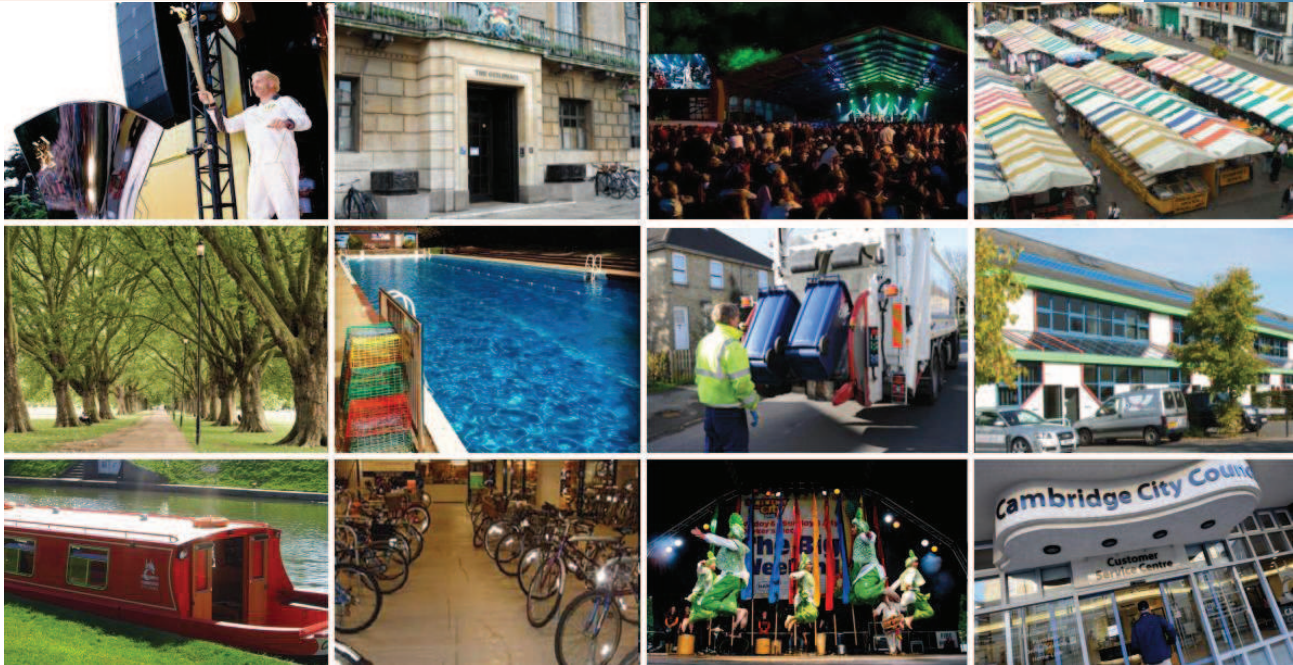


Version 2
Strategy &
Resources
15 February 2013

Budget Setting Report



February 2013

2013/14

Cambridge City Council

Version Control

Version No.	Revised version / updates for:	Content / Items for Consideration
1	Strategy & Resources Scrutiny Committee (21 January 2013)	Initial budget overview and budget proposals
	Executive (24 January 2013)	Proposals of Executive
Current 2	Special Strategy & Resources Scrutiny Committee (15 February 2013)	Amendments to Executive proposals Opposition budget amendment proposals
	3	Council (21 February 2013)
4	FINAL	Approved Budget Setting Report incorporating <ul style="list-style-type: none"> - Decisions of Council - Appendix C(b) Council Tax Setting following receipt of County Council, Police and Fire Authority precepts

Anticipated Precept Setting Dates

Cambridgeshire Police and Crime Commissioner	Cambridgeshire Fire Authority	Cambridgeshire County Council
7 February 2013	11 February 2013	19 February 2013

Cambridge City Council Budget Setting Report 2013/14

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Section 1

Introduction

Purpose, Scope and Key Dates

Purpose

At its meeting on 25 October 2012, the Council gave consideration to the budget prospects for the General Fund for 2013/14 and future years in light of local and national policy priorities and the implications for public sector funding of the current economic climate. The approved Medium Term Strategy (MTS) set out the agreed financial strategy for the Council, and confirmed the framework for the detailed budget work to develop proposals for the 2013/14 budget, as part of the corporate decision-making cycle.

Since the MTS document was agreed, errors were subsequently identified in the Council's budget forecasts in December 2012, which understated the Council's spending requirements. The errors occurred in the way actual spend within the Council's general ledger had been incorporated within the Council's financial model to project future spend.

The Council had asked Ernst and Young, the Council's external auditors, to undertake an external review of its financial forecasts in light of those errors. Ernst and Young have reviewed the work undertaken by the Council's finance team to re-base the Council's budget forecasts. Their preliminary findings indicate that the methodology the Council has used to re-base its budget forecasts is sound and therefore the Council has continued to prepare a budget for 2013/14 based on a forecast, which since MTS stage has been adjusted by £2.267m.

Ernst and Young are continuing to work to identify how the error happened, its impact and what changes the Council may need to make to its financial systems to make sure such errors do not happen again. The outcomes of their work, once it has been completed, will be reported to Civic Affairs committee.

In addition to re-basing the budget to deal with the error, the wider range of assumptions on which the MTS was based also need to be reviewed in light of the latest information available to determine whether any aspects of the strategy need to be revised. This will then provide the basis for the finalisation of the General Fund budget and setting the Council Tax for 2013/14.

This document provides an overview of the review of the key assumptions that has been undertaken, and sets the key parameters for the consideration of detailed recommendations and budget finalisation to be made at the meeting of the Executive on 24 January 2013.

Scope

The Budget Setting Report is designed to provide an integrated view of the whole of the Council's finances and outlook. It covers General Fund revenue and overall capital spending by the Council, highlighting the inter-relationships between the two, and the resultant implications. The General Fund is the account within which the majority of the Council's services are provided and funded and it is the account into which the proceeds of the Council Tax are credited.

The consideration of detailed budget proposals and the overall financial position for the Housing Revenue Account will be presented separately from this report. The relevant HRA documents will be presented to the Housing Management Board and Community Services Scrutiny Committee on 8 January 2013 and 17 January 2013 respectively. Any amendments proposed to the HRA Business Plans will be considered at the meeting of Strategy & Resources Scrutiny Committee on 15 February 2013 (originally scheduled for 8 February).

As with the MTS, a key aspect of the detailed budget work has been risk assessment and management. This has been particularly important in the current budget process given the introduction of a new Government funding mechanism together with the local scheme of Council Tax Support, effective from 1 April 2013. As mentioned above, work has also been commissioned to understand the causes of the identified understatement of spending requirements in the forecast model, to ensure future forecasting is sufficiently robust and fit-for-purpose and that all necessary changes to processes are identified and implemented. In order to ensure that the Council's financial position and risks are appropriately managed over the medium and longer-term, within the financial projections, the following modelling periods have been adopted for the General Fund:

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 5-year forecast period includes a review of the current year budget position, a detailed projection for the following year and forward projections for the following three years, to demonstrate the full-year effects of budget proposals and decisions.

The full 25-year model for the General Fund is not shown in detail within the MTS or this report, however, any significant longer-term implications are highlighted as appropriate.

Sensitivity analysis of key factors is undertaken, as part of both the MTS and budget setting processes to ensure that effective contingency plans are available to the Council and that the appropriate levels of reserves can be maintained.

Key Dates

The financial planning and budget preparation timetable is shown in Appendix A. The key member decision-making dates are as follows:

Date	Task
2013	
21 January	Strategy & Resources Scrutiny Committee considers Budget Setting Report (BSR)
24 January	The Executive recommends Budget Setting Report to Council
15 February	Special Strategy & Resources Scrutiny Committee considers any budget amendment proposals
21 February	Council approves the budget and sets the Council Tax for 2013/14

Review of Key Factors

The MTS agreed a base position, for detailed budget work, of the 2012/13 budget inflated to 2013/14 prices and adjusted for known / approved changes.

For the General Fund the approved budget strategy included:

- The identification of overall savings requirements over the period 2013/14 to 2016/17 of £4.751m as set out in the table below:

Factor	2013/14 £	2014/15 £	2015/16 £	2016/17 £
Net Savings Requirement	569,700	1,946,450	901,730	1,333,350

- To continue to achieve significant saving through the ongoing Service Review programme and to seek to reduce the Net Savings Requirement for future years, in addition to meeting the requirement for the budget year, where possible.
- That the MTS assumption of a 2.5% per annum increase in Council Tax from 2013/14 would be reconsidered at budget setting stage, in the light of the Local Government Finance Settlement announcement and any Government scheme for 2013/14.
- That the target level of reserves continues at £5m with a minimum working balance set at £1.5m, but with a need to review this as part of the BSR in light of anticipated risk transfer from central government.
- To utilise General Fund Reserves to support the Council's Capital and Revenue Projects Plan, where appropriate, and to continue to provide for an annual contribution of at least £1.38m of General Fund Reserves in 2013/14 and future years.
- Provision of a Priority Policy Fund in 2013/14 and future years at the level of £500,000.
- To review the overall budget position as part of this February 2013 Budget Setting Report, in the light of overall affordability, in particular the resources available to the Council under the new Business Rates Retention arrangements and Government grant settlement announcements.

The subsequent identification of a material understatement in the 2012/13 base budget within the MTS forecasts has required a re-basing exercise to be undertaken, the results of this are shown in Section 4.

Whilst a key role of the BSR is to review all key factor and assumptions made in the MTS, in light of the understatement identified, particular consideration will be given in the following sections to those assumptions that involved consideration of affordability in particular:

- Provision of an annual contribution of at least £1.38m of General Fund Reserves in 2013/14 and future years.
- Provision of a Priority Policy Fund in 2013/14 and future years at the level of £500,000.

Key factors for review

This report reviews the key factors as follows:

Factor	Section	Notes
Policy Context for budget setting	2	
General Fund Resources:		
Local Government Finance Settlement – Business Rates Retention	3	Based on Provisional Settlement announcement made on 19 Dec 2012
Other Government Grants	3	Based on provisional or final determinations where available
Earmarked Funds	3	Latest projections of key funds and new items seeking funding approval
Council Taxbase	3	Based on October 2012 actual tax base return, adjusted for the latest housing growth projections, the estimated impact of the introduction of a local scheme of Council Tax Support and associated changes to discounts and exemptions
General Fund Spending Proposals:		
2012/13 Revised Budget	4	Based on January 2012 scrutiny committee reports
2012/13 Forecast Re-basing	4	Based on the outcome of the exercise undertaken following the identification of understatement of the 2012/13 base budget
Post MTS Approvals	4	Based on decisions made under urgency powers and those proposed in the January 2013 cycle of meetings
2013/14 Budget Proposals including:		
Non-cash limit items	4	Based on latest projections / detailed estimates
Bids and savings proposals	4	Based on January 2013 scrutiny committee reports
Overall position against savings targets	4	Based on January 2013 scrutiny committee reports
PPF bids and availability of funding for future years	4	Latest projections of funding available in light of overall General Fund position

Section 2

Local & National Policy Context

Review of Local Policy Context

The local policy context and priorities for the Council are agreed in May each year through the adoption by Council of an Annual Statement. The Annual Statement approved in May 2012 (and reproduced in full below), confirmed a 'Vision for the City' and agreed how the Council would work towards meeting the vision during 2012/13 and beyond.

Our Vision

The Council has a clear vision for the future of our city, a vision which we share with Cambridge citizens and with partner organisations.

Cambridge – where people matter

- A city which celebrates its diversity, unites in its priority for the disadvantaged and strives for shared community wellbeing
- A city whose citizens feel they can influence public decision making and are equally keen to pursue individual and community initiatives
- A city where people behave with consideration for others and where harm and nuisance are confronted wherever possible without constraining the lives of all

Cambridge – a good place to live, learn and work

- A city which recognises and meets needs for housing of all kinds – close to jobs and neighbourhood facilities
- A city which draws inspiration from its iconic historic centre and achieves a sense of place in all of its parts with generous urban open spaces and well- designed buildings
- A city with a thriving local economy that benefits the whole community and builds on its global pre-eminence in learning and discovery

- A city where getting around is primarily by public transport, bike and on foot

Cambridge – caring for the planet

- A city in the forefront of low carbon living and minimising its impact on the environment from waste and pollution.

The strategic objectives we are working towards in 2012/13 are set out in seven portfolio plans which are available in full on the City Council website.

These plans include a range of actions to protect everyday services, protect services for vulnerable people and make sure we do well what we only have one chance to get right. For instance:

- Working on a framework for the City's growth over the next two decades in the new Local Plan;
- Supporting economic development in the City and its surrounding region, in partnership with businesses and other agencies;
- Working with developers, housing associations and others to ensure that the city's social and market housing stock continues to grow, including additional houses for City Homes;
- Improving support to rough sleepers and taking action to prevent homelessness, including completion of the Jimmy's assessment centre project;
- Setting high energy efficiency standards for new homes and helping residents improve the energy efficiency of existing homes
- Planning and delivering community facilities in the new communities being built on the city's fringes;
- Improving facilities for pedestrians, cyclists and public transport users, including consideration of extending areas with a 20mph limit;
- Widening participation in domestic recycling by inclusion of plastic pots, tubs and trays and exploring further opportunities;
- Commencing a programme of providing new recycling bins in streets and open spaces;
- Establishing a model of restorative justice appropriate to Cambridge that helps to reduce re-offending, anti-social behaviour and low-level crime;

- Initiating a health partnership for Cambridge working with GPs and others to improve the health and wellbeing of Cambridge residents;
- Delivering inclusive public events including the Big Weekend and Olympic Torch Relay evening celebrations;
- Devolving decisions on environmental and community projects funded by developer contributions to councillors and residents in their own areas;
- Investing in projects to reduce our carbon footprint and our energy bills;
- Improving the efficiency of council services to maintain high standards and value for money;

In addition to these improvements we will deliver the core services that those who live, learn and work in Cambridge rely on, including housing, planning, waste collection, street cleaning, maintaining the city's open spaces, parking, bereavement services, community development, and arts and recreation.

We will consult residents and others on key issues that affect them and their communities. We will redevelop our website to make more information and data more easily accessible to residents, and to allow residents to do more of their business with us online, at their convenience.

We will continue to speak up for Cambridge; to support diversity, equality, respect and tolerance in the city; to promote a high quality and sustainable environment in all parts of the city; and to work in partnership wherever this will help us achieve our goals more effectively.

Public Budget Consultation and Review of Demographic Factors

These key pieces of work, undertaken periodically, by the Council provide important context for budget decision-making, and the latest information is summarised below.

Public Budget Consultation

Context and approach

To provide context for budget-related decisions by Councillors, we have conducted a public budget consultation annually since 2001. Over this period we have used a variety of approaches, including conducting questionnaire-based surveys and carrying out focus groups and workshops with residents and businesses. For example, in 2010 we included a budget questionnaire in Cambridge Matters, the Council quarterly magazine for residents, and in 2011 we included budget-related questions in the wider Citizen Survey.

Previous surveys have allowed us to build up trend data on the views of residents about spending and saving priorities. We have found that views have been quite consistent over time, with residents tending to prioritise similar services. In this year's consultation, we wanted to explore in more depth why residents regard some services as more of a priority for the Council to provide than others, so a more qualitative approach was adopted.

As in previous years the City Council has commissioned an independent social research agency (on this occasion MRUK) to conduct the consultation. In September 2012 MRUK carried out 6 in-depth focus groups with residents and a limited number of telephone depth interviews with local businesses and voluntary and community groups (a breakdown of the focus groups is shown in the table below). A total of 50 people participated in the consultation. The focus groups and the depth interviews explored which Council services participants regard as a priority, which they consider to be less important, and the reasons for this.

Audience	Method	No. of participants
Residents	5 Focus groups	37 people (including 8 BAME residents)
Students and young people	1 Online focus group	6
Businesses	7 Telephone depth interviews	3
Voluntary / community groups		4

Key consultation findings

Residents identified a number of environmental and regulatory services as essential, including: collecting rubbish and recycling; cleaning the streets and removing graffiti; managing parks and public spaces; environmental health services; and licensing taxis, pubs, clubs and gambling premises. Residents felt that these services help to create a clean and safe environment, which helps to increase morale and local pride and encourage people to use public spaces.

Those consulted also said that it was essential that the City Council plans for the future of Cambridge, including new housing, neighbourhoods and business developments. In particular, residents felt it was important to increase the supply of affordable private housing to address existing shortages and the supply of social housing to reduce existing waiting times. They also felt it was important for the Council to promote cycling through providing cycle lanes and storage facilities.

Participants also felt that it is important that the City Council works with the police to tackle anti-social behaviour and provides a range of services for vulnerable residents, including: running community centres; providing support and activities for older people, younger people, disabled people and people from ethnic minorities; helping homeless people; and giving grants to community groups. They felt that such services were important as they helped vulnerable residents function better within society and that some residents would be unable to access these services without Council provision.

Residents also identified some services that they valued, but which they felt could potentially be run by other providers. For example, residents felt that events such as Bonfire Night and the Big Weekend were important because they build community spirit and morale, but they felt that these did not necessarily have to be organised by the Council. Those consulted also felt that although live entertainment provision in the City was important, an alternative provider could potentially run the Corn Exchange.

Further detailed analysis of the results of the budget consultation is available in the independent report produced by MRUK, which can be found under 'Residents surveys' on the Consultation page of the Council's website (www.cambridge.gov.uk)

Review of Demographic Factors

General

Demographic factors are central to the Council's financial strategies in various ways:

- Changes in total population influence our entitlement to Government funding under the current grant distribution formula and will impact the amount of Business Rates that is retained locally under the replacement system.
- Changes in the number of households have an effect on the taxbase for Council Tax purposes and thus the amount raised annually.
- The characteristics of both population and households help identify the specific types and nature of services to be provided by the Council.
- All of the above affect the level of demand for services.

Population

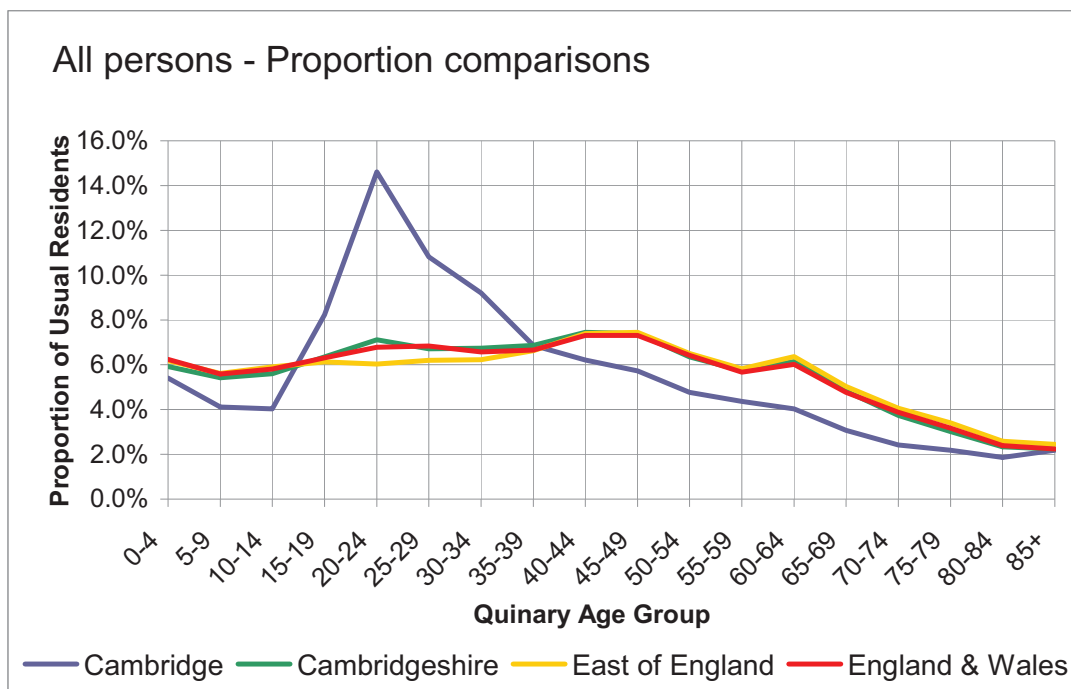
The 2011 Census was carried out on 27 March 2011, and the first release of Census information, Population and Household Estimates for England and Wales, was published on 16 July 2012.

This showed that since 2001, when the last Census was carried out, the usually resident population for Cambridge had increased by 15,000 people or 13.7%, to an estimated 123,900 people. It also showed that the number of households in Cambridge had increased by 4,042 or 9.5% since 2001.

Nationally there has been a comparative increase in the 2011 population of 7% and people over 65 years of age now make up the highest proportion of the national population ever at 16.4% or one in six people. In Cambridge the proportion of people over 65 years of age decreased by 1.4% since 2001 although the number of very elderly people is a similar proportion to that nationally.

Cambridge's population continues to display its characteristic bulge of younger people, reflecting the large number of students that come to the City to study. The number of migrants thought to be living in the City for more than a year was about 40,000 people, which included people coming to work, prior to the Office for National Statistics changing its approach to estimating migration. This gives a feel for the dynamism of Cambridge's population where the electoral role changes by nearly one fifth each year. The proportion of young children up to 4 years of age has risen in 2011 to 5.4% compared to 4.7% in 2001.

The following chart shows the proportion of people in each age band in 2011, with comparisons to other areas. It can be seen how the high numbers of 20 to 24 years olds within Cambridge affects the proportion of other age bands.



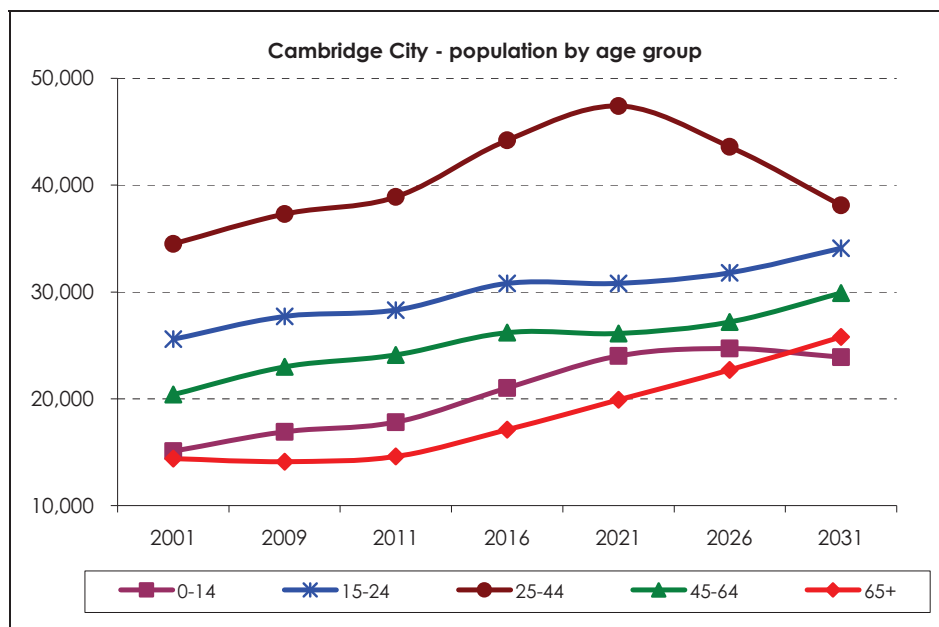
The growth of the City, since 2001, is largely in line with the forecasting model used by the County Council's Research Group, which incorporates the number of new houses completed. The Office for National Statistics' projections are trend-based, which means that past trends are assumed to continue into the future. The County Council's Research Group (RG) model estimated a population of 119,800 people for mid-2010. Forecasts for our population will now need to be re-based, following census 2011 results. The RG model, using its mid-2010 estimate as a starting point, forecast a growth in population to 151,800 by 2031.

In November 2011, the Office of National Statistics (ONS) set out what it considered to be improvements for estimating immigration to local authority areas. This new approach, when it was applied to Cambridge, gave an indicative estimate of 105,500 people for the City's population. Given that all of the Council's administrative data indicated a substantially higher population, the Council challenged the validity of this new approach and is still pressing this position.

Changing demand for services

People today are living longer and healthier lives than previous generations. Whilst the resultant financial strain will be mainly felt by national government, health authorities and on those local authorities with Adult Care responsibilities, the move to an older society over the longer-term will impact both on the mix of services provided by the Council, and also the overall level of funding available. Health and social care services will require further funding from the public purse to support the very elderly, with local government as one area of savings.

The County Council's Research Group forecasts of the age profile of City residents through to 2031 (based on pre-census 2011 population estimates) is shown graphically below:



This serves to reinforce the fact that whilst the population level is increasing across most age groups through to 2031, there is projected to be a far greater increase in the 25-44 age group from 2011 – although this falls away after 2021, back to 2011 levels by 2031. The other notable projected fall is in the 0-14 age range after 2026.

A growing population by age range

The population in the range 65 or over has been consolidated for ease of display in the chart above. A more detailed analysis of over 65 age categories projects increases from 2011 to 2031 of 67.5% for the 65-74 age range, 93.8% for the 75-84 range and 71.4% for the over 85

range. This will have implications for both the level and mix of services that the public sector will need to provide.

Welfare Reforms

The Welfare Reform Act provides for the introduction of Universal Credit to replace a range of existing means-tested benefits and tax credits for people of a working age and proposes other significant changes to the benefits system over the next few years.

At present the Local Housing Allowance sets the level of 'eligible rent' that can be used in the calculation of Housing Benefit for private sector tenants. In Cambridge rents are high, reflecting the demand for accommodation in the City and the scarcity of supply. The broad market rental area covering Cambridge includes a number of areas with lower rents. This has distorted the level at which the maximum level of Housing Benefit was set resulting in a shortfall for many tenants between what they need to pay and what their Housing Benefit will cover. It is a concern that private sector tenants claiming Housing Benefit will be forced to leave Cambridge, despite having local connections, to find cheaper housing.

From April 2013 property size related rules will apply to social tenants of working age, so people who are under occupying properties will face a cut in Housing Benefit. This will have an effect on both individuals and families and combined with other measures such as changes to the Shared Accommodation Rate and the use of a cap for Housing Benefit Claimants is likely to create more overcrowding in homes, higher levels of debt and arrears and migration to lower rent areas in the county.

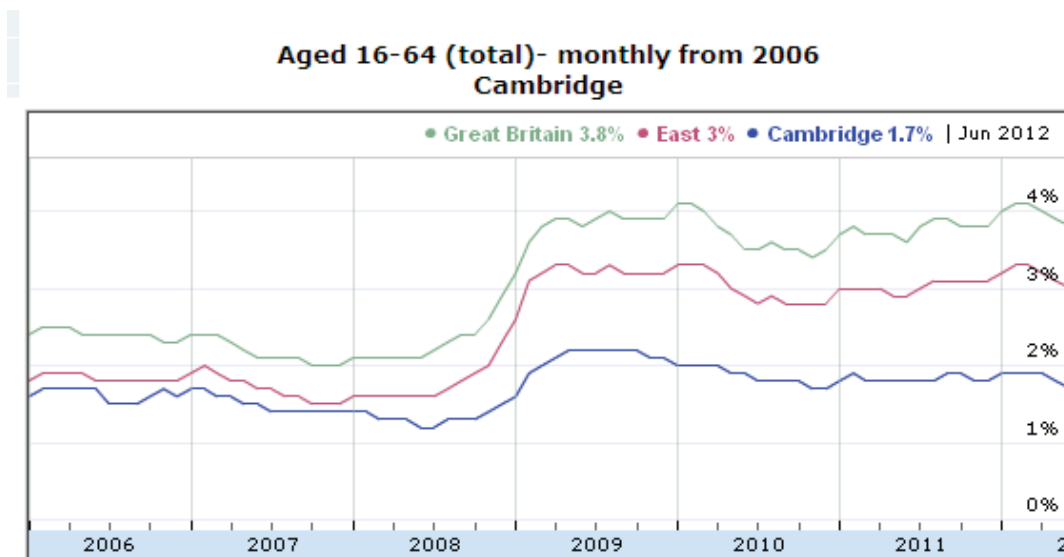
Unemployment

Whilst the Cambridge economy is traditionally strong and has been fairly resistant to the worst effects of recession in the past, ongoing government spending reductions aimed at public services could have a proportionately greater impact in the City than elsewhere. This is because 43.5% of people employed in the City work in the public sector (*ONS annual business inquiry employee analysis 2008*).

As noted above, Universal Credit will be introduced in October 2014 and will support people of a working age both in and out of work. It will replace six benefits, one of which will be Job Seekers Allowance (JSA). Income based JSA is presently payable to people who are available

for, and actively seeking, work of at least 40 hours a week. JSA claimant count rate is used as a proxy indicator of unemployment.

The chart below shows that the JSA claimant rates increased markedly from June 2008 onwards, with the national rate peaking at the height of the national recession in January 2010. It can be seen that Cambridge's JSA claimant rate has followed the national trend but has been consistently lower by one or two percent. The claimant rate for Cambridge at June 2012 stood at 1.7% or 1,650 people compared to the national rate of 3.8%. Young people between 18 and 24 years of age make-up nearly a quarter of all JSA claimants in Cambridge, indicating that young people, who are not students and who are available for work, find it difficult to find employment in the City.



Mapping Disadvantage

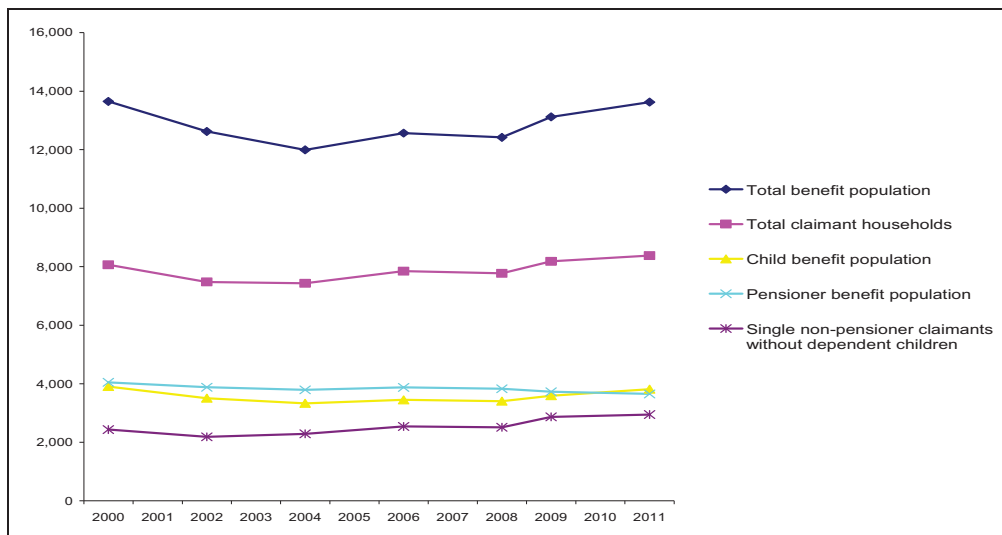
Cambridge is relatively, a well off place compared to other local authority areas in England and Wales. The prosperity for Cambridge as a whole, however, does conceal the presence of disadvantaged communities at lower levels of geography.

The City Council has analysed its own administrative data, on Housing and Council Tax Benefits, on a regular basis over a number of years to help provide an overview of disadvantage across the city and to help identify where there are concentrations of

disadvantage or 'pockets of poverty'. The resulting Mapping Poverty report shows the groups of people who both claim these benefits and live in a household in receipt of them, including families, older people and single adults. The benefits are taken as a proxy measure of low income but other data is also used in compiling the report to give a rounded picture.

The latest analysis was carried out in June 2011. It showed that since 2009 Cambridge's benefit population (that is a claimant and their dependents living in a household) had increased by 4% (501 people) during the same period. 13,623 Cambridge residents (11%) lived in households in receipt of Housing Benefit and/or Council Tax Benefit including 3,814 (20%) of the city's children, with 8,377 households (17%) claiming benefits in June 2011.

The Chart below shows a relatively stable benefit population over time and seems to incorporate a "lag" when compared to the JSA claimant counts.



The research findings have been widely circulated, both to public agencies working in the city and to community and voluntary sector organisations, so that they can better understand different client groups and plan future services and activity. It has proven to be an invaluable piece of research in the past and is used by service managers in operational work planning and to support the budget process.

Review of National Policy Context

Public Spending and the Economy

The national economy and global economic climate continue to drive Government policy and decisions on public spending.

The 2012 Autumn Statement

The Government published the Autumn Statement on 5 December 2012. This contained a number of items which are relevant to consideration of the BSR:

- As part of the review of Departmental Expenditure Limits (DELs), it was announced that while there would be no changes affecting local government for 2013/14, there would be a further reduction of 2.0% applied for 2014/15.
- The thresholds at which Council Tax increases for 2013/14 would be considered excessive (and therefore require a local referendum) were announced. For shire district authorities this was set at anything above 2.0%.
- The Council Tax freeze scheme for 2013/14 was announced. This offered 2 years of grant equivalent to a 1.0% increase in 2013/14 for those authorities that freeze their Council Tax at 2012/13 levels.
- The Statement included the announcement of the winning second wave of cities under the Government's Urban Broadband Scheme. Cambridge was one of the winning bidders following a competitive process and will receive a share of the £50m fund that was created as part of Budget 2012 (the final amounts are still to be notified to each winning authority by Government).

Inflation and Growth

Disappointing global economic data continues to undermine market and consumer confidence and the impact of weak domestic economic indicators has led the Bank of England to lower its forecasts for growth for both this year and next year. Consumer price inflation (CPI) fell though to a level of 2.2% in September 2012 but subsequently increased to 2.7% in each of the following two months. RPI fell to a level of 2.6% in September 2012 but increased to 3.2%, 3.0% and 3.1% in the following three months. Both of these measures,

despite declining from peaks in 2012, continue to be materially higher than Government targets.

The table below shows the movement in each of the main measures of inflation in the year to date:

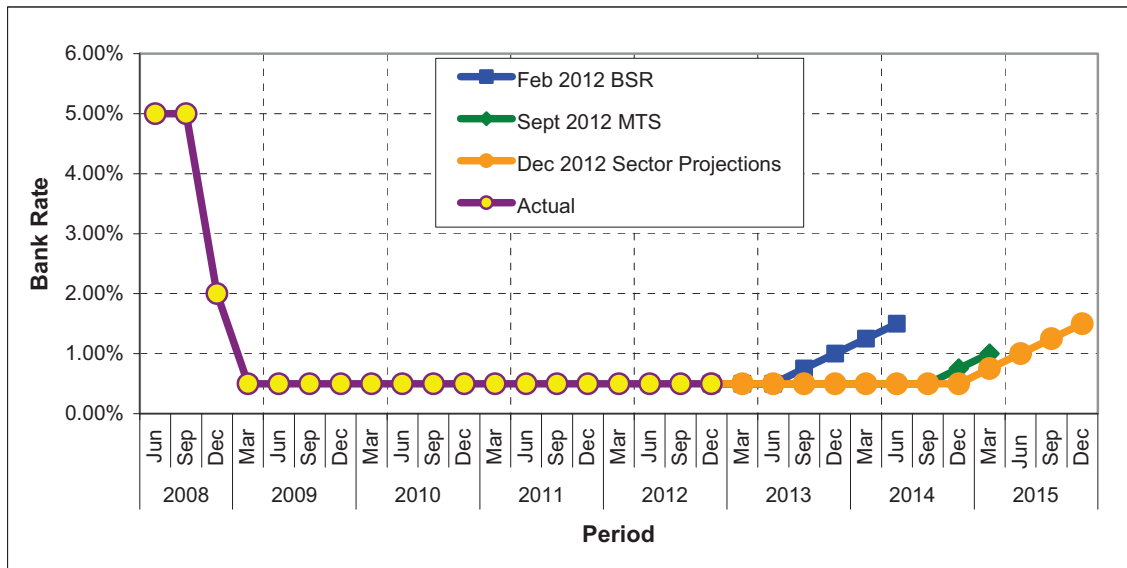
Period	CPI	CPIY	RPI	RPIY	RPIX
April 2012	3.0	3.0	3.5	3.6	3.5
May 2012	2.8	2.7	3.1	3.2	3.1
June 2012	2.4	2.4	2.8	2.9	2.8
July 2012	2.6	2.5	3.2	3.2	3.2
August 2012	2.5	2.4	2.9	2.9	2.9
September 2012	2.2	2.1	2.6	2.6	2.6
October 2012	2.7	2.7	3.2	3.1	3.1
November 2012	2.7	2.7	3.0	2.9	2.9
December 2012	2.7	2.7	3.1	3.1	3.0

Interest Rates

At its meeting on 10 January 2013, the Bank of England's Monetary Policy Committee (MPC) voted to maintain the official bank rate at 0.5%. The Committee also voted to continue with its programme of asset purchases totalling £375 billion, financed by the issuance of central bank reserves.

Latest projections for interest rates from the Council's treasury management advisors (Sector) now push back the first anticipated rise in base rate (an increase to 0.75%) to March 2015. At MTS stage a change in bank rate was anticipated in the final quarter of 2014.

The graph below shows Sector's projections for Bank Rate plotted against those previously reported :



As at MTS stage this clearly shows the degree to which the recovery from the economic downturn has been delayed in comparison with previous market expectations. The degree of delay together with the lower expected final level of interest rates add to the significant budget pressures for the Council.

The Chancellor's Autumn Statement failed to significantly increase market confidence and other factors confirmed the relatively weak outlook for the economy. Growth forecasts were lowered, and the Chancellor admitted that austerity will need to be extended and that the Government will not achieve a balanced Public Sector Borrowing Requirement for several years to come. Although this was much as markets had expected there was a reaction from rating agencies with Fitch joining Moody's in stating that it will review the UK's AAA rating in early 2013.

The Bank of England's Monetary Policy Committee decided to hold back from further policy initiatives, but left the door open to future action if required. The decision for no increase in policy accommodation was mainly due to the announcement that the bank has passed over approximately £35b of coupon payments from its gilt holdings back to the Treasury. Most analysts have identified February 2013 for the next potential round of quantitative easing. The Banks Inflation Report echoed market sentiment in portraying a weak outlook for the UK economy.

Sector advises that authorities continue to err on the side of caution when setting investment income budgets. This is reflected in the revised projections contained within the BSR.

Further detail is included in Section 6 on Treasury Management and the associated appendices.

The Localism Act

The Localism Act received Royal Assent on 15 November 2011. The Government's intention is that the key provisions of the Act will result in a radical shift in power from central government to local government, but also to neighbourhoods, communities and individuals.

Main measures of the Localism Act

The main measures of the Act fall into four headings:

- New freedoms and flexibilities for local government
- New rights and powers for communities and individuals
- Reform to make the planning system more democratic and more effective, and
- Reform to ensure decisions about housing are taken locally

Different parts of the Act have come into effect at different times with the main measures coming into effect in April 2012.

These included:

- Reforms to social housing tenure and council housing finance
- The general power of competence for local authorities
- The community right to build
- Planning reforms including the changes to planning enforcement rules
- The right for communities to veto excessive council tax rises

The implications of the Localism Act on individual Council services were outlined in Section 4 of the MTS and have been considered throughout the budget setting process. The introduction of reforms of council housing finance from 1 April 2012, moving from a subsidy regime to one of self-financing, in particular will have far reaching implications for the Council going forward.

Section 3

General Fund Resources

Local Government Finance Settlement

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 MTS 2011. 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.

In the absence of provisional grant entitlements for years after 2012/13, the assumptions made for the purposes of financial modelling for the MTS were unchanged from those adopted for the February 2011 Budget Setting Report. An overall reduction in grant over the four-year period 2011/12 to 2014/15 of 31% was assumed, with equal percentage reductions over the latter two years, following the cumulative reduction of 23.1% over 2011/12 and 2012/13. This broadly reflected the profile of the reduction in national control totals contained within the spending review.

As part of the Autumn Statement announcement, the Government indicated that their Departmental Resource Budgets were to be reduced by a further 1% in 2013/14 and 2% in the following year. However, in recognition of the fact that local government budgets were already being held down in 2013/14 to facilitate the delivery of a freeze in Council Tax the Government determined that the additional 1% requirement for that year should not be applied to local government.

As a result, the MTS projection for the level of Government support in 2014/15 was reviewed as follows:

Core Government Funding	2013/14 £	2014/15 £
Projected Formula Grant/Retained Business Rates Entitlement at MTS	8,161,400	7,740,670
Homelessness Grant (now part of core funding)	575,470	575,470
Projected Core Government Funding	8,736,870	8,316,140
Effect of Additional 2% reduction in 2014/15	-	(219,240)
Revised projection	8,736,870	8,096,900

This is based on anticipation of a 2% reduction from the start point for the current Spending Review period in 2011/12 (i.e. £10,961,863). This implied a requirement for increased savings in 2014/15 unless offset by other factors.

Provisional Settlement 2013/14

The Provisional Local Government Settlement was announced on Wednesday 19 December 2012, marking the start of a four week consultation period which will end on 15 January 2013. Once consultation responses have been considered, and any amendments have been incorporated, the final local government finance settlement 2013/14 will be considered by the House of Commons in February.

The Government is changing the way in which local government is funded through the introduction of a business rates retention scheme. The new system replaces the current Formula Grant system with an initial Start-Up Funding Assessment for each authority. The new arrangements are designed to enable local authorities and fire and rescue authorities, collectively, to benefit directly from supporting local business growth as they will be able to keep half of any increases in business rates revenue to invest in local services.

For the City Council, the retained element of any Business Rate growth is subject to a 50% levy by Central Government. This levy will be used to provide a partial safety net for any authorities which experience a fall in their Business Rates, for example through closure of a major business in their area. However, it should be noted that the safety net will only apply after an authority's Business Rates income falls by more than 7.5%; and that such a level of potential reduction

would represent a significant risk to the Council in any particular year (i.e. a maximum risk of around £280,000 in 2013/14).

Under the Government's new funding regime the opportunity is provided for authorities to agree to come together to form a 'Pool' in order to further incentivise them to drive economic growth. By forming a pool, member authorities could mitigate some of the risk associated with adverse impacts on their growth in Business Rate and allow them to reduce the levy on growth that is returned to Central Government, allowing the local areas to retain a greater share of Business Rates income than would have been the case without a pooling arrangement.

The effects and benefits of pooling depend upon economic circumstances and Business Rates growth levels and the City Council has undertaken modelling with potential partners for a local pool in order to better understand the benefits that it may convey. Based on the Government's original pooling proposals, the formation of a Cambridgeshire Pool was projected to be beneficial for average growth levels of -0.25% and above. On this basis an initial expression of interest was submitted as required by the Government's timetable, on 27 July 2012. However, the Government's final scheme has proved to be significantly less favourable and when considered in the context of the level of risk faced (being based on projected levels of growth) no longer justified the creation of a Cambridgeshire pool in the view of the potential partners.

Whilst a Cambridgeshire pool for 2013/14 is not felt to be viable, the partners still believe that the concept has value and will reconsider the potential for 2014/15 or future years based on data and any scheme changes applicable at the appropriate times.

The 2013/14 Local Government Finance Settlement is the first under the new arrangements and has provided each local authority with its starting position under the business rates retention scheme. A number of key calculations for each authority in relation to business rate retention will be fixed until the first 'reset' that the Government intends will not take place until 2020.

The local government finance settlement also provided local authorities with information on how much Revenue Support Grant they have been allocated for 2013/14 as well as provisional allocations for 2014/15. Provisional figures provided for 2014/15 took account of the additional overall 2% funding cut to local government announced in the Autumn Statement on 5 December 2012.

The Government has introduced the new key definition of revenue spending power. For district councils, such as the City, this is defined, for 2013/14, as:

- Council Tax yield in 2012/13
- Government's start-up funding assessment for 2013/14, and
- Specific grants for 2013/14 (including New Homes Bonus)

For the City Council, the Government has determined spending power for the next two years to be as follows:

Element of revenue spending power	2013/14 £	2014/15 £
2012/13 Council Tax income	6,831,370	6,831,370
Start-Up Funding Assessment	9,341,182	8,198,084
Community Right to Challenge Grant	8,547	8,547
Community Right to Bid Grant	7,855	7,855
2013/14 Council Tax Freeze Grant	69,089	69,089
New Homes Bonus (NHB) Grant	2,085,283	2,649,022
Spending Power	18,343,326	17,763,967
Reduction from 2013/14		579,359
		3.16%

On the face of it, this suggests that the City Council will only see a reduction of 3.16% between 2013/14 and 2014/15 (this compares to the national overall reduction in spending power, announced by the Minister, of 1.7%). However, this serves to disguise the fact that:

- The level of Start-Up Funding Assessment is reduced by some 12.24% from 2013/14 to 2014/15.
- The notion of revenue spending power effectively assumes that all new NHB income from 2014/15 onwards is available to fund standard spending by local authorities.

In comparing the level of government support, as part of the announcement, with the assumptions made as part of the September 2012 MTS, a number of adjustments need to be made to the figures to ensure direct comparability. These are shown in the table below:

Core Government Funding	2013/14 £	2014/15 £
December 2012 Provisional Settlement		
Start-Up Funding Assessment	9,341,180	8,198,090
Less Council Tax Support Scheme funding	(625,320)	(625,320)
	8,714,860	7,572,770
September 2012 MTS		
Comparable provision for Core Government Funding	8,736,870	8,096,900
Difference above / (below) MTS assumption	(22,010)	(524,130)
	(0.25%)	(6.47%)

Council Tax Support Scheme funding (CTSSF) is required to offset the reduction in Council Tax yield resulting from the introduction of the new local scheme for Council Tax Support. 2013/14 is the only year in which the government intends to specifically identify the element of CTSSF which is included in the Start-Up Funding Assessment (SUFA). The table above assumes that CTSSF element will be maintained in cash terms in 2014/15 so as not to put any additional pressure on the local scheme of Council Tax Support.

Although the level of Government support for 2013/14 is very close to that assumed in the MTS, the level of support for 2014/15 is some £524,140 (6.47%) below the projected level. This reflects the fact that the Government's assessment of revenue spending power from 2014/15 reflects additional annual tranches of NHB. For 2014/15, the Government is assuming a level comparable to 2013/14 i.e. £563,740. The Council will need to decide whether, and to what degree, it is prepared to use NHB to support existing revenue spending and this is dealt with in the New Homes Bonus section below.

Final Settlement 2013/14

The final Local Authority Finance Settlement 2013/14 and associated grant determinations is not expected to be announced until February 2013. This document will be updated to include final settlement details once received and prior to the Council meeting on 21 February 2013 at which the final budget and Council Tax level for 2013/14 will be set.

Future Formula Grant Prospects

In the absence, at that time, of any announcement of provisional grant for years after 2012/13 the assumptions made for the purposes of financial modelling for the MTS were those adopted for the February 2011 Budget-Setting Report. For the purposes of the BSR 2011, an overall reduction in grant over the four-year period 2011/12 to 2014/15 of 31% was assumed, with equal percentage reductions over the latter two years, following the cumulative reduction of 23.1%. This broadly reflected the profile of the reduction in national control totals contained within the spending review. As noted above, the projections from 2013/14 have been updated to reflect the replacement of the Formula Grant system and the additional reduction of 2% in 2014/15.

The 2011 Autumn Statement set plans for public spending in 2015/16 and 2016/17 in line with the spending reductions over the Spending Review 2010 period. The level of Government support from 2015/16 onwards will be the subject of the Government's next Spending Review, however, as part of the September 2012 MTS the Council had assumed that the level of support would be reduced by 2.3% in each year. This assumed that the additional spending reductions, which the March 2012 Budget highlighted would be required in those years, would be met through further welfare spending reductions (around £8b nationally assumed) as well as reductions in local government spending in line with the average reduction across Government departments.

Future levels of Government support will continue, under the new funding arrangements, to be influenced by changes in population. At MTS stage, it was uncertain whether Census 2011 data would be the base for population projections used in determining the new Start-Up Funding Assessments. In addition, the Office of National Statistics (ONS) had been consulting on a proposed new methodology for estimating net immigration to local authorities. Whilst seeking to improve the basis for estimation, the methodology resulted in significant % changes for a number of local authorities, including Cambridge, which could not be reconciled to local

knowledge and other official data sources, such as the electoral roll and Valuation Office Agency records of dwelling numbers.

Despite extensive representations to both ONS and Central Government, projections of population using the revised methodology have been used by Government in arriving at the provisional Settlements for 2013/14 and 2014/15. Although based on Census 2011 data, the Council estimates that the mid-year forward projections used will understate the City's actual population by approximately 4,000 by mid-2013.

The Council is continuing to challenge the basis on which population projections are made and is seeking recognition, in the form of financial compensation, for the shortfall in core funding that will result. It is understood that ONS is planning to undertake a review, in 2014, of the methodology used in making population projections and the Council is pressing for that review to be undertaken.

These factors highlight the degree of uncertainty that still exists with regard to the level of future Government support. It is intended that further reviews will be included as part of future MTS and BSR documents, particularly once details of the new Spending Review become available.

Other Government Grants

In addition to the main Government funding through retention of a proportion of local Business Rates together with Revenue Support Grant, the Council still receives a number of specific revenue grants from central government. The number of such grants has, however, reduced following incorporation of a number of them into the old Formula Grant system and into the new regime from 2013/14. In addition, government has now removed ringfencing from the majority of grants.

The table below sets out the grants that the Council anticipates it will receive in the period 2012/13 to 2015/16 and which have been incorporated into budget proposals presented in this document. Where applicable, estimated grant entitlements will be updated with any final notifications received prior to budget setting.

Specific Grants	2012/13 £	2013/14 £	2014/15 £	2015/16 £
New Homes Bonus	1,521,544	2,085,283	3,123,283 ¹	4,197,283 ¹
Housing & Council Tax Benefit/ Support Administration				
Main Subsidy	691,279	622,151	499,450 ¹	424,530 ¹
Additional Subsidy	68,425	30,787		
2012/13 Council Tax Freeze Grant	170,784	0	0	0
Preventing Homelessness Grant	575,470	²	²	²
New Burdens Grant – Implementation of local Council Tax support arrangements	84,000	57,747	77,078	?
New Burdens Grant – Community Right to Challenge	8,547	8,547	8,547	?
New Burdens Grant – Community Right to Bid	4,873	7,855	7,855	?
New Burdens Grant – Business Rates Deferral	3,000	0	0	0
Council Tax Support Transitional Grant	17,090 ¹	0	0	0

¹ Council projections pending final grant determinations

² Rolled into main Government Start-Up Assessment with effect from 2013/14

New Homes Bonus

The New Homes Bonus (NHB) is a funding scheme, introduced from 1 April 2011, designed to encourage local authorities to deliver new homes and to reduce 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 provision 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.

Final NHB entitlements for 2011/12 and 2012/13 have been determined but forward projections are based on estimated housing completions and are, therefore, dependent on achieving the projected growth rates each year. Nationally, funding for the NHB scheme was explicitly provided for the period of the Spending Review, i.e. to 2014/15.

As part of the change in the Government's funding model, from 2014/15 it has indicated that the scheme will continue but it will be financed by top slicing from the overall level of funding available for local authority support.

Forward projections of NHB entitlement are as follows:

	2012/13 £	2013/14 £	2014/15 £	2015/16 £
2011/12 allocation (Housing Completions & Empty Homes)	(786,646)	(786,646)	(786,646)	(786,646)
2012/13 allocation	(734,898)	(734,898)	(734,898)	(734,898)
2013/14 provisional allocation		(563,739)	(563,739)	(563,739)
Confirmed New Homes Bonus Funding at February 2013 BSR	(1,521,544)	(2,085,283)	(2,085,283)	(2,085,283)
add				
Projected NHB Receipts for 2014/15 based on projection of future housing completions & empty homes			(1,038,000)	(1,038,000)
Projected NHB Receipts for 2015/16 based on projection of future housing completions & empty homes				(1,074,000)
Potential New Homes Bonus Total	(1,521,544)	(2,085,283)	(3,123,283)	(4,197,283)

The above table assumes that the NHB scheme will continue under the next Spending Review (i.e. from 2015/16 onward), based on indications from ministerial statements.

Given the uncertainty about the continuation of this scheme in the longer-term the Council has adopted a prudent approach by putting the funding received into an earmarked fund so that its use can be effectively considered in terms of fixed-period funding requirements. The section on earmarked funds below contains further detail on the planned use of these funds, in light of the change to the national funding basis outlined above.

The approach to the use of these earmarked funds, together with specific bids as part of the BSR are detailed later in Section 4 and Appendix B.

Housing & Council Tax Benefits Administration Subsidy

This subsidy is paid towards the costs of administering the present national schemes of Council Tax and Housing Benefit. From 2013/14 the national scheme for Council Tax benefit will be replaced by a local Council Tax Support scheme. The subsidy for 2012/13 and 2013/14 is made up of two components - a main administration subsidy plus an additional subsidy in recognition of higher levels of administration activity as a result of the economic downturn.

The provisional subsidy figures for 2013/14 were announced in October 2012, subject to parliamentary approval, and are expected to be confirmed as part of the 2013/14 Local Government Finance Settlement. The combined total entitlement for 2013/14 represents a reduction of £106,766 from that for 2012/13, equivalent to 14.05%.

Entitlements for future years are currently uncertain and will be impacted by the planned major welfare reforms and introduction of the scheme for local Council Tax Support.

Council Tax Freeze Grant

This grant was first introduced in 2011/12 to recompense local authorities that agreed to freeze the level of their Council Tax to that of the previous year. The compensation took the form of a grant equal to the loss of Council Tax revenue foregone had a 2.5% increase been made. This grant was to be given for the four years of the Spending Review period. From 2012/13 the grant was rolled up into the Formula Grant.

In November 2011, a scheme to support and encourage local authorities to freeze the level of their Council Tax for a further year in 2012/13 was announced. However, the Council Tax Freeze grant for 2012/13 took the form of a one-off payment that would not be built into the baseline for future years funding.

On 8 October 2012, The Chancellor of the Exchequer announced that further support would be provided to local authorities in England to assist them in freezing council tax levels for a third year. The support announced is in the form of a grant equivalent to the revenue that would be foregone had a 1% increase been made in settling the 2013/14 council tax. If taken up, the grant would be payable for the remaining two years of the spending review period i.e. 2013/14 and 2014/15.

Preventing Homelessness Grant

As part of the Spending Review the Government expressed its commitment to protect homelessness grant for the period of the review, recognising that failure to prevent and tackle homelessness would result in higher costs in the longer term. The allocations of grant for 2011/12 and 2012/13 were announced in December 2010 together with an indication from the Department of Communities and Local Government (CLG) that funding for 2013/14 and 2014/15 would be likely to be set at a similar level.

Under the new local government funding regime, this grant has now been incorporated into the core funding but is still separately identified as a component of the total Start-Up Funding Assessment. The amount included in the Provisional Settlement announcement on 19 December 2012 was £572,223 for each of the years 2013/14 and 2014/15.

New Burdens Grants

New burdens grants are determined and paid by Central Government from time to time in recognition of additional costs that will fall on local government as a consequence of new legislation, or changes to existing legislation. As a rule, such grants are time limited, for example awarded to meet implementation costs, or until ongoing costs can be reflected within core funding.

Council Tax Support Transitional Grant

This one-off grant for 2012/13, announced in October 2012 is intended to “support local authorities in developing well-designed council tax support schemes and maintain positive incentives to work.” In order to be eligible for this grant, schemes must comply with criteria set by Government to ensure that low income households do not face an excessive increase in their Council Tax liability in 2013/14. The Council’s scheme is expected to meet these criteria. Cambridgeshire County Council, together with Cambridgeshire Police and Cambridgeshire Fire and Rescue Authority will also receive an allocation of the funding of £100m being made available nationally.

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.

The value of earmarking reserves to protect funds for specific purposes was recognised in a recent Audit Commission report 'Striking a balance Improving councils' decision making on reserves' published in December 2012. In line with best practice, the purpose of each of the Council's earmarked reserves is described in both MTS and BSR publications each year together with details of the opening and closing balances, together with approved/anticipated use over the budget period.

Appendix B provides details of the balances and anticipated use in 2012/13 and 2013/14 for each of the main earmarked and specific funds. The nature/purpose of each fund is described briefly below:

Asset Repairs & Renewals Funds

These are maintained to fund major cyclical repairs and periodic replacement of assets such as vehicles, plant and equipment and Council-owned premises. Annual contributions are based on estimated replacement and repair costs, spread over the anticipated life of the assets.

Significant asset portfolios within the Council, such as the vehicle fleet or the ICT infrastructure, have medium and long-term programmes for replacements; which form part of the Council's Capital & Revenue Projects Plan. Individual items, or schemes, within these programmes are brought forward as capital bids subject to standard project appraisal and review requirements.

The Council is currently in the process of undertaking a review of the Repair and Renewal Funds across the Council. This review is intended to confirm that all significant Council assets are being provided for and that level of asset replacement contributions and maintenance budgets are adequate. It is expected that the review will report in spring 2013 and consideration of the finding will be included in the September 2013 MTS as appropriate.

Climate Change Fund

The Climate Change Fund was initially set up in 2008/09 with further contributions being made in 2010/11 and 2012/13. The fund is used to finance projects that will contribute to the achievement of the Council's vision of caring for the planet through climate change and carbon reduction measures.

Activities to be supported include infrastructure, equipment, feasibility studies or promotional activities that contribute towards energy and fuel efficiency, sustainable transport, waste minimisation or management of climate change risks.

Council Tax Earmarked for Growth

In recognition of the additional cost pressures which the Council faces as a consequence of significant growth in housing and population over the coming years, the Council has set up an earmarked fund against which appropriate budget bids may be made.

As part of the work on the Growth Agenda, reviews of Council taxbase projections are undertaken, designed to identify the level of growth anticipated in excess of the standard level of 0.5% per annum, assumed in the Council's base financial model. The identified additional Council Tax yield is transferred to the fund at each year-end net of any approved spending which has been incorporated into base budgets. As part of the budget-setting process, budget bids which are directly attributable to growth can be made against the fund.

The material changes to the Council Tax Taxbase resulting from the introduction of local Council Tax Support schemes from 2013/14 has necessitated a review of the mechanism included within the modelling to identify the level of additional Council tax yield. The amounts contributed to the Fund have been reduced as a result of the revised Taxbase calculation, but also, in the current year, as a result of lower completion numbers than originally anticipated.

To date, funds have been allocated:

- to meet the initial and on-going costs of additional refuse collection rounds,
- for a Community Development grant fund for new communities,
- to fund posts to advise on the provision of parks and opens spaces, play, allotments and nature conservation and to monitor onsite provision, and
- to fund a part time post to meet the need of increased planning work as a result of growth.

The Fund summary in Appendix B confirms that there is sufficient funding available to meet the costs associated with all of the new bids, whilst still leaving a projected balance of around £259k at the end of 2012/13.

Developer Contributions

These are contributions made by developers towards the costs associated with their developments, for example community infrastructure. Some agreements provide for the return of contributions made, if capital projects are not carried out within a specified period.

The majority of the unspent contributions are held as capital contributions unapplied. Schemes funded from these monies, in part or in whole, will be brought forward as capital bids and subject to the review and scrutiny process applied to all capital schemes.

Development Plan Fund

There is an ongoing need for the Development Plan Fund to enable the City Council to fulfil its statutory plan-making function. The Council is required to update its Local Plan by 2014. The major investment required means that it is prudent to accrue an appropriate sum over a period of years to meet the cost.

In preparing the MTS, earlier than anticipated expenditure relating to the Development Plan and Community Infrastructure Levy consultation was identified for 2013/14. It has been confirmed that the additional £150,000 of funding that would be required in that year can be met through reductions in the contributions scheduled for 2014/15 and 2015/16. The cash flow implications of this change have been included in the budget proposals and are reflected in the Development Fund table in Appendix B.

Efficiency Fund

Contributions totalling £750,000 were approved to meet bids to support the delivery of savings to the General Fund through an identified and agreed service review. The Chief Executive has delegated authority to consider and approve bids against this funding. Bids must be for one-off costs that are not funded from alternative sources. Priority is given to bids that offer the greatest level of ongoing savings.

Contributions, over a three-year period, were agreed and budgeted as part of the 2009 MTS as follows:

2010/11: £ 75,000
2011/12: £ 475,000
2012/13: £ 200,000

Fixed Term Posts Costs

Where the Council appoints staff on fixed-term contracts an obligation to pay redundancy costs can result at the end of that period. To cover this eventuality the Council has established an earmarked reserve to hold contributions based on the potential liability of such posts.

New Homes Bonus Reserve

In light of the scale of additional funding projected to be available in future years, coupled with uncertainty as to the future funding source for this grant at that time, as part of the September 2011 MTS approval was given to hold uncommitted funds from New Homes Bonus (NHB) grant in an earmarked reserve (rather than general reserves) enabling more effective consideration of their application.

Forward projections of NHB have been based on estimated housing completions and are, therefore, dependent on achieving the anticipated growth rates each year. As a result, the Council approach has been to only commit funding at the point where each year's grant determination is confirmed.

As the city grows in population, NHB provides the opportunity to fund work or projects which help the City accommodate growth both in a sustainable way and with sensitivity to the City's character.

An initial commitment on the fund is the retention of capacity in the Planning Department over the growth phase, which is necessary to shape development in accordance with the City's planning policies. Additional funding available in 2012/13 was used to support the programme of capital investment in the city.

As part of the Budget process use of NHB funding is being recommended in respect of bids for an empty Homes Officer, a Green Deal Development Officer and towards development of a Cambridge District Heating Scheme. In addition, there is a budget proposal which serves to reduce the total cost of growth-related posts by £33,000 with effect from 2015/16. Details are shown in Appendix B, as part of the External and Existing Bids.

In 2013/14, after allowing for the effects of the new budget items outlined above and for the provisional grant determination, this earmarked reserve would still have a balance of £706,910

remaining uncommitted. As part of the Council's response to the additional pressures on reserves and savings requirements, resulting from the review of the 2012/13 base budget, this report recommends the use of this balance to fund planned capital spending as a direct replacement for scheduled use of General Fund Reserves.

Further, consideration of the uncommitted balances available from 2014/15 to 2016/17 indicates that a sum of £880,000 could similarly be applied in each of these years to further reduce existing planned use of General Fund Reserves, whilst retaining uncommitted funding against which bids in those years could be made. This is detailed in Appendix T and has been built into the forecasts for the BSR.

Whilst we do not have a provisional grant determination for 2014/15, as noted above, the current provisional Settlement includes an assumption for that year, as part of the 'Revenue Spending Power' calculation. The Revenue Spending Power level in 2014/15 assumes NHB grant at a level similar to 2013/14 (i.e. £563,740), although the Council's calculations based on projected housing growth would indicate a figure of some £1.038m is expected.

As previously indicated, the inclusion of new tranches of NHB Grant in the definition of Revenue Spending Power, with effect from 2014/15 effectively results in an equivalent reduction in core funding. As a result the BSR recommends that in 2014/15 the level of NHB assumed in the revenue Spending Power calculation is used to support core spending rather than being earmarked. This involves the commitment of £563,740 of a total of £3,123,290 of NHB grant projected as due in 2014/15 (or 18.05%). Appendix B confirms that there would still be uncommitted funding available within the earmarked reserve from 2014/15 after this commitment.

Given that NHB grant is only for a period of 6 years from award, this raises the question as to the sustainability, and hence prudence, of this approach. However, as this proposal reflects the Government's move to top-slice core funding for local authorities there is the expectation that the top-sliced funding would be returned to increase core funding should the NHB scheme be ended. Therefore, the effective risk to the City in this approach is either that government does not return this material level of support at the end of the scheme, or that the scheme continues but the City is no longer an area of growth.

The government has not yet formally confirmed that the NHB scheme will continue under the next Spending Review (i.e. from 2015/16 onward), but there have been indications from Ministers that they are minded to do so as part of the approach of growth incentivisation.

Pension Fund Reserve

As part of the February 2011 Budget Setting Report, approval was given for inclusion of a provision equivalent to an annual increase in employers pension contributions of 0.75% in each of the six years from 2011/12 to 2016/17. This was in recognition of the adverse impact that the economic downturn would undoubtedly have on investment income to the Fund and in anticipation of future increases in employer contributions being required, following the triennial review of the Pension Fund and outcomes of the fundamental structural review of public service pension provision by the Public Services Pensions Commission, chaired by Lord Hutton.

The next triennial revaluation of the Pension Fund will be undertaken by the Fund Actuary based on the position as at 31 March 2013. Based on previous revaluation exercises it is unlikely that any change to employer contributions would be agreed and implemented before 2014/15. Members will be updated as draft reports are received from the Actuary.

Project Facilitation Fund

One of the conclusions derived from the work undertaken to review the reasons for slippage in programmes and schemes contained within the Council's Capital and Revenue Projects Plan for 2012/13 was that the significant number of schemes scheduled in that year and the fact that many related to the same service areas had led to resource pressures in those services.

The number of revenue and capital projects to be delivered could be expected to increase, particularly as the City benefits from developer contributions from growth sites, and this is felt likely to exacerbate the pressure on some service areas over the next few years.

Given the irregular nature, and timing, of major projects it was agreed that additional resources to ensure that these schemes and programmes could be delivered as planned should be provided through the creation of a Project Facilitation Fund.

The Fund will operate on a similar basis to the Efficiency Fund, with the Chief Executive having been given delegated authority to consider and approve bids against the Fund. Bids must be

for one-off, or time-limited, costs that cannot be funded from alternative sources. Priority is given to bids that deliver the greatest level of contribution to the Council's objectives.

An initial contribution to the Fund of £500,000 was approved as part of the MTS 2012, utilising General Fund reserves available as a consequence of a net revenue underspend in 2011/12.

The Chief Executive has reviewed the bids that have been received against the Fund (in the region of £200k), and the potential for further bids which are being prepared. In light of this it would appear prudent at this point to assume that a maximum actual requirement of around £250,000 would be realistic. As a result this document proposes to return the level of original contribution from reserves above this level.

Property Strategy Fund

The Council makes an annual contribution to the Property Strategy Fund, which enables consultancy and feasibility work to be undertaken which can contribute to the ongoing development of the Council's property portfolio. Recent examples of the use of the Fund have included cost and fees associated with early work relating to Orchard Park K1, Clay Farm and the Northern Fringe East.

Technology Investment Fund

This Fund was set up to facilitate investment in projects to develop existing, and introduce new, ICT systems and infrastructure funded from the savings made on the last tender for ICT Facilities Management contract. Ongoing contributions ceased from 2010/11, however residual funds remain for projects that meet the appropriate investment criteria.

Taxbase and Council Tax

Taxbase

The taxbase is one element in determining both the level of Council Tax to be set and the amount it is estimated will be collected. Council formally agrees the taxbase as part of the budget setting process, although in practice the responsibility is delegated to the Director of Resources to enable notification to be made to the major precepting authorities during January each year.

The taxbase 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 taxbase 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.

This year's taxbase calculation reflects material changes resulting from the introduction of local Council Tax Support schemes to replace the previous national framework of Council Tax Benefit. Under existing arrangements, Council Tax Benefit is paid into the Collection Fund; effectively paying a proportion of the bills of those taxpayers entitled to receive benefit. Under the new Council Tax Support arrangements, the amount of support awarded will effectively reduce the number of Band D equivalent properties within the tax base; it will be treated in a similar way to existing discounts and exemptions.

The taxbase for 2013/14 has been calculated as 37,631.3 and details of its calculation are given in Appendix C (a) and will form the basis of the final approved level for tax setting and precepting purposes. This reflects the significant reduction from the taxbase for 2012/13 of 41,012.

The 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 of Council Tax, set for the year, are paid to the City Council and precepting bodies. The net amount of income from the collection of National Business Rates is paid over from the Fund to the Central Government National Pool.

At each year end, when the Collection Fund position is finalised, a surplus or deficit in respect of Council Tax will be identified. In the case of a deficit, this will be recovered from Council Tax payers in subsequent years and in the case of a surplus this will be returned to tax payers in subsequent years.

In January each year, billing authorities are required to forecast what the year-end position will be and to notify precepting authorities of their respective shares of the estimated surplus or

deficit. These amounts are then taken into account by billing and precepting authorities when setting their Council Tax level for the following year. The difference between the forecast and final outturn position is adjusted for in the subsequent year as, by the time outturn is known, the new Council Tax levels will have already been set.

Changes to the Collection Fund from 2013/14

From 2013/14 changes resulting from the Local Government Resource Review will affect the operation of the Collection Fund.

Currently, there can be no balance at year end in respect of National Business Rates as the full amount collected is paid over to Government. From 1 April 2013, when the old Formula Grant system is replaced by a new system based on local retention of Business Rates, the Collection Fund year-end surplus or deficit will contain both Council Tax and Business Rate elements. In terms of Business Rates, the financial risk of changes in rateable values, together with changes in exemptions, allowances, reliefs awarded and the overall collection percentage achieved will be transferred in large part to local government.

In addition to the transfer of risk in relation to Business Rates, from 1 April 2013 the current national Council Tax Benefit system will be replaced by a local Council Tax Support Scheme. The impact of this on the Collection Fund could be significant. Under the current system the amount of benefit awarded is effectively received in full into the Collection Fund from Central Government as subsidy. The General Fund and precepting authorities will in future receive funding in respect of the cost of Council Tax Support as part of their core funding but at a level of approximately 10% below the cost of the current benefit scheme. As a result the Council, in determining its local scheme, has decided to review the range of discounts and allowances applying to Council Tax.

Under the new regime it will be necessary to estimate the amount of Council Tax Support that will be taken up each year and take account of that in setting the taxbase for the year. Any change in the overall value of Council Tax Support awarded will be reflected in the year end position. In addition, changes to any discounts and allowances made by the Council to offset reductions in Government funding for Council Tax Support (paid directly to the General Fund and precepting authorities) could lead to lower collection rates than previously experienced.

Forecast Position at 31 March 2013

The Collection Fund for Council Tax is projected to have a deficit balance the end of the current year of £1,229,736.19 primarily as a consequence of lower levels of housing growth than originally forecast together with higher than anticipated levels of exemptions. The City Council's share of this projected year-end deficit is £140,239.50 and this will need to be taken into account in setting the Council's budget for 2013/14.

Collection Rates for 2013/14

For 2013/14 a collection rate of 98.7% has been included in the calculations of Council Tax yield. Any sums received above this level would effectively be paid back to Council Tax payers in the following year, through the Collection Fund. If this level of collection were not achieved, the shortfall would have to be recovered from Council Tax payers in the following year, through the Collection Fund.

For Business Rates losses on collection have been projected to be £500,000, equating to approximately 0.5%, for 2013/14 and this has been taken into account in determining the level of funding which the Government, County Council and precepting authorities will initially retain from Business Rates under the new scheme. The actual losses in collection experienced will be reflected in the outturn of the Collection Fund and any resulting surplus or deficit shared with precepting bodies.

Growth-related Council Tax Yield

As part of the work on the Growth Agenda, the review of the Council's taxbase projections is designed to identify the level of growth that is anticipated in excess of the standard level of 0.5% per annum, which has been assumed in the base model. The latest review takes account of anticipated new housing completions over the coming years as forecast for the December 2012 Annual Monitoring Report.

This work identifies the amounts of Council Tax yield estimated to relate directly to the projected increase in properties. Budget proposals set out in this report assume that these sums will continue to be earmarked to fund growth-related costs. The implications are dealt with as part of the Earmarked Funds section above.

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.

As part of the provisional settlement announcement, Council Tax referendum thresholds for 2013/14 were confirmed. These have been set at 2% for single tier, county councils and shire districts, police and crime commissioners and fire and rescue authorities. This threshold is 1% above the figures for which the new one-year freeze grant for 2013/14 will be paid. The threshold for unitary, county and shire district councils was set at 3.5% for the current year.

If the Council were to propose to implement an increase in Council Tax above the threshold (i.e. designated as excessive) then it would also be required to prepare 'substitute calculations' (effectively a shadow budget) which would result in a non-excessive increase. It would then be required to hold a referendum of all registered local electors on the first Thursday in May. In practice, the Council (as the relevant billing authority) would be required to organise and administer the referendum. The cost of holding the referendum would be recovered from the authority, or authorities, whose proposed precept generated the need for a referendum.

If a proposed increase in Council tax were rejected at referendum the authority would have to immediately adopt the shadow budget. The billing authority (i.e. the City Council) would then be able to issue new bills immediately, offer refunds at the year end or carry forward credits to the following year; subject to a right for Council Tax payers to request a refund on demand. Such a scenario would be likely to have a significant effect upon normal tax collection arrangements and also for the local Council Tax Support Scheme.

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 MTS included the assumption of a 2.5% per annum increase from 2013/14. This was based on the government CPI target level for inflation (2.0%), but increased by a further 0.5% to offset the eroding of the council taxbase in

real terms that would otherwise have resulted from implementing the Government's Council Tax Freeze Scheme for 2012/13.

However, it was agreed in the MTS that the planned level of increase, and the financial impact for the Council, be reviewed in light of Local Government Settlement announcements and the anticipated confirmation, at that time, of the referendum threshold for Council Tax increases which will apply for the City Council.

On 8 October 2012, The Chancellor of the Exchequer announced further support for local authorities in England to assist them in freezing council tax levels for a third year. The support announced is in the form of a grant equivalent to a one percent increase on the 2012/13 council tax, payable for the remaining two years of the spending review period i.e. 2013/14 and 2014/15. Details were confirmed in December as part of the provisional settlement announcement.

For the City Council, adopting a freeze of the Council Tax level in 2013/14 would result in the receipt of two grant payments, each of around £70k. However, the effect on the Council Tax yield would be to reduce this by around £170k in 2013/14 compared with MTS projections. As the loss of spending power (and hence ability to provide services) implied by the freeze would affect all future years it is difficult to determine that the freeze scheme for 2013/14 can be supported taking the medium-term view. In accepting the scheme for 2012/13 the Council had sought to assist Council Tax payers by removing the immediate effect of any increase but then maintaining overall spending power by increasing future increases to compensate. The significant reduction in the thresholds for referendums effectively negates this approach.

As a result, projections incorporated in the BSR are based on the Council not adopting the scheme to freezing the level of Council Tax for 2013/14.

In light of the change to the Council Tax threshold, as described above, the MTS assumption of annual Council Tax increases of 2.5% per annum have been reduced to 2% per annum.

These implications are summarised in the table below:

	2013/14	2014/15	2015/16	2016/17
September 2012 MTS Proposed Increase in Council Tax level	2.5%	2.5%	2.5%	2.5%
February 2013 BSR Proposed Increase in Council Tax level	2.0%	2.0%	2.0%	2.0%
Increase required in future years ongoing Net Savings Requirement	31,110	32,910	34,760	36,250

The table below shows the City Council element of Council Tax for 2012/13 for each property band together with the proposed levels for 2013/14:

Band	City Council Tax		Difference £
	2012/13 £	2013/14 £	
A	111.05	113.27	2.22
B	129.55	132.14	2.59
C	148.06	151.02	2.96
D	166.57	169.90	3.33
E	203.59	207.66	4.07
F	240.60	245.41	4.81
G	277.62	283.17	5.55
H	333.14	339.80	6.66

Section 4

General Fund Revenue Budgets

Post-MTS Approvals

There were no decisions taken between the publication of the Medium Term Strategy (as part of the October committee cycle) and publication of this document. Any such decisions, including any made under urgency arrangements, together with financial implications would be noted here.

Review MTS Forecasting Model and Projections

Errors were identified in the Council's budget forecasts in December 2012, which understated the Council's spending requirements. The errors occurred in the way actual spend within the Council's general ledger had been incorporated within the Council's financial model to project future spend. The Council had asked Ernst and Young, the Council's external auditors, to undertake an external review of its financial forecasts in light of those errors. Ernst and Young have reviewed the work undertaken by the Council's finance team to re-base the Council's budget forecasts.

The review work undertaken identified an understatement of the base budget costs of £2,266,690 in 2012/13. This resulted in the September 2012 MTS showing the available level of Reserves at the end of 2012/13 overstated by that amount. Had this been identified as part of the preparation of the MTS it would also have resulted in a higher Net Savings Requirement for 2013/14 being identified. This is shown in the tables below:

	Factor	2013/14 (£'s)	2014/15 (£'s)	2015/16 (£'s)	2016/17 (£'s)
	Net Savings Requirement (February 2012 BSR)	1,505,320	1,515,260	887,350	959,450
add	Increase / (decrease) in Net Savings identified in Sept 2012 MTS	(935,620)	431,190	14,380	373,900
	MTS 2012 Net Savings Requirement	569,700	1,946,450	901,730	1,333,350
	Revisions required due to understatement of 2012/13 base	3,748,150	(1,373,490)	(782,250)	674,970
	[Revised] MTS 2012 Net Savings Requirement	4,317,850	572,960	119,480	2,008,320

Factor	2012/13 (£'s)	2013/14 (£'s)	2014/15 (£'s)	2015/16 (£'s)	2016/17 (£'s)
MTS 2012 GF Reserves – Closing Balance	7,049,740	5,000,000	5,000,000	5,000,000	5,000,000
Revisions required due to understatement of 2012/13 base	(2,266,690)	0	0	0	0
[Revised] MTS 2012 Reserves – Closing Balance	4,783,050	5,000,000	5,000,000	5,000,000	5,000,000

As this was identified at an advanced stage in the 2013/14 Budget process work had already been undertaken based on the assumptions and target set in the September 2012 MTS. As a result, the following table shows the implications for the Net Savings Requirement (NSR) assuming that the 2013/14 target is not changed at this stage. This report shows the achievement of savings against this position:

	Factor	2013/14 (£'s)	2014/15 (£'s)	2015/16 (£'s)	2016/17 (£'s)
	Net Savings Requirement (February 2012 BSR)	1,505,320	1,515,260	887,350	959,450
add	Increase / (decrease) in Net Savings identified in Sept 2012 MTS	(935,620)	431,190	14,380	373,900
	MTS 2012 Net Savings Requirement	569,700	1,946,450	901,730	1,333,350
	Revisions required due to understatement of 2012/13 base		2,565,910	(782,250)	674,970
	[Revised] MTS 2012 Net Savings Requirement		4,512,360	119,480	2,008,320

Factor	2012/13 (£'s)	2013/14 (£'s)	2014/15 (£'s)	2015/16 (£'s)	2016/17 (£'s)
MTS 2012 GF Reserves – Closing Balance	7,049,740	5,000,000	5,000,000	5,000,000	5,000,000
Revisions required due to understatement of 2012/13 base	(2,266,690)	(3,748,150)	(3,748,150)	(3,748,150)	(3,748,150)
[Revised] MTS 2012 Reserves – Closing Balance	4,783,050	1,251,850	1,251,850	1,251,850	1,251,850

This shows that without any remedial action the level of Reserves would fall to below the Council's self-determined minimum reserves level by the end of 2013/14. This is reflected in the measures proposed in the remainder of the BSR.

Revised Budget 2012/13

General Fund revenue budgets for the current year (2012/13) were initially reviewed as part of the Medium Term Strategy in September 2012. A further review is undertaken for the January 2013 committee cycle and will be updated when Council reviews this report in February 2013.

It should be noted that the latest revised budget include carry forward approvals from 2011/12, significant items together with savings and unavoidable bids in the current year. Direct revenue funding (DRF) of the net re-phasing of capital expenditure from 2012/13 into future years will be incorporated in line with the updated Capital and Revenue Projects Plan and associated funding statement.

Revised Budget items will be considered by each of the scrutiny committees, in the current committee cycle, and are detailed in Appendix D. These can be summarised as follows:

Revised Budget Items	2012/13 £
Savings	(1,600,380)
Bids	1,168,960
Net Effect on Current Year Budget	(431,420)

It should be noted that in addition the effect of one of the savings proposals in Appendix F involves a re-profiling resulting in a net increase in cost in 2012/13 of £125,000.

In this initial budget process work a net overspend of £197,250 was identified. Further items identified during the additional time available due to the deferred publication date for the BSR totalled a net underspend of £628,670, giving the overall net underspend position of £431,420 detailed above.

The items submitted, as part of the revised budget will be analysed to ensure that any appropriate lessons can be learned for future budget management and monitoring.

Non-Cash Limit Budgets

Non-Cash Limit items are those that do not relate directly to the cost of service provision, including for example Government Grants and investment income. The totals for these items are summarised in the Table below together with full details given in Appendix E.

Proposal Type	2013/14 £	2014/15 £	2015/16 £	2016/17 £
Non-Cash Limit items	(34,560)	0	0	0

This reflects a higher level of DWP Housing Benefits Admin. Subsidy Grant for 2013/14 than had originally been forecast as part of the September 2012 MTS.

Budget Bids and Savings Summary

The budget Bids and Savings contained within this BSR document are detailed in Appendix F, and can be summarised as follows:

Proposal Type	2013/14 £	2014/15 £	2015/16 £	2016/17 £
Unavoidable Revenue Bids	168,490	126,660	96,660	88,660
Service Reviews	(842,500)	(1,270,000)	(1,431,800)	(1,476,800)
Savings	(263,980)	(299,860)	(384,860)	(692,610)
Net Effect of General Fund proposals	(937,990)	(1,443,200)	(1,720,000)	(2,080,750)

Service Reviews

The service reviews process has been developed over recent years and identifies particular service areas for detailed evaluation. Bringing this work forward in the financial planning cycle means that approval for change and implementation thereof can be more readily incorporated within the budget process.

At the time of publication of the September 2012 MTS the projected level of savings in 2013/14 from service reviews was projected to deliver a greater level of savings than the net level required for that year (i.e. £569,700). The process sought to maximise the level of savings deliverable, with a view to reducing future years' net savings requirements.

The above table shows that the process has delivered a level of savings in 2013/14 of nearly 1.5 times more than the total net savings requirement, rising to 2.6 more by 2016/17; taking into account full-year effects. This has proved particularly important in light of the identified understatement of the savings requirement.

This serves to confirm the significant role of the service review process, and the robustness of the methodology. Other service areas are still being explored under the service review process and will generate proposals to feed into the September 2013 MTS and February 2014 BSR.

Key areas for focus going forward are:

- A comprehensive review of all our back office support services with a view to maximising opportunities through sharing those services with other local councils, building on the success of existing shared service arrangements. We will be also looking at the potential for sharing front-line services where there is potential to do so.
- A systematic appraisal of council services, and assets, which have the potential to generate income streams for the council to identify how we can develop a more commercial approach to those services and maximise external income.
- A review of our property assets with the view of rationalising our administrative buildings, exploring the potential for a joint operations centre with other agencies to replace the Mill Road Depot and maximising the commercial potential of our holdings on sites such as the Northern Fringe East site.

Performance Against Savings Target

As in the 2012/13 budget process, a Cash Limit for the General Fund as a whole has been adopted, rather than Cash Limits for each Portfolio. This reflects the significant contribution to the savings requirements which is being delivered through the Council's Service Review process.

The following table summarises the initial level of net savings which were identified as part of the budget process, together with further net savings which were able to be identified in the additional time as a result of the delayed BSR publication date. More detailed information is included at Appendix F.

Portfolio	2013/14 £	2014/15 £	2015/16 £	2016/17 £
Net Savings Requirement (MTS Sept 2012)	569,700	569,700	569,700	569,700
Initial net savings proposals	(920,270)	(1,295,040)	(1,486,840)	(1,539,840)
Sub-Total	(350,570)	(725,340)	(917,140)	(970,140)
Further net savings proposals	(52,280)	(148,160)	(233,160)	(540,910)

Portfolio	2013/14 £	2014/15 £	2015/16 £	2016/17 £
Net performance against Cash Limit	(402,850)	(873,500)	(1,150,300)	(1,511,050)

This shows that the Cash Limit has been achieved for 2013/14 and subsequent years. The overachievement has served to help reduce the impact of the review of the 2012/13 base spend and future projections, as outlined below.

Bids for External or Earmarked Funds

As set out in Section 3, 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. Appendix H provides details of the bids against these funds, or to external funding sources, as part of the 2013/14 budget process.

The affordability of these bids is demonstrated in the statement of fund balances contained within Appendix B.

Priority Policy Fund (PPF)

Review of PPF Funding

The General Fund PPF provides an effective means of enabling the redistribution of resources within the overall cash limit, in recognition of priorities identified through the Council's Vision for the City, the medium term programme and public budget consultation.

The September 2012 MTS provided funding for PPF Bids of £500,000 per annum for 2013/14 and future years. Part of this review involves considering the affordability of this assumption in light of the outcome of the review of other factors impacting the overall budget position, detailed above as well as the context of the bids made for this source of funding.

As already noted, the forecast information for the MTS affordability decision was incorrectly stated, making it particularly important that this factor should be reviewed in the context of the revised forecasts.

As part of the response to the identified increased need for net savings requirements in 2013/14 and future years resulting from the review work, it is recommended that the provision of PPF Funding be limited to £300k per annum in 2013/14 and for future years. This has been built into the BSR projections.

The current list of PPF Bids is shown in Appendix I (b). In reviewing PPF Bids for approval, the Council's process requires that consideration is given to the relative value of PPF bids compared to the additional savings that their inclusion would require.

In addition, all bids have been considered in respect of their impact in terms of Climate Change, and the ratings for the PPF bids have been considered by the Environmental Strategy Group (ESG). The priority ratings for budget proposals as recommended by the ESG are detailed in Appendix I (a).

Priority Policy Fund 2013/14	2013/14 £	2014/15 £	2015/16 £	2016/17 £
Funding available	(300,000)	(300,000)	(300,000)	(300,000)
Bids into Fund	300,200	296,700	284,700	284,700
Shortfall / (Unused) Funding	200	(3,300)	(15,300)	(15,300)

Although the total level of bids received is marginally higher in 2013/14 than the revised level of funding, the overall position across the MTS period results in a surplus of funding of £33,700.

Given the level of PPF bids received, the projections in the BSR are based on retaining sufficient PPF funding to allow for the potential for all such bids to be approved. The unused level of funding from 2014/15 onward will be available to reduce the Net Savings Requirement in those years, whilst the unused funding in 2013/14 would result in a small increase in the level of General Fund Reserves.

Section 5

Capital

Introduction

As outlined in Section 6 of the Medium Term Strategy [MTS September 2012], the Council has a wide ranging asset portfolio including council housing, substantial areas of common land as well as assets for direct service provision such as swimming pools, community centres, car parks and the Corn Exchange. There are also vehicles and equipment such as waste collection, grounds maintenance and building repairs vehicles.

In addition to the assets used for service provision, the Council has a varied portfolio of commercial property and shops including business units aimed at small and start-up businesses. 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 budget process provides an opportunity for Heads of Service to review their operational asset base and bid for funding for projects planned to be undertaken during the forthcoming financial year ending 31 March 2014.

Monitoring

The Asset Management Group (AMG) reviews the current asset base, proposals for investment in existing and additional assets and maintains an overview of the agreed capital asset disposal programme. AMG also reviews achievements against targets for the current Capital & Revenue Projects Plan based on monthly monitoring reports. These are based on a simple 'traffic light' approach which indicates whether schemes are progressing to budget and timetable, and have been enhanced in the current year to provide indications of progress both in terms of cost and timing (the latter reflecting the aim to address the degree of year-

end slippage experienced in previous years). Monitoring Reports are produced monthly for departments.

Making Assets Count

The 'Making Assets Count' (MAC) work stream of 'Making Cambridgeshire Count' has undertaken work to map and analyse the usage of all the assets owned by each partner organisation, of which the City Council is one. This has enabled a far better understanding of the wider public sector estate across the county area, providing the opportunity to identify joint projects which could produce significant savings by combining, sharing and selling assets.

Work through MAC has helped to deliver the scheme for Seymour House, and there is currently joint feasibility work being undertaken to consider the potential for a shared operations centre in the south of the county, which could provide an alternative to the current depot sites operated by a number of partners, including the City. A Stage 2 feasibility report relating to the proposal should be completed by March 2013. This is a key option within the wider accommodation review work that the City is undertaking, which will include consideration of alternative options for future provision of facilities currently provided at the Mill Road depot.

MAC is looking to develop a shared public sector asset management strategy which will facilitate effective collaborative working. This will enable the identification of further opportunities to rationalise and enhance the public sector estate.

Accommodation Strategy

The Council maintains offices throughout the city and an ongoing review is underway to consider the best use of our administrative buildings – whether owned or rented. This review is linked to work to determine the most appropriate working practices for the Council in the future, such as remote working.

Some budget bids reflect the use of accommodation throughout the Council's portfolio, including the Depot at Mill Road and The Guildhall where space is let to both public and private sector organisations. The Council is already committed to moving out of existing rented

accommodation at Lion House, and is developing plans for the relocation of staff and facilities in that building in advance of the September 2014 lease termination.

A comprehensive condition survey of all of the Council's administrative buildings is currently being undertaken, and will feed into recommendations for the most appropriate future provision of accommodation.

Area Committee and Citywide programmes

The Council has agreed to devolve to Area Committees decision-making for projects funded by developer contributions (Section 106) relating to the following contribution types: community facilities, play and open space projects (including informal open space, provision for children & teenagers, and indoor and outdoor sports provision), public art and public realm. The initial aim is for several priority projects to be delivered in each area within the next couple of years.

Local communities and groups have been consulted during this autumn on the need for new or improved facilities within each area (as part of Area Needs Assessments), so that Area Committees can then identify their project priorities.

As part of the Budget Setting process, a report is being submitted to Community Services scrutiny committee covering the allocation of the citywide developer contributions programme. The BSR assumes approval of the report, and includes the associated Capital Bids. It should be noted that this would not be expected to have any implications for the use of revenue funding for capital spending.

The budget process will include the setting-up of four Section 106 Area Project Programmes within the Council's Capital & Revenue Projects Plan, from which priority projects in each area will be funded, in line with the contribution types and other conditions set out in Section 106 agreements. Developer contributions (both new and existing unallocated ones) will be assigned to the relevant area fund, normally on the basis of 100% of contributions arising from planning applications determined by the Area Committee, or by officers, and 50% of contributions arising from planning applications determined at Planning Committee.

Alongside this devolved decision-making to Area Committees, decisions on city-wide projects (including priorities) will remain with the relevant Executive Councillors following reports to the appropriate Scrutiny Committee, as necessary. These decisions will be informed by the development of a Strategic Needs Assessment (picking up the city-wide needs emerging from the Area Needs Assessment process). As part of the Budget Setting process, it is also envisaged that Members will recommend the remit and setting up of a developer contribution funded City-Wide Project Programme whose remit and that of other new programmes is shown in Appendix U. This programme will operate in a similar way to the area programmes and will be funded by the other 50% of contributions arising from planning applications determined at Planning Committee.

Due to the flexibility in devolved decision making and the nature of long-term programmes it is not always possible to accurately forecast future expenditure until individual projects have been identified and appropriate funding streams identified. Thus, whilst the budgets for 2013/14 can be allocated with some accuracy, future budgets may be carried forward from year to year to reflect the flexibility given to Area Committees.

Asset Disposal

The Council has a small portfolio of development land that could be sold to generate significant capital sums. This will fulfil two objectives, firstly to provide land for commercial or housing development to meet the growth requirement within the city; secondly to provide funds for reinvestment to ensure that strategic objectives can be met.

Receipts from the disposal of capital assets are only recognised in the Council's reserves when received and after all relevant costs have been provided for.

Anticipated disposal	Fund	Asset	Comment
2013/14	General	Land at Clay Farm, Trumpington	Within Southern Fringe development, subject to Collaboration Agreement with adjoining land owner

Anticipated disposal	Fund	Asset	Comment
2014/15	General	Site K1, Orchard Park	Proposal for self build being investigated
2015/16	General	Former Park & Ride Site and Golf Driving Range, Cowley Road	Subject to Local Plan Review Process

The Council also maintains a register of strategic acquisitions that could be funded from the sale of capital assets or from other available funds.

Capital & Revenue Project Bids

Capital & Revenue Project bids are shown in detail in Appendix L. Sources of funding include:

- Earmarked & Specific Funds (e.g. Repairs & Renewals)
- External funding (e.g. Grants, National Lottery)
- Developer Contributions
- Capital Receipts
- New Homes Bonus grant
- Reserves

Capital & Revenue Projects Plan

The Council's Capital and Revenue Projects Plan shows anticipated expenditure for the next 5 years, where relevant, for each programme or scheme. This allows the Council to review cashflow, interest calculations and also helps to identify 'pinch points' in workload. The Strategic Leadership Team review progress against the plan quarterly and recommend action where necessary. The approved Capital & Revenue Projects Plan is shown at Appendix J.

Following the significant slippage experienced in the delivery of Capital and Revenue Project Plan items during 2011/12 a review was undertaken to determine the reasons for this degree of

slippage and to identify what measures or changes might be appropriate in order to better ensure that the Plan can be delivered as scheduled in future years.

This review identified a number of recommendations:

- Provisions - a number of items relate to provisions which have been approved in anticipation of the need for future expenditure, but where the actual timing of the spending cannot accurately be controlled or estimated. Examples include provisions for Compulsory Purchase Orders and contributions to further development phases at Lion Yard. It is recommended that these items be incorporated within a new separate section within the Plan, entitled Provisions.
- Project Facilitation Fund - the review identified that the significant number of schemes scheduled in a particular year, and the fact that many relate to the same service areas has led to resource pressures in those services, which were not anticipated when each individual project appraisal was considered. Given that the number of revenue and capital projects to be delivered could be expected to increase, particularly as the City benefits from developer contributions from Growth Sites, this is felt likely to exacerbate the pressure on some service areas over the next few years. As a result, a new Project Facilitation Fund was approved as part of the September 2012 MTS. In setting up the Fund a sum of £500,000 was made available against which service could submit bids. As part of the BSR process, the level of funding required has been reviewed in light of submissions from services which has resulted in the recommendation that £250,000 be returned to general reserves.
- Risk Assessments - all schemes will in future be assessed in terms of risks to their timely delivery so that any appropriate mitigations can be determined and implemented
- Re-phasing - when the detailed work, at scheme level, is complete there may be a need to re-schedule some existing schemes where they are affected by third party involvement which is beyond our control.

Project delivery is formally reviewed biannually in January (as part of the BSR) and September (as part of the MTS). Part of the review process is identifying the need to re-phase budgets, and the associated use of resources, into the financial years in which it is anticipated that expenditure will be incurred. Re-phasing requests are formally submitted to Council in October and February each year.

The current Capital and Revenue Projects Plan is shown in detail in Appendix J. A review of the current plan has led to the identification of a number of re-phasing requests; these are detailed in Appendix K. In addition, the current cycle of Committee meetings has recommended removal of the following items from the plan:

- Arts, Sport and Public Places Portfolio – SC499 Outdoor fitness equipment
- Arts, Sport and Public Places Portfolio – SC514 Petersfield Play Area equipment
- Planning and Climate Change Portfolio – PR019 Car Parks Infrastructure & Equipment Replacement Programme

Despite the measures taken as part of the September 2012 MTS seeking to minimise the need for re-phasing of capital spending between financial years, this report has identified significant amounts which will need to be re-phased from 2012/13.

Work is being undertaken to identify what additional learning can be drawn from these individual instances in order to strengthen processes and ensure that the need for future re-phasing is minimised. Initial findings have identified that:

- In the case of Five major projects / programmes (totalling £2.03m) specific unavoidable reasons have led to revised timings reflecting the complexity / nature of the proposals. This includes a requirement for specialist advice, and the need for additional structural investigations in relation to building work
- In the case of four major projects (totalling some £613k) timings have changed as a result of scheme changes made in response to feedback from public consultation
- Difficulties in recruiting appropriate specialist project delivery staff has delayed a number of recreational and environmental schemes. Significant progress has now been made with recruitments and scheme delivery is expected to accelerate. Capacity has also been bolstered through bids to the Project Facilitation Fund
- Significant changes to the way in which developer contribution funded schemes are delivered, with devolvement of local schemes to Area Committees, have led to two projects (totalling £350k) to be rephased.

The Asset Management Group are continuing to review the items involved to determine any other measures which can be taken to facilitate future schemes and projects.

Financing

Availability of Capital & Revenue Projects Funding

The level of un-committed capital funding was reviewed as part of the MTS process in September 2012. The table below shows changes to funding availability since that point:

	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000	2016/17 £000
Funding available and unapplied (per Sept 2012 MTS)	0	(305)	(164)	(862)	(1,380)
<i>Adjusted for:</i>					
Reduction in Direct Revenue Funding (DRF)		707	880	880	880
Use of New Homes Bonus to support capital spending		(707)	(880)	(880)	(880)
Revised Capital funding availability	0	(305)	(164)	(862)	(1,380)

This reflects the recommendation made in Section 4 that part of the uncommitted New Homes Bonus be used from 2013/14 to 2016/17 to replace funding originally anticipated as available from revenue. This serves to re-profile £880k of the net savings requirement in 2014/15 to 2017/18, whilst adding £707k back into reserves in 2013/14.

This provides the context for considering the affordability of the capital bids which have been submitted as part of the 2013/14 budget process, as shown below:

	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000	2016/17 £000
Revised Capital funding availability	0	(305)	(164)	(862)	(1,380)
Capital bids	0	(1,525)	(1,600)	1,700	1,700
(Surplus) / Shortfall in Funding	0	(1,830)	(1,764)	838	320
Re-profiling of revenue funding to actual capital spend	0	1,500	1,264	(1,382)	(1,382)
Net Capital Funding Availability		(330)	(500)	(544)	(1,062)

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.

Hold List

The Council maintains a Hold List for projects that have been approved but are awaiting funding. Recommendations in the current cycle of meeting have included the deletion from the Hold List of the following schemes:

- Logan's Meadow Local Nature Reserve extension
- Paradise Local Nature Reserve improvements

These items have been subsumed within the new Area Committee Programmes.

The resulting Hold List is shown in Appendix M.

HRA Capital

Following the move to Self-Financing for the HRA from April 2012, the HRA Capital Plan and its funding implications are contained in the HRA Business Plan and Asset Management Plan which are considered separately. Borrowing implications in respect of HRA capital proposals are reflected in the Treasury Management Section of this document (Section 6) and in Appendix P.

Potential Need for Prudential Borrowing

The Council took advantage of the then capital controls to repay external debt giving benefits to both the General Fund and HRA in 2003 and remained debt free until March 2012.

Under the HRA Self-Financing Debt Settlement Determination, the Council undertook significant borrowing in order to fund the payment of £213,572,000 to the Government on 28 March 2012 as part of the change to the new self-financing system.

In addition to borrowing to finance the initial debt take-on as part of self-financing, the Council is able to undertake additional prudential borrowing for the HRA up to a Government determined limit. Based on the figures in the final determination, this provides the opportunity to borrow a further £16.09m. Any decisions leading to actual requirements for borrowing would be subject to individual business cases.

In addition, there are a number of other areas where the Council may choose to use prudential borrowing as the most appropriate means of financing new capital requirements:

- **Clay Farm Community Facilities** - it is currently anticipated that the Council will take-on the lead role in the provision of these facilities, and it is estimated that this may involve the need to borrow around £2.8m initially.
- **Clay Farm Collaboration Agreement** - under the agreement the City and other development partners will be required to contribute to the shared cost of providing infrastructure in order to facilitate development of the site. Work is being undertaken to finalise the anticipated amounts and timing of such payments, but it is anticipated that these are likely to precede the point at which the City disposes of its land interest, and so the capital receipt may well not be available to fund these costs. In such a case, consideration would be given to the need for short-term prudential borrowing as a means of financing the collaboration agreement costs until the receipt is achieved.
- **Ditchburn Place** – The BSR and HRA Business Plan includes an HRA capital bid of £3.842m for the potential refurbishment of the extra care housing at Ditchburn Place. The bid assumes funding by either the use of revenue funding or capital expenditure or

by prudential borrowing against some of the £16.09m headroom available under the Self-Financing regime.

- **New Build HRA Dwellings** – The HRA Business Plan also includes the assumption that an element of prudential borrowing against the headroom available in the plan will be required to assist in the delivery of 250 new build homes in the city between 2012/13 and 2016/17.

These items have formed part of the consideration in setting the prudential borrowing limits set out in Appendix P (a) as part of the treasury management strategy. This is considered in more detail in Section 6.

Further Review of Capital

The review work undertaken in responding to the understatement of future cost projections has included consideration of a number of factors relating to the current approach to the funding of capital spending. Initial measures have been built into this BSR dealing with the medium-term period.

It is felt that it would be appropriate for further review work to be undertaken to consider the wider issues relating to the Council's approach to capital spending and its financing, including the relationship to the use of Developer Contributions and New Homes Bonus Grant. This work will be undertaken following completion of the BSR and the outcomes of this will be available to feed into the September 2013 MTS.

Section 6

Treasury Management

Introduction

Treasury Management is defined as:

“ The management of the local authority's deposits and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”

It is a statutory requirement for the Council to produce a balanced budget and to calculate its budget requirement for each financial year to include the revenue costs that flow from capital financing decisions. This, therefore, means that increases in capital expenditure must be limited to a level whereby increases in charges to revenue from

- Increases in interest charges caused by increased borrowing to finance additional capital expenditure, and
- any increases in running costs from new capital projects

are limited to a level which is affordable within the projected income of the Council for the foreseeable future.

These capital plans provide a guide to the borrowing need of the Council, essentially the longer-term cash flow planning to ensure that the Council can meet its capital spending obligations. This management of longer-term cash may involve arranging long or short-term loans, or using longer-term cash flow surpluses. On occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.

Statutory Requirements

The Local Government Act 2003 (the Act) and supporting regulations requires the Council to 'have regard to' the CIPFA Prudential Code and the CIPFA Treasury Management Code of Practice to set Prudential and Treasury Indicators for the next three years to ensure that the Council's capital investment plans are affordable, prudent and sustainable.

The Act requires the Council to set out its treasury strategy for borrowing and to prepare an Annual Investment Strategy (as required by Investment Guidance issued subsequent to the Act and included as Appendices to this report). This sets out the Council's policies for managing its deposits and for giving priority to the security and liquidity of those deposits.

The Council has regard to the investment guidance issued by the Department of Communities and Local Government and that set out in the revised CIPFA Treasury Management Code of Practice 2011.

CIPFA Requirements

The primary requirements of the Code are as follows:

- creation and maintenance of a Treasury Management Policy Statement which sets out the policies and objectives of the Council's treasury management activities;
- creation and maintenance of Treasury Management Practices which set out the manner in which the Council will seek to achieve those policies and objectives;
- receipt by the full council of an Annual Treasury Management Strategy Statement - including the Annual Investment Strategy and Minimum Revenue Provision Policy - for the year ahead, a Mid-year Review Report and an Annual Report (stewardship report) covering activities during the previous year;
- delegation by the Council of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions; and;
- delegation by the Council of the role of scrutiny of treasury management strategy and policies to a specific named body. For this Council the delegated body is Strategy & Resources Scrutiny Committee.

Treasury Management Strategy for 2013/14

The suggested strategy for 2013/14 is based upon the treasury officers' views on interest rates, supplemented with leading market forecasts provided by the Council's treasury advisor, SECTOR Treasury Services Ltd. The strategy covers:

- treasury limits in force which will limit the treasury risk and activities of the Council;
- prudential and treasury indicators;
- the current treasury portfolio;
- the borrowing requirement;
- prospects for interest rates;
- the borrowing strategy;
- policy on borrowing in advance of need;
- the investment strategy;
- creditworthiness policy;
- policy on use of external service providers; and;
- the Minimum Revenue Policy (MRP).

The Council's Reporting Framework

The Council is required to receive and approve, as a minimum, three main reports each year, which incorporate a variety of polices, estimates and actuals. These reports are required to be adequately scrutinised by committee before being recommended to the Council. The Strategy and Resources Scrutiny Committee undertake this role.

Prudential and Treasury Indicators and Treasury Management Strategy

The first, and most important report covers the capital plans (including prudential indicators); a Minimum Revenue Provision Policy (how residual capital expenditure is charged to revenue over time); the Treasury Management Strategy (how the deposits and borrowings are to be

organised) including treasury indicators; and an investment strategy (the parameters on how deposits are to be managed).

These elements of the overall strategy are attached to this report as Appendices P(a), P(b) & P(c) and together constitute this report.

An explanatory note on Prudential and Treasury Indicators is included in Appendix P(a).

A Mid-Year Treasury Management Report

This updates members with the progress of the capital position, amending prudential indicators as necessary, reports whether the treasury practices are meeting the strategy and indicates if any policies require revision.

An Annual Treasury Management Report

This provides details of a range of actual prudential and treasury indicators and actual treasury operations, for the previous financial year, compared to the estimates within the strategy.

Monthly updates

In addition, the Leader and Executive Councillor for Customer Services and Resources receive a monthly update on treasury activity within the Council.

Recommendations

It is recommended that the Council note the Prudential & Treasury Management Indicators as set out in Appendix P(a) and approve the Annual Borrowing and Investment Strategies in Appendices P(b) and P(c) respectively. Also, included in Appendix P(b), is a commentary by Sector on the global economic situation.

Section 7

Summary and Overview

Equality Impact Assessment, Uncertainties and Risk Assessment

In meeting the adopted principles of prudence and sustainability, a key consideration is the level of risk and uncertainty faced by the Council. This is particularly an issue in light of the current economic environment.

Equality Impact Assessment

Under equality legislation, local authorities have legal duties to pay 'due regard' to the need to eliminate discrimination and promote equality with regard to race, disability and gender, including gender reassignment, as well as to promote good race relations. The Equality Act 2010 introduced a new public sector duty that extends this coverage to age, sexual orientation, pregnancy and maternity, and religion or belief.

The law requires that this duty to pay 'due regard' be demonstrated in the decision making process. 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 'due regard'.

As a key element of considering the changes proposed in this Budget Setting Report, an Equality Impact Assessment has been undertaken covering all of the Budget 2013/14 proposals. This is included in this report at Appendix S.

The assessment identifies the impact that financial proposals could have on equality groups, together with mitigation arrangements. It also includes an action plan identifying how disadvantage or negative impact can be addressed, together with timescales and details of lead officers.

Section 25 Report

Section 25 (s. 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 levels of 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 2012
- The budget reports to the January cycle of meetings (including revised budgets for 2012/13) and Portfolio Plans which are being prepared for submission as part of the March 2013 cycle.

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.

As covered earlier in the report, Council officers identified an error in the reconciliation of the 2012/13 base budget position from the ledger to the forecasting model. This resulted in an exercise to fully reconstitute the forecast model, ensuring that it was reconciled to the ledger position for 2012/13. In order to provide independent assurance on this work, the Council's external auditors (Ernst & Young) were commissioned to undertake work to validate this.

Their preliminary findings indicate that the methodology the Council has used to re-base its budget forecasts is sound and therefore the Council has continued to prepare a budget for 2013/14 based on a forecast, which since MTS stage has been adjusted by £2.267m.

This has provided a level of assurance that the error identified has resulted from human error and that the model and process employed in arriving at financial projections can be relied upon for this purpose going forward.

The Section 25 report will be included in the final version of this document at Appendix T.

Overall Spending Plans, Funding and Reserves

In considering the sustainability of the Council's expenditure plans key factors will be the level and achievability of future net savings requirements and the level of reserves which are likely to be available to the Council and their ability to support the underlying level of expenditure in the long term.

General Fund General Reserves

One of the elements to review as part of the BSR each year is the Minimum and Target levels for Reserves over the medium-term period. The Council sets these targets in order to inform its financial strategy and ensure the sustainability of its spending plans. The Council sets these levels in the context of its view on the level of risk faced by the Council, and the resulting need to hold levels of Reserves that would let it respond in a managed way, and over a reasonable period of time, to any unforeseen eventualities.

In the September 2012 MTS it was noted that the Council was facing a number of changes in areas of activity which would represent the potential for increases in the level of risk. It was agreed, at that point, that this should be reconsidered as part of this BSR when more complete information would be available.

With details of the new local Council Tax Support Scheme and the new government funding mechanism for local authorities now finalised, it is clear that both of these changes effectively serve to move material elements of financial risk associated with each of these areas from central to local government.

In considering the implications for the level of general reserves held, it is felt that the main impact is on the Minimum level that the Council sets for itself. Given the materiality of the

additional areas of risk it is recommended that the Council increases the Minimum level held from £1.5m to £2.5m with effect from 1 April 2013 (when the two schemes apply). At this stage it is not proposed that the Target level (currently set at £5m) for the medium-term should be increased, but this will be kept under review as experience of the changes and the risk levels associated with them increases.

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 years from 2014/15, as detailed below.

Based on the forecasts within this report, a revised projection of the need to use reserves and the resultant reserves profile has been calculated for the full 25-year model.

In considering the adequacy in the context of the revised Minimum level set by the Council, it is clear that although some short-term use of reserves is reasonable in order to manage the unforeseen impact of the forecasting error, the resulting level of reserves is too low to maintain over the medium and longer-term.

As a result, consideration has been given to the potential to target net savings requirements over the medium-term in order to achieve a planned return to the £5m Target level. This is recommended to be achieved through a two-step process, with an additional £250k being added to reserves in 2014/15, and then a further £1,082,740 in 2017/18, at which point the reserves will return to the Target level.

This is shown for the 5-year MTS period in Appendix G (c).

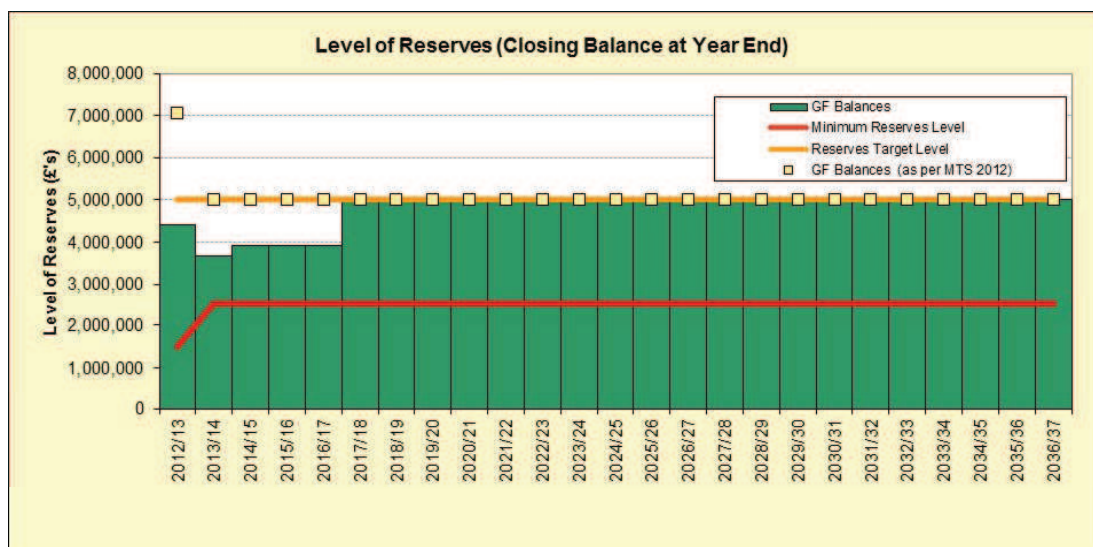
The resulting implications for future general reserves levels, through to 2016/17, are shown in table below:

Factors Affecting Level of Future GF General Reserves	2012/13 £	2013/14 £	2014/15 £	2015/16 £	2016/17 £	2017/18 £
September 2012 MTS	7,049,740	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Effects of Re-Basing exercise	(2,266,690)	(3,748,150)	(3,748,150)	(3,748,150)	(3,748,150)	(3,748,150)
Revised MTS Position	4,783,050	1,251,850	1,251,850	1,251,850	1,251,850	1,251,850

Factors Affecting Level of Future GF General Reserves	2012/13 £	2013/14 £	2014/15 £	2015/16 £	2016/17 £	2017/18 £
Changes Contained in the February 2013 BSR						
Autumn Statement	0	(35,020)	(35,020)	(35,020)	(35,020)	(35,020)
Provisional LG Settlement	25,820	37,620	37,620	37,620	37,620	37,620
Initial BSR Budget Proposals	(197,250)	154,620	154,620	154,620	154,620	154,620
Use of NHB to Support Base Spend	0	0	0	0	0	0
Use of NHB to replace DRF	(703,170)	(3,260)	(3,260)	(3,260)	(3,260)	(3,260)
Re-Profiling of DRF to Capital Spend	0	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Additional BSR Budget Proposals	503,670	555,950	555,950	555,950	555,950	555,950
Review PPF Funding Level	0	205,500	205,500	205,500	205,500	205,500
Reserves enhancement from additional savings	0	0	250,000	250,000	250,000	1,332,740
General Fund Reserves C/F	4,412,120	3,667,260	3,917,260	3,917,260	3,917,260	5,000,000

The above table does not include any effects on reserves resulting from approval of the Capital and Revenue Projects Plan variance requests contained in Appendix K. If all of these requests are approved, the consequence will be an increase in the closing reserves position for 2012/13 of £2.308m. The resulting increased requirement for direct revenue financing in 2013/14 will utilise this additional sum leaving the closing balance at the end of that year unchanged compared with the table above.

The projection through to 2036/37 is shown graphically below, compared with the projections contained within the September 2012 MTS:



This shows that the overall effect of the measures recommended in the BSR has:

- Served to address the potential issue of the level of Reserves falling below the revised Minimum level at the end of 2013/14, with a projected level of £3,667,260 being achieved at that point.
- Actively managed the Reserves levels over the period 2014/15 to 2017/18 in order to move the level back towards the medium-term Target level of £5m.

The longer-term projection is important, as it demonstrates the sustainability of the Council's financial strategy and the fact that uneven cost pressures faced by the Council in the short and medium-term can be effectively managed.

General Fund reserves are also used to support the Council's Capital Plan, and this effect also has to be taken into account when considering the long-term impact on the reserves position; and hence the ability to ensure the sustainability of the Council's policies and services.

Net Savings Requirements

Based on the forecasts within this report, a revised projection of the need for net savings requirements in 2014/15 and future years has been calculated for the full 25-year model period. This is shown for the 5-year MTS period in Appendix G (a).

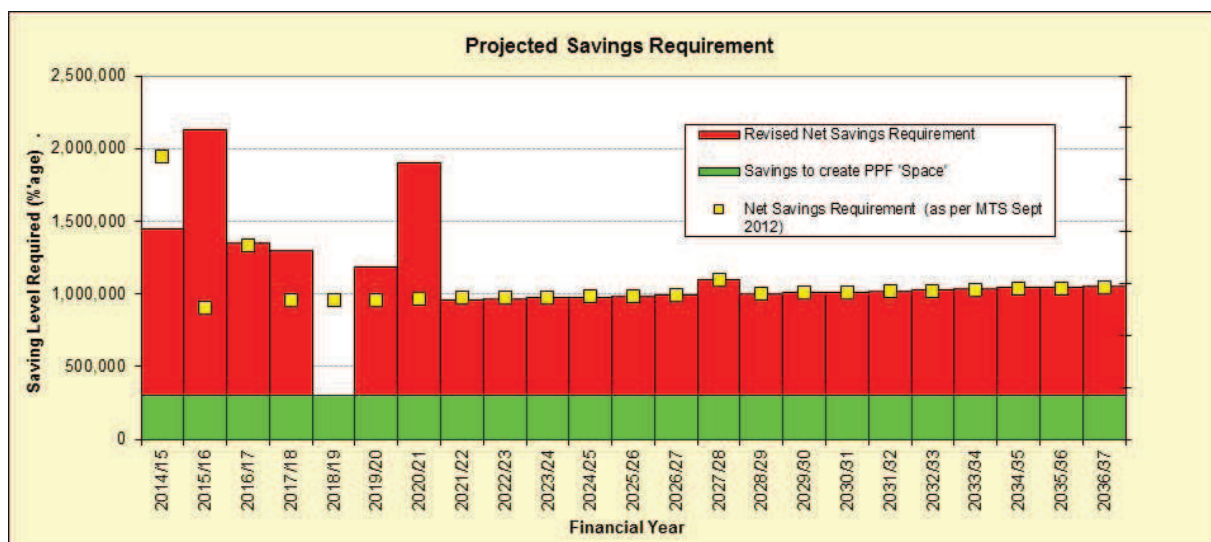
As standard practice, net savings requirements have been calculated on the basis that they should result in a position in each year that does not add to, or use from, reserves. As noted

above, this base position has then been adjusted as part of a planned movement of reserves back to target level through the addition of a further savings requirement in specified years.

The factors that have contributed to changes in the level of future net savings requirements, through to 2018/19, are shown in the table below:

Factors Affecting Level of Future Net Savings Requirement	2014/15 £	2015/16 £	2016/17 £	2017/18 £	2018/19 £
September 2012 MTS	1,946,450	901,730	1,333,350	953,620	959,520
Effects of Re-Basing exercise	2,565,910	(782,250)	674,970	22,830	830,290
Revised MTS Position	4,512,360	119,480	2,008,320	976,450	1,789,810
Changes Contained in the February 2013 BSR					
Autumn Statement	283,260	34,760	36,250	38,520	40,440
Provisional LG Settlement	413,400	(46,840)	(122,750)	(105,640)	(806,100)
Initial BSR Budget Proposals	(725,340)	(191,800)	(53,000)	0	0
Use of NHB to Support Base Spend	(563,740)	0	0	0	0
Use of NHB to replace DRF	(880,000)	0	0	880,000	0
Re-Profiling of DRF to Capital Spend	(1,264,000)	2,646,000	0	(1,382,000)	0
Additional BSR Budget Proposals	(148,160)	(85,000)	(307,750)	0	0
Review PPF Funding Level	(400,000)	(200,000)	(200,000)	(200,000)	(200,000)
Inflation & other consequent adj.'s	(26,950)	103,100	(12,090)	8,890	(22,170)
Reserves enhancement from additional saving	250,000	-250,000	0	1,082,740	(1,082,740)
BSR Future Net Savings Requirements	1,450,830	2,129,700	1,348,980	1,298,960	(280,760)

The projection through to 2036/37 is shown graphically below, compared with the projections contained within the September 2012 MTS:



As previously noted, the increased level of net savings requirement in 2020/21 relates to the assumption of the end of NHB grant receipts, leaving Growth-related posts costs of £785,380 unfunded. At that point, if the NHB scheme is not continued, decisions would need to be made with regard to the ongoing requirement for these posts.

The table and chart show that the overall effect of the measures recommended in the BSR has:

- Resulted in a total level of savings of £5.948m across the period from 2014/15 to 2018/19, compared with a total of £6.095m for the same period as projected in the original MTS. This confirms that the effects of the re-basing (requiring an additional £3.312m over that period) have been addressed as part of the BSR.
- Resulted in a net savings requirement for the next budget year (2014/15) of £1,450,830, which can be viewed as achievable in the context of the level of additional Service Review savings already projected to be available for that year (some £1.3m).
- Resulted in a profile of savings which provides a reasonable timescale for developing further Service Review proposals to deal with the significant net savings requirement levels in the following two years in an informed manner.

Future Issues and Prospects

The Council's corporate planning and decision-making cycle, and the adoption of a MTS, reflect the need for continuity of approach in order to deliver against the Council's visions and objectives.

The next stage in this ongoing process will be the production of the September 2013 MTS. This will provide an opportunity to identify and consider the implications of any new or developing issues and projects.

Key areas are currently anticipated to include:

- a) **Growth Agenda** - work is continuing to review timescales for the delivery of new homes in light of the impact of the economic downturn and in the wake of the downturn in the housing market. The Council is continuing to work with partner organisations to plan and bring forward key elements of the Growth Agenda. A resource model has been developed, and is reflected in the taxbase and Council Tax yield calculations included in this document. New Homes Bonus funding has been used to provide a commitment to retain the posts working on the planning and delivery of growth in order to ensure that a quality built environment can be delivered. Changes to the calculation of the Council Tax taxbase from 2013/14 have impacted on the level of funding being earmarked for future costs of growth, but it has been confirmed that the Fund will retain an uncommitted balance from 2013/14 onward even after taking account of all of the bids raised as part of the current budget process.
- b) **County Pension Fund** - as part of the September 2010 MTS the Council had already anticipated an increase in the employer contribution rate resulting from the 2010 triennial revaluation of the Pension Fund by providing for an additional 0.75% in each of the 6 years from 2011/12.

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
2007 Valuation Rates	18.6%	18.6%	18.6%	18.6%	18.6%	18.6%
Provision for outcome of 2010 Valuation	19.35%	20.10%	20.85%	21.60%	22.35%	23.10%
Increase / (Decrease)	0.75%	1.50%	2.25%	3.00%	3.75%	4.50%
Budget Impact (in year)	£	£	£	£	£	£
- GF	164,250	328,500	492,750	657,000	821,250	985,500
- HRA	63,820	127,640	191,460	255,280	319,100	382,920
Total	228,070	456,140	684,210	912,280	1,140,350	1,368,420

Based on the information available to date this provision is still felt to be appropriate. The next triennial revaluation of the Fund is due to take place.

- c) **New Capital Receipts** - the Council has a number of asset holdings which may be the subject of disposals over the next few years, as outlined in Section 5. This is an area which continues to be closely monitored given the volatility of asset values and market interest as a consequence of the economic downturn. The Council has adopted a policy of not treating capital receipts as funding available for new spending until they have actually been received. This has proved an important discipline in the current uncertain climate, and has helped ensure the integrity of the Council's capital spending plans.
- d) **Introduction of Local Support Scheme for Council Tax** – the introduction of this new scheme with effect from 1 April 2013 has resulted in the need to devise, consult upon, and implement a new local scheme. This has been constructed on the basis that the criteria for entitlement and the revised method of government funding produce a position which is broadly cost-neutral to the Council. It will be important to monitor the actual financial consequences of the new scheme for the Council regularly as it could be affected by unforeseen changes in a number of factors, including the number of claimants or the level of claims. As the level of government support in any year is fixed this provides the potential for a direct cost impact on the City Council. This material new risk has been reflected in the review of the Minimum level for Reserves. It will also be important that the appropriateness of the initial scheme is reviewed to determine the need for any changes in 2014/15 or subsequent years.
- e) **Icelandic Bank Investments** - the Council is basing its financial planning on the latest information provided by the LGA, respective administrators and on the advice issued by CIPFA's Local Authority Accounting Panel. The September 2010 MTS made provision for the projected shortfall in the capital sum which can be recovered, and this has been subsequently updated to take account of latest announcements. Developments and updates continue to be carefully monitored, and Members will be updated in the case of any significant changes.
- f) **Revisions to Local Government Finance** – the introduction of the new mechanism for funding with effect from 2013/14 has already been covered in this BSR. The Council will continue to carefully monitor the impact of these changes and the implications for long-term planning. In particular, the potential advantages of being part of a local Pool for the purposes of the Business Rates Retention scheme will be reviewed in conjunction with potential partners for 2014/15.

- g) **National Spending Review** - the current Spending review period finishes at the end of 2014/15. In light of the continuing economic pressures nationally it is anticipated that the next Spending review will continue to reflect increased financial pressures on local government. The BSR reflects the Council's move to start to provide for this with anticipated grant reductions in 2015/16 and 2016/17, however, the publication of the next Spending Review by Government will be a key point for reviewing the Council's funding and spending plans. At present there is still no definite publication date for this document, but it could be as early as October 2013.
- h) **Population Changes** - Government funding is tied to estimates of the projected levels of an areas resident population. Population estimates from Census 2011 for local authorities have now been published and have been used together with revised methodology to arrive at interim sub-national population projections that will determine, in part, our level of grant. The Council has been vigorously challenging the applicability of the new methodology used and the resulting projection for Cambridge. The resulting under-estimates will reduce the level of grant available to the Council to meet the needs of its new communities. The Council believes that Cambridgeshire Council's Research Group's population forecast is a more robust predictor of Cambridge's population and will continue to lobby the Government to make sure future mid-year population estimates pick up the level of growth in the city.
- i) **Review of Capital** - The review work undertaken in responding to the understatement of future cost projections has included consideration of a number of factors relating to the current approach to the funding of capital spending. Initial measures have been built into this BSR dealing with the medium-term period, however, a more fundamental review of the Council's approach to capital spending is intended to be undertaken following completion of the BSR and the outcomes of this will be available to feed into the September 2013 MTS.
- j) **Review of R&R** – The Council is currently in the process of undertaking a review of the Repair and Renewal Funds across the Council. This review is intended to confirm that all significant Council assets are being provided for and that level of asset replacement contributions and maintenance budgets are adequate. It is expected that the review will report in spring 2013 and consideration of the finding will be included in the September 2013 MTS as appropriate.
- k) **Welfare Reform** - Government's plans to reform the country's system of welfare payments have considerable implications for the Council and for the work of this service area. The

new local Support Scheme for Council Tax has been covered above, but there are a number of other potential implications for the Council. Key ongoing changes and issues are:

- changes to Local Housing Allowance (LHA);
- the formation of a Single Fraud Investigation Service;
- the Introduction of Universal Credit (UC); and
- potential impact to the HRA rent account of the introduction of direct payments of UC to tenants.

The service will need to continue to work closely with organisations such as the Department for Work & Pensions [DWP] plus advocacy and support agencies to ensure that the Council's response to this agenda is as effective as possible. We also need to ensure that support, information and advice about the changes and their implications for individuals are in place, in particular for pensioners and those who are most vulnerable and in need. As a consequence of the current economic downturn, the service has already experienced an increase in its benefit assessment workloads and this is expected to continue into 2013/14 and beyond.

Updates will be provided to Members, in advance of the September 2013 MTS, where there are announcements which have significant implications for the Council's financial strategy and plans.

Options and Conclusions

Options

The work undertaken as part of the 2013/14 budget process, to date, has resulted in the development of proposals for base budgets for each Portfolio.

The January cycle of scrutiny committee meetings will consider the options available and their deliberations will be considered by the Executive in considering cross-portfolio issues and recommending a final package of budget measures to Council.

This version of the BSR recommends :

- approval of the revenue bids and funding proposals presented

In respect of the affordability of Capital Bids, this report recommends :

- approval of the capital bids and funding proposals presented

The meeting of Council on 21 February 2013 will consider the final proposed Budget, as identified in this report, for approval.

Conclusions

The review of key factors undertaken and presented in this report outlines an approach for finalising the budget for 2013/14.

The work to develop the 2013/14 Budget has been impacted by the identification of understatement of spending requirements within the MTS forecasts. However, the overachievement of net savings as part of this work, together with additional measures to effectively manage the consequences of identifying a higher savings requirement, has resulted in a revised forward projection which allows the Council to address the challenge in a managed way.

The Council's adoption of long-term budget modelling and prudent financial strategies has been instrumental in enabling it to meet the recent significant financial challenges, not least from the economic downturn and reductions in Government grant support, with the least adverse impact on service provision.

The adoption of a process of Service Reviews has provided an important contribution towards meeting the 'Net Savings Requirement' for 2013/14, realising ongoing savings in the region of £843k in 2014/15, rising to £1.477m from 2016/17. The Council is seeking to build on this approach, in identifying the most appropriate ways to meet the net savings challenge identified for future years.

Appendix A

Outline Budget Preparation Timetable

Timetable for the remaining key stages in the 2013/14 Corporate Planning and Decision Making Cycle and Budget Preparation process

Date	Major Stage
21 Jan 2013	Strategy & Resources Scrutiny Committee
24 Jan 2013	Executive Budget meeting to consider Budget-Setting Report and Council Tax requirements
7 Feb 2013	Police and Crime Panel meeting to consider Cambridgeshire Police and Crime Commissioner proposed precept
11 Feb 2013	Fire Authority – precepting meeting
15 Feb 2013	Special Strategy & Resources Scrutiny Committee considers any budget amendment proposals
19 Feb 2013	County Council – precepting meeting
21 Feb 2013	Council sets budget, Council Tax demand, precepts and overall Council Tax level
March 2013	Final approved budget reports to be sent to Cost Centre Managers by Accountancy
March 2013	2013/14 Budget Book published by Finance

Appendix B

Earmarked & Specific Funds (all figures in £'000s)

Asset Repairs & Renewals

General Fund Portfolio	Balance at 1 April 2012	Contributions 2012/13	Expenditure to December 2012	Closing Balance at December 2012
Arts, Sport & Public Places	(836.8)	(441.3)	467.6	(810.4)
Community Development & Health	(767.3)	(238.1)	55.5	(949.8)
Customer Services & Resources	(4,971.5)	(937.7)	102.8	(5,806.4)
Environmental & Waste Services	(5,469.1)	(341.9)	241.4	(5,569.5)
Housing - General Fund	(359.0)	(39.1)	1.4	(396.7)
Planning & Climate Change	(1,237.7)	(404.3)	81.6	(1,560.4)
Strategy	(484.9)	(74.4)	22.4	(536.9)
Totals *	(14,126.1)	(2,476.9)	972.8	(15,630.2)

* The Capital & Revenue Projects Plan includes project budgets totalling £4.75m to be funded from Repairs and Renewals Funds in the period of the Budget Setting Report, excluding current capital bids.

Climate Change Fund

	2012/13	2013/14	2014/15	2015/16	2016/17
(Surplus) / Deficit Balance b/f	(396.3)	(269.3)	(147.3)	(147.3)	(147.3)
Contributions	(129.1)	0.0	0.0	0.0	0.0
Total surplus available	(525.3)	(269.3)	(147.3)	(147.3)	(147.3)
Expenditure approvals	141.0	0.0	0.0	0.0	0.0
Pending approvals	115.0	122.0	0.0	0.0	0.0
(Surplus) / Deficit Balance c/f	(269.3)	(147.3)	(147.3)	(147.3)	(147.3)

Council Tax Earmarked for Growth

	2012/13	2013/14	2014/15	2015/16	2016/17
(Surplus) / Deficit Balance b/f	(319.9)	(398.1)	(260.0)	(308.6)	(540.0)
Contributions	(78.2)	(25.9)	(171.5)	(355.1)	(355.1)
Total surplus available	(398.1)	(424.0)	(431.4)	(663.8)	(895.1)
Expenditure approvals	0.0	164.0	122.8	123.8	148.8
(Surplus) / Deficit Balance c/f	(398.1)	(260.0)	(308.6)	(540.0)	(746.3)

Development Plan Fund

	2012/13	2013/14	2014/15	2015/16	2016/17
(Surplus) / Deficit Balance b/f	(418.2)	(267.1)	(4.2)	(11.2)	(14.2)
Contributions	(150.0)	(317.0)	(142.0)	(42.0)	(167.0)
Total surplus available	(568.2)	(584.1)	(146.2)	(53.2)	(181.2)
Forecast expenditure	301.1	579.9	135.0	39.0	39.0
(Surplus) / Deficit Balance c/f	(267.1)	(4.2)	(11.2)	(14.2)	(142.2)

Efficiency Fund

	2012/13	2013/14	2014/15	2015/16	2016/17
(Surplus) / Deficit Balance b/f	(483.9)	(386.1)	(373.6)	(373.6)	(373.6)
Contributions	(200.0)	0.0	0.0	0.0	0.0
Total surplus available	(683.9)	(386.1)	(373.6)	(373.6)	(373.6)
Expenditure approvals	297.8	12.5	0.0	0.0	0.0
(Surplus) / Deficit Balance c/f	(386.1)	(373.6)	(373.6)	(373.6)	(373.6)

Fixed-Term Posts Costs

	2012/13	2013/14	2014/15	2015/16	2016/17
(Surplus) / Deficit Balance b/f	(30.0)	(30.0)	(30.0)	(30.0)	(30.0)
Contributions	-	-	-	-	-
Total surplus available	(30.0)	(30.0)	(30.0)	(30.0)	(30.0)
Expenditure	-	-	-	-	-
(Surplus) / Deficit Balance c/f	(30.0)	(30.0)	(30.0)	(30.0)	(30.0)

New Homes Bonus

£'000s	11/12	12/13	13/14	14/15	15/16	16/17	17/18	18/19	19/20
2011/12 Allocation	(787)	(787)	(787)	(787)	(787)	(787)	0	0	0
2012/13 Allocation	0	(735)	(735)	(735)	(735)	(735)	(735)	0	0
Confirmed Allocation Total	(787)	(1,522)	(1,522)	(1,522)	(1,522)	(1,522)	(735)	0	0
Funding for Growth Posts	818	818	818	818	818	818	818	818	818
Reduction in Growth Posts	0	0	0	0	(33)	(33)	(33)	(33)	(33)
Confirmed Allocation less Commitments	32	(703)	(703)	(703)	(736)	(736)	51	785	785
Use of Available Funding - prior years	(32)	703	0	0	0	0	0	0	0
Use of Available Funding - in Sept 2012 MTS	0	0	450	0	0	0	0	0	0
2013/14 Provisional Allocation	0	0	(564)	(564)	(564)	(564)	(564)	(564)	0
Proposed Use of Available Funding - Feb 2013 BSR	0	0	110	90	0	0	0	0	0
Support for Capital Plan - via DRF	0	0	707	880	880	880	0	0	0
2013 BSR - balance unapplied	0	0	0	(297)	(420)	(420)	(513)	222	785
2014/15 Projection	0	0	0	(1,038)	(1,038)	(1,038)	(1,038)	(1,038)	(1,038)
Support for base budget in lieu of Govt grant	0	0	0	564	564	564	564	564	253
(Uncommitted) / Over committed NHB Funding	0	0	0	(771)	(894)	(894)	(988)	(253)	0

Pension Fund Reserve

	2012/13	2013/14	2014/15	2015/16	2016/17
(Surplus) / Deficit Balance b/f	(164.3)	(492.8)	(985.5)	(1,642.5)	(2,463.8)
Contributions	(328.5)	(492.8)	(657.0)	(821.3)	(985.5)
Total surplus available	(492.8)	(985.5)	(1,642.5)	(2,463.8)	(3,449.3)
Expenditure approvals	0.00	0.00	0.00	0.00	0.00
(Surplus) / Deficit Balance c/f	(492.8)	(985.5)	(1,642.5)	(2,463.8)	(3,449.3)

Project Facilitation Fund

	2012/13	2013/14	2014/15	2015/16	2016/17
(Surplus) / Deficit Balance b/f	0.0	(44.0)	(44.0)	(44.0)	(44.0)
Contributions	(250.0)	0.0	0.0	0.0	0.0
Total available	(250.0)	(44.0)	(44.0)	(44.0)	(44.0)
Expenditure approvals	206.0	0.0	0.0	0.0	0.0
(Surplus) / Deficit Balance c/f	(44.0)	(44.0)	(44.0)	(44.0)	(44.0)

Property Strategy Fund

	2012/13	2013/14	2014/15	2015/16	2016/17
(Surplus) / Deficit Balance b/f	(176.9)	(13.6)	(18.6)	(53.5)	(88.4)
Contributions	(34.2)	(34.9)	(34.9)	(34.9)	(34.9)
Total surplus available	(211.1)	(48.5)	(53.5)	(88.4)	(123.3)
Expenditure approvals	197.5	29.9	0.0	0.0	0.0
(Surplus) / Deficit Balance c/f	(13.6)	(18.6)	(53.5)	(88.4)	(123.3)

In addition to the above resources, it was agreed in July 2010 that the proceeds of the sale of one of the Council's commercial premises, £385,000, be made available to reinvest in an alternative commercial property.

Technology Investment Fund

Description	2012/13	2013/14	2014/15	2015/16	2016/17
(Surplus) / Deficit b/f	(213.1)	(84.9)	(84.9)	(84.9)	(84.9)
Existing Commitments	128.2	0.0	0.0	0.0	0.0
New commitments	0.0	0.0	0.0	0.0	0.0
(Surplus) / Deficit c/f	(84.9)	(84.9)	(84.9)	(84.9)	(84.9)

Developer Contributions at July 2012

Category	Completed agreements		Approvals ¹		Projected Balance Available ²	Future Forecast ³	
	Balance at 1 April 2012	Apr 2012 – Jan 2013 (Receipts)	Capital Plan	Hold List		Non Growth Sites	Growth Sites ⁴
Affordable Housing	(67.9)	0.0	68.0	0.0	0.1	0.0	(704.0)
Community Facilities	(1,758.8)	(327.3)	1,986.0	0.0	(100.1)	(591.5)	(461.0)
Formal Open Space / Outdoor Sport	(879.8)	(637.2)	1,274.0	261.8	(0.6)	(232.6)	(725.1)
Informal Open Spaces	(1,429.2)	(330.4)	1,596.0	138.2	(25.4)	(251.0)	(535.4)
Children / Teenagers Play Provision	(439.0)	(271.2)	683.0	0.0	(27.2)	(210.5)	(456.5)
Indoor Sports Facilities	(21.8)	(90.2)	100.0	0.0	(12.0)	(112.9)	0.0
Public Art	(606.1)	(43.0)	638.0	0.0	(11.2)	(135.0)	0.0
Public Realm	(247.7)	0.0	200.0	0.0	(47.7)	(135.0)	(50.0)
Miscellaneous	(71.8)	(65.9)	82.0	0.0	(55.8)	0.0	(14.2)
Total	(5,541.5)	(1,765.3)	6,627.0	400.0	(279.8)	(1,668.5)	(2,946.3)

1. Includes only those approved capital projects that are in the Capital Plan (2012/13 - 2016/17) to be financed from Developer Contributions. The BSR 2013 approved the setting up of five new capital programmes funded from Developer Contributions; four area-based (where decisions about the use of funds have been devolved to Area Committees) and one City-wide (to fund strategic projects). The Hold List includes contributions identified for Phase 2 of the Cherry Hinton Hall Grounds Improvements project for which external funding sources are being identified.

2. These amounts will be incorporated into the Area and City-wide Developer Contribution programmes, as appropriate, as part of the Council's approach to devolved decision making

3. Includes forecast funding from completed S106 agreements where trigger points for the receipt of contributions have not yet been reached. Whilst most of these contributions are for off-site spending, stipulations within some legal agreements can prescribe how (type of project), where (proximity to development) and when the contribution can be used. Developer contributions must be used for the intended purposes.

4. Contributions from developments, including CB1 and NIAB Frontage are available to fund projects beyond the growth sites.

Developer Contributions Forecast – Major Growth Sites (memorandum only)

Category	Cambridge City £000	Cambridgeshire CC £000	South Cambs DC £000	TOTAL £000
Affordable Housing ¹	0.0	0.0	0.0	0.0
Community Facilities ^{2 3}	6,606.8	2,155.9	0.0	8,762.7
Formal Open Space ³	983.7	745.8	0.0	1,729.5
Informal Open Space ^{2 3}	3,810.2	0.0	0.0	3,810.2
Children & Teenagers ^{2 4}	2,093.2	0.0	0.0	2,093.2
Allotments ^{2 4}	221.0	0.0	0.0	221.0
Indoor Sport ³	1,454.0	0.0	0.0	1,454.0
Public Art ¹	0.0	0.0	0.0	0.0
Public Realm ^{1 2}	82.5	0.0	0.0	82.5
Waste & Recycling ^{2 4}	25.6	0.0	0.0	25.6
Ecology ³	564.3	0.0	0.0	564.3
Miscellaneous ³	398.0	0.0	35.9	433.9
Section 106 monitoring ²	375.0	0.0	0.0	375.0
Community development & other revenue contributions	1,040.0	0.0	0.0	1,040.0
Education & Lifelong learning	0.0	52,014.4	0.0	52,014.4
Household Waste Recycling Facility	0.0	1,514.4	0.0	1,514.4
Transport	0.0	35,698.1	0.0	35,698.1
TOTAL	17,654.3	92,128.7	35.9	109,818.9

¹ Indicates that all provision within this category will be provided on site, so that no off-site contributions will be payable

² Indicates site-specific maintenance contributions only for open spaces/public realm areas within these categories to be provided on site that will be transferred to the City Council to manage and maintain/ or payments to the local authority for other facilities and services that need to be provided/delivered on site

³ Indicates off-site contribution towards named project specified in S106 agreement

⁴ Formula contributions to be calculated

Appendix C (a)

Calculation of Council Tax Base 2013/14

	Council Tax Bands								
	A	B	C	D	E	F	G	H	Total
Dwellings on the valuation list	2,980	9,574	17,641	8,621	4,942	3,100	2,845	446	50,149
Dwellings treated as exempt	208	572	908	595	301	248	385	168	3,385
Adjustments for disabled relief (i.e. reduced by one band)	0	13	42	24	22	11	10	3	125
	13	42	24	22	11	10	3	0	125
Total chargeable dwellings	2,785	9,031	16,715	8,024	4,630	2,851	2,453	275	46,764
Number of dwellings included in the in the above totals:									
Entitled to a 25% discount (single adult household)	1,721	4,797	5,151	2,013	1,053	549	400	18	15,702
Entitled to a 25% discount (all but one adult disregarded)	16	175	315	129	68	39	21	2	765
Entitled to a 50% discount (all residents disregarded)	0	9	5	10	3	5	5	9	46
Classed as second homes and treated for Formula Grant purposes as entitled to 50% discount	245	267	392	270	187	79	57	6	1,503
Classed as long term empty and receiving 50% discount	86	50	107	40	35	14	14	12	358
Where there is a liability to pay 100% council tax	717	3,733	10,745	5,562	3,284	2,165	1,956	228	28,390
Total number of equivalent dwellings after discounts, exemptions and disabled relief	2,185.25	7,625.00	15,096.50	7,328.50	4,237.25	2,655.00	2,309.75	256.50	41,694
Ratio to Band D	6/9	7/9	8/9	1	11/9	13/9	15/9	18/9	
Band D equivalents	1,456.8	5,930.6	13,419.1	7,328.5	5,178.9	3,835.0	3,849.6	513.0	41,511.5
Band D equivalent contributions for Government properties									1.0
Tax base for Formula Grant purposes									41,512.5
	Add	Estimated net growth in tax base							633.4
	Add	Additional second homes income (based on previous 10% discount)							576.0
	Less	Adjustment for student exemptions							(946.8)
	Less	Adjustment for local Council Tax Support Scheme							(4,354.2)
	Add	Adjustment for changes to discounts & exemptions and introduction of empty homes premium							706.0
	Less	Assumed loss on collection at 1.3%							(495.6)
Total Band D Equivalents – Tax base for Council Tax and Precept Setting Purposes									37,631.3

Appendix C (b)

Council Tax Setting 2013/14

To be included in version 4 - Council

2013/14 Budget - Revised Budget Bids & Savings

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Reference	Item Description	2012/13 Budget £	2013/14 Budget £	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	Contact
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Revised Budget

Community Services - Arts, Sport & Public Places

RB3238	The Big Weekend	(23,000)	0	0	0	0	Elaine Midgley
	Underspend on The Olympic Torch Relay against original budget of £75,000						
RB3262	Corn Exchange	35,000	0	0	0	0	Steve Bagnall
	Difficult trading conditions have led to worse than anticipated ticket sales						
RB3263	Box Office	21,750	0	0	0	0	Neil Jones
	Overall underachievement of income from external clients						
RB3264	Distribution Service	19,000	0	0	0	0	Neil Jones
	Overall underachievement of income which has led to a review of the service for 2013/14						
RB3265	Folk Festival	43,500	0	0	0	0	Elaine Midgley
	Overspend due to reinstatement costs, reduction in sponsorship income and a reduced attendance of the Friday of the festival.						
RB3266	Midsummer Fair	6,000	0	0	0	0	Elaine Midgley
	Bad weather led to lower public attendance and a smaller number of showmen attending and renting space.						
RB3267	Arts & Entertainment central costs	12,500	0	0	0	0	Debbie Kaye
	Forecast overspend on salary budget						
Total Revised Budget in Community Services - Arts, Sport & Public Places		114,750	0	0	0	0	0

Community Services - Community Development & Health

RB3013	Increase in burials and cremations generating additional income	(96,000)	0	0	0	0	Tracy Lawrence
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2013/14 Budget - Revised Budget Bids & Savings

Appendix Page 2 of 11

Reference	Item Description	2012/13 Budget £	2013/14 Budget £	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	Contact
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Revised Budget

There has been an unexpected increase in the number of burials and cremations during the first half of the current year which is not in keeping with previous years trends, we therefore anticipate that the increase in activity will generate at least £96,000 of additional income.

RB3120	Grants Team - salaries budget underspend 2012/13 only	(15,000)	0	0	0	0	0 Jackie Hanson
	Salaries budget underspend in the Grants Team due to vacancy (now filled)						
RB3127	Various small underspends across community and neighbourhood staffing and project budgets	(20,000)	0	0	0	0	0 Trevor Woollams
	Various small underspends across community and neighbourhood staffing and project budgets						
RB3239	Commemorations	(15,000)	0	0	0	0	0 Tracy Lawrence
	One off salary saving due to delay in recruitment						
RB3242	CD Voluntary Support (support costs/ projects)	(3,000)	0	0	0	0	0 Jackie Hanson
	Area Committee staffing met from existing hours						
RB3243	Community Development Admin	(4,000)	0	0	0	0	0 Trevor Woollams
	Underspend on training						
Total Revised Budget in Community Services - Community Development & Health		(153,000)	0	0	0	0	0

Community Services - Housing

RB3031	Additional up front costs arising from the Housing Options Restructure	30,790	0	0	0	0	0 David Greening
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Additional redundancy costs need to be met as a result of a restructure of the Housing Options Service, although this additional one-off cost contributes to an additional ongoing saving from 2013/14 onwards.

2013/14 Budget - Revised Budget Bids & Savings

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Reference	Item Description	2012/13 Budget £	2013/14 Budget £	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	Contact
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Revised Budget

RB3034	Additional funding required to meet contractual commitments in respect of the Ditchburn Place Care and Support Contract	17,800	0	0	0	0	0 Laura Wilderspin
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The authority is contractually committed to delivering care and support services at Ditchburn Place for 2012/13 and beyond, with an anticipated overspend in costs due to the finally agreed outcome of the pay, terms and conditions review. [See also UR3033 and PPF3214]

RB3182	Additional costs in the provision of emergency accommodation for homeless households	25,560	0	0	0	0	0 David Greening
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The authority has a statutory obligation to provide emergency accommodation. An increase in demand for the service, coupled with the loss of some existing solutions in 2012/13 (one bed & breakfast) has resulted in an anticipated overspend for the year. [See also UR3035]

RB3193	Budget saving in respect of Supporting People Retrenchment	(12,060)	0	0	0	0	0 Julia Hovells
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A historic arrangement which saw the City Council and other local authorities contribute to the costs of support provision through a retrenchment arrangement has now come to an end.

RB3247	Housing Strategy	(17,000)	0	0	0	0	0 Alan Carter
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Funding for vacant Strategy Officer post where post has been deleted from structure

Total Revised Budget in Community Services - Housing	45,090	0	0	0	0	0	
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Environment - Environmental & Waste Services

RB3082	Electricity charges for Newmarket Road Air Quality Monitor	1,500	0	0	0	0	0 Jo Dicks
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Electricity supply for this site was from the local street lighting supply with the consent of the County Council. However the street lighting on Newmarket road has been upgraded recently and the supply was disconnected. The County Council are not able to reinstate this supply and therefore we need to arrange installation and supply to the monitor to maintain our air quality network. (See also UR3080)

RB3136	Recycling budget	(164,000)	0	0	0	0	0 Jen Robertson
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2013/14 Budget - Revised Budget Bids & Savings

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Reference	Item Description	2012/13 Budget £	2013/14 Budget £	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	Contact
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Revised Budget

The Materials Recycling Facility (MRF) contract price is determined every 6 months based on the value of the recycle materials from the blue bin which makes predicting budgets difficult. This revised budget change reflects the saving based on the value of the basket of materials for the rest of the current year. The change also reflects additional recycling income as a result of a small increase in tonnage recycled which has resulted in additional recycling credit payments from the county council.

RB3137	Trade Refuse - Operational budget saving	(69,600)	0	0	0	0	Chloe Hipwood
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Anticipated loss of business for this financial year has not been evident; leading to an increased income from higher than inflation price increases added at the start of the financial year to mitigate against this potential loss. The trade waste mixed recycling service has continued to expand leading to an increase in customers and decrease in landfill costs, again resulting in additional income. Savings will not continue due to an increase in gate fee and the transfer of disposal costs for some waste types from the County Council due to legislative changes in the Controlled Waste Regulations 2012.

RB3166	Salary savings - Fleet cost centre	(82,000)	0	0	0	0	Michael Parsons
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This one off saving within the fleet cost centre is a result of a detailed review of the salaries and vacant posts during the current year. This is not expected to continue into 2013/14.

RB3256	Food and Occupational Safety - scores on the doors	(5,640)	0	0	0	0	Jas Lally
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Software for Scores on the doors no longer required as we have become members of the Government scheme

RB3257	Liquor Licensing additional income	(12,000)	0	0	0	0	Jas Lally
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Additional income on premises licences

RB3258	Additional recycling material income	(10,000)	0	0	0	0	Jen Robertson
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Additional income from recycled material anticipated

RB3260	Out of Hours	(4,000)	0	0	0	0	Althea Mejias
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Underspend on staff costs for Out Of Hours Service

Total Revised Budget in Environment - Environmental & Waste Services		(345,740)	0	0	0	0	
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2013/14 Budget - Revised Budget Bids & Savings

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Reference	Item Description	2012/13 Budget £	2013/14 Budget £	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	Contact
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Revised Budget

RB3021	One-off administrative savings on Sustainable City budget	(7,000)	0	0	0	0	David Kidston
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Savings arising in this year from underspends on staff, events and publicity in the Sustainable City budget. Activity will be refocused in future years in line with revised Climate Change Strategy.

RB3096	Current year saving for Building Control Other Account	(10,000)	0	0	0	0	Patsy Dell
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£10,000 savings identified from employee expenditure and consultant professional fees. Employee savings due primarily to reduced expenditure on out of hour call out for dangerous structures for period of April to October 2012. Savings on consultant costs due to reduced need for structural engineer attendance for dangerous structures and unauthorised work for the same period. (See also SR3163)

RB3100	Planning fee income shortfall - Growth sites	271,000	0	0	0	0	Patsy Dell
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Planning fee income from the growth sites is significantly below anticipated receipts. This is because the submission dates for planning applications on sites in the Southern Fringe and at Addenbrookes has not happened when the Council were led to expect they would. The fee income budget is currently showing an underachievement of £105,848 with end of year position anticipated to be at £307,000. Notwithstanding this, there is significant pre-application work being undertaken, demonstrated by the £36,000 overachievement on pre-application charges anticipated this year. The ability to predict with confidence when major planning applications will be received, other than with the University site at North West Cambridge is now extremely difficult.

RB3101	Appeals costs - Cromwell Road	79,000	0	0	0	0	Patsy Dell
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The Cromwell Road (Weston Homes) planning appeal was allowed and an award of costs has been made against the Council. The planning service has no budget provision for these costs. Whilst the costs will be subject to challenge, in-year provision needs to be made for them as a supplement to the agreed planning services budget. (See also UR3102)

RB3108	In year savings in the Urban Design and Conservation Section	(37,000)	0	0	0	0	Patsy Dell
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In year savings arising from vacancies and adjustments to the staffing establishment in Urban Design and Conservation (Senior Urban Design Officer moving to part-time and two rounds of recruitment to the Principal Conservation and Design Officer post).

RB3110	Director & Business & Information Services - Staff Salaries	(34,000)	0	0	0	0	Paul Boucher
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Underspend on staff salaries arising from delays in recruiting into vacant posts following Departmental Support Services Review and two posts covered by maternity leave funding. Minor impact on service delivery.

2013/14 Budget - Revised Budget Bids & Savings

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Reference	Item Description	2012/13 Budget £	2013/14 Budget £	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	Contact
RB3138	Anticipated underachievement of Income from car parking 2012/13	306,900	0	0	0	0	0 Paul Necus
	Anticipated underachievement of car parking income against budget for 2012/13.						
RB3240	Director & Business & Information Services	(20,000)	0	0	0	0	0 Paul Boucher
	Staff salaries from vacant posts/unused hours						
RB3252	New Neighbourhoods - consultants budget and additional fee income	(15,000)	0	0	0	0	0 Patsy Dell
	Fee income above expectations and consultants fees less than expected						
RB3253	City Development - salary underspends and consultants budget	(40,000)	0	0	0	0	0 Patsy Dell
	Forecast underspends on salary and consultants budgets						
RB3254	Building Control	(4,500)	0	0	0	0	0 Patsy Dell
	Miscellaneous small underspends on admin budgets.						
RB3255	Head of Service	(1,500)	0	0	0	0	0 Patsy Dell
	Forecast underspend on training budget						
RB3261	Shopmobility Service	30,000	0	0	0	0	0 Paul Necus
	Salary overspend as implementation of restructure delayed						
Total Revised Budget in Planning & Climate Change		517,900	0	0	0	0	

Strategy

RB3019	One-off savings in the Corporate Policy budget	(42,000)	0	0	0	0	0 David Kidston
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One-off savings arising from a range of elements in the Corporate Policy budget, including staff vacancies and efficiencies/prudence in the consultancy, interpretation and translation and publications budgets.

2013/14 Budget - Revised Budget Bids & Savings

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Reference	Item Description	2012/13 Budget £	2013/14 Budget £	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	Contact
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Revised Budget

RB3020	One-off savings in Corporate Marketing administrative costs	(10,000)	0	0	0	0	0 Ashley Perry
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These savings arise from efficiencies in producing the staff newsletter electronically; and from spending less this year than in the previous year on training officers in public speaking, community engagement and communications skills

RB3154	One off employee and supplies and services savings on Corporate Strategy administration budget	(18,000)	0	0	0	0	0 Frances Barratt
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One-off administrative savings from the Corporate Strategy service administration budget.

RB3157	Central Budget for Maternity Costs	80,000	0	0	0	0	0 John Harvey
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There is a central budget provision of £164k which meets the salary costs of staff on maternity leave. Spending against this provision is, by its nature, difficult to anticipate but the spending in 2012/13 is anticipated to exceed budget. The revised estimate and this bid have been based on staff currently on maternity leave. Note that service budgets are used to meet the costs of covering for staff on maternity leave.

RB3177	Cambridge Business Improvement District (CBbid) levy	42,660	0	0	0	0	0 Emma Thornton
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Under the funding arrangements for the recently approved CBbid, all city centre business premises with a rateable value of £20,000 or more will pay an additional 1% in business rates to support the aims of the organisation. (See also UR3179).

RB3229	Capitalised pension costs no longer required	(69,200)	0	0	0	0	0 John Harvey
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Capitalised pension cost provision of £69,200 carried forward from 2011/12 for Community Development restructuring is no longer required.

RB3236	Review of Project Facilitation Fund requirement	(250,000)	0	0	0	0	0 Antoinette Jackson
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The Medium Term Strategy included a provision of £500,000 to facilitate delivery of capital schemes. Following a review of current requirements a reduction in the medium term requirement has been identified.

RB3241	CCTV	(27,000)	0	0	0	0	0 Martin Beaumont
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2013/14 Budget - Revised Budget Bids & Savings

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Reference	Item Description	2012/13 Budget £	2013/14 Budget £	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	Contact
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Revised Budget

Underspend on salaries and unbudgeted income

RB3245	Corporate Policy	(12,000)	0	0	0	0	0 Andrew Limb
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One off salary saving due to delay in recruitment

Total Revised Budget in Strategy		(305,540)	0	0	0	0	0
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Strategy & Resources - Customer Services & Resources

RB2996	Revenue and Benefit Services -Overpayments: Increase in benefit overpayments recovered from claimants no longer claiming benefit	(65,000)	0	0	0	0	0 Alison Cole
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Estimated increase in recovery of housing benefit overpayments from claimants that are no longer claiming benefit. (See also SR3001).

RB2997	Housing Benefits - one-off employee cost savings	(20,000)	0	0	0	0	0 Alison Cole
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Net one-off employee cost savings primarily resulting from secondment arrangements.

RB2998	Revenue and Benefits Services - Revenue Overheads Savings	(55,000)	0	0	0	0	0 Alison Cole
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Savings made as a result of timing issues relating to the recruitment of vacant posts and pay differences on appointment.

RB3011	Commercial Properties - increased net rental income	(50,000)	0	0	0	0	0 Philip Doggett
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Forecast additional net rental income, reflecting rent reviews, lettings and lease renewals. (See also S3012).

RB3024	Internal Audit	(44,900)	0	0	0	0	0 Bridget Bishop
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Following a review of Internal Audit's employee budgets, savings of £44,900 have been identified for 2012-13, including a one-off saving due to a post being vacant for the year and savings on other employee-related costs. (See also S3025).

2013/14 Budget - Revised Budget Bids & Savings

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Reference	Item Description	2012/13 Budget £	2013/14 Budget £	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	Contact
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Revised Budget

RB3061	Learning and Development - £3,000 savings from LD operational budgets.	(3,000)	0	0	0	0	Deborah Simpson
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Learning and Development: £3000 savings from LD operational budgets. In addition working with other authorities to explore shared services. (See also SR3133).

RB3062	Staff savings from streamlined recruitment process.	(7,000)	0	0	0	0	Deborah Simpson
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HR Recruitment: We have streamlined the approvals and recruitment process which will deliver process efficiencies. Change in staffing establishment, post recently filled on fewer hours, generating £7,000 saving. (See also SR3134).

RB3063	Health and Safety: £3,000 saving is from operational budgets.	(3,000)	0	0	0	0	Deborah Simpson
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Health and Safety: £3,000 saving is from operational budgets. Consultancy budget reduced in line with anticipated spending levels. (See also SR3135).

RB3084	Reduction in the budget for external audit fees	(17,000)	0	0	0	0	Julia Minns
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The Audit Commission audit practice will cease to operate with effect from October 2012. Contracts for the external audit of public sector bodies have been awarded to the private sector following a regionally based tendering exercise and the associated scale fees have been reduced by 40% from those which previously applied. The reduction in 2012/13 represents a part year effect only. (See also S3083).

RB3087	Reduction in bank charges budgets	(16,500)	0	0	0	0	Julia Minns
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Increasing usage by the Council and its customers of electronic payments methods, in particular direct debit and BACs, has resulted in a reduction in overall bank charges incurred by the Council which can be offered up as a saving. The proposed saving represents the General Fund share of an overall estimated saving of £16,500. (See also S3088).

RB3112	Land Charges	(16,500)	0	0	0	0	Paul Boucher
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Forecast over achievement of income due to above budgeted income in October and November. (See also S3111).

RB3114	Emergency Planning: £7,000 Saving from operational budgets.	(7,000)	0	0	0	0	Deborah Simpson
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HR Emergency Planning: £7,000 savings from operational budgets. Consultancy budget reduced in line with anticipated spending levels. (See also SR3132).

2013/14 Budget - Revised Budget Bids & Savings

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Reference	Item Description	2012/13 Budget £	2013/14 Budget £	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	Contact
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Revised Budget

RB3213	Reduced Tourist Information Centre rental income	26,000	0	0	0	0	0 Emma Thornton
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A range of factors outside of the service's control have affected the level of rental income due. These include that the income projection in 2012/13 was based on double the amount of external seating and a full 8 months of trading (the seating was only established end July). It therefore missed out on 4 months of the spring/summer season. In addition, it was an exceptionally poor summer weather-wise and footfall through the Tourist Information Centre has been down by approx 25%. This is consistent with other tourism businesses this year and is felt to be attributable to a reduction in visitors due to the Olympics. The rental income will need to be reviewed again as part of the 2013/14 MTS process.

RB3221	Contribution to Insurance Fund for MMI Clawback Provision	120,000	0	0	0	0	0 Karl Tattam
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In 1992/93 the Council's then insurers, Municipal Mutual Insurance (MMI), ceased taking new business and have since been in the process of being wound up. City Council claims paid and outstanding under this arrangement total approximately £1m. On 13 November 2012 the MMI Board of Directors reached the conclusion that a solvent run-off could no longer be foreseen. Control of the Company has now passed to a scheme administrator who will undertake a financial review of the Company and consider the extent to which any levy is to be imposed upon scheme creditors. Based on the latest information available, the Council may be required to repay approximately 12% of its relevant claims sum and, in accordance with correct accounting practice, must now set aside a provision for this amount.

RB3237	Accountancy & Support Services	(23,000)	0	0	0	0	0 Julia Minns
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Underspend in provision for temporary staff and additional hours worked during peak workload periods

RB3244	Interest	(46,980)	0	0	0	0	0 John Harvey
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One off additional interest receipt for 2012/13.

RB3246	Central Post Scanning Team	(10,000)	0	0	0	0	0 Chris Bolton
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One off salary saving due to delay in recruitment.

RB3248	HR Business Support & Operations	(10,000)	0	0	0	0	0 Deborah Simpson
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IT Supplies and Services - Review of budgets in line with anticipated spend by end March

RB3249	Employee Travel Plan	(1,000)	0	0	0	0	0 Deborah Simpson
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Review of budgets in line with anticipated spend by end March.

2013/14 Budget - Revised Budget Bids & Savings

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Reference	Item Description	2012/13 Budget £	2013/14 Budget £	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	Contact
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Revised Budget

RB3250	Organisational Development	(12,000)	0	0	0	0	0 Deborah Simpson
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Review of budgets across a number of areas in line with anticipated spend by end March.

RB3251	Operations	(13,000)	0	0	0	0	0 Deborah Simpson
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Childcare - Review of budgets in line with anticipated spend by end March.

RB3269	Increase in Local Taxation - costs recovered	(30,000)	0	0	0	0	0 Kevin Jay
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This saving relates to an increase in anticipated court costs collected based on prior year trends.

Total Revised Budget in Strategy & Resources - Customer Services & Resources	(304,880)	0	0	0	0	0
Total Revised Budget	(431,420)	0	0	0	0	0
Report Total	(431,420)	0	0	0	0	0

2013/14 Budget - Non Cash-Limit Items

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Reference	Item Description	2012/13 Budget £	2013/14 Budget £	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	Contact
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Non-Cash Limit Items

Strategy & Resources - Customer Services & Resources

NCL3169	One-off Increase in DWP Housing Benefits Admin Subsidy Grant	0	(34,560)	0	0	0	Alison Cole
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The DWP Housing Benefits Admin Subsidy Grant for financial year 2013/14 will be £34,560 higher than forecast for the Medium Term Strategy (Subsidy Circular S5/2012).

Total Non-Cash Limit Items in Strategy & Resources - Customer Services & Resources

0	(34,560)	0	0	0
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Total Non-Cash Limit Items

0	(34,560)	0	0	0
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Report Total

0	(34,560)	0	0	0
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2013/14 Budget - Bids & Savings

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Reference	Item Description	2012/13 Budget £	2013/14 Budget £	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	Contact
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Savings

Community Services - Arts, Sport & Public Places

S3121	Cash limit Arts & Recreation Development (formerly Leisure) Grants	0	(5,830)	(5,830)	(5,830)	(5,830)	Jackie Hanson
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Retain the existing budget for Arts and Recreation Development (formerly Leisure) grants and do not uplift by inflation (2% assumed)

S3232	Cambridge Arts Theatre capital grant	125,000	(25,000)	(50,000)	(50,000)	0	Elaine Midgley
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This budget proposal is to re-phase the Council's current revenue grant funding to the Cambridge Arts Theatre and recover the sum paid by 2015/16 at no net cost to the Council. The advance payment will be used as a one off contribution towards the theatre's capital development programme. This programme will generate additional income for the theatre meaning it will no longer require ongoing grant support from the Council.

Total Savings in Community Services - Arts, Sport & Public Places		125,000	(30,830)	(55,830)	(55,830)	(5,830)	
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Community Services - Community Development & Health

S3128	Cash limit Community Development Grants	0	(17,400)	(17,400)	(17,400)	(17,400)	Trevor Woollams
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Retain the existing budget for Community Development Grants and do not uplift by inflation (2% assumed)

Total Savings in Community Services - Community Development & Health		0	(17,400)	(17,400)	(17,400)	(17,400)	
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Community Services - Housing

S3032	Additional savings arising from the Housing Options Restructure	0	(20,000)	(20,000)	(20,000)	(20,000)	David Greening
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Additional ongoing savings can be delivered as a result of a restructure of the Housing Options Service, where assumptions had to be made in the budget process for 2012/13, prior to actual recruitment to the revised posts, which took place by April 2012.

S3183	Net salary adjustments and other minor operational savings	0	(5,960)	(5,960)	(5,960)	(5,960)	Julia Hovells
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2013/14 Budget - Bids & Savings

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Reference	Item Description	2012/13 Budget £	2013/14 Budget £	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	Contact
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Savings

This represents the net impact of budgeting for actual staff in post compared to global assumptions made in salary budgets for spinal points and increments, coupled with minor savings and efficiencies in other operational expenditure

S3184	Budget saving in respect of Supporting People Retrenchment	0	(11,740)	(11,740)	(11,740)	(11,740)	Julia Hovells
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A historic arrangement which saw the City Council and other local authorities contribute to the costs of support provision through a retrenchment arrangement has now come to an end.

Total Savings in Community Services - Housing	0	(37,700)	(37,700)	(37,700)	(37,700)	
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Environment - Environmental & Waste Services

S3226	Weekly Collection Support Scheme	0	0	0	0	(130,000)	Jen Robertson
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The Council was unsuccessful in its bid for grant funding under the DCLG Weekly Collection Support Scheme which would have provided funding for 3 years for a food waste collection from flats. This saving represents cancellation of the Council's contribution under the proposed scheme from 2016/17 onwards.

S3259	Recycling credits income		(10,000)	(20,000)			Jen Robertson
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Renegotiated recycling credit rates with County Council

Total Savings in Environment - Environmental & Waste Services	0	(10,000)	(20,000)	0	(130,000)	
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Planning & Climate Change

S3109	Director & Business & Information Services - Reduced Systems support costs	0	(7,000)	(7,000)	(7,000)	(7,000)	Paul Boucher
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De-commissioning of no longer required business system. Saving relates to support, maintenance costs and future replacement contributions.

S3122	Cash limit Sustainable City Grants	0	(1,000)	(1,000)	(1,000)	(1,000)	Jackie Hanson
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Retain the existing budget for Sustainable City grants and do not uplift by inflation (2% assumed)

2013/14 Budget - Bids & Savings

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Reference	Item Description	2012/13 Budget £	2013/14 Budget £	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	Contact
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Savings

Total Savings in Planning & Climate Change		0	(8,000)	(8,000)	(8,000)	(8,000)	
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Strategy

S3028	Cash limit Community Safety grants	0	(2,220)	(2,220)	(2,220)	(2,220)	Lynda Kilkelly
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It is proposed, as in previous years, to cash limit budgets for revenue grants.

S3234	Pay review provision - update for actual implementation effects	0	0	(60,880)	(165,880)	(313,630)	Deborah Simpson
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Following a detailed review of the effects of the recent pay review the actual implementation savings have been identified.

Total Savings in Strategy		0	(2,220)	(63,100)	(168,100)	(315,850)	
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Strategy & Resources - Customer Services & Resources

S3012	Commercial Properties - increased net rental income	0	(40,000)	(40,000)	(40,000)	(40,000)	Philip Doggett
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Forecast additional net rental income, reflecting rent reviews, lettings and lease renewals. (See also RB3011).

S3022	One-off savings to the City Council's election budget arising from income received for running County Council Elections 2 May 2013	0	(60,000)	0	0	0	Gary Cliff
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As the costs of running the County Council Elections held on 2 May 2013 will be met by the County Council, a one-off saving will be made from the City Council's base elections budget. (See also B3068)

S3025	Internal Audit - Employee Cost Savings	0	(5,000)	(5,000)	(5,000)	(5,000)	Bridget Bishop
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Following a review of Internal Audit's employee budgets, ongoing savings of £5,000 have been identified. (See also RB3024).

S3083	Reduction in the budget for external audit fees	0	(34,000)	(34,000)	(34,000)	(34,000)	Julia Minns
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2013/14 Budget - Bids & Savings

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Reference	Item Description	2012/13 Budget £	2013/14 Budget £	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	Contact
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Savings

The Audit Commission audit practice will cease to operate with effect from October 2012. Contracts for the external audit of public sector bodies have been awarded to the private sector following a regionally based tendering exercise and the associated scale fees have been reduced by 40% from those which previously applied. (See also RB3084).

S3111	Land Charges - Removal of Temporary Staff requirement	0	(1,550)	(1,550)	(1,550)	(1,550)	Paul Boucher
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The Land Charge function transferred into the Business & Information Service (Environment) from May 2012 and there is no longer the requirement to hold a temporary staff budget, as key person dependency has now been removed following restructuring. (See also RB3112)

S3228	Love Cambridge core funding	0	(17,280)	(17,280)	(17,280)	(17,280)	Emma Thornton
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Following the success of the CBbid project in November 2012, the activity delivered by Love Cambridge will be transferred to the new BID company. Therefore Love Cambridge will cease to exist as of 31 March 2013 and the Council's contribution for core funding is no longer required. The CBbid project supported by Love Cambridge, delivers a long term sustainable model for City Centre Partnership working in Cambridge city centre.

S3235	Income from new commercial properties at Clay Farm	0	0	0	0	(80,000)	Philip Doggett
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The Clay Farm development incorporates commercial buildings and it is anticipated that these properties will generate an income stream from 2016/17 onwards.

Total Savings in Strategy & Resources - Customer Services & Resources	0	(157,830)	(97,830)	(97,830)	(177,830)	
Total Savings	125,000	(263,980)	(299,860)	(384,860)	(692,610)	

2013/14 Budget - Bids & Savings

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Reference	Item Description	2012/13 Budget £	2013/14 Budget £	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	Contact
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Service Reviews

Community Services - Arts, Sport & Public Places

SR3048	Arts & Recreation Development Grants (previously Leisure Grants)	0	0	0	0	(50,000)	Debbie Kaye
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The grants saving will be achieved through a revised approach to the award of major grants in alignment with the new approved grants policy. This policy offers a maximum of three year funding awards for project based work. The approach will enable more available funding for new activities as well as creating the potential for a saving in 2016/17.

SR3055	Guildhall and Corn Exchange business plan (revenue implications)	0	(25,000)	(100,000)	(150,000)	(150,000)	Debbie Kaye
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A new business plan to promote commercial event management (such as conferences and weddings) at the Guildhall and Corn Exchange. This is scheduled to achieve an estimated £25,000 in additional revenue 2013/14, a further £75,000 in 2014/15 and a further £50,000 in 2015/16. The business plan identifies essential capital investment in The Guildhall and the Corn Exchange, and a contribution to these costs is sought via a capital budget bid.
(See also C3054)

SR3056	Leisure Management Contract October 2013 onwards	0	(25,000)	(50,000)	(50,000)	(50,000)	Debbie Kaye
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The Leisure management contract is due to end in September 2013, and the new one will start in October 2013. The saving proposed will be achieved through the use of a capped procurement i.e. tenders will only be considered if the contract bid is below a maximum value. Contractors will be required to demonstrate how cost efficiencies are delivered via investment in energy saving measures and subsequent reduction in utility consumption. They will also be strongly encouraged to pay the Living Wage to employees working on this contract. The ITT will indicate the Council's strong support for the payment of Living Wage, highlight the benefits that the Council believes this will provide and include evaluation criteria that measure the performance of bidders in areas where the benefits of paying the Living Wage can be demonstrated.
[See also PPF3215]

SR3224	Reduction in Public Art Officer post as part of Resource Optimisation	0	(10,000)	(10,000)	(15,000)	(15,000)	Andy Preston
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Proposed reduction of Public Art Officer post from 1.0 FTE to part time. To maintain current levels of project delivery and developers' negotiations, Planning Officers will pick up Public Art issues on smaller developments and the Project Delivery Team will support delivery of public art projects. The introduction of CIL it is likely to impact the sums of money available for public art.

Total Service Reviews in Community Services - Arts, Sport & Public Places		0	(60,000)	(160,000)	(215,000)	(265,000)	
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2013/14 Budget - Bids & Savings

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Reference	Item Description	2012/13 Budget £	2013/14 Budget £	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	Contact
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Service Reviews

Community Services - Community Development & Health

SR3015	Income generation from additional commemorations sales	0	(3,500)	(3,500)	(3,500)	(3,500)	Tracy Lawrence
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Introduction of various sources of marketing opportunities will help to increase awareness of the services offered and we anticipate that this will result in additional commemoration sales.

SR3016	Bereavement Services Review of Operational Processes	0	(15,000)	(15,000)	(15,000)	(15,000)	Tracy Lawrence
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A review of the operational arrangements and processes is due to begin shortly and it is anticipated that it will be able to make savings.

SR3017	Income generation from trading in mercury abated cremations	0	0	(20,000)	(15,000)	(10,000)	Tracy Lawrence
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Subject to the CAMEO (Crematoria Abatement Mercury Emissions Organisation) scheme being approved and implemented by the relevant associated professional organisations - (DEFRA, Institute of Cemetery & Crematorium Management, Federation of Burial and Cremation Authorities), the Council will receive income from the scheme after January 2014 by trading its 100% mercury abated cremations.

SR3018	Income generation from increased burial and cremation fees	0	(28,000)	(28,000)	(28,000)	(28,000)	Tracy Lawrence
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By increasing charges above inflation, we anticipate that it will be possible to generate additional income from burials and cremations in 2013/14 and subsequent years.

SR3129	Children and Young People's Participation Service (ChYpPS) Business Plan 2013-2016	0	(30,000)	(60,000)	(60,000)	(60,000)	Trevor Woollams
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ChYpPS Business Plan 2013 - 2016 was agreed through Community Services Scrutiny Committee on 11th October 2012. The Plan will deliver increased income which will deliver savings for the Council whilst protecting the net budget of the service.

SR3130	Queen Edith's School Community Room	0	(5,000)	(5,000)	(5,000)	(5,000)	Trevor Woollams
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The City Council withdrew from funding all other joint use facilities in schools some years ago when the Government's Extended Schools policy was introduced. This proposal will stop annual payment of £5k to Queen Edith's School as contribution towards the running of a community room and staff time.

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Service Reviews

Total Service Reviews in Community Services - Community Development & Health	0	(81,500)	(131,500)	(126,500)	(121,500)	
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Community Services - Housing

SR3115	Cambs Home Improvement Agency Efficiency Savings	0	(10,000)	(10,000)	(10,000)	(10,000)	Alan Carter
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Following the creation of a shared service with effect from April 2012, which resulted in a reduced staffing resource overall, has facilitated review of operational processes which are expected to reduce any direct contribution which Cambridge City Council is required to make to deliver this service.

SR3116	Capitalisation of staff costs in respect of project management for Council New Build / Re-Development Programme	0	(31,000)	(31,000)	(31,000)	(31,000)	Alan Carter
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Project work on new build / re-development results in the ability to recover additional costs of existing staff in the form of capital fees against specific projects. £20,000 is charged at present, with the expectation that a further £31k per annum could be recovered from 2013/14 as the programme moves forward. This proposal transfers the cost of staff from revenue to capital while projects are underway. If no programme were to exist in the future, a revenue bid would be required or costs would need to be reduced accordingly.

SR3117	Reduction in capacity to undertake Housing Strategy activity	0	(30,000)	(30,000)	(30,000)	(30,000)	Alan Carter
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Housing Strategy is increasingly being developed and monitored together with neighbouring local authorities across the sub-region. There is therefore the opportunity to reduce direct staff capacity on this work from 1.8 FTE to 1.0 FTE.

Total Service Reviews in Community Services - Housing	0	(71,000)	(71,000)	(71,000)	(71,000)	
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Environment - Environmental & Waste Services

SR3009	Review provision of clinical waste disposal	0	0	(10,000)	(10,000)	(10,000)	Michael Parsons
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Examine how the service is provided and if there is a potential to outsource or provide in-house.

SR3010	Increase in Garage Services income	0	(20,000)	(20,000)	(20,000)	(20,000)	Michael Parsons
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Service Reviews

Increasing the volume of private sales work by marketing the service and seeking new contracts within the City. Hours of operation and capacity of fitters will need to be reviewed.

SR3223	Savings following implementation of annualised hours	0	(10,000)	(10,000)	(10,000)	(10,000)	Bob Carter
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Annualised hours increase the working week when the need is at its highest the time is then compensated through shorter working arrangements during the winter months. This would have to be implemented under the Council's organisational change policy.

Total Service Reviews in Environment - Environmental & Waste Services	0	(30,000)	(40,000)	(40,000)	(40,000)	(40,000)	
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Planning & Climate Change

SR3092	Income generation from raising parking charges above inflation level in 2013/14	0	(160,000)	(160,000)	(160,000)	(160,000)	Paul Necus
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Anticipated additional income from raising car park charges above inflation will generate additional income/savings from April 2013

SR3093	Parking Services - Income generation from increasing car parking charges above the level of inflation.	0	0	(175,000)	(175,000)	(175,000)	Paul Necus
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This is the estimated additional income that could be generated from increasing prices above the level of inflation from April 2014.

SR3094	Service review to reduce management costs of car park operations	0	(30,000)	(30,000)	(30,000)	(30,000)	Paul Necus
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By reviewing the operational arrangements it will be possible to reduce the staffing management costs by one post.

SR3104	Reviewing Planning resources after the new Local Plan and Community Infrastructure Levy is delivered	0	0	0	(50,000)	(50,000)	Patsy Dell
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This proposal recognises that we have staffed up to deliver a new local plan and community infrastructure levy scheme but that the planning resource engaged on or contributing to that work will need to be reviewed when those outcomes have been achieved.

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Service Reviews

SR3105	Urban Design service savings	0	(15,000)	(15,000)	(15,000)	(15,000)	Patsy Dell
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The joint urban design team has been reconfigured as part of the planning service review and is now integral to the urban design and conservation section within planning services. Whilst a service level agreement operates with SCDC to provide shared urban design advice, there is now more capacity at SCDC and managerial responsibilities have been reduced. This has freed up urban design capacity and enables a small service reduction to be realised through a staff member request to move from full to part-time working.

SR3106	Transfer of costs of administration and management of Developer Contributions database/monitoring	0	(36,500)	(36,500)	(36,500)	(36,500)	Patsy Dell
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Funding for Developer Contributions administration is currently from the General Fund. Legislation allows councils to make reasonable charges on Developer Contribution income to defray the cost of administration and management. These charges are provided for in principle in the adopted 2010 Planning Obligations Strategy. Dealing with the cost of administration and monitoring in this way would reduce the overall Developer Contributions fund but not significantly so. It would enable the council to make savings from the general fund and reflects operating principles that are already in place in other parts of the council and will need to be taken forward as the Community Infrastructure Levy is introduced.

SR3107	Reducing the cost of specialist advice supporting the planning service	0	0	0	(50,000)	(50,000)	Patsy Dell
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The planning service is heavily reliant upon specialist advice from other services in the Environment department e.g. trees and landscapes, drainage, environmental health, public art. This proposal seeks to deliver savings by working with the other relevant Heads of Service to reduce the cost of providing that advice.

SR3163	Reduce the General Fund contribution towards the cost of the Building Control service	0	(10,000)	(10,000)	(10,000)	(10,000)	Patsy Dell
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The Building Control Service is mainly fee earning but partly paid for from the council's general fund. This proposal is to reduce the General Fund (non-fee earning) contribution by £10,000 a year. This will be achieved by the service area through increased income in fee earning areas and efficiency savings. (See also RB3096)

Total Service Reviews in Planning & Climate Change		0	(251,500)	(426,500)	(526,500)	(526,500)	
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Service Reviews

SR3023	Corporate Policy - Reduced budget for interpretation and translation	0	(2,000)	(2,000)	(2,000)	(2,000)	David Kidston
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The proposal will reduce the base budget for the corporate interpreting services, which have been underspent consistently in recent years. This under spend and reduced requirement for budget is believed to be due primarily to the reduced costs of the service negotiated in the new contract, as well as some evidence of a reduced demand for the service.

SR3095	Income generation from external customers for out of hours services.	0	(3,000)	(3,000)	(3,000)	(3,000)	Paul Necus
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Additional income from marketing the out of hours service to external customers.

SR3225	Standardisation of all CCTV equipment and maintenance arrangements	0	(15,000)	(15,000)	(15,000)	(15,000)	Martin Beaumont
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To achieve savings across the Council for all services using CCTV through the establishment of single contracts and maintenance arrangements

Total Service Reviews in Strategy		0	(20,000)	(20,000)	(20,000)	(20,000)	
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Strategy & Resources - Customer Services & Resources

SR2999	Revenue and Benefits - Introduction of Risk Based Verification Policy	0	(35,000)	(35,000)	(35,000)	(35,000)	Alison Cole
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Reduction of administrative costs arising from the introduction of Risk Based Verification for assessment of benefits claims.

SR3000	Revenue and Benefit Services - Policy and Training Officer	0	(17,000)	0	0	0	Alison Cole
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This is a saving that is realised by only partly filling a vacancy as a result of secondment, at the end of which, the employee will return to their substantive post.

SR3001	Revenue and Benefit Services -Overpayments: Increase in benefit overpayments recovered from claimants no longer claiming benefit	0	(20,000)	(20,000)	(20,000)	(20,000)	Alison Cole
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Service Reviews

Estimated increase in recovery of housing benefit overpayments from claimants that are no longer claiming benefit. (See also RB2996).

SR3002	Reduction in volume of Post Office payment cards produced	0	(5,000)	(5,000)	(5,000)	(5,000)	Alison Cole
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Reduction in volume of Post Office payment cards produced (Council Tax) in favour of promoting cheaper methods of payment.

SR3004	Customer Services - Service Delivery Savings	0	(12,000)	(50,000)	(50,000)	(50,000)	Jonathan James
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Customer services have identified a number of non front line savings across the service that will not impact on service delivery including reduction in technology, training and management budgets.

SR3060	HR Business Management: Savings on operational budgets of £5,000.	0	(5,000)	(5,000)	(5,000)	(5,000)	Deborah Simpson
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HR Business Management: Savings on operational budgets of £5,000.

SR3064	Health and Safety and Emergency Planning: Fixed term contract post (H&S and EP) ends in April 2014.	0	0	(33,000)	(33,000)	(33,000)	Deborah Simpson
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Health and Safety and Emergency Planning: Fixed term contract post (H&S and EP) ends in April 2014. Saving is cost of post.

SR3067	Increased revenue from the Tourism Service	0	(40,000)	(40,000)	(40,000)	(40,000)	Emma Thornton
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Development of a new strategy with the new Visit Cambridge website to maximise income generated through on line activity. Reviewing of price structure on guided tours ticket prices. Review of current commercial ticket sales agreements and development of new commercial opportunities through the service.

SR3085	Reduction in Accountancy Section overall staffing budgets	0	(15,000)	(15,000)	(15,000)	(15,000)	Julia Minns
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This proposal is to reduce the overall staffing budgets within the Resources Department Accountancy Section following a review of the services provided. Services and support will be re-focused to activities considered to be of highest risk and to meet statutory requirements.

SR3086	Reduction in Accountancy Technical & Systems Team staffing by 0.5 FTE	0	(8,000)	(10,300)	(10,300)	(10,300)	Julia Minns
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Service Reviews

This proposal is to reduce by 0.5 FTE the staffing level within the Accountancy Technical & Systems Team. The affected post was filled on a 2 year fixed term contract wef 20/06/11 pending the outcome of the Departmental and Support Services Review and achievement of a reduction in the userbase of the Council's financial management system resulting from centralisation of system input.

SR3088	Reduction in bank charges budgets	0	(16,500)	(16,500)	(16,500)	(16,500)	Julia Minns
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Increasing usage by the Council and its customers of electronic payments methods, in particular direct debit and BACs, has resulted in a reduction in overall bank charges incurred by the Council which can be offered up as a saving. The proposed saving represents the General Fund share of an overall estimated saving of £16,500. (See also RB3087).

SR3118	Introduction of Internal Audit automated software	0	0	(12,500)	(12,500)	(12,500)	Steve Crabtree
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Estimated savings of £12,500 (on employee costs) could be made by the introduction of an automated audit software package in conjunction with Peterborough City Council, which will speed up the audit process. Proposals are to implement the software during 2013 and embed it during 2013-14. Savings will not be deliverable until the system is fully embedded during 2014-15.

SR3132	Emergency Planning: Saving from operational budgets.	0	(7,000)	(7,000)	(7,000)	(7,000)	Deborah Simpson
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HR Emergency Planning: £7,000 saving is from operational budgets. Consultancy budget reduced in line with anticipated spending levels. (See also RB3114).

SR3133	Learning and Development - £3,000 savings from LD operational budgets.	0	(3,000)	(3,000)	(3,000)	(3,000)	Deborah Simpson
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Learning and Development: £3,000 savings from LD operational budgets. In addition working with other authorities to explore shared services. (See also RB3061).

SR3134	Staff saving from streamlined recruitment process.	0	(7,000)	(7,000)	(7,000)	(7,000)	Deborah Simpson
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HR Recruitment: We have streamlined the approvals and recruitment process which will deliver process efficiencies. Change in staffing establishment, post recently filled on fewer hours, generating £7,000 saving. (See also RB3062).

SR3135	Health and Safety: £3,000 saving is from operational budgets.	0	(3,000)	(3,000)	(3,000)	(3,000)	Deborah Simpson
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Health and Safety: £3,000 saving is from operational budgets. Consultancy budget reduced in line with anticipated spending levels. (See also RB3063).

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Service Reviews

SR3155	Design, Engineering and Facilities Service. Non replacement of post on retirement.			(23,700)	(35,500)	(35,500)	Jim Stocker
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Retirement of Design, Engineering and Facilities Manager. Member of staff has indicated that they will be taking deferred retirement. (See also SR3156).

SR3222	Customer Service Centre - reduced Opening Hours	0	(135,000)	(135,000)	(135,000)	(135,000)	Jonathan James
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Savings will be delivered through reducing Customer Services' hours of opening. Call volumes and visitors at the beginning and end of the day are low. It is not envisaged that there will be an adverse impact on service delivery. (Revised opening hours: Monday - 8 am - 5.15 pm, Tuesday - 9 am - 5.15 pm, Wednesday - 9 am - 6 pm, Thursday and Friday - 9 am - 5.15 pm.)

Total Service Reviews in Strategy & Resources - Customer Services & Resources	0	(328,500)	(421,000)	(432,800)	(432,800)	
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Total Service Reviews	0	(842,500)	(1,270,000)	(1,431,800)	(1,476,800)	
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Unavoidable Revenue Bids

Community Services - Housing

UR3033	Additional funding required to meet contractual commitments in respect of the Ditchburn Place Care and Support Contract	0	41,830	0	0	0	Laura Wilderspin
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The authority is contractually committed to delivering care and support services at Ditchburn Place for 2013/14 as part of an initial 3 year contract, with an option to extend for a further 2 years. There is an anticipated overspend in costs due to the finally agreed outcomes of the pay, terms and conditions review, with this bid allowing the authority to meet the initial 3-year contract obligations. [See also RB3034 and PPF3214]

UR3035	Additional costs in the provision of emergency accommodation for homeless households	0	44,000	44,000	44,000	44,000	David Greening
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The authority has a statutory obligation to provide emergency accommodation. An increase in demand for the service, coupled with the loss of some existing solutions in 2012/13 (bed & breakfast) results in the need to provide alternatives. This bid will allow the authority to continue to use bed & breakfast where it is available, but also to pursue delivering an alternative solution by leasing an existing hostel in the city, with services managed by the Council's Temporary Housing Service.

Total Unavoidable Revenue Bids in Community Services - Housing	0	85,830	44,000	44,000	44,000	44,000	
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Environment - Environmental & Waste Services

UR3080	Electricity charges for Newmarket Road Air Quality Monitor	0	2,000	2,000	2,000	2,000	Jo Dicks
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Electricity supply for this site was from the local street lighting supply with the consent of the County Council. However the street lighting on Newmarket road has been upgraded recently and the supply was disconnected. The County Council are not able to reinstate this supply and therefore we need to arrange a new installation and supply to the monitor to maintain our air quality network. (See also RB3082)

Total Unavoidable Revenue Bids in Environment - Environmental & Waste Services	0	2,000	2,000	2,000	2,000	2,000	
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Planning & Climate Change

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Unavoidable Revenue Bids

UR3097	County Council service level agreement for undertaking housing and development research and monitoring	0	8,000	8,000	8,000	0	Sara Saunders
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The delivery of the local plan and associated research work such as the annual monitoring report (AMR) relies upon regular monitoring of housing completions and associated development activity. This work is currently undertaken by the county council on behalf of all districts in Cambridgeshire. They are now seeking to cover the costs of undertaking this work, or they will cease providing the service. The cost of undertaking this work in house would be more than paying the county to undertake it for us (subject to ongoing scrutiny of value for money).

UR3102	Continuation of reserve fund for planning appeals	0	30,000	30,000	0	0	Patsy Dell
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Planning appeals need to be resourced and the experience of the last 18 months has been that there are more appeals being pursued where costs can be an issue (both for the council's own costs and in the event of a costs claim being awarded against us). There has previously been a major appeals reserve fund and this is now exhausted. The bid reflects the need for the service to have provision to fund these appeals without an exceptional case having to be made each time an appeal arises. £30,000 pa is suggested as appropriate for this reserve fund for the next two years. (See also RB3101)

Total Unavoidable Revenue Bids in Planning & Climate Change	0	38,000	38,000	8,000	0
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Strategy

UR3179	Cambridge Business Improvement District (CBbid) levy		42,660	42,660	42,660	42,660	Emma Thornton
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Under the funding arrangements for the recently approved CBbid, all city centre business premises with a rateable value of £20,000 or more will pay an additional 1% in business rates to support the aims of the organisation. (See also RB3177).

Total Unavoidable Revenue Bids in Strategy	42,660	42,660	42,660	42,660
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Total Unavoidable Revenue Bids	0	168,490	126,660	96,660	88,660
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Report Total	125,000	(937,990)	(1,443,200)	(1,720,000)	(2,080,750)
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Appendix G (a)

General Fund Projection 2012/13 to 2016/17

Description	2012/13 (£'s)	2013/14 (£'s)	2014/15 (£'s)	2015/16 (£'s)	2016/17 (£'s)
Net Service Budgets	21,531,250	21,802,510	21,302,730	20,724,700	19,963,620
Revenue Budget Proposals:					
Revised Budget	(431,420)	0	0	0	0
Savings	125,000	(1,106,480)	(1,569,860)	(1,816,660)	(2,169,410)
Bids	0	168,490	126,660	96,660	88,660
Non-Cash Limit Items	0	(34,560)	0	0	0
PPF Bids	0	300,200	296,700	284,700	284,700
Sub-Total	21,224,830	21,130,160	20,156,230	19,289,400	18,167,570
Future Years PPF Provision	0	0	300,000	300,000	300,000
Sub-Total	21,224,830	21,130,160	20,456,230	19,589,400	18,467,570
Capital Accounting Adjustments	(4,593,190)	(4,593,190)	(4,593,190)	(4,593,190)	(4,593,190)
Capital Expenditure Financed from Revenue	3,893,170	1,237,000	1,070,000	2,444,000	2,762,000
Sub-Total	20,524,810	17,773,970	16,933,040	17,440,210	16,636,380
Contributions to Earmarked Funds:					
Efficiency Fund	200,000	0	0	0	0
Climate Change Fund	129,050	0	0	0	0
Project Facilitation Fund	500,000	0	0	0	0
Vehicle Fleet & Plant Depreciation	775,850	775,850	775,850	775,850	775,850
Council Tax Income earmarked for Growth	78,180	25,880	171,480	355,120	355,120
New Homes Bonus	0	0	771,170	894,170	894,170
Pension Fund Reserve	328,500	492,800	657,000	821,300	985,500
Sub-Total	22,536,390	19,068,500	19,308,540	20,286,650	19,647,020
Net Savings Requirement	0	(569,700)	(1,450,830)	(2,129,700)	(1,348,980)
Net Spending Requirement	22,536,390	18,498,800	17,857,710	18,156,950	18,298,040

Appendix G (b)

General Fund Funding Statement 2012/13 to 2016/17

Description	2012/13 (£'s)	2013/14 (£'s)	2014/15 (£'s)	2015/16 (£'s)	2016/17 (£'s)
Net Spending Requirement	22,536,390	18,498,800	17,857,710	18,156,950	18,298,040
less External Support:					
Formula Grant	(8,598,810)				
Total Start-Up Funding Assessment		(9,341,180)	(8,198,090)	(8,009,530)	(7,825,310)
Council Tax Freeze Compensation Grant	(170,870)	0	0	0	0
Council Tax Support Implementation	(84,000)	(57,750)	(77,080)	0	0
Council Tax Support Transitional Grant	(17,090)	0	0	0	0
Community Right to Bid	(4,870)	(7,850)	(7,850)	0	0
Community Right to Challenge	(8,550)	(8,550)	(8,550)	0	0
Business Rates Deferral	(3,000)	0	0	0	0
Sub-Total	13,649,200	9,083,470	9,566,140	10,147,420	10,472,730
less New Homes Bonus:					
2011/12 Allocation	(786,650)	(786,650)	(786,650)	(786,650)	(786,650)
2012/13 Allocation	(734,900)	(734,900)	(734,900)	(734,900)	(734,900)
2013/14 Provisional Allocation	0	(563,740)	(563,740)	(563,740)	(563,740)
2014/15 Projection	0	0	(1,038,000)	(1,038,000)	(1,038,000)
Sub-Total	12,127,650	6,998,180	6,442,850	7,024,130	7,349,440
less Appropriation from Earmarked Funds:					
Efficiency Fund	(297,810)	0	0	0	0
Climate Change Fund	(39,210)	0	0	0	0
Project Facilitation Fund	0	0	0	0	0
Sub-Total	11,790,630	6,998,180	6,442,850	7,024,130	7,349,440
less Income From Council Tax	(6,831,370)	(6,393,560)	(6,692,850)	(7,024,130)	(7,349,440)
Collection Funds - Net Deficit / (Surplus)	87,110	140,240	0	0	0
Contribution (To) / From Reserves	5,046,370	744,860	(250,000)	0	0

Memorandum Items:					
Taxbase	41,012	37,631	38,620	39,736	40,760
Band 'D' Council Tax	£166.57	£169.90	£173.30	£176.77	£180.31
Council Tax Increase	-	2.00%	2.00%	2.00%	2.00%

Appendix G (c)

General Fund Reserves Projection 2012/13 to 2016/17

Description	2012/13 (£'s)	2013/14 (£'s)	2014/15 (£'s)	2015/16 (£'s)	2016/17 (£'s)
Balance as at 1 April (b/fwd)	(9,458,490)	(4,412,120)	(3,667,260)	(3,917,260)	(3,917,260)
Contribution (To) / From Reserves	5,046,370	744,860	(250,000)	0	0
Balance as at 31 March (c/fwd)	(4,412,120)	(3,667,260)	(3,917,260)	(3,917,260)	(3,917,260)

2013/14 Budget - Bids to External or Earmarked Funds

Appendix Page 1 of 4

Reference	Item Description	2012/13 Budget £	2013/14 Budget £	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	Contact
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External Bids

Community Services - Community Development & Health

X3123	Community Development support for North West Growth Sites	0	10,000	0	0	0	Trevor Woollams
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Budget to provide part time staff resource and small project budget to support the new North West Community Forum and community engagement. This will provide support until Developer Contribution triggers are met for funding for 1.5 Community Development workers (expected at the end of 2013).
[Bid to Growth Fund]

X3175	A part-time fixed term community development post for CB1 in accordance with the Section 106 agreement	0	10,400	10,400	10,400	0	Trevor Woollams
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A temporary part-time post to promote Community Development across the CB1 sites as specified in the Section 106 agreement with the Developers.
[Bid to Developer Contributions]

Total External Bids in Community Services - Community Development & Health	0	20,400	10,400	10,400	0	0	
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Community Services - Housing

X3077	Empty Homes Officer	0	40,000	40,000	0	0	Yvonne O'Donnell
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The bid is to appoint a new empty homes officer to bring back into use the long term empty homes that are in the City. This will increase the amount of accommodation that will be available. The bid is for 2 years to ensure that the legal process to bring these homes back into use is followed. This will build in capacity to the existing team to deal with sub standard dwellings that are occupied.
[Bid to New Homes Bonus]

Total External Bids in Community Services - Housing	0	40,000	40,000	0	0	0	
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Environment - Environmental & Waste Services

X3072	Cambridge Real Emissions Project (DEFRA Funded)	30,000	30,000	0	0	0	Jo Dicks
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2013/14 Budget - Bids to External or Earmarked Funds

Appendix Page 2 of 4

Reference	Item Description	2012/13 Budget £	2013/14 Budget £	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	Contact
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External Bids

The City Council Environmental Quality and Growth Team successfully bid to the DEFRA Air Quality Grant fund to develop a real time local vehicle emission project. The aim of the project is to understand actual vehicle emissions so that current actions can be evaluated and (more) effective actions designed for the future. It will show which vehicles and which vehicle categories are contributing significantly to poor air quality. Funding from DEFRA of £60k will be paid by the end of November and the project will run from November 2012 to November 2013 with an intense period of field work in April and May 2013. (See also X3079) [Bid to specific Grant]

X3147	Street cleaning of new growth sites	0	75,000	100,000	100,000	125,000	Bob Carter
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To provide street cleaning operatives on new adopted growth sites to include Accordia, CB1, Trumpington Meadows, Clay Farm, Glebe Farm, & NIAB 1 & 2
[Bid to Growth Fund]

X3162	R&R contributions for waste and recycling bins for new developments		300	5,500	5,500	5,500	Jen Robertson
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This R&R bid is linked to a capital bid for refuse and recycling bins for new developments. (See also C3161)
[Bid to Growth Fund]

X3165	R & R contribution for underground recycling banks	0	7,200	15,300	15,300	15,300	Jen Robertson
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New developments need to have mini recycling points for residents to recycle materials that are not currently possible to recycle in the blue bins. Developers are installing underground recycling banks in the Southern Fringe - one site for Glebe, two for Clay and one for Trumpington Meadows. However the R & R contribution needs to be funded by the Authority.
[Bid to Growth Fund]

X3168	Maintenance of Street Cleansing vehicles and plant	0	1,500	2,000	3,000	3,000	Bob Carter
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To cope with the extra demand of new development and our legal obligation for street cleansing there is a requirement to add one additional medium sized mechanical sweeper, 1 transit type vehicle and 2 mechanical pedestrian sweepers to our existing fleet.
[Bid to Growth Fund]

Total External Bids in Environment - Environmental & Waste Services	30,000	114,000	122,800	123,800	148,800	
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2013/14 Budget - Bids to External or Earmarked Funds

Appendix Page 3 of 4

Reference	Item Description	2012/13 Budget £	2013/14 Budget £	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	Contact
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External Bids

X3074	Green Deal Development Officer and associated costs	0	20,000	0	0	0	0 Jo Dicks
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The City Council Environmental Quality & Growth Team is working with other Cambridgeshire districts to develop a Cambridgeshire 'Green Deal' offering. A project plan will be put before the January Environment Scrutiny Committee for approval. If a workable model for green deal delivery is agreed then this post will be needed to implement the project plan until the project becomes self funding (end of year1) through referral fees. The bid also includes external legal work and project procurement costs. It is anticipated that this will be a part-time 1 year contract.
[Funded from New Homes Bonus]

X3103	Matching growth related planning resources to future needs	0	0	0	(33,000)	(33,000)	Patsy Dell
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This proposal recognises that the Council has 'staffed up' to meet growth demands in planning services. The current growth delivery commitments and the associated implications for staffing in the planning service are anticipated to reduce at some future stage and current resources will need to be reviewed against future needs. Posts currently funded from NHB so no net effect on base budget.

Total External Bids in Planning & Climate Change	0	20,000	0	(33,000)	(33,000)	
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Strategy

X3119	Cambridge District Heating Scheme	0	50,000	50,000	0	0	Simon Payne
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The bid relates to the appointment of a part time project manager and detailed financial appraisal work that would allow a decision to be made within 24 months on the procurement of a design and build scheme for a £25 million District Heating Scheme serving the centre of Cambridge. The bid is to be match funded by the University of Cambridge and as part of a joint venture approach. The total cost of the detailed financial appraisal and feasibility work amounts to £250,000 and in the order of £50,000 has already been committed from Housing Growth Fund money held by the Low Carbon Development Initiative. In addition to significant carbon savings the scheme will reduce energy costs for the City Council, universities and some colleges.
[Funded from New Homes Bonus]

Total External Bids in Strategy	0	50,000	50,000	0	0	
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Strategy & Resources - Customer Services & Resources

2013/14 Budget - Bids to External or Earmarked Funds

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Reference	Item Description	2012/13 Budget £	2013/14 Budget £	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	Contact
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External Bids

X3211	Contribution towards CBbid running costs	17,500					Kevin Jay
	Fixed contribution towards the CBbid levy collection and software support and maintenance costs. Costs to be met from external funding (CBbid organisation). (See also X3212.)						
X3212	Contribution towards CBbid running costs	0	17,500	17,500	17,500	17,500	Kevin Jay
	Fixed contribution towards the CBbid levy collection and software support and maintenance costs. Costs to be met from external funding (CBbid organisation). (See also X3211.)						
X3268	Clay Farm collaboration agreement costs	20,000					Alan Carter
	Initial funding of costs in relation to the Clay Farm collaboration agreement. Costs will be recovered from the future capital receipt.						

Total External Bids in Strategy & Resources - Customer Services & Resources	37,500	17,500	17,500	17,500	17,500	
Total External Bids	67,500	261,900	240,700	118,700	133,300	
Report Total	67,500	261,900	240,700	118,700	133,300	

Appendix I (a)

Priority Policy Fund Bids – ESG Ratings

Reference	Item Description	Climate Change Indicator	Climate Change Explanation
PPF3027	Salary and on cost to support the Cambridge Community Safety Partnership	Nil	No explanation required
PPF3029	Cost of running the Neighbourhood Resolution Panels Initiative within the community safety budget	Nil	No explanation required
PPF3069	Customer Service Centre - Additional 2 FTE Customer Service Advisors	Nil	No explanation required
PPF3075	Proposals for increasing recycling	+M	Increasing diversion of general waste from landfill
PPF3076	In-cab technology for trade and domestic waste service	Nil	No explanation required
PPF3078	Landlord Liaison Officer	Nil	No explanation required
PPF3098	Contribution towards the Cambridgeshire Joint Strategic Planning Unit	Nil	No explanation required
PPF3143	Rapid Response Team	+L	Positive effect on the environment by improving local environmental quality
PPF3201	Bid to seek funding to allow the continuation of the partnership "Safer Homes Scheme" scheme	Nil	No explanation required
PPF3208	Provision for additional employee costs associated with adoption of Living Wage - all directly employed and Agency staff (after 4 weeks)	Nil	No explanation required
PPF3215	Support to payment of Living Wage in the new Leisure Management contract	Nil	No explanation required

2013/14 Budget - Priority Policy Fund Bids

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Reference	Item Description	2012/13 Budget £	2013/14 Budget £	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	Contact
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PPF Bids

Community Services - Arts, Sport & Public Places

PPF3215	Support to payment of Living Wage in the new Leisure Management contract	0	12,500	25,000	25,000	25,000	Ian Ross
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Support to payment of Living Wage in the new Leisure Management contract.

[See also SR3056]

Total PPF Bids in Community Services - Arts, Sport & Public Places	0	12,500	25,000	25,000	25,000
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Community Services - Housing

PPF3078	Landlord Liaison Officer	0	40,000	40,000	40,000	40,000	Yvonne O'Donnell
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To appoint a new post which will liaise with both the Environmental Health and Housing Advice teams to tackle landlords who mis-manage tenancies and properties. This post will proactively engage with landlords to educate and regulate where necessary. This will build in capacity within both teams to be able to carry out their other statutory duties and it will also reduce the number of complaints that the Council receives due to poor management.

PPF3201	Bid to seek funding to allow the continuation of the partnership "Safer Homes Scheme" scheme .	0	10,000	0	0	0	Yvonne O'Donnell
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For the last two years the City has contributed to the "Safer Homes Scheme". The current funding ends at the end of the financial year. The scheme provides home aids to elderly and vulnerable people to help prevent and minimise accidents in the home. Preventing accidents in the home saves the NHS money. A broken hip on average costs the NHS £24K. In the past the scheme has been jointly funded by Cambridgeshire Community Services (NHS) the City Council and South Cambs DC. The service is provided by Age UK.

Total PPF Bids in Community Services - Housing	0	50,000	40,000	40,000	40,000
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Environment - Environmental & Waste Services

PPF3075	Proposals for increasing recycling	0	5,000	5,000	0	0	Jen Robertson
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2013/14 Budget - Priority Policy Fund Bids

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Reference	Item Description	2012/13 Budget £	2013/14 Budget £	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	Contact
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PPF Bids

Resources for recycling champions and the communications team to work with students and those living in houses in multiple occupancy to improve recycling rates.

PPF3076	In-cab technology for trade and domestic waste service	0	14,000	14,000	14,000	14,000	Michael Parsons
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Introduction of In-cab technology will provide a more efficient and customer focussed service. It will show up to date rounds, essential for a growing city, and the current day's collections on a display in the collection vehicle. The Customer Service Centre will receive accurate real-time information and be able to answer residents' queries more accurately and speedily. Information from residents requesting assisted collections will be logged directly on the system. (See also C3071)

PPF3143	Rapid Response Team	0	100,000	100,000	100,000	100,000	Toni Ainley
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To introduce a Rapid Response street cleaning team following population increase in the City's residential areas and outside the area covered by the BID. The team will respond flexibly and quickly to issues that reduce environmental cleanliness by removing chewing gum, washing seats, bins etc. using specialist equipment. They will support existing teams with fly tipping and extra deep cleaning of shopping parades as needed. The work will enhance current cleanliness standards by responding rapidly to reported issues across a wide area. They will cover the week on a rota system, including early evenings. The bid includes staffing, PPE, training, small plant and tools, vehicle running costs, R&R and on-costs. (See also C3142)

Total PPF Bids in Environment - Environmental & Waste Services	0	119,000	119,000	114,000	114,000		
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Planning & Climate Change

PPF3098	Contribution towards the Cambridgeshire Joint Strategic Planning Unit	0	7,000	7,000	0	0	Patsy Dell
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The Joint Strategic Planning Unit (JSPU) supports strategic planning activity across Cambridgeshire and Peterborough and is important in relation to the discharge of the Council's 'Duty to Co-operate' responsibilities under the Localism Act 2011. The current DCLG funding for the JSPU is likely to come to an end within 2013-14. In the period until the new Local Plan had been adopted (mid-2014) it is essential that measures that support the duty to co-operate are maintained. The extent of contribution that may be requested is not yet known but the current resource level in the unit and the likely numbers of partners that might be asked to contribute enable a provisional budget bid to be identified if necessary.

[Funded from New Homes Bonus]

Total PPF Bids in Planning & Climate Change	0	7,000	7,000	0	0		
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2013/14 Budget - Priority Policy Fund Bids

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Reference	Item Description	2012/13 Budget £	2013/14 Budget £	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	Contact
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PPF Bids

Strategy

PPF3027	Salary and on cost to support the Cambridge Community Safety Partnership	0	14,500	14,500	14,500	14,500	Lynda Kilkelly
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To continue the administrative support for the Cambridge Community Safety Partnership which has been very successful in contributing to the reduction of crime and disorder and anti-social behaviour in the City.

PPF3029	Cost of running the Neighbourhood Resolution Panels Initiative within the community safety budget.	0	6,000	0	0	0	Lynda Kilkelly
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To support the work of the Neighbourhood Resolution Panel Co-ordinator, to finance hiring of venues, travel and other costs for volunteers and participants, registration with the Restorative Justice Council and further training. If successful, ongoing funding for both the staffing resource and the associated costs will be made as part of the 2014/15 budget process.

PPF3208	Provision for additional employee costs associated with adoption of Living Wage - all directly employed and Agency staff (after 4 weeks)	0	43,000	43,000	43,000	43,000	Deborah Simpson
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To pay City Council employees the equivalent of the Living Wage of £7.45 by way of a pay supplement, and to pay agency workers £7.45 after week 4 of their engagement. This will be monitored and reviewed in 2013.

Total PPF Bids in Strategy		0	63,500	57,500	57,500	57,500	
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Strategy & Resources - Customer Services & Resources

PPF3069	Customer Service Centre - Additional 2 FTE Customer Service Advisors	0	48,200	48,200	48,200	48,200	Jonathan James
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Additional 2 FTE Customer Service Advisors due to increased demand in calls and face to face across the majority of service areas and the impact of welfare reform.

Total PPF Bids in Strategy & Resources - Customer Services & Resources		0	48,200	48,200	48,200	48,200	
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Total PPF Bids		0	300,200	296,700	284,700	284,700	
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2013/14 Budget - Priority Policy Fund Bids

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Reference	Item Description	2012/13 Budget £	2013/14 Budget £	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	Contact
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PPF Bids

Report Total

0	300,200	296,700	284,700	284,700
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Appendix J

Capital and Revenue Projects Plan

Capital Ref - Cost Centre	Description	Lead Officer	Capital Scheme Approval (£000's)	Spend in Prior Years (£000's)	Current Year Budget (£000's)	2013/14 (£000's)	2014/15 (£000's)	2015/16 (£000's)	2016/17 (£000's)
SC033B - 35517	Street Lighting	A Preston	47	7	40	0	0	0	0
SC072 - 38023	Poster Boards	N Jones	33	32	1	0	0	0	0
SC163 - 39060	Compulsory Purchase Orders (CPOs)	R Lord	411	11	400	0	0	0	0
SC192 - 42027	Development Land on the North Side of Kings Hedges Road	P Doggett	5,569	5,173	182	74	140	0	0
SC215 - 38069	Christs Piece - Trees/Landscaping (\$106)	A French	10	10	0	0	0	0	0
SC221b - 42095	Lion Yard - Contribution to Works Phase 2	P Doggett	1,893	76	1,817	0	0	0	0
SC234 - 38084	Histon Road Cemetery Landscaping (\$106)	A Wilson	29	24	5	0	0	0	0
SC282 - 42048	Kettle's Yard	D Kaye	40	0	40	0	0	0	0
SC312 - 42054	Automated Energy Monitoring System	J Stocker	35	12	23	0	0	0	0
SC329 - 39097	Corporate Document Management (DIP & EDM)	J Nightingale	977	542	435	0	0	0	0
SC335 - 42062	Customer Access Strategy - IT Workstream	C Bolton	615	539	76	0	0	0	0
SC347 - 38103	Histon Road - Refurbishment of play area (\$106)	A Wilson	63	63	0	0	0	0	0
SC348 - 38093	Allotment Improvements (\$106)	A Wilson	35	18	17	0	0	0	0
SC351 - 38106	Memorial Choice	T Lawrence	110	110	0	0	0	0	0
SC361 - 42081	Disabled Access and Facilities - Guildhall Halls	S Bagnall	80	0	80	0	0	0	0
SC362 - 42082	Lighting and Power in Committee Rooms	J Stocker	15	0	15	0	0	0	0
SC379 - 38111	Mercury Abatement	T Lawrence	1,812	1,712	100	0	0	0	0
SC385 - 40024	Energy Efficiency Programme - Meadows	T Woollams	62	48	14	0	0	0	0
SC386 - 39105	HMOs - Management Orders	R Lord	50	0	50	0	0	0	0
SC391 - 42089	La Mimosa Punting Station	P Doggett	10	0	10	0	0	0	0
SC396 - 38114	Ravensthorpe Gardens - Remedial & Improvement Work	A Wilson	25	0	25	0	0	0	0
SC410 - 38118	Mill Road Cemetery	A Wilson	50	25	25	0	0	0	0

Capital Ref - Cost Centre	Description	Lead Officer	Capital Scheme Approval (£000's)	Spend in Prior Years (£000's)	Current Year Budget (£000's)	2013/14 (£000's)	2014/15 (£000's)	2015/16 (£000's)	2016/17 (£000's)
SC414 - 41063	Property Accreditation Scheme	J Dicks	150	100	50	0	0	0	0
SC416 - 39115	UNiform e-consultee Access Module	P Boucher	15	5	10	0	0	0	0
SC417 - 39116	Development of UNiform System	P Boucher	15	1	14	0	0	0	0
SC423 - 39121	Recycling Bins for Flats	J Robertson	185	95	90	0	0	0	0
SC427 - 37020	Oracle Financials Server	J Minns	50	44	6	0	0	0	0
SC429 - 42097	Telephony System Upgrade	J Nightingale	73	23	50	0	0	0	0
SC432 - 39124	Mill Road Cemetery Memorial Artwork (\$106)	A Preston	63	10	53	0	0	0	0
SC433 - 39125	Snowy Farr Memorial Artwork (\$106)	A Preston	70	29	41	0	0	0	0
SC435 - 39126	Biodiversity Projects Year 2&3	G Belcher	158	158	0	0	0	0	0
SC436 - 38120	Pye's Pitch Rec Facilities (\$106)	I Ross	100	15	85	0	0	0	0
SC439 - 43064	LED Lighting - Grand Arcade Annex Car Park	S Cleary	120	105	15	0	0	0	0
SC440 - 40031	King George V Rec Ground (consolidated) (\$106)	T Woollams	458	427	31	0	0	0	0
SC441 - 38121	Sheeps Green Canoe Clubhouse Extension (\$106)	I Ross	226	231	(5)	0	0	0	0
SC449 - 39130	Holy Trinity War Memorial Shelter	G Richardson	23	12	11	0	0	0	0
SC450 - 38124	Changing Facilities at Cherry Hinton Village Centre (\$106)	I Ross	70	0	70	0	0	0	0
SC456 - 39135	Coldhams Common LNR Extension (\$106)	G Belcher	62	3	54	5	0	0	0
SC460 - 38128	Kings Hedges Learners Pool Electricity	I Ross	25	0	25	0	0	0	0
SC461 - 38127	Jesus Green Skatepark Upgrade (\$106)	I Ross	66	61	5	0	0	0	0
SC468 - 38130	Vie Play Area	I Ross	36	36	0	0	0	0	0
SC469 - 38131	Vie Public Open Space (\$106)	I Ross	175	134	41	0	0	0	0
SC471 - 38132	Parkside Changing Rooms	D Kaye	392	392	0	0	0	0	0
SC474 - 38135	Cherry Hinton Hall Grounds Improvements - Phase 1 (\$106)	A Wilson	75	35	40	0	0	0	0
SC476 - 38137	Water Play Area Abbey Paddling Pool (\$106)	I Ross	130	0	130	0	0	0	0
SC477 - 38138	Coleridge Paddling Pool Enhancement (\$106)	I Ross	90	0	90	0	0	0	0
SC478 - 38139	Water Play Area Kings Hedges "Pulley" (\$106)	I Ross	130	0	130	0	0	0	0
SC479 - 38140	Abbey Pool Play Area Facilities (\$106)	A Preston	89	1	88	0	0	0	0

Capital Ref - Cost Centre	Description	Lead Officer	Capital Scheme Approval (£000's)	Spend in Prior Years (£000's)	Current Year Budget (£000's)	2013/14 (£000's)	2014/15 (£000's)	2015/16 (£000's)	2016/17 (£000's)
SC492 - 38153	Jesus Green Play Area (\$106)	A Preston	152	1	151	0	0	0	0
SC493 - 38154	Jesus Green Tennis Court (\$106)	A Preston	92	8	84	0	0	0	0
SC494 - 38155	Kings Hedges "Pulley" Play Area (\$106)	A Preston	75	1	74	0	0	0	0
SC496 - 38157	Petersfield Play Area (\$106)	A Preston	78	1	77	0	0	0	0
SC497 - 38158	Peval Road Play Area (\$106)	A Preston	88	1	87	0	0	0	0
SC499 - 38160	Outdoor Fitness Equipment in Parks (\$106)	A Preston	120	0	120	0	0	0	0
SC500 - 38161	Trumpington Rec Outdoor Space (\$106)	A Wilson	48	1	47	0	0	0	0
SC503 - 39141	CCTV Technology Upgrade	M Beaumont	155	155	0	0	0	0	0
SC505 - 39139	Land Explorer Software	G Richardson	10	0	10	0	0	0	0
SC506 - 39142	Replacement Grand Arcade Car Park Pay on Foot Machines	S Cleary	400	3	397	0	0	0	0
SC507 - 39140	Visit Cambridge Website	E Thornton	30	20	10	0	0	0	0
SC508 - 37021	E-Benefits	A Cole	47	42	5	0	0	0	0
SC511 - 39144	Route Optimisation Software	C Hipwood	15	8	7	0	0	0	0
SC512 - 38164	Hobbs Pavilion Refurbishment (\$106)	I Ross	240	0	240	0	0	0	0
SC513 - 38165	Crematory Refurbishment	T Lawrence	206	206	0	0	0	0	0
SC514 - 40034	Petersfield Area Play Equipment	A Wilson	55	0	55	0	0	0	0
SC516 - 43069	Relocation Grand Arcade Car Park Control Room	S Cleary	70	25	45	0	0	0	0
SC518 - 38166	Corn Exchange Lighting Improvement	D Kaye	25	25	0	0	0	0	0
SC519 - 39146	Wulfstan Way Art Project (\$106)	N Black	45	2	43	0	0	0	0
SC520 - 39147	Community Olympic Public Art Commission (\$106)	N Black	129	23	106	0	0	0	0
SC521 - 38167	Creation of New Allotment Site	A Wilson	15	1	14	0	0	0	0
SC522 - 38169	New Sound Equipment at Cambridge Corn Exchange	D Kaye	200	0	200	0	0	0	0
SC523 - 38170	Refurbishment of Newmarket Rd Cemetery Buildings	T Lawrence	120	2	118	0	0	0	0
SC524 - 38171	Cambridge Crematorium - Chapels & Public Areas Refurbishment	T Lawrence	120	0	120	0	0	0	0
SC525 - 38172	Cambridge Crematorium - Staff Room Refurbishment	T Lawrence	30	0	30	0	0	0	0

Capital Ref - Cost Centre	Description	Lead Officer	Capital Scheme Approval (£000's)	Spend in Prior Years (£000's)	Current Year Budget (£000's)	2013/14 (£000's)	2014/15 (£000's)	2015/16 (£000's)	2016/17 (£000's)
SC526 - 41070	Clay Farm Community Centre - Phase 1 (\$106)	A Carter	656	6	420	230	0	0	0
SC527 - 41067	Energy efficiency improvements to private sector housing	J Dicks	150	0	150	0	0	0	0
SC528 - 41068	Changes to office layout for Hsg Options/Choice Based Lettings	D Greening	27	0	27	0	0	0	0
SC529 - 41069	Upgrade facilities at 125 Newmarket Road	A Carter	100	0	100	0	0	0	0
SC530 - 38173	Street Cleaning Planning Software	B Carter	15	0	15	0	0	0	0
SC531 - 39148	In-cab Technology for Trade Waste Service	J Robertson	16	0	16	0	0	0	0
SC532 - 39149	Cambridge City 20mph Zones Project	P Dell	400	0	200	200	0	0	0
SC533 - 39150	Improvement to St Lighting Mill Rd - Railway Bridge to Perne Rd	A Preston	60	0	60	0	0	0	0
SC534 - 43071	Refurbishment of Park Street Car Park	S Cleary	3,400	0	0	1,700	1,700	0	0
SC535 - 43072	Repairs to Grafton West Car Park	S Cleary	150	0	150	0	0	0	0
SC536 - 43073	Replace obsolete Shopmobility stock	S Cleary	15	0	15	0	0	0	0
SC537 - 42103	Additional Desks & Interview Room in Customer Service Centre	C Bolton	25	0	25	0	0	0	0
SC538 - 42104	Information Kiosks to be installed in local area	C Bolton	25	0	25	0	0	0	0
SC539 - 39151	Metered system for the supply of electricity on the Market	A White	50	0	50	0	0	0	0
SC540 - 39152	Electronic Market Management Software	A White	22	0	22	0	0	0	0
SC541 - 42105	Corporate PC Replacement Programme	J Nightingale	350	0	350	0	0	0	0
SC542 - 36016	Solar Thermal Panels/Energy efficiency measures on non-hsg properties	D Kidston	140	0	140	0	0	0	0
SC543 - 36017	Voltage Optimisation Roll-out	D Kidston	33	0	33	0	0	0	0
SC544 - 38175	Coleridge Recreation Ground Improvements (\$106)	A Wilson	289	0	289	0	0	0	0
SC545 - 38176	Parkside Pool Variable Speed Drive	I Ross	44	0	44	0	0	0	0
SC546 - 38177	Abbey Pool Variable Speed Drive	I Ross	46	0	46	0	0	0	0
SC547 - 38178	Corn Exchange Lift Replacement	S Bagnall	15	0	15	0	0	0	0
SC549 - 38180	City Cycle Park	A Preston	500	0	50	450	0	0	0
SC550 - 38181	Cambridge Future City Feasibility Study	J Nightingale	50	0	50	0	0	0	0

Capital Ref - Cost Centre	Description	Lead Officer	Capital Scheme Approval (£000's)	Spend in Prior Years (£000's)	Current Year Budget (£000's)	2013/14 (£000's)	2014/15 (£000's)	2015/16 (£000's)	2016/17 (£000's)
SC551 - 38182	Stourbridge Common - Riverbank Project	A Wilson	100	0	0	100	0	0	0
SC552 - 37022	Localisation of Council Tax - Implementation Costs	A Cole	84	0	84	0	0	0	0
SC553 - 38183	Corn Exchange House Lighting LED Upgrade	S Bagnall	40	0	40	0	0	0	0
SC554 - 38184	Development Of land at Clay Farm	A Carter	5,212	0	2,523	1,092	786	582	229
SC555 - 38185	Siemens Maintenance Contract	T. Allen	75	0	75	0	0	0	0
SC556 - 38186	Arbury Community Centre (S106)	T Woollams	80	0	0	80	0	0	0
SC557 - 38187	Grand Arcade Annex Car Park - Drainage Gulleys	S Cleary	26	0	26	0	0	0	0
SC558 - 38188	Boiler Replacement at Mill Rd Admin Block	J Stocker	30	0	30	0	0	0	0
SC559 - 37023	CBBid Software	K Jay	20	0	20	0	0	0	0
- 38123	Active Communities Small Projects (under £15k) (S106)	A Preston	48	48	0	0	0	0	0
	Capital-GF Projects		29,984	10,900	11,613	4,004	2,656	582	229

Capital-Programmes									
PR001 - 45502	Housing Capital Investment Programme	J Hovells		0	25,137	30,019	28,275	18,930	15,723
PR003 - 35516	City Centre Management Programme	E Thornton		337	20	20	20	0	0
PR006 - 36003	Safer City Programme	L Kilkelly		516	0	0	0	0	0
PR007 - 39023	Cycleways	A Preston		1,223	338	100	100	0	0
PR010 - 35521	Environmental Improvements Programme	A Preston		1,078	0	0	0	0	0
PR010a - 35523	Environmental Improvements Programme - North Area	A Preston		626	118	59	59	0	0
PR010b - 35524	Environmental Improvements Programme - South Area	A Preston		292	167	42	42	0	0
PR010c - 35525	Environmental Improvements Programme - West/Central Area	A Preston		267	181	43	43	0	0
PR010d - 35526	Environmental Improvements Programme - East Area	A Preston		541	146	56	56	0	0
PR010di - 35527	Environmental Improvements Programme - Riverside/Abbey Road Junction	A Preston		613	25	0	0	0	0

Capital Ref - Cost Centre	Description	Lead Officer	Capital Scheme Approval (£000's)	Spend in Prior Years (£000's)	Current Year Budget (£000's)	2013/14 (£000's)	2014/15 (£000's)	2015/16 (£000's)	2016/17 (£000's)
PR010j - 35528	Environmental Improvements Programme - Fitzroy/Burleigh Street	A Preston		98	87	0	0	0	0
PR010k - 35529	Environmental Improvements Programme - Wulfstan Way Local Centre (\$106)	A Preston		157	0	0	0	0	0
PR014 - 39047	Environmental Safety Fund	A Preston		83	16	0	0	0	0
PR016 - 39024	Public Conveniences	B Carter		2,299	799	0	0	0	0
PR017 - 43008	Vehicle Replacement Programme	D Cox		7,977	884	960	750	0	0
PR018 - 39070	Bus Shelters	A Preston		158	267	0	0	0	0
PR019 - 43050	Car Parks Infrastructure and Equipment Replacement Programme	S Cleary		819	995	244	789	0	0
PR020 - 42061	ICT Infrastructure Programme	J Nightingale		1,033	1,029	211	300	220	0
PR023 - 42090	Admin Buildings Asset Replacement Programme	W Barfield		341	121	40	70	48	0
PR024 - 42091	Commercial Properties Asset Replacement Programme	W Barfield		96	129	347	20	230	0
PR025 - 40029	New Town Community Development Capital Grants Programme (\$106)	T Woollams		14	116	0	0	0	0
PR026 - 40035	Community Development Grants Programme (\$106)	T Woollams		71	429	300	0	0	0
PR027 - 38168	Replacement of Parks & Open Space Waste/Litter Bins	A Wilson		0	75	75	75	75	0
PR028 - 38174	Litter Bin Replacement Programme	B Carter		0	125	125	125	125	0
Capital-Programmes				18,637	31,204	32,641	30,724	19,628	15,723
TOTAL CAPITAL & REVENUE PROJECTS PLAN				29,537	42,817	36,645	33,380	20,210	15,952

Appendix K

Capital & Revenue Projects Plan – Variances 2012/13

Capital Ref	Description	Lead Officer	Current Budget 2012/13	Spend April 2012 to March 2013	Anticipated Variance	Re-phase Spend	Comments
SC072	Poster Boards	N Jones	1	0	(1)	1	Work to be undertaken by May 2013
SC361	Disabled Access and Facilities - Guildhall Halls	S Bagnall	80	25	(55)	55	£25k will be spent this year. Remainder currently unallocated
SC410	Mill Road Cemetery	A Wilson	25	0	(25)	25	Works to be completed Spring 2013
SC416	UNiform e-consultee Access Module	P Boucher	10	0	(10)	10	Phase 1 Complete. Phase 2 subject to DMS Upgrade to V4 - unlikely to be implemented until Mid 2013. Remaining funding maybe required for measuring tool.
SC417	Development of UNiform System	P Boucher	14	8	(6)	6	Project to implement Conditions Monitoring Module commenced Oct 2012. Order raised for Enforcement module, not due to start until early 2013.
SC429	Telephony System Upgrade	J Nightingale	50	15	(35)	35	Some work is now planned for financial year 2013/14.
SC432	Mill Road Cemetery Memorial Artwork (\$106)	A Preston	53	41	(12)	12	Planning permission currently being sought and hoped that Faculty approval will follow immediately after. Completion expected Spring 2013.
SC436	Pye's Pitch Rec Facilities (\$106)	I Ross	85	12	(73)	73	Ongoing works.

Capital Ref	Description	Lead Officer	Current Budget 2012/13	Spend April 2012 to March 2013	Anticipated Variance	Re-phase Spend	Comments
SC450	Changing Facilities at Cherry Hinton Village Centre (\$106)	I Ross	70	70	0	2	Project complete. Facility open. Retention monies to be paid.
SC456	Coldhams Common LNR Extension (\$106)	G Belcher	54	41	(13)	13	Fencing and access works nearing completion. Interpretation to be in place by Feb 2013.
SC460	Kings Hedges Learners Pool Electricity	I Ross	25	5	(20)	20	Project complete. Retention monies to be paid.
SC469	Vie Public Open Space (\$106)	I Ross	41	15	(26)	26	Awaiting confirmation of land transfer before completion of final works can be concluded.
SC476	Water Play Area Abbey Paddling Pool (\$106)	I Ross	130	0	(130)	130	Awaiting shortfall in S106 allocations to be concluded
SC477	Coleridge Paddling Pool Enhancement (\$106)	I Ross	90	0	(90)	90	Awaiting shortfall in S106 allocations to be concluded
SC478	Water Play Area Kings Hedges "Pulley" (\$106)	I Ross	130	0	(130)	130	Awaiting shortfall in S106 allocations to be concluded
SC479	Abbey Pool Play Area Facilities (\$106)	A Preston	88	0	(88)	88	Consultation is pointing towards the possible complete relocation of the existing play area. This will delay the planned completion of this project. Project programme currently being reviewed based on this new requirement.

Capital Ref	Description	Lead Officer	Current Budget 2012/13	Spend April 2012 to March 2013	Anticipated Variance	Re-phase Spend	Comments
SC492	Jesus Green Play Area (\$106)	A Preston	151	0	(151)	151	Consultation is pointing towards the possible complete relocation of the existing play area. This will delay the planned completion of this project. Project programme currently being reviewed based on this new requirement.
SC505	Land Explorer Software	G Richardson	10	0	(10)	10	Investigation of alternate software on going and subject to support from external consultant (ESRI).
SC506	Replacement Grand Arcade Car Park Pay on Foot Machines	S Cleary	397	14	(383)	383	Proposed system involves leading-edge payment technology so specialist advice for the specification took longer than anticipated. It was also necessary to re-time installation to avoid the Christmas period. Currently out to tender, contract due to be aw
SC512	Hobbs Pavilion Refurbishment (\$106)	I Ross	240	210	(30)	30	Project starting November 2011 for 11 weeks to Feb 2013.
SC522	New Sound Equipment at Corn Exchange	D Kaye	200	0	(200)	200	Equipment being procured for installation during Summer 2013
SC523	Refurbishment of Newmarket Rd Cemetery Buildings	T Lawrence	118	78	(40)	40	A start date of 11 February 2013 has now been agreed. The expected project completion has slipped by a month to the end of April 2013.
SC524	Cambridge Crematorium - Chapels & Public Areas Refurbishment	T Lawrence	120	25	(95)	95	Drying out (damp works) continues and when completed, procurement of construction and decoration works to the east chapel waiting room will commence.

Capital Ref	Description	Lead Officer	Current Budget 2012/13	Spend April 2012 to March 2013	Anticipated Variance	Re-phase Spend	Comments
SC525	Cambridge Crematorium - Staff Room Refurbishment	T Lawrence	30	0	(30)	30	Unforeseen exploratory (probable subsidence issue) works required to establish foundation type, which will decide project direction, so planned construction works may not occur. Therefore decoration only may be required.
SC526	Clay Farm Community Centre Phase 1 (\$106)	A Carter	420	179	(241)	241	Budget relates to expenditure on the design of a building. The design team were appointed in November 2012.
SC535	Repairs to Grafton West Car Park	S Cleary	150	0	(150)	150	Project delay initially due to investigations taking place for leak at base of structural wall of car park. It has now been established that this investigation can be continued around the refurbishment . Project team discussions to be held with quantity s
SC539	Metered System for the Supply of Electricity on the Market	A White	50	0	(50)	50	This scheme has been delayed, partly due to the long term sickness of key staff in the Markets Team. Also, due to the complex nature of this project, the possibility of obtaining project management support outside of the department is being investigated.
SC544	Coleridge Recreation Ground Improvements (\$106)	A Wilson	289	0	(289)	289	New project from SC477 (part), SC486, SC487, SC488, SC489 - revised project appraisal to January 2012 scrutiny committee (including 2012/13 budget implications). See Appendix K(2)

Capital Ref	Description	Lead Officer	Current Budget 2012/13	Spend April 2012 to March 2013	Anticipated Variance	Re-phase Spend	Comments
SC549	City Cycle Park	A Preston	50	15	(35)	35	Project documentation now being produced for presentation to Environment Scrutiny Committee in March for approval. Feasibility phase underway including search for undercover cycle park. Project will not enter its implementation stage until late 2013.
SC557	Grand Arcade Annex Car Park - Drainage Gulleys	S Cleary	26	0	(26)	26	The company who was going to conduct these works initially failed the Council's credit checks and following further investigation were found to have gone into liquidation. As a result, new quotes for these works are being sought, as companies have also h
Total Projects			3,197	753	(2,444)	2,446	

Programmes

PR010a	Environmental Improvements Programme - North Area	A Preston	118	43	(75)	75	North Area have now allocated the majority of their funding to projects. Delayed start due to lack of clarity whether a new EIP Programme would be introduced. Next years proposed schemes will shortly be requested.
PR010b	Environmental Improvements Programme - South Area	A Preston	167	37	(130)	130	South Area have now allocated the majority of their funding to projects. Delayed start due to lack of clarity whether a new EIP Programme would be introduced. Next years proposed schemes will shortly be requested.

Capital Ref	Description	Lead Officer	Current Budget 2012/13	Spend April 2012 to March 2013	Anticipated Variance	Re-phase Spend	Comments
PR010c	Environmental Improvements Programme - West/Central Area	A Preston	181	111	(70)	70	West/Central Area have now allocated all of their funding to projects. Delayed start due to lack of clarity whether a new EIP Programme would be introduced. Next years proposed schemes will shortly be requested.
PR010d	Environmental Improvements Programme - East Area	A Preston	146	45	(101)	101	East Area have now allocated the majority of their funding to projects. Delayed start due to lack of clarity whether a new EIP Programme would be introduced. Next years proposed schemes will shortly be requested.
PR014	Environmental Safety Fund	D Foley-Norman	16	0	(16)	16	£6k allocated to Rackham Close is no longer required as the County Council have agreed to fund through PFI Contract. Remaining should be allocated to the Parkers Piece Lighting Project.
PR016	Public Conveniences	B Carter	799	21	(778)	778	Design and delivery work now started for Silver St and Lion Yard Toilet Refurbishment Projects. Both projects will be delivered jointly, with completion expected in Spring/Summer 2014.
PR018	Bus Shelters	A Preston	267	75	(192)	192	Construction commencement expected during February 2013, with completion by June 2013.
PR024	Commercial Properties Asset Replacement Programme	W Barfield	129	44	(85)	85	Budget of £85k needs to be re-phased to the 2013/14 financial year to correspond with the current work programme.

Capital Ref	Description	Lead Officer	Current Budget 2012/13	Spend April 2012 to March 2013	Anticipated Variance	Re-phase Spend	Comments
PR025	New Town Community Development Capital Grants Programme (\$106)	T Woollams	116	47	(69)	69	Projects are proposed & developed by resident's groups through the Newtown Forum - therefore it is difficult to be precise about spend/work profile. £25k grant for Centre at St.Pauls agreed at CS Scrutiny on 11.10.12
PR027	Replacement of Parks & Open Space Waste/Litter Bins	A Wilson	75	75	0	0	Delays selecting bin types. Procurement of supply/ install to be considered
Total Programmes			2,014	498	(1,516)	1,516	

Provisions

PV007	Cycleways	A Preston	338	88	(250)	250	Downham's Lane Project is waiting for University and Care Home to sign right of way agreement with County Council. The project cannot be constructed until this is signed, however it is still hoped that this scheme will be complete by April 2013. The Count
PV033B	Street Lighting	A Preston	40	0	(40)	40	Held in reserve for funding any betterment deemed to be necessary as part of the County Council's Streetlighting PFI contract. Particularly for measures in the historic core and more specifically the Richardson Candles.
PV163	Compulsory Purchase Orders (CPOs)	R Lord	400	0	(400)	400	Currently no properties prioritised for CPO action. Long term vacant policy has been reviewed. At present spend in 2012/13 unlikely due to the length of the legal process

Capital Ref	Description	Lead Officer	Current Budget 2012/13	Spend April 2012 to March 2013	Anticipated Variance	Re-phase Spend	Comments
PV192	Development Land on the North Side of Kings Hedges Road	P Doggett	182	80	(102)	102	A contractor for the remaining Stage 2 infrastructure works has now been appointed. Following receipt of revised estimates from the managing agent, budget of £102k needs to be re-phased to future financial years (£20k to 2013/14 and £82k to 2014/15).
PV221b	Lion Yard - Contribution to Works - Phase 2	P Doggett	1,817	1,200	(617)	617	This is a scheme whereby we contribute 25% of the overall cost of the capital works at Lion Yard. The Phase 2 works have begun on site and we are expecting the bulk of our share of the costs to be invoiced this financial year. Our current estimates are th
PV282	Kettle's Yard	D Kaye	40	0	(40)	40	Awaiting timetable from Kettles Yard.
PV329	Corporate Document Management (DIP & EDRM)	J Nightingale	435	73	(362)	362	Re-examining project after Phase 1 completion. The plan is to establish this as a development fund, to which departments bid for project work. Future spend is therefore dependent on bids received.
PV348	Allotment Improvements (S106)	A Wilson	17	0	(17)	17	This funding is allocated to allotment societies and related to sum received following the development of part of Whitehill Allotments by Cambridge United. This funded is allocated as the Allotment Societies in the area identify spend.

Capital Ref	Description	Lead Officer	Current Budget 2012/13	Spend April 2012 to March 2013	Anticipated Variance	Re-phase Spend	Comments
PV386	HMOs - Management Orders	R Lord	50	0	(50)	50	No properties currently identified for action. Basis of protocol agreed with City Homes who will manage properties where action is taken. No spend anticipated this year
PV414	Property Accreditation Scheme	R Lord	50	25	(25)	25	Fund continually pushed to agents and landlords. There is current interest for funding in up to 20 properties. Level of grant depends on what energy efficiency measures are required. As boilers start to be used and are identified as needing replacement in
PV529	Upgrade facilities at 125 Newmarket Road	A Carter	100	0	(100)	100	Investment in this council asset will be deferred until a new contract for the continued use of the building has been let. This is anticipated to take place in 2013/14.
PV532	Cambridge City 20mph Zones Project	P Dell	200	50	(150)	150	Project officer appointed and in post. Project management system initiated. Project scope, work programme, timetable and governance arrangements being recommended for Executive Councillor approval at January 2013 Environment Scrutiny Committee.
PV554	Development of Land at Clay Farm	A Carter	2,523	2,113	(410)	410	Estimated first infrastructure payments under the Collaboration Agreement.
Total Provisions			6,192	3,629	(2,563)	2,563	
Total			11,403	4,880	(6,523)	6,525	

2013/14 Budget - Capital Bids

Appendix: Page 1 of 13

Reference	Description / Justification	2012/13 Budget £	2013/14 Budget £	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	Contact
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Community Services - Arts, Sport & Public Places

Capital Bids

Bids requiring funding

C3054	Guildhall & Corn Exchange business plan (capital investment)	0	150,000	0	0	0	Debbie Kaye
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Requirement for Capital Funding (included above)

0	75,000	0	0	0
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This capital bid covers two key elements of the Guildhall & Corn Exchange Business Plan. Firstly, a refurbishment and upgrade to the Guildhall kitchen to modern day commercial catering standards costing £50,000. The second element, costing £100,000, is the external improvement of the Corn Exchange including lighting of architectural features, two sets of internal glass doors and LCD screens set in the ground floor windows.

When combined with the emphasis on improved maintenance of external features, these works will provide a contemporary perspective and enhance the attractiveness and accessibility of the building. Currently there is inadequate R&R to fully support this scheme, some of which is unanticipated enhancement, however a 50% contribution can be made leaving a bid of £75,000 from Reserves funding. (See also SR3055)

C3139	Adaptations to river banks at Riverside	0	0	75,000	0	0	Alistair Wilson
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Requirement for Capital Funding (included above)

0	0	75,000	0	0
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An allocation of funding for adaptations to Riverside, following any decision taken by the Community Services Committee and the Executive Councillor in relation to moorings policy. [Bid to Reserves]

2013/14 Budget - Capital Bids

Appendix: Page 2 of 13

Reference	Description / Justification	2012/13 Budget £	2013/14 Budget £	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	Contact
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Community Services - Arts, Sport & Public Places

C3140	Review of street and open spaces benches.	0	25,000	25,000	0	0	Alistair Wilson
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Requirement for Capital Funding (included above)

0	25,000	25,000	0	0
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Feedback from the Area based needs workshops (relating to the spend of Developer Contributions) has highlighted the need to audit existing provision of seats and benches by area, complete a condition survey, determine need, replace or repair where needed and to supply new as required. This bid contains an element of staff resource. The project will review R&R contributions for subsequent years.
[Bid to Reserves]

Total Bids requiring funding	0	175,000	100,000	0	0
Requirement for Funding : Bids requiring funding	0	100,000	100,000	0	0

2013/14 Budget - Capital Bids

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Reference	Description / Justification	2012/13 Budget £	2013/14 Budget £	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	Contact
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Community Services - Arts, Sport & Public Places

Bids to existing funding

C3170	City-wide Developer Contribution Funds	0	758,000	195,000	185,000	0	Andy Preston
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Requirement for Capital Funding (included above)

0	0	0	0	0
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Certain Developer Contributions, relating to Community Facilities, Open Space, Sport, Play, Public Art & Public Realm have been allocated down into Area Committees as part of the Council's policy to engage local communities in the city's decision making process. Some contributions have been retained centrally either to invest in discrete major projects or to support larger area committee schemes where inadequate funding is available. (See also C3171,C3172,C3173,C3174)

[Bid to existing Developer Contributions]

C3171	Area Committee (East) Developer Contribution Funds	0	55,000	520,000	0	0	Andy Preston
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Requirement for Capital Funding (included above)

0	0	0	0	0
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Certain Developer Contributions, relating to Community Facilities, Open Space, Sport, Play, Public Art & Public Realm have been allocated down into Area Committees as part of the Council's policy to engage local communities in the city's decision making process. The initial project programme has been established based on extensive community input resulting in an Area Needs Assessment being created to prioritise ongoing investment. (See also C3170,C3172,C3173,C3174)

[Bid to existing Developer Contributions]

2013/14 Budget - Capital Bids

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Reference	Description / Justification	2012/13 Budget £	2013/14 Budget £	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	Contact
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Community Services - Arts, Sport & Public Places

C3172	Area Committee (North) Developer Contribution Funds	0	145,000	170,000	0	0	Andy Preston
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Requirement for Capital Funding (included above)

0	0	0	0	0
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Certain Developer Contributions, relating to Community Facilities, Open Space, Sport, Play, Public Art & Public Realm have been allocated down into Area Committees as part of the Council's policy to engage local communities in the city's decision making process. The initial project programme has been established based on extensive community input resulting in an Area Needs Assessment being created to prioritise ongoing investment. (See also C3170,C3171,C3173,C3174)

[Bid to existing Developer Contributions]

C3173	Area Committee (South) Developer Contribution Funds	0	204,000	520,000	0	0	Andy Preston
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Requirement for Capital Funding (included above)

0	0	0	0	0
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Certain Developer Contributions, relating to Community Facilities, Open Space, Sport, Play, Public Art & Public Realm have been allocated down into Area Committees as part of the Council's policy to engage local communities in the city's decision making process. The initial project programme has been established based on extensive community input resulting in an Area Needs Assessment being created to prioritise ongoing investment. (See also C3170,C3171,C3171,C3174)

[Bid to existing Developer Contributions]

2013/14 Budget - Capital Bids

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Reference	Description / Justification	2012/13 Budget £	2013/14 Budget £	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	Contact
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Community Services - Arts, Sport & Public Places

C3174	Area Committee (West/Central) Developer Contribution Funds	0	112,000	650,000	0	0	Andy Preston
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Requirement for Capital Funding (included above)

0	0	0	0	0
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Certain Developer Contributions, relating to Community Facilities, Open Space, Sport, Play, Public Art & Public Realm have been allocated down into Area Committees as part of the Council's policy to engage local communities in the city's decision making process. The initial project programme has been established based on extensive community input resulting in an Area Needs Assessment being created to prioritise ongoing investment. (See also C3170,C3171,C3172,C3173)

[Bid to existing Developer Contributions]

C3227	Corn Exchange Heating Management System	0	20,000	0	0	0	Steve Bagnall
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Requirement for Capital Funding (included above)

0	0	0	0	0
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This bid is for the installation of a heating control system to provide a good level of comfort for visitors to the venue and is energy efficient to operate; the existing equipment is old and not fit for purpose.

[Bid to R&R Funds]

Total Bids to existing funding	0	1,294,000	2,055,000	185,000	0
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Requirement for Funding : Bids to existing funding	0	0	0	0	0
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Total Community Services - Arts, Sport & Public Places	0	1,469,000	2,155,000	185,000	0
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Requirement for Funding : Community Services - Arts, Sport & Public Places	0	100,000	100,000	0	0
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2013/14 Budget - Capital Bids

Appendix: Page 6 of 13

Reference	Description / Justification	2012/13 Budget £	2013/14 Budget £	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	Contact
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Community Services - Community Development & Health

Capital Bids

Bids to existing funding

C3176	Clay Farm Community Centre - Phase 2 (Construction)	0	250,000	7,100,000	361,000	0	Alan Carter
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Requirement for Capital Funding (included above)					
0	0	0	0	0	0

Construction of a new Community Centre at Clay Farm to provide a range of City Council community facilities together with a health centre, public library, touchdown facilities for Police & Social Services, and affordable residential flats. The scheme will be funded from Developer Contributions (from Clay Farm, Glebe Farm, Trumpington Meadows and the Bell Language School), prudential borrowing (to fund the medical centre element), and a capital contribution from Bedford Pilgrims Housing Association. The design team is being commissioned in Oct 2012 and it is projected that construction will commence in the 4th quarter of 2013/14. The financial implications and phasing of expenditure are best estimates at this stage.

[Funded through Developer Contributions, 3rd party capital contribution and Prudential Borrowing (£2.8m)]

Total Bids to existing funding	0	250,000	7,100,000	361,000	0
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Requirement for Funding : Bids to existing funding	0	0	0	0	0
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Total Community Services - Community Development & Health	0	250,000	7,100,000	361,000	0
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Requirement for Funding : Community Services - Community Development & Health	0	0	0	0	0
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2013/14 Budget - Capital Bids

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Reference	Description / Justification	2012/13 Budget £	2013/14 Budget £	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	Contact
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Environment - Environmental & Waste Services

Capital Bids

Bids requiring funding

C3071	In-cab technology for trade and domestic waste service	0	50,000	0	0	0	Michael Parsons
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Requirement for Capital Funding (included above)

0	50,000	0	0	0
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Introduction of In-cab technology will provide a more efficient and customer focussed service. It will show up to date rounds, essential for a growing city, and the current day's collections on a display in the collection vehicle. The Customer Service Centre will receive accurate real-time information and be able to answer residents' queries more accurately and speedily. Information from residents requesting assisted collections will be logged directly on the system.

(See also PPF3076) [Bid to Reserves]

Total Bids requiring funding		0	50,000	0	0	0	
Requirement for Funding : Bids requiring funding		0	50,000	0	0	0	

2013/14 Budget - Capital Bids

Appendix: Page 8 of 13

Reference	Description / Justification	2012/13 Budget £	2013/14 Budget £	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	Contact
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Environment - Environmental & Waste Services

Bids to existing funding

C3142	Rapid Response Team vehicle and equipment	0	75,000	0	0	0	Toni Ainley
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Requirement for Capital Funding (included above)

0	0	0	0	0
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A revenue bid for a rapid response team has been submitted and this is the capital bid for the vehicle for the team together with associated equipment for the delivery of the service. (See also PPF3143)
[Bid to existing R&R Funds]

C3151	Purchase of Street Cleansing vehicles and plant	0	70,000	0	0	0	Bob Carter
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Requirement for Capital Funding (included above)

0	0	0	0	0
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To cope with the extra demand of new development and our legal obligation for street cleansing there is a requirement to add one additional medium sized mechanical sweeper, 1 transit type vehicle and 2 mechanical pedestrian sweepers to our existing fleet.
[Bid to Growth Fund]

C3161	Waste and recycling bins for new developments	3,000	79,190	0	0	0	Jen Robertson
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Requirement for Capital Funding (included above)

0	0	0	0	0
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The bid is for the provision of waste and recycling bins as a result of new developments within the City. This is to be funded from Developer Contributions. The bid is linked to a PPF bid for an R&R contribution to replace the bins in the future. (See also X3162)
[Bid to Developer Contributions]

2013/14 Budget - Capital Bids

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Reference	Description / Justification	2012/13 Budget £	2013/14 Budget £	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	Contact
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Environment - Environmental & Waste Services

Total Bids to existing funding	3,000	224,190	0	0	0	
<i>Requirement for Funding : Bids to existing funding</i>	0	0	0	0	0	
Total Environment - Environmental & Waste Services	3,000	274,190	0	0	0	
<i>Requirement for Funding : Environment - Environmental & Waste Services</i>	0	50,000	0	0	0	

2013/14 Budget - Capital Bids

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Reference	Description / Justification	2012/13 Budget £	2013/14 Budget £	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	Contact
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Planning & Climate Change

Capital Bids

Bids requiring funding

C3207	Rephasing of proposed refurbishment works to Park Street Car Park (Capital Scheme SC534)	0	(1,700,000)	(1,700,000)	1,700,000	1,700,000	Paul Necus
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Requirement for Capital Funding (included above)

0	(1,700,000)	(1,700,000)	1,700,000	1,700,000
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Rephasing of proposed refurbishment works to Park Street Car Park (Capital Scheme SC534) to allow sufficient time to allow preliminary investigation works to the decision on the most appropriate refurbishment scheme.

Total Bids requiring funding		0	(1,700,000)	(1,700,000)	1,700,000	1,700,000	
Requirement for Funding : Bids requiring funding		0	(1,700,000)	(1,700,000)	1,700,000	1,700,000	

2013/14 Budget - Capital Bids

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Reference	Description / Justification	2012/13 Budget £	2013/14 Budget £	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	Contact
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Planning & Climate Change

Bids to existing funding

C3089	Essential Structural repairs to Grafton East, Grafton West and Queen Anne Terrace multi-storey car parks	0	165,000	0	0	0	Paul Necus
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Requirement for Capital Funding (included above)

0	0	0	0	0
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Anticipated costs of essential repairs, mainly consisting of waterproofing, drainage related works and surface repair treatments to protect the structure of city centre multistorey car parks and ensure safe and fully operational sites.
[Bid to existing R&R Funds]

C3090	Topographical Survey of all multi-storey car parks	0	30,000	0	0	0	Paul Necus
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Requirement for Capital Funding (included above)

0	0	0	0	0
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A part of a longer term project to plan proper investment in repairs to car parks, these surveys establish baseline data about the dimensions and facilities on the main city centre multi-storey car parks, to facilitate repairs, investigations and maintenance. Will be of benefit in reducing survey works and investigations in future years, and speed up investigations and responses to emergencies and unplanned maintenance. Linked to essential repairs.
[Bid to existing R&R Funds]

C3091	Essential Structural/holding repairs to Park Street multi-storey car park	0	100,000	50,000	50,000	0	Paul Necus
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Requirement for Capital Funding (included above)

0	0	0	0	0
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(Subject to verification of estimated costs.) Anticipated costs of essential repairs to protect Park Street car park structure and ensure safe operations prior to longer term redevelopment.
[Bid to existing R&R Funds]

2013/14 Budget - Capital Bids

Appendix: Page 12 of 13

Reference	Description / Justification	2012/13 Budget £	2013/14 Budget £	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	Contact
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Planning & Climate Change

C3153	Procurement of IT system to manage the Community Infrastructure Levy	0	20,000	0	0	0	0 Sara Saunders
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Requirement for Capital Funding (included above)

0	0	0	0	0
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The Council's Community Infrastructure Levy system is being developed in parallel with the new local plan. There is a need for a financial system to manage and monitor CIL receipts. This will need to be procured in time for the start of CIL in spring 2014. Budget provision exists within the local plan development fund and this will be used to fund the purchase of the system. [Funded from Earmarked Reserves]

Total Bids to existing funding	0	315,000	50,000	50,000	0
Requirement for Funding : Bids to existing funding	0	0	0	0	0
Total Planning & Climate Change	0	(1,385,000)	(1,650,000)	1,750,000	1,700,000
Requirement for Funding : Planning & Climate Change	0	(1,700,000)	(1,700,000)	1,700,000	1,700,000

2013/14 Budget - Capital Bids

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Reference	Description / Justification	2012/13 Budget £	2013/14 Budget £	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	Contact
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Strategy & Resources - Customer Services & Resources

Capital Bids

Bids requiring funding

C3065	Installation of air conditioning units within the Tourist Information Centre	0	25,000	0	0	0	Emma Thornton
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Requirement for Capital Funding (included above)

0	25,000	0	0	0
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The Tourist Information Centre has experienced ongoing issues with high temperatures since the service relocated to the old courtroom in September 2009. This has created a particularly uncomfortable environment for both staff & visitors to the service. At times high temperatures have had a direct impact on dwell time of visitors to the TIC and in turn the level of associated income. Various solutions have been attempted to better control the temperature but unsuccessfully. This project proposes the installation of an air conditioning solution. The project is in the early stages of investigation and given the listed nature of the building the full costs are not yet fully known. An estimated figure at this stage is £25K.
[Bid to Reserves]

Total Bids requiring funding	0	25,000	0	0	0
Requirement for Funding : Bids requiring funding	0	25,000	0	0	0
Total Strategy & Resources - Customer Services & Resources	0	25,000	0	0	0
Requirement for Funding : Strategy & Resources - Customer Services & Resources	0	25,000	0	0	0

Appendix M

Hold List

Portfolio	Capital Ref	Description	Lead Officer	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000
Arts, Sport & Public Places	SC465	Upper River Cam Biodiversity Public Art (Developer Contributions)	A Preston	29	0	0	0
Arts, Sport & Public Places	SC472	Cherry Hinton Hall Grounds Improvements (previously SC472 Vending Kiosk & SC473 Pond & Lake Restorations) (Developer Contributions and Heritage Lottery Fund)	A Preston	0	0	982	0
Arts, Sport & Public Places	SC475	Nightingale Rec Pavilion Refurbishment (Developer Contributions)	I Ross	228	0		0
Total Hold List				257	0	982	0

Appendix N

Capital & Revenue Projects Plan – Expenditure and Funding

	2012/13	2013/14	2014/15	2015/16	2016/17
External Support					
Basic Credit Approval (BCA)	0.0	0.0	0.0	0.0	0.0
Specified Capital Grants (SCG)	(482.0)	(1,566.0)	(2,283.0)	(1,172.0)	(262.0)
Supplementary Credit Approvals (SCA)	0.0	0.0	0.0	0.0	0.0
Deferred Capital Contributions e.g. Lottery Grant (Capital Financing Reserve)	0.0	0.0	0.0	0.0	0.0
Other Sources	(270.0)	(524.0)	(1,073.0)	(361.0)	0.0
Major Repairs Allowance (MRA)	0.0	0.0	0.0	0.0	0.0
Section 106	(3,133.0)	(2,267.0)	(5,358.0)	(185.0)	0.0
Prudential Borrowing	0.0	0.0	(14,423.0)	0.0	0.0
TOTAL - External Support	(3,885.0)	(4,357.0)	(23,137.0)	(1,718.0)	(262.0)
City Council					
Usable Capital Receipts	(2,836.0)	(6,161.0)	(2,068.0)	(817.0)	(821.0)
Direct Revenue Financing (DRF) - HRA	(10,438.0)	(7,162.0)	(8,712.0)	(7,578.0)	(5,348.0)
Direct Revenue Financing (DRF) - GF Services	(55.0)	0.0	0.0	0.0	0.0
Earmarked Reserve - Repair & Renewals Fund	(4,795.0)	(2,267.0)	(1,979.0)	(548.0)	0.0
Earmarked Reserve - Capital Contributions	(2,176.0)	(90.0)	0.0	0.0	0.0
Direct Revenue Financing (DRF) - Use of Reserves	(3,893.0)	(1,237.0)	(1,070.0)	(2,444.0)	(2,762.0)
Earmarked Reserves - Technology Investment Fund	(162.0)	0.0	0.0	0.0	0.0
HRA Capital Balances	(7,030.0)	(503.0)	(503.0)	(503.0)	(503.0)
Direct Revenue Financing (DRF) - Temporary Use of Reserves	(2,573.0)	(1,092.0)	(786.0)	(582.0)	(229.0)
Major Repairs Reserve	(3,424.0)	(12,374.0)	(7,642.0)	(7,875.0)	(8,199.0)
TOTAL - City Council	(37,382.0)	(30,886.0)	(22,760.0)	(20,347.0)	(17,862.0)
Total Available Finance	(41,267.0)	(35,243.0)	(45,897.0)	(22,065.0)	(18,124.0)

Appendix O

Capital Bids – ESG Ratings

Reference	Item Description	Climate Change Indicator	Climate Change Explanation
C3054	Guildhall & Corn Exchange business plan (capital investment)	Nil	No impact identified
C3065	Installation of air conditioning units within the Tourist Information Centre	-M	All efforts would be made to select the most energy efficient solution as the use of air conditioning units within the TIC will increase our energy use and emissions
C3071	In-cab technology for trade and domestic waste service	Nil	No explanation required
C3089	Essential Structural repairs to Grafton East, Grafton West and Queen Anne Terrace multi-storey car parks	Nil	No explanation required
C3090	Topographical Survey of all multi-storey car parks	Nil	No explanation required
C3091	Essential Structural/holding repairs to Park Street multi-storey car park	Nil	No explanation required
C3139	Adaptations to river banks at Riverside	Nil	No explanation required
C3140	Review of street and open spaces benches.	+L	The project will encourage cycling and walking by providing opportunities to stop and rest, for those less able.
C3142	Rapid Response Team vehicle and equipment	-L	Positive effect on the environment by improving local environmental quality however purchasing and using a vehicle will increase emissions.
C3151	Purchase of Street Cleansing vehicles and plant	-L	Purchase and use of a vehicle will increase emissions.

Reference	Item Description	Climate Change Indicator	Climate Change Explanation
C3153	Procurement of IT system to manage the Community Infrastructure Levy	Nil	No explanation required
C3161	Waste and recycling bins for new developments	+L	Increased recycling which has positive resource and energy impact
C3170	City-wide Developer Contribution Funds	Nil	No explanation required
C3171	Area Committee (East) Developer Contribution Funds	Nil	No explanation required
C3172	Area Committee (North) Developer Contribution Funds	Nil	No explanation required
C3173	Area Committee (South) Developer Contribution Funds	Nil	No explanation required
C3174	Area Committee (West/Central) Developer Contribution Funds	Nil	No explanation required
C3176	Clay Farm Community Centre - Phase 2 (Construction)	+L	Given that the 4,000 new homes will be built in the southern fringe, the provision of access to local services in a building with BREEAM Excellent (or better) rating will save on motorised travel emissions.
C3207	Rephasing of proposed refurbishment works to Park Street Car Park (Capital Scheme SC534)	Nil	No explanation required
C3227	Corn Exchange Heating Management System	+M	More efficient use of energy will reduce carbon emissions

Appendix P(a)

Capital Prudential Indicators 2013/14 to 2015/16

The Council's capital expenditure plans are a key driver of treasury management activity. Capital expenditure plans are reflected in prudential indicators, which are designed to provide members with an overview of the impact of capital expenditure.

Capital Expenditure

This Prudential Indicator is a summary of the Council's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle. Members are asked to approve the capital expenditure forecasts:

Capital Expenditure £000	2011/12 Actual	2012/13 Estimate	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate
General Fund	8,194	16,745	6,761	5,870	3,473
Housing Revenue Account (HRA)	9,917	20,368	21,581	29,839	15,934
HRA settlement	213,572	-	-	-	-
Total Capital Expenditure	231,683	37,113	28,342	35,709	19,407
Financed by:					
Capital receipts	(4,093)	(398)	(441)	(495)	(516)
Other contributions	(13,736)	(36,715)	(27,901)	(23,595)	(18,891)
Total Financing of Capital	(17,829)	(37,113)	(28,342)	(24,090)	(19,407)
Net financing need for the year	213,854	0	0	11,619	0

Prudential Borrowing Needs – The New Build Investment Schemes

The following table outlines the financing requirements (incorporated within the capital HRA lines above) and the anticipated prudential borrowing needs for the Housing Revenue account (HRA) on a scheme specific basis:-

New Build & Re-Development Scheme £000	2012/13 Estimate	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate
Capital Expenditure (Net of Developers' Cross Subsidy)				
Seymour Court	19	535	0	0
Latimer Close	596	770	0	0
Barnwell Road	157	609	452	0
Campkin Road (Phase 1)	629	1,430	400	0
Colville Road (Phase 1)	150	621	942	0
Water Lane	120	120	1,186	0
Aylesborough Close	366	424	1,523	0
Stanesfield Road	0	696	0	0
Residual 146 Programme Schemes	0	873	291	0
Clay Farm	0	0	10,247	3,416
Total Capital Expenditure (Net of Developers' Cross Subsidy)	2,037	6,078	15,041	3,416
New Build & Re-Development Grant Funding				
Seymour Court	(175)	(175)	0	0
Latimer Close	0	(210)	0	0
Barnwell Road	0	(140)	(140)	0
Campkin Road (Phase 1)	0	(158)	(158)	0
Colville Road (Phase 1)	0	(184)	(184)	0
Water Lane	0	(123)	(123)	0
Aylesborough Close	0	0	(280)	0
Stanesfield Road	0	(88)	0	0
Residual 146 Programme Schemes	0	(228)	(228)	0
Clay Farm (Grant assumed, not awarded)	0	0	(910)	(910)
Total New Build & Re-Development Grant Funding	(175)	(1,306)	(2,023)	(910)
Net Total to be Financed	1,862	4,772	13,018	2,506
Anticipated Prudential Borrowing	0	0	(11,619)	0
Balance to be Funded from HRA Resources	(1,862)	(4,772)	(1,399)	(2,506)
Total Financing	(1,862)	(4,772)	(13,018)	(2,506)
Un-Funded Capital Expenditure	0	0	0	0

The Council's Borrowing Need (the Capital Financing Requirement)

The second Prudential Indicator is the Council's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's underlying borrowing need. Any capital expenditure for which borrowing is required will increase the CFR.

Following accounting changes, the CFR includes any other long term liabilities (e.g. Public Finance Initiative schemes, finance leases) brought onto the balance sheet. Whilst this increases the CFR, and therefore the Council's borrowing requirement, these types of scheme include a borrowing facility and so the Council is not required to separately borrow for these schemes. The Council is asked to approve the CFR projections below:-

£000	2011/12 Actual	2012/13 Estimate	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate
Capital Financing Requirement					
General Fund CFR	(894)	(894)	(894)	(894)	(894)
HRA CFR	1,176	214,466	214,466	226,085	226,085
HRA Settlement	213,572	-	-	-	-
Total CFR	213,854	213,572	213,572	225,191	225,191

Movement in CFR represented by					
Net financing need for the year	282	(282)	-	11,619	-
HRA Settlement	213,572	-	-	-	-
Less MRP/VRP and other financing movements	-	-	-	-	-
Movement in CFR	213,854	(282)	0	11,619	0

Minimum Revenue Provision (MRP) Policy Statement 2013/14

The Council has no immediate plans to borrow externally to finance any General Fund capital expenditure in 2013/14, there is no need for this Council to determine a MRP policy for the forthcoming year.

No MRP charge is currently required for the HRA. However, under HRA self-financing, the HRA is required to charge depreciation on its assets, which has a revenue effect. In order to address any possible adverse impact, regulations allow an assumed level of Major Repairs Allowance to be used as a proxy for depreciation on dwellings for the first five years of the new self-financing arrangement.

Treasury Management Strategy

Part of the treasury management function is to ensure that the Council's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet its capital expenditure. This involves both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury & prudential indicators, the current and projected debt positions and the annual investment strategy.

Current Portfolio Position – External Gross Debt

The Council's treasury portfolio position at 31 March 2012, with forward projections are summarised below. The table shows the actual external debt (for treasury management operations).

£000	2011/12 Actual	2012/13 Estimate	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate
External Debt					
Debt at 1 April	NIL	213,572	213,572	213,572	225,191
Expected change in Debt	213,572	-	-	11,619	-
Other long-term liabilities (OLTL)	-	-	-	-	-
Expected change in Other long-term liabilities (OLTL)	-	-	-	-	-
Actual gross debt at 31 March	213,572	213,572	213,572	225,191	225,191
The Capital Financing Requirement	213,854	213,572	213,572	225,191	225,191
Under/(over) Borrowing	282	0	0	0	0

Within the Prudential Indicators are a number of key indicators to ensure that the Council operates its activities within well-defined limits. One of these is

that the Council needs to ensure that its total borrowing, net of any deposits, does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2012/13 and the following two financial years (shown as cumulative net borrowing above). This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue purposes.

The Director of Resources reports that the Council complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes into account current commitments, existing plans, and the proposals in this budget report.

Treasury Indicators: Limits to Borrowing Activity

The Operational Boundary

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

Operational boundary £000	2012/13 Estimate	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate
Outstanding debt (including HRA settlement)	213,572	213,572	225,191	225,191
Other long term liabilities	-	-	-	-
Total	213,572	213,572	225,191	225,191

The Authorised Limit for external borrowing

A further key Prudential Indicator represents a control on the maximum level of borrowing. This represents a limit beyond which external borrowing is prohibited, and this limit was previously set as part of the Medium Term Strategy 2012, approved by Council on 25th October 2012. It reflects the level of external borrowing which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.

The Authorised Limit is set out in the table below:

Authorised limit £000	2012/13 Estimate	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate
Outstanding debt (including HRA				

settlement)	250,000	250,000	250,000	250,000
Other long term liabilities	-	-	-	-
Total	250,000	250,000	250,000	250,000

Separately, the Council is also limited to a maximum HRA CFR through the HRA self-financing regime. This limit is currently:

HRA Debt Limit £000	2012/13 Estimate	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate
Total	230,839	230,839	230,839	230,839

Prudential & Treasury Management Indicators

The following tables, consolidate the Prudential and Treasury Management Indicators for Cambridge City Council, from 2011/12 to 2015/16 inclusive:

PRUDENTIAL INDICATORS	2011/12 actual (£000)	2012/13 probable outturn (£000)	2013/14 estimate (£000)	2014/15 estimate (£000)	2015/16 estimate (£000)
Capital Expenditure					
General Fund	8,194	16,745	6,761	5,870	3,473
Housing Revenue Account(HRA)	223,489	20,368	21,581	29,839	15,934
TOTAL	231,683	37,113	28,342	35,709	19,407
Ratio of financing costs to net revenue stream					
General Fund	(2.15%)	(3.03%)	(3.07%)	(4.41%)	(4.11%)
HRA	0.05%	20.02%	19.70%	19.86%	18.75%
TOTAL	(2.10%)	16.99%	16.63%	15.45%	14.64%
Actual Gross Debt at 31 March	213,572	213,572	213,572	225,191	225,191
Capital Financing Requirement as at 31 March					
General Fund	(894)	(894)	(894)	(894)	(894)
HRA	214,748	214,466	214,466	226,085	226,085
TOTAL	213,854	213,572	213,572	225,191	225,191

PRUDENTIAL INDICATORS	2011/12 actual (£000)	2012/13 probable outturn (£000)	2013/14 estimate (£000)	2014/15 estimate (£000)	2015/16 estimate (£000)
Annual change in Capital Financing Requirement					
General Fund	-	-	-	-	-
HRA	213,854	-	-	11,619	-
TOTAL	213,854	(282)	0	11,619	0
Incremental impact of capital deposit decisions	£ p	£ p	£ p	£ p	£ p
Increase in council tax (Band D, per annum)	0.00	0.00	0.00	0.00	0.00
Increase in housing rent per week	0.00	0.00	0.00	0.00	0.00
	No increases in either council tax or housing rents are anticipated				

TREASURY MANAGEMENT INDICATORS	2011/12 actual (£000)	2012/13 probable outturn (£000)	2013/14 estimate (£000)	2014/15 estimate (£000s)	2015/16 estimate (£000s)
Authorised limit for external debt					
Borrowing	250,000	250,000	250,000	250,000	250,000
Other long term liabilities	-	-	-	-	-
TOTAL	250,000	250,000	250,000	250,000	250,000
Operational boundary for external debt					
Borrowing	213,854	213,572	213,572	225,191	225,191
Other long term liabilities	-	-	-	-	-
TOTAL	213,854	213,572	213,572	225,191	225,191
Upper limit for fixed interest rate exposure					
Net interest re fixed rate borrowing / deposits	(378)	6,840	6,942	7,186	7,149
Upper limit for variable rate					

TREASURY MANAGEMENT INDICATORS	2011/12 actual	2012/13 probable outturn	2013/14 estimate	2014/15 estimate	2015/16 estimate
	(£000)	(£000)	(£000)	(£000s)	(£000s)
exposure					
Net interest re variable rate borrowing / deposits	(23)	(23)	(23)	(23)	(23)
Upper limit for total principal sums invested for over 364 days					
(per maturity date)	5,000	5,000	5,000	5,000	5,000
Maturity structure of new fixed rate borrowing during 2012/13		Upper Limit		Lower limit	
Under 12 months		0%		0%	
12 months and within 24 months		0%		0%	
24 months and within 5 years		0%		0%	
5 years and within 10 years		0%		0%	
10 years and above		100%		0%	

Appendix P(b)

Economic Commentary & Borrowing Strategy

The Global Economy

In order to produce effective forecasting the Council needs to be aware of how the worldwide economy may potentially influence Treasury Management issues. Sector's commentary and opinion on the wider global economy is presented below, and provides an overview of the current economic position.

Economic Update as provided by Sector:-

Economic forecasting remains difficult with so many external influences weighing on the UK. There does, however, appear to be consensus among analysts that the economy remains relatively fragile and whilst there is still a broad range of views as to potential performance, expectations have all been downgraded during 2012. Key areas of uncertainty include:

- the potential for the Eurozone to withdraw support for Greece at some point if the costs of such support escalate were to become prohibitive, so causing a worsening of the Eurozone debt crisis and heightened risk of the breakdown of the area or even of the currency itself;
- inter government agreement on how to deal with the overall Eurozone debt crisis could fragment; the impact of the Eurozone crisis on financial markets and the banking sector;
- the impact of the Government's austerity plan on confidence and growth and the need to rebalance the economy from services to manufactured goods;
- the under-performance of the UK economy which could undermine the Government's policies that have been based upon levels of growth that are unlikely to be achieved;
- the risk of the UK's main trading partners, in particular the European Union and United States, falling into recession ;
- stimulus packages failing to stimulate growth;
- elections due in Germany in 2013;

- potential for protectionism i.e. an escalation of the currency war & trade dispute between the US and China.
- the potential for action to curtail the Iranian nuclear programme
- the situation in Syria deteriorating and impacting other countries in the Middle East

The focus of so many consumers, corporations and banks on reducing their borrowings, rather than spending, will continue to act as a major headwind to a return to robust growth in western economies.

Given the weak outlook for economic growth, Sector sees the prospects for any changes in Bank Rate before 2015 as very limited. There is potential for the start of Bank Rate increases to be even further delayed if growth disappoints.

Sector believes that the longer run trend is for gilt yields and Public Works Loans Board (PWLB) rates to rise due to the high volume of gilt issuance in the UK, and the high volume of debt issuance in other major western countries. The interest rate forecast in this report represents a balance of downside and upside risks. The downside risks have already been commented on. However, there are specific identifiable upside risks as follows to PWLB rates and gilt yields, and especially to longer term rates and yields: -

- UK inflation being significantly higher than in the wider European Union and United States causing an increase in the inflation premium in gilt yields
- Reversal of Quantitative Easing; this could initially be allowing gilts held by the Bank to mature without reinvesting in new purchases, followed later by outright sale of gilts currently held
- Reversal of Sterling's safe haven status on an improvement in financial stresses in the Eurozone
- Investors reverse de-risking by moving money from government bonds into shares in anticipation of a return to worldwide economic growth
- The possibility of a UK credit rating downgrade (Moody's has stated that it will review the UK's Aaa rating at the start of 2013).

PWLB Certainty Rate

The Government's 2012 Budget announced that the Government will introduce in 2012-13, a 0.20% discount on loans from the PWLB under the prudential borrowing regime for those local authorities providing improved information and transparency on their locally-determined long-term borrowing and associated capital spending plans.

Eligibility to this discount rate will be available to English, Scottish and Welsh local authorities operating the CIPFA Prudential Code (such as this Authority) and the discount rate will be available from 1st November 2012 until 31st October 2013 on 'new' borrowing.

Further to this Council's application, the Department for Communities and Local Government (DCLG) has approved our eligibility, and therefore we can use the preferential PWLB interest rate during the dates as highlighted, above.

Prospects for Interest Rates

The table below shows Sector's forecasts for interest & PWLB rates, which incorporate the introduction of the **PWLB certainty rate** in November 2012 and draws together a number of current City forecasts for short term (Bank Rate) and longer fixed interest rates. The following table gives Sector's view.

Annual Average %	Bank Rate	Money Rates		PWLB Borrowing Rates		
		3 month	1 year	5 year	25 year	50 year
Dec 2012	0.50	0.50	1.00	1.30*	3.50*	3.70*
March 2013	0.50	0.50	1.00	1.30*	3.60*	3.80*
June 2013	0.50	0.50	1.00	1.30*	3.60*	3.80*
Sept 2013	0.50	0.50	1.00	1.40*	3.60*	3.80*
Dec 2013	0.50	0.50	1.00	1.60	3.80	4.00
March 2014	0.50	0.50	1.10	1.70	3.90	4.10
June 2014	0.50	0.60	1.10	1.70	3.90	4.10
Sept 2014	0.50	0.60	1.20	1.80	4.00	4.20
Dec 2014	0.50	0.70	1.30	2.00	4.10	4.30
March 2015	0.75	0.80	1.30	2.20	4.30	4.50
June 2015	1.00	1.05	1.40	2.30	4.40	4.60
Sept 2015	1.25	1.30	1.40	2.50	4.60	4.80
Dec 2015	1.50	1.55	1.80	2.70	4.80	5.00
March 2016	1.75	1.80	2.05	2.90	5.00	5.20

* Incorporates the PWLB Certainty Rate Discount of 0.20%.

Treasury Management Borrowing Strategy

Policy on Borrowing in Advance of Need

The Council will not borrow more than, or in advance of its needs, purely in order to profit from the deposit 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.

Risks associated with any borrowing in advance of activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanism.

The borrowing of monies purely to invest or on-lend and make a return is unlawful and this Council will not engage in such activity.

Appendix P(c)

Treasury Management Annual Investment Strategy

Investment Policy

The Council will have regard to the Department for Communities and Local Government's (DCLG) Guidance on Local Government Deposits ("the Guidance") and the 2011 revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ("the CIPFA Treasury Management Code").

The Council's deposit priorities are (and in this order): -

- the security of capital;
- the liquidity of its deposits; and;
- the return on its deposits.

The Council will also aim to achieve the optimum return on its deposits commensurate with proper levels of security and liquidity. The risk appetite of this Council is low in order to give priority to the security of its deposits.

Estimated Deposit Levels

The table below gives an indication of the anticipated deposits for 2012/13 to 2015/16:-

Deposits £000	2011/12 Actual	2012/13 Estimate	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate
Deposits at 31 st March	63,903	63,210	59,027	53,350	51,828
Total Deposits	63,903	63,210	59,027	53,350	51,828

Deposit instruments identified for use in the financial year are listed on the pages highlighted below under the headings 'Specified' and 'Non-Specified' Deposits.

Creditworthiness policy

This Council uses the creditworthiness service provided by Sector. This service uses a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moodys and Standard & Poors. 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
- sovereign ratings to select counterparties from only the most creditworthy countries

(Note: CDS are a kind of insurance scheme, within the money markets, where the price for insuring against a counterparty defaulting can be monitored, e.g. traders will want to buy protection, and hence the price will increase, when they think that the credit quality of a counterparty will decrease, and vice-versa. Often CDS provide earlier warning signs of impending counterparty credit issues than would otherwise be the case if reliance was placed solely on the credit rating agencies).

This modelling approach combines credit ratings, credit watches and credit outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads for which the end product is a series of colour code bands which indicate the relative creditworthiness of counterparties. These colour codes are also used by the Council to determine the duration for deposits and are therefore referred to as durational bands. The Council is satisfied that this service now gives a considerable improved level of security for its deposits. It is also a service that the Council would not be able to replicate using in house resources.

The selection of counterparties with a high level of creditworthiness will be achieved by selection of institutions down to a minimum durational band within Sector's weekly credit list of worldwide potential counterparties. The Council will therefore use counterparties within the following durational bands:

SECTOR creditworthiness service	
Colour	Duration bands
Yellow	5 years (this category is for AAA rated Government debt)
Purple	2 years
Blue	1 year (only applies to nationalised or semi nationalised UK Banks)
Orange	1 year
Red	6 months
Green	3 months
No Colour	Not to be used

This Council will not use the approach suggested by the Chartered Institute of Public Finance & Accountancy (CIPFA) of using the lowest rating from all three rating agencies to determine creditworthy counterparties as Moodys tend to be more aggressive in giving low ratings than the other two agencies. It is considered that this would leave the Council with too few institutions on its approved lending list. The Sector creditworthiness service does though, use ratings from all three agencies, but by using a risk weighted scoring system, does not give undue preponderance to just one agency's ratings.

Credit ratings will be monitored daily. The Council is alerted to changes in ratings from all three of the credit rating agencies through its use of the Sector Creditworthiness Service.

If a downgrade results in the counterparty/deposit scheme no longer meeting the Council's minimum criteria, its further use for new deposits will be withdrawn immediately.

In addition to the use of credit ratings, the Council will be advised of information in movements in the 'Credit Default Swap' (CDS) markets and other market data on a weekly basis. Extreme movements in this market may result in the downgrade of a counterparty or removal from the Council's counterparty list.

The Council will not place sole reliance on the use of this external service and will act to protect its interests should additional market data or information bring into question the current creditworthiness of any counterparty.

Specified Deposits:

Specified deposits are those identified as offering high security and high liquidity by reference to a formal credit rating. These are deposits that are sterling denominated, with maturities up to a maximum of 1 year and which meet the minimum 'high' credit rating criteria where applicable.

Deposit Instrument	Minimum 'High' Credit Criteria
Term deposits – UK Local Authorities	N/A
Term deposits – UK Police Authorities	N/A
Term deposits – UK Fire Authorities	N/A
Term deposits – Passenger Transport Authority	N/A
Term deposits – UK Nationalised Industries	N/A
Term deposits – UK Nationalised Banks	In accordance with Sector's creditworthiness service (see above)
Variable Rate Bank Accounts – UK Nationalised Banks (to include call accounts and notice accounts)	In accordance with Sector's creditworthiness service (see above)
Debt Management Account Deposit Facility	N/A
Term deposits – other UK banks and building societies	In accordance with Sector's creditworthiness service (see above)
Variable Rate Bank Accounts – other UK banks and building societies (to include call accounts and notice accounts)	In accordance with Sector's creditworthiness service (see above)
Term deposits – UK subsidiaries of foreign institutions	Where the parent company also meet our lending criteria and resides in a country with a sovereign credit rating of AAA.
UK Government Treasury bills (shorter term Government debt)	AAA
Money Market Funds	AAA
Certificate of Deposits	AAA
Fund Managers	AAA

Non-Specified Deposits

These are deposits that, by definition, do not meet the conditions laid down in the above paragraph and potentially carry additional risk, e.g. lending for periods beyond one year.

Deposit Instrument	Minimum Credit Criteria
Term deposits – UK Local Authorities	N/A
Term deposits – UK Police Authorities (with maturities in excess of 1 year)	N/A
Term deposits – UK Nationalised Industries (with maturities in excess of 1 year)	N/A
Term deposits – UK Nationalised banks (with maturities in excess of 1 year)	In accordance with Sector's creditworthiness service (see above)
Debt Management Account Deposit Facility (with maturities in excess of 1 year)	N/A
Term deposits – other UK banks and building societies (with maturities in excess of 1 year)	In accordance with Sector's creditworthiness service (see above)
Term deposits – UK subsidiaries of foreign institutions (with maturities in excess of 1 year)	Where the parent company also meet our lending criteria and resides in a country with a sovereign credit rating of AAA.
UK Government gilts (longer term Government debt)	AAA
Supranational Bonds (Multi-lateral Development Bank bonds)	AAA

In February 2011, Council approved a recommendation to allow up to £5million of 'core' deposits (i.e. sums that are likely to be needed in the short to medium term) to be invested for periods of up to 3 years. This was seen as likely to be beneficial on those occasions when a deposit can be made in advance of a fall in medium to long-term interest rates. Having a strategy in place to take advantage of such situations, as and when they arise, provides the opportunity to enhance interest receipts.

The Council does not, currently, have any longer term deposits, but may consider using this option, as medium to long-term interest rates are expected to fall further.

Current longer term Deposits	Amount £	Maturity	Rate
NIL	NIL	N/A	N/A

Country limits (sovereign credit ratings)

The Council has determined, in general, to suspend lending to overseas financial institutions and their UK subsidiaries from the Council's Counterparty List.

Counterparty List

The approved counterparty list is shown in Annex 1 to this report.

Investment Strategy

The Council manages its deposits in-house. As in past years, any deposit decision will have regard to the Council's cash flow requirements and the outlook for short and medium-term interest rates. There will, therefore, be a mix of maturity periods at any one time. The prudent commitment of funds will be a basic principle.

Icelandic Bank Deposits – Update

Heritable

To date, the Council has received distributions totalling £3,036,436, which represent 74.54 pence in the pound of the total claim of £4,072,361. The next distribution is forecast for January 2013. This claim is being dealt with as part of the UK legal process.

Landsbanki

To date, the Council has received three distributions for a total of £2,458,741 from the winding-up board in respect of Landsbanki Islands Hf. This equates to approximately 48% of the claim.

Policy on the use of external service providers

The Council uses Sector Treasury Services Ltd as its external treasury management advisers. Their current contract ends on 31st July 2013.

The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon its external service providers.

The Council also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. It will therefore ensure that the terms of their appointment and

the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

Treasury Management Scheme of delegation

Annex 2 shows the Treasury Management Scheme of Delegation for the Authority.

The Treasury Management Role of the section 151 officer

The Authority's Section 151 Officer is the Director of Resources. Annex 3 details the role the Section 151 Officer in relation to the Council's Treasury Management function.

Treasury Management Practices (TMPs)

The Council operates in accordance with CIPFA's Treasury Management Code of Practice 2011 and as such has produced a set of Treasury Management Practices to give a framework under which it operates.

These practices will be amended to reflect any changes to strategy arising from the recommendations in this Report. The revised set of Treasury Management Practices will be reported as part of the Annual Treasury Report.

Annex 1

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 limit for each.

Name	Council Maximum Deposit Period	Colour as at 07 December 2012	Category	Limit
All UK Local Authorities	N/A	N/A	Local Authority	£10m
All UK Passenger Transport Authorities	N/A	N/A	Passenger Transport Authority	£10m
All UK Police Authorities	N/A	N/A	Police Authority	£10m
All UK Fire Authorities	N/A	N/A	Fire Authority	£10m
All UK Nationalised Industries	N/A	N/A	Nationalised Industry	£10m
Debt Management Account Deposit Facility	N/A	N/A	DMADF	None
Barclays Bank Plc	3 Months & 100 days for Notice Accounts	Green	UK Bank	£10m
HSBC Bank Plc	3 Months & 100 days for Notice Accounts	Orange	UK Bank	£16m
Standard Chartered Bank	3 Months & 100 days for Notice Accounts	Orange	UK Bank	£10m
Bank of Scotland Plc	1 Year	Blue	UK Nationalised Bank	£10m
Lloyds TSB Bank Plc	1 Year	Blue	UK Nationalised Bank	£10m
National Westminster Bank Plc	1 Year	Blue	UK Nationalised Bank	£10m
The Royal Bank of Scotland Plc	1 Year	Blue	UK Nationalised Bank	£10m
Ulster Bank Ltd	1 Year	Blue	UK Nationalised Bank	£10m
Nationwide Building Society	3 Months	Green	UK Building Society	£10m

For banks within the same Banking Group there is an additional Group limit of £15m (1.5 times the individual limit).

Annex 2

Treasury Management Scheme of Delegation

Council

- a) Approval of reports on treasury management policies, practices, activities and performance and any subsequent amendments to the organisation's adopted clauses on treasury management.
- b) Approval of the annual treasury management strategy.
- c) Approval of the division of responsibilities.

The Leader

- a) Receiving and reviewing regular monitoring reports and acting on recommendations
- b) Approving the selection of external service providers and agreeing terms of appointment
- c) Making recommendations to Council in relation to Treasury Management matters

Strategy & Resources Scrutiny Committee

- a) Reviewing the treasury management policy and procedures and commenting on recommendations to Council.
- b) Receiving and reviewing the regular monitoring reports from the Director of Resources.

Annex 3

The Treasury Management Role of the Section 151 Officer

The S151 (responsible) officer

1. Recommending clauses, treasury management policy/practices for approval, reviewing the same regularly and monitoring compliance
2. Submitting regular treasury management policy reports
3. Submitting budgets and budget variations
4. Receiving and reviewing management information reports
5. Reviewing the performance of the treasury management function
6. Ensuring the adequacy of treasury management resources and skills and the effective division of responsibilities within the treasury management function
7. Ensuring the adequacy of internal audit and liaising with external audit
8. Recommending the appointment of external service providers

Appendix Q

Sensitivity Analysis

Topic	Quantum	BSR Assumption	Risk
Employer's Pension Contribution	£35m	BSR includes provision for increases of 0.75% from 2011/12 to 2016/17	Assumptions on life expectancy and negative market effects on the value of assets in the Pension Fund leading to increased employer contribution requirements above the level of provision already made
Pay Settlement	£35m +/- 1% is GF c. £270k for 2013/14	In line with Government guidance, 0% in 2011/12 and 2012/13, 1% in 2013/14 and 2014/15, followed by 2.5% ongoing.	Actual pay award settlements are agreed as part of national negotiations. Actual awards may be higher than provided for.
Developer Contributions	c. £8.5m	All contributions are used in compliance with terms of agreements. Capital bids for area-based and City-wide projects funded from developer contributions have been identified.	Failure to meet conditions of individual schemes leads to the requirement to repay contributions and accrued interest to developers. Developers seek to renegotiate current agreements in order to improve the viability of their schemes putting at risk the ability to deliver essential infrastructure If the Community Infrastructure Levy is implemented this may reduce income from individual developments.
Energy costs (all)	£1.2m	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 not taken into account until received.	Market conditions significantly reduce the value of Council assets with the associated reduced level of funding available for new capital investment. Purchaser's ability to buy is limited due to financing constraints.
Investment Income	+/- 1% is c. £600k for 2013/14	These are based on a mid-range level provided by market analysts.	Rates fall further than anticipated or for a longer period. A shorter period of recession or a less steep decline in rates would result in increase in investment income. (Positive)
Non-Pay inflation	+/- 1% is GF c. £284k spend and c. £320k income for 2013/14	General inflation on income and expenditure is included at 2.0% from 2013/14 ongoing (based on the Government target for CPI inflation).	General Inflation rises more quickly than anticipated placing greater pressure on cash limited budgets or on General Reserves to fund those pressures.
Housing Benefits	£42m	Officer assessment of current conditions and trends	Council funded element of provision of the service. Potential increase in Housing Benefit fraud Council breached the thresholds (upper and/or

Topic	Quantum	BSR Assumption	Risk
			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%.
Council Tax Income	£6.4m p.a.	2% increase for 2013/14 and future years are built into projections	Criteria for triggering referendums for proposed excessive increases are published each year. The requirement for rebilling and associated costs, together with the loss of Council Tax income, effectively provide a strong disincentive for high increase proposals. Economic climate may require an increase in enforcement activity.
Car Parking Income	c. £9.0m	Based on Officer and external consultants' projections of usage	Economic downturn reduces usage and/or increased use of Park & Ride and impact of guided bus.
Bereavement Services Income	c.£1.8m	Current mortality rates built into BSR assumptions	Falling mortality rate [yet ageing population in Cambridge] Opening of competitor facilities in view of the expansion of Cambridge sub region and the comparatively low investment required for a profitable new build crematorium with private sector operating costs. Success of Commemoration scheme (Positive)
Planning Fee Income	c. £1.2m	Income projections for 2012/13 have been amended to reflect current market conditions.	Impact of economic downturn is greater or longer than anticipated.
Building Control Fee Income	c. £0.4m	Based on break-even full cost recovery position for the Building Control Service	Impact of economic downturn is greater or longer than anticipated Increased competition from approved inspectors leading to smaller market share New LABC fees guidance leads to significant over or under-recovery of costs
Corn Exchange Income	c. £0.5m	Based on Officer projections of attendance	Economic downturn leads to fall in attendances. Social change leads to lower attendance at live concerts Product offer does not meet client expectation
Folk Festival Income	c. £1.5m	Based on assumption that all tickets will be sold	Economic downturn leads to fall in attendances and/or failure to retain sponsorship
Market Income	c. £0.7m	Officer assessment of current market conditions and future trends	Increased level of voids as a result of the current economic climate, mitigated by new traders coming to the market as we seek to widen the range of services on the market and the cost of business premises is prohibitive for start-ups.
Commercial Property Income	c. £6.6m	Officer assessment of current market conditions and future trends	Economic conditions lead to increase in voids, increased level of unrecoverable debts and less significant rent increases.

Topic	Quantum	BSR Assumption	Risk
Land Charges Income	c. £0.2m	Reductions based on latest experience have been incorporated	<p>Increased proportion of personal searches and reduced number of overall searches due to market conditions.</p> <p>Potential limitation of ability to charge for searches as a result of threatened legal challenge.</p>

Appendix R

Significant Events

Topic	Indicative Value	2012/13	2013/14	2014/15	2015/16	2016/17
Spending Review	£8.6m	The timing of the next Spending Review is yet to be announced by Government but is unlikely to be before autumn 2013				
VAT Partial exemption	c. £250k if breached	Potential liability if limit is breached over a 7 year moving average				
Elections	n/a	Police & Crime Commissioner (PCC) 15 November 2012	County: 2 May 2013	City: 1 May 2014 (but may be as below) European: 5 or 12 June 2014	Parliamentary & City Council: 7 May 2015	City and PCC: 5 May 2016
National Census	n/a	Census 2011 results used in the government funding settlement for 2013/14 and will inform the next Spending Review				
Pension Fund Triennial Actuarial Review	+/- 1% is GF c. £210k for 2013/14	Triennial revaluation to commence based on position at 31 March 2013	Additional contributions payable by employees from 1 April 2013	First anticipated change in employer contributions resulting from revaluation		
Lion Yard (Commercial Property)	£1.8m	Works started June 2012	Anticipated completion by March 2014			
ICT Contract	c. £2.0m pa	Full tender options appraisal	Contract expires June 2013			
Leisure Contract Renewal	c. £0.6m pa	Full tender options appraisal	Leisure Contract expires September 2013			
Local Council Tax Support Scheme	n/a	Introduced 1 April 2013	Review of first year of new scheme to determine requirements for future schemes			

Appendix S

Cambridge City Council Equality Impact Assessment



Completing an Equality Impact Assessment will help you to think about what impact your strategy, policy, plan, project, contract or major change to your service may have on people that live in, work in or visit Cambridge, as well as on City Council staff.

The template is easy to use. You do not need to have specialist equalities knowledge to complete it. It asks you to make judgements based on evidence and experience. There are guidance notes on the intranet to help you. You can also get advice from David Kidston, Strategy and Partnerships Manager on 01223 457043 or email david.kidston@cambridge.gov.uk or from any member of the Joint Equalities Group.

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

2013/14 Budget Setting Report (February 2013)

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

To enable the City Council to set a balanced budget that reflects the Council's eight vision statements and takes into account councillor's priorities in its proposals for achieving the savings required. This EQIA assesses the equality impacts of the General Fund element of the City Council's budget; a separate EQIA has been completed for the Housing Revenue Account (HRA) element of the Council's budget.

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

- Residents
- Visitors
- Staff

A specific client group or groups (please state):

4. What type of strategy, policy, plan, project, contract or major change to your service is this? (Please tick)

- New
 Revised
 Existing

5. Responsible directorate and service

Directorate: Resources

Service: Accounting Services

6. Are other departments or partners involved in delivering this strategy, policy, plan, project, contract or major change to your service?

- No
 Yes (please give details):

This is an assessment of the Council's budget and therefore covers all our services. The budget affects some of our partnership working, notably with Cambridgeshire County Council, and it has an impact on the voluntary and community sector.

7. Potential impact

Please list and explain how this strategy, policy, plan, project, contract or major change to your service could **positively** or **negatively** affect individuals from the following equalities groups.

When answering this question, please think about:

- The results of relevant consultation that you or others have completed (for example with residents, people that work in or visit Cambridge, service users, staff or partner organisations).
- Complaints information.
- Performance information.
- Information about people using your service (for example whether people from certain equalities groups use the service more or less than others).
- Inspection results.
- Comparisons with other organisations.
- The implementation of your piece of work (don't just assess what you think the impact will be after you have completed your work, but also think about what steps you might have to take to make sure that the implementation of your work does not negatively impact on people from a particular equality group).
- The relevant premises involved.

7. Potential impact

- Your communications.
- National research (local information is not always available, particularly for some equalities groups, so use national research to provide evidence for your conclusions).

(a) Age (any group of people of a particular age, including younger and older people)

The proposed review of street and open spaces benches (C3140) will benefit all residents by replacing and repairing benches as required, but this work may be of particular benefit to older people who may make more use of the benches provided in some locations.

The bid for funding to continue the Safer Homes Scheme provided by Age UK (PPF3201) will benefit older and vulnerable residents by providing home aids to help prevent and minimise accidents in the home. The bid will continue, rather than increase, the existing level of support provided, but without continued funding this service would no longer be provided to the same level.

The proposed introduction of in-cab technology (C3071, PPF3076) will bring about improvements to assisted bin collections. Those addresses where older residents have requested assisted bin collections will be highlighted on-screen, which will help ensure that collections are made from these addresses on the collection day.

(b) Disability (including people with a physical impairment, sensory impairment, learning disability, mental health problem or other condition which has an impact on their daily life)

The proposed introduction of in-cab technology (C3071, PPF3076) will bring about improvements to assisted bin collections. Those addresses where disabled residents have requested assisted bin collections will be highlighted on-screen, which will help ensure that collections are made from these addresses on the collection day.

(c) Gender

No impact identified

(d) Pregnancy and maternity

The revised budget bid to meet the salary costs of staff currently on maternity leave (RB3157) will ensure that the Council is able to meet its commitments in the current financial year. While this does not increase the level of support provided to staff on maternity leave, it will ensure that they receive the level of salary that they are entitled to.

(e) Transgender (including gender re-assignment)

No impact identified

(f) Marriage and Civil Partnership

No impact identified

(g) Race or Ethnicity

The proposed appointment of a Landlord Liaison Officer (PPF3078) will enable the Council's Environmental Health and Housing Advice teams to take more action to tackle private sector landlords who mis-manage tenancies and properties. This will help improve the housing conditions of residents in private sector housing regardless whether they have a protected characteristic or not, but may be of particular benefit to those BAME communities, which anecdotal evidence suggests are disproportionately represented in private rented accommodation in the City.

The proposed savings to the Council's face-to-face and telephone interpreting budgets (RB3019 and SR3023) will not lead to a reduction in the level of interpreting services provided to residents who require this assistance in order to access Council services. While demand for these services is unpredictable from year to year, the proposed reduction in budget reflects savings resulting from reductions in the unit cost for each interpreting session following the re-tendering of the service.

(h) Religion or Belief

(i) Sexual Orientation

No impact identified

(j) Other factor that may lead to inequality (please state):

Although it is not one of the nine protected characteristics identified in the Equality Act 2010, it should be noted that a number of the budget proposals are likely to have an impact on vulnerable or low-income residents:

- The proposal to provide support for payment of a Living Wage in the new Leisure Management contract (PPF3215 and SR3056) will have a positive impact on leisure staff on lower incomes. Similarly the provision for additional employee costs associated with adoption of the Living Wage would have a positive impact on all directly employed and agency staff (after 4 weeks) who currently earn less than the proposed Living Wage.
- If the proposed appointment of a Green Deal Development Officer (PPF3074) is successful in contributing to the development of a Cambridgeshire-wide Green Deal scheme, this is

(j) Other factor that may lead to inequality (please state):

likely to have a positive impact on residents experiencing fuel poverty, by providing a source of up-front finance for energy efficiency improvements to homes.

- The proposed increase in the the number of Customer Service Advisors (PPF3069) will enable the Customer Service centre to respond to the recent increase in the number of calls from residents, including vulnerable residents who are affected by changes introduced as part of the Government's Welfare Reforms.

- It is not anticipated that the proposal to reduce the opening hours of the Customer Service Centre will impact disproportionately on vulnerable residents or any particular equalities group because call volumes and visitor numbers are currently very low between 8.00-9.00am and 17.00-18.00pm. The CSC will continue to open at 8.00am on Mondays and until 6.00pm on Wednesday to meet the needs of any customers who are not able to contact the Council at other times.

- The bids to meet the additional costs in the provision of accommodation for homeless households (RB 3182 and UR3035) will ensure that the Council is able to continue to meet its statutory commitments at a time when there is an increasing level of demand for this service.

The proposals to cash limit Arts and Recreation Development Grants (S3121) and Community Development Grants (S3128) will mean that the total amount of grant funding available to voluntary and community groups will stay at the same level from 2013/14 onwards and will not increase in line with inflation (2% assumed). One of the priorities for these grants programmes is to target support at a defined list of priority groups, which include a number of protected characteristics. For the Arts and Recreation Development Grants this includes BAME residents, disabled residents, young people and older people. For the Community Development Grants, this includes BAME residents, disabled residents, young people, older people, LGBT residents and women lacking opportunities to live safe and fulfilled lives. Cash-limiting the grant funding available could therefore potentially have a negative impact on the funding available to voluntary and community groups providing support to these groups of residents. However, the Council will continue to provide a significant amount of grant funding to voluntary and community groups within the City and will continue to target these grant funding streams at priority groups which include people with protected characteristics.

8. If you have any additional comments please add them here

Through this assessment, we have considered the equality impacts of all the budget proposals included in the Council's budget for 2013-14. At this stage a number of positive impacts have been identified for particular equality groups, but no significant negative impacts from the proposals which would require mitigating actions have been identified. Consequently, the Action Plan section of this form has not been completed. However, it should be noted that project proposals are at different stages of development and only relatively high-level information is available for some projects at this stage. More detailed Equality Impact Assessments will need to be carried out on some of the strategies, policies and projects funded through the budget at an appropriate point, when they have been more fully scoped and developed.

9. Conclusions and Next Steps

- If you have not identified any negative impacts, please sign off this form.
- If you have identified potential negative actions, you must complete the action plan at the end of this document to set out how you propose to mitigate the impact. If you do not feel that the potential negative impact can be mitigated, you must complete question 8 to explain why that is the case.
- If there is insufficient evidence to say whether or not there is likely to be a negative impact, please complete the action plan setting out what additional information you need to gather to complete the assessment.

All completed Equality Impact Assessments must be emailed to David Kidston, Strategy and Partnerships Manager, who will arrange for it to be published on the City Council's website. Email david.kidston@cambridge.gov.uk

10. Sign off

Name and job title of assessment lead officer: Chris Humphris, Principal Accountant

Names and job titles of other assessment team members and people consulted:
David Kidston, Strategy and Partnerships Manager and Ariadne Henry, Community Development Officer

Date of completion: 20 December 2012

Date of next review of the assessment: December 2013

Action Plan

Equality Impact Assessment title:

Date of completion:

Equality Group	Age
Details of possible disadvantage or negative impact	
Action to be taken to address the disadvantage or negative impact	
Officer responsible for progressing the action	
Date action to be completed by	

Equality Group	Disability
Details of possible disadvantage or negative impact	
Action to be taken to address the disadvantage or negative impact	
Officer responsible for progressing the action	
Date action to be completed by	

Equality Group	Gender
Details of possible disadvantage or negative impact	
Action to be taken to address the disadvantage or negative impact	
Officer responsible for progressing the action	
Date action to be completed by	

Equality Group	Pregnancy and Maternity
Details of possible disadvantage or negative impact	
Action to be taken to address the disadvantage or negative impact	
Officer responsible for progressing the action	
Date action to be completed by	

Equality Group	Transgender
Details of possible disadvantage or negative impact	
Action to be taken to address the disadvantage or negative impact	
Officer responsible for progressing the action	
Date action to be completed by	

Equality Group	Marriage and Civil Partnership
Details of possible disadvantage or negative impact	
Action to be taken to address the disadvantage or negative impact	
Officer responsible for progressing the action	
Date action to be completed by	

Equality Group	Race or Ethnicity
Details of possible disadvantage or negative impact	
Action to be taken to address the disadvantage or negative impact	
Officer responsible for progressing the action	
Date action to be completed by	

Equality Group	Religion or Belief
Details of possible disadvantage or negative impact	
Action to be taken to address the disadvantage or negative impact	
Officer responsible for progressing the action	
Date action to be completed by	

Equality Group	Sexual Orientation
Details of possible disadvantage or negative impact	
Action to be taken to address the disadvantage or negative impact	
Officer responsible for progressing the action	
Date action to be completed by	

Other factors that may lead to inequality	
Details of possible disadvantage or negative impact	
Action to be taken to address the disadvantage or negative impact	
Officer responsible for progressing the action	
Date action to be completed by	

Appendix T (updated draft)

Section 25 Report (2013/14 Budget Process)

Robustness of Estimates and Adequacy of Reserves

Background

Section 25(1) of the Local Government Act 2003 requires that the Chief Financial Officer (CFO) must report to the Council, 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

Section 25(2) of the Act requires the Council to have regard to this report in approving the Budget and Council Tax.

The majority of the material required to meet the requirements of the Act has been built into the key reports prepared throughout the corporate planning and budget cycle, in particular :

- The Medium Term Strategy (MTS) [September 2012]
- 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 21 January 2013, which forms the basis for the subsequent decisions by the Executive (24 January 2013), Strategy and Resources Scrutiny Committee (15 February 2013) and Council (21 February 2013).

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 approach 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

Review of the MTS Forecasting Model and Projections

Council officers identified errors in the budget forecasts in December 2012, which understated the Council's spending requirements. The errors occurred in the way actual spend within the Council's general ledger had been incorporated within the Council's financial model to project future spend. The Council had asked Ernst and Young, the Council's external auditors, to undertake an external review of its financial forecasts in light of those errors. Ernst and Young have reviewed the work undertaken by the Council's finance team to re-base the Council's budget forecasts.

The review work undertaken identified an understatement of the base budget costs of £2,266,690 in 2012/13. This resulted in the September 2012 MTS showing the available level of Reserves at the end of 2012/13 overstated by that amount. Had this been identified as part of the preparation of the MTS it would also have resulted in a higher Net Savings Requirement for 2013/14 being identified. This is shown in the tables below:

	Factor	2013/14 (£'s)	2014/15 (£'s)	2015/16 (£'s)	2016/17 (£'s)
	Net Savings Requirement (February 2012 BSR)	1,505,320	1,515,260	887,350	959,450
add	Increase / (decrease) in Net Savings identified in Sept 2012 MTS	(935,620)	431,190	14,380	373,900
	MTS 2012 Net Savings Requirement	569,700	1,946,450	901,730	1,333,350
	Revisions required due to understatement of 2012/13 base	3,748,150	(1,373,490)	(782,250)	674,970
	[Revised] MTS 2012 Net Savings Requirement	4,317,850	572,960	119,480	2,008,320

Factor	2012/13 (£'s)	2013/14 (£'s)	2014/15 (£'s)	2015/16 (£'s)	2016/17 (£'s)
MTS 2012 GF Reserves – Closing Balance	7,049,740	5,000,000	5,000,000	5,000,000	5,000,000
Revisions required due to understatement of 2012/13 base	(2,266,690)	0	0	0	0
[Revised] MTS 2012 Reserves – Closing Balance	4,783,050	5,000,000	5,000,000	5,000,000	5,000,000

As this was identified at an advanced stage in the 2013/14 Budget process work had already been undertaken based on the assumptions and target set in the September 2012 MTS. As a result, the following tables show the implications for the Net Savings Requirement (NSR) and Reserves, assuming that the 2013/14 NSR target is not changed at this stage.

	Factor	2013/14 (£'s)	2014/15 (£'s)	2015/16 (£'s)	2016/17 (£'s)
	Net Savings Requirement (February 2012 BSR)	1,505,320	1,515,260	887,350	959,450
add	Increase / (decrease) in Net Savings identified in Sept 2012 MTS	(935,620)	431,190	14,380	373,900
	MTS 2012 Net Savings Requirement	569,700	1,946,450	901,730	1,333,350
	Revisions required due to understatement of 2012/13 base		2,565,910	(782,250)	674,970
	[Revised] MTS 2012 Net Savings Requirement		4,512,360	119,480	2,008,320

Factor	2012/13 (£'s)	2013/14 (£'s)	2014/15 (£'s)	2015/16 (£'s)	2016/17 (£'s)
MTS 2012 GF Reserves – Closing Balance	7,049,740	5,000,000	5,000,000	5,000,000	5,000,000
Revisions required due to understatement of 2012/13 base	(2,266,690)	(3,748,150)	(3,748,150)	(3,748,150)	(3,748,150)
[Revised] MTS 2012 Reserves – Closing Balance	4,783,050	1,251,850	1,251,850	1,251,850	1,251,850

This shows that without any remedial action the level of Reserves would fall to below the Council's self-determined minimum reserves level by the end of 2013/14. The BSR shows the achievement of net savings against this position, and outlines the measures that have been proposed to deal with the consequences of this.

In reviewing the re-forecasting work Ernst and Young concluded that "The budget working papers, adjusted for year-end and other known changes, may be considered by the Council to represent a sensible foundation upon which it can model its future budgetary requirements. Whilst there is considerable scope for improving the Re-Forecast Model, our review has not identified any issues to suggest that it is not operating as the Council intends."

This re-forecasting exercise has formed the basis for the projections which underpin the BSR and its recommendations, and this independent review provides assurance that it is suitably robust for the purpose.

Re-Basing Exercise

When the error was identified the approach taken was to seek to undertake a re-basing exercise (in early December 2012) in order to identify the scale and implications of the error for the Budget process, and to provide a sound base position for the completion of the 2013/14 Budget process. The information on which greatest reliance could be placed for 2012/13 was identified as the position in the ledger system, and this was used as the re-basing point.

A new version of the forecasting model was created by removing the existing data. The review process had identified problems with the data rather than the functionality of the model, and this has been confirmed by the work of Ernst & Young. The model was then re-populated with all the required data. The model was repopulated and reviewed by the Director of Resources and the Head of Accounting Services.

The resulting model ('version 6.0') was the basis for the identification of the scale of the understatement of the 2012/13 position used in the forecast model, and was the model reviewed by Ernst & Young as part of their Phase 1 work.

Budget-Setting Work

The 'version 6.0' model was used as the basis for applying the subsequent changes that are required in finalising proposals for the 2013/14 Budget, so as to maintain an effective audit trail.

This was achieved through the use of a series of separately identified and archived models, each of which dealt with one specific aspect of the changes that needed to be applied to arrive at a final BSR position.

In order to provide co-ordination and an overview of these stages a spreadsheet was created which fulfilled the role of version control document. This detailed each model (named sequentially in a series from 1 to 15 (Part 2)),

with a summary of the changes each contained and showing the effects in terms of closing level of reserves, net savings requirement and total inflation costs included for each of the 25 years. It identified final values for each of these at each stage, together with the marginal change from the previous version to enable effective review of the outcome.

The models were also structured to reflect a number of 'categories' of actions/changes, as shown below:

Category	Model Ref.	Key Change	Source	Changes to
Re-Basing	1	Re-basing for error	Ledger	D & A
	2	MTS Changes from 2013/14 and £2,770 appropriation	Full & part-year effects from previous MTS and BSR approvals	D
	3	Long-term external interest re-based	External interest projection	D
	4	Inflation calculation reviewed	Actual effect known from ledger / BWPs	D
<i>Position at 'version 6-0'</i>				
Autumn Statement	5	CT increase reduced to 2% & 2014/15 Formula Grant reduced by a further 2%	Autumn Statement publication	D & A
Provisional LG Finance Settlement	6	Council Tax Taxbase updated & Growth provision reviewed	Local CT Support scheme, Taxbase & updated Growth projections	D & A
	7	Government Grant updated for Settlement announcement	Settlement papers	D & A
	8	New Homes Bonus updated	NHB provisional notification	D
BSR Options	9	Proposals to be included in BSR confirmed following discussion with controlling group	BSR proposal papers	D
	10	NHB Contribution re: top-sliced Government support	-	D
	11	NHB funding to replace DRF for capital	-	D & A
	12	Re-profiling of DRF to reflect actual Capital Plan spend	Capital Plan & capital funding statement	D

Category	Model Ref.	Key Change	Source	Changes to
	13	Additional BSR submissions	Additional bids & savings received and agreed by Executive Councillors	
	14	PPFs reduced to £300k from 2013/14	-	D
	15	Additional savings to raise Reserves level	-	D & A

Key:

D – Changes to data

A – Changes to model architecture

The first category (i.e. stages 1 to 4) relates to the work resulting in 'version 6.0' of the model, as referenced above.

Architecture of the Model

The process in arriving at the Budget-Setting Report inputs has necessitated changes to the version of the architecture of the model that existed at 'version 6-0', as reflected in the table above. This reflects two main areas:

- Technical changes such as the move from Formula Grant to Start-Up Funding Assessment or the new basis for the Council Tax Taxbase following introduction of the Local Council Tax Support Scheme, which require the creation of new input lines in the relevant tabs within the model
- Changes to reflect the current year position, such as creation of a new earmarked fund (Project Facilitation Fund) and associated appropriations

Model changes were, in this context, made by the Director of Resources and scrutinised by the Head of Accounting Services. The monitoring and review process for the effects of the changes (and the fact that they were broken down into stages with a relatively small number of specific changes) contributed to identifying that the model changes had the expected results.

Process for Reviewing and Checking

Many of the changes in the above list of modelling stages are of a corporate or technical nature and were undertaken by the central Finance team, but were completed by the Head of Accounting Services with scrutiny by the Director of Resources.

Changes resulting from the standard Budget process, i.e. inputs from departments such as bids and savings, were populated by service managers and checked with them and Directors / Heads of Service to provide overview and validation.

Changes from the main Budget process were also reconciled to the Budget database, which co-ordinates and reports on all of the electronic submissions of bids and savings by services across the Council.

Briefing sessions were held with the Chief Executive and Leader to provide an overview as part of the lead-up to reporting the outcomes to Strategic Leadership Team and the Executive.

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 MTS 2011. 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.

In the absence of provisional grant entitlements for years after 2012/13, the assumptions made for the purposes of financial modelling for the MTS were unchanged from those adopted for the February 2011 Budget Setting Report.

An overall reduction in grant over the four-year period 2011/12 to 2014/15 of 31% was assumed, with equal percentage reductions over the latter two years, following the cumulative reduction of 23.1% over 2011/12 and 2012/13. This broadly reflected the profile of the reduction in national control totals contained within the spending review.

As part of the 2012 Autumn Statement announcement, the Government indicated that their Departmental Resource Budgets were to be reduced by a further 1% in 2013/14 and 2% in the following year. However, in recognition of the fact that local government budgets were already being held down in 2013/14 to facilitate the delivery of a freeze in Council Tax the Government determined that the additional 1% requirement for that year should not be applied to local government.

As a result, the MTS projection for the level of Government support in 2014/15 was reviewed as follows:

Core Government Funding	2013/14 £	2014/15 £
Projected Formula Grant/Retained Business Rates Entitlement at MTS	8,161,400	7,740,670
Homelessness Grant (now part of core funding)	575,470	575,470
Projected Core Government Funding	8,736,870	8,316,140
Effect of Additional 2% reduction in 2014/15	-	(219,240)
Revised projection	8,736,870	8,096,900

This is based on anticipation of a 2% reduction from the start point for the current Spending Review period in 2011/12 (i.e. £10,961,863). This implied a requirement for increased savings in 2014/15 unless offset by other factors.

Start-Up Funding Assessment

The Provisional Local Government Settlement was announced on Wednesday 19 December 2012, marking the start of a four-week consultation period which ended on 15 January 2013. Once consultation responses have been considered, and any amendments have been incorporated, the final local government finance settlement 2013/14 will be considered by the House of Commons in February.

The Government is changing the way in which local government is funded through the introduction of a business rates retention scheme. The new system replaces the current Formula Grant system with an initial Start-Up Funding Assessment for each authority. The new arrangements are designed to enable local authorities and fire and rescue authorities, collectively, to benefit directly from supporting local business growth as they will be able to keep half of any increases in business rates revenue to invest in local services.

For the City Council, the retained element of any Business Rate growth is subject to a 50% levy by Central Government. This levy will be used to provide a partial safety net for any authorities which experience a fall in their Business Rates, for example through closure of a major business in their area. However, it should be noted that the safety net will only apply after an authority's Business Rates income falls by more than 7.5%; and that such a level of potential reduction would represent a significant risk to the Council in any particular year (i.e. a maximum risk of around £280,000 in 2013/14).

Under the Government's new funding regime the opportunity is provided for authorities to agree to come together to form a 'Pool' in order to further incentivise them to drive economic growth. By forming a pool, member authorities could mitigate some of the risk associated with adverse impacts on their growth in Business Rate and allow them to reduce the levy on growth that is returned to Central Government, allowing the local areas to retain a greater share of Business Rates income than would have been the case without a pooling arrangement.

The effects and benefits of pooling depend upon economic circumstances and Business Rates growth levels and the City Council has undertaken modelling with potential partners for a local pool in order to better understand the benefits that it may convey. Based on the Government's original pooling proposals, the formation of a Cambridgeshire Pool was projected to be beneficial for average growth levels of -0.25% and above. On this basis an initial expression of interest was submitted as required by the Government's timetable, on 27 July 2012. However, the Government's final scheme has proved to be significantly less favourable and when considered in the context of the level of risk faced (being based on projected levels of growth) no

longer justified the creation of a Cambridgeshire pool in the view of the potential partners.

Whilst a Cambridgeshire pool for 2013/14 is not felt to be viable, the partners still believe that the concept has value and will reconsider the potential for 2014/15 or future years based on data and any scheme changes applicable at the appropriate times.

The 2013/14 Local Government Finance Settlement is the first under the new arrangements and has provided each local authority with its starting position under the business rates retention scheme. A number of key calculations for each authority in relation to business rate retention will be fixed until the first 'reset' that the Government intends will not take place until 2020.

The local government finance settlement also provided local authorities with information on how much Revenue Support Grant they have been allocated for 2013/14 as well as provisional allocations for 2014/15. Provisional figures provided for 2014/15 took account of the additional overall 2% funding cut to local government announced in the Autumn Statement on 5 December 2012.

Revenue Spending Power

The Government has introduced the new key definition of revenue spending power. For district councils, such as the City, this is defined, for 2013/14, as:

- Council Tax yield in 2012/13
- Government's start-up funding assessment for 2013/14, and
- Specific grants for 2013/14 (including New Homes Bonus)

For the City Council, the Government has determined spending power for the next two years to be as follows:

Element of revenue spending power	2013/14 £	2014/15 £
2012/13 Council Tax income	6,831,370	6,831,370
Start-Up Funding Assessment	9,341,182	8,198,084
Community Right to Challenge Grant	8,547	8,547
Community Right to Bid Grant	7,855	7,855
2013/14 Council Tax Freeze Grant	69,089	69,089

Element of revenue spending power	2013/14 £	2014/15 £
New Homes Bonus (NHB) Grant	2,085,283	2,649,022
Spending Power	18,343,326	17,763,967
Reduction from 2013/14		579,359
		3.16%

On the face of it, this suggests that the City Council will only see a reduction of 3.16% between 2013/14 and 2014/15 (this compares to the national overall reduction in spending power, announced by the Minister, of 1.7%). However, this serves to disguise the fact that:

- The level of Start-Up Funding Assessment is reduced by some 12.24% from 2013/14 to 2014/15.
- The notion of revenue spending power effectively assumes that all new NHB income from 2014/15 onwards is available to fund standard spending by local authorities.

In comparing the level of government support, as part of the announcement, with the assumptions made as part of the September 2012 MTS, a number of adjustments need to be made to the figures to ensure direct comparability. These are shown in the table below:

Core Government Funding	2013/14 £	2014/15 £
December 2012 Provisional Settlement		
Start-Up Funding Assessment	9,341,180	8,198,090
Less Council Tax Support Scheme funding	(625,320)	(625,320)
	8,714,860	7,572,770
September 2012 MTS		
Comparable provision for Core Government Funding	8,736,870	8,096,900
Difference above / (below) MTS assumption	(22,010)	(524,130)
	(0.25%)	(6.47%)

Council Tax Support Scheme funding (CTSSF) is required to offset the reduction in Council Tax yield resulting from the introduction of the new local scheme for Council Tax Support. 2013/14 is the only year in which the government intends to specifically identify the element of CTSSF which is included in the Start-Up Funding Assessment (SUFA). The table above assumes that CTSSF element will be maintained in cash terms in 2014/15 so as not to put any additional pressure on the local scheme of Council Tax Support.

Although the level of Government support for 2013/14 is very close to that assumed in the MTS, the level of support for 2014/15 is some £524,140 (6.47%) below the projected level. This reflects the fact that the Government's assessment of revenue spending power from 2014/15 reflects additional annual tranches of NHB. For 2014/15, the Government is assuming a level comparable to 2013/14 i.e. £563,740. The Council will need to decide whether, and to what degree, it is prepared to use NHB to support existing revenue spending and this is dealt with in the New Homes Bonus section below.

The potential for further significant changes to the system of central government support constitutes a material risk for the Council, particularly with the new Spending Review period starting from 2015/16, and this has been reflected in the approach to Reserves.

Future Government Funding Prospects

The 2011 Autumn Statement set plans for public spending in 2015/16 and 2016/17 in line with the spending reductions over the Spending Review 2010 period. The level of Government support from 2015/16 onwards will be the subject of the Government's next Spending Review, however, as part of the September 2012 MTS the Council had assumed that the level of support would be reduced by 2.3% in each year. This assumed that the additional spending reductions, which the March 2012 Budget highlighted would be required in those years, would be met through further welfare spending reductions (around £8b nationally assumed) as well as reductions in local government spending in line with the average reduction across Government departments.

Future levels of Government support will continue, under the new funding arrangements, to be influenced by changes in population. At MTS stage, it

was uncertain whether Census 2011 data would be the base for population projections used in determining the new Start-Up Funding Assessments. In addition, the Office of National Statistics (ONS) had been consulting on a proposed new methodology for estimating net immigration to local authorities. Whilst seeking to improve the basis for estimation, the methodology resulted in significant % changes for a number of local authorities, including Cambridge, which could not be reconciled to local knowledge and other official data sources, such as the electoral roll and Valuation Office Agency records of dwelling numbers.

Despite extensive representations to both ONS and Central Government, projections of population using the revised methodology have been used by Government in arriving at the provisional Settlements for 2013/14 and 2014/15. Although based on Census 2011 data, the Council estimates that the mid-year forward projections used will understate the City's actual population by approximately 4,000 by mid-2013.

The Council is continuing to challenge the basis on which population projections are made and is seeking recognition, in the form of financial compensation, for the shortfall in core funding that will result. It is understood that ONS is planning to undertake a review, in 2014, of the methodology used in making population projections and the Council is pressing for that review to be undertaken.

These factors highlight the degree of uncertainty that still exists with regard to the level of future Government support. It is intended that further reviews will be included as part of future MTS and BSR documents, particularly once details of the new Spending Review become available.

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 core funding. In terms of financial projections, the most significant of these other grants is New Homes Bonus.

New Homes Bonus

The New Homes Bonus (NHB) is a funding scheme, introduced from 1 April 2011, designed to encourage local authorities to deliver new homes and to reduce 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 provision 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.

Final NHB entitlements for 2011/12 and 2012/13 have been determined but forward projections are based on estimated housing completions and are, therefore, dependent on achieving the projected growth rates each year. Nationally, funding for the NHB scheme was explicitly provided for the period of the Spending Review, i.e. to 2014/15.

As part of the change in the Government's funding model, from 2014/15 it has indicated that the scheme will continue but it will be financed by top slicing from the overall level of funding available for local authority support.

Forward projections of NHB entitlement are as follows:

	2012/13 £	2013/14 £	2014/15 £	2015/16 £
2011/12 allocation (Housing Completions & Empty Homes)	(786,646)	(786,646)	(786,646)	(786,646)
2012/13 allocation	(734,898)	(734,898)	(734,898)	(734,898)
2013/14 provisional allocation		(563,739)	(563,739)	(563,739)
Confirmed New Homes Bonus Funding at February 2013 BSR	(1,521,544)	(2,085,283)	(2,085,283)	(2,085,283)
<i>add</i>				
Projected NHB Receipts for 2014/15 based on projection of future housing completions & empty homes			(1,038,000)	(1,038,000)
Projected NHB Receipts for 2015/16 based on projection of future housing completions & empty homes				(1,074,000)
Potential New Homes Bonus Total	(1,521,544)	(2,085,283)	(3,123,283)	(4,197,283)

The above table assumes that the NHB scheme will continue under the next Spending Review (i.e. from 2015/16 onward), based on indications from ministerial statements.

Given the uncertainty about the continuation of this scheme in the longer-term, the Council has adopted a prudent approach by putting the funding received into an earmarked fund so that its use can be effectively considered in terms of fixed-period funding requirements. The BSR includes detail on the planned use of these funds, in light of the change to the national funding basis.

Council Tax Thresholds

2012/13 saw the introduction of Council Tax referendum thresholds, such that increases proposed above this level are deemed as 'excessive' and 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, in addition to the cost of holding a referendum (in the region of £50k).

As part of the provisional settlement announcement, Council Tax referendum thresholds for 2013/14 were confirmed. These have been set at 2% for single tier, county councils and shire districts, police and crime commissioners and fire and rescue authorities (compared with 3.5% for 2012/13).

Financial projections of the Council Tax level made for the MTS included the assumption of a 2.5% per annum increase from 2013/14. This was based on the government CPI target level for inflation (2.0%), but increased by a further 0.5% to offset the eroding of the council taxbase in real terms that would otherwise have resulted from implementing the Government's Council Tax Freeze Scheme for 2012/13.

For the City Council, adopting a freeze of the Council Tax level in 2013/14 would result in the receipt of two grant payments, each of around £70k. However, the effect on the Council Tax yield would be to reduce this by around £170k in 2013/14 compared with MTS projections. As the loss of spending power (and hence ability to provide services) implied by the freeze would affect all future years it is difficult to determine that the freeze scheme

for 2013/14 can be supported taking the medium-term view. In accepting the scheme for 2012/13 the Council had sought to assist Council Tax payers by removing the immediate effect of any increase but then maintaining overall spending power by increasing future increases to compensate. The significant reduction in the thresholds for referendums effectively negates this approach.

The BSR, therefore, contains the recommendation for a 2.0% increase in Council tax for 2013/14 over the level for 2012/13; which would be below the threshold level.

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 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.

Although the last Review period only included figures for the first two years at a detailed level, with the final two years having only recently been announced in the provisional Settlement, it is hoped that the next Spending review will return to longer, period, announcements.

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. The Council's forecasts will need to be considered carefully in light of the next Spending review announcement – the date for which is yet to be announced.

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 2012) 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 2012 MTS identified a target level of ongoing funding for PPF Bids for 2013/14 of £500k per annum. In reviewing this proposal as part of the BSR the level of funding was reduced from £500k per annum to £300k in both 2013/14 and future years. This was part of the actions undertaken to reflect the outcome of the re-forecasting exercise detailed above.

The retention of the PPF mechanism, albeit at a lower level, reflects the fact that it continues to provide an important means of moving resources to the areas of greatest need whilst also retaining the flexibility to reflect the Council's overall financial position.

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 February 2013 BSR has included actions to seek to identify alternative funding sources to enable the level of Direct Revenue Financing (DRF) to be reduced as part of the response to the outcome of the re-forecasting exercise. This is shown in the use of the balance of £706,910 of NHB funding in 2013/14 and £880,000 of NHB funding in each of the subsequent 3 years to replace DRF. The viability of this has been shown in the projections for the earmarked NHB funds, which includes retaining uncommitted sums from 2014/15 onward. This ensures that the currently approved Plan can still be delivered.

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.

The review of the progress with the delivery of the approved Capital and Revenue Projects Plan for 2012/13 has identified a significant level of variation anticipated for year end; despite actions taken in the MTS to improve the deliverability of the Plan as scheduled. If the re-phasing requests are approved this will result in a higher level of closing Reserves at the end of 2012/13 by some £2.308m, which will be used as DRF in 2013/14 to fund the re-phased spending.

Whilst the BSR deals with the proposed re-phasing, it also identifies key reasons for the significant elements of the variations in order to enable consideration to be given to additional actions to improve delivery in future years.

The review of capital provides the context for considering the affordability of the capital bids which have been submitted as part of the 2013/14 budget process, as shown below:

	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000	2016/17 £000
Revised Capital funding availability	0	(305)	(164)	(862)	(1,380)
Capital bids	0	(1,525)	(1,600)	1,700	1,700
(Surplus) / Shortfall in Funding	0	(1,830)	(1,764)	838	320
Re-profiling of revenue funding to actual capital spend	0	1,500	1,264	(1,382)	(1,382)
Net Capital Funding Availability		(330)	(500)	(544)	(1,062)

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 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 includes the requirement for Housing Revenue Account borrowing associated with the introduction of the new Self-Financing regime, together with new projected schemes. 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. It has undertaken a major exercise to review the adequacy of the coverage and level of such provisions, and this is scheduled to report back in Spring 2013.

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 2013 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.

In the September 2012 MTS it was noted that the Council was facing a number of changes in areas of activity which would represent the potential for increases in the level of risk. It was agreed, at that point, that this should be reconsidered as part of this BSR when more complete information would be available.

With details of the new local Council Tax Support Scheme and the new government funding mechanism for local authorities now finalised, it is clear that both of these changes effectively serve to move material elements of financial risk associated with each of these areas from central to local government.

In considering the implications for the level of general reserves held, it is felt that the main impact is on the Minimum level that the Council sets for itself. Given the materiality of the additional areas of risk it is recommended that the Council increases the Minimum level held from £1.5m to £2.5m with effect from 1 April 2013 (when the two schemes apply). At this stage it is not proposed that the Target level (currently set at £5m) for the medium-term should be increased, but this will be kept under review as experience of the changes and the risk levels associated with them increases.

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 years from 2014/15, as detailed below.

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

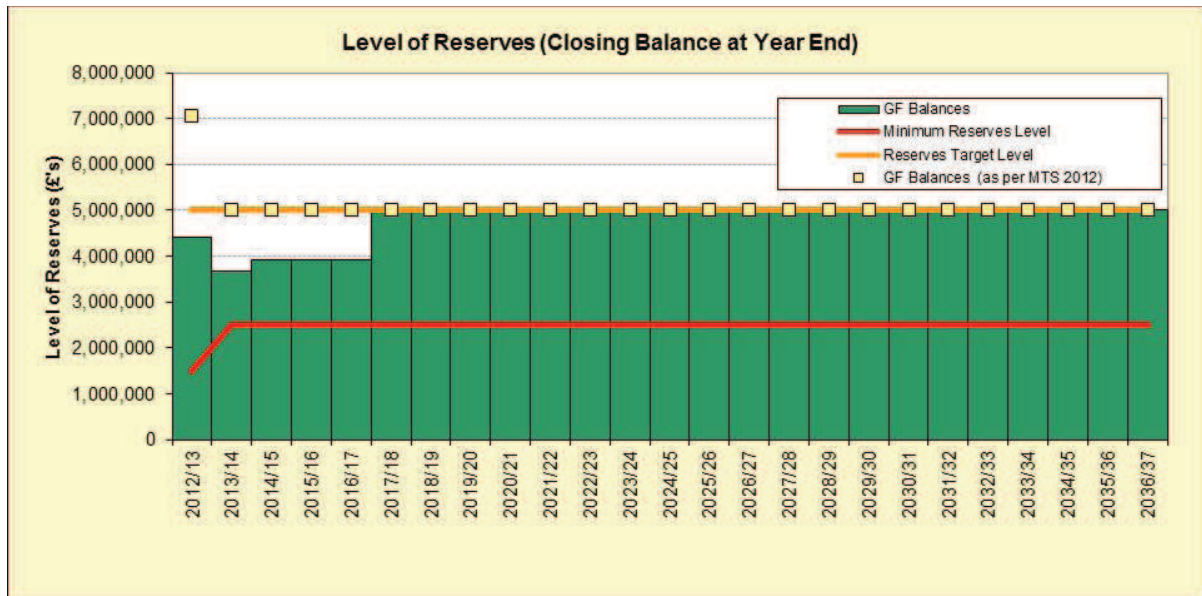
- The potential need to 'cushion' the impact of an unexpected events or emergencies (above the levels supported directly by the government, under the 'Bellwin' scheme).
- The need to deal with major incidences of uneven funding associated with schemes or initiatives. Previous examples include the initial 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. The maintenance of sufficient reserves to be able to pump-prime '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 for future years.

The September 2012 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. However, in considering the question of adequacy in the context of the revised Minimum level set by the Council, it is clear that although some short-term use of reserves is reasonable in order to manage the unforeseen impact of the forecasting error, the resulting level of reserves is too low to maintain over the medium and longer-term.

As a result, consideration has been given to the potential to target net savings requirements over the medium-term in order to achieve a planned return to the £5m Target level. This is recommended to be achieved through a two-step process, with an additional £250k being added to reserves in 2014/15, and then a further £1,082,740 in 2017/18, at which point the reserves will return to the Target level.

The projection through to 2036/37 is shown graphically below, compared with the projections contained within the September 2012 MTS:



This shows that the overall effect of the measures recommended in the BSR has:

- Served to address the potential issue of the level of Reserves falling below the revised Minimum level at the end of 2013/14, with a projected level of £3,667,260 being achieved at that point.
- Actively managed the Reserves levels over the period 2014/15 to 2017/18 in order to move the level back towards the medium-term Target level of £5m.

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

- Minimum Level - set at £1.5m (approximately 3 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.

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 7 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 Q, 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 R of the BSR.

A further review of these areas, and the others still unresolved, will take place as part of the next (2013) 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.

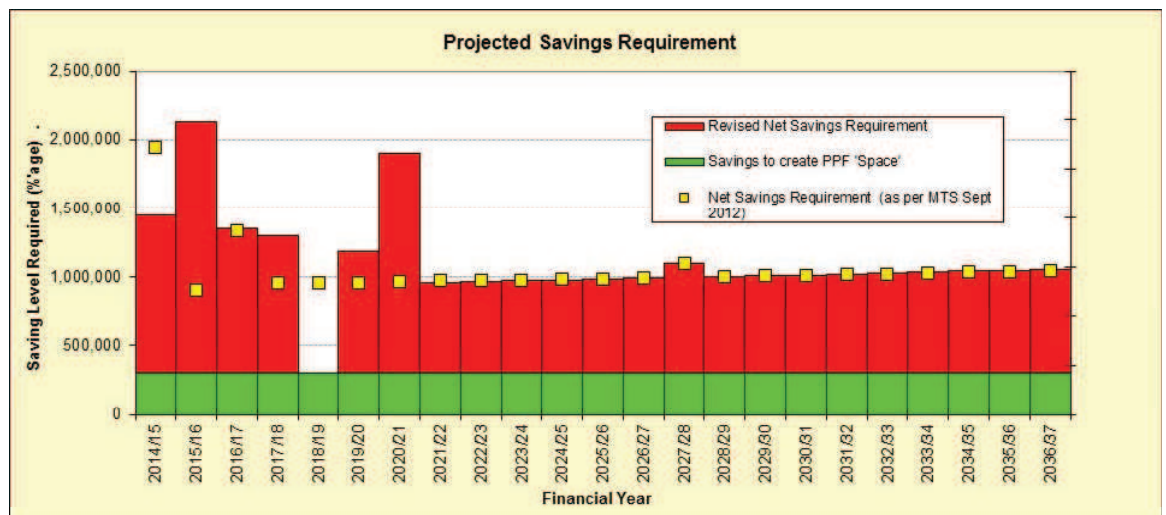
Period Budgeting

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 is reflected in the basis for the calculation of the net savings requirements for 2014/15 and future years. As previously stated, additional net savings have been built into 2014/15 (£250,000) and 2017/18 (£1,082,740) in order to return the level of general reserves to the Target level over the medium-term.

The BSR identifies the need for an ongoing net savings target totalling £5.948m across the period from 2014/15 to 2018/19, compared with a total of £6.095m for the same period as projected in the original MTS. This confirms that the effects of the re-basing (requiring an additional £3.312m over that period) have been addressed as part of the BSR.

The net savings requirement for the next budget year (2014/15) of £1,450,830, can be viewed as achievable in the context of the level of additional Service Review savings already projected to be available for that year (some £1.3m).

For the longer-term, the profile of savings provides a reasonable timescale for developing further Service Review proposals to deal with the significant net savings requirement levels in the following two years in an informed manner.



The increased level of net savings requirement in 2020/21 relates to the assumption of the end of NHB grant receipts, leaving Growth-related posts costs of £785,380 unfunded. At that point, if the NHB scheme is not continued, decisions would need to be made with regard to the ongoing requirement for these posts.

The contribution of Service Reviews to the overall level of savings reflected in the BSR has been significant (ranging from 1.5 times the total net savings requirement in 2013/14 rising to 2.6 times more by 2016/17).

This serves to confirm the significant role of the Service Review process, and the robustness of the projections included in the September 2012 MTS. This is particularly important as Service Reviews, will undoubtedly be a critical part of the Council's future savings strategy.

This also 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.

Future Savings Strategy

The Council is planning for a significant "step change" in its budget profile through to 2017/18. The budget and service delivery plans for 2013/14 represent a continuation of the process to deliver that change.

Future work is expected to include further exploration of shared service opportunities, an exploration of income generation opportunities and a review of Council assets.

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. 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.

Conclusion

The 2013/14 budget process has resulted in recommendations for spending and tax-setting which has met the additional challenges presented through the continued economic downturn, the reductions in core government funding and the pressures identified through the re-forecasting exercise.

This has involved the identification of tangible measures to effectively address the implications of the significant pressures on the Council's budgets. The medium and longer-term projections, and plans, have also confirmed that the future net savings requirements are set at an achievable level, whilst general reserves are returned to the target level over the medium term.

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 work contained within the BSR 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 21 February 2013.

David Horspool

Director of Resources

Appendix U

Capital Programme Remits (new)

PR027 – Replacement of Parks & Open Space Litter & Waste Bins

Approved Timescale: 2012/13 to 2015/16

Lead Officer: Alistair Wilson

Remit: This budget is to replace and upgrade litter and waste bins in the city's parks and open spaces. This expenditure is to be funded from General Reserves.

Outcomes: The successful delivery of new litter and waste bins throughout the city's open spaces to budget and timetable

City-wide Developer Contribution Funds (Budget Bid: C3170)

Approved Timescale: ongoing

Lead Officer: Andy Preston

Remit: To invest in discrete major projects or to support larger area committee schemes where inadequate funding is available from the funds devolved to area committees in their own programme budgets. This programme is funded from Developer Contributions.

Outcomes: The successful delivery of strategic schemes proposed to budget and timetable

Area Committee (East) Developer Contribution Funds (Budget Bid: C3171)

Approved Timescale: ongoing

Lead Officer: Andy Preston

Remit: This programme has been established to engage local communities in the city's decision-making process and provide funding for schemes within the wards covered by the East Area committee. Investment is based on an Area Needs Assessment and is funded from Developer Contributions.

Outcomes: The successful delivery of schemes proposed by area committees to budget and timetable

**Area Committee (North) Developer Contribution Funds
(Budget Bid: C3172)**

Approved Timescale: ongoing
Lead Officer: Andy Preston

Remit: This programme has been established to engage local communities in the city's decision-making process and provide funding for schemes within the wards covered by the North Area committee. Investment is based on an Area Needs Assessment and is funded from Developer Contributions.

Outcomes: The successful delivery of schemes proposed by area committees to budget and timetable

**Area Committee (South) Developer Contribution Funds
(Budget Bid: C3173)**

Approved Timescale: ongoing
Lead Officer: Andy Preston

Remit: This programme has been established to engage local communities in the city's decision-making process and provide funding for schemes within the wards covered by the South Area committee. Investment is based on an Area Needs Assessment and is funded from Developer Contributions.

Outcomes: The successful delivery of schemes proposed by area committees to budget and timetable

**Area Committee (West/Central) Developer Contribution Funds
(Budget Bid: C3174)**

Approved Timescale: ongoing
Lead Officer: Andy Preston

Remit: This programme has been established to engage local communities in the city's decision-making process and provide funding for schemes within the wards covered by the West/Central Area committee. Investment is based on an Area Needs Assessment and is funded from Developer Contributions.

Outcomes: The successful delivery of schemes proposed by area committees to budget and timetable

**Waste and Recycling Bins for New Developments
(Budget Bid: C3161)**

Approved Timescale: ongoing
Lead Officer: Jen Robertson

Remit: This budget is to provide waste and recycling receptacles for new developments of residential properties within the City. This expenditure is to be funded from developer contributions.

Outcomes: The successful delivery of receptacles to budget and timetable

PR028 – Litter Bin Replacement Programme

Approved Timescale: 2012/13 to 2015/16
Lead Officer: Bob Carter

Remit: This budget is to replace and upgrade litter and waste bins in the city's streets. This expenditure is to be funded from General Reserves.

Outcomes: The successful delivery of new litter and waste bins throughout the city's streets to budget and timetable

Contacts

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