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Cambridge City Council

STRATEGY AND RESOURCES SCRUTINY COMMITTEE

To: Councillors Boyce (Chair), Rosenstiel (Vice-Chair), Al Bander, Ashton, Benstead, Brown, Herbert, Nimmo-Smith and Pogonowski

Alternates: Saunders, Owers and Wright

The Leader: Councillor Reid

Executive Councillor for Customer Services and Resources:
Councillor McGovern

Despatched: Wednesday 1 February 2012

Date: Friday, 3 February 2012

Time: 5.00 pm

Venue: Committee Room 1 & 2 - Guildhall

Contact: Glenn Burgess

Direct Dial: 01223 457169

**Also invited to this Scrutiny Committee meeting:
All members of the Executive, Chairs and spokes of Community Services,
Environment and HMB Scrutiny Committees**

SUPPLEMENTARY AGENDA

4 DRAFT REVENUE AND CAPITAL BUDGETS – AMENDMENTS

(Pages 1 - 40)

- **Executive Amendment – Appendix X (pages 1 – 24)**
- **Labour Amendment (Pages 25 – 40)**

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To: The Leader, Councillor Sian Reid
Report by: Director of Resources
Relevant scrutiny committee: Strategy & Resources Scrutiny Committee 03/02/2012
Wards affected: All Wards

Executive Amendment to Budget Setting Report February 2012 Key Decision

1. Executive summary

Section 25 Report

- 1.1 The following report sets out the proposal to include the attached Appendix X – “Process for the 2012/13 Budget - Robustness of Estimates and Adequacy of Reserves” within the Budget Setting Report.

2. Recommendations

The Executive Councillor is recommended to:

Budget Setting Report February 2012

- a) In respect of the recommendation of the Executive on 19 January 2012, to include the attached “Appendix X – Process for the 2012/13 Budget - Robustness of Estimates and Adequacy of Reserves” within the body of Budget Setting Report February 2012, for approval by Council on 23 February 2012.

3. Background

- 3.1 At its meeting on 19 January 2012, The Executive recommended the Budget Setting Report February 2012 for approval at Council on 23 February 2012.
- 3.2 The attached report is made under the Local Government Act 2003, which requires that the Chief Financial Officer reports to the authority, when it is making the statutory calculations required to determine its Council Tax or precept, on the robustness of the estimates made for the purposes of the calculations, and the adequacy of the proposed financial reserves.

4. Implications

The report may contain comments and information on:

- the robustness of estimates or,
- the adequacy of reserves.

Any changes resulting from either may have implications in all of the following areas:

- (a) Financial
- (b) Staffing
- (c) Equal Opportunities
- (d) Environmental
- (e) Consultation
- (f) Community Safety

It is not considered that the report in respect of the preparation and content of Budget Setting Report February 2012 will have any such implications, although failure to accept the overall budget proposals at Council will impact significantly in all of those areas.

5. Background papers

These background papers were used in the preparation of this report:

- Medium Term Strategy 2011
- Budget Setting Report February 2012

6. Appendices

Appendix X - Process for the 2012/13 Budget - Robustness of Estimates and Adequacy of Reserves (*Section 25 Report*)

7. Inspection of papers

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

Authors' Name:	David Horspool
Authors' Phone Number:	01223 – 457007
Authors' Email:	David.Horspool@cambridge.gov.uk

Appendix X

Process for the 2012/13 Budget

Robustness of Estimates and Adequacy of Reserves

Background

Section 25 of the Local Government Act 2003 requires that the Chief Financial Officer (CFO) must report to the authority, when it is making the statutory calculations required to determine its Council Tax or precept, on the following:

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

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 :

- The Medium Term Strategy (MTS) [September 2011]
- The Revised Budgets, as part of the January cycle of meetings
- The main budget reports to the January cycle of meetings
- The Budget-Setting Report (BSR) to Strategy and Resources Scrutiny Committee on 16 January 2012, which forms the basis for the subsequent decisions by the Executive (19 January 2012), Strategy and Resources Scrutiny Committee (3 February 2012) and Council (23 February 2012).

This reflects the fact that the requirements of the Act incorporate issues which the Council has, for many years, adopted as key principles in its financial strategy and planning; and which have therefore been incorporated in the key elements of the corporate decision-making cycle.

This also reflects the work in terms of risk assessment, and management, which is built into all of the key aspects of the Council's work, together with the sensitivity analysis for key activity areas and the analysis of significant events.

This approach governs the work that is undertaken in developing spending plans and financial strategies for both the General Fund and Housing Revenue Account.

The integration of the Council's risk framework with the main corporate planning and decision-making cycle, is based on the identification of key stages during the year designed to match the major documents which underpin the cycle.

It is also important to note that these considerations are assessed by the Council within a medium and longer-term framework, which is ensured through supporting financial modeling conducted over :

For the ...	Period	Purpose / Use
MTS & budget	5 years	Detailed budget & Council Tax setting
Longer-term projections	25+ years	Demonstrate long-term effects & thus sustainability

The new Business Plan, which has been developed to support the introduction of Self-Financing of the HRA from 1 April 2012, covers a period of 30 years.

This is of particular importance during a period of economic volatility.

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

Robustness of Estimates

Approach

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

The key areas covered included :

- Economic factors, such as inflation
- Treasury Management, including interest rates
- Demographic pressures on spending

- Other spending pressures & opportunities (revenue and capital)
- External funding sources
- Earmarked Funds
- Asset Management
- Reserves

Government Grant

The aspect of the General Fund which has, for a number of years, required the greatest attention during the annual budget process has been government grant support.

Formula Grant

Details of the final Local Government Settlement for 2011/12, together with provisional settlement figures for 2012/13, were announced on 31 January 2011. This announcement was used for the purposes of financial modelling for the September 2011 MTS. Although it had been expected that a 4-year settlement would be announced in conjunction with spending review 2010, details of the final two years (2013/14 and 2014/15) were deferred until the completion of the government's Local Government Resource Review.

Given that the position in terms of future years is still unclear, a key decision for the Council has been what objective basis is available to use for such projections. The best basis for this purpose appears to be contained within Spending Review 2010.

The real terms reduction in local authority core funding from CLG, which is contained within the Review control totals, reflects around 73% of the total reduction for the 4-year period being made over the first 2 years. The announced reduction in the City's confirmed Formula Grant over the 2 years to 2012/13 would represent a broadly similar percentage of the total reduction assumed in the September 2010 MTS. The BSR has, therefore, continued to use the MTS assumption on the final overall level of Formula Grant reduction to 2014/15 (i.e. a reduction of around 31% to £7,571,019) as the most appropriate basis for projections at this stage.

As the Settlement announcement only provides figures for the first 2 of these years it is difficult to be clear whether it represents a high degree of front-loading but with the final level in 2014/15 still close to the assumption, or an indication of a far higher level of overall reduction. This is a critical factor for effective future financial planning.

For the City Council, the only changes from the provisional Formula Grant figure first announced in January 2011 are that the breakdown of Formula Grant between Revenue Support Grant and redistributed Business Rates has now been provided and that Council Tax Freeze Compensation (for 2011/12) has now been rolled up into Formula Grant rather than being paid as a separate grant.

The following table shows the Council's provisional grant for 2012/13 compared with that for 2011/12:

Formula Grant	2011/12	2012/13
Prior year adjusted base (i.e. after adjustments including transfer of Concessionary Fares responsibility)	£10,961,863	£9,472,251
Formula Grant entitlement		
Revenue Support Grant	£2,246,689	£163,516
Share of Business Rates	£7,268,417	£8,435,295
Total Formula Grant	£9,515,105	£8,598,811
Council Tax Freeze Grant	169,647	Included above
Total Formula Grant + Council Tax Freeze Grant	£9,684,752	£8,598,811
Reduction (year-on-year excluding Council Tax Freeze Grant)	(13.20%)	(11.41%)
Reduction from 2010/11 adjusted base		(23.10%)

It is anticipated that the announcement of the outcome of the Local Government Resource Review will see the ending of the current Formula Grant system and its replacement with a scheme based on the re-localisation of Business Rates, with effect from 2013/14. On the evidence of the initial consultation on the proposed new scheme, the effect is likely to be a starting point based on current entitlement to support under the Formula Grant process.

Whilst the scheme is projected to include retention of a proportion of the local growth in Business Rates it is not anticipated that this will produce significant amounts of additional income for the Council, at least in the first two years - which are covered by the existing spending review.

The potential for further significant changes to the grant distribution system as part of the forthcoming fundamental review constitutes a material risk for the Council from 2013/14 onward, and this has been reflected in the approach to Reserves.

Other Government Grants

In addition to Formula Grant the Council still receives a number of other revenue grants from central government although these are reduced in number following incorporation of a number of them into Formula Grant. In addition, government has removed ringfencing from the majority of grants. In terms of financial projections, the most significant of these other grants is New Homes Bonus.

New Homes Bonus

The New Homes Bonus (NHB) scheme, introduced from 1 April 2011, was designed to encourage and reward local authorities for the delivery of new homes and the reduction of the number of empty homes in their areas. The NHB is designed so that provision of additional housing in a particular year is recognised through the award of additional funding for a period of six consecutive years, starting in the following year. Entitlement is based on the actual numbers of housing completions and empty homes brought back into use together with an affordable housing component.

NHB for 2011/12, determined on 4 April 2011, was £786,646 which under the scheme should be paid for a period of six years. This funding is being used to secure the employment of the team of professionals needed to ensure that the new communities that are being created to the south and north-west of the city will be successful and located within attractive places to live.

The provisional allocation for 2012/13 of £734,898 was announced on 1 December 2011 based on data obtained from local authority Council Tax Base forms together with DCLG official statistics on additional affordable housing supply.

Forward projections of NHB are based on estimated housing completions and are, therefore, dependent on achieving the projected growth rates each year. Nationally, funding for the NHB scheme has only been explicitly provided for the period of the Spending Review, i.e. to 2014/15. However, it remains unclear as to the implications for local authorities resulting from the funding of NHB after 2012/13. There have been indications that funding for the scheme for future years may be achieved through top-slicing of Formula Grant.

Forward estimates of NHB entitlement, updated since the MTS to reflect the latest housing growth projections, are set out in the following table:

NHB	2011/12 £	2012/13 £	2013/14 £	2014/15 £	2015/16 £	2016/17 £	2017/18 £
2011/12 allocation	(786,646)	(786,646)	(786,646)	(786,646)	(786,646)	(786,646)	
2012/13 provisional allocation		(734,898)	(734,898)	(734,898)	(734,898)	(734,898)	(734,898)
New Homes Bonus Total	(786,646)	(1,521,544)	(1,521,544)	(1,521,544)	(1,521,544)	(1,521,544)	(734,898)
Funding of Fixed Term Growth Posts	818,380	818,380	818,380	818,380	818,380	818,380	818,380
Balance after Funding for Growth-related Posts	31,734	(703,164)	(703,164)	(703,164)	(703,164)	(703,164)	83,482
Projection of Future NHB entitlement			(814,000)	(1,934,600)	(1,934,600)	(1,934,600)	(1,934,600)
Potential net NHB funding available	31,734	(703,164)	(1,517,164)	(2,637,764)	(2,637,764)	(2,637,764)	(1,851,118)

At MTS stage, it was considered reasonable to assume that the remaining balance in 2012/13 would not be offset by a reduction in Formula Grant (through a national top-slicing adjustment) as the Government has already announced the level of Formula Grant for that year. On that basis, it was agreed that the Council would consider what one-off costs / projects could be funded using this money as part of the budget setting process this year. As part of the BSR projections the net funding available in 2012/13 (£703,164) has been used to support capital spending.

However, in light of the scale of the additional funding projected to be available in future years, and the concern as to the degree to which this may be offset by top-slicing of the Council's Formula Grant, it was proposed and agreed that the additional funding be earmarked (rather than added to general reserves) with a view to considering appropriate application at a later date. This is considered to be a suitably prudent approach at this stage.

When its 2013/14 funding basis is clear the council will be in a position to confirm the degree to which the future years' of New Homes Bonus are needed to support investment plans that are already in place, or whether it will be available for new projects as is hoped.

Council Tax Thresholds

2012/13 sees the introduction of Council Tax referendum thresholds, such that increases proposed above this level are subject to the outcome of a public referendum. This introduces the risk that if the referendum does not demonstrate public support the level of Council Tax increase and associated spending plans would need to be revised.

Alongside the Settlement announcement, Council Tax referendum thresholds for 2012/13 were announced. These have been set at 3.5% for single tier, county councils and shire districts, at 4% for police, fire authorities and the GLA and at 3.5% for the City of London. These thresholds are all 1% above the figures for which the new one-year freeze grant for 2012/13 will be paid.

The Council's plans for Council Tax setting for 2012/13 are based on a freeze at the level set for 2011/12, therefore there is no risk associated with the requirement for a referendum.

Spending Reviews

The adoption by Governments in recent years of a process of periodic Spending Reviews has provided key contextual information to support the forward financial planning process.

These Reviews have previously provided indications of support through Formula Grant covering a 3-year period, however Spending Review 2010 incorporated indications covering a 4-year period, designed to coincide with the planned life of the Parliament. This was expected to confer improvements in financial information available to the Council, which would serve to further reduce the level of residual risk associated with the key question of the level of support from Government.

However, the announcement of the Local Government Finance Settlement reflected a change through the inclusion of just two years of figures for Formula Grant. This appears to reflect the Government's intention to complete a fundamental review of financing for local government, with the intention of using this to determine the Formula Grant levels in 2013/14 and 2014/15.

In the current economic climate the prospects for the next Spending Review period do not look positive for local authority funding. There must be an expectation of the continuation of a tight financial position with increasing pressures in terms of efficiency expectations.

Future projections for grant beyond 2014/15 have, therefore, been based on a cash standstill position for Formula Grant / relocalised Business Rates.

Control Totals Within the Budget Process

The budget process specifically identifies and controls the requirements for the delivery of savings from all areas of spending, managed through a process of Cash Limits. The Cash Limit process allows the inclusion of (specifically identified, and justified) unavoidable bids, and bids where the additional funding requirement can be met through additional compensating savings.

Further bids for service development are determined centrally by the Executive, and prioritised against the requirements in delivering the Council's Vision Statements. This includes the specific test of affordability and sustainability of the overall level of funding for this Priority Policy Fund (PPF), which is clearly shown within the final decision-making framework adopted in the BSR.

The level of funding which is deemed affordable within the initial MTS projections (in this case in September 2011) is reviewed in light of updated information in the final Budget-Setting Report to Strategy Scrutiny Committee in the January cycle of meetings.

The September 2011 MTS identified a target level of ongoing funding for PPF Bids for 2012/13 of £500k. The review of affordability undertaken as part of the February 2011 BSR concluded that this level of provision could still be supported.

However, the bids for PPF funding received totalled just £378,620 in 2012/13, with ongoing effects falling to £179,720 p.a. from 2015/16). The relatively modest level of bids may well reflect awareness of the need for restraint in the current financial climate and the relative value of additional bids when compared to the further savings that would need to be identified. This suggests that whilst this mechanism continues to provide an important means of moving resources to the areas of greatest need, it also retains the flexibility to reflect the Council's overall financial position.

Financial projections for future years are based on the inclusion a provision of £500k per annum from 2013/14 onward, demonstrating the ongoing viability of this approach.

Capital Spending and Controls

Approval of new capital spending is dependent on the identification of the appropriate levels of revenue and capital funding, thus demonstrating its affordability. If this cannot be achieved, the schemes may be approved in principle and added to the Council's capital Hold List until such time as the funding is identified and approved.

The September 2011 MTS identified the need to identify the potential for additional funding for capital spending, in light of a number of identified potential pressures; including refurbishment works to Park Street Car Park (from the Hold List).

The February 2012 BSR has been based around the principle that any additional one-off funding available should be used to support future capital spending requirements, whilst ongoing funding would be used to reduce future net savings requirements.

This has resulted in £1.438m of additional capital funding being identified as affordable, such that all of the capital bids raised as part of the 2012/13 budget process could be supported together with provision for the projected costs of the Park Street Car Park refurbishment works.

This still provides uncommitted funding for further capital spending over the 5-year projection period, as follows:

	2011/12 £000	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000
Revised Capital funding availability	(160)	(2,252)	(1,168)	(2,047)	(1,062)
Capital bids	(224)	1,399	2,083	1,883	200
(Surplus) / Shortfall in Funding	(384)	(853)	915	(164)	(862)
Cumulative cashflow effect		(1,237)	(322)	(486)	(1,348)

The existing test of affordability for capital spending was reinforced by the introduction of the Prudential Code, with effect from 1 April 2004. The indicators identified as part of the Code have been included with the final budget reports, and have been taken into account in arriving at the final recommendations on the Capital Plan.

The BSR specifically considers the potential need for future prudential borrowing. This has identified requirements for Housing Revenue Account borrowing associated with the introduction of the new Self-Financing regime, together with projected refurbishment works at Ditchburn Place. It also identifies the potential requirement to borrow to support the provision of multi-agency community facilities as part of the Clay Farm Development.

The Council continues to require annual revenue contributions to Repair and Renewal Funds to ensure the sustainability of all major assets, and has implemented medium-term replacement programmes for key asset areas.

Capital spending during the year is monitored on a monthly basis by the Asset Management Group, and on a quarterly basis by the Strategic Leadership Team; based on a consistent financial monitoring and reporting framework. This ensures that current performance is effectively challenged, and the need for any remedial measures identified at the earliest opportunity.

Close monitoring of performance on current year budget heads has been maintained throughout the 2011/12 budget process, to ensure a robust basis for projections in future year estimates. This has been of particular importance given the highly volatile position of the economy over the period in question.

Financial Reserves

Reserves are established and maintained in line with the Code of Practice on Local Authority Accounting, and are reviewed annually by the Council's External Auditors taking into account their knowledge of the Council's performance over a period of time.

There are two main categories of reserves to be considered :

- Earmarked reserves
- Unallocated general reserves.

Earmarked reserves

Earmarked reserves are those which the Council builds up over a period of time to fund known or predicted liabilities.

Specific examples include :

- Repair & Renewal Funds - individual Funds have been established to cover key items of vehicle and plant, in line with the Council's policy of ensuring sustainability of services. New Funds, or contribution requirements, are assessed as part of any new project appraisal
- Developer Contributions – negotiated under Section 106 of the Town and Country Planning Act 1990, to offset the costs associated with new developments, for example community infrastructure
- Funds set up to meet material costs which occur regularly, but over a longer period than annually, where it is deemed prudent to make contributions every financial year, e.g. Local Plan
- Insurance Fund - which underpins the Council's policy and practice on self-insurance, and reflects the analysis of potential and contingent claims over time.

The Council reviews each of the Funds during each year to ensure that the levels, and the ongoing contributions, are appropriate to achieve the purpose for which it was set-up. A further review is completed as part of the final accounts process, at year-end, in conjunction with the review work of external audit.

Earmarked Funds are reviewed as part of the General Fund Resources section in the BSR (Section 3 in the February 2012 BSR), together with proposed spending against a number of the main funds. This ensures an appropriate context for wider spending decisions and prioritisation.

Unallocated general reserves

As part of its financial strategy the Council has determined two levels by which the appropriateness of the general reserve for the General Fund will be assessed:

- Minimum Level - set at £1.5m (approximately 10% of the net expenditure level), to deal with timing issues and uneven cashflows and avoid unnecessary temporary borrowing
- Target Level - set at £5m, reflecting the level which provides the target over the longer-term.

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

- Minimum Level - set at £1m (approximately 2 weeks of rental income), to deal with timing issues and uneven cashflows and avoid unnecessary temporary borrowing
- Target Level - set at £3m, reflecting the level which provides the target over the longer-term.

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

- The potential need to 'cushion' the impact of an unexpected events or emergencies (above the levels supported directly by the government, under the 'Bellwin' scheme).
- The need to deal with major incidences of uneven funding associated with schemes or initiatives. Previous examples include the initial investment requirements associated with projects such as the implementation of the outcomes of the Council's Customer Access Strategy.
- The level of risk / uncertainty associated with the budget and financial strategy, particularly the continuing uncertainty over grant entitlement and the effects of the current economic recession.

Where temporary use of reserves is approved to meet timing issues, the decision will be based on a specific payback period and this will be explicitly shown in the Reserves Projections (shown in MTS and BSR documents) so that anticipated movements on the level of reserves are clear.

Current spending plans include temporary use of reserves relating to :

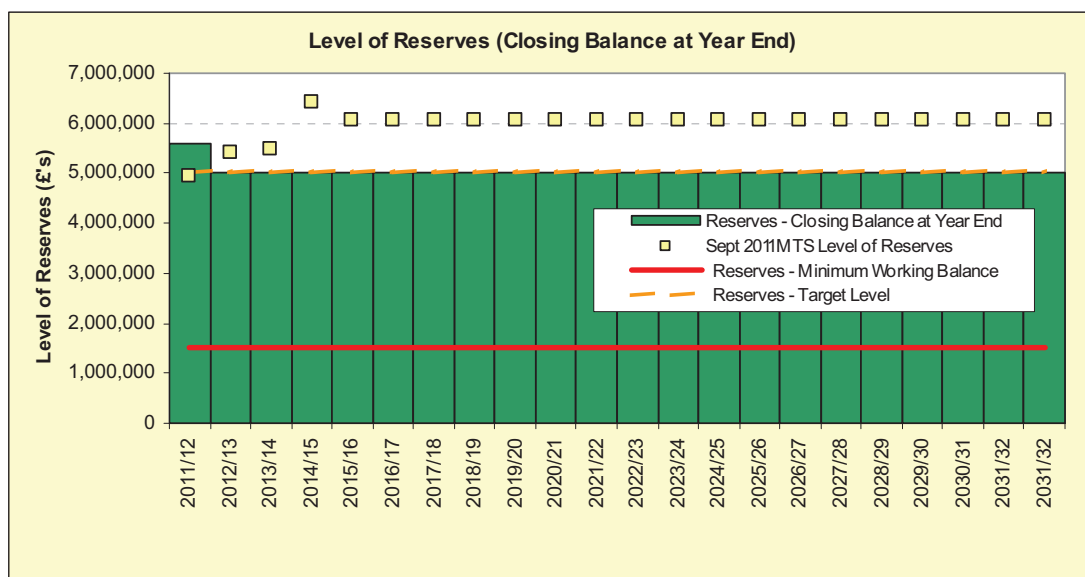
- the initial set-up costs associated with the implementation of the new Customer Access Strategy (SC335 – SC339) – due to be repaid by 2014/15

- the initial capital costs associated with the Guildhall Working Party scheme (SC342) – due to be repaid by 2017/18
- the set-up costs of the new Memorial Choice scheme (SC351) – due to be repaid by 2017/18

It should be noted that all of these items will generate net revenue savings in the years following repayment of the temporary use of reserves. The maintenance of sufficient reserves to be able to pump-prime such 'Invest-to-Save' schemes in the future is part of the Council's approach to being confident in meeting the significant net savings targets identified through to 2014/15.

The September 2011 MTS noted that the level of Reserves was above the Target level, and that the BSR should include consideration of the appropriate use of the additional funds.

The 25-year financial modelling in the BSR has included plans for the planned use of funds above the Target level, such that Reserves will be brought down to a level of £5m by the end of 2012/13 and that this level can be maintained. This shown graphically below :



The reserves projections are based on the expectation that the Council will be able to achieve the 'Net Savings Requirements' identified in each of the financial years from 2011/12 onward.

Risk Management

The Council has a long-established commitment to risk management, as a key element of effective internal control. This includes the operation of a corporate risk database, which forms the basis for the Risk and Assurance Framework which, in turn, informs the Annual Governance Statement and Head of Internal Audit Opinion documents as part of each Statements of Accounts. The database also informs the strategic internal audit plan, ensuring that all cross-cutting, project and service issues are effectively prioritised for coverage.

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

The main issues which remain outstanding at the point of budget-setting this year are detailed in Section 8 of the BSR.

In addition, an assessment of the key areas of financial risk to the Council has been undertaken and the results are included in Appendix U, in the form of a sensitivity analysis. This is a particularly important consideration for the current budget process, in light of the continuing volatility within the projections for the economy and changes in funding.

This analysis is supplemented by a review of the timing and nature of 'Significant Events' over the MTS period, which has been detailed in Appendix V of the BSR.

A further review of these areas, and the others still unresolved, will take place as part of the next (2012) MTS.

The Council's financial strategy also supports the provision of funding for known commitments, which commence beyond the specific budget year, as part of the prudence and sustainability concept.

Period Budgeting

Part of the Council's established financial strategy is to ensure that funding for future spending is not dependent on the use of reserves, so as to demonstrate long-term sustainability. This has been demonstrated in the setting of the 2012/13 Budget.

The key aim of the September 2011 MTS was to establish a position where a savings level for the period of the 2010 Spending Review (i.e. to 2014/15) could be identified that would allow the future level of savings to be reduced to a more manageable level.

The outcome was a savings target of £4.213m over the 3-year period to 2014/15, based on the profile of £1.242k in 2012/13, £1.288m in 2013/14, and £1.683m in 2014/15. These represented minimum levels for each year in order to meet the overall financial projections and strategy.

The BSR has confirmed that not only has the target of £1.242k in 2012/13 been achieved on an ongoing basis, but that it has been exceeded from 2013/14 onward allowing future year net savings requirements to be reduced.

The contribution of Service Reviews to the overall level of savings has been significant (ranging from 62.1% in 2012/13 to 68.3% in 2015/16).

This serves to confirm the significant role of the Service Review process, and the robustness of the projections included in the September 2011 MTS. This is particularly important as Service Reviews, will undoubtedly be a critical part of the Council's future savings strategy.

The effect of the overall performance on the 2012/13 Budget, results in the following recalculation of remaining net savings requirements in future years :

Net Savings Requirements	2013/14 £	2014/15 £	2015/16 £
Net Savings Requirement (per Sept 2011 MTS)	1,287,860	1,683,310	950,000
<i>Adjusted for:</i>			
Adjustment resulting from position against 2012/13 Cash Limit	(65,890)	(76,900)	(10,000)
Sub totals	1,221,970	1,606,410	940,000
Reduced to reflect unapplied 2012/13 PPF funding provision in:			
- 2013/14	(199,880)		
- 2014/15		(104,400)	
- 2015/16			(16,000)
Sub totals	1,022,090	1,502,010	924,000
Increase required to offset net Non-Cash Limit items	380,000	50,000	0
Sub totals	1,402,090	1,552,010	924,000
Increase required to offset effect of 2012/13 Council Tax freeze	103,230	(36,750)	(36,650)
Revised Net Savings Requirement	1,505,320	1,515,260	887,350

This demonstrates the success in adopting a period-budgeting approach in recent years, and this focus on medium-term budgeting will be further developed and emphasized as part of the Council's budget processes.

This has enabled the net savings requirements to be revised downward, reflecting earlier achievement against the profile of savings targeted in the September 2011 MTS

The Council is now seeking to build on this approach, and to outline the approach to meeting the net savings requirements for the remaining two years of the target period.

Future Savings Strategy

The Council is planning for a significant "step change" in its budget profile through to 2014/15. The budget and service delivery plans for 2012/13 represent a continuation of the process to deliver that change.

Future work is expected to include further exploration of shared service opportunities, review of Council assets, and continued investigation of opportunities that may be

available through the projects which arose from the "Making Cambridgeshire Count" initiative.

A key element of both the MTS and BSR is consideration of the achievability of the reductions in net spending which are required to produce a balanced budget. As noted above, a key element in this analysis has been the robustness and outcomes delivered through the Council's Service Review process. This has demonstrated a strong track-record in delivering targeted reductions in the last few years.

The Council's budget includes provision, through the Efficiency Fund, of funding to enable service transformation to be undertaken. In 2011/12 £475k is available, with a further £200k in 2012/13. This provides greater assurance that the resources will be available to undertake the work needed to achieve the savings targets set.

This contributes to the confidence that the targeted levels of net spending reductions for future years can be met, and that suitable monitoring processes exist to highlight any variations in the actual timing or level of planned savings in practice so that remedial actions can be implemented.

External Assessment

The Council has been subject to external assessment through the annual audit of financial procedures and accounts, as well as under the national Comprehensive Performance Assessment process. This was replaced by Comprehensive Area Assessments (CAA) from 2009.

An overview of the relevant assessments is shown in Annex 1.

The Audit Commission's Use of Resources (UoR) assessment considered how well organisations managed and used their resources to deliver value for money and better and sustainable outcomes for local people.

The assessment formed part of the Comprehensive Area Assessment (CAA) framework and was carried out yearly by appointed auditors as part of the external audit at local authorities; fire and rescue authorities; police authorities; and primary care trusts.

In May 2010, the Government announced CAA was to be abolished. In response, the Commission directed auditors to cease all use of resources assessment work. The last set of scored assessments for UoR were for 2008/09, and these are shown in the attached Annex as context.

The City Council was assessed at level 3 overall, which is defined as 'Exceeds minimum requirements – performing well'. In presenting the assessment report to Civic Affairs committee on 18 November 2009, the Council's External Auditors noted that "A rating of three places the authority in the top quartile of District Councils nationally with very few, possibly only one, achieving a 4" (Minute 09/0Civ/44).

Conclusion

The 2012/13 budget process has resulted in recommendations for spending and tax-setting which are broadly in line with the original objectives set in the MTS in September 2011. This has involved the identification of tangible measures to effectively address the implications of the significant pressures on the Council's budgets which have been identified as part of the process.

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

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

Together, this demonstrates the robust nature of the work on which the Council's spending plans are based, and that the plans and associated reserves projections represent a prudent and sustainable position.

This report is based on the budget proposals contained within the BSR, which are being recommended by the Executive to Council on 23 February 2012.

David Horspool
Director of Resources

External Assessments

The following external assessments provide a measure of context for the Council's financial processes and performance.

Comprehensive Performance Assessment (CPA)

As part of the CPA work undertaken by Inspectors, the Council's external auditors (PricewaterhouseCoopers) completed a scored review of five areas relating to the statutory code of audit practice in 2004.

The scores given were:

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

These scores represent a judgment of the Council's performance on scale of 1 to 4, with 4 being the highest score.

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

Use of Resources

Use of Resources (UoR) is an Audit Commission assessment of how well Councils manage their financial resources. It looks at how financial management is integrated with strategy and corporate management, supports council priorities and delivers value for money.

Use of resources work is carried out, annually, at all councils as part of the external audit by appointed auditors, and results in a judgement for each of five themes.

The auditor's judgement is based on a scale of 1 to 4 (highest) which determines how well a council is performing against minimum standards, set at level 2 performance. The overall use of resources score is calculated by the Commission using a set of rules for combining the auditor judgements for each of the five themes.

The initial UoR framework ran from 2005 to 2008, and details of the Council's Use of Resources assessments are shown below:

Theme	Assessment (1 to 4)			
	2005	2006	2007	2008
Financial reporting	3	4	4	4
Financial management	4	4	4	4
Financial standing	4	4	4	3
Internal control	2	3	3	3
Value for Money	3	3	3	3
Overall	3	4	4	4

The Use of Resources (UoR) assessment for 2008/09 was very different to the previous UoR assessment. While a number of similar areas were assessed under both frameworks, the focus of the new approach changed significantly and the new approach was intended to represent a more rigorous test.

In order to achieve the higher scores (i.e. 3 or 4), organizations now have to clearly demonstrate that not only do they have efficient and effective processes in place, but that these processes can be shown to be delivering tangible outcomes in terms of performance improvements or delivery of efficiencies that are aligned to the organisation's strategic objectives.

The Council's UoR theme scores are shown in the table below :

Theme	Assessment (1 to 4)
	2008/09
Managing finances	3
Governing the business	3
Managing resources	2
Overall	3

In the assessment report the auditors noted that the Council "... continues to demonstrate strong medium term, planning and budgeting" and that it "... Engages well with stakeholders and continues to monitor spending closely and effectively". It goes on to note that "The Council maintains an appropriate risk register which is linked to strategic objectives and can demonstrate

a positive risk culture", and that it "... Maintains an adequate system of internal control and has an effective audit function".

The City Council was assessed at level 3 overall, which is defined as 'Exceeds minimum requirements – performing well'. In presenting the assessment report to Civic Affairs committee on 18 November 2009, the Council's External Auditors noted that " A rating of three places the authority in the top quartile of District Councils nationally with very few, possibly only one, achieving a 4" (Minute 09/0Civ/44).

This demonstrates the consistently high levels of performance achieved by the Council under this assessment, both in isolation and in comparison with other authorities.



To: Executive Councillor for Strategy / Leader:
Councillor Sian Reid
Report by: Director of Resources
Relevant scrutiny Strategy & Resources 3 February 2012
committee:
Wards affected: All Wards

LABOUR GROUP AMENDMENT TO:

Budget-Setting Report (BSR) - Revenue and Capital Budgets:

- **2011/12 (Revised)**
 - **2012/13 (Budgets) and 2013/14 (Forecast)**
-

Key Decision

1. Executive summary

- 1.1 This report sets out amendments proposed by the Labour Group to the overall set of budget proposals which were agreed by the Executive at its meeting on 19 January 2012, for recommendation to Council on 23 February 2012, subject to any changes proposed by the Executive following the publication of the Final Settlement.
- 1.2 The papers included here reflect the appropriate updates to the Budget-Setting Report, Version 1 as updated at Strategy and Resources Scrutiny Committee on 12 January 2012 and the Executive meeting on 19 January 2012. This amendment also refers to the Section 25 Report (Appendix X) included in the Budget Setting Report by Executive Amendment at this meeting.
- 1.3 The appendices to this report present the Labour Group budget proposals in relation to specific budget items for both General Fund (GF) and Housing Revenue Account (HRA), Revenue and Capital as follows:
- (i) to add new items
 - (ii) to delete specific existing proposals
 - (iii) to amend specific existing proposals
 - (iv) to remove the contribution to the Climate Change Fund in 2012/13 and return to General Reserves

1.4 The Labour Group budget amendment addresses deficiencies in council services, focusing on making Cambridge cleaner and safer:

- Tackling dirty streets and grot spots in neglected parts of Cambridge, plus an extra focus on dog mess, including creating a full time Dog Enforcement Officer
- Tougher city centre enforcement on anti-social behaviour working with the police, and increased penalty notices against a range of offences including littering and parks damage
- Safer city initiatives for young and old, including sorting pavements and shopping centre seating for older people across Cambridge, better measures to remove snow and ice immediately, and more investment in secure cycling parking

1.5 The Labour Group have identified other areas of wider neglect and proposals have been included by making efficiency savings and can therefore be funded responsibly.

2. Recommendations

2.1 Changes to recommendations are highlighted in italics.

Recommendations of the Executive to this Council, as agreed at their meeting on 19 January 2012, are amended as follows:

Relating to recommendation 2 b):

Revenue Budgets 2012/13

In the existing recommendation 2 b):

- After "Revenue Savings and Bids [Appendix F, page 87, refers]", add "***together with the changes in the attached Labour Budget Amendment - Supplement to Appendix F***",
- to replace Appendix G with ***Appendix G (a), (b) and (c) [Labour Amendment]*** [Page 109 to 111 refers] noting specifically the deletion of the additional contribution to the Climate Change Fund of £129,050 and the provision of additional capital funding of £503,320 arising from the net amendments to Appendix F, whilst still maintaining General Reserves at £5,000,000.

Capital

- To seek funding from Cambridgeshire County Council towards the Cambridge City 20mph Zones Project capital item of £200,000 in each of 2013/14 and 2014/15

- For the existing recommendation 2 i) After “Agree the Capital & Revenue Projects Plan” add “**together with the changes in the attached Labour Budget Amendment – Supplement to Appendix O (a)**”.

Note: the net affect of the additional revenue contributions of £503,320 and new bids of £453,000 is net additional capital funding available of £50,320 over the period 2011/12 to 2015/16 plus the potential for joint funding released due to County contribution.

In the Budget-Setting Report

- Replace BSR pages 51 **with 2012/13 Budget [Labour Amendment] Updated BSR page 51** which incorporates the capital funding changes resulting from the Labour Amendment.

Housing Revenue Account (HRA)

- To add to Appendix K an additional revenue bid LHB01 and compensating saving LHS01 as per the attached “**Labour Budget Amendment – Supplement to Appendix [K]**” [Appendix K, Page 131 refers]

Climate Change Fund

- Replace Appendix B (part) Earmarked & Specific Funds - Climate Change Fund table with **Climate Change Fund [Labour Amendment]**, [Appendix B, Page 70 refers], reflecting the reversal of the £129,050 contribution in 2012/13.

Equalities Impact Assessment

- Replace Appendix W – Equalities Impact Assessment with **Appendix W [Labour Amendment] - Equalities Impact Assessment** [Appendix W, Page 217 refers]

3. Council Tax

3.1 No changes are being proposed by the Labour Group.

4. Capital

4.1 The Labour Group are proposing items identified Labour Budget Amendment – Supplement to Appendix O (a)

5. Changes to the Housing Revenue Account (HRA)

5.1 The Labour Group Revenue changes are outlined in Labour Budget Amendment – Supplement to Appendix [K]

6. Implications

All budget proposals have a number of implications. A decision not to approve a revenue bid will impact on managers' ability to deliver the service or scheme in question and could have staffing, equal opportunities, environmental and/or community safety implications. A decision not to approve a capital or external bid will impact on managers' ability to deliver the developments desired in the service areas.

(a) Financial Implications

The financial implications are outlined in the attached Budget Setting Report 2012/13, **as amended by [Labour Amendment]**

(b) Staffing Implications

See text above

(c) Equal Opportunities Implications

An Equality Impact Assessment is included at **Appendix W [Labour Amendment]** in the attached Budget Setting Report 2012/13

(d) Environmental Implications

Where relevant, officers have considered the environmental impact of budget proposals which are annotated as follows:

- +H / +M / +L: to indicate that the proposal has a high, medium or low positive impact.
- Nil: to indicate that the proposal has no climate change impact.
- -H / -M / -L: to indicate that the proposal has a high, medium or low negative impact.

(e) Consultation

As outlined in 3 above, budget proposals are based on the requirements of statutory and discretionary service provision. Public consultations are undertaken throughout the year, a full list can be seen at:

<http://www.cambridge.gov.uk/ccm/content/consultations/2011-consultations.en>

(f) Community Safety

See text above.

(g) Section 25 Report

This budget amendment would not require any substantive changes to the existing Appendix X - Section 25 Report. The main impact of this amendment is to release additional funding for capital of £503,320. However it should be

noted that the Saving in respect of reduced Repairs and Renewals contributions has been included prior to the completion of a report on the council wide provision of such funds.

4. Background papers

These background papers were used in the preparation of this report:

- Budget files: Revised 2011/12 and Original 2012/13.
- Budget-setting Report Version 1, January 2012 (covering 2011/12 to 2015/16) ***as updated at Strategy and Resources Scrutiny Committee on 12 January 2012, the Executive meeting on 19 January 2012, the Executive Amendment at the Special Strategy & Resources meeting on 3 February and for the [Labour Amendment].***

5. Appendices

In this Report:

Labour Amendment:

- ***Supplement to Appendix F***
- ***BSR replacement Appendix G (a), (b) and (c)***
- ***Supplement to Appendix [K]***
- ***BSR replacement page 51 - Capital Funding Available etc***
- ***Supplement to Appendix O (a)***
- ***BSR replacement of Appendix W Equality Impact Assessment***
- ***BSR replacement of Appendix B (part) Earmarked Reserves - Climate Change Fund***

6. Inspection of papers

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

Author's Name:	David Horspool
Author's Phone Number:	01223 - 457007
Author's Email:	David.horspool@cambridge.gov.uk

Labour Budget Amendment - Supplement to Appendix [F]

2012/13 Budget - Bids & Savings - GF

Reference	Item Description	2011/12 Budget £	2012/13 Budget £	2013/14 Budget £	2014/15 Budget £	2015/16 Budget £	Contact
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Community Services - Arts, Sport & Public Places

Bid

LB10	'Celebrate 2012 Fund'	0	31,200	0	0	0	Jackie Hanson
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Funding for community-led Olympics sporting events and Jubilee street events (100 x £100 to £500 grants for 2012 events) funded by not cutting community development grants (£2789) and leisure grants (£2928)

Portfolio Total	0	31,200	0	0	0
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Community Services - Community Development & Health

Bid

LB09	Restore Community Development and leisure grant cuts for community groups	0	0	31,200	31,200	31,200	Jackie Hanson
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This bid deletes two budget cuts £2789 (£23,200) and £2928 (£7870), restoring these reductions from 2013. This funding is also used above for local 2012 celebration events in current year

Saving

LS04	Reduce new Neighbourhood Development Officer to part time post	0	(23,500)	(23,500)	(23,500)	(23,500)	Trevor Woollams
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This initiative to expand Area Committee responsibilities needs to be better supported by all officers, not just one. Saving made will pay for £23,200 annual funding cut for community group by reduction of PPF 2789

Portfolio Total	0	(23,500)	7,700	7,700	7,700
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Community Services - Housing GF

Bid

LB12	Reinstate funding for implementing Travellers site, working with South Cambridgeshire DC	0	5,210	5,210	0	0	Helen Reed
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Funding required to deliver this project after 4 years inaction, given need to tackle temporary encampments. Link to new Government £500k funding

Portfolio Total	0	5,210	5,210	0	0
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2012/13 Budget - Bids & Savings - GF

Reference	Item Description	2011/12 Budget £	2012/13 Budget £	2013/14 Budget £	2014/15 Budget £	2015/16 Budget £	Contact
Environment - Environmental & Waste Services							
Bid							
LB01	City Centre Enforcement Officer	0	27,000	27,000	0	0	Emma Thornton
<i>Additional 2 year post to expand citywide enforcement team to 4 - tackle city centre antisocial behaviour, summer littering and park damage, blocked pavements and traffic offences, working with police</i>							
LB02	'Cleaner Cambridge Street Blitzes'	0	60,000	60,000	60,000	60,000	Bob Carter
<i>Targeted weekend blitzes on dirtiest residential streets, working with residents, and tackling one ward every month in rotation</i>							
LB03	Snow clearing partnership, assisting residents to clear all well used pavements and areas with significant numbers of older people	0	39,100	6,000	6,000	6,000	Bob Carter
<i>Purchase 150 stackable salt bins for temporary installation each winter in residential areas, including set up and regular top up costs, so grit is always available before snow fall, and not after</i>							
LB04	Full time Dog Enforcement Officer	0	15,000	15,000	0	0	Yvonne Collins
<i>Conversion of Dog Warden to full time post - to work with Rangers to tackle repeat dog fouling and uncontrolled dogs, engage dog owners and undertake enforcement where necessary</i>							
LB05	Maintain the additional 50 new dog bins	0	3,250	6,500	6,500	6,500	Bob Carter
<i>Full year emptying cost, but average of half year of maintenance in Year 1</i>							
LB06	Recycling promotion to increase recycling in private rented housing and shared houses	0	17,000	17,000	0	0	Jas Lally
<i>Create part-time Recycling Promotions Officer to increase recycling in shared housing, and make full use of PPF2799 (£7000/year) by spending that 100% on extra recycling promotion materials</i>							
LB07	Free bulky waste collections for older people on lowest incomes	0	10,400	10,400	10,400	10,400	Jas Lally
<i>Free service for older people on housing benefits or pensioner credit, with particular focus on assisting people on lowest incomes without access to a car</i>							
LB15	'Community Toilets' scheme	0	18,000	18,000	0	0	Toni Ainley
<i>Fund 'community toilets' in badly served areas, and investigate solutions for inadequate toilets for station bus users and Parkside coach users (including 30 new 'community toilet' providers paid up to £600/year)</i>							

2012/13 Budget - Bids & Savings - GF

Reference	Item Description	2011/12 Budget £	2012/13 Budget £	2013/14 Budget £	2014/15 Budget £	2015/16 Budget £	Contact
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Saving

LS01	Increased enforcement officer fines income	0	(10,000)	(10,000)	0	0	Yvonne Collins
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Extra income from penalty tickets for littering and other offences from extra enforcement will be redirected to additional cleaning services, and wider training also undertaken to increase use of penalty notices

LS08	Divert planned Street Champions funding into extra cleaning staff	0	(15,000)	(15,000)	0	0	Toni Ainley
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Diversion of PPF 2821 to help fund residential street cleaning blitzes

LS09	Divert Recycling Champions funding	0	(16,000)	(16,000)	0	0	Jen Robertson
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Diversion of PPF 2800 to fund increased recycling in private rented and shared houses.[LB06]

Portfolio Total	0	148,750	118,900	82,900	82,900
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Environment - Planning & Sustainable Transport

LB11	Reinstate full time Cycling Officer	0	20,000	20,000	20,000	20,000	Toni Ainley
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Too much work for current part-time position. Full-time post essential to ensure cycling input on all major planning decisions, press for repairs to heavily used cycle routes, deliver extra secure cycle parking below [LC01], and promote responsible cycling working with new city centre enforcement officer

Portfolio Total	0	20,000	20,000	20,000	20,000
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Strategy & Resources - Customer Services & Resources

LB13	Reverse proposal to cut funding for union work	0	32,940	32,940	32,940	32,940	Sue Dawson
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Delete S2747 recognising vital contribution of trade union inputs during major change and service reviews

LB14	Benefit cuts training for all relevant frontline staff, and staff in partner organisations	0	10,000	10,000	0	0	John Frost
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Required due to complexity and multiple impacts of major changes e.g. private rented tenants, and Council responsibility for Council Tax benefit. Plus additional leaflets and website updates.

2012/13 Budget - Bids & Savings - GF

Reference	Item Description	2011/12 Budget £	2012/13 Budget £	2013/14 Budget £	2014/15 Budget £	2015/16 Budget £	Contact
LB08	Market Square improvements consultation, including on options for increasing usage	0	20,000	15,000	0	0	Emma Thornton
<i>Options report, workshop and consultation to gather views, feasibility study investigations and, if supported following consultation, updated masterplan for Market Square</i>							
Saving							
LS03	Return Area Committee planning to main Planning Committee	0	(20,000)	(20,000)	(20,000)	(20,000)	Patsy Dell / Gary Cliff
<i>Efficiency savings from returning smaller planning decisions to Planning Committee, also recognising need to avoid overloading Area Committees given their increased delivery responsibilities from 2012</i>							
LS05	Increase rental from Commercial Properties	0	(50,000)	(100,000)	(100,000)	(100,000)	Philip Doggett
<i>Including filling units left empty at Mill Road site and opportunities for new businesses to have discounted start up rents, assisted by extra senior surveyor, and appointment of permanent Head of Property Services</i>							
Portfolio Total		0	(7,060)	(62,060)	(87,060)	(87,060)	

Strategy & Resources - Strategy & Climate Change

Saving

LS02	Cease publication of 'Cambridge Matters'	0	(37,800)	(37,800)	(37,800)	(37,800)	Andrew Limb
<i>Cease publication of Council magazine 'Cambridge Matters' including printing, distribution and half post reduction</i>							
LS06	Repair and Replacement funding review and reductions	0	(200,000)	(150,000)	(150,000)	0	Julia Minns
<i>Review and make efficiency savings in Repair and Replacement funds with tighter specifications for capital replacement and works</i>							
LS07	Delete extension of fixed term Corporate Strateav post	0	(27,500)	(7,000)	0	0	Antoinette Jackson
<i>Saving from deletion of PPF2735</i>							
Portfolio Total		0	(265,300)	(194,800)	(187,800)	(37,800)	
All Portfolios - Net Impact of Labour Amendment		0	(90,700)	(105,050)	(164,260)	(14,260)	

Appendix G (a) [Labour Amendment]

General Fund Projection 2011/12 to 2015/16

Description	2011/12 £	2012/13 £	2013/14 £	2014/15 £	2015/16 £
Net spending - Committee totals	19,053,660	16,876,710	16,035,310	15,490,280	15,403,600
Capital Adjustment Account	839,230	839,230	839,230	839,230	839,230
Minimum Revenue Provision Adjustment	(3,972,040)	(3,972,040)	(3,972,040)	(3,972,040)	(3,972,040)
Sub-Total	15,920,850	13,743,900	12,902,500	12,357,470	12,270,790
Contribution to Efficiency Fund	475,000	200,000	0	0	0
Revenue Contribution to Capital	4,511,000	1,381,000	1,380,000	1,380,000	1,380,000
Sub-Total	20,906,850	15,324,900	14,282,500	13,737,470	13,650,790
Council Tax Earmarked for Growth	109,250	86,910	202,210	454,620	1,699,730
Future Years Priority Policy Fund	0	0	500,000	500,000	500,000
MTS 2011 proposals	302,820	768,850	1,393,630	874,490	674,490
BSR Proposals (See table below)	145,420	1,457,040	2,012,170	2,869,420	1,576,870
Net Revenue Effect of Labour Proposals (Supplement to Appendix F)		(90,700)	(105,050)	(164,260)	(14,260)
Deletion of Climate Change Fund contribution (Labour amendment)		(129,050)	0	0	0
Additional Contribution to Capital Funding (Labour amendment)		219,750	105,050	164,260	14,260
Sub-Total	21,464,340	17,637,700	18,390,510	18,436,000	18,101,880
Net Savings Requirement	-	-	(1,505,320)	(1,515,260)	(887,350)
Net Spending Requirement to Appendix G (b) below	21,464,340	17,637,700	16,885,190	16,920,740	17,214,530

Budget Setting Report Proposals

Description	2011/12	2012/13	2013/14	2014/15	2015/16
Revised Budget (See Appendix D)	(641,230)	0	0	0	0
Net savings (2012/13 requirement adjusted for New Revenue Budget Proposals shown in Appendices E & F)	0	(844,760)	314,110	287,210	277,210
Capital Funding from -					
- 2011/12 and 2012/13 net savings	0	243,990	0	0	0
- 2012/13 unallocated PPF	0	121,380	0	0	0
- Use of New Homes Bonus 2012/13	0	703,160	0	0	0
- Use GF Reserves above £5m	0	240,840	70,170	954,320	(318,230)
- Contribution to CCF	0	129,050	0	0	0
Bids from Growth Funding	0	45,000	106,350	106,350	96,350
Growth Posts Funded from New Homes Bonus	786,650	818,380	818,380	818,380	818,380
Earmarked New Homes Bonus funding			703,160	703,160	703,160
TOTAL	145,420	1,457,040	2,012,170	2,869,420	1,576,870

Appendix G (b) [Labour Amendment]

General Fund – Funding Statement 2011/12 to 2015/16

Name	2011/12 £	2012/13 £	2013/14 £	2014/15 £	2015/16 £
Total Net Spending Requirement From Appendix G (a) above	21,464,340	17,637,700	16,885,190	16,920,740	17,214,530

less	External Support					
	Formula Grant including Council Tax Compensation Grant (2012/13 to 2014/15)	(9,515,100)	(8,598,810)	(8,161,400)	(7,740,670)	(7,571,020)
	Council Tax Compensation Grant (2011/12, see Formula Grant)	(169,650)	0	0	0	0
	Council Tax Compensation Grant (new for 2012/13)	0	(171,600)	0	0	0
	New Homes Bonus 2011/12 and 2012/13 announcements	(786,650)	(1,521,540)	(1,521,540)	(1,521,540)	(1,521,540)
	Council Tax Collection Fund deficit	41,580	87,110	0	0	0
	Income from Council Tax	(6,785,900)	(6,831,370)	(7,202,250)	(7,658,530)	(8,121,970)

Contribution (to) / from Reserves to Appendix G (c) below	4,248,620	601,490	0	0	0
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Memorandum Items					
Council Tax Taxbase	40,739	41,012	42,185	43,763	45,278
Band 'D' Council Tax	£166.57	£166.57	£170.73	£175.00	£179.38
Implied annual Council Tax increase	-	0.00%	2.50%	2.50%	2.50%

Appendix G (c) [Labour Amendment]

General Fund - Reserves Projection 2011/12 to 2015/16

Name	2011/12	2012/13	2013/14	2014/15	2015/16
Balance at 1 April brought forward	9,850,110	5,601,490	5,000,000	5,000,000	5,000,000
Contribution (to) / from Reserves from Appendix G (b) above	4,248,620	601,490	0	0	0
Balance at 31 March carried forward	5,601,490	5,000,000	5,000,000	5,000,000	5,000,000

Labour Budget Amendment - Supplement to Appendix [K]

2012/13 Budget - Bids & Savings - HRA

Reference	Item Description	2011/12 Budget £	2012/13 Budget £	2013/14 Budget £	2014/15 Budget £	2015/16 Budget £	Contact
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Housing Revenue Account

Bid

LHB01	Housing Projects Officer	0	37,160	37,160	37,160	37,160	Robert Hollingsworth
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Address environmental improvements projects and similar environmental problems in Council housing and address understaffing in project delivery

Saving

LHS01	Reduction in Cambridge Standard and similar housing project funding	0	(37,160)	(37,160)	(37,160)	(37,160)	Andrew Latchem
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The reduction will fund the Housing Projects officer post in LHB01 above

Net Impact of Labour HRA Amendment

0	0	0	0	0
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2012/13 Budget [Labour Amendment]

Updated BSR page 51

	2011/12 £000	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000
Funding available and unapplied (per Sept 2011 MTS)	(160)	(943)	(1,098)	(1,093)	(1,380)
<i>Adjusted for:</i>					
Net Cash Limit underspend 2011/12 and 2012/13		(121)			
2012/13 PPF funding not applied		(244)			
Unapplied balance of 2012/13 New Homes Bonus funding		(703)			
Use of GF reserves down to £5m target level		(241)	(70)	(954)	318
Labour – additional funding available down to £5m target level		(220)	(105)	(164)	(14)
Revised Capital funding availability	(160)	(2,472)	(1,273)	(2,211)	(1,076)

This provides the context for considering the affordability of the Capital bids which have been submitted as part of the 2012/13 budget process, as shown below:

	2011/12 £000	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000
Revised Capital funding availability	(160)	(2,472)	(1,273)	(2,211)	(1,076)
Capital bids	(224)	1,399	2,083	1,883	200
Labour – new capital bids		203	175	75	0
(Surplus) / Shortfall in Funding	(384)	(870)	985	(253)	(876)
Cumulative cashflow effect		(1,254)	(269)	(522)	(1,398)

This demonstrates that, although the spending requirement is very uneven (reflecting, in particular, the projected costs of the refurbishment works to the Park Street Car Park) the funding available is sufficient to allow all of the bids to be approved if they are deemed to be appropriate and necessary.

The projections in the remainder of the BSR assume, at this stage, that all of the capital bids are approved.

Labour Budget Amendment - Supplement to Appendix [O (a)]

2012/13 Budget - Capital Bids - GF

Reference	Item Description	2011/12 Budget £	2012/13 Budget £	2013/14 Budget £	2014/15 Budget £	2015/16 Budget £	Contact	Climate Change Indicator
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All GF Portfolios

Capital

LC01	Funds to support negotiations on installation of additional secure cycling parking in city centre and at station - EIP1	0	100,000	80,000	0	0	Toni Ainley	+H
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Requirement for Capital Funding (included above)

0	100,000	80,000	0	0
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Station is short of well over 1000 secure spaces. City and shopping centres need similar addition too. Will include % contribution offers to landowners and operators at station and retail sites, plus also obtaining match funding from county council and developers

LC02	Fix dangerous pavements, paving and cycleway problems reported by public - EIP2	0	75,000	75,000	75,000	0	Toni Ainley	nil
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Requirement for Capital Funding (included above)

0	75,000	75,000	75,000	0
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Overhaul inadequate paths, paving and cycle ways in city giving priority to safety of older and disabled people, and high usage areas. Similar funding principles as EIP1

LC03	Create seating in town centre and local shopping centres for older people - EIP3	0	20,000	20,000	0	0	Toni Ainley	nil
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Requirement for Capital Funding (included above)

0	20,000	20,000	0	0
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Install seating to help older people and families in busy shopping and visitor areas where no seating, including adjacent to Lion Yard and Grand Arcade

LC04	Install 50 new dog bins, and consider further bins in 2013	0	8,000	0	0	0	Toni Ainley	nil
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Requirement for Capital Funding (included above)

0	8,000	0	0	0
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Install after community consultation, and target residential areas and parks with worst dog fouling. Review early 2013 and propose further capital bid for dog bins proportionate to need

All Portfolios Total		0	203,000	175,000	75,000	0		
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Requirement for Capital Funding (included above)

0	203,000	175,000	75,000	0
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Appendix B [Labour Amendment]

Earmarked & Specific Funds (£ '000s)

Repairs & Renewals

General Fund	Opening Balance	Contributions	Expenditure to Nov 2011	Closing Balance
Arts, Sport & Public Places	(872.4)	(428.5)	106.9	(1,194.0)
Community Development & Health	(1,588.4)	(351.4)	69.2	(1,870.6)
Customer Services & Resources	(4,774.5)	(925.7)	37.8	(5,662.4)
Environmental & Waste Services	(4,485.1)	(368.5)	47.0	(4,806.6)
Housing – General Fund	(325.1)	(38.9)	3.7	(360.2)
Planning & Sustainable Transport	(966.4)	(390.0)	43.3	(1,313.1)
Strategy & Climate Change	(180.4)	(20.7)	3.2	(198.0)
Totals	(13,192.4)	(2,523.7)	311.2	(15,404.9)

Housing Revenue Account	Opening Balance	Contributions	Expenditure to Nov 2011	Closing Balance
Housing - HRA	(1,826.2)	(263.6)	37.9	(2,051.9)

Climate Change Fund [as amended]

Description	2011/12	2012/13	2013/14	2014/15
(Surplus) / Deficit b/f	(383.1)	(377.5)	(344.8)	(344.8)
Contributions	(184.8)	0.0	0.0	0.0
Surplus available	(567.9)	(377.5)	(344.8)	(344.8)
Approvals	190.4	32.7	0.0	0.0
(Surplus) / Deficit c/f	(377.5)	(344.8)	(344.8)	(344.8)