbey, Arbury, Castle, Cherry Hinton, Coleridge, East Chesterton, King's Hedges, Market, Newnham, Petersfield, Queen Edith's, Romsey, Trumpington, West Chesterton

Not a Key Decision

1. Executive Summary

- 1.1 This report provides an update on the activities of the Cambridgeshire and Peterborough Combined Authority (CPCA) since the 8 October meeting of Strategy & Resources Scrutiny Committee.

2. Recommendations

- 2.1 The Executive Councillor is recommended:

To provide an update on issues considered at the meetings of the Combined Authority held on 31 October 2018, 28 November 2018 and 30 January 2019.

3. Background

- 3.1 Meetings of the Cambridgeshire and Peterborough Combined Authority were held on 31 October 2018, 28 November 2018 and 30 January 2019 (to follow). The decision sheets from the meetings are attached in the appendices for the committee's consideration.

4. Implications

- (a) **Financial Implications**
- (b) **Staffing Implications**
- (c) **Environmental Implications**
- (d) **Procurement**
- (e) **Community Safety**

There are no implications from this update report in relation to any of the categories listed above

- (f) **Equality and Poverty Implications**

An EqlA has not been produced as there are no direct equality and poverty implications from this update report.

- (g) **Consultation and communication**

The Combined Authority will continue to issue communications about its activities and consult on its work.

5. Background papers

- 5.1 The background papers used in the preparation of this report are listed in the appendices below.

6. Appendices

Appendix A Decision sheet for CPCA meeting 31.10.18

Appendix B Decision sheet for CPCA meeting 27.11.18

Appendix C Decision sheet for CPCA meeting 30.01.19 (to follow)

7. Inspection of papers

To inspect the background papers or if you have a query on the report, please contact Antoinette Jackson, Chief Executive. Tel: 01223 457001, email: antoinette.jackson@cambridge.gov.uk.



**CAMBRIDGESHIRE
& PETERBOROUGH**
COMBINED AUTHORITY

CAMBRIDGESHIRE & PETERBOROUGH COMBINED AUTHORITY

Decision Statement

Meeting: 31 October 2018

Published: 5 November 2018

Decision review deadline: 12 November 2018

Each decision set out below will come into force, and may then be implemented at 5.00pm on the fifth full working day after the publication date, unless it is subject of a decision review. [see note on call in below].

Item	Topic	Decision
	Part 1 – Governance Items	
1.1	Announcements, Apologies and Declarations of Interest	
1.2	Minutes – 25th July 2018	It was resolved to: a) approve the minutes of the meeting of 26 September 2018 as a correct record.
1.3	Petitions	None received.

1.4	Public Questions	
1.5	Forward Plan	It was resolved to: a) note the Forward Plan.
1.6	Appointment to Business Board	It was resolved to: a) appoint Councillor Wayne Fitzgerald as substitute for Councillor Charles Roberts, Portfolio for Economic Growth on the Business Board
1.7	Membership of the Combined Authority and Committees - Amendments	It was resolved to note: a) the appointment by Cambridgeshire County Council of Councillor Ian Bates temporarily as its substitute member on the Combined Authority Board b) the appointment by Peterborough City Council of Councillor Shaz Nawaz as one of its substitute members on the Overview and Scrutiny Committee for the remainder of the municipal year 2018/19
	PART 2- Combined authority Matters	
2.1	£100m Housing Programme - Scheme Approvals	It was resolved to: a) commit grant funding of £1.634m from the £100m Affordable Housing Programme to support delivery of new affordable housing scheme at Lion Works, Station Road, Whittlesford.
2.2	Commission of the Local Transport Plan	It was resolved to: a) agree the scope of the Local Transport Plan for the Combined Authority b) agree the stakeholder engagement strategy

<div>Page 225</div>	<p>2.3 East-West (North) Corridor – A47 Dualling Study – Strategy, Phasing and Prioritisation Stage 0</p>	<p>It was resolved to:</p> <ul style="list-style-type: none"> a) note the findings of the revised A47 Strategic Outline Business Case, and Options Appraisal Report which confirms that a strong case exists for the dualling of the whole section of the route. b) note the three identified route options being developed to the standards of both HE DCO Compliant PCF Stage 0 and SGAR. c) approve the continuation of Skanska consultancy support via the existing Cambridgeshire County Council framework arrangement and Budget of additional funding of up to £1,000,000, (at a level of £800,000 plus £200,000 contingency subject to CEO / CFO release) for the development of HE DCO Compliant PCF Stage 0 products to achieve a Green SGAR approval. d) note the need to identify funding for a contribution towards the development stage of up to £30,000,000 of an estimated total £60,000,000 over the period 2019 to 2025 as a contribution to the design and development of the preferred route. e) delegate authority to the Transport Director, in consultation with the Chairman of the Transport Committee, to consider and negotiate the concept of amending the continuation or cessation of the current proposed Highways England Intervention at Guyhirn, to then utilise the funding in the development of the wider scheme.
<p>2.4</p>	<p>Cambridge Autonomous Metro: Update</p>	<p>It was resolved to:</p> <ul style="list-style-type: none"> a) note the progress of the CAM project towards the production of the Strategic Outline Business Case by December 2018 b) agree the outcomes of the review of the A429 Camborne to Cambridge project, following the pause agreed at the July Combined Authority Board meeting c) note the progress of the work to assess the potential delivery models to ensure the priority transport projects (including the CAM) can be delivered at pace.

2.5	A605 Kings Dyke Level Crossing Closure	<p>It was resolved to:</p> <ul style="list-style-type: none"> a) note the independently reviewed Business case supporting the progression of the scheme as value for money b) agree to provide funding contribution of up to £16.4m over the original £13.6m allocation to enable the scheme to progress to construction c) agree the apportionment of 40 / 60 as a split of any under / over spend against the above budget between Cambridgeshire County Council and the Combined Authority as set out in the report.
2.6	Performance Reporting	<p>It was resolved to:</p> <ul style="list-style-type: none"> a) agree the proposed performance reporting arrangements described in this paper.
PART 3- Date of Next Meeting		
2.1	<p>Wednesday, 28 November 2018 Council Chamber, Fenland Hall, County Road, March PE15 8NQ</p>	

Notes:

- (a) Statements in bold type indicate additional resolutions made at the meeting.
- (b) Five Members of the Overview and Scrutiny Committee may call-in a key decision of the Mayor, the Combined Authority Board or an Officer for scrutiny by notifying the Monitoring Officer.

For more information contact: Richenda Greenhill at Richenda.Greenhill@cambridgeshire.gov.uk or on 01223 699171.



**CAMBRIDGESHIRE
& PETERBOROUGH**
COMBINED AUTHORITY

CAMBRIDGESHIRE & PETERBOROUGH COMBINED AUTHORITY

Decision Statement

Meeting: 28 November 2018

Published: 3 December 2018

Decision review deadline: 10 December 2018

Each decision set out below will come into force, and may then be implemented at 5.00pm on the fifth full working day after the publication date, unless it is subject of a decision review. [see note on call in below].

Item	Topic	Decision
	Part 1 – Governance Items	
1.1	Announcements, Apologies and Declarations of Interest	<p>Apologies were received from Councillor B Smith (substituted by Councillor A Van de Weyer) and Councillor S Count (substituted by Councillor I Bates)</p> <p>Declarations of interest were made in relation to Item 6.1: £100m Affordable Housing Programme – Scheme Approvals by Councillor C Roberts and John Hill as Directors of the East Cambridgeshire Trading Company.</p> <p>The Mayor stated that he did not consider that he had any interest to declare in relation to Item 1.6: Members’ Allowances Scheme.</p>

1.2	Minutes – 31 st October 2018	<p>It was resolved to:</p> <p>a) approve the minutes of the meeting of 31st October 2018 as a correct record.</p>
1.3	Petitions	None received.
1.4	Public Questions	None received.
1.5	Forward Plan	<p>It was resolved to:</p> <p>a) note the Forward Plan.</p>
1.6	Members' Allowances Scheme	<p>It was resolved to:</p> <p>a) review the Members' Allowance Scheme (Mayor's Allowance);</p> <p>b) consider the payment of allowances/expenses to those appointed to any independent commissions set up by the Combined Authority; and</p> <p>c) ratify the decisions of the Business Board reported orally at the meeting.</p>
PART 2- Finance		
2.1	£2019/20 Draft Budget and Medium Term Financial Plan 2019 to 2023	<p>It was resolved to:</p> <p>a) agree the draft revenue budget for 2019/20 and the MTFP to 2023 to go forward for consultation with wider stakeholders;</p> <p>b) agree the draft capital programme to go forward for consultation with the wider community.</p> <p>c) that each element of the annual Combined Authority overheads budget be urgently reviewed and overheads spend significantly reduced for 2019/2020 from the projected figures when the annual budget is published in February 2019.</p>

2.2	Budget Monitor Update	<p>It was resolved to:</p> <ul style="list-style-type: none"> a) note the half year financial position of the Combined Authority for the year to 31 March 2019. b) agree the provisional outturn for 2018/19.
	PART 3- Combined Authority Matters	
3.1	Wisbech to March Rail – Grip 3b Study	<p>It was resolved to:</p> <ul style="list-style-type: none"> a) approve the budget of £1,500,000 (£1,300,000 estimated cost and £200,000 contingency for Chief Executive Officer/Chief Finance Officer discretionary release) as a proportion of the £3.25m indicated in March 2018 as part of the potential £6.5m Wisbech Garden Town funding, and b) agree to delegate authority to the Transport Director to appoint a supplier to deliver the study as successful tenderer in the current procurement exercise, and c) agree to delegate authority to the Transport Director to negotiate with all relevant stakeholders both in regard of the exploration of the rail link and low cost non-heavy rail alternative, in consultation with the Chairman/woman of the Transport Committee.
3.2	Response to the Cambridgeshire and Peterborough Independent Economic Review (CPIER): A Growth Ambition Statement	<p>It was resolved to:</p> <ul style="list-style-type: none"> a) agree the response to the CPIER main recommendations at Annex B; b) adopt the Growth Ambition Statement at Annex A; c) mandate officers to ensure consistency with the Growth Ambition Strategy in developing future strategy documents and business plans for transport, planning, business and skills, including reviewing previously agreed timescales to make aligning content more feasible.

		d) The Mayor and Combined Authority commence producing a comprehensive funding strategy for CAM Metro, covering both capital and operating cost, ahead of further decisions on CAM, and on the need for Mayoral Development Corporations as potential funding sources.
3.3	Performance Reporting	It was resolved to: a) note the November Delivery Dashboard.
	PART 4- Business Board Recommendations to Combined Authority	
4.1	Growth Fund Projects	It was resolved to note the decisions of the Business Board and, subject to confirmation from Government that local growth funds have been released for allocation by the Business Board , to: a) accept and approve recommendations from officers of small grant awards to Small and Medium Enterprises (SMEs) totalling £19,490. b) agree delegated authority to approve small grants to SMEs between £2,000 and £20,000 to Director of Business & Skills subject to Section 151 Officer approval, and regular reporting to the Business Board. c) give approval to procure and appoint independent project appraisers of business cases over £20,000.
4.2	Eastern Agri-Tech Growth Initiative	It was resolved to note the decisions of the Business Board and, subject to confirmation from Government that local growth funds have been released for allocation by the Business Board , to: a) agree that the Eastern Agri-Tech Growth Initiative should continue across the existing geographical areas of both the BB and New Anglia Local Enterprise

		<p>Partnership (NALEP);</p> <ul style="list-style-type: none"> b) agree a funding allocation of £4m from new Growth Deal funding; c) agree the Terms of Reference for the Eastern Agri-Tech Programme Board. d) delegate authority to the Eastern Agri-Tech Programme Board to make decisions about applications for grant funding on behalf of both the CA/BB and NALEP; e) agree that the Eastern Agri-Tech Programme Board should become a Sub-Board of the BB, and f) agree that a member of the BB, nominated by the BB, should become Chair of the Eastern Agri-Tech Programme Board.
<p>4.3</p> <p>Page 231</p>	<p>Growth Deal</p> <ul style="list-style-type: none"> (a) Wisbech Access Strategy – Summary of study work and request to proceed to delivery of design with simultaneous construction of phase 1 interventions (b) M11 Junction 8 Improvement Project 	<p>It was resolved to note the decisions of the Business Board and, subject to confirmation from Government that local growth funds have been released for allocation by the Business Board, to:</p> <ul style="list-style-type: none"> a) approve a budget of £10,500,000 to enable the procurement of an appropriate design and build contractor to immediately commence the delivery of an overlapped phased design and construction programme. b) delegate authority to the Transport Director, in consultation with the Chair of the Transport Committee, at key gateway stages to deliver this package of works on behalf of the Business Board. c) subject to BEIS Ministerial approval of the release of future Growth Deal funds, release of the £10.5m Growth Deal funding for the delivery of this vital scheme for the housing and economic growth of Wisbech. d) release the £1m Growth Deal funding to Essex County Council, to support the delivery of the range of improvements outlined within this paper for the M11 Junction 8.

4.4	The Greater South East Energy Hub – Rural Community Energy Fund	It was resolved to note the decisions of the Business Board and, subject to confirmation from Government that local growth funds have been released for allocation by the Business Board , to: a) agree that the Greater South East Energy Hub assumes the RCEF management role.
	Part 5- Skills Committee Recommendations to Combined Authority	
5.1	University of Peterborough – Review and Evaluation for Phase 1 and 2 of the Programme	This report was withdrawn.
5.2	Adult Education Budget Devolution	It was resolved by a majority to note the recommendations of the Skills Committee and to: a) approve business case requesting a top slicing allocation up to 4.9% to ensure the delivery of the AEB is resourced appropriately. b) approve the proposed commissioning approach for the CPCA devolved AEB. c) authorise officers to enter into a negotiated grant commissioning process to develop and work with the 15 indigenous and contiguous Cambridgeshire and Peterborough Colleges and Local Authority providers currently grant funded by the Education Skills Funding Agency. (This will mean disinvestment in the remaining 120 Grant funded providers spatially distant from Cambridgeshire & Peterborough.) d) agree to procure contracts for services for all other providers, including Independent Training Providers, Further Education Institutions based outside of the CPCA area and other organisations (which may include the voluntary & community sector). Further to give delegated authority to the Director of Business & Skills to award contracts.

5.3	Skills Prioritisation Plan - Careers Enterprise Company	<p>It was resolved:</p> <ul style="list-style-type: none"> (a) to approve that the CPCA cease resourcing the Careers Enterprise Company contract for delivery. (b) that delegated authority be provided to the Portfolio Holder and Director of Business and Skills to engage with the CEC to identify potential local partners to undertake the remaining CEC Delivery Contract.
	Part 6 - Combined Authority Matters	
6.1	£100m Affordable Housing Programme - Scheme Approvals	<p>It was resolved by a majority to:</p> <ul style="list-style-type: none"> a) approve the provision of a commercial loan facility of £24.4m to East Cambridgeshire Trading Company (ECTC) for a scheme of 92 units based on the heads of terms detailed in Appendix 1. b) authorise the Director, Housing to bring forward commercial proposals for the CPCA to joint venture as a development partner with ECTC for the delivery of up to 62 additional homes on the undeveloped infill land, once the land has been acquired. c) authorise the Director, Housing in consultation with Legal Counsel and Portfolio Holder Fiscal to conclude any necessary legal documentation to secure the loan, to include a charge upon the land.

	Part 6- Finance- Part 2 item	
6.2	Exclusion of Press and Public	<p>It was resolved:</p> <p>a) that the press and public be excluded from the meeting on the grounds that the agenda contains exempt information under Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972, as amended, and that it would not be in the public interest for this information to be disclosed -information relating to the financial or business affairs of any particular person (including the authority holding that information)</p>
6.3	Wisbech: 11 & 12 High Street	<p>It was resolved to:</p> <p>a) approve the recommendations in the report.</p>
	Part 7- Date of Next Meeting	
	Date: Wednesday 30 January 2019 at 10.30am, Civic Suite Room A, Huntingdonshire District Council, Pathfinder House, St Mary's Street, Huntingdon, PE29 3TN	

Notes:

- (a) Statements in bold type indicate additional resolutions made at the meeting.
- (b) Five Members of the Overview and Scrutiny Committee may call-in a key decision of the Mayor, the Combined Authority Board or an Officer for scrutiny by notifying the Monitoring Officer.

For more information contact: Richenda Greenhill at Richenda.Greenhill@cambridgeshire.gov.uk or on 01223 699171.



Item

DRAFT CORPORATE PLAN 2016-19

To:

Councillor Lewis Herbert, Leader and Executive Councillor for Strategy and External Partnerships

Strategy & Resources Scrutiny Committee 11/02/2019

Report by:

Andrew Limb, Head of Corporate Strategy

Tel: 01223 - 457004 Email: Andrew.Limb@cambridge.gov.uk

Wards affected:

All

Not a Key Decision

1. Executive Summary

- 1.1 This report recommends approval of a revised Corporate Plan, replacing the current plan (which expires at end March 2019) with a new version which covers 2019-22
- 1.2 The Corporate Plan sets out the Council's strategic priorities for the medium term, reflecting the Council's vision and consistent with the direction of travel articulated in the Medium Term Financial Strategy and in the various strategies and plans that have been developed in recent months and years.

2. Recommendations

The Executive Councillor is recommended to:

- 2.1 Approve the draft Corporate Plan 2019-22 attached at Appendix A.

3. Background

- 3.1. The Corporate Plan is a key document for the Council, bridging between the political priorities expressed in the Annual Statement and the officer implementation of those priorities which is detailed in each service's Operational Plan. It sits alongside the Budget Setting Report (BSR) as the high level expression of "what" the Council is planning to do and the Budget Setting Report sets out "how" that will be financed.
- 3.2 The Corporate Plan therefore forms an important part of the Council's strategic framework and governance statement. It sets out for both staff and residents what the Council's priorities are, what the outcomes we are seeking to deliver are (what success looks like) and how these will be measured (the KPIs).
- 3.3 The Corporate Plan does not seek to cover all areas of activity, or go into excessive detail. Each service will still have an operational plan which is much more comprehensive in describing the full suite of activities it will undertake. This Corporate Plan sets out to capture the higher level, strategic objectives, and the priority activities associated with those.
- 3.4 This new version of the Plan is structured around five themes:
 - 1 Helping people in Cambridge who have the greatest need
 - 2 Planning for growth and ensuring our new communities are successful
 - 3 Protecting our environment and tackling climate change
 - 4 Delivering quality services within financial constraints
 - 5 Developing effective partnerships and an innovative and dynamic organisation
- 3.5 If approved, the Corporate Plan will be incorporated into the BSR as an appendix.
- 3.6 As in previous years, an Annual Report of progress against the Corporate Plan will be reported to scrutiny committee each year.

4. Implications

(a) Financial Implications

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There are no direct financial implications of producing or approving this Corporate Plan.

(b) Staffing Implications

N/a

(c) Equality and Poverty Implications

An Equality Impact Assessment has not been produced, as the plan in itself does not contain new or different policy priorities – those are decided on by individual decisions, many following scrutiny at committee. Impact Assessments are produced for each decision with significant impacts.

It is worth noting that one of the key outcomes of the actions set out in the Corporate Plan is to reduce inequality and promote diversity at all levels within the Council and the city more broadly as part of the work to achieve the Council's vision of "One Cambridge – Fair for all".

(d) Environmental Implications

The decision to approve this plan does not in itself have any environmental implications. The Plan incorporates a number of activities whose environmental impact will have been assessed separately.

(e) Procurement Implications

N/a

(f) Community Safety Implications

N/a

5. Consultation and communication considerations

The Corporate Plan will be published on the website once approved, and communicated by way of press release and through other channels as appropriate.

6. Background papers

No background papers were used in the preparation of this report.

7. Appendices

(a) Draft Corporate Plan 2019-22

8. Inspection of papers

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

Andrew Limb, Head of Corporate Strategy

tel: 01223 - 457004

email: andrew.limb@cambridge.gov.uk

CAMBRIDGE CITY COUNCIL CORPORATE PLAN 2019-22

Vision

The Council has a clear vision to lead a united city, 'One Cambridge - Fair for All', in which economic dynamism and prosperity are combined with social justice and equality.

It's a vision we will share and develop, working with our citizens and partner organisations.

Objective	Activities	What success looks like	Indicators	Executive Cllrs	Lead officers
THEME 1 - HELPING PEOPLE IN CAMBRIDGE WHO HAVE THE GREATEST NEED					
1.1 To implement our Anti-Poverty Strategy, which aims to improve the standard of living and daily lives of those residents in Cambridge who are currently experiencing poverty; and to help alleviate issues that can lead households on low incomes to experience financial pressures.	We will: 1.1.1 Deliver or fund projects and mainstream services that help reduce the impacts of poverty on residents and communities in Cambridge. 1.1.2 Ensure that adverse impacts of welfare reforms are minimised; working effectively with the DWP and other partner organisations to support residents with the implementation of Universal Credit. 1.1.3 Support individuals and households to benefit from greater digital inclusion.	<ul style="list-style-type: none"> Fewer people experiencing material hardship and the detrimental impacts of poverty on physical and mental health. Residents are supported through the impact of welfare reforms, including through housing benefit, council tax support and homelessness assistance, debt advice and personal budgeting support. Customers' financial hardship during the transition period is minimised. Residents are able to make the most of digital technology to secure better value services; the council is able to provide better quality and more efficient services. 	<ul style="list-style-type: none"> Basket of indicators in the Anti-Poverty Strategy Speed of processing housing benefit claims Numbers of people who meet one or more of the Digital Inclusion Outcomes Framework indicators as a result of the City Council's Digital Inclusion Strategy interventions 	Cllr Smith Cllr Johnson Cllr Robertson	Suzanne Hemingway Debbie Kaye David Greening Alison Cole Andrew Limb
	We will: 1.2.1 Develop and implement a Greater Cambridge Housing Strategy with South Cambridgeshire District Council, setting the vision and key housing objectives and priorities across the two councils up to 2022.	<ul style="list-style-type: none"> The Housing Strategy is informed by community consultation, adopted by both councils, and then implemented. We work in partnership to ensure: <ul style="list-style-type: none"> High quality new homes are being built that meet local needs and which people can afford. Existing homes are well-managed and maintained. Homelessness and rough sleeping are successfully addressed. Households move into the new homes that have been delivered; and financial returns are achieved consistent with the aspirations set out in initial proposals for each site. 	<ul style="list-style-type: none"> The suite of indicators for housing issues - including new build starts and completions (via annual monitoring report), tenant satisfaction, number of rough sleepers - set out elsewhere in this plan. 	Cllr Johnson	Suzanne Hemingway David Greening

Objective	Activities	What success looks like	Indicators	Executive Cllrs	Lead officers	
	1.2.2	Provide advice and support to people in housing need in Cambridge, in order to help them find homes that meet their needs, and to avoid becoming homeless. Prevent homelessness and reduce rough sleeping for as many in Cambridge as possible.	<ul style="list-style-type: none">People are supported to make housing choices that meet their needs, including through access to Council or housing association homes, or temporary accommodation for short periods.Households placed in bed and breakfast accommodation minimised; rough sleeping numbers are reduced and people supported off the street given routes to housing and to re-establishing their lives.	<ul style="list-style-type: none">Number of different individuals found sleeping rough in Cambridge City in a single financial yearNumber of rough sleepers found on the bi-monthly and official annual count (November)Number of homelessness preventions where a homelessness duty is owed		Fiona Bryant Claire Flowers
	1.2.3	Develop permanent, self-contained housing for homeless people with complex needs ('Housing First').	<ul style="list-style-type: none">City and County Councils agree a strategy for the development of Housing First schemes and trial different types of scheme, increasing the number of bed spaces each year.			
	1.2.4	Build at least 500 new Council Homes through the Devolution funding, ensuring they comply with the Council's Sustainable Housing Guide wherever viable.	<ul style="list-style-type: none">Construction is commenced and local people in need start to be housed in quality new Council Homes that they can afford.Residents have lower fuel costs, and lower emissions in new build housing than equivalent properties in older stock.	<ul style="list-style-type: none">Number of council housing startsNumber of new homes that comply with the Cambridge Sustainable Housing Design GuideNumber of residents reporting lower fuel bills as part of 12 month survey in relevant developments		
	1.2.5	Seek to secure 40% affordable housing in new developments through the planning application process.	<ul style="list-style-type: none">Different types of households, with a broad range of incomes, are assisted to afford to live in Cambridge.	<ul style="list-style-type: none">Number of Affordable Housing completions (all social housing providers)		Stephen Kelly
	1.2.6	Provide sub-market intermediate housing that also generates a financial return through Cambridge City Housing Company (CCHC).	<ul style="list-style-type: none">23 households continue to be housed at sub-market rents.	<ul style="list-style-type: none">Financial return to the Council		Claire Flowers
	1.2.7	Review the CCHC to explore potential for management of mixed tenures.				Dave Prinsep
	1.3 To support local communities and residents to meet the needs of the most vulnerable, including refugees.	We will:		<ul style="list-style-type: none">Universal ChYpPs sessions<ul style="list-style-type: none">Number of sessionsNumber of child visitsCommunity Centres<ul style="list-style-type: none">Visitor numbers% of income target achieved		Cllr Smith
1.3.1		Work, including with other agencies, to provide support for communities, including through community centres, outreach and grant funding.	<ul style="list-style-type: none">Children, young people, older people and families in areas of most need are supported to access services.Community centres provide efficient services enabling residents/communities (particularly those with real need) to support themselves and access key services.Communities in areas where there is most need are supported to be more cohesive, healthy and safe.			
1.3.2		Review the range of community development provision across Cambridge to ensure it supports individuals and communities with the greatest need.				
1.3.3		Strengthen community capacity via Community Grants and support for the voluntary sector	<ul style="list-style-type: none">There is a thriving community and voluntary sector which in turn adds value to the quality of Cambridge life	<ul style="list-style-type: none">Number of entries to Council leisure facilities by people holding concession memberships		

Objective	Activities	What success looks like	Indicators	Executive Cllrs	Lead officers
	1.3.4 Continue to develop links and co-operative working arrangements with partner organisations and agencies to ensure delivery of the appropriate services for resettled families.	<ul style="list-style-type: none"> Resettled people are integrated into the Cambridge community and are supported to acquire skills for quality of life. Customised and individual plans in place for families on arrival which ensures they receive the appropriate support for their needs. The families gain the required skills to live full and integrated lives, and earn a living, including competent English. 	<ul style="list-style-type: none"> Number of refugees attaining ESOL 'elementary' standard 		

THEME 2 - PLANNING FOR GROWTH AND ENSURING OUR NEW COMMUNITIES ARE SUCCESSFUL

2.1 To plan for the sustainable growth of Cambridge, support the development of new communities and deliver services to our growing population.	<p>We will:</p> <p>2.1.1 Develop the new joint Greater Cambridge Local Plan in partnership with South Cambridgeshire District Council and the relevant delivery partners.</p> <p>2.1.2 Plan and deliver efficient services to new communities.</p> <p>2.1.3 Work with residents in the new neighbourhoods and adjacent areas to develop sustainable communities.</p> <p>2.1.4 Ensure that the quality of place in all development facilitates health, well-being and quality of living.</p> <p>2.15 Manage elections on revised local ward boundaries that reflect the growth in the city's population and electorate - for all 42 seats in May 2020, and by thirds in subsequent years.</p>	<ul style="list-style-type: none"> The local plan 2018 is implemented successfully. Work on the new Greater Cambridge local plan is carried out, integrating spatial and transport planning to provide for sustainable and inclusive economic growth. New communities are well-planned, well-served, cohesive and well-integrated in the wider city. New communities lead a range of community activities. Community facilities are well-used by new communities. All electors who are entitled to vote can do so. The Council's democratic structures take account of relative population growth in different wards. 	<ul style="list-style-type: none"> Number of homes completed (Annual Monitoring Report) Feedback from Residents' surveys on development of new communities Number of applications for community chest grants for start-up activity Awards for the quality of new developments 	<p>Cllr Blencowe</p> <p>Cllr Smith</p> <p>Cllr Herbert</p>	<p>Stephen Kelly</p> <p>Suzanne Hemingway</p> <p>Fiona Bryant</p> <p>Claire Flowers</p>
	<p>We will:</p> <p>2.2.1 Through our membership of the Greater Cambridge Partnership and Combined Authority, develop and implement projects that support sustainable economic growth by tackling congestion & improving connectivity.</p> <p>2.2.2 With our partners, seek to influence regional and national agencies to prioritise additional investment in the infrastructure needs of Greater Cambridge.</p> <p>2.2.3 Develop, with partners including through the Cambridge Investment Partnership, new homes of mixed tenure, including council housing and other facilities as required at sites including Mill Road Depot and Cromwell Road, along with financial returns to the Council.</p>	<ul style="list-style-type: none"> Improved connectivity, and reduced congestion, supporting the continued sustainable growth of the Greater Cambridge economy by allowing freer movement of people, goods and ideas. Improved public transport and modal shift from cars to public transport and other non-car transport options. Mixed and balanced developments are built at Mill Road Depot and Cromwell Road. 	<ul style="list-style-type: none"> % of all journeys undertaken by bicycle, public transport and on foot Number of housing schemes started on site Financial return to Council 	<p>Cllr Johnson</p> <p>Cllr Robertson</p>	<p>Debbie Kaye</p> <p>David Greening</p> <p>Andrew Limb</p>

Objective	Activities	What success looks like	Indicators	Executive Cllrs	Lead officers
	2.2.4 Explore new models for housing to help address the Cambridge Housing market gaps.	<ul style="list-style-type: none"> New tenure models developed to support diverse housing needs and income earning opportunities. 			
	2.2.5 Continue to work with partners on infrastructure-unlocking opportunities such as development in the Northern Fringe.	<ul style="list-style-type: none"> Infrastructure issues addressed at Cambridge Northern Fringe and other sites to enable housing to be delivered, close to places of work. 			

THEME 3 - PROTECTING OUR ENVIRONMENT AND TACKLING CLIMATE CHANGE

3.1 To deliver our Climate Change Strategy, which aims to reduce carbon emissions reduce consumption of resources, increase recycling and reduce waste; and to support Council services, residents and businesses to adapt to the impacts of climate change	3.1.1	Produce Sustainable Design and Construction planning guidance to help shape new low energy/carbon private sector development.	<ul style="list-style-type: none"> Sustainable Design and Construction (SCaD) Supplementary Planning Document (SPD) produced and adopted, supporting the transition to a lower carbon economy. New developments minimise and mitigate climate change and protect and enhance habitats. Draft flood and water management Supplementary Planning Document implemented. 			
	3.1.2	Deliver the Cambridge Air Quality Action Plan; and explore the scope for working in partnership on air quality issues with South Cambridgeshire District Council.	<ul style="list-style-type: none"> Improved air quality across the city, particularly in high air pollution zones, with particular focus on reducing vehicle emissions harmful to public health. 	<ul style="list-style-type: none"> Number of air quality monitoring points exceeding NO2 legal limit Number of low emission taxis % of insect-friendly wildflower meadows and long grass areas 	Cllr Moore	Suzanne Hemingway
	3.1.3	Make our streets and open spaces and communities more resilient to the impacts of climate change.	<ul style="list-style-type: none"> Cambridge's streets and open spaces can continue to be enjoyed by future generations. 	<ul style="list-style-type: none"> Volume of glyphosate-based herbicide used 		David Greening
	3.1.4	Manage Cambridge's streets and open spaces for the benefit of both wildlife and people by ensuring that biodiversity protection and enhancement is taken into account in all development decisions and management practices.	<ul style="list-style-type: none"> Cambridge's biodiversity value is protected and enhanced. 	<ul style="list-style-type: none"> % of City Council owned and managed parks and open spaces actively designated and / or managed for biodiversity 	Cllr Thornburrow	Joel Carre
				<ul style="list-style-type: none"> % of designated Local Wildlife Sites (City Wildlife Sites & County Wildlife Sites) in positive conservation management 	Cllr Blencowe	Stephen Kelly
	3.1.5	Invest in energy efficiency and generation projects as set out in our Carbon Management Plan.	<ul style="list-style-type: none"> Emissions reduction target achieved, and reduced energy bills, saving money that can then be spent on essential services. 	<ul style="list-style-type: none"> tCO2 from council assets and activities 	Cllr Johnson	Andrew Limb
	3.1.6	Develop and implement the Commercial Property Energy Efficiency Plan to invest in energy efficiency measures that improve the performance of the portfolio over time.	<ul style="list-style-type: none"> Reduced energy use and emissions from our portfolio. Compliance with Minimum Energy Efficiency Standards (MEES) Regulations by 1st April 2023. 	<ul style="list-style-type: none"> Council's fuel usage (Kwh) EPC Rating by Total Floor Area (Sq m) assessed annually 	Cllr Robertson	Dave Prinsep
	3.1.7	Reduce the amount of waste generated, by supporting and educating residents to reduce, reuse and recycle more.	<ul style="list-style-type: none"> Recycling targets are achieved, and the amount of waste sent to landfill is reduced. Bin contamination kept to target minimum. 	<ul style="list-style-type: none"> % black bin waste % Blue bin recycling rate % Bin contamination 		Lynn Thomas
	3.1.8	Take enforcement action, including prosecution where appropriate, against those damaging the environment.	<ul style="list-style-type: none"> Fewer instances of environmental crime; cleaner and safer streets and open spaces. 	<ul style="list-style-type: none"> Number of Fixed Penalty Notices (FPN) issued for littering 		Trevor Nicholl
	3.1.9	Work with community organisations to promote sustainable food practices.	<ul style="list-style-type: none"> Communities have greater access to locally sourced food; Cambridge is working towards "silver" award. 			

Objective	Activities	What success looks like	Indicators	Executive Cllrs	Lead officers
THEME 4 - DELIVERING QUALITY SERVICES WITHIN FINANCIAL CONSTRAINTS					
4.1 To provide essential services that meet customer needs within the resources we have available.	We will:				
	4.1.1 Ensure planning applications are dealt with within target timescales and resources.	<ul style="list-style-type: none"> Residents and businesses experience efficient services, with queries responded to in a timely and professional manner. 	<ul style="list-style-type: none"> % planning applications processed within target timescales 	All Executive Councillors	Antoinette Jackson
	4.1.2 Collect Council Tax and Business Rates efficiently.		<ul style="list-style-type: none"> Council Tax and Business Rates collection rates 		
	4.1.3 Keep our streets and open spaces clean, green and safe, including by: <ul style="list-style-type: none"> supporting communities to assist us in caring for their streets and open spaces; and tackling littering, fly-tipping and graffiti. 	<ul style="list-style-type: none"> The management of our streets and open spaces is supported by an active band of community volunteers. High quality, environmentally-friendly street and open space environments achieved. Reduced levels of littering, fly tipping and graffiti. 	<ul style="list-style-type: none"> % of streets achieving Grade A cleanliness standard Number of open spaces with active friends groups Number of volunteer hours contributed to maintaining streets and open spaces Number of Green Flag sites 		
	4.1.4 Carry out risk based food safety standard inspections of food businesses.	<ul style="list-style-type: none"> All food businesses are managed to good food safety standards. 	<ul style="list-style-type: none"> % of food businesses rated as broadly compliant 		
	4.1.5 Carry out targeted work in areas where community safety issues such as anti-social behaviour related to drug and alcohol abuse, knife crime, begging and domestic abuse have been identified and need to be addressed through support and enforcement.	<ul style="list-style-type: none"> Communities know that we will work with partners to address community safety issues where they arise, and will know how to report issues. Balanced approach taken to supporting and enforcing so that vulnerable victims are protected and supported. 	<ul style="list-style-type: none"> Number of prevention initiatives in place Number of awareness raising events for domestic abuse 		
	4.1.6 Collect recyclables and waste from residents and businesses in the city efficiently.	<ul style="list-style-type: none"> High level of successful scheduled waste collections; income, savings & efficiencies delivered by the shared waste service. 	<ul style="list-style-type: none"> Cost per household of waste collection % successful collections 		
4.2 To provide safe, warm and well-maintained homes for our tenants; and to work with private sector landlords of Houses in Multiple Occupation to achieve the same.	We will:				
	4.2.1 Invest in the Council's housing stock in line with the housing asset management strategy.	<ul style="list-style-type: none"> Quality housing provided for tenants that meets the agreed appropriate standards and is energy efficient. 	<ul style="list-style-type: none"> % customer satisfaction of their homes energy and environmental performance of our housing stock (RdSAP) 	Cllr Johnson	Suzanne Hemingway
	4.2.2 Provide a high performing repairs and planned maintenance service for our tenants that gives value for money.	<ul style="list-style-type: none"> Tenants' satisfaction with the repairs and planned maintenance service is maintained and improved. We have achieved the agreed target for average repairs cost. 	<ul style="list-style-type: none"> % customer satisfaction with repairs service 		
	4.2.3 Administer and enforce the mandatory HMO (House in Multiple Occupation) Licensing scheme to improve standards.	<ul style="list-style-type: none"> All HMO landlords provide good standard, energy-efficient private rental accommodation. 			
	4.2.4 Work with tenants to agree priorities and invest in environmental improvements to our estates and communal areas.	<ul style="list-style-type: none"> High quality environments for our Council Housing residents leading to increased resident satisfaction in their neighbourhood. 	<ul style="list-style-type: none"> % resident satisfaction with the neighbourhood 		

Objective	Activities	What success looks like	Indicators	Executive Cllrs	Lead officers
	4.2.5 Take action against Council tenants who create harm or disturbance for others.	<ul style="list-style-type: none"> Tenants are able to enjoy a peaceful quality of life; disruptive tenants are managed and anti-social behaviour is deterred. 			
4.3 To generate income from our services, where we have opportunity to do so, and to run those services in an efficient and modern way to generate a return to help fund other council services	<p>We will:</p> <p>4.3.1 Invest in facilities at the crematorium and cemetery that help us to deliver an efficient bereavement service focused on the needs of the bereaved.</p> <p>4.3.2 Manage the Council's car parks to provide a high level of service, while planning for a future reduction in the need for city centre parking.</p> <p>4.3.3 Manage our garage in a way that meets the needs of private vehicle owners an expanded range of commercial fleets.</p> <p>4.3.4 Grow income-generating services including planning services & building control, open space hire, trade waste, and wider service charges to help cover costs.</p>	<ul style="list-style-type: none"> The Council crematorium increases its turnover and market share annually, with successful budgetary performance and positive customer experience. We balance managing demand, congestion and air pollution while achieving an income from our car parks. Provide electric charging that meets customers' needs and facilitates a shift to clean travel in the city; and increased use of zero/ultra-low emission vehicles across the council's fleet. Private client base grow year on year, managing four major HGV clients and we have established a profitable waste vehicle rental service. Increased income and reduced cost of delivery. 	<ul style="list-style-type: none"> share of total market by volume % of budget achieved % of customers paying by card % of card payments done via the contactless system Number of electric vehicles in the council's fleet Number of major HGV clients 	Cllr Robertson	Fiona Bryant James Elms Heads of Service
4.4 To ensure a varied cultural offer is available to those who live, work and study in, and visit, Cambridge	4.4.1 Manage the return of the cultural service back into the council to ensure cultural events and services continue to be provided efficiently for the benefit of local people.	<ul style="list-style-type: none"> The Corn Exchange and Guildhall programme, Cambridge Folk Festival and City Events are delivered efficiently and effectively, achieving positive customer feedback 		Cllr Smith	Debbie Kaye
4.5 To deliver a wide range of essential services to those who live, work and study in, and visit, Cambridge. As central Government funding reduces we will continue to focus on delivering, those key front line services.	<p>We will:</p> <p>4.5.1 Publish clear standards for our services and ensure services are delivered to them.</p> <p>4.5.2 Ensure residents and businesses enjoy an efficient service, with queries responded to in a timely and professional manner.</p> <p>4.5.3 Give service users a say on changes through consultation, as appropriate.</p> <p>4.5.4 Deal with complaints effectively when we get things wrong.</p>	<ul style="list-style-type: none"> People who live, work and study in, or visit, Cambridge experience high quality and efficient services. 	<ul style="list-style-type: none"> Residents' Survey overall satisfaction with the Council 	All Executive Councillors	Antoinette Jackson Suzanne Hemingway Fiona Bryant Heads of Service

Objective	Activities	What success looks like	Indicators	Executive Cllrs	Lead officers
THEME 5 - DEVELOPING EFFECTIVE PARTNERSHIPS AND AN INNOVATIVE AND DYNAMIC ORGANISATION					
5.1 To transform the quality and efficiency of the services we provide to ensure we are maximising our resources and adapting to the changing needs of our residents and service users. To implement our ICT Business Plan and technology road map and our Digital Strategy.	We will:	<ul style="list-style-type: none"> More people can access services digitally and customers are responded to quickly, receiving a quality customer experience, leading to a reduction in telephone calls to the contact centre. <ul style="list-style-type: none"> Customers will receive alerts on the status of their request and can track and receive confirmation when completed. Transformation projects deliver financial savings to the Council. 	<ul style="list-style-type: none"> % of contacts made online, including via the portal Number of registered portal accounts 	Cllr Herbert Cllr Robertson	Antoinette Jackson
	5.1.1 Develop and promote an online customer portal for residents. Carry out effective business process reviews to help deliver better online transactional services enabling more residents to self-serve on line.	<ul style="list-style-type: none"> Customers will be able to log service requests, view, amend and make payments on their rent accounts, receive notifications and alerts. 	<ul style="list-style-type: none"> Proportion of tenant contacts regarding repairs and rent balances made online 		Suzanne Hemingway
	5.1.2 Implement a new online housing management information system.	<ul style="list-style-type: none"> Our Streets and Open Spaces service is able to respond to the impacts of growth and associated service demands without increasing costs. 	<ul style="list-style-type: none"> Operational unit cost to maintain streets and open spaces 		Fiona Bryant
	5.1.3 Deliver the Streets and Open Spaces service development strategy, 2017-21, including investing in new technologies and ways of working.	<ul style="list-style-type: none"> Our customers are able to raise and track streets and open spaces service requests digitally. 	<ul style="list-style-type: none"> % of responses & submissions received online 		Heads of Service
	5.1.4 Implement a new online planning system with improved customer self-service functionality.	<ul style="list-style-type: none"> Applicants and interested parties can receive notifications, review and comment on proposals online alongside improved information and advice online. 	<ul style="list-style-type: none"> % staff who feel supported to achieve a work/life balance in staff survey 2019 		
5.2 To invest in our staff and ensure we have a workforce equipped and supported to deliver on our priorities	We will:	<ul style="list-style-type: none"> We can recruit and retain the staff we need. We have a diverse workforce. Staff regard the Council as a good employer. Staff are trained and developed to meet changing needs and to develop their careers within the council. 	<ul style="list-style-type: none"> % of workforce who are apprentices Outcome of Investor in People (IiP) review (2021) 	Cllr Robertson	Antoinette Jackson
	5.2.1 Invest in our staff and implement our Organisational Development Strategy.	<ul style="list-style-type: none"> We optimise our apprenticeship levy contributions, meet government targets and deliver quality apprenticeships to support workforce and succession planning. 	<ul style="list-style-type: none"> Workforce profile (% staff and number of job applicants who declare a disability; %who declare themselves as BAME - Black, Asian and Minority Ethnic) 		Deborah Simpson
	5.2.3 Support and create opportunities for apprenticeships in line with our Apprenticeship Strategy.	<ul style="list-style-type: none"> Staff engage in wellbeing at work programme to improve their physical and mental health. We continue to be recognised as an Investor in People (IiP) and as Disability Confident. 			Heads of Service
5.3 To transform services through internal service reviews and by implementing further shared services.	5.2.4 Implement actions arising from Investor in People review 2018 and from staff survey 2019.				
	We will:			Cllr Herbert	Fiona Bryant
	5.3.1 Carry out strategic reviews of key services including Car parking, Human Resources, Community Services and Customer Services and other services.	<ul style="list-style-type: none"> Improved quality and efficiency of service. 		Cllr Robertson	Suzanne Hemingway
	5.3.2 Invest in our transformation, project and programme management capabilities and capacity.	<ul style="list-style-type: none"> Projects delivered more efficiently, saving the Council time and money. 			Fiona Bryant

Objective	Activities	What success looks like	Indicators	Executive Cllrs	Lead officers
	5.3.3 Implement the Shared Planning Service to optimise the potential of new ways of working, including digital technological transformation, to improve service quality and productivity. 5.3.4 Develop the Shared Waste Service business plan including through partnership working with other councils and organisations. 5.3.5 Explore the scope for further collaboration or sharing of other services.	<ul style="list-style-type: none"> Further savings and/or benefits in productivity/efficiency identified and then delivered. Sharing further services, or other collaborations, would aim to provide greater resilience and efficiency and the capacity to deliver services to the City and partner councils. 			Stephen Kelly Trevor Nicoll Fiona Bryant
5.4 To review our assets to ensure they are delivering maximum value to the Council and to the wider community.	We will: 5.4.1 Generate income, capital receipts and value through extra investment in commercial property following completion of a comprehensive asset review. 5.4.2 Further develop the long term Council accommodation strategy to achieve more efficient and flexible working arrangements, improve service delivery, reduce fuel costs and carbon emissions and identify further income and redevelopment opportunities. 5.4.3 Procure goods and services for the Council, and its partners as agreed, in a way that is competitive, accessible, standardised, fair and transparent, delivering innovative ways to support the local economy.	<ul style="list-style-type: none"> Increasing income, capital receipts and portfolio value. Council buildings, land and property used more efficiently, improving service delivery and embedding new ways of working. Procurements generate opportunities to work collaboratively, reduce costs and improve services. We are compliant with PCR (Public Contract Regulations) and transparency requirements. 	<ul style="list-style-type: none"> Annual income from commercial property portfolio % of contracts which are PCR compliant 	Cllr Robertson	Dave Prinsep James Elms
5.5 To continue to develop and work with innovative partnerships to improve the quality of life in the city.	5.5.1 Continue to develop the My Cambridge Cultural Education Partnership. 5.5.2 Provide opportunity for young people to participate in local decision making through Agenda Days and Takeover Days. 5.5.3 Work with partners (including the police) in the Community Safety Partnership to increase safety in Cambridge. 5.5.4 Work with Cambridge BID and Visit Cambridge and Beyond to respond to and manage tourism and visitor related issues facing our city centre. 5.5.5 Work collaboratively with Cambridgeshire County Council, and other partners in the Local Health & Wellbeing Board, to support our communities to be healthy and resilient.	<ul style="list-style-type: none"> More young people are supported to build up confidence and aspiration. Children and young people have a real say and influence council decisions including specific issues such as the refurbishment of play areas. Problems are identified; joint working with the police and others in working groups has a measurable impact in reducing crime; Cambridge continues to be a safe city to live in and visit. Visitors staying longer, exploring Cambridge and using it as a base to visit other attractions outside the city. More people engage in healthy lifestyle choices and activities. 	<ul style="list-style-type: none"> Number of young people completing ACTIVATE programme Number of medium & high risk ASB cases responded to within the service standard Number of people with action plans in place at Street Life Working Group Level of visitor spend in the city; Average duration of visit to the city Number of people participating in the programme 	Cllr Smith	Debbie Kaye Joel Carre Suzanne Hemingway