

# Budget Setting Report 2014/15

**February  
2014**

2014/15

Cambridge City Council



# Version Control

Version No.	Revised version / updates for:	Content / Items for Consideration
1	Strategy & Resources Scrutiny Committee (20 January 2014)	Initial budget overview and budget proposals
2	The Executive (23 January 2014) Special Strategy & Resources Scrutiny Committee (7 February 2014)	Proposals of The Executive  Amendments to Executive proposals  Opposition budget amendment proposals
Current 3	Council (27 February 2014)	Final Proposals to Council Incorporating updates relating to; <ul style="list-style-type: none"> <li>- Final Local Government Finance Settlement 2014/15 and grant determinations</li> <li>- Director of Resources final Section 25 report</li> </ul>
4	<b>FINAL</b>	Approved Budget Setting Report incorporating <ul style="list-style-type: none"> <li>- Decisions of Council</li> <li>- Appendix B Council Tax Setting following receipt of County Council, Police and Fire Authority precepts</li> </ul>

## Anticipated Precept Setting Dates

Cambridgeshire Police and Crime Commissioner	Cambridgeshire Fire Authority	Cambridgeshire County Council
5 February 2014	13 February 2014	18 February 2014

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# Section 1

## Introduction

## Purpose, Scope and Key Dates

### Purpose

At its meeting on 24 October 2013, the Council gave consideration to the budget prospects for the General Fund for 2014/15 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 Mid Year Financial Review (MFR) set out the agreed financial strategy for the Council, and confirmed the framework for the detailed budget work to develop proposals for the 2014/15 budget, as part of the corporate decision-making cycle.

This document provides an overview of the key assumptions, and sets the key parameters for the consideration of detailed recommendations and budget finalisation to be made at Council on 27 February 2014.

### 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 were presented to the Housing Management Board and Community Services Scrutiny Committee on 16 January 2014, together with any budget amendment proposals from Opposition Groups.

As with the MFR, 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. 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
MFR & 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 MFR 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 MFR 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 (see Appendix F).

## 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
<b>2014</b>	
20 January	Strategy & Resources Scrutiny Committee considers Budget Setting Report (BSR)
23 January	The Executive recommends Budget Setting Report to Council
7 February	Special Strategy & Resources Scrutiny Committee considers any budget amendment proposals
27 February	Council approves the budget and sets the Council Tax for 2014/15

## Review of Key Factors

The MFR agreed a base position, for detailed budget work, of the 2013/14 budget inflated to 2014/15 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 2014/15 to 2017/18 of £6.336m as set out in the table below:

Factor	2014/15 £	2015/16 £	2016/17 £	2017/18 £
Net Savings Requirement	1,095,530	2,739,220	1,549,610	952,020

- 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.
- To seek to achieve a level of savings in 2014/15 that are above the Net Savings Requirement and will serve to reduce the required level in 2015/16, thus smoothing the required levels to some degree.
- That the MFR assumption of a 2% per annum increase in Council Tax from 2014/15 would be reconsidered at budget setting stage, in the light of the Local Government Finance Settlement announcement and any Government scheme for 2014/15.

- That the target level of reserves continues at £5m with a minimum working balance set at £2.5m, but with a need to review this as part of the BSR in light of anticipated risk transfer from central government and the experience of the new Government funding and Welfare Reform schemes.
- To utilise General Fund Reserves to support the Council's Capital and Revenue Projects Plan, where appropriate, and to provide for the annual contribution of General Fund Reserves in 2014/15 of £880k.
- Provision of a Priority Policy Fund in 2014/15 and future years at the level of £300,000.
- To review the overall budget position as part of this February 2014 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.

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

- Provision of an annual contribution to fund the Capital and Revenue Projects Plan of at least £1.38m of General Fund Reserves in 2014/15 and future years.
- Provision of a Priority Policy Fund in 2014/15 and future years at the level of £300,000.
- The adequacy of the Repair & Renewals Fund balances and annual contributions.

## Key factors for review

This report reviews the key factors as follows:

Factor	Section	Notes
<b>Policy Context for budget setting</b>	2	
<b>General Fund Resources:</b>		
Local Government Finance Settlement – Business Rates Retention	3	Based on Final Local Government Finance Settlement announcement made on 4 February 2014
Other Government Grants	3	Based on final determinations
Earmarked Funds	3	Latest projections of key funds and new items recommended for funding approval

Factor	Section	Notes
Council Taxbase	3	Based on October 2013 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
<b>General Fund Spending Proposals:</b>		
2013/14 Revised Budget	4	Based on January 2014 scrutiny committee reports
Post MFR Approvals	4	Based on decisions made under urgency powers and those proposed in the January 2014 cycle of meetings
2014/15 Budget Proposals including:		
Non-cash limit items	4	Based on latest projections / detailed estimates
Bids and savings proposals	4	Based on January 2014 scrutiny committee reports
Overall position against savings targets	4	Based on January 2014 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 for 2013/14 was approved in May 2013, and can be accessed on the Council's web site at:

<http://tinyurl.com/pohd76s>

The 2013 Annual Statement did not involve any material changes to the Council's spending plans, as approved in the February 2013 Budget Setting Report.

The Leader's Foreword to the Mid-Year Financial Review (MFR) supplemented the Annual Statement by setting a direction of travel for the Council which responds to the future financial outlook. This is reflected in the detailed framework for the budget work.

### 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 October 2013 MRUK carried out 4 in-depth workshops with residents. A total of 48 people participated in the consultation, and MRUK ensured that the sample was representative of the wider population of Cambridge by including a spread of participants based on gender, age, ethnicity, disability, income, and where they live. The workshops explored which Council services participants regard as a priority, which they consider to be less important, and the reasons for this. To prompt discussion, the workshops included a hypothetical exercise where residents were asked to play the role of Council decision-makers in allocating a limited budget to different services.

This year, rather than consulting on all the major services provided by the Council, we decided to focus the consultation on those services where there are opportunities for the Council to make changes or do things differently. We therefore did not consult on those services which generate significant net income for the City Council (e.g. car parks, the crematorium, the central market, trade waste, the Folk Festival and commercial property), or services funded through the Housing Revenue Account (HRA), which is a separate ring-fenced account. We also excluded support services (such as human resources, finance, legal, ICT and internal audit), as these help the Council to deliver services and run effectively as an organisation, but local residents are not likely to have first-hand experience of them.

## Key consultation findings

Residents felt that the most important group of Council services were those that protect the quality of the local environment, because they help maintain Cambridge as a clean and attractive place for residents and visitors. Within this group of services, they particularly prioritised: collecting rubbish, recycling and green waste; managing parks and public spaces; and delivering environmental improvements, including to bus shelters, play facilities, highways improvements and cycling and walking projects. Those consulted also said that services which protect people's health and safety are important, because they keep people safe and healthy and help ensure that the City functions effectively. Of these services, they particularly prioritised: preventing air pollution and land contamination; the City Council's licensing functions; enforcing food safety in restaurants; managing CCTV cameras in public places; and working with the police to prevent crime and antisocial behaviour.

Participants also said that it is important that the City Council provides a range of community involvement services for vulnerable residents, including: running community centres and providing local community development activities; and supporting disabled and older people to travel around the city and access services. They felt that these services would help ensure that vulnerable people have the opportunity to be active members of society and do not face isolation, and that without these services, individuals may develop other health issues, such as physical or mental illnesses which would potentially place a greater burden on health services. Participants also identified activities and events for children and young people as an important service, because it would help young people to develop a passion and channel their talents in a positive way, and could reduce the potential for anti-social behaviour.

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, the Big Weekend and Midsummer Fair were important because they are a source of pride for the community and a good way to bring people together. However, they felt that these events did not necessarily have to be organised by the Council, and there was scope to increase sponsorship or charge for admission in order to increase income from events. Those consulted also felt that although live entertainment provision in the City was valuable, an alternative provider could potentially run the Corn Exchange if it does not generate a net income for the Council.

Further detailed analysis of the results of the budget consultation is available in the independent report produced by MRUK, which can be found on the Council's website at: <https://www.cambridge.gov.uk/budget-consultation>.

## Review of Demographic Factors

Demographic factors impact on the Council's financial strategies in terms of their effect on the level of demand for services, the specific types and nature of services and the income available to the Council through Council Tax. Previously total population was also a key influence on the Council's entitlement to Government funding in terms of both formula grants and share of the national business rates pool, however, the new Government methodology for funding distribution effectively breaks this link.

Given the projected level of growth projected for the City over the medium term the ending of the link to the annual funding distribution by Government is significant as it creates a time lag between any recognition of increased costs and the periodic re-basing of the funding mechanism (initially after 7 years and thereafter every 10 years).

## City Deal

The City Council has been actively involved in the submission of a bid to Central Government for a City Deal. The bid has involved a partnership of Cambridge City Council, Cambridgeshire County Council, South Cambridgeshire District Council, The University of Cambridge and the Greater Cambridge Greater Peterborough Enterprise Partnership, and if successful could see significant investment in the Greater Cambridge area in respect of transport, infrastructure and housing.

The City Deal aims to secure substantial additional funding for investment in infrastructure to support sustainable growth over the coming decades. This extra funding is proposed to come from the proceeds of future growth facilitated by additional infrastructure investment.

As part of the City Deal, it is proposed that this infrastructure investment will be combined with a revised package of measures to support the delivery of affordable housing, along with new

measures to allow skills funding to be used in different ways which will target training more at the particular needs of local employers.

One area of current funding which is being considered for inclusion in the City Deal package as part of the negotiation process is a proportion of New Homes Bonus (NHB). As a result of this, the BSR considers the application of funds available up to, and including 2014/15, but earmarks the uncommitted funding from 2015/16 for further consideration of its application after the completion of the City Deal negotiations. This is covered further in Section 3, below.

The 2013 Autumn Statement announced the Government's commitment to delivering a City Deal, although this is still subject to negotiation. As the detailed work on City Deal is progressed the implications for the GF and HRA will be reviewed for inclusion in the September 2014 MFR documents.

# 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 2013 Autumn Statement

The Government published the Autumn Statement on 5 December 2013. This contained a number of items which are relevant to consideration of the BSR:

- The Small business rate relief scheme will be extended for one year from April 2014 and business rate increases will be capped at 2% from April 2014. Retail premises in England with a rateable value of up to £50,000 will get a business rates discount worth £1,000. Whilst the below inflation level 2% cap on business rate increases, aims to provide an economic impetus, the savings to businesses could impact on the level of business rates that can be retained by councils. In addition, the monthly payment facility announced by the Chancellor may impact on this councils' cash flow and interest generated via their investments.



- A cap on overall welfare spending will be introduced but the basic state pension will not be included in the cap. If the cap is breached then there will be a vote in the House of Commons
- The Chancellor announced house building loans of £1bn to unlock sites across the country, and an increase in the Housing Revenue Account (HRA) borrowing limit by £300m, but not a removal of the overall cap.
- Local government is joining education, health and international development by being exempt from further savings in 2014/15. This recognises the scale of savings already announced for local government, the sector's ability to deliver these savings so far, and the risks of imposing an even greater level of grant reduction.
- The Chancellor has already indicated that austerity will be with us permanently, including a further 10% funding reduction to local government in 2015/16.

## Inflation and Growth

Global economic data has improved since the 2013 BSR. Both market and consumer confidence and the impact of improving domestic economic indicators has led the Bank of England to increase its forecasts for growth for both this year and next year. Consumer price inflation (CPI) fell materially from a level of 2.7% in September 2013 to a level of 2.0% by December. Having reached a level of 3.3% in August 2013, RPI fell sharply to reach a level of 2.6% in October and November 2013, before increasing to 2.7% in December. Both of these measures, despite declining from peaks in 2012, continue to be at or above Government targets.

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

Period	CPI	CPIH	RPI	RPIJ	RPIX
April 2013	2.4	2.2	2.9	2.3	2.9
May 2013	2.7	2.5	3.1	2.5	3.1
June 2013	2.9	2.7	3.3	2.7	3.3
July 2013	2.8	2.5	3.1	2.6	3.2
August 2013	2.7	2.5	3.3	2.6	3.3
September 2013	2.7	2.5	3.2	2.5	3.2

Period	CPI	CPIH	RPI	RPIJ	RPIX
October 2013	2.2	2.0	2.6	1.9	2.7
November 2013	2.1	1.9	2.6	2.0	2.7
December 2013	2.0	1.9	2.7	2.0	2.8

The main differences between the indices are:

- (i) The RPI excludes very high and very low income households
- (ii) The CPI excludes owner occupier housing costs
- (iii) RPIX is similar to the RPI but excludes mortgage interest payments
- (iv) The RPIJ was introduced by the Office for National Statistics (ONS) in order to better comply with international standards. Specifically the RPIJ excludes data on households where the head of the household is retired and economically inactive. Also excluded are those households where total income is within the top 4% of all households.
- (v) CPIH is also a new measure of consumer price inflation that includes a measure of owner occupiers' housing costs.

## Interest Rates

In the United Kingdom, a recovery appears to be taking hold but the legacy of adjustment and repair left by the financial crisis means that the recovery is likely to remain weak by historical standards, and inflation remains above target.

The MPC intends at a minimum to maintain the present highly stimulative stance of monetary policy until economic slack has been substantially reduced, provided this does not entail material risks to price stability or financial stability.

In particular, the MPC intends not to raise Bank Rate from its current level of 0.5% at least until the Labour Force Survey headline measure of the unemployment rate has fallen to a threshold of 7%, subject to the conditions below. The MPC stands ready to undertake further asset purchases while the unemployment rate remains above 7% if it judges that additional monetary stimulus is warranted.

The guidance linking Bank Rate and asset sales to the unemployment threshold would cease to hold if any of the following three 'knockouts' were breached:

- in the MPC's view, it is more likely than not, that CPI inflation 18 to 24 months ahead will be 0.5 percentage points or more above the 2% target;

- medium-term inflation expectations no longer remain sufficiently well anchored;
- the Financial Policy Committee (FPC) judges that the stance of monetary policy poses a significant threat to financial stability that cannot be contained by the substantial range of mitigating policy actions available to the FPC, the Financial Conduct Authority and the Prudential Regulation Authority in a way consistent with their objectives.

Explicit policy guidance can enhance the effectiveness of monetary stimulus in three ways. First, it provides greater clarity regarding the MPC's view of the appropriate trade-off between the speed with which inflation is returned to the target and the support given to the recovery. Second, it reduces uncertainty about the future path of monetary policy as the economy recovers. And third, it delivers a robust framework within which the MPC can explore the scope for economic expansion without putting price stability and financial stability at risk.

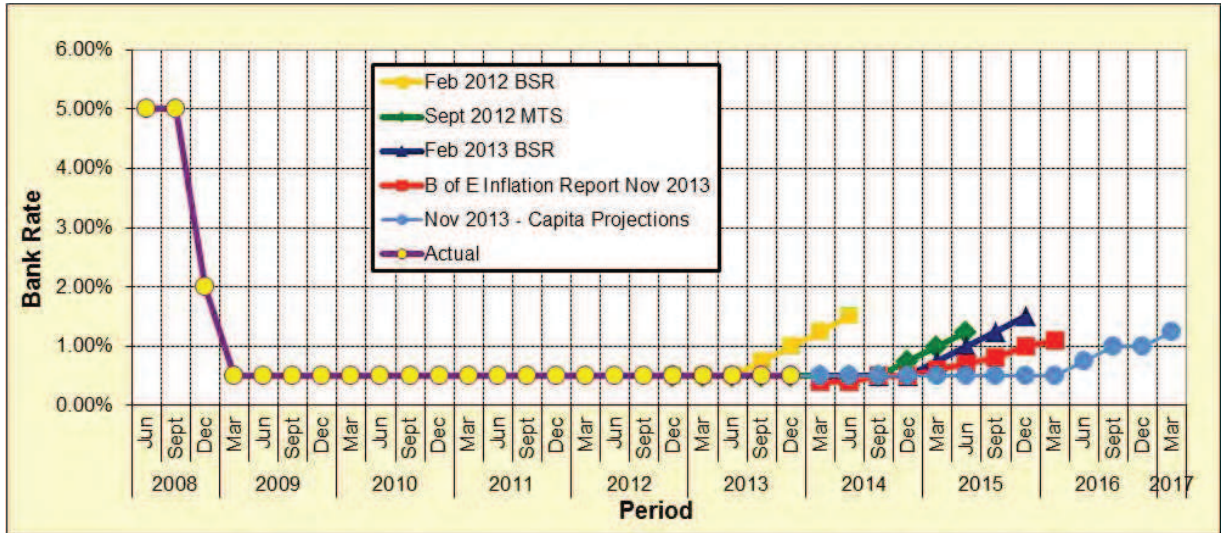
During the period over which the MPC's policy guidance is in force, the MPC will continue to meet each month to determine the level of Bank Rate and the size of the asset purchase programme. These decisions will be made in the context of that guidance. While the unemployment rate remains above the 7% threshold, the MPC intends that its monthly decision on Bank Rate will depend on individual members' assessments of the price stability knockouts, and on whether or not the FPC has issued an alert to the MPC.

At its meeting on 8 & 9 January 2014, the Bank of England's Monetary Policy Committee (MPC) voted to maintain the official bank rate at 0.5%. The Committee also voted to maintain the stock of asset purchases financed by the issuance of central bank reserves at £375b.

The last change in the Bank Rate was a 0.5% reduction to 0.5% on 5 March 2009. On the same date a programme of asset purchases financed by the issuance of central bank reserves was initiated. The size of this programme was increased to £375b on 5 July 2012.

Latest projections for interest rates from the Council's treasury management advisors (Capita) now expect the first anticipated rise in base rate (an increase to 0.75%) in June 2016. At MFR stage a change in bank rate was anticipated in the final quarter of 2016.

The graph below shows Sector's projections for Bank Rates compared with those previously reported:



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 level of interest rates, has contributed to the budget pressures facing the Council in recent years.

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

# Section 3

## General Fund Resources

# Local Government Finance Settlement

### Core Government Funding

The 2013 Spending Round announcement together with the Finance Settlement consultation document, published on 25 July 2013, gave the first indications of the likely core funding levels for 2014/15 and 2015/16 at a local authority level. However, there was no real clarity about the likely levels for future years.

#### 2014/15 and 2015/16

The exemplifications included with the consultation suggested that the core grant funding which the Council will receive in respect of 2014/15 will be around £86,360 less than the level that had been forecast in the February 2013 Budget-Setting Report (BSR).

In the BSR the Council had included initial assumptions of 2.3% grant reductions in both 2015/16 and 2016/17. The exemplifications provided with the recent consultation indicate a reduction equivalent to 14.78% for 2015/16. This implied a further reduction in core grant of £1,010,700 compared with the projection included in the BSR.

When including the effects of revised projections for other aspects of the overall Settlement Funding Assessment (SFA), the effects on the projections included in the February 2013 BSR are shown in the table below:

<b>Core Government Funding</b>	<b>2014/15 £</b>	<b>2015/16 £</b>
Total Settlement Funding Assessment (SFA) - per Feb 2013 BSR	8,198,630	8,010,060
Total SFA – per consultation exemplification	8,112,270	6,913,000
<b>(Reduction) in funding</b>	<b>(86,360)</b>	<b>(1,097,060)</b>
<b>Additional ongoing Savings pressure implied in year</b>	<b>86,360</b>	<b>1,010,700</b>

## Local Government Finance Settlement 2014/15

The Provisional Local Government Settlement was announced on Wednesday 18 December 2013, marking the start of a four week consultation period which will end on 15 January 2014. The Final Settlement was announced on 4 February 2014.

The Government changed the way in which local government is funded from 2013/14 with the introduction of a business rates retention scheme. This replaced the Formula Grant system with an initial Start-Up Funding Assessment for each authority. The new arrangements 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.

Under the Governments 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.

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

The 2013/14 Local Government Finance Settlement provided each local authority with its starting position under the new 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 2014/15 local government finance settlement provides local authorities with information on how much Revenue Support Grant they have been allocated for 2014/15 as well as provisional allocations for 2015/16.

The Provisional Settlement again employs the Government's definition of revenue spending power in identifying the scale of year-on-year changes. For district councils, such as the City, this is defined, for 2014/15, as:

- Council Tax yield
- Government's Settlement funding assessment for 2014/15, and
- Specific grants for 2014/15 (most importantly including New Homes Bonus)

As part of the Final Settlement announcement the Government has determined the Council's spending power for 2014/15 to be as follows:

Element of revenue spending power	2013/14 Base £000s	2014/15 £000s	Adjusted 2014/15 £000s	2015/16 £000s
Council Tax income	6,394	6,442	6,442	6,490
Settlement Funding Assessment	9,341	8,115	8,115	6,901
Community Right to Challenge Grant	9	9	9	0
Community Right to Bid Grant	8	8	8	0
2014/15 Council Tax Freeze Grant (indicative)	0	70	70	70
2015/16 Council Tax Freeze Grant (indicative)	0	0	0	70
New Homes Bonus (NHB) Grant	2,085	3,376	3,376	4,667
NHB – Returned Funding	32	13	13	33
Local Council Tax Support HB Admin Subsidy	0	632	0	0
Housing Benefit Subsidy Admin	653	0	0	0
CT Support New Burdens Fund	58	77	77	0
Business Rates Cap Grant	0	40	40	40
<b>Spending Power</b>	<b>18,579</b>	<b>18,782</b>	<b>18,150</b>	<b>18,272</b>
<i>Increase from prior year</i>		<b>203</b>		<b>122</b>
		1.1%		0.7%

On the face of it, this suggests that the City Council will see an increase of 1.1% between 2013/14 and 2014/15 (this compares to the national overall reduction in spending power, announced by the Minister, of 2.9%). The Government projections are based on assumed Council Tax yields and that NHB entitlement for 2015/16 will simply be the same as in the previous year, and also assumes that Council Tax levels are frozen (hence that Freeze Grant will be payable).

However this disguises the fact that:

- The level of Settlement Funding Assessment is reduced by some 13.14% 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 2013 MFR, 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	2014/15 £	2015/16 £
<b>Provisional Settlement</b>		
Settlement Funding Assessment	8,114,164	6,901,323
<b>September 2013 MFR</b>		
Comparable provision for Core Government Funding	8,112,270	6,913,000
Difference above / (below) MFR assumption	1,894	(11,677)
	0.02%	(0.17%)

The publication of the Final Settlement on 4 February 2014 resulted in minimal changes to the levels of Government support that had been indicated in Provisional, as shown below:



<b>Government Funding</b>	<b>2014/15 £</b>	<b>2015/16 £</b>
<b>December 2013 Provisional Settlement</b>		
Settlement Funding Assessment	8,114,164	6,901,322
<b>February 2014 Final Settlement</b>		
Settlement Funding Assessment	8,115,278	6,901,322
<b>Change – Increase / (Decrease)</b>	<b>1,114</b>	<b>0</b>

Although the level of Government support for 2014/15 is very close to that assumed in the MFR, the level of support for 2014/15 is some £1,225,850 (13.1%) below the 2013/14 level. 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.

## **Future Formula Grant Prospects**

### **2016/17 and Future Years**

Previous Government announcements had not given any clear indications on the likely levels of core funding in 2016/17 and subsequent years, and the February 2013 BSR had assumed a cash standstill position.

In order to plan effectively over the medium and longer-term the Council needs to determine whether this remains a sound basis for projections in the context of the latest Government announcements and the overall economic position. This is particularly important given the lead times associated with the more fundamental type of changes to services and their delivery which the Council will need to employ going forward.

Although there are some early positive signs of recovery within the economy as a whole, the rebalancing exercise that the Government had committed to is still struggling to remain on track. The implications of this are that it would appear highly likely that there will be continued pressure on core funding for local authorities throughout the period of the next Parliament, with little scope for change to public spending plans relating to District Councils whatever the outcome of the next General Election.

Modelling has, therefore, been undertaken which can analyse a number of high-level scenarios. The basis that has been used for the projections in the October 2013 MFR document assumes that:

- the level of the SFA continues to reduce at a rate similar to that over the last two years until such time as all of the Revenue Support Grant (RSG) element has been removed (effectively a 13% reduction on SFA in each of the 4 years from 2016/17)
- this is the limit of the ability to reduce Government support under the current funding mechanism
- There is no net increase in entitlement through locally retained share of Business Rates

It does not allow for the potential for a new funding mechanism to be introduced once local authorities reach a point where their RSG is zero, although this may be considered by Government at some point in the future.

This is illustrated in the table below:

Portfolio	2016/17 £	2017/18 £	2018/19 £	2019/20 £	2020/21 £
SFA per Feb 2013 BSR	7,825,830	7,825,830	7,825,830	7,825,830	7,825,830
Revised SFA projection	6,014,100	5,223,600	4,552,200	3,962,000	3,962,000
<b>Increase / (Reduction) in funding</b>	<b>(1,811,730)</b>	<b>(2,602,230)</b>	<b>(3,273,630)</b>	<b>(3,863,830)</b>	<b>(3,863,830)</b>
<b>Additional ongoing Savings pressure implied in year</b>	<b>714,670</b>	<b>790,700</b>	<b>680,200</b>	<b>590,200</b>	<b>0</b>

This shows that the Council would face significant increases in the Net Savings Requirement pressures over the 4 year period, before returning to the previously projected levels from 2020/21 once RSG entitlement reaches zero.

The factors outlined above 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 MFR and BSR documents, particularly once details of the new Spending Review become available.

## Local Retention of Business Rates

As noted above, the Settlement Funding Assessment (SFA) approach enables local authorities and fire and rescue authorities, collectively, to benefit directly from supporting local business growth. This is based on an initial calculation by Government of a 2013/14 funding level for each authority with the level of business rates receivable above that being taken by Government as a 'tariff' – which will be used to 'top-up' local authorities who would receive less than their funding level. Government intends that this will be fixed for 7 years (i.e. until 2020).

The new scheme then effectively allows local authorities to keep 50% of the growth in business rates income. To make the rewards of growth more proportionate, where local authorities have greater business rates income than their funding level, the government will take some of their business rates growth as a 'levy'. The levy is calculated for each individual local authority and is based on their original business rates income and their funding level. It is designed so that a 1% increase in business rates income will provide no more than a 1% increase in funding, except where this would impose a levy rate of more than 50p in the pound. In these cases the levy will be set so the authority keeps at least 50p in each pound of growth in its business rate income. This means that, even after the government's 50% central share, at least 25p in each extra pound of business rates generated locally will be retained locally. The funding available from 'levies' will be used to protect authorities that see their business rates income drop by more than 7.5%, for example, as a result of a big local business in their local area closing.

One of the challenges faced by all authorities is effectively predicting the level of movement in the business rate taxbase. This is dependent on accurately forecasting the timing and incidences of new properties, demolitions and significant refurbishments – together with the consequent effect on valuations. This is further complicated by the need to assess the level of appeals that will be lodged successfully against new / revised valuations; together with their timing (for example, around £4m of the taxbase is still the subject of appeals from the 2010 valuation list).

For the City, the level of growth in the business rates taxbase during 2013/14 has been unusually significant, and has exceeded initial expectation. This has included changes affecting:

- Microsoft Research Office, Station Road
- Botanic House, Hills Road

- Travelodge, Newmarket Road
- New Lion Yard units
- City Centre retail refurbishments

The latest Government guidance confirms that the accounting for Business Rates will move to an accruals, rather than a cash, basis from 2013/14. The effect of this is that 2013/14 will bear the impact of the large amount of outstanding appeals, whether they are settled in that year or not.

The overall position is currently projected to reflect additional net income (after the additional provision for appeals) for the Council of £130k in 2013/14, with £670k in 2015/16 and £800k from 2016/17. This has been included as a Non-Cash Limit item in the sections below.

It is important that the Council has a reasonable degree of certainty about at least the medium-term continuity of any additional income stream from retention of business rates if it is to be used to support ongoing expenditure.

It should be noted that this new scheme is still in its first year of operation, and authorities are still awaiting final guidance on some of the practical aspects of the operation of the scheme and arrangements for forecasting for future years. It is likely that final guidance for 2013/14 will not be received until the end of year Government return is due in May 2014.

Given the continued uncertainty about the operation of the scheme going forward, and the ability to accurately forecast any future growth, the BSR assumes that the level of growth in 2014/15 and future years will only be sufficient to match the RPI increase in the baseline at this stage. This will be reviewed in the September 2014 MFR, as further information becomes 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 have been formally determined or which the Council anticipates it will receive in the period 2013/14 to 2015/16 and these amounts have been incorporated into budget proposals presented in this document.

Specific Grants	2013/14 £	2014/15 £	2015/16 £
New Homes Bonus	2,085,283	3,375,976	3,375,976
Housing & Council Tax Benefit/ Support Administration			
- Main Subsidy	622,151	597,409	424,530
- Additional Subsidy	30,787	34,700	
Preventing Homelessness Grant	(2)	(2)	(2)
New Burdens Grant – Implementation of local Council Tax support arrangements	57,747	77,078	
New Burdens Grant – Community Right to Challenge	8,547	8,547	
New Burdens Grant – Community Right to Bid	7,855	7,855	
Council Tax Support Transitional Grant	17,090		
NHB Adjustment Grant	31,631	12,704	32,462

(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) was launched in 2010 as a non ringfenced payment (via a Section 31 grant) to all local authorities based on the number of new homes added each year within its area. The eligible amount is then paid for each of a period of 6 years. Between 2011/12 and 2013/14 this has resulted in payments totalling some £1.3b being made to local authorities.

The NHB scheme when originally announced was projected to run up to and including 2014/15. There had been indications of the intention of Ministers to continue NHB in some form from 2015/16, but without any details being published.

As part of the Spending Round 2013 announcement the Treasury published a document entitled 'Investing in Britain's Future' which identified that part of the NHB funding would be added to a new Single Local Growth Fund (SLGF) which Local Enterprise Partnerships (LEPs)

would be able to bid for. This included the proposal that NHB would continue to be allocated from 2015/16 on its current basis, i.e. for increases in effective housing stock.

The document, and subsequent detail as part of the Government's consultation package, confirmed the intention to 'pool' £400m nationally within LEP areas to support strategic, locally-led economic growth priorities, including housing. It stated that the pooling would remain within LEP areas in order to reassure authorities that the resources would be used for local housing and growth priorities. One of the claimed benefits of this new approach was to give authorities an indirect financial stake in new housing built near but outside their own boundary – seeking to address the claim that there has been no mitigation for developments which result in pressures on neighbouring authorities.

Subsequently, as part of the 2013 Autumn Statement, Government announced that there will not be a requirement to pool to the LEPs in the formal outcome of the consultation - except for London. However, there is to be a further review / evaluation of NHB to report for Easter 2014. This will include consideration of further incentivisation measures – the stated example of areas for consideration being withholding payment of NHB where planning approvals are made on appeal.

The final allocation of NHB for 2014/15 was announced on 5 February 2014. This served to confirm the provisional figures, upon which Version 1 of the BSR had been based.

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 allocation		(563,739)	(563,739)	(563,739)
<b>Confirmed New Homes Bonus Funding at February 2013 BSR</b>	<b>(1,521,544)</b>	<b>(2,085,283)</b>	<b>(2,085,283)</b>	<b>(2,085,283)</b>
<b>add</b>				
Provisional NHB Receipts in respect of 2014/15			(1,290,690)	(1,290,690)
<b>Potential New Homes Bonus Total</b>	<b>(1,521,544)</b>	<b>(2,085,283)</b>	<b>(3,375,976)</b>	<b>(3,375,976)</b>

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.

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

### **Housing Benefit and Council Tax Support Administration Subsidy**

This subsidy is paid towards the costs of administering the national schemes of Council Tax Support and Housing Benefit. From 2013/14 the national scheme for Council Tax benefit was replaced by a local Council Tax Support scheme.

The final total subsidy figures for 2014/15, announced in November 2013 have been confirmed as £632,109. This represents a reduction of £20,829 from that received for 2013/14, equivalent to 3.2%.

Entitlements for future years are currently uncertain and will be impacted by the planned major welfare reforms.

### **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. From April 2014 funding for previous 2011/12 and 2013/14 freezes will now be in the main local government settlement total for future years. In addition funding for the next 2 freeze years will also be built into the spending review baseline.

On February 4 2014 the Government published, alongside the Final Settlement, information on council tax referendum limits for 2014/15. This confirmed that whilst the Government expected most councils would wish to freeze council tax, any authority setting an increase of 2.0% or more would need to hold a referendum.

The arrangements also included levies from bodies such as transport authorities or internal drainage boards within billing authority limits for the first time. It also indicated that there may be changes to the treatment of parish precepts from 2015/16, although no change is proposed for 2014/15. These measures do not have any implications for the City Council for 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 Settlement Funding Assessment. The amount included in the Provisional Settlement announcement in December 2013 was £563,662 for 2014/15. This was confirmed at Final Settlement.

### **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.

## **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 an 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 MFR and BSR publications each year together with details of the opening and closing balances, together with approved/anticipated use over the budget period.

Appendix H provides details of the balances and anticipated use in 2013/14 and 2014/15 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 has undertaken a review of the Repair and Renewal Funds across the Council. This review confirmed that additional contributions are necessary if all the anticipated expenditure on car parks was to be funded from this Fund. In addition the funding of Play equipment from this Fund may prove problematical when considering the projected growth in play equipment provision. The objective of this Fund is to ensure that the level of asset replacement contributions and maintenance budgets are adequate.

### **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 (only). 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 latest review takes account of the anticipated new housing completions over the coming years as forecast for the December 2013 Annual Monitoring Report.

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.

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 open 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 H 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 £160k at the end of 2014/15.

## **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 MFR 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 £317,000 of funding that would be required in 2013/14 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 H.

## **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.

## **Fixed Term Posts Costs**

This fund was established at the time when the Council had appointed a number of staff to fixed-term posts involved in the planning and delivery of growth, in order to reflect the potential liability to pay redundancy costs at the end of the fixed-term period. Subsequently the Council has taken the decision to change these posts to permanent contracts. As a result, it has been determined that it would be appropriate to close this Fund, and return the balance to general reserves.

## **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 the Keep Cambridge Moving scheme. Details are shown in Appendix H, and as part of the External and Existing Bids.

## **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.

It has been agreed, as part of the current triennial revaluation, that the balance on the Fund at the end of 2013/14 (£1,375,460 – in respect of both GF and HRA) will be paid over to the Pension Fund in 2014/15 as part of the scheduled lump sum contribution for that year. This will enable the Fund to be closed at the end of 2014/15.

### **Project Facilitation Fund**

The Fund was created as part of MTS 2012 in order to help to mitigate slippage in programmes and schemes contained within the Council's Capital and Revenue Projects Plan. 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 operates 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. The fund currently has £34,000 remaining to be allocated.

There have not been any further bids to the Fund, and it is intended that the Fund will be closed at the end of the current financial year, with any balance at that point being returned to general reserves. This will be reflected in the September 2014 MFR.

### **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, and the residual funding available has been committed to infrastructure upgrade works that are scheduled to be completed in the early part of 2014/15. At that point the Fund will be closed.

## Keep Cambridge Moving Fund

On 18 April 2013 the City Council resolved to set up the 'Keep Cambridge Moving Fund', and this was created as part of the September 2013 MFR, with an initial allocation of £300k funded from the 2012/13 revenue underspend.

Highway improvements to the A14 will have the potential for vehicles to get to the edge of Cambridge more easily in future. Where this may have the effect of increasing congestion on more minor roads entering the city and for proliferating unsustainable travel patterns then measures to mitigate that impact and manage that demand will be considered in concert with the wider project.

The Keep Cambridge Moving Fund will be deployed by the City Council to leverage combined investment in project or projects meeting our objectives, along with the County Council as highway authority. It is anticipated that the Fund will focus on strategic transport proposals that support objectives that:

- ease movement of people and goods to/from and within the city;
- minimise the environmental impact of transport;
- form part of a sustainable transport strategy that minimises carbon emissions; and
- support the local economy.

A report will be taken to Environment Scrutiny Committee during 2014 to consider specific transport proposals for the Fund. It is envisaged that strategic infrastructure could be provided in the form of additional park and ride capacity linked to better bus and cycle provision within the city and fully integrated real time travel information. The provision would be compatible and complementary to additional transport provision that will be delivered using developer contributions or through the City Deal. Specific proposals will be subject to full consultation with residents, businesses and transport users.

This BSR has considered the opportunities to add to the initial funding provided in the Fund, and it is recommended that the balance of the unapplied New Homes Bonus funding for 2014/15 is used as a contribution to the Fund which will bring the balance to a level of £1.5m.

# 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.

The 2013/14 taxbase calculation reflected material changes resulting from the introduction of local Council Tax Support schemes to replace the previous national framework of Council Tax Benefit. Under previous arrangements, Council Tax Benefit was 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 effectively reduces the number of Band D equivalent properties within the tax base; being treated in a similar way to previous discounts and exemptions.

The taxbase for 2014/15 has been calculated as 38,675.1 and details of its calculation are given in Appendix B(a) and will form the basis of the final approved level for tax setting and precepting purposes. This reflects a 2.7% increase in the taxbase compared with 2013/14.

## 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 set for the year, are paid to the City Council and precepting bodies.

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

In relation to council tax, 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 1 April 2013, when the old Formula Grant system was replaced by a system based on local retention of Business Rates, the Collection Fund year-end surplus or deficit now contains 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 was replaced by a local Council Tax Support Scheme, as described earlier. The General Fund and precepting authorities will now 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, reviewed the range of discounts and allowances applying to Council Tax.

From April 2013 we have 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 2014**

The Collection Fund for Council Tax is projected to have a surplus balance at the end of the current year of £38,046. The City Council's share of this projected year-end surplus is £4,325 and this will need to be taken into account in setting the Council's budget for 2014/15. The position for Business Rates was described in Section 3.

### **Collection Rates for 2014/15**

For 2014/15 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 for 2014/15 have been projected to be £500,000, equating to approximately 0.5%, 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**

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.

Unlike previous years, the provisional settlement announcement did not contain the Council Tax referendum thresholds for 2014/15. The Autumn Statement noted that Local Government is to be exempted from the further departmental spending cuts for 2014/15 and 2015/16 directly linked to the comment that this is "because we [the Government] expect them to freeze council tax".

On February 4 2014 the Government published, alongside the Final Settlement, information on Council Tax referendum limits for 2014/15. This confirmed that whilst the Government

expected most councils would wish to freeze Council Tax, any authority setting an increase of 2.0% or more would need to hold a referendum (set as being any increase over 2.0% in 2013/14, and 3.5% in 2012/13).

The arrangements also included levies from bodies such as transport authorities or internal drainage boards within billing authority limits for the first time. It also indicated that there may be changes to the treatment of parish precepts from 2015/16, although no change is proposed for 2014/15. These measures do not have any implications for the City Council for 2014/15.

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 either 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 September 2013 MFR included the assumption of an increase of approximately 2% per annum from 2014/15. This had been reduced from 2.5% as part of the February 2013 BSR, in light of the Government's referendum threshold for 2013/14 being set at 2.0%, with no practical expectation that this would rise in future years.

It has been confirmed, through the Local Government Finance Settlement process that Freeze Grant will be paid to relevant authorities in both 2014/15 and 2015/16 where there is no increase over 2013/14 Council Tax levels. As it will be part of the next Spending Review period treatment of this grant from 2016/17 onward cannot be confirmed at this stage. However, Ministers have indicated the intention that the grant will be included in the baseline Settlement Funding Assessment from 2016/17.

The Final Settlement announcement confirmed provisional Freeze Grant figures for the City of £69,940 in each of 2014/15 and 2015/16, if the Council choose to freeze the 2014/15 Council tax level.

Whilst this would seem to respond to previous local authority concerns that Freeze Grant did not compensate for loss of Council Tax yield as it was only for a short, fixed-term, period it is dependent on the Government's overall policy on SFA in future years. As noted above, the City has adopted the assumption that there will be reductions in the level of SFA under the next Spending Review period of around 13% per year until the City has reached the point where all SFA has been removed (by 2020/21).

If the City was to freeze the level of Council Tax in 2014/15, instead of implementing the 1.995% increase originally proposed then the immediate effect would be a reduction in Reserves in 2014/15 of £52,810 (£122,750 less £69,940), reflecting the loss of Council Tax yield net of Freeze Grant. The financial implications in future years would be in terms of the effect on the Net Savings Requirement, and would be as follows:

<b>Effects on Net Savings Requirement</b>	<b>2015/16 £</b>	<b>2016/17 £</b>	<b>2017/18 £</b>	<b>2018/19 £</b>	<b>2019/20 £</b>	<b>2020/21 £</b>
Reduction in yield from Council Tax	248,660	(128,940)	(830)	(3,310)	(3,480)	(3,200)
Council Tax Freeze Grant	(139,880)	86,110	10,990	9,550	8,320	42,100
<b>Net Increase / (Decrease) in Net Spending Requirement</b>	<b>108,780</b>	<b>(42,830)</b>	<b>10,160</b>	<b>6,240</b>	<b>4,840</b>	<b>38,900</b>

This shows that the main effect is the net increase of £65,950 across the years 2015/16 to 2016/17. However, there is a secondary material effect in 2020/21 of £38,900 when it has been assumed that the final element of the Council's Settlement Funding assessment will be removed, taking away the remaining element of the Freeze Grant that has been built into that baseline figure. It should be noted that there would also be an indirect effect on

the Council Tax earmarked to meet the costs of growth as well as net cost to the authority of the Local Council Tax Support scheme.

This analysis, in the context of the current financial pressures facing the Council, makes it difficult to determine that the freeze scheme could be supported taking the medium-term view.

Projections incorporated in the BSR are, therefore, based on the Council not adopting the scheme to freeze the level of Council Tax for 2014/15. In light of the position with regard to the Council Tax threshold, as described above, the BSR incorporates a Council Tax increase of 1.995% p.a. in 2014/15.

Section 52Z of the Local Government Finance Act 1992 requires the authority to consider whether the relevant basic amount of Council tax for the financial year in question is excessive, based on the principles determined by the Secretary of State. As noted above, the threshold set for 2014/15 is that an increase is excessive where it is "... 2%, or more than 2%, ...", which means that the City's proposed increase would not be deemed excessive.

The table below shows the City Council element of Council Tax for 2013/14 for each property band together with the proposed levels for 2014/15:

	City Council Tax		
Band	2013/14 £	2014/15 £	Difference £
A	113.27	115.53	2.26
B	132.14	134.78	2.64
C	151.02	154.04	3.02
<b>D</b>	<b>169.90</b>	<b>173.29</b>	<b>3.39</b>
E	207.66	211.80	4.14
F	245.41	250.31	4.90
G	283.17	288.82	5.65
H	339.80	346.58	6.78

# Section 4

## General Fund Revenue Budgets

### Post-MFR Approvals

There was one decision taken between the publication of the Mid-Year Financial Review and publication of this document with a material financial implication. This was a report to the October meeting of the Strategy & Resources Scrutiny Committee which resulted in changes to the list of approved counterparties for treasury management purposes. The financial implications of this in terms of investment income have been reflected within the Non-Cash Limit section below.

### Revised Budget 2013/14

General Fund revenue budgets for the current year (2013/14) were initially reviewed as part of the Mid-Year Financial Review in September 2013. A further review was undertaken for the January 2014 committee cycle, and details are being reported to the relevant scrutiny committees. The financial implications are reflected in Revised Budget items as part of this document.

It should be noted that the final revised budget includes carry forward approvals from 2012/13, together with savings and unavoidable bids in the current year. Direct revenue funding (DRF) changes resulting from the net re-phasing of capital expenditure from 2013/14 into future years is also incorporated in line with the updated Capital and Revenue Projects Plan and associated funding statement.

Revised Budget items were considered by each of the scrutiny committees, in the January 2014 committee cycle, and are detailed in Appendix C(a). These can be summarised as follows:

Revised Budget Items	2013/14 £
Savings	(850,380)
Bids	1,079,000
<b>Net Effect on Current Year Budget</b>	<b>228,620</b>

It should be noted that, the overall position has been significantly impacted by two items which together account for an increase in spending of nearly £900k (Planning Appeal costs £398k, and underachievement in parking income £490k). The former of these items relates to one-off unforeseen costs which, had they occurred at another point in the year would have initially been a call on general reserves – this report includes proposals to manage these costs as part of the Budget rather than simply reducing Reserves by the amount of the costs.

It should be noted that there are also effects on 2013/14 from the Savings and Non-Cash Limit sections (below), resulting in a reduction in net spending of £194,400. The overall effect for the current year's budget is, therefore:

Budget Items	2013/14 £
Revised Budget Items	228,620
Savings & Service Review Items	(82,400)
Non-Cash Limit Items	(112,000)
<b>Net Effect on Current Year Budget</b>	<b>34,220</b>

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.

Additionally, the review of the current Capital and Revenue Projects Plan has led to the identification of a number of re-phasing requests, which are detailed in Appendix G(c). If all these requests are approved the consequence for the revised 2013/14 budget would be a reduction in Direct Revenue Financing of £728k. There would also be a corresponding increase in DRF of £728k in 2014/15, resulting in no net effect on the level of reserves by the end of that year. The BSR projections assume that all the re-phasing requests are approved.

# Non-Cash Limit Budgets

Non-Cash Limit items are those that do not relate directly to the cost of service provision.

## **'Standard' Non-Cash Limit (NCL) Items**

This element includes areas such as additional specific Government Grants (detailed in previous sections) and investment income.

This category includes a higher level of DWP Housing Benefits Administration Subsidy Grant for 2014/15 than had originally been forecast as part of the September 2013 MFR.

## **Other Non-Cash Limit (NCL) Items**

This category is also used to identify the implications of changes in funding strategies and other local options. This means that such items are shown clearly in one place ensuring that there is appropriate transparency and scrutiny of such changes.

Areas reviewed as part of this BSR are:

### **Review of Repair & Renewal Funds**

The Council has been undertaking a review of the earmarked R&R Funds held by all services. The overview outcome report from this work is included as Appendix K. The net effect of the review has been to identify that in most instances the level of ongoing R&R contributions are appropriate. However, it has been identified that there is an underprovision in respect of Car Parks, reflecting the existing policy of making capital bids for significant refurbishment works. It is felt to be more appropriate for such costs to be capable of being funded from R&R provisions, requiring an increase in contributions of £220k from 2015/16 (with a lesser sum in 2014/15). This would leave major structural changes (e.g. the potential reconfiguration and reprovision of Park Street Car Park) to be the subject of capital bids in future.

The review has also highlighted that there is an underprovision associated with Play Equipment. Historically this equipment has been provided as part of developer contributions associated with growth. However, provision for future R&R contributions has not been raised at the point of commissioning (typically commuted sums from developers may cover maintenance costs for a maximum of the first 12 years). There are currently 68 sites with play equipment, with 18 additional sites due to come on stream within North West

Cambridge and 31 additional sites on the Southern Fringe. Services will be reminded of the requirement to make provision (typically as bids to earmarked funds for Growth) at the time of taking-on these assets to ensure that there are no future shortfalls in provision. An increase in annual contributions of £242k would be required to reflect the position to date.

Having addressed the shortfalls relating to these two funds, the net position from the other funds held would enable an amount of £27k p.a. to be released. The overall net effect of the review for 2014/15 is £313k and has been built into the BSR, as shown below.

#### **Review of future PPF Funding provision**

As part of the September 2013 MFR the affordability of funding for PPF bids was reviewed and reduced from £500k per annum to £300k, with effect from 2014/15. As part of the work on the 2014/15 Budget this has been further reviewed, resulting in the decision to reduce the level of PPF funding provision to £100k p.a. from 2014/15. The effect of this for the Budget year is reflected, in the context of PPF Bids submitted, in the PPF section below.

#### **Review of Approach to Capital Funding**

The Council has for many years adopted the policy of providing revenue support for funding of the Capital and Revenue Projects Plan through base annual contributions of £1.38m. Given the context of current financial pressures faced by the Council, with significant reductions in revenue support from Government, it is recommended that the level of base contribution be reduced by £500k with effect from 2014/15. In light of the level of uncommitted funding available for the Plan, as confirmed in the September 2013 MFR, this change will not require any re-financing or reduction to existing approvals contained within the Plan. The remaining level of base funding will be reviewed as part of the 2015/16 Budget process to determine affordability. This is covered in further detail in Section 6, below.

#### **Pension Fund – Triennial Revaluation Outcome**

The latest triennial revaluation of the Pension Fund is currently being undertaken by the Fund Actuary based on the position as at 31 March 2013, and their report is expected shortly.

As part of the Budget-Setting report in February 2010 it was deemed prudent to provide for a further 0.75% increase in the contribution rate each year to cover the 6 year period 2011/12 to 2016/17. The amounts above the level of the base contribution required by the Fund (18.6%) have been set-aside in an earmarked fund (as detailed in Section 3, above), and will be paid into the Pension Fund in April 2014.



Initial indications from the actuaries were that the report would recommend increases in the Council's base contribution rate of 18.6% by 2% in each of the three years from 2014/15 to 2016/17 inclusive, with no increase in 2017/18. Provision to cover the financial implications of this was included in Version 1 of the BSR.

Subsequently the actuaries confirmed the final employer's contributions that were to be incorporated into the final report, enabling final adjustments to be included in Version 2 of the BSR for the meeting of Strategy & Resources scrutiny committee on 7 February 2014.

The update confirmed that from 2014/15 the basis would change from a single percentage contribution rate to be applied to all pensionable pay in a particular year to that of a percentage to reflect the ongoing costs to the fund together with a cash lump sum each year which is designed to reflect recovery of sums associated with past service.

The following table shows the employer's contribution rates:

Employer's Contribution	2014/15 £	2015/16 £	2016/17 £	2017/18 £
Base contribution	17.4%	17.4%	17.4%	17.4%
Annual lump sum contribution	£769,000	£1,303,000	£1,881,000	£1,881,000

The financial implications in terms of under / (over) provision, compared with the provisions included in the final HRA BSR and Version 1 of the GF BSR, are as follows:

	2014/15 £	2015/16 £	2016/17 £	2017/18 £
General Fund	(310,000)	(150,000)	(195,000)	(195,000)
Housing Revenue Account	(129,000)	(46,000)	51,500	51,500
Total	(439,000)	(196,000)	143,500	143,500

The level of provision made by the Council since 2011/12 in anticipation of these increases has meant that only £155k of the £350k originally provided in Version 1 of the BSR is now required. The additional net funding available resulted in proposals for a new Programme (the Local Centres Improvement Programme) being added to the Capital and Revenue Projects Plan. This is detailed in Section 5 below.

Members will be updated as reports are received from the Actuary.

#### **Local Retention of Business Rates**

Section 3 (above) outlined the latest information regarding this new scheme from 2013/14. Although the information and guidance around the treatment of the scheme is still not fully clear, it is currently projected that this will result in a level of additional net income (after the additional provision for appeals) for the Council of £130k in 2013/14, with £670k in 2015/16 and £800k from 2016/17.

It is intended that this additional funding will offset the additional pension contribution costs, from 2015/16. In Version 1 of the BSR this left funding from 2013/14 to 2015/16 available for one-off or fixed-term purposes, resulting in the following proposal.

### **Commercial Portfolio**

It is recommended that the remaining additional funding from the extra retained business rates resulting from growth be used to provide for additional investment in assets to be added to the Council's commercial property portfolio. This will effectively enable lump sums to be used to generate ongoing income streams, which will then contribute towards meeting future years' net savings requirements.

As a result, Version 1 of the BSR provided funding, via additional DRF, of £600k in 2014/15 and £500k in 2015/16 for this purpose, generating an anticipated additional rental income stream starting at £39k and rising to £70k p.a. by 2016/17.

The additional funding available following the confirmation of the final employer's pension contribution rates from 2014/15, after the creation of the Local Centres Improvement Programme, is recommended to be used to further increase this investment – in the sum of £216,120 (achieved through a net increase in DRF in 2014/15 and 2015/16).

This will serve to increase the additional rental income to the Council (shown in NCL3488) to £46k in 2014/15, £69k in 2015/16 and £84k in 2016/17 and subsequent years.

The totals for these items are summarised in the Table below together with full details given in Appendix C(b).

Proposal Type	2013/14 £	2014/15 £	2015/16 £	2016/17 £	2017/18 £
NCL Items – standard items (NCL3273,3275)	0	(98,100)	0	0	0
NCL Items – from Reviews:					
- Review of Repair & Renewal Funds (NCL3402, 3486,3490)	(82,000)	313,000	433,000	433,000	433,000
- Review of Future PPF Funding provision (NCL3460,3461,3463)	0	0	(200,000)	(400,000)	(600,000)
- DRF - reduction in provision (NCL3445)	0	(500,000)	(500,000)	(500,000)	(500,000)
- DRF - Re-phasing of DRF for 2013/14 retained business rates (NCL3497)	130,000	(130,000)	0	0	0
- DRF - Re-phasing of DRF for 2013/14 (NCL3497 part)		45,000	(45,000)	0	0
- DRF - Investment in commercial portfolio including additional sum (NCL3496)	0	816,120	500,000	0	0
- DRF – Local Centres Improvement Programme (new) (NCL3501)		50,000	195,000	195,000	195,000
- Retained Business Rates from growth (NCL3489)	(130,000)	(670,000)	(800,000)	(800,000)	(800,000)
- Additional commercial portfolio rent income from additional investment (NCL3488)	0	(46,000)	(69,000)	(84,000)	(84,000)
- Increased Employer Pension Contributions from triennial revaluation	0	(310,000)	(90,000)	155,000	155,000
- Provisional Grant Settlement announcement (NCL3494 part)	0	(1,890)	11,680	10,200	8,800
- Final Grant Settlement announcement (NCL3494 part)	0	(1,120)	0	0	0
- Council Tax Collection Fund surplus (NCL3491)	0	(4,320)	0	0	0
- Return of balance on closure of Fixed Term Post earmarked fund (NCL 3492)	(30,000)	0	0	0	0
- Increased investment income from counterparty changes at October cttee (NCL4383)	0	(180,000)	(180,000)	(180,000)	(180,000)
<b>Total Non-Cash Limit proposals</b>	<b>(112,000)</b>	<b>(717,310)</b>	<b>(744,320)</b>	<b>(1,170,800)</b>	<b>(1,372,200)</b>

# Budget Bids and Savings Summary

The Budget Bids and Savings contained within this BSR document are detailed in Appendices C(c), C(d) and C(e), and can be summarised as follows:

Proposal Type	2014/15 £	2015/16 £	2016/17 £	2017/18 £
Service Reviews	(733,300)	(1,511,000)	(1,569,000)	(1,569,000)
Savings	(436,700)	(400,000)	(417,200)	(417,200)
<b>Sub-total</b>	<b>(1,170,000)</b>	<b>(1,911,000)</b>	<b>(1,986,200)</b>	<b>(1,986,200)</b>
Unavoidable Revenue Bids	734,000	575,680	575,680	575,680
<b>Net Effect of General Fund proposals</b>	<b>(436,000)</b>	<b>(1,335,320)</b>	<b>(1,410,520)</b>	<b>(1,410,520)</b>

## 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 2013 MFR the projected level of savings in 2014/15 from Service Reviews was projected to make a significant contribution towards the 2014/15 Net Savings Requirement (of £1,095,530). 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 whilst the service review process only delivered a level of savings in 2014/15 representing 67% of the net savings requirement, this rises to 1.38 times the required level by 2015/16, taking into account full-year effects.

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 2014 MFR and February 2015 BSR. This is covered in more detail in the Future Savings Strategy section within Section 7.

## Other Savings

The significant level of other Savings proposals contained within this document serves to demonstrate that, whilst Service Reviews continue to be an important means of planning and delivering significant change within the organisation there continues to be an effective culture of seeking to identify and realise efficiencies and net cost reductions wherever possible.

# Performance Against Savings Target

As in the 2013/14 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 analyses the performance against the Net Savings Requirement for 2014/15, by bringing together all of the categories identified through the Budget process. This assumes that all of the proposals contained within this document are approved.

Portfolio	2014/15 £	2015/16 £	2016/17 £	2017/18 £
Net Savings Requirement (per MFR Sept 2013)	1,095,530	1,095,530	1,095,530	1,095,530
Total Savings proposals	(1,170,000)	(1,911,000)	(1,986,200)	(1,986,200)
<b>Sub-Total</b>	<b>(74,470)</b>	<b>(815,470)</b>	<b>(890,670)</b>	<b>(890,670)</b>
Total Non-Cash Limit proposals	(717,310)	(744,320)	(1,170,800)	(1,372,200)
<b>Sub-Total</b>	<b>(791,780)</b>	<b>(1,559,790)</b>	<b>(2,061,470)</b>	<b>(2,262,870)</b>
Unavoidable Revenue Bids	734,000	575,680	575,680	575,680
<b>Performance against Net Savings Requirement</b>	<b>(57,780)</b>	<b>(984,110)</b>	<b>(1,485,790)</b>	<b>(1,687,190)</b>

This shows that the Net Savings Requirement for 2014/15 has been met, and over-achieved. The degree of further over-achievement in 2015/16 and subsequent years will serve to reduce the Net Savings Requirements identified as necessary in those years as part of the projections in the September 2013 MFR (as outlined in Section 7, below). This serves to meet

one of the stated aims of the MFR – i.e. to seek to achieve a level of savings in 2014/15 that are above the Net Savings Requirement and will serve to reduce the required level in 2015/16, thus smoothing the required levels to some degree

## 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 C(g) provides details of the bids against these funds, or to external funding sources, as part of the 2014/15 budget process.

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

## 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 2013 MFR provided funding for PPF Bids of £300,000 per annum for 2014/15 and future years. As noted above, part of this review involves considering the affordability of this assumption in light of the outcome of the review of other factors impacting on the overall budget position, as well as the context of the bids made for this source of funding.

As part of the response to the profile of continuing financial pressures, and associated Net Savings Requirements, it is recommended that the provision of PPF Funding be limited to £100k per annum in 2014/15 and for future years. This has been built into the BSR projections.

The current list of PPF Bids is shown in Appendix C (f). This includes an additional item for City Centre Accessibility Review in the sum of £15,000 in 2014/15 (PPF3500). This item was added at the Strategy & Resources scrutiny committee meeting on 7 February 2014, in light of the additional available funding that had been identified at that point.

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 G(g).

Priority Policy Fund 2014/15	2014/15 £	2015/16 £	2016/17 £	2017/18 £
Funding available	(100,000)	(100,000)	(100,000)	(100,000)
Bids into the Priority Policy Fund	115,000	86,000	87,000	79,000
<b>Shortfall / (Unused) Funding</b>	<b>15,000</b>	<b>(14,000)</b>	<b>(13,000)</b>	<b>(21,000)</b>

This demonstrates that whilst the original target level has been exceeded in 2014/15, all of the PPF Bids currently submitted are capable of being funded from 2015/16; with the overall position across the BSR period resulting in a surplus of funding of £33,000.

The additional cost of £15k in 2014/15 will be met from one-off use of Reserves, whilst the unused level of funding from 2015/16 onward will be available to reduce the Net Savings Requirement in those years.

# Section 5

## Capital

### Introduction

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. The current portfolio, as at 1 April 2013, is summarised in the table below.

In addition to the assets used for service provision, the Council has a varied portfolio of commercial property including business units aimed at small and start-up businesses. The portfolio includes office, retail and industrial units as well as long leasehold geared ground rents. 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 2015.

Category	Value £000	%
<b>Operational Assets:</b>		
Council Dwellings	486,503	66.8
Other land and buildings	110,682	15.2
Vehicles, plant and equipment	7,480	1.0
Infrastructure assets	1,719	0.2



Category	Value £000	%
Community Assets	1,052	0.1
<b>Total Operational Assets</b>	<b>607,436</b>	83.4
<b>Non Operational Assets</b>		
Investment properties	114,476	15.7
Surplus properties	4,148	0.6
Assets under construction	2,288	0.3
<b>Total Non-Operational Assets</b>	<b>120,912</b>	16.6
<b>Overall Total</b>	<b>728,348</b>	100.0

## 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. 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.

Joint feasibility work has been undertaken by MAC 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. 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. The detailed business case for a shared operations centre is now being considered.

## Accommodation Strategy

The Council maintains accommodation throughout the city and is developing a long term accommodation strategy 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. The short term strategy is already being implemented to vacate Lion House and relocate staff elsewhere prior to lease expiry in September 2014.

A comprehensive condition survey of all of the Councils administrative buildings has been undertaken and the information is being analysed. This 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 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 on the need for new or improved facilities within each area (as part of Area Needs Assessments), enabling Area Committees to identify their project priorities.

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 2014/15 can be allocated with some accuracy, future budgets may be carried forward from year to year to reflect the flexibility given to Area Committees.

## Potential for Future Capital Receipts

The Council has a small portfolio of potential development land that could be sold to generate significant capital sums. This would 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 through revenue or capital expenditure.

The Council will need to consider, at least in some cases, whether to develop the sites itself, or to sell the sites to developers.

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. Identified significant future disposals and anticipated date of capital receipt, in full or part, are shown in the table below.

Anticipated disposal	Fund	Asset	Comment
2014/15	General	Land at Clay Farm, Trumpington	Within Southern Fringe development, subject to Collaboration Agreement with adjoining land owner
2014/15	General	Site K1, Orchard Park	Community co-housing scheme
2015/16	General	Land at Cowley Road incl. former Park & Ride Site and Golf Driving Range	Identified as an Area of Major Change in 2014 Draft Local Plan with the potential for capital receipts over several years
2015/16	General	Park Street Car Park	Potential part disposal to finance replacement car park
2017/18	General	Mill Road Depot	Potential part or whole disposal subject to outcomes of Accommodation Strategy

The Council also maintains a register of strategic acquisitions that could be funded from the sale of capital assets or from other available funds. Some disposals will result in the loss in commercial income and reinvestment in other income producing commercial property will be considered in such cases.

## Capital & Revenue Project Bids

Capital & Revenue Project bids are shown in detail in Appendix G(a). 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.

Project delivery is formally reviewed biannually, in January / February (as part of the BSR) and September (as part of the MFR). 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 G(d). This includes proposals for a new Programme – the Local Centres Improvement Programme.

This new 6-year programme is designed to undertake schemes to improve the quality of the public realm at Local Centres, aiming to lift pride in the environment for residents and traders and to encourage parallel investment in private businesses. It is expected that once the Programme is established it will deliver at least three schemes with likely capital expenditure (including project officer costs) of between £200k - £340k per scheme. Each scheme will be subject to full public consultation and will deliver environmental and public realm improvements. The programme will be supplemented, where possible, with other funding such as developer contributions. The first priority will be a scheme for Mitcham's Corner with subsequent schemes to be identified following an audit of Local Centres.

The new Programme will be funded through increases in Direct Revenue Funding (DRF), as follows:

- 2014/15 £50k Urban Design and Project Management Work
- 2015/16 £195k Capital Expenditure (including project delivery costs)

The programme will be based on the remit in Appendix G(h), and will be reviewed in the year prior to the scheduled end of the 5 year programme.

A review of the current plan has led to the identification of a number of re-phasing requests, which are detailed in Appendix G(c).

This report has identified £2.8m which will need to be re-phased from 2013/14 to 2014/15. This compares with a figure of re-phasing of £6.525m required in the February 2013 BSR. Of the re-phasing some 51% relates to the 'Provisions' category of items – i.e. those where provision has been made in anticipation of the need for future expenditure, but where the actual timing of the spending cannot be accurately controlled or estimated.

# Financing

## Availability of Capital & Revenue Projects Funding

The level of un-committed capital funding was reviewed as part of the MFR process in September 2013. The table below shows changes to funding availability since that point:

	2013/14 £000	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000
<b>Funding available and unapplied (per Sept 2013 MFR)</b>	<b>(330)</b>	<b>(646)</b>	<b>(544)</b>	<b>(1,062)</b>	<b>(1,380)</b>
<i>Adjusted for:</i>					
Reduction in Direct Revenue Funding (DRF)	0	500	500	500	500
Changes in use of New Homes Bonus to support capital spending	0	0	(140)	0	0
<b>Revised Capital funding availability</b>	<b>(330)</b>	<b>(146)</b>	<b>(184)</b>	<b>(562)</b>	<b>(880)</b>

This reflects the recommendation made in Section 4 that the base level of DRF to be provided from 2014/15 onward should be reduced by £500k p.a. It also reflects additional use of New Homes Bonus in 2015/16 to fund the additional spending requirements that have now been identified associated with the Capital Plan item PV523 20mph Scheme.

This provides the context for considering the affordability of the capital bids which have been submitted as part of the 2014/15 budget process, as shown below:

	2013/14 £000	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000
<b>Revised Capital funding availability</b>	<b>(330)</b>	<b>(146)</b>	<b>(184)</b>	<b>(562)</b>	<b>(880)</b>
Net Capital bids	101	129	140	0	0
<b>(Surplus) / Shortfall in Funding</b>	<b>(229)</b>	<b>(17)</b>	<b>(44)</b>	<b>(562)</b>	<b>(880)</b>
Re-profiling of revenue funding to actual capital spend	229	(229)	0	0	0
<b>Net Capital Funding Availability</b>	<b>0</b>	<b>(246)</b>	<b>(44)</b>	<b>(562)</b>	<b>(880)</b>

This reflects the position as reported in version 1 of the BSR to the meeting of the Executive on 23 January 2014. In the context of the changes to spending plans and funding reported to the meeting of Strategy and Resources on 7 February 2014 a number of changes affecting the Capital and Revenue Projects Plan were agreed for inclusion in the Executive recommendation to Council. The overall impact of these changes is shown below:

	2013/14 £000	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000
<b>BSR Version 1 Net Capital Funding Availability</b>	<b>0</b>	<b>(246)</b>	<b>(44)</b>	<b>(562)</b>	<b>(880)</b>
Additional DRF – from provision for pension increases	0	(311)	(150)	(195)	(195)
Re-phasing of DRF to match spend	0	45	(45)	0	0
<b>Sub-total</b>	<b>0</b>	<b>(512)</b>	<b>(239)</b>	<b>(757)</b>	<b>(1,075)</b>
Local Centres Improvement programme	0	50	195	195	195
Additional investment in Commercial Property Portfolio	0	216	0	0	0
<b>Revised Net Capital Funding Availability</b>	<b>0</b>	<b>(246)</b>	<b>(44)</b>	<b>(562)</b>	<b>(880)</b>

This demonstrates that the funding available is sufficient to allow all of the bids to be approved if they are deemed to be appropriate and necessary.

As in previous years at the time of the BSR, re-profiling of any uncommitted funding in the current year to the Budget year is undertaken, on the basis that all requirements for the current year will have been raised. This is reflected in the table above.

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.

The current Hold List is shown in Appendix G(e).



# 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 M.

## 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 'internal' borrowing as a means of financing the collaboration agreement costs until the receipt is achieved. This is reflected in Appendix M.
- **New Build HRA Dwellings** - The HRA Business Plan and subsequent Budget Setting Report includes the assumption that an element of prudential borrowing against the headroom available in the plan will be required to assist in funding the 146 new and re-developed homes delivered as part of the Affordable Housing Development Programme and in the delivery of an anticipated 104 new build homes on the Clay Farm (Quad Site), with the borrowing anticipated between 2014/15 and 2016/17.

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

## Review of Capital

The Council has for many years had a policy of providing funding for capital and revenue projects in the General Fund by means of a Direct Revenue Financing (DRF) contribution from the Revenue Account.

This has enabled the Council to fund a higher level of spending in the Plan than would otherwise have been possible, whilst also providing a relatively straightforward means of dealing with significant revenue pressures over the medium-term by withdrawing such funding in whole or part.

The Council's financial forecasts are currently based on the assumption that annual contributions of £1.38m will be made. Whilst this represents the additional contribution

scheduled in each year, the effects of slippage and rephasing means that over the period through to 2016/17 the total level of DRF in each year is higher.

Given the significant revenue spending pressures faced by the Council over the medium-term from 2014/15, consideration of alternative approaches to funding, allowing the level of ongoing DRF contributions to be reduced, have been considered as part of a managed response to these pressures.

In revising the Council's approach to the provision of funding for the Capital and Revenue Projects Plan by removing DRF as a funding source over the medium-term, future bids for inclusion in the plan would need to reflect the financial implications of alternative funding sources. In practice, unless other funding sources such as capital receipts were available, this would mean reflecting the costs associated with borrowing.

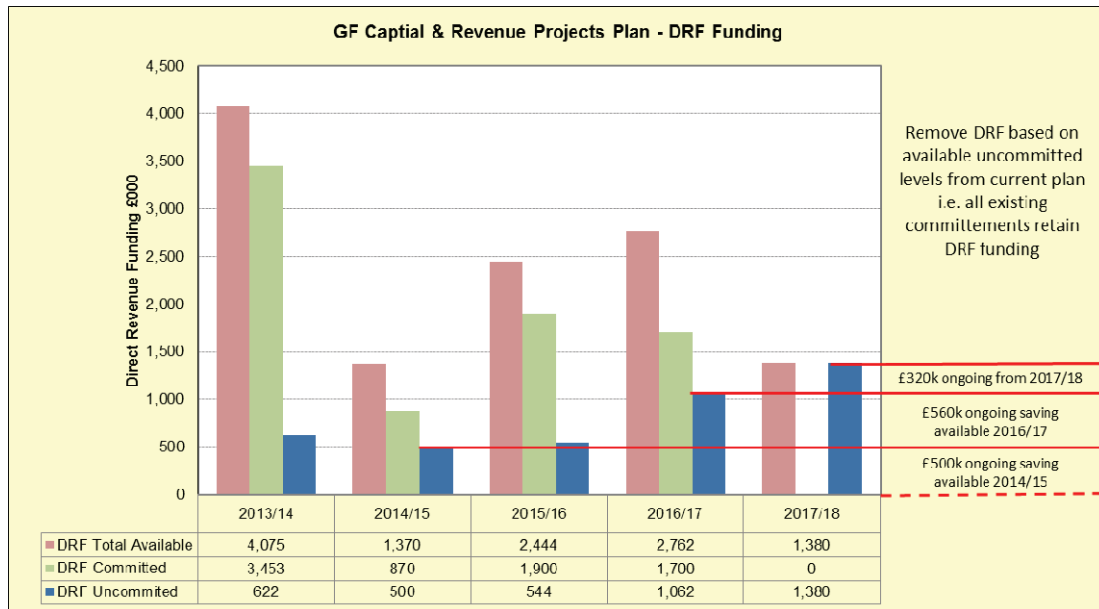
This would suggest a requirement for greater use of a business case approach when submitting future projects for consideration. This could also convey the benefit of making it easier to compare bids for inclusion in the plan against revenue bids.

The Plan has been titled Capital & Revenue Projects Plan so as to deliberately reflect the fact that the scale and nature of some of the spending does not meet the definitions required to be classified as capital expenditure. As a result it would not be possible to borrow for all items previously included in the plan, and any failing to meet the capital classification would need to be revenue bids i.e. against Priority Policy Fund.

Over the long-term, borrowing (particularly where this is from external sources) will result in greater costs to the Council in that it will involve interest payments, in addition to the repayment of principal, which are likely to be at rates higher than the interest foregone by the Council on its external deposits. By way of illustration, at the current preferential PWLB rates, a 10 year fixed rate maturity loan of £100k would cost £36,200 in interest over the period and an annuity loan for the same amount and period would cost £14,260. At current interest rates (January 2014), a £100k investment placed on deposit for 10 years (95 day notice) would earn the Council approximately £7,321 (at an average of 0.7% per annum).

If the level of DRF was to be reduced based on the levels of uncommitted funding which is currently projected then this would reduce the pressure on revenue whilst ensuring that the

currently approved Plan could still be delivered without the need for any re-financing or reductions. The scope for this is shown below, graphically.



Based on the analysis undertaken, and the relative demand for funding for capital and revenue purposes, it is recommended that the level of basic annual contribution for the Plan is reduced by £500k p.a. with effect from 2014/15. This has been built into the projections included within this BSR. It is recommended that the remaining level of DRF is further reviewed as part of the 2015/16 Budget process, in light of the latest financial information available.

As a result of the approval of the new programme for Local Centre Improvement at the meeting of Strategy and Resources Scrutiny Committee on 7 February 2014 the level of basic annual contribution will be increased by £195,000 with effect from 2015/16, resulting in a level of £1.075m.

# 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 Chartered Institute of Public Finance & Accountancy (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 deposit 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 pays regard to the investment guidance issued by the Department for Communities and Local Government (DCLG) and that set out in the revised Chartered Institute of Public Finance & Accountancy (CIPFA) Treasury Management Code of Practice 2011. The Council has also complied with CIPFA's revised Prudential Code issued in May 2013, when making its treasury decisions.

## CIPFA Requirements

The CIPFA Code on Treasury Management mentioned above, was revised in November 2011.

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 the Strategy & Resources Scrutiny Committee.

## Treasury Management Strategy for 2014/15

The suggested strategy for 2014/15 is based upon the treasury officers' views on interest rates, supplemented with leading market forecasts provided by the Council's treasury advisor, Capita Asset Services: Treasury Solutions. 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 Provision (MRP) Policy.

## 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 policies, 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 Appendix M and together constitute this report.

An explanatory note on Prudential and Treasury Indicators is included in Appendix M and to supplement this report, a glossary of terms and abbreviations has also been included at Appendix M.

## 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.

Included in Appendix M, is Capita's opinion on the Global Economies.



## Recommendations

It is recommended that the Council note the Prudential & Treasury Management Indicators, and approve the Annual Borrowing and Investment Strategies in Appendix M.

# 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 2014/15 proposals. This is included in this report at Appendix I.

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 Mid-Year Financial Review 2013
- The budget reports to the January cycle of meetings (including revised budgets for 2013/14) and Portfolio Plans which are being prepared for submission as part of the March 2014 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.

The Section 25 report will be included as Appendix N in the version of the BSR to be submitted to Council.

# 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.

The February 2013 BSR concluded that the implications of the new local Council Tax Support Scheme and the new government funding mechanism for local authorities effectively served to move material elements of financial risk associated with each of these areas from central to local government. As a result, the Council agreed to increase the Minimum Reserves level from £1.5m to £2.5m with effect from 1 April 2013 (when the two schemes applied). It was not felt necessary to change the Target level (set at £5m).

The levels of risk faced by the Council, and the resulting need to set and maintain appropriate levels of general Reserves, are kept under regular review and updates included in each MFR and BSR document. At this stage, the review has concluded that there are no appropriate grounds for changing either the Target or Minimum levels of general Reserves.

It should be noted that 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 2015/16, 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.

The September 2013 MFR recommended that the level of Reserves set for the end of 2015/16 and the following year be increased from the level of £3,975,160 (as set in the February 2013 BSR) to £4,742,400. Reserves would then be returned to the Target level of £5m from the end of 2017/18, and that it is maintained at that level, in line with the original BSR plan.

This BSR retains the approach to setting the level of Reserves being sought over the medium-term which was approved as part of the MFR.

This is shown for the 5-year MFR period in Appendix D (c).

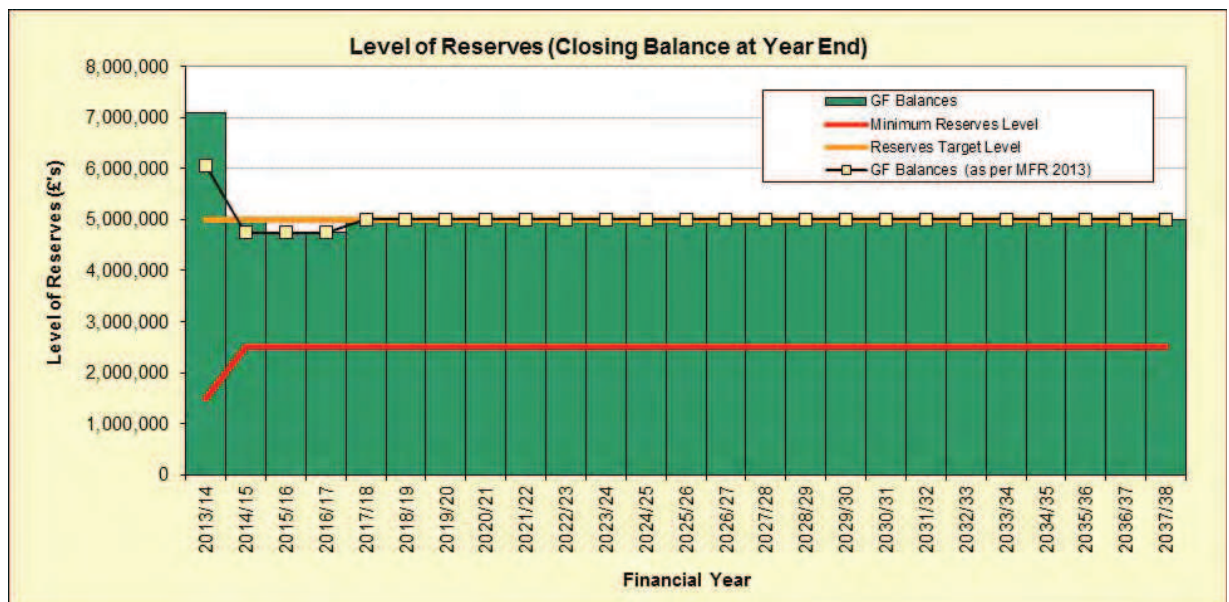
The resulting implications for future general reserves levels, through to 2018/19, are shown in table below:

Factors Affecting Level of Future GF General Reserves	2013/14 £	2014/15 £	2015/16 £	2016/17 £	2017/18 £	2018/19 £
<b>September 2013 MFR</b>	<b>6,045,400</b>	<b>4,742,400</b>	<b>4,742,400</b>	<b>4,742,400</b>	<b>5,000,000</b>	<b>5,000,000</b>
<b>Effects of Changes Contained in the February 2014 BSR</b>						
Council Tax Level and Base	0	(360)	0	0	0	0
Provisional LG Settlement	0	1,890	0	0	0	0
Final LG Settlement and Grant Determinations	0	1,120	0	0	0	0
BSR Budget Proposals (excl. PPF)	(146,220)	(700,650)	0	0	0	0
Actual PPF Bids in Budget Year c.f. Provision	0	185,000	0	0	0	0
Reduce DRF level by £500k from 2014/15	0	500,000	0	0	0	0
Increased DRF for Commercial Property and Local Centres Improvement Capital approvals	0	(266,120)	0	0	0	0
Re-Profiling of DRF for 2013/14 re-phasing requests	728,000	0	0	0	0	0
Re-Profiling of DRF to Capital Spend	228,860	0	0	0	0	0
Investment in commercial portfolio via DRF	0	(561,000)	0	0	0	0
Retained Business Rates from growth	130,000	800,000	0	0	0	0
Review of R&R Funds	82,000	(231,000)	0	0	0	0

Factors Affecting Level of Future GF General Reserves	2013/14 £	2014/15 £	2015/16 £	2016/17 £	2017/18 £	2018/19 £
Council Tax Collection Fund surplus	0	4,320	0	0	0	0
Closure of Fixed Term Post Earmarked Reserve	30,000	30,000	0	0	0	0
Increased investment income from counterparty changes	0	180,000	0	0	0	0
Amendment to Pensions Contributions Provision	0	310,000	0	0	0	0
<b>General Fund Reserves C/F</b>	<b>7,098,040</b>	<b>4,995,600</b>	<b>4,742,400</b>	<b>4,742,400</b>	<b>5,000,000</b>	<b>5,000,000</b>

The above table includes the effects on reserves resulting from approval of the Capital and Revenue Projects Plan variance requests contained in Appendix G(c), on the assumption that all of these requests are approved. The resulting increased requirement for direct revenue financing in 2014/15 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 2037/38 is shown graphically below, compared with the projections contained within the September 2013 MFR:



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

- Retained the commitment in the September 2013 MFR to increase the planned return towards the medium-term Target level of £5m.

- Continued to deliver Reserves levels in line with Target over the medium and long-term.

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 2015/16 and future years has been calculated for the full 25-year model period. This is shown for the 5-year MFR period in Appendix D (a).

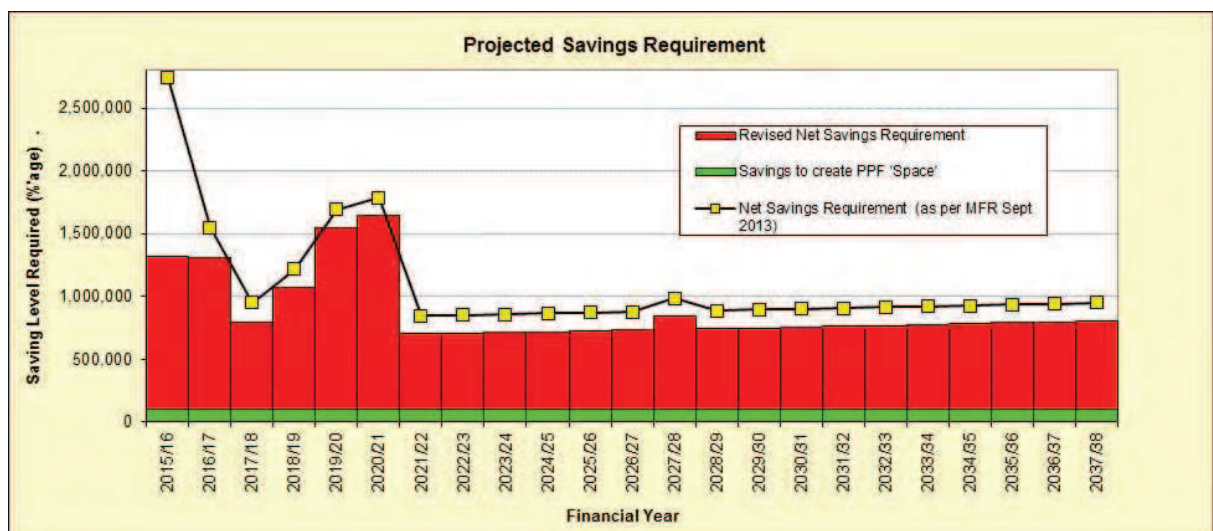
As standard practice, net savings requirements have been calculated on the basis that they should result in a position in each year that does not add to, or use from, reserves. As noted above, this base position has then been adjusted as part of a planned movement of reserves back to target level through 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 2019/20, are shown in the table below:

Factors Affecting Level of Future Net Savings Requirement	2015/16 £	2016/17 £	2017/18 £	2018/19 £	2019/20 £
September 2013 MFR	2,739,220	1,549,610	952,020	1,218,280	1,691,200
<b>Effects of Changes Contained in the February 2014 BSR</b>					
Council Tax Level and Base	720	(380)	(10)	(20)	(20)
Provisional LG Settlement	9,790	(80)	(1,920)	(1,540)	210
Final LG Settlement	(1,120)	1,180	0	0	0
BSR Budget Proposals (excl. PPF)	434,030	(815,080)	0	0	0
Actual PPF Bids in Budget Year c/f Provision	(409,830)	195,410	(8,400)	0	0

Factors Affecting Level of Future Net Savings Requirement	2015/16 £	2016/17 £	2017/18 £	2018/19 £	2019/20 £
Reduce DRF level by £500k from 2014/15	(1,000,000)	550,580	25,290	25,290	25,290
Increased DRF for Commercial Property and Local Centres Improvement Capital approvals	245,000	(62,400)	(9,860)	(9,860)	(9,860)
Re-phase capital funding available to bring 2013/14 to zero	186,360	(195,790)	0	0	0
Investment in commercial portfolio via DRF	1,219,330	(1,357,480)	0	0	0
Retained Business Rates from growth above baseline	(1,600,000)	880,930	40,460	40,460	40,460
Review of R&R Funds	499,550	(46,900)	0	0	0
Increased pension contributions from 2013 triennial revaluation	(404,560)	583,080	0	0	0
Council Tax Collection Fund surplus	(4,320)	4,530	0	0	0
Balance on Fixed Term Post Earmarked Fund returned on closure	(30,000)	31,510	0	0	0
Increased investment income from counterparty changes	(369,100)	189,110	0	0	0
Review PPF Funding Level	(200,000)	(200,000)	(200,000)	(200,000)	(200,000)
<b>BSR Future Net Savings Requirements</b>	<b>1,315,070</b>	<b>1,307,830</b>	<b>797,580</b>	<b>1,072,610</b>	<b>1,547,280</b>

The projection through to 2037/38 is shown graphically below, compared with the projections contained within the September 2013 MFR:





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 £4.493m across the period from 2015/16 to 2018/19, compared with a total of £6.459m for the same period as projected in the original MFR (approximately a 30% reduction).
- Resulted in a net savings requirement for the next budget year (2015/16) of £1,315,070, which has achieved the aim of reducing the previous required level of £2,739,220 from the MFR increasing the achievability.
- Resulted in a profile of savings which provides a reasonable timescale for developing further Service Review proposals, as outlined in the Future Savings Strategy below, 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 an MFR, reflects 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 2014 MFR. 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** - 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) **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.
- c) **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 2015/16 or subsequent years.
- d) **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 MFR 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. At the 14 October 2013 meeting of Strategy & Resources Scrutiny Committee it was agreed in principle that the Council should participate in the competitive auction of priority claims against the insolvent estate of LBI, subject to a reserve price which was set following careful consideration by the Leader and Strategy & Resources Scrutiny Committee. The auction took place on 30 January 2014; however the Council's claims did not sell because our reserve price was not

met. Developments and updates continue to be carefully monitored, and Members will be updated in the case of any significant changes.

- e) **Revision 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 future years.
- f) **National Spending Review** - the current Spending Round period finishes at the end of 2015/16. Despite a slight easing of 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 from 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.
- g) **Population Changes** – Demand for services is tied to estimates of the projected levels of an area's resident population. Population estimates from Census 2011 for local authorities have been published and have been used together with revised methodology to arrive at interim sub-national population projections.
- h) **Review of Capital Funding** - The initial outcomes from the review has been incorporated in this document, however, it is recommended that this is considered again as part of the 2015/16 Budget process to determine the affordability of continuing to include DRF to support future capital spending.
- i) **Review of R&R** – The Council has reviewed the Repair and Renewal Funds across the Council to ascertain if all significant Council assets are being provided for and that the level of asset replacement contributions and maintenance budgets are adequate.
- j) **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:
  - April 2013 saw the removal of the spare bedroom subsidy;

- A Benefit Cap (£500 per week for families and £350 per week for a single person) was introduced from 15<sup>th</sup> July 2013.
- Discretionary Housing Payments (DHP) are being considered by Housing Benefits on a case by case basis, with time limited top up payments being awarded
- the formation of a Single Fraud Investigation Service;
- the Introduction of Universal Credit (UC) from possibly 2017; and

We will need to continue to work closely with 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 2014/15 and beyond.

- k) **City Deal** – The City Council has, along with local partners, been involved in negotiations with Government on the detail of a proposed City Deal. These negotiations are continuing. If agreed, the Deal would have significant implications for the Council. As the detail becomes clearer over the early months of 2014, these will be reported to Members as appropriate.

Updates will be provided to Members, in advance of the September 2014 MFR, where there are announcements which have significant implications for the Council's financial strategy and plans.

## Future Savings Strategy

### Approach to Future Years Savings

The Leader's introduction to the Mid-Year Financial Review outlined the impact on the council that reducing resources were likely to have and how these would be tackled. This confirmed that service and budget reviews would continue during 2015-18 to identify savings for future

years. Those items already identified for review which are not built into this year's budget are listed below.

## **Shared Services**

The following list of services will be explored with South Cambs in the first half of 2014 to see if there is potential for sharing them:

- Merging Waste services in new joint operations centre
- Building Control
- Web support
- Legal
- HR
- ICT client and ICT strategy to enable future shared services

We will also be exploring the potential shared services with others, in relation to:

- Property Services
- Environmental Health

## **Delivering the City Deal**

Delivery of the proposed City Deal would unlock new opportunities for investment and could provide an opportunity to share those services which support delivery of the City Deal across the City, County and South Cambs councils e.g. Strategic Planning and Strategic Housing.

## **Community Development and Arts and Recreation**

- Integrating Community Development and Arts and Recreation services under a new Head of Service
- Alternative service delivery model for Corn Exchange and events management
- Undertaking a review to agree a clear set of criteria for future voluntary sector grant funding, aligned to the Council's broader objectives

## **Other reviews**

- Building Cleaning Market testing

- Encouraging more customers to self-service methods of contact e.g. the web and exploiting electronic opportunities to support service delivery where practicable
- Reviewing how we provide statutory services by undertaking a systematic benchmarking of statutory functions to ensure we are providing an appropriate level of service in terms of cost and the specification required to achieve local priorities

### **Income generation**

- Maximising use of our commercial property portfolio e.g. Cowley Road
- Reviewing advertising and sponsorship across the council and considering opportunities to raise income within the car parks, including through franchises

### **Reviewing form and shape of organisation**

As changes listed above are implemented we will also need to review the corporate management structures and the type of support services required to match the shape of the organisation.

### **New ways of working with partners**

Given that all partners across the public sector are facing similar budget challenges it is important that we are working with partners on those thematic issues that involve a number of agencies such as troubled families and services for older people. We need to identify better ways of pooling our resources so we make sure the scarce resources each organisation does have, are used to tackle the underlying issues and not simply passing problems around between agencies.

## **Options and Conclusions**

### **Options**

The work undertaken as part of the 2014/15 budget process, to date, has resulted in the development of proposals for base budgets for each Portfolio.

The January 2014 cycle of scrutiny committee meetings considered the options available and their deliberations were 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 27 February 2014 considered 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 2014/15.

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 2014/15, realising ongoing savings in the region of £733k in 2014/15, rising to £1.569m 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

## Financial Planning Timetable

Date	Major Stage
<b>2013</b>	
23 May	Council adopts Annual Statement setting out plan & priorities for 2013/14
18 Sep	General Fund (GF) Mid-Year Financial Review (MFR) published for S&R Scrutiny Committee
19 Sep	Housing Revenue Account (HRA) MFR published
30 Sep	S&R Scrutiny Committee / Leader recommendation of GF MFR to Council
1 Oct	Housing Management Board (HMB) considers the HRA MFR
10 Oct	Community Services Scrutiny Committee considers the HRA MFR
24 Oct	Council considers GF and HRA Mid-Year Financial Review reports
16 Dec	HRA Budget Setting Report 2014/15 published
Dec	Provisional Government Settlement Announcement
<b>2014</b>	
6 Jan	GF budget proposals for Environment and Community Services Scrutiny Committees published
8 Jan	GF Budget Setting Report 2014/15 published for Strategy & Resources Scrutiny Committee
January	Final Government Settlement Announcement
14 Jan	Environment Scrutiny Committee consider budget proposals for own portfolios



Date	Major Stage
16 Jan	<p>Joint meeting of Housing Management Board and Community Services Scrutiny Committee consider the HRA Budget Setting Report</p> <p>Joint meeting considers any Executive &amp; / or Opposition HRA budget amendment proposals</p> <p>Executive Councillor for Housing approves rent levels and revenue budgets. Executive Councillor makes final capital proposal recommendations to Council.</p>
16 Jan	Community Services Scrutiny Committee consider General Fund budget proposals for its own portfolios
20 Jan	Strategy & Resources Scrutiny Committee considers GF budget proposals for its own portfolios and GF Budget Setting Report
23 Jan	Meeting of The Executive to consider and recommend GF Budget Setting Report and Council Tax requirement
7 Feb	Special Strategy & Resources Scrutiny Committee considers any GF budget amendment proposals
27 Feb	<p>Council approves GF Budget and sets Council Tax (including precepts)</p> <p>Council approves Capital &amp; Revenue Projects Plan (including HRA recommendations)</p>
31 Mar	Approved budget reports to be sent to Cost Centre Managers by Accountancy

**Note:** HRA Items shown as shaded lines.

# Appendix B (a)

## Calculation of Council Tax Base 2014/15

	Council Tax Bands									
	A entitled to disabled relief reduction	A	B	C	D	E	F	G	H	Total
Dwellings on the valuation list		2,986	9,613	17,932	8,937	5,109	3,225	2,857	453	51,112
Dwellings treated as exempt		234	424	732	498	293	227	346	168	2,922
Adjustments for disabled relief (i.e. reduced by one band)		1	12	44	23	22	9	13	2	126
	1	12	44	23	22	9	13	2	0	126
<b>Total chargeable dwellings</b>	<b>1</b>	<b>2,763</b>	<b>9,221</b>	<b>17,179</b>	<b>8,438</b>	<b>4,803</b>	<b>3,002</b>	<b>2,500</b>	<b>283</b>	<b>48,190</b>
<b>Number of dwellings included in the in the above totals:</b>										
Entitled to a 25% discount (single adult household)	1	1,665	4,744	5,071	2,094	1,079	574	384	15	15,627
Entitled to a 25% discount (all but one adult disregarded)	0	23	173	322	151	56	38	14	0	777
Entitled to a 50% discount (all residents disregarded)	0	1	11	2	11	3	7	9	18	62
Classed as second homes and treated for Formula Grant purposes as entitled to 50% discount	0	104	245	400	254	142	64	57	6	1,272
Classed as empty and treated for Formula Grant purposes as entitled to 100% discount	0	111	202	494	210	127	82	47	4	1,077
Where there is a liability to pay 100% council tax	0	859	3,846	11,090	5,718	3,396	2,237	1,989	240	29,375
<b>Total number of equivalent dwellings after discounts, exemptions, disabled relief and council tax support</b>	<b>0</b>	<b>1,589.85</b>	<b>5,774.95</b>	<b>13,426.94</b>	<b>7,185.81</b>	<b>4,192.60</b>	<b>2,704.98</b>	<b>2,313.92</b>	<b>263.25</b>	<b>37,452.30</b>
Ratio to Band D	5/9	6/9	7/9	8/9	1	11/9	13/9	15/9	18/9	
<b>Band D equivalents</b>	<b>0</b>	<b>1,059.9</b>	<b>4,491.6</b>	<b>11,935.1</b>	<b>7,185.8</b>	<b>5,124.3</b>	<b>3,907.2</b>	<b>3,856.5</b>	<b>526.5</b>	<b>38,086.9</b>
Band D equivalent contributions for Government properties										1.0
<b>Tax base for Formula Grant purposes</b>										<b>38,087.9</b>
	Add		Estimated net growth in tax base							712.7
	Less		Adjustment for student exemptions							(1,134.7)
	Less		Adjustment for local Council Tax Support Scheme							(130.7)
	Add		Adjustment for second homes and empty properties							1,649.3
	Less		Assumed loss on collection at 1.3%							(509.4)
<b>Total Band D Equivalents – Tax base for Council Tax and Precept Setting Purposes</b>										<b>38,675.1</b>

# Appendix B(b)

## Council Tax Setting 2014/15

### (To be completed for the meeting of The Executive)

1. The Council calculated its Council Tax Base 2014/15 for the whole Council area as **38,675.1** [Item T in the formula in Section 31B of the Local Government Finance Act 1992, as amended (the "Act")]
2. The Council calculates that the Council Tax requirement for the Council's own purposes for 2014/15 is **£x,xxx,xxx**
3. That the following amounts be calculated for the year 2014/15 in accordance with Sections 31 to 36 of the Act:

- |     |   |  |
|-----|---|--|
| (a) | £ | being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act  |
| (b) | £ | being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act  |
| (c) | £ | being the amount by which the aggregate at 3(a) above exceeds the aggregate at 3(b) above, calculated by the Council in accordance with Section 31A(4) of the Act as its Council Tax requirement for the year. [Item R in the formula in Section 31B of the Act] |
| (d) | £ | being the amount at 3(c) above (Item R), all divided by the amount at 1 above (Item T), calculated by the Council, in accordance with Section 31B of the Act, as the basic amount of its Council Tax for the year.   |

4. To note that Cambridgeshire County Council, the Cambridgeshire Police and Crime Commissioner and Cambridgeshire & Peterborough Fire Authority **have issued precepts / will be issuing precepts on xxxxx** to the Council in accordance with Section 40 of the

Local Government Finance Act 1992 for each of the categories of dwellings in the Council's area as indicated in the table below.

5. That the Council, in accordance with Sections 30 and 36 of the Local Government Finance Act 1992, hereby sets the aggregate amounts shown in the table below as the amounts of Council Tax for 2014/15 for each of the categories of dwellings in the Council's area.

<b>Dwelling Band</b>	<b>City Council £</b>	<b>County Council £</b>	<b>Police and Crime Commissioner £</b>	<b>Fire &amp; Rescue Authority £</b>	<b>Aggregate Council Tax £</b>
A					
B					
C					
<b>D</b>					
E					
F					
G					
H					

6. The Council determines that, in accordance with Section 52ZB of the Local Government Finance Act 1992, the basic amount of its council tax for 2014/15 is not excessive.

## 2014/15 Budget - Revised Budget

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Reference	Item Description	2013/14 Budget £	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	2017/18 Budget £	Contact	Climate Effect Rating
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## Revised Budget

## Community Services - Housing

RB3348	General Fund Communities and Local Government (CLG) Specialist Advisor	(7,800)	0	0	0	0	David Greening	Nil
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Saving in costs associated with the post of CLG Specialist Advisor where the management and other ancillary costs were absorbed within existing resources. This saving is presented net of other unavoidable staffing costs incurred in the Housing Options Team in 2013/14.

RB3442	Savings in operational costs for the Community Safety (Anti-Social Behaviour Team)	(1,200)	0	0	0	0	Lynda Kilkelly	Nil
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Operational savings are proposed in this service area, predominantly relating to a decision to utilise an ASB database system procured and funded externally, as opposed to implementing and supporting a solution in-house. (Linked to RB3359 in the HRA).

RB3470	Vacancy of Team Manager - Residential Team	(22,000)	0	0	0	0	Yvonne O'Donnell	Nil
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The post of Residential Team Manager has been vacant since August 2013. Following two rounds of recruitment the position will be filled in mid January. The post has remained vacant during this time and therefore there is a one off salary saving of £22,000.

<b>Total Revised Budget in Community Services - Housing</b>	<b>(31,000)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>		
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## Community Wellbeing

RB3411	Leisure Management pension cost supplement	13,700	0	0	0	0	Ian Ross	Nil
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County Council costs for admitted body status have increased since the procurement process (linked to the Leisure Management contract in year saving). (Linked to UR3410)

<b>Total Revised Budget in Community Wellbeing</b>	<b>13,700</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>		
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## Environment - Environmental &amp; Waste Services

RB3294	Materials Recycling Facility (MRF) Gate fee	(121,200)	0	0	0	0	Jen Robertson	+H
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## 2014/15 Budget - Revised Budget

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Reference	Item Description	2013/14 Budget £	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	2017/18 Budget £	Contact	Climate Effect Rating
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## Revised Budget

Due to the value of the materials sent for reprocessing it is possible to offer this saving. A new contract will be let in Dec 2014 and as yet it is unclear what material value will be obtained, although it is anticipated there will be an overall income to the authority and therefore this budget may not be needed in future.  
(Linked to S3301)

RB3295	Contribution to RECAP waste partnership	(1,500)	0	0	0	0	Jen Robertson	Nil
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The contribution to the waste partnership has been frozen so there is a one off saving to reflect this. At this stage it is unclear if this will apply to 2014/15.

RB3296	Trade Waste landfill charges	(100,000)	0	0	0	0	Jen Robertson	+H
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Due to increased recycling from commercial businesses and better auditing of general waste sent to landfill a saving can be shown for the budget.  
(Linked to S3425)

<b>Total Revised Budget in Environment - Environmental &amp; Waste Services</b>	<b>(222,700)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>		
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## Planning &amp; Climate Change

RB3322	Planning Appeal costs 2013/14	398,000	0	0	0	0	Patsy Dell	Nil
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Recent planning appeals have resulted in awards of costs against the council totalling approximately £428,000 in addition to the council's own costs and staff time. These costs exceed the existing budget provision and a further contribution of £398,000 is required.

RB3397	Underachievement of Parking income	490,000	0	0	0	0	Paul Necus	Nil
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Adjustment to base line budgets in line with analysis of historic performance and revised forecasts

RB3398	Shopmobility staffing costs underprovision	43,900	0	0	0	0	Paul Necus	Nil
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Relates to delayed redundancy costs (in 2013/14) following the Shopmobility Service restructure and an underprovision from 2012/13 when a duplicate savings bid was submitted in error. (Linked to UR3401)

<b>Total Revised Budget in Planning &amp; Climate Change</b>	<b>931,900</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>		
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## Public Places

RB3334	Guildhall Project - Reduction in tenant turnover income	26,000	0	0	0	0	Emma Thornton	Nil
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## 2014/15 Budget - Revised Budget

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Reference	Item Description	2013/14 Budget £	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	2017/18 Budget £	Contact	Climate Effect Rating
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## Revised Budget

This bid relates to a reduction in Guildhall tenant income projections as a result of the challenging economic climate (linked to UR3339).

RB3395	Gas saving at the Crematorium	(10,000)	0	0	0	0	Tracy Lawrence	+H
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Saving due to a combination of improved operational processes, heat recovery system and more efficient cremators. (Linked to S3400)

RB3396	Increased income from burials and cremations	(94,500)	0	0	0	0	Tracy Lawrence	-M
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Increased income from burials and cremations due to demographic trends. (Linked to S3399)

<b>Total Revised Budget in Public Places</b>		<b>(78,500)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>		
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## Strategy &amp; Resources - Customer Services &amp; Resources

RB3270	Commercial Property - increased net rental income	(60,000)	0	0	0	0	Dave Prinsep	Nil
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Forecast one-off over achievement of income primarily due to new lettings, recovery of costs and backdated rental income following completion of rent reviews.

RB3274	Increase in benefit overpayments recovered	(30,000)	0	0	0	0	Alison Cole	Nil
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Projected increase in recovery of housing benefit overpayments from claimants that are no longer claiming benefit.

RB3276	Increase in Local Taxation costs recovered	(80,000)	0	0	0	0	Alison Cole	Nil
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This saving relates to an increase in anticipated court costs collected based on prior year trends.

RB3286	HR Savings from Learning and Development operational budgets	(10,000)	0	0	0	0	Deborah Simpson	Nil
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On the basis of 2013-14 multi year budget, this can be reduced without detriment to delivery.

RB3288	One-off Saving against Projected Spending on Local Elections in May 2013	(25,000)	0	0	0	0	Gary Cliff	Nil
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## 2014/15 Budget - Revised Budget

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Reference	Item Description	2013/14 Budget £	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	2017/18 Budget £	Contact	Climate Effect Rating
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## Revised Budget

We retained an element of our election budget to cover contingencies and received a higher contribution from Cambridgeshire County Council to run its elections.

RB3314	Unavoidable Loss of External Rental Income at Mill Road Depot	37,400	0	0	0	0	Jim Stocker	Nil
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Loss of income due to voids following LAPE and other commercial tenants vacating. (Linked to UR3316).

RB3315	Business Rates Saving - Hobson House/Mandela House	(21,900)	0	0	0	0	Jim Stocker	Nil
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One off business rates saving accruing from previous years following a rating review. Ongoing savings of approximately £6,000 p.a. are already accounted for in the base line budget.

RB3319	Land Charges	(72,680)	0	0	0	0	Paul Boucher	Nil
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Increased income due to buoyant market conditions.

RB3326	Internal Audit - One-off Employee Cost Savings	(18,000)	0	0	0	0	Steve Crabtree	Nil
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One-off employee cost savings due to delay in recruiting to vacant post. (Linked to RB3390 - HRA portion of savings).

RB3484	Increased investment income	(75,000)	0	0	0	0	Patrick Merritt	Nil
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Increased investment income from counterparty changes agreed in October 2013 report to Strategy & Resources Scrutiny Committee [Linked to NCL3483]

<b>Total Revised Budget in Strategy &amp; Resources - Customer Services &amp; Resources</b>		<b>(355,180)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>		
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## Strategy &amp; Resources - Strategy Services

RB3277	Minor Salary and Supplies and Services Savings	(10,200)	0	0	0	0	Antoinette Jackson	Nil
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Savings on salary budget and subscriptions.

RB3279	One-off savings from the Corporate Strategy Administration Budget	(15,500)	0	0	0	0	Andrew Limb	Nil
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## 2014/15 Budget - Revised Budget

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Reference	Item Description	2013/14 Budget £	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	2017/18 Budget £	Contact	Climate Effect Rating
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## Revised Budget

One-off savings arising from underspends to various administrative budgets in the Corporate Strategy service including temporary staff costs, printing and stationery budgets.

RB3280	One-off, revised budget savings from Corporate Marketing cost centre	(15,400)	0	0	0	0	Ashley Perry	Nil
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One-off savings from the Corporate Marketing cost centre arising from spending less on training officers in public speaking, community engagement and communications skills, producing more communication electronically and reductions in other administrative budgets.

RB3283	One-off savings from the Corporate Policy budget	(10,000)	0	0	0	0	David Kidston	Nil
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In-year savings from two elements of the Corporate Policy cost centre: savings on the staffing budget due to a vacancy during the first quarter of the year; and from the corporate budget for interpreting services, which has been underspent reflecting lower levels of demand in recent years.

RB3284	One-off contribution to savings resulting from the installation of solar thermal technology at Abbey Pool	(12,000)	0	0	0	0	David Kidston	Nil
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This savings proposal covers the energy savings anticipated from the installation of solar thermal panels at Abbey Pools this year. A payment of a further £3,000 is expected from the Government later in 2013/14 for the Renewable Heat Incentive (RHI) income.

RB3422	Central Budget for Maternity Costs	70,000	0	0	0	0	John Harvey	Nil
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There is a central budget provision of £168k 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 2013/14 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 temporary costs of staff cover.

RB3465	Anticipated underspend on CCTV budget in 2013/14	(36,500)	0	0	0	0	Martin Beaumont	Nil
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It is anticipated that there will be an underspend on CCTV budget in 2013/14 due over a wide range of cost types, including posts not being filled immediately.

<b>Total Revised Budget in Strategy &amp; Resources - Strategy Services</b>	<b>(29,600)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>		
<b>Total Revised Budget</b>	<b>228,620</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>		

**2014/15 Budget - Revised Budget****Page 6 of 6**

Reference	Item Description	2013/14 Budget £	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	2017/18 Budget £	Contact	Climate Effect Rating
<b>Report Total</b>		228,620	0	0	0	0		

## 2014/15 Budget - Non-Cash Limit Items

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Reference	Item Description	2013/14 Budget £	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	2017/18 Budget £	Contact	Climate Effect Rating
<b>Non-Cash Limit Items</b>								
<b>Non-Committee Items</b>								
NCL3445	Reduction in revenue contribution to capital funding from 2014/15	0	(500,000)	(500,000)	(500,000)	(500,000)	David Horspool	Nil
<i>Reduction in Revenue contributions to fund Capital expenditure as Direct Revenue Financing. Timing of the reduction is designed to ensure that there is no requirement to any reduction or refinancing of any existing commitments in the approved Capital &amp; Revenue Projects Plan.</i>								
NCL3460	Reduce amount of PPF provision	0	0	(200,000)	(200,000)	(200,000)	David Horspool	Nil
<i>Reduce amount of PPF provision to £100,000</i>								
NCL3461	Reduce amount of PPF provision	0	0	0	(200,000)	(200,000)	David Horspool	Nil
<i>Reduction in PPF provision to £100,000</i>								
NCL3463	Reduction in PPF provision	0	0	0	0	(200,000)	David Horspool	Nil
<i>Reduction in PPF provision to £100,000</i>								
NCL3487	Pension Contributions increased from 2013/14 revaluation	0	(310,000)	(90,000)	155,000	155,000	David Horspool	Nil
NCL3489	Growth element of retained Business Rates	(130,000)	(670,000)	(800,000)	(800,000)	(800,000)	Charity Main	Nil
<i>Anticipated growth in retained business rates as part of Local Government Financing reform</i>								
NCL3490	Net surplus on annual contributions from review of R&R Funds (excluding Car Parks & Play Equipment)	0	(27,000)	(27,000)	(27,000)	(27,000)	David Horspool	Nil
NCL3491	Surplus on Council Tax Collection Fund	0	(4,320)	0	0	0	Charity Main	Nil

## 2014/15 Budget - Non-Cash Limit Items

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Reference	Item Description	2013/14 Budget £	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	2017/18 Budget £	Contact	Climate Effect Rating
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## Non-Cash Limit Items

NCL3492	Close Fixed Term Post Earmarked Fund and return balance to Reserves	(30,000)	0	0	0	0	David Horspool	Nil
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A provision for redundancy costs in respect of certain fixed term contract posts is not now required and can be returned to Reserves. Future redundancy costs, if required, will be met as part of the individual departmental business cases.

NCL3494	Government Grant	0	(3,010)	11,680	10,200	8,800	David Horspool	Nil
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NCL3496	Investment in commercial portfolio (via DRF)	0	816,120	500,000	0	0	Dave Prinsep	Nil
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Additional investment in commercial property portfolio [funded from part of the Growth element of retained Business Rates]. [Linked to C3485, NCL3488, NCL3497].

NCL3497	Re-phasing of DRF for 2013/14	130,000	(85,000)	(45,000)	0	0	David Horspool	Nil
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Additional investment in commercial property portfolio [funded from part of the Growth element of retained Business Rates]. [Linked to C3485, NCL3488, NCL3496].

NCL3501	Increase in DRF for New Local Centres Improvement programme	0	50,000	195,000	195,000	195,000	John Harvey	Nil
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<b>Total Non-Cash Limit Items in Non-Committee Items</b>		<b>(30,000)</b>	<b>(733,210)</b>	<b>(955,320)</b>	<b>(1,366,800)</b>	<b>(1,568,200)</b>		
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## Planning &amp; Climate Change

NCL3402	Increase contributions to Car Parks Structural R & R Fund	0	100,000	220,000	220,000	220,000	Paul Necus	Nil
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The long term investment programme shows there will be a shortfall in the car parks structural R & R fund which will affect future income streams. This is an essential investment to protect and repair car park structures.

<b>Total Non-Cash Limit Items in Planning &amp; Climate Change</b>		<b>0</b>	<b>100,000</b>	<b>220,000</b>	<b>220,000</b>	<b>220,000</b>		
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## Public Places

## 2014/15 Budget - Non-Cash Limit Items

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Reference	Item Description	2013/14 Budget £	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	2017/18 Budget £	Contact	Climate Effect Rating
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## Non-Cash Limit Items

NCL3486	Additional R&R contributions in respect of play equipment	0	240,000	240,000	240,000	240,000	Alistair Wilson	Nil
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The recent review of Service Departments' 20 year asset management plans identified areas where there was significant under provision of Repairs & Renewals funds of which play provision was one. There are currently 68 sites with play equipment, with 18 additional sites due to come on stream within North West Cambridge and 31 additional sites on the Southern Fringe. Undertaking systematic provision will secure these assets for the future as opportunistic funding becomes less likely to be readily available.

<b>Total Non-Cash Limit Items in Public Places</b>	<b>0</b>	<b>240,000</b>	<b>240,000</b>	<b>240,000</b>	<b>240,000</b>
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## Strategy &amp; Resources - Customer Services &amp; Resources

NCL3273	One-off Increase in DWP Housing Benefits Admin Subsidy Grant	0	(26,900)	0	0	0	Alison Cole	Nil
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The DWP Housing Benefits Admin Subsidy Grant for financial year 2014/15 will be £26,900 higher than forecast (Subsidy Circular HB S7/2013 refers).

NCL3275	Localised Council Tax Support Administration Subsidy Grant	0	(71,200)	0	0	0	Alison Cole	Nil
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Receipt of an additional Localised Council Tax Support Administration Subsidy Grant for 2014/15.

NCL3483	Increased investment income	0	(180,000)	(180,000)	(180,000)	(180,000)	Patrick Merritt	Nil
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Increased investment income from counterparty changes agreed in October 2013 report to Strategy & Resources Scrutiny Committee [Linked to RB3484]

NCL3488	Commercial Property Portfolio income from additional investments	0	(46,000)	(69,000)	(84,000)	(84,000)	Dave Prinsep	Nil
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The Council will invest £1.1m over two years to enhance its commercial property portfolio. It is anticipated that the first full year, from 2016/17 onwards, will generate net income of £70,000 per annum. [Linked to Capital Bid C3485 and NCL3496,NCL3497].

<b>Total Non-Cash Limit Items in Strategy &amp; Resources - Customer Services &amp; Resources</b>	<b>0</b>	<b>(324,100)</b>	<b>(249,000)</b>	<b>(264,000)</b>	<b>(264,000)</b>
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## Strategy &amp; Resources - Strategy Services

## 2014/15 Budget - Non-Cash Limit Items

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Reference	Item Description	2013/14 Budget £	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	2017/18 Budget £	Contact	Climate Effect Rating
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## Non-Cash Limit Items

NCL3495	Repairs & Renewals funds no longer required on creation of a shared service for CCTV	(82,000)	0	0	0	0	0 Martin Beaumont	Nil
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*Returning the surplus balance of Repairs & Renewals (R&R) funds following the creation of a CCTV Shared Service with another local authority.*

## Total Non-Cash Limit Items in Strategy &amp; Resources - Strategy Services

(82,000)	0	0	0	0
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## Total Non-Cash Limit Items

(112,000)	(717,310)	(744,320)	(1,170,800)	(1,372,200)
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## Report Total

(112,000)	(717,310)	(744,320)	(1,170,800)	(1,372,200)
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## 2014/15 Budget - Unavoidable Revenue Bids

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Reference	Item Description	2013/14 Budget £	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	2017/18 Budget £	Contact	Climate Effect Rating
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## Unavoidable Revenue Bids

## Community Wellbeing

UR3410	Leisure Management pension cost supplement	0	27,400	27,400	27,400	27,400	Ian Ross	Nil
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County Council costs for admitted body status have increased since the procurement process (linked to the Leisure Management contract in year saving). (Linked to RB3411)

## Total Unavoidable Revenue Bids in Community Wellbeing

0	27,400	27,400	27,400	27,400
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## Planning &amp; Climate Change

UR3401	Shopmobility staffing costs underprovision	0	22,600	22,600	22,600	22,600	Paul Necus	Nil
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Relates to delayed redundancy costs (in 2013/14) following restructure and underprovision from 2012/13 when duplicate savings bid was submitted. (Linked to RB3398)

UR3403	Underachievement of Parking income		498,000	498,000	498,000	498,000	Paul Necus	Nil
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Adjustment to base line budgets in line with analysis of historic performance and revised forecasts

UR3464	Additional contribution to LEP subscription	0	0	7,680	7,680	7,680	Patsy Dell	Nil
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Additional funding to increase current LEP subscription budget to £16,000 pa. Increased cost in 2014/15 to be met from existing budgets.

## Total Unavoidable Revenue Bids in Planning &amp; Climate Change

0	520,600	528,280	528,280	528,280
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## Public Places

UR3339	Guildhall Project - Reduction in tenant turnover income	0	26,000	20,000	20,000	20,000	Emma Thornton	Nil
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This bid relates to a reduction in Guildhall tenant income projections as a result of the challenging economic climate (linked to RB3334).

## Total Unavoidable Revenue Bids in Public Places

0	26,000	20,000	20,000	20,000
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## Strategy &amp; Resources - Customer Services &amp; Resources

UR3316	Unavoidable Loss of External Rental Income at Mill Road Depot	0	40,000	0	0	0	Jim Stocker	Nil
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**2014/15 Budget - Unavoidable Revenue Bids****Appendix Page 2 of 2**

Reference	Item Description	2013/14 Budget £	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	2017/18 Budget £	Contact	Climate Effect Rating
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**Unavoidable Revenue Bids**

Some ongoing loss of income following the departure of LAPE. More pro-active marketing of vacant units, colocation of new planned maintenance contractors and identification of new surplus space for commercial letting, should mitigate loss in income. (Linked to RB3314).

<b>UR3318</b>	<b>Additional Contribution to the Insurance Fund</b>	0	120,000	0	0	0	Karl Tattam	Nil
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Following a review of the liabilities against the Insurance Fund, the requirement for an additional contribution of £120,000 is required.

<b>Total Unavoidable Revenue Bids in Strategy &amp; Resources - Customer Services &amp; Resources</b>	<b>0</b>	<b>160,000</b>	<b>0</b>	<b>0</b>	<b>0</b>			
<b>Total Unavoidable Revenue Bids</b>	<b>0</b>	<b>734,000</b>	<b>575,680</b>	<b>575,680</b>	<b>575,680</b>			
<b>Report Total</b>	<b>0</b>	<b>734,000</b>	<b>575,680</b>	<b>575,680</b>	<b>575,680</b>			



## 2014/15 Budget - Savings

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Reference	Item Description	2013/14 Budget £	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	2017/18 Budget £	Contact	Climate Effect Rating
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## Savings

## Community Services - Housing

S3347	General Fund Choice Based Lettings Saving	0	(7,700)	(7,700)	(7,700)	(7,700)	David Greening	Nil
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Saving identified in costs of Choice Based Lettings System operational procedure, where ceasing to publish the magazine has given scope for services to be delivered differently including targeted help to individuals.

S3355	General Fund Strategic Housing Operational Saving	0	(5,500)	(5,500)	(5,500)	(5,500)	Julia Hovells	Nil
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Savings identified in the operational costs of some services across Strategic Housing particularly in costs associated with the delivery of Home Improvement Grants where services are now being delivered differently due to the creation of the Home Improvement Agency.

S3356	General Fund Strategic Housing Salaries Saving	0	(11,400)	(11,400)	(11,400)	(11,400)	David Greening	Nil
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Savings identified in salary budgets within the Strategic Housing area due to posts being recruited at lower spinal points than previous post holders.

<b>Total Savings in Community Services - Housing</b>		<b>0</b>	<b>(24,600)</b>	<b>(24,600)</b>	<b>(24,600)</b>	<b>(24,600)</b>		
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## Community Wellbeing

S3344	Cash Limiting Community Development Grants Budget	0	(17,700)	(17,700)	(17,700)	(17,700)	Jackie Hanson	Nil
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Retain the existing budget for Community Development Grants and do not uplift by inflation (2% assumed)

S3405	Cash limit Arts & Recreation Development Grants	0	(4,800)	(4,800)	(4,800)	(4,800)	Jackie Hanson	Nil
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Retain the existing budget for Arts & Recreation Development Grants and do not uplift by inflation (2% assumed)

<b>Total Savings in Community Wellbeing</b>		<b>0</b>	<b>(22,500)</b>	<b>(22,500)</b>	<b>(22,500)</b>	<b>(22,500)</b>		
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## Environment - Environmental &amp; Waste Services

S3301	Materials Recycling Facility (MRF) Gate fee	0	(119,500)	(116,000)	(116,000)	(116,000)	Jen Robertson	+H
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Saving is due to the increased value of recycle and the potential for better income as a result of a joint contract with all the partners in Cambridgeshire and Peterborough. (Linked to RB3294)

## 2014/15 Budget - Savings

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Reference	Item Description	2013/14 Budget £	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	2017/18 Budget £	Contact	Climate Effect Rating
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## Savings

S3425	Trade Waste landfill charges	0	(50,000)	0	0	0	Jen Robertson	+H
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Revision of how current trade collections are undertaken due to an increase in commingled collections and a reduction in the disposal costs for general waste. (Linked to RB3296)

<b>Total Savings in Environment - Environmental &amp; Waste Services</b>	<b>0</b>	<b>(169,500)</b>	<b>(116,000)</b>	<b>(116,000)</b>	<b>(116,000)</b>			
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## Planning &amp; Climate Change

S3324	Revised Pre-application charging income	0	(10,000)	(10,000)	(10,000)	(10,000)	Patsy Dell	Nil
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Income from pre-application charging has been above budget estimates for the last 12 months and given the anticipated growth related workload and a proposed rise in fees, predictions can be increased by £10,000 pa across the City Development and New Neighbourhoods service areas.

S3406	Cash limit Sustainable City Grants	0	(1,000)	(1,000)	(1,000)	(1,000)	Jackie Hanson	Nil
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Retain the existing budget for Sustainable City Grants and do not uplift by inflation (2% assumed)

S3478	One-off reduction in the Sustainability Grants for 2014/15 of £20,000	0	(20,000)	0	0	0	Jackie Hanson	Nil
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This sum represents the amount unallocated following the annual grants round.

<b>Total Savings in Planning &amp; Climate Change</b>	<b>0</b>	<b>(31,000)</b>	<b>(11,000)</b>	<b>(11,000)</b>	<b>(11,000)</b>			
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## Public Places

S3335	Increase in income performance from the Markets	0	(35,000)	(35,000)	(35,000)	(35,000)	Emma Thornton	Nil
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This saving will be delivered through a combination of higher than budgeted occupancy levels across both the weekly and Sunday Markets and a tightening up of our charging policy. (Linked to PPF3338)

S3399	Increased income from burials and cremations	0	(84,200)	(84,200)	(84,200)	(84,200)	Tracy Lawrence	-M
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Increased income from burials and cremations due to demographic trends. (Linked to RB3396)

S3400	Gas Saving at Crematorium	0	(10,000)	(10,000)	(10,000)	(10,000)	Tracy Lawrence	+H
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## 2014/15 Budget - Savings

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Reference	Item Description	2013/14 Budget £	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	2017/18 Budget £	Contact	Climate Effect Rating
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## Savings

Saving due to a combination of improved operational processes, heat recovery system and more efficient cremators.  
(Linked to RB3395).

<b>S3408</b>	<b>Fees and Charges for Moorings</b>	0	0	(17,000)	(35,000)	(35,000)	Alistair Wilson	Nil
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An initial review and benchmarking exercise has been carried out against other authorities with similar established moorings, such as Bath, Bristol and Oxford which suggests a saving is possible. This is subject to full review, consultation and formal approval at scrutiny.

<b>Total Savings in Public Places</b>	0	(129,200)	(146,200)	(164,200)	(164,200)			
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## Strategy &amp; Resources - Customer Services &amp; Resources

<b>S3287</b>	<b>HR Savings across a number of operational budgets</b>	0	(20,000)	(20,000)	(20,000)	(20,000)	Deborah Simpson	Nil
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£1k from across a number of HR business support operational budgets, £3k from Health Safety & Emergency Planning consultancy budgets. £16k from learning and development training budgets. We are now running part of the safeguarding training programme in house and reductions based on assessed future needs for management development and health and safety.

<b>S3289</b>	<b>Democratic Services Savings</b>	0	(8,000)	(8,000)	(8,000)	(8,000)	Gary Cliff	Nil
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A management review of the Civic and Twinning function in 2013 highlighted some savings that could be made without impacting upon service delivery. In addition a salary saving in Committee Services is possible as a consequence of one recruitment to a lower salary than the previous post holder.

<b>S3329</b>	<b>Saving on Books and Publications Budget through Collaborative Working</b>	0	(5,000)	(5,000)	(5,000)	(5,000)	Simon Pugh	Nil
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We are entering into a shared service collaboration (Public Law Partnership) with other Councils in the East of England. This will give us access to collaborative purchasing arrangements for books and on-line subscriptions. There should be no implications for service delivery as we will be paying less for the same legal reference material. This amounts to a net saving of £5,000 (or c.15%) from a budget of £32,260 in the current year.

<b>S3480</b>	<b>Proposed restructure in HR</b>	0	0	(20,500)	(20,500)	(20,500)	Deborah Simpson	Nil
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Savings arising from proposed restructure within HR service.

## 2014/15 Budget - Savings

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Reference	Item Description	2013/14 Budget £	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	2017/18 Budget £	Contact	Climate Effect Rating
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## Savings

<b>Total Savings in Strategy &amp; Resources - Customer Services &amp; Resources</b>		0	(33,000)	(53,500)	(53,500)	(53,500)		
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## Strategy &amp; Resources - Strategy Services

<b>S3281</b>	<b>Ongoing savings from the Corporate Marketing cost centre</b>	0	(5,200)	(5,200)	(5,200)	(5,200)	Ashley Perry	Nil
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*Ongoing savings from the Corporate Marketing cost centre due to reductions in the temporary staff budget and publicity budget arising from increased electronic rather than printed communication.*

<b>S3282</b>	<b>On-going savings from the Corporate Policy budget</b>	0	(10,000)	(10,000)	(10,000)	(10,000)	David Kidston	Nil
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*On-going savings from two elements of the Corporate Policy cost centre: the budget for consultants and professional fees, which has been underspent in recent years; and the corporate budget for interpreting services, which has been underspent following the negotiation of a more favourable contract.*

<b>S3438</b>	<b>Minor Salaries and Supplies and Services Savings</b>	0	(11,700)	(11,000)	(10,200)	(10,200)	Antoinette Jackson	Nil
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*Savings on salary budget and subscriptions.*

<b>Total Savings in Strategy &amp; Resources - Strategy Services</b>		0	(26,900)	(26,200)	(25,400)	(25,400)		
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<b>Total Savings</b>		0	(436,700)	(400,000)	(417,200)	(417,200)		
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<b>Report Total</b>		0	(436,700)	(400,000)	(417,200)	(417,200)		
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## 2014/15 Budget - Service Reviews

Appendix Page 1 of 6

Reference	Item Description	2013/14 Budget £	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	2017/18 Budget £	Contact	Climate Effect Rating
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## Service Reviews

## Community Wellbeing

SR3345	<b>ChYpPS - Review of service delivery model</b>	0	(200,000)	(340,000)	(340,000)	(340,000)	Trevor Woollams	Nil
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*Restructuring of ChYpPS to deliver savings of £340k and to focus the service on 9-13 year olds through (a) ChYpPS Adventures to seek income generating work; (b) work that supports and facilitates others to provide play activities; (c) direct provision of open access play focused on children and young people within deprived areas of the city.*

SR3346	<b>Review of Community and Neighbourhood Centre Management</b>	(35,000)	(70,000)	(100,000)	(100,000)	(100,000)	Trevor Woollams	Nil
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*Various changes including increased income and rationalisation of centre management arrangements to deliver the savings requirement of £100k on-going over 3 years (2013/14, 2014/15 and 2015/16) which was set by the Exec Cllr at Community Services Scrutiny Committee in March 2013. Changes will protect the Council's centres for the community whilst reducing their net cost to the Council.*

SR3466	<b>Rationalisation of management structure with the Customer &amp; Community Services department</b>	0	0	(80,000)	(80,000)	(80,000)	Liz Bisset	Nil
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*A detailed review is being undertaken in the management structure within the Customer & Community Services department which will deliver savings from 2015/16*

<b>Total Service Reviews in Community Wellbeing</b>	<b>(35,000)</b>	<b>(270,000)</b>	<b>(520,000)</b>	<b>(520,000)</b>	<b>(520,000)</b>			
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## Environment - Environmental &amp; Waste Services

SR3297	<b>Review of Bring Bank Collections</b>	0	0	(25,000)	(25,000)	(25,000)	Jas Lally	Nil
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*Review of how collections are currently undertaken and utilising commingled rounds. Savings will be from vehicle costs and R&R.*

SR3298	<b>Review of bulky waste services</b>	0	(60,000)	(90,000)	(90,000)	(90,000)	Jas Lally	+L
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*Review of domestic bulky waste collections and seeking a third party contractor to reuse material where possible and reducing landfill costs. Also looking at trade bulky waste collections to determine if there are additional services which can be provided.*

SR3299	<b>Cease Pest Control service</b>	0	(13,800)	(54,500)	(54,500)	(54,500)	Jas Lally	Nil
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## 2014/15 Budget - Service Reviews

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Reference	Item Description	2013/14 Budget £	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	2017/18 Budget £	Contact	Climate Effect Rating
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## Service Reviews

Pest control is a discretionary service. By ceasing the service local residents will be able to use local companies who could provide a wider service than currently provided for example treatment of wasps. The Council will obtain a list of approved contractors that will be on a list on the web site and through the customer service centre. To ensure that the service is available for vulnerable residents a budget of £10k will be available to reduce their cost.

<b>SR3300</b>	<b>Commercial Food Waste Service</b>	0	(4,000)	(4,000)	(4,000)	(4,000)	Jas Lally	+M
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Starting up a new weekly food waste service, approved by members at Oct scrutiny committee. Service to be launched in April 2014 and seeking contracts through Cambridge BID.

<b>SR3302</b>	<b>Increase in trade waste customers</b>	0	(20,000)	(20,000)	(20,000)	(20,000)	Jen Robertson	Nil
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Increasing the marketing of the service to seek large contracts within the County for general and commingled waste. Discussions with the County Council currently taking place to reduce disposal costs, increase the amount of general waste and income for all.

<b>SR3303</b>	<b>Joint waste operational centre with South Cambs DC</b>	0	0	(50,000)	(75,000)	(75,000)	Jas Lally	Nil
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A business case is currently being put together on sharing a joint waste operational centre with South Cambs DC. This will be dependent upon operational issues being resolved such as fleet management and will require considerable planning. The benefits of a shared service centre will lead to a number of potential savings such as a reduced management, fleet and reduce overall operational costs.

<b>SR3304</b>	<b>Recyclate and sorting contract</b>	0	(14,000)	(23,000)	(23,000)	(23,000)	Jen Robertson	+L
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Current joint contract with Fenland and Hunts DC expires in November 2014. New contract being sought with all five collection authorities in Cambridgeshire and Peterborough authorities. It is difficult to predict the future prices for material as it will depend upon national markets.

<b>SR3306</b>	<b>Review of Environmental Health Service</b>	0	0	(50,000)	(50,000)	(50,000)	Jas Lally	Nil
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Discussions with Hunts DC on a shared service have not been successful, however the two local authorities are looking at the potential for setting up a mutual company and producing a business case. The type of service, impact on staff, future benefits and agreement by members will require considerable work along with the type of back office support for the service.

<b>SR3307</b>	<b>Charging for a second green waste bin</b>	0	(19,500)	(19,500)	(19,500)	(19,500)	Jas Lally	Nil
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Approximately 2,000 properties have a second green waste bin. It is proposed to charge £30 per annum for this second bin collection service. The experience of other councils indicates one third will cancel the second bin, one third pay and one third use other means of disposal.

## 2014/15 Budget - Service Reviews

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Reference	Item Description	2013/14 Budget £	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	2017/18 Budget £	Contact	Climate Effect Rating
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## Service Reviews

SR3418	Street Cleansing Shift Patterns	0	(10,000)	(10,000)	(10,000)	(10,000)	Bob Carter	Nil
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As a result of the changing requirements of the service over recent years it has been recognised that the current working patterns and practices do not provide the most efficient service. A review is currently under way which will identify methods of working, maximising output and reducing cost.

## Total Service Reviews in Environment - Environmental &amp; Waste Services

0	(141,300)	(346,000)	(371,000)	(371,000)
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## Planning &amp; Climate Change

SR3285	Review of the Sustainable City budget	0	(40,000)	(40,000)	(40,000)	(40,000)	David Kidston	+L
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Ongoing savings from the Sustainable City budget, to be achieved through a reduction in the project and/or staff budgets within the service. The review will reflect the extent to which work on the team's original objectives are now mainstreamed and resourced in other services, and will build on the service review carried out in 2010/11. Remaining resources would be focussed on those activities delivering the most tangible added value to the Council's objectives.

SR3320	Planning Services review and resource optimisation saving	0	(25,000)	(25,000)	(25,000)	(25,000)	Patsy Dell	Nil
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Saving commitment from resource optimisation across the planning service. No negative impact upon service delivery.

SR3428	Car Parking - On line services	0	(2,500)	(5,000)	(10,000)	(10,000)	Paul Necus	Nil
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Enabling and promoting online pre-booking of car parking to be paid for in advance for multistorey car parks.

SR3429	Managing other external car parks	0	0	(9,000)	(12,000)	(12,000)	Paul Necus	Nil
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Developing capacity to become a contractor of off-street parking management

## Total Service Reviews in Planning &amp; Climate Change

0	(67,500)	(79,000)	(87,000)	(87,000)
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## Public Places

SR3331	Public Art Funding by Professional Support Service	0	(10,000)	(10,000)	(10,000)	(10,000)	Andy Preston	Nil
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## 2014/15 Budget - Service Reviews

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Reference	Item Description	2013/14 Budget £	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	2017/18 Budget £	Contact	Climate Effect Rating
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## Service Reviews

Existing saving targets already exist for public art services and a further £10k saving has been identified. A review is being undertaken by officers for a final business model whereby savings will be secured by charging developers for advice for public art delivered as part of new developments. Whilst this is established funding will be by the New Homes Bonus in 2014/15. (Linked to X3472)

SR3336	<b>Arms Length Tourism Model</b>	0	0	(43,000)	(43,000)	(43,000)	Emma Thornton	Nil
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This saving will be delivered through the development of an arms length tourism model supporting Cambridge and the surrounding area and thereby delivering an enhanced service to the industry.

SR3414	<b>Commercial Event Charges</b>	0	(10,000)	(10,000)	(10,000)	(10,000)	Alistair Wilson	-L
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A review of pricing for commercial events on open spaces, to include new fees and charges for commercial events

SR3416	<b>Review of Tree Inspection Service</b>	0	(10,000)	(20,000)	(20,000)	(20,000)	Alistair Wilson	-L
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A review of the tree strategy and framework agreement against national standards is under way which will define the future delivery of works.

SR3420	<b>Review and Rationalisation of Streets and Open Spaces service</b>	0	(48,500)	(61,000)	(61,000)	(61,000)	Simon Payne	Nil
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A comprehensive review of Streets and Open Spaces service is to be carried out which will include varying measures that will offer savings over time from a number of operational budgets such as: reviewing methods of working, process and procedures, liaison and communicating with resident groups and maximising efficiencies.

SR3421	<b>Café/Florist at the Crematorium</b>	0	0	(5,000)	(5,000)	(5,000)	Tracy Lawrence	Nil
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Develop options for a lease/franchise arrangement for local florists and/or a coffee shop to service the Crematorium. A final business model will be developed by officers to ensure that this saving is delivered.

SR3426	<b>Comprehensive review of Bereavement Services business model</b>	0	0	(100,000)	(100,000)	(100,000)	Paul Necus	Nil
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Comprehensive review of Bereavement Services business model to determine potential savings from alternative methods of working and commercial operations through a trading arm. A final business model will be developed by officers to ensure that this saving is delivered.

Total Service Reviews in Public Places

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(78,500)	(249,000)	(249,000)	(249,000)
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## 2014/15 Budget - Service Reviews

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Reference	Item Description	2013/14 Budget £	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	2017/18 Budget £	Contact	Climate Effect Rating
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## Service Reviews

## Strategy &amp; Resources - Customer Services &amp; Resources

SR3271	<b>Increase in commercial property net rental income resulting from pro active asset management</b>	(25,000)	(50,000)	(75,000)	(100,000)	(100,000)	Dave Prinsep	Nil
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Continuation of the ongoing assessment of the existing commercial property portfolio to identify under performing properties for investment and/or disposal and reinvestment opportunities to increase long term income.

SR3290	<b>Scanning and Indexing: Commercial Partners / Shared Services</b>	0	(30,000)	(30,000)	(30,000)	(30,000)	Jonathan James	+L
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Contracting out the scanning and indexing of documents.

SR3311	<b>Further ICT Facilities Management Contract Cost Reductions</b>	0	(30,800)	(30,800)	(30,800)	(30,800)	James Nightingale	Nil
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Further contract savings are deliverable arising from the reduced support effort in moving to a Windows environment. (Linked to SR3388 - HRA portion of savings).

SR3312	<b>Proposed Restructure of ICT Client Services</b>	0	(31,500)	(38,500)	(38,500)	(38,500)	James Nightingale	Nil
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Proposed Restructure of ICT Client Services, resulting in savings. (Linked to SR3389 - HRA portion of savings).

SR3317	<b>Saving from a Shared Payroll Service with South Cambridgeshire District Council</b>	0	(5,000)	(10,000)	(10,000)	(10,000)	Karl Tattam	Nil
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Setting up a shared service to improve resilience and reduce cost.

SR3327	<b>Expansion of Internal Audit Shared Service</b>	(2,400)	(4,700)	(4,700)	(4,700)	(4,700)	Steve Crabtree	Nil
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Expansion of Internal Audit shared service to include South Cambridgeshire District Council. (Linked to HRA portion of savings: RB3341 and SR3391).

SR3328	<b>Reduction to the Size of the Internal Audit Team</b>	0	(33,000)	(33,000)	(33,000)	(33,000)	Steve Crabtree	Nil
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A review has been undertaken to evaluate the level and nature of the audit function with a view to reducing the size of the team without materially affecting the level of assurance. (Linked to SR3325 - HRA portion of savings).

## 2014/15 Budget - Service Reviews

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Reference	Item Description	2013/14 Budget £	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	2017/18 Budget £	Contact	Climate Effect Rating
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## Service Reviews

## Total Service Reviews in Strategy &amp; Resources - Customer Services &amp; Resources

(27,400)	(185,000)	(222,000)	(247,000)	(247,000)
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## Strategy &amp; Resources - Strategy Services

SR3350	General Fund Safer City Community Safety Grants Saving	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	Lynda Kilkelly	Nil
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*Saving identified in Safer City Community Safety Grants where demand is anticipated to be less going forward.*

SR3427	Shared CCTV Service with another neighbouring Local Authority	0	29,000	(75,000)	(75,000)	(75,000)	Paul Necus	Nil
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*Shared CCTV Service with another neighbouring Local Authority*

## Total Service Reviews in Strategy &amp; Resources - Strategy Services

(20,000)	9,000	(95,000)	(95,000)	(95,000)
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## Total Service Reviews

(82,400)	(733,300)	(1,511,000)	(1,569,000)	(1,569,000)
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## Report Total

(82,400)	(733,300)	(1,511,000)	(1,569,000)	(1,569,000)
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## 2014/15 Budget - PPF Bids

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Reference	Item Description	2013/14 Budget £	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	2017/18 Budget £	Contact	Climate Effect Rating
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## PPF Bids

## Community Services - Housing

PPF3354	Safer Homes Scheme	0	15,300	0	0	0	Helen Reed	Nil
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The Safer Homes/Handyperson scheme provides small scale interventions in the home - eg minor repairs, bed moves, grab rails etc, to enable older and vulnerable people to remain in their homes. Funding is requested to continue the service for another year, pending a county-wide review under way to procure a more sustainable long-term service in partnership with the districts, the county and health commissioners.

## Total PPF Bids in Community Services - Housing

0	15,300	0	0	0
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## Environment - Environmental &amp; Waste Services

PPF3292	Recycling Champions scheme	0	14,000	0	0	0	Jen Robertson	+H
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Over the last four years the recycling champions have helped the strategic aim of the council to increase recycling through local events and generally increasing public engagement particularly in low performing areas. This bid will fund the Co-ordinator post for a further year (until August 2015) to enable plans to be made for sustainable support for volunteers within budget.

PPF3430	Public Realm Enforcement apprenticeship	0	6,000	7,000	8,000	0	Bob Carter	Nil
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Funding is requested to recruit an enforcement apprentice for three years. This shows commitment to the training and development of young people and will provide needed support to the Public Realm Enforcement team.

## Total PPF Bids in Environment - Environmental &amp; Waste Services

0	20,000	7,000	8,000	0
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## Planning &amp; Climate Change

PPF3446	Provision of additional covered cycle parking within the Grand Arcade Car Park	0	21,400	44,000	44,000	44,000	Andy Preston	+H
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Redesignation, through negotiation, of an area within the car park from car to cycle use. This is costed as foregone car parking income. The bid is premised on the provision of 300 additional cycle places.

PPF3500	City Centre Accessibility Review	0	15,000	0	0	0	Patsy Dell	Nil
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In response to the concerns of many individuals and groups, we will review the accessibility of the city centre. We will work with groups representing those who have mobility problems and with the County Council, as the Highway Authority, and the Cambridge BID to identify the problems and look for solutions. Financial provision is made to enable evaluation of options to resource this project.

## 2014/15 Budget - PPF Bids

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Reference	Item Description	2013/14 Budget £	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	2017/18 Budget £	Contact	Climate Effect Rating
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## PPF Bids

## Total PPF Bids in Planning &amp; Climate Change

0	36,400	44,000	44,000	44,000
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## Public Places

PPF3338	CCM Markets and Street Trading Review	0	35,000	35,000	35,000	35,000	Emma Thornton	Nil
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*This item is in direct response to an Internal Audit of the Markets service in 2012 which said that more robust working arrangements need to be put in place to ensure greater resilience and to address lone working issues. This measure will also help safeguard the net income which the Council receives from the Market. [Linked to S3335]*

## Total PPF Bids in Public Places

0	35,000	35,000	35,000	35,000
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## Strategy &amp; Resources - Strategy Services

PPF3353	Enhanced hours for the Neighbourhood Resolution Panel Co-ordinator and training provision for volunteers, Safer Communities		8,300	0	0	0	Lynda Kilkelly	Nil
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*In order to deliver on the turnaround time target for the completion of the panel process for each case, and to replenish the pool of volunteers, it is proposed to increase the hours of the co-ordinator post from 18.5 to 22.5 hours and to run a new volunteer training programme.*

## Total PPF Bids in Strategy &amp; Resources - Strategy Services

8,300	0	0	0
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## Total PPF Bids

0	115,000	86,000	87,000	79,000
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## Report Total

0	115,000	86,000	87,000	79,000
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## 2014/15 Budget - External Bids

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Reference	Item Description	2013/14 Budget £	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	2017/18 Budget £	Contact	Climate Effect Rating
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## External Bids

## Community Wellbeing

X3343	NIAB1 Growth Site - Initial revenue funding contribution towards new Community Facility	0	0	0	5,000	5,000	Trevor Woollams	Nil
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A contribution towards the first 2 years running costs (non staff) of a new community facility on the NIAB1 growth site to cover the initial opening period before large numbers of residents have moved onto the development. The aim is to work with the local community and to hand management of the facility over to a local resident's group.

[Bid to Council Tax Earmarked for Growth Fund].

X3412	Cultural Trust Phase 2 implementation costs	0	65,000	0	0	0	Debbie Kaye	Nil
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The estimated implementation costs to transfer certain council activities into a non-profit distributing organisation (NPDO) such as a Trust.

[Bid to the Efficiency Fund]

## Total External Bids in Community Wellbeing

0	65,000	0	5,000	5,000
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## Environment - Environmental &amp; Waste Services

X3424	R&R contributions for waste and recycling bins for new developments	0	8,500	8,500	8,500	8,500	Jen Robertson	+L
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This R&R bid is linked to a capital bid for the purchase of refuse and recycling bins for new developments. (Linked to C3423)

[Bid to Council Tax Earmarked for Growth Fund].

X3473	Emissions and Vehicle Speed in the Urban Environment	0	1,450	17,500	0	0	Jo Dicks	Nil
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Cambridge City Council is consulting on further 20 mph zones across the city. This will encourage road conditions that encourage and facilitate the take-up of active and sustainable transport modes, such as walking and cycling, with associated health and well-being benefits, reduced noise, improved flow and reduced severity of road traffic accident injuries. This project is to assess the likely air quality impacts of implementing the 20mph zone - it is fully funded by a DEFRA Air Quality Grant and will be largely delivered using externally procured services therefore will have minimal impact on current resources.

[DEFRA Grant]

## Total External Bids in Environment - Environmental &amp; Waste Services

0	9,950	26,000	8,500	8,500
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## Public Places

## 2014/15 Budget - External Bids

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Reference	Item Description	2013/14 Budget £	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	2017/18 Budget £	Contact	Climate Effect Rating
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## External Bids

X3472	Public art professional support services for 'onsite' public art delivery.	0	10,000	0	0	0	Andy Preston	Nil
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Funding to support projects that are delivered 'onsite' as part of new development, through S106 agreements that are in accordance with the City Council's Public Art Supplementary Planning Document (SPD). (Linked to SR3331)

[Funded from New Homes Bonus]

<b>Total External Bids in Public Places</b>	<b>0</b>	<b>10,000</b>	<b>0</b>	<b>0</b>	<b>0</b>
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## Strategy &amp; Resources - Strategy Services

X3475	Cancellation of funding for District Heating System pilot	(25,000)	(50,000)	0	0	0	Andrew Limb	-H
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Project work to date has shown that the business case has not been proved for this project which allows us to return the funding allocated in the 2013/14 budget round [Funded from New Homes Bonus].

X3482	Contribution to Keep Cambridge Moving Fund	25,000	1,063,860	0	0	0	Andrew Limb	Nil
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The "Keep Cambridge Moving" Fund is a 25 year commitment to traffic management in Cambridge. Current budget proposals, together with sums agreed in the Mid Year Financial Review, represent a total investment of £1.5m

[Linked to C3448]

<b>Total External Bids in Strategy &amp; Resources - Strategy Services</b>	<b>0</b>	<b>1,013,860</b>	<b>0</b>	<b>0</b>	<b>0</b>
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<b>Total External Bids</b>	<b>0</b>	<b>1,098,810</b>	<b>26,000</b>	<b>13,500</b>	<b>13,500</b>
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<b>Report Total</b>	<b>0</b>	<b>1,098,810</b>	<b>26,000</b>	<b>13,500</b>	<b>13,500</b>
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# Appendix D (a)

## General Fund – Revenue Projection 2013/14 to 2017/18

Description	2013/14 (£'s)	2014/15 (£'s)	2015/16 (£'s)	2016/17 (£'s)	2017/18 (£'s)
Net Service Budgets	21,867,110	20,178,350	20,502,120	20,033,650	19,576,820
Revenue Budget Proposals:	(319,360)	(190,590)	(859,750)	(1,361,650)	(1,642,650)
Revised Budget	228,620	0	0	0	0
Savings	(82,400)	(1,170,000)	(1,911,000)	(1,986,200)	(1,986,200)
Bids	0	734,000	575,680	575,680	575,680
Non-Cash Limit Items	(112,000)	(321,100)	94,000	324,000	324,000
PPF Bids	0	115,000	86,000	87,000	79,000
<b>Sub-Total</b>	<b>21,581,970</b>	<b>19,345,660</b>	<b>18,487,050</b>	<b>17,672,480</b>	<b>16,926,650</b>
Future Years PPF Provision	0	0	100,000	100,000	100,000
<b>Sub-Total</b>	<b>21,581,970</b>	<b>19,345,660</b>	<b>18,587,050</b>	<b>17,772,480</b>	<b>17,026,650</b>
Capital Accounting Adjustments	(4,655,840)	(4,655,840)	(4,655,840)	(4,655,840)	(4,655,840)
Capital Expenditure Financed from Revenue	1,008,000	3,695,980	2,779,000	2,457,000	1,075,000
<b>Sub-Total</b>	<b>17,934,130</b>	<b>18,385,800</b>	<b>16,710,210</b>	<b>15,573,640</b>	<b>13,445,810</b>
Contributions to Earmarked Funds:					
Vehicle Fleet & Plant Depreciation	775,850	775,850	775,850	775,850	775,850
Keep Cambridge Moving Fund	136,140	1,063,860	0	0	0
Council Tax Income earmarked for Growth	25,880	181,000	355,090	355,090	355,090
New Homes Bonus	0	0	1,006,860	1,146,860	1,240,210
Pension Fund Reserve	492,800	657,000	821,300	985,500	985,500
<b>Sub-Total</b>	<b>19,364,800</b>	<b>21,063,510</b>	<b>19,669,310</b>	<b>18,836,940</b>	<b>16,802,460</b>
Net Savings Requirement	0	0	(1,315,070)	(1,307,830)	(797,580)
<b>Net Spending Requirement</b>	<b>19,364,800</b>	<b>21,063,510</b>	<b>18,354,240</b>	<b>17,529,110</b>	<b>16,004,880</b>

# Appendix D (b)

## General Fund – Funding Statement 2013/14 to 2017/18

Description	2013/14 (£'s)	2014/15 (£'s)	2015/16 (£'s)	2016/17 (£'s)	2017/18 (£'s)
<b>Net Spending Requirement</b>	<b>19,364,800</b>	<b>21,063,510</b>	<b>18,354,240</b>	<b>17,529,110</b>	<b>16,004,880</b>
less External Support:					
Total Settlement Funding Assessment	(9,341,130)	(8,115,280)	(6,901,320)	(6,004,100)	(5,223,600)
Locally Retained Business Rates - Growth Element	(130,000)	(670,000)	(800,000)	(800,000)	(800,000)
Council Tax Support Implementation	(57,750)	(77,080)	0	0	0
NHB Adjustment Grant	(31,630)	0	0	0	0
Community Right to Bid	(7,850)	(7,850)	0	0	0
Community Right to Challenge	(8,550)	(8,550)	0	0	0
<b>Sub-Total</b>	<b>9,787,890</b>	<b>12,184,750</b>	<b>10,652,920</b>	<b>10,725,010</b>	<b>9,981,280</b>
less New Homes Bonus:					
2011/12 Allocation	(786,650)	(786,650)	(786,650)	(786,650)	0
2012/13 Allocation	(734,900)	(734,900)	(734,900)	(734,900)	(734,900)
2013/14 Provisional Allocation	(563,740)	(563,740)	(563,740)	(563,740)	(563,740)
2014/15 Projection	0	(1,290,690)	(1,290,690)	(1,290,690)	(1,290,690)
<b>Sub-Total</b>	<b>7,702,600</b>	<b>8,808,770</b>	<b>7,276,940</b>	<b>7,349,030</b>	<b>7,391,950</b>
less Appropriation from Earmarked Funds:					
Efficiency Fund	(185,780)	0	0	0	0
Climate Change Fund	(77,000)	0	0	0	0
Project Facilitation Fund	(125,500)	0	0	0	0
Council Tax Income Earmarked for Growth	(164,000)	0	0	0	0
<b>Sub-Total</b>	<b>7,150,320</b>	<b>8,808,770</b>	<b>7,276,940</b>	<b>7,349,030</b>	<b>7,391,950</b>
less Income From Council Tax	(6,393,560)	(6,702,010)	(7,023,740)	(7,349,030)	(7,649,550)
Collection Funds - Net Deficit / (Surplus)	140,240	(4,320)	0	0	0
<b>Contribution (To) / From Reserves</b>	<b>897,000</b>	<b>2,102,440</b>	<b>253,200</b>	<b>0</b>	<b>(257,600)</b>
<b>Memorandum Items:</b>					
Band 'D' Council Tax	£169.90	£173.29	£176.76	£180.30	£183.91
Council Tax Increase	-	1.995%	2.000%	2.000%	2.000%



# Appendix D (c)

## General Fund – Reserves Projection 2013/14 to 2017/18

Description	2013/14 (£'s)	2014/15 (£'s)	2015/16 (£'s)	2016/17 (£'s)	2017/18 (£'s)
<b>Balance as at 1 April (b/fwd)</b>	<b>(7,995,040)</b>	<b>(7,098,040)</b>	<b>(4,995,600)</b>	<b>(4,742,400)</b>	<b>(4,742,400)</b>
Contribution (To) / From Reserves	897,000	2,102,440	253,200	0	(257,600)
<b>Balance as at 31 March (c/fwd)</b>	<b>(7,098,040)</b>	<b>(4,995,600)</b>	<b>(4,742,400)</b>	<b>(4,742,400)</b>	<b>(5,000,000)</b>

# Appendix F

## Sensitivity Analysis

Topic	Quantum	BSR Assumption	Commentary / Risk
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)
Building Control Fee Income	c. £0.4m	Based on break-even full cost recovery position for the Building Control Service	Impact of economic recovery is not as swift as anticipated  Increased competition from approved inspectors leading to smaller market share
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.
Commercial Property Income	c. £6.5m	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.
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
Council Tax Income	£6.4m p.a.	2% increase for 2014/15 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.
Local Retention of Business Rates	£130k estimated for 2013/14	BSR includes projections based on latest figures and guidance	This is a new scheme introduced in 2013/14, final guidance is still awaited which may affect the calculations of entitlement relating to growth.

Topic	Quantum	BSR Assumption	Commentary / Risk
Developer Contributions	c. £8.5m	<p>All contributions are used in compliance with terms of agreements.</p> <p>Capital bids for area-based and City-wide projects funded from developer contributions have been identified.</p>	<p>Failure to meet conditions of individual schemes leads to the requirement to repay contributions and accrued interest to developers.</p> <p>Developers seek to renegotiate current agreements in order to improve the viability of their schemes putting at risk the ability to deliver essential infrastructure</p> <p>If the Community Infrastructure Levy is implemented this may reduce income from individual developments.</p>
Employer's Pension Contribution	£35m	BSR includes provision for increases of 0.75% from 2011/12 to 2016/17	Outcome report from 2013 triennial revaluation awaited from actuaries. The BSR includes provision for the initial indication of increases in future contribution levels.
Energy costs (all)	£1.1m	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.
Folk Festival Income	c. £1.5m	Based on assumption that all tickets will be sold	Economic recovery is slower than anticipated which leads to fall in attendances and/or failure to retain sponsorship
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.
Housing Benefits	£37m	Officer assessment of current conditions and trends	<ul style="list-style-type: none"> <li>- Council funded element of provision of the service.</li> <li>- Potential increase in Housing Benefit fraud</li> <li>- Council breached the thresholds (upper and/or lower) set by the DWP for local authority error overpayment subsidy, then this could materially affect the level of subsidy receivable on such amounts down from 100% to either 40% or 0%.</li> </ul>
Investment Income	+/- 1% is c. £600k for 2013/14	These are based on a mid-range level provided by market analysts.	<p>Rates fall further than anticipated or for a longer period.</p> <p>A shorter period of recession or a less steep decline in rates would result in increase in investment income. (Positive)</p>
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>
Market Income	c. £0.8m	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.

Topic	Quantum	BSR Assumption	Commentary / Risk
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 2014/15 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.
Pay Settlement	£35m	1% for 2014/15 and 2015/16, 1.5% for 2016/17, 2.0% for 2017/18 then 2.5% from 2018/19. Plus pay progression cost estimate	Government guidelines for pay cap have been adopted in the BSR.  An annual percentage allowance for incremental progression was previously included pending any detailed budget adjustments to reflect performance results. Changed to projected progression cost.
Planning Fee Income	c. £1.2m	Income projections for 2014/15 have been amended to reflect current market conditions.	Impact of economic recovery is not as swift as anticipated

## 2014/15 Budget - Capital Bids

Page 1 of 4

Reference	Item Description	2013/14 Budget £	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	2017/18 Budget £	Contact	Climate Effect Rating
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## Capital Bids

## Environment - Environmental &amp; Waste Services

C3423	Waste and recycling bins for new developments	0	85,000	0	0	0	Jen Robertson	+M
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It is predicted that the following sums of money will be needed from the Section 106 capital funds to provide refuse and recycling bins for houses and flats in new developments. The bid is linked to an External Finance bid [X3424] for R&R funding.

C3459	Vehicle Replacement Programme	0	169,500	1,206,000	0	0	Michael Parsons	+M
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This is an update of the vehicle replacement programme projections to those which are already included in the capital plan. The spend is all to be funded from R & R funds.

C3481	Public Conveniences	0	233,000	0	0	0	Andy Preston	Nil
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Kier, the Principal Contractor through the SCAPE framework for refurbishing the Lion Yard Toilets have been unable to confirm a sub contractor. Indicative costs are higher than Kier's initial estimate due, in part, to some structural issues. Work is now unlikely to be completed before April and provision of extra capital funding for Silver Street will be needed in 2014/15.  
[Funding from Reserves]

## Total Capital Bids in Environment - Environmental &amp; Waste Services

0	487,500	1,206,000	0	0
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## Planning &amp; Climate Change

C3393	Grand Arcade car park stairwell refurbishment	0	50,000	0	0	0	Paul Necus	Nil
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Grand Arcade car park stairwell refurbishment

C3394	A programme of essential structural holding repairs and lift refurbishment at Queen Anne Terrace	0	170,000	360,000	15,000	35,000	Paul Necus	Nil
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A programme of essential structural holding repairs and lift refurbishment at Queen Anne Terrace - in advance of Park Street redevelopment.

C3477	Cambridge City 20mph Zones Project - additional funding	0	0	140,000	0	0	Andy Preston	+H
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The original budget was costed on the basis of similar schemes elsewhere, however recent detailed prices for the first phase show that the scheme will require additional funding in 2015/16 of £140k, which will include a commuted sum (£82.8k) for maintenance payable to the County Council.  
[Funding from New Homes Bonus]

## 2014/15 Budget - Capital Bids

Page 2 of 4

Reference	Item Description	2013/14 Budget £	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	2017/18 Budget £	Contact	Climate Effect Rating
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## Capital Bids

<b>Total Capital Bids in Planning &amp; Climate Change</b>	0	220,000	500,000	15,000	35,000		
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## Public Places

<b>C3332</b>	<b>City Centre Management Capital Grant programme</b>	(10,000)	(20,000)	0	0	0	Emma Thornton	Nil
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This proposal is to offer a part year saving in 2013/14 of £10k and a full year saving of £20K in 2014/15 which is the final approved year of this programme. Whilst this scheme has supported a number of valuable projects historically, applications have reduced over the past 2 years so it seems appropriate to offer this up as a saving.

<b>C3404</b>	<b>Crematorium Data Link</b>	0	7,500	0	0	0	Tracy Lawrence	Nil
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The current contract with BT/Redstone expires early next year and this project will allow us to migrate the link to the Cambridgeshire Public Sector Network (CPSN) along with the new main network for the Council. This also supports the current project to upgrade the Epilogue system.

<b>C3499</b>	<b>Local Centres Improvement Programme</b>	0	50,000	195,000	195,000	195,000	Andy Preston	Nil
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To undertake schemes to improve the quality of the public realm at Local Centres, aiming to lift pride in the environment for residents and traders and to encourage parallel investment in private businesses. At least three schemes will be delivered, subject to full public consultation and will deliver environmental and public realm improvements.

<b>Total Capital Bids in Public Places</b>	(10,000)	37,500	195,000	195,000	195,000		
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## Strategy &amp; Resources - Customer Services &amp; Resources

<b>C3310</b>	<b>Review of the Corporate Document Management System Project</b>	0	(148,000)	0	0	0	James Nightingale	Nil
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A recent exercise has been carried out to review the remaining 2013/14 spend and to cost the projected 2014/15 work, allowing the remainder of the original capital budget to be released as savings. Of the £348,000 remaining for 2014/15 £148,000 is uncommitted and can be released as savings.

<b>C3485</b>	<b>Additional investment in Commercial Property Portfolio</b>	0	816,120	500,000	0	0	Dave Prinsep	Nil
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Additional investment in commercial property portfolio [funded from part of the Growth element of retained Business Rates]. [Linked to NCL3488, NCL3496, NCL3497].

<b>Total Capital Bids in Strategy &amp; Resources - Customer Services &amp; Resources</b>	0	668,120	500,000	0	0		
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## 2014/15 Budget - Capital Bids

Page 3 of 4

Reference	Item Description	2013/14 Budget £	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	2017/18 Budget £	Contact	Climate Effect Rating
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## Capital Bids

## Strategy &amp; Resources - Strategy Services

C3448	Capital contribution to the "Keep Cambridge Moving" Fund	111,140	0	0	0	0	Simon Payne	Nil
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The "Keep Cambridge Moving" Fund is a 25 year commitment to traffic management in Cambridge. Current budget proposals, together with sums agreed in the Mid Year Financial Review, represent a total investment of £1.5m

[Linked to X3482]

<b>Total Capital Bids in Strategy &amp; Resources - Strategy Services</b>	<b>111,140</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>			
<b>Total Capital Bids</b>	<b>101,140</b>	<b>1,413,120</b>	<b>2,401,000</b>	<b>210,000</b>	<b>230,000</b>			

## 2014/15 Budget - Capital Bids

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Reference	Item Description	2013/14 Budget £	2014/15 Budget £	2015/16 Budget £	2016/17 Budget £	2017/18 Budget £	Contact	Climate Effect Rating
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## Unavoidable Capital Bids

## Environment - Environmental &amp; Waste Services

UC3291	N W Cambridge Development Underground Bins Collection Vehicle	0	210,000	0	0	0	Michael Parsons	-L
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The University of Cambridge is selecting a supplier of an Underground Bin System for the North West Cambridge Development (NWCD). Cambridge City Council will be carrying out the collections for this service and therefore will need to procure a bespoke vehicle to carry out the collection. The collection will start in 2015 but due to the build time the order will need to be placed in the next financial year (2014/15). The University will be funding the additional cost of the vehicle (£60,000 over and above the cost that a normal refuse vehicle would cost (£150,000). There will be a Memorandum of Understanding which will include an agreement for a financial contribution to the City to collect from properties in SCDC. The revenue cost of the underground scheme will be bid for in the next budget cycle when the actual system to be used is known. [Bid to Council Tax Earmarked for Growth Fund for £150,000]

Total Unavoidable Capital Bids in  
Environment - Environmental & Waste  
Services

0	210,000	0	0	0
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## Total Unavoidable Capital Bids

0	210,000	0	0	0
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## Report Total

101,140	1,623,120	2,401,000	210,000	230,000
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<----- Project Total ----->

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

Ref	Project	Climate Change Indicator	Officer Priority	2013/14	2014/15	2015/16	2016/17	2017/18	Member Priority (H/M/L)	Comments	2013/14	2014/15	2015/16	2016/17	2017/18
<b>General Fund</b>															
C3310	Review of the Corporate Document Management System Project	Nil	H		(84,000)							(148,000)			
C3332	City Centre Management Capital Grant programme	Nil	H	(10,000)	(20,000)						(10,000)	(20,000)			
C3393	Grand Arcade car park stairwell refurbishment	Nil	H									50,000			
C3394	A programme of essential structural holding repairs and lift refurbishment at Queen Anne Terrace	Nil	H									170,000	360,000	15,000	35,000
C3404	Crematorium Data Link	Nil	H									7,500			
C3423	Waste and recycling bins for new developments	+M	M							(X3424)		85,000			
C3448	Capital contribution to the "Keep Cambridge Moving" Fund	Nil		111,140						(X3482)	111,140				
C3459	Vehicle Replacement Programme	+M										169,500	1,206,000		
C3477	Cambridge City 20mph Zones Project - additional funding	+H											140,000		
C3481	Public Conveniences	Nil			233,000							233,000			
C3485	Additional investment in Commercial Property Portfolio	Nil								(NCL3488 NCL3496 NCL3497)		816,120	500,000		
C3499	Local Centres Improvement Programme	Nil			50,000	195,000	195,000	195,000		(NCL3501)		50,000	195,000	195,000	195,000
UC3291	N W Cambridge Development Underground Bins Collection Vehicle	-L	U									210,000			
<b>Total Funding Required from Reserves : General Fund</b>				<b>101,140</b>	<b>179,000</b>	<b>195,000</b>	<b>195,000</b>	<b>195,000</b>			<b>101,140</b>	<b>1,623,120</b>	<b>2,401,000</b>	<b>210,000</b>	<b>230,000</b>

# Appendix G (c)

## Capital & Revenue Projects Plan – Variances 2013/14

Capital Ref	Description	Lead Officer	Current Budget 2013/14	Spend April 2013 to March 2014	Anticipated Variance	Re-phase Spend	Comments
PR003	City Centre Management Programme	E Thornton	20	10	(10)	0	Applications to the value of £10k approved. £10k saving offered up for the current year as part of the 13/14 budget process. The final year for this programme is 14/15. The total budget for 14/15 has also been offered up as a saving as part of the 14/15 budget process.
PR010a	Environmental Improvements Programme - North Area	A Preston	130	72	(58)	(58)	The County Council's approval of their £50k allocation to highway schemes (across PR010a-d) is yet to be finalised. This has meant that the Committees have not been able to approve new schemes for this financial year. This has reduced the duration for delivery and, together with the need to deliver other capital projects has impacted on the spend in this year's programme.
PR010b	Environmental Improvements Programme - South Area	A Preston	173	154	(19)	(19)	The County Council's approval of their £50k allocation to highway schemes (across PR010a-d) is yet to be finalised. This has meant that the Committees have not been able to approve new schemes for this financial year. This has reduced the duration for delivery and, together with the need to deliver other capital projects has impacted on the spend in this year's programme.
PR010c	Environmental Improvements Programme - West/Central Area	A Preston	186	143	(43)	(43)	The County Council's approval of their £50k allocation to highway schemes (across PR010a-d) is yet to be finalised. This has meant that the Committees have not been able to approve new schemes for this financial year. This has reduced the duration for delivery and, together with the need to deliver other capital projects has impacted on the spend in this year's programme.
PR010d	Environmental Improvements Programme - Riverside/Abbey Road Junction	A Preston	32	1	(31)	(31)	Remaining unspent budget to be moved to railing refurbishment project.

Capital Ref	Description	Lead Officer	Current Budget 2013/14	Spend April 2013 to March 2014	Anticipated Variance	Re-phase Spend	Comments
PR010d	Environmental Improvements Programme - East Area	A Preston	157	115	(42)	(42)	The County Council's approval of their £50k allocation to highway schemes (across PR010a-d) is yet to be finalised. This has meant that the Committees have not been able to approve new schemes for this financial year. This has reduced the duration for delivery and, together with the need to deliver other capital projects has impacted on the spend in this year's programme.
PR010j	Environmental Improvements Programme - Fitzroy/Burleigh Street	A Preston	70	70	0	0	Invoice still awaited from County Council, regularly chased up!
PR017	Vehicle Replacement Programme	D Cox	1,030	805	(225)	(225)	Reduced spend due to fleet 13, 189 and 276 being put on hold for this financial year
PR020	ICT Infrastructure Programme	J Nightingale	656	556	(100)	(100)	Programme is on schedule.
PR023	Admin Buildings Asset Replacement Programme	W Barfield	164	164	0	0	Programme is on schedule. Condition 0 surveys are scheduled to be completed by the end of the financial year.
PR024	Commercial Properties Asset Replacement Programme	W Barfield	82	82	0	0	Programme is on schedule. Condition 0 surveys are scheduled to be completed by the end of July 2014.
PR025	New Town Community Development Capital Grants Programme (S106)	T Woollams	69	20	(49)	(49)	Community Services Scrutiny 10 Oct 2013 agreed to end programme and distribute remaining funds to Area Committee devolved budgets
PR026	Community Development Grants Programme (S106)	T Woollams	407	366	(41)	(41)	Community Services Scrutiny 10 Oct 2013 agreed to end programme and distribute remaining funds to Area Committee devolved budgets
PR027	Replacement of Parks & Open Space Waste/Litter Bins	A Wilson	150	150	0	0	first phase installed, next purchase due in Dec 13, now being delivered via BC
PR028	Litter Bin Replacement Programme	B Carter	138	138	0	0	Next phase will be ordered in Dec 13 and installed by March 14
PR030a	Increase Biodiversity at Stourbridge Common (S106)	G Belcher	15	7	(8)	(8)	Nest Boxes and Signage ordered for January / February Installation. Significant underspend predicted.
PR030b	Improve Access to Abbey Paddling Pools From Coldham's Common (S106)	A Wilson	10	25	15	0	Reliant on a Section 38 application and there are also complexities as the project has association with the current consultation on a management plan for Coldhams Common.
PR030c	Installation of Adult Gym Equipment next to Ditton Fields Play Area (S106)	I Ross	30	30	0	0	Project complete - still awaiting invoice from contractors

Capital Ref	Description	Lead Officer	Current Budget 2013/14	Spend April 2013 to March 2014	Anticipated Variance	Re-phase Spend	Comments
PR031b	BMX track next to Brown's Field Community Centre (S106)	A Wilson	30	40	10	0	A planning application is required. Consultation currently live. Awaiting feedback
PR031c	Improvements to Nun's Way Skate Park (S106)	A Wilson	65	65	0	0	Consultation soon to complete/ Planning application to be submitted before Christmas; AMG approved Project Appraisal - Awaiting Chair decision
PR032a	Conversion of Hanover Court/Princess Court Laundry into Community Meeting Space (S106)	T Woollams	100	100	0	0	Plans approved. Work being processed by Council Architects through framework contract. Due to start on site Jan 2014
PR032b	Trim Trail/Outdoor Fitness Equipment at Nightingale Ave Rec (S106)	I Ross	30	30	0	0	Project Complete - Installation in the ground and being well used
PR032c	Improvements to Cherry Hinton Rec. (S106)	A Wilson	123	122	(1)	(1)	Consultation soon to complete/ Planning application to be submitted before Christmas. Report to South Area Committee on location of Panna goals. AMG approved Project Appraisal - Awaiting Chair decision
PR032d	Cherry Hinton Community Centre - Stage 1 (at Cherry Hinton Library) (S106)	T Woollams	9	9	0	0	Project completed
PR033a	Benches in Parks & Open Spaces (S106)	A Wilson	30	30	0	0	AMG approved Project Appraisal - Awaiting Chair decision
PR033b	Access Improvements to Midsummer Common Community Orchard (S106)	A Wilson	20	15	(5)	(5)	Design works now complete
PR033c	Public Art element of improvements to the entrances at Histon Rd Rec (S106)	A Preston	11	8	(3)	(3)	Project on programme, event to unveil the artwork is now planned for September, following requests from the local schools who are directly involved in the project, so that it can be covered in term time.
PR033d	Community meeting space at Centre 33 (S106)	T Woollams	12	12	0	0	Project completed
PR033e	Great St Mary's Church Development (S106)	T Woollams	50	50	0	0	Agreement in place. Project on target. Invoice for 1st instalment received.
PR034a	Logan's Meadow Local Nature Reserve (LNR) Extension (S106)	G Belcher	20	17	(3)	(3)	Contractor appointed for Phase 1 access enhancement. Works scheduled for January 2014. Planning application for Phase 2 going to January committee. Earthworks Tender closed week commencing 16/12/13.

Capital Ref	Description	Lead Officer	Current Budget 2013/14	Spend April 2013 to March 2014	Anticipated Variance	Re-phase Spend	Comments
PR034b	Paradise Local Nature Reserve (LNR) (S106)	G Belcher	100	94	(6)	(6)	Earthworks complete. Contractor appointed for access works. Scheduled for early February 2014 completion. Interpretive signage ordered.
PR034c	Drainage of Jesus Green (S106)	A Wilson	95	95	0	0	Design approved. Consultation underway
PR034d	Public Art - 150th & 400th Anniversary (S106)	A Preston	19	6	(13)	(13)	Long list of suitable artists to be shortlisted in the new year.
PR034g	Grant for extension to St Andrew's Hall to provide a dedicated space for a community cafe (S106)	T Woollams	40	40	0	0	Planning approval granted on 3.10.13. Grant subject to formal agreement being signed.
PR034h	Grant to the Cherry Trees Centre Refurbishment (S106)	T Woollams	50	44	(6)	0	Project completed
PR034i	Grant to the Centre at St Paul's Development - Phase 3 (S106)	T Woollams	50	50	0	0	Project completed
PR035	Waste & Recycling Bins - New Developments (S106)	J Robertson	65	65	0	0	Bins for new developments are being purchased all the time. However, developers continue not to provide sufficient lead time so that bins can be ordered and delivery scheduled.
<b>TOTAL PROGRAMMES</b>			<b>4,438</b>	<b>3,800</b>	<b>(638)</b>	<b>(647)</b>	
PV007	Cycleways	A Preston	422	186	(236)	(236)	The projects relating to Green Dragon Bridge and Jesus Green have proven to be complex projects hence they are not predicted to be complete this financial year. The Jesus Green project is also impacted upon by the County Council's proposed works to the bridge at Jesus Green Lock. The Fen Road Project is a new project which will take considerable time to deliver and will not be complete this financial year.
PV016	Public Conveniences	B Carter	361	337	(24)	(24)	Procurement of the construction of the Lion Yard Refurbishment Project has not been successful so far. Only one subcontractor provided a tender return, with a minimum of three required to set a target price with the Principal Contractor through the SCAPE framework. This process will now have to be repeated in the new year, delaying the planned start date to February and therefore completion to the end of April 2014 at the earliest.

Capital Ref	Description	Lead Officer	Current Budget 2013/14	Spend April 2013 to March 2014	Anticipated Variance	Re-phase Spend	Comments
PV018	Bus Shelters	A Preston	250	250	0	0	Issues with specification of the bench provided by the suppliers have delayed completion of the project. Now expected to be complete by the end of the financial year.
PV033B	Street Lighting	A Preston	40	0	(40)	(40)	Budget has been held to contribute to Street lighting in the city centre. Further consultation with Executive Councillor to take place.
PV163	Compulsory Purchase Orders (CPOs)	Y O'Donnell	400	0	(400)	(400)	There are 6 properties which we are considering CPO action. There is a statutory requirement to ensure that funds are available if we chose to CPO properties
PV192	Development Land on the North Side of Kings Hedges Road	P Doggett	124	124	0	0	Forecast expenditure is in line with the latest estimates received from the managing agent.
PV221b	Lion Yard - Contribution to Works Phase 2	P Doggett	617	617	0	0	This is a scheme whereby we contribute 25% of the overall cost of the capital works at Lion Yard. The second payment in respect of the 2013/14 financial year is due to be paid in March 2014.
PV329	Corporate Document Management (DIP & EDRM)	J Nightingale	50	50	0	0	Programme is on schedule.
PV348	Allotment Improvements (S106)	A Wilson	14	14	0	0	A S106 derived fund from the leasing of part of Whitehill Road Allotments, to facilitate Allotment Society led projects
PV386	HMOs - Management Orders	Y O'Donnell	50	0	(50)	(50)	No HMO Interim Management Orders are being considered yet. There is a statutory requirement to ensure that funds are available if we decide to serve Management orders on HMO landlords
PV414	Property Accreditation Scheme	Y O'Donnell	9	7	(2)	(2)	This project has been completed
PV526	Clay Farm Community Centre - Phase 1 (S106)	A Carter	471	118	(353)	(353)	This budget and cost is for the design stage of the new Centre
PV527	Energy efficiency improvements to private sector housing	J Dicks	48	48	0	0	City Council has fully funded a limited number of installations prioritising those originally allocated funding in conjunction with CERT who missed out this has accounted for 20K of spend in this financial year. A further 10K has been allocated for Energy efficiency improvements. There is now diminishing demand for this work and Exec. Cllr for Housing has directed that the remaining funding be targeted at exemplar Green Deal retrofits to a number of properties identified through the Green Deal Pioneer Places Project

Capital Ref	Description	Lead Officer	Current Budget 2013/14	Spend April 2013 to March 2014	Anticipated Variance	Re-phase Spend	Comments
PV529	Upgrade facilities at 125 Newmarket Road	A Carter	100	20	(80)	(80)	Project delayed due to change in service provider. Project now due to start March 2014.
PV532	Cambridge City 20mph Zones Project	P Dell	153	153	0	0	Final retention fee of £26,014.43 paid August 2013. To be funded from existing R&R.
PV549	City Cycle Park	A Preston	232	167	(65)	(65)	Final retention fee of £26,014.43 paid August 2013. To be funded from existing R&R.
PV554	Development Of land at Clay Farm	A Carter	783	517	(266)	0	The costs incurred are in respect of the Collaboration Agreement with Countryside. Rate of invoices from Countryside relate directly to rate of house-building which is variable and beyond our control. Target completion date is long stop date in draft Development Agreement and equates to four years from estimated planning approval. Forecast underspend of £266k relates to Affordable Housing Providers' contributions received towards Collaboration Agreement costs.
PV564	Clay Farm Community Centre - Phase 2 (Construction)	A Carter	250	0	(250)	(250)	This budget anticipated a start on the construction of the new Centre this financial year with the bulk next year. Start on Site is now profiled to be in May 2014.
<b>TOTAL PROVISIONS</b>			<b>4,374</b>	<b>2,608</b>	<b>(1,766)</b>	<b>(1,500)</b>	
SC234	Histon Road Cemetery Landscaping (\$106)	A Wilson	5	5	0	0	Project completed
SC335	Customer Access Strategy - IT Workstream	C Bolton	20	10	(10)	0	Awaiting final IT/project management costs.
SC361	Disabled Access and Facilities - Guildhall Halls	S Bagnall	80	45	0	(35)	Elements of scheme underway including staging for GH and new Senheiser hearing enhancement system. Petty Cury access unresolved as no solution found.
SC362	Lighting and Power in Committee Rooms	J Stocker	14	14	0	0	Lighting design has been completed. Members' approval will need to be sought before completion of installation.
SC379	Mercury Abatement	T Lawrence	0	27	27	0	Final retention fee of £26,014.43 paid August 2013. To be funded from existing R&R.
SC391	La Mimosa Punting Station	P Doggett	10	10	0	0	Project is on target for completion by the end of the financial year.
SC410	Mill Road Cemetery	A Wilson	25	25	0	0	Design works now complete

Capital Ref	Description	Lead Officer	Current Budget 2013/14	Spend April 2013 to March 2014	Anticipated Variance	Re-phase Spend	Comments
SC416	UNiform e-consultee Access Module	P Boucher	10	0	(10)	(10)	Implementing of Measuring Tool for online planning is dependent on Corporate Upgrade of IDOX Document Management System to V4. No date scheduled for this upgrade.
SC417	Development of UNiform System	P Boucher	6	10	4	0	Enforcement module live from December 2013. Additional costs on Data loading mean that this project will overspend by approx. £4K. Additional costs to be covered from 39115
SC423	Recycling Bins for Flats	J Robertson	25	25	0	0	It is intended that this work will be completed this year
SC432	Mill Road Cemetery Memorial Artwork (S106)	A Preston	44	44	0	0	Final construction checks w/c 16/12. Installation in the new year
SC436	Pye's Pitch Rec Facilities (S106)	I Ross	18	18	0	0	Grass reinforcement to the gated entrance onto the open space to be concluded and provision of mobile artificial cricket wicket.
SC440	King George V Rec Ground (consolidated) (S106)	T Woollams	16	16	0	0	Project nearing completion
SC450	Changing Facilities at Cherry Hinton Village Centre (S106)	I Ross	2	2	0	0	Project completed - retention money paid
SC456	Coldhams Common Local Nature Reserve (LNR) (S106)	G Belcher	26	4	(22)	(22)	Consultation for site wide management plan now live. Concludes Feb 2014. Forecast variance will require rephase to 2014/15 to complete necessary approved works, post consultation.
SC460	Kings Hedges Learners Pool Electricity	I Ross	20	10	(10)	(10)	Under review to be linked with any additional power requirements for the splash pad project - SC478-38139
SC469	Vie Public Open Space (S106)	A Wilson	35	35	0	0	Public meeting held and work to start 16th January
SC474	Cherry Hinton Hall Grounds Improvements - Phase 1 (S106)	A Wilson	19	19	0	0	Project completed
SC476	Water Play Area Abbey Paddling Pool (S106)	I Ross	125	122	(3)	(3)	£50K of S106 Art money has been withdrawn from the project expenditure as the schemes did not meet the Art SPD nor planning criteria for allocation purposes. Best and Final offers currently being sought for delivery within new budget allocations. £3K variance will be the project retention money.



Capital Ref	Description	Lead Officer	Current Budget 2013/14	Spend April 2013 to March 2014	Anticipated Variance	Re-phase Spend	Comments
SC477	Coleridge Paddling Pool Enhancement (S106)	I Ross	100	97	(3)	(3)	£50K of S106 Art money has been withdrawn from the project expenditure as the schemes did not meet the Art SPD nor planning criteria for allocation purposes. Best and Final offers currently being sought for delivery within new budget allocations. £3K variance will be the project retention money.
SC478	Water Play Area Kings Hedges "Pulley" (S106)	I Ross	125	122	(3)	(3)	£50K of S106 Art money has been withdrawn from the project expenditure as the schemes did not meet the Art SPD nor planning criteria for allocation purposes. Best and Final offers currently being sought for delivery within new budget allocations. £3K variance will be the project retention money.
SC479	Abbey Pool Play Area Facilities (S106)	A Preston	85	2	(83)	(83)	Reliant on a Section 38 application and there are also complexities as the project has association with the current consultation on a management plan for Coldhams Common.
SC492	Jesus Green Play Area (S106)	A Preston	147	147	0	0	Project complete - Remaining budget relates to proposal around the swimming pool which cannot be implemented due to the structural problems with the wall. The recent demand for fencing around the perimeter of the play area is currently being responded to. This will require a new S38 application and additional budget over and above the £6k that remains in the project budget. Timescale for completion is likely to be the end of March 2014.
SC493	Jesus Green Tennis Court (S106)	A Preston	3	3	0	0	Project complete
SC494	Kings Hedges "Pulley" Play Area (S106)	A Preston	71	72	1	0	Project complete
SC496	Petersfield Play Area (S106)	A Preston	64	69	5	0	Project complete
SC497	Peverel Road Play Area (S106)	A Preston	84	76	(8)	0	Project complete
SC500	Trumpington Rec Outdoor Space (S106)	A Wilson	1	0	(1)	0	Project complete
SC505	Land Explorer Software/3D Modelling ESRI	G Richardson	3	0	(3)	(3)	Project Complete. Overspend relates to un-notified spend and internal professional fees. No further update this month.
SC506	Replacement Grand Arcade Car Park Pay on Foot Machines	S Cleary	347	384	37	0	Project Complete. Overspend relates to un-notified spend and internal professional fees. No further update this month.

Capital Ref	Description	Lead Officer	Current Budget 2013/14	Spend April 2013 to March 2014	Anticipated Variance	Re-phase Spend	Comments
SC507	Visit Cambridge Website	E Thornton	2	2	0	0	Project Complete. Overspend relates to un-notified spend and internal professional fees. No further update this month.
SC508	E-Benefits	A Cole	5	5	0	0	The remaining budget of £4k is required for final project management/support costs.
SC512	Hobbs Pavilion Refurbishment (\$106)	I Ross	34	17	(17)	0	PROJECT COMPETED - Under budget and allocations to be returned. Final works to update heating supply for use out of season in the meeting room and lighting control adjustment required due to popularity and increased usage.
SC516	Relocation Grand Arcade Car Park Control Room	S Cleary	1	0	(1)	0	Project complete
SC522	New Sound Equipment at Cambridge Corn Exchange	D Kaye	160	167	7	0	Project complete
SC523	Refurbishment of Newmarket Rd Cemetery Buildings	T Lawrence	75	101	26	0	Project Complete. Overspend relates to un-notified spend and internal professional fees. No further update this month.
SC524	Cambridge Crematorium - Chapels & Public Areas Refurbishment	T Lawrence	120	120	0	0	Spend for IT & electrical works in the chapels - decoration works in these areas have been completed.
SC530	Street Cleaning Planning Software	B Carter	15	0	(15)	(15)	Rephase into next financial year as we are still awaiting the outcome of contender / idocs works currently being reviewed.
SC531	In-cab Technology for Trade Waste Service	M Parsons	61	38	(23)	(23)	Phase 3 - Trade deployment underway. Currently under budget. Integration (£15k) unlikely to be carried out before end of March 2014, due to current system review of M3/Contender systems.
SC535	Repairs to Grafton West Car Park	S Cleary	178	180	2	2	Refurbishment complete. £10K roll over into 2014/15. This is for CCTV approval and installation as this has been deferred until then. Budget £150 K plus £30K Climate Change funding. Total £180K
SC538	Information Kiosks to be installed in local area	C Bolton	25	25	0	0	Project is on target for completion by the end of the financial year.
SC539	Metered system for the supply of electricity on the Market	A White	50	35	(15)	0	The approach to this project has changed. It is now proposed to upgrade the electrical infrastructure ensuring that it is future proof to accommodate a potential metering scheme in the future. The quote we have received is around £35K. The work will now be undertaken in early January and there will be an anticipated underspend of £15K

Capital Ref	Description	Lead Officer	Current Budget 2013/14	Spend April 2013 to March 2014	Anticipated Variance	Re-phase Spend	Comments
SC540	Electronic Market Management Software	A White	14	14	0	0	The live date has been pushed back to January as further testing required on the system and its integration with oracle is required.
SC541	Corporate PC Replacement Programme	J Nightingale	116	116	0	0	Project is on target for completion by the end of January 2014.
SC543	Voltage Optimisation Roll-out	D Kidston	33	36	3	0	Project completed. Minor overspend of £3k will be financed from the Climate Change Fund.
SC544	Coleridge Recreation Ground Improvements (\$106)	A Wilson	289	181	(108)	(108)	A further consultation has caused delays to the project. There will be progress on achieving some elements such as play and tennis, however some elements such as MUGA and second tennis court may be delayed
SC545	Parkside Pool Variable Speed Drive	I Ross	9	9	0	0	Final elements of upgrading the BMS system still ongoing.
SC546	COMPLETED Abbey Pool Variable Speed Drive	I Ross	0	1	1	0	Project complete - No further actions required
SC548	Southern Connections Public Art Commission (\$106)	N Black	75	9	(66)	(66)	The programme for this project is governed by development in the southern fringe of the city. A framework for the delivery of the project has recently been approved by the Exec Cllr. It is likely to be a 4-5 year total duration and further work is needed to profile the budget accordingly.
SC551	Stourbridge Common - Riverbank Project	A Wilson	100	100	0	0	Contractor appointed. FD1 EA application submitted.
SC552	Localisation of Council Tax - Implementation Costs	A Cole	11	11	0	0	The remaining budget of £10k is required for final project management/support costs.
SC555	Siemens Maintenance Contract	C Bolton	67	67	0	0	Project is on target for completion by the end of the financial year. Switchboard replacement product Concierge install has been cancelled.
SC556	Arbury Community Centre (\$106)	T Woollams	80	80	0	0	Building work complete. Opened in July. Only retention and minor expenditure yet to be claimed by Arbury Community Association
SC557	Grand Arcade Annex Car Park - Drainage Gulleys	S Cleary	52	52	0	0	Project complete
SC559	CBBid Software	K Jay	3	0	(3)	0	There will be no further implementation expenditure. Capital scheme has been completed.

Capital Ref	Description	Lead Officer	Current Budget 2013/14	Spend April 2013 to March 2014	Anticipated Variance	Re-phase Spend	Comments
SC560	Guildhall & Corn Exchange Cap Schemes RO AR9	S Bagnall	150	70	(80)	(80)	Guildhall kitchen upgrade underway. Guildhall show lighting and Corn Exchange foyer lighting programmed for Q4. Planning approval refused for work to the Corn Exchange entrance. A revised proposal is being worked up but will not be deliverable in 2013/14.
SC562	Review - Street & Open Spaces Benches	A Wilson	25	25	0	0	Orders to be placed for new benches to coincide with West/Central S106 project
SC563	Corn Exchange Heating Mgt System	S Bagnall	20	20	0	0	Work to be programme in Q4
SC566	Rapid Response Team - Vehicle & Equipment	A Ash	75	72	(3)	0	Project complete - Vehicle, trailer and equipment delivered November 2013. Rapid Response Team now fully operational
SC567	Purchase of Street Cleansing Vehicles & Plant	B Carter	70	70	0	0	A further item of plant will be ordered and delivered by year end.
SC569	Topographical Survey of Multi-Storey Car Parks	P Necus	30	25	(5)	(5)	Contractor appointed. Works due to start early Jan 2014.
SC570	Essential Structural/Holding Repairs - Park Street Multi Storey car park	P Necus	174	139	(35)	(35)	Work completed for 13/14. Reviewing spend and finalising year one invoices. Awaiting final professional fees from architects
SC571	Procurement of IT System to Manage Community Infrastructure Levy	S Saunders	20	0	(20)	(20)	Needs to coincide with the implementation of the Community Infrastructure Levy approach in April 2015. This procurement needs to be undertaken in parallel with a corporate review/decisions on how s.106 and CIL are to be managed in future. This review will need to take place in the next 12 months.
SC573	Installation of Air Conditioning units at the Tourist Information Centre	E Thornton	35	35	0	0	Installation complete. There is a small retention amount which will be spent by year end.
SC577	Underground Investigations at Park St Multi Storey Car Park	P Necus	60	99	39	0	Works completed. Consultant to advise on report from RSK following investigations at Park Street MSCP. Retention balance outstanding for payment at end of defects period approx. £1,600. Other fees for structural engineer/quantity surveyor and architects Total: Approx. £11K
SC578	Box Office Ticketing Software	N Jones	113	64	(49)	(49)	Two year payment plan for new Corn Exchange Box Office system. 2nd lump sum due to contractor in July 2014

Capital Ref	Description	Lead Officer	Current Budget 2013/14	Spend April 2013 to March 2014	Anticipated Variance	Re-phase Spend	Comments
SC579	Office Accommodation Strategy	F Barratt	377	231	(146)	(146)	Budget of £146k needs to be re-phased to the 2014/15 financial year to reflect the more detailed project plan in which most of the anticipated construction costs will be incurred in the early stages of the 2014/15 financial year.
SC580	Electoral Services Software	G Cliff	25	25	0	0	Tenders have been received and are currently being evaluated. The project is on target for completion by the end of February 2014.
SC581	Epilog Upgrade	T Lawrence	24	5	(19)	(19)	£4,840 (20% deposit) passed for payment on 22 November 2013.
SC582	Corn Exchange Front of House Toilets	S Bagnall	60	53	(7)	(7)	Complete
SC584	Parker's Piece Lighting Project	A Preston	60	60	0	0	Procurement of the columns and the new power supply are proving problematic due to the lead times required by UK Power Networks, who operate a minimum 3 month lead time.
SC585	Fleetmaster Software	M Parsons	15	15	0	0	Implementation underway. Test system due in January 2014.
<b>TOTAL SCHEMES</b>			<b>4,438</b>	<b>3,787</b>	<b>(616)</b>	<b>(743)</b>	
<b>TOTAL CAPITAL &amp; REVENUE PROJECTS PLAN</b>			<b>13,250</b>	<b>10,195</b>	<b>(3,020)</b>	<b>(2,890)</b>	

# Appendix G (d)

## Capital & Revenue Projects Plan 2013/14 to 2017/18

Ref.	Description	Lead Officer	Budget 2013/14 £' 000s	Budget 2014/15 £' 000s	Budget 2015/16 £' 000s	Budget 2016/17 £' 000s	Budget 2017/18 £' 000s
<b>Capital-GF Projects</b>							
SC234	Histon Road Cemetery Landscaping (S106)	A Wilson	5	0	0	0	0
SC335	Customer Access Strategy - IT Workstream	C Bolton	20	0	0	0	0
SC361	Disabled Access and Facilities - Guildhall Halls	S Bagnall	45	35	0	0	0
SC362	Lighting and Power in Committee Rooms	J Stocker	14	0	0	0	0
SC391	La Mimosa Punting Station	P Doggett	10	0	0	0	0
SC410	Mill Road Cemetery	A Wilson	25	0	0	0	0
SC416	UNiform e-consultee Access Module	P Boucher	0	10	0	0	0
SC417	Development of UNiform System	P Boucher	6	0	0	0	0
SC423	Recycling Bins for Flats	J Robertson	25	0	0	0	0
SC429	Telephony System Upgrade	J Nightingale	0	50	0	0	0
SC432	Mill Road Cemetery Memorial Artwork (S106)	A Preston	44	0	0	0	0
SC436	Pye's Pitch Rec Facilities (S106)	I Ross	18	0	0	0	0
SC440	King George V Rec Ground (consolidated) (S106)	T Woollams	16	0	0	0	0
SC450	Changing Facilities at Cherry Hinton Village Centre (S106)	I Ross	2	0	0	0	0
SC456	Coldhams Common Local Nature Reserve (LNR) (S106)	G Belcher	4	22	0	0	0
SC460	Kings Hedges Learners Pool Electricity	I Ross	10	10	0	0	0
SC469	Vie Public Open Space (S106)	A Wilson	35	0	0	0	0
SC474	Cherry Hinton Hall Grounds Improvements - Phase 1 (S106)	A Wilson	19	0	0	0	0

Ref.	Description	Lead Officer	Budget 2013/14 £' 000s	Budget 2014/15 £' 000s	Budget 2015/16 £' 000s	Budget 2016/17 £' 000s	Budget 2017/18 £' 000s
SC476	Water Play Area Abbey Paddling Pool (S106)	I Ross	122	3	0	0	0
SC477	Coleridge Paddling Pool Enhancement (S106)	I Ross	97	3	0	0	0
SC478	Water Play Area Kings Hedges "Pulley" (S106)	I Ross	122	3	0	0	0
SC479	Abbey Pool Play Area Facilities (S106)	A Preston	2	83	0	0	0
SC492	Jesus Green Play Area (S106)	A Preston	147	0	0	0	0
SC493	Jesus Green Tennis Court (S106)	A Preston	3	0	0	0	0
SC494	Kings Hedges "Pulley" Play Area (S106)	A Preston	71	0	0	0	0
SC496	Petersfield Play Area (S106)	A Preston	64	0	0	0	0
SC497	Peveler Road Play Area (S106)	A Preston	84	0	0	0	0
SC500	Trumpington Rec Outdoor Space (S106)	A Wilson	1	0	0	0	0
SC505	Land Explorer Software/3D Modelling ESRI	G Richardson	0	3	0	0	0
SC506	Replacement Grand Arcade Car Park Pay on Foot Machines	S Cleary	347	38	0	0	0
SC507	Visit Cambridge Website	E Thornton	2	0	0	0	0
SC508	E-Benefits	A Cole	5	0	0	0	0
SC512	Hobbs Pavilion Refurbishment (S106)	I Ross	34	0	0	0	0
SC516	Relocation Grand Arcade Car Park Control Room	S Cleary	1	0	0	0	0
SC522	New Sound Equipment at Cambridge Corn Exchange	D Kaye	160	0	0	0	0
SC523	Refurbishment of Newmarket Rd Cemetery Buildings	T Lawrence	75	0	0	0	0
SC524	Cambridge Crematorium - Chapels & Public Areas Refurbishment	T Lawrence	120	0	0	0	0
SC525	Cambridge Crematorium - Staff Room Refurbishment	T Lawrence	0	0	30	0	0
SC530	Street Cleaning Planning Software	B Carter	0	15	0	0	0
SC531	In-cab Technology for Trade Waste Service	M Parsons	38	23	0	0	0
SC534	Refurbishment of Park Street Car Park	S Cleary	0	0	1,700	1,700	0
SC535	Repairs to Grafton West Car Park	S Cleary	180	(2)	0	0	0

Ref.	Description	Lead Officer	Budget 2013/14 £' 000s	Budget 2014/15 £' 000s	Budget 2015/16 £' 000s	Budget 2016/17 £' 000s	Budget 2017/18 £' 000s
SC538	Information Kiosks to be installed in local area	C Bolton	25	0	0	0	0
SC539	Metered system for the supply of electricity on the Market	A White	50	0	0	0	0
SC540	Electronic Market Management Software	A White	14	0	0	0	0
SC541	Corporate PC Replacement Programme	J Nightingale	116	0	0	0	0
SC543	Voltage Optimisation Roll-out	D Kidston	33	0	0	0	0
SC544	Coleridge Recreation Ground Improvements (S106)	A Wilson	181	108	0	0	0
SC545	Parkside Pool Variable Speed Drive	I Ross	9	0	0	0	0
SC548	Southern Connections Public Art Commission (S106)	N Black	9	96	0	0	0
SC551	Stourbridge Common - Riverbank Project	A Wilson	100	0	0	0	0
SC552	Localisation of Council Tax - Implementation Costs	A Cole	11	0	0	0	0
SC555	Siemens Maintenance Contract	C Bolton	67	0	0	0	0
SC556	Arbury Community Centre (S106)	T Woollams	80	0	0	0	0
SC557	Grand Arcade Annex Car Park - Drainage Gulleys	S Cleary	52	0	0	0	0
SC559	CBBid Software	K Jay	3	0	0	0	0
SC560	Guildhall & Corn Exchange Cap Schemes RO AR9	S Bagnall	70	80	0	0	0
SC561	Adaptations - Riverside River Banks	A Wilson	0	75	0	0	0
SC562	Review - Street & Open Spaces Benches	A Wilson	25	25	0	0	0
SC563	Corn Exchange Heating Mgt System	S Bagnall	20	0	0	0	0
SC566	Rapid Response Team - Vehicle & Equipment	A Ash	75	0	0	0	0
SC567	Purchase of Street Cleansing Vehicles & Plant	B Carter	70	0	0	0	0
SC569	Topographical Survey of Multi-Storey Car Parks	P Necus	25	5	0	0	0
SC570	Essential Structural/Holding Repairs - Park Street Multi Storey car park	P Necus	139	50	10	0	0
SC571	Procurement of IT System to Manage Community Infrastructure Levy	S Saunders	0	20	0	0	0



Ref.	Description	Lead Officer	Budget 2013/14 £' 000s	Budget 2014/15 £' 000s	Budget 2015/16 £' 000s	Budget 2016/17 £' 000s	Budget 2017/18 £' 000s
SC573	Installation of Air Conditioning units at the Tourist Information Centre	E Thornton	35	0	0	0	0
SC574	Essential Repairs to Car Parks	P Necus	0	165	0	0	0
SC577	Underground Investigations at Park St Multi Storey Car Park	P Necus	60	0	0	0	0
SC578	Box Office Ticketing Software	N Jones	64	49	0	0	0
SC579	Office Accommodation Strategy	F Barratt	231	296	0	0	0
SC580	Electoral Services Software	G Cliff	25	0	0	0	0
SC581	Epilog Upgrade	T Lawrence	5	19	0	0	0
SC582	Corn Exchange Front of House Toilets	S Bagnall	53	7	0	0	0
SC584	Parker's Piece Lighting Project	A Preston	60	0	0	0	0
SC585	Fleetmaster Software	M Parsons	15	0	0	0	0
SC586	Wide Area Network	T Allen	36	106	0	0	0
SC587	Telephone payments upgrade & online payments Content Management System (CMS)	C Bolton	27	0	0	0	0
SC588	NW Cambridge Development Underground Collection Vehicle	M Parsons	0	210	0	0	0
SC589	Grand Arcade Car Park Stairwell Refurbishment	P Necus	0	50	0	0	0
SC590	Structural Holding Repairs & Lift Refurbishment - Queen Anne Terrace Car Park	P Necus	0	170	360	15	35
SC591	Crematorium Data Link	T Lawrence	0	8	0	0	0
<b>Capital-GF Projects</b>			<b>3,758</b>	<b>1,835</b>	<b>2,100</b>	<b>1,715</b>	<b>35</b>

<b>Capital-GF Provisions</b>							
Ref.	Description	Lead Officer	Budget 2013/14 £' 000s	Budget 2014/15 £' 000s	Budget 2015/16 £' 000s	Budget 2016/17 £' 000s	Budget 2017/18 £' 000s
PV007	Cycleways	A Preston	186	336	0	0	0
PV016	Public Conveniences	A Preston	337	674	0	0	0
PV018	Bus Shelters	A Preston	250	0	0	0	0
PV033B	Street Lighting	A Preston	0	40	0	0	0
PV163	Compulsory Purchase Orders (CPOs)	R Ray	0	400	0	0	0

Ref.	Description	Lead Officer	Budget 2013/14 £' 000s	Budget 2014/15 £' 000s	Budget 2015/16 £' 000s	Budget 2016/17 £' 000s	Budget 2017/18 £' 000s
PV192	Development Land on the North Side of Kings Hedges Road	P Doggett	124	63	173	0	0
PV221b	Lion Yard - Contribution to Works Phase 2	P Doggett	617	0	0	0	0
PV282	Kettle's Yard	D Kaye	0	40	0	0	0
PV329	Corporate Document Management (DIP & EDRM)	J Nightingale	50	200	0	0	0
PV348	Allotment Improvements (\$106)	A Wilson	14	0	0	0	0
PV386	HMOs - Management Orders	R Ray	0	50	0	0	0
PV414	Property Accreditation Scheme	R Ray	7	2	0	0	0
PV526	Clay Farm Community Centre - Phase 1 (\$106)	A Carter	118	353	0	0	0
PV527	Energy efficiency improvements to private sector housing	J Dicks	48	0	0	0	0
PV529	Upgrade facilities at 125 Newmarket Road	A Carter	20	80	0	0	0
PV532	Cambridge City 20mph Zones Project	P Dell	153	239	140	0	0
PV549	City Cycle Park	A Preston	167	322	0	0	0
PV554	Development Of land at Clay Farm	A Carter	783	850	739	327	761
PV564	Clay Farm Community Centre -Phase 2 (Construction)	A Carter	0	7,350	361	0	0
PV583	Clay Farm Commercial Property Construction Costs	D Prinsep	0	100	375	25	0
PV593	Keep Cambridge Moving Fund Contribution	S Payne	436	1,064	0	0	0
<b>Capital-GF Provisions</b>			<b>3,310</b>	<b>12,163</b>	<b>1,788</b>	<b>352</b>	<b>761</b>

Capital-Programmes							
Ref.	Description	Lead Officer	Budget 2013/14 £' 000s	Budget 2014/15 £' 000s	Budget 2015/16 £' 000s	Budget 2016/17 £' 000s	Budget 2017/18 £' 000s
PR003	City Centre Management Programme	E Thornton	10	0	0	0	0
PR010a	Environmental Improvements Programme - North Area	A Preston	72	117	0	0	0
PR010b	Environmental Improvements Programme - South Area	A Preston	154	61	0	0	0
PR010c	Environmental Improvements Programme - West/Central Area	A Preston	143	86	0	0	0

Ref.	Description	Lead Officer	Budget 2013/14 £' 000s	Budget 2014/15 £' 000s	Budget 2015/16 £' 000s	Budget 2016/17 £' 000s	Budget 2017/18 £' 000s
PR010d	Environmental Improvements Programme - East Area	A Preston	115	98	0	0	0
PR010d i	Environmental Improvements Programme - Riverside/Abbey Road Junction	A Preston	1	31	0	0	0
PR010j	Environmental Improvements Programme - Fitzroy/Burleigh Street	A Preston	70	0	0	0	0
PR017	Vehicle Replacement Programme	D Cox	805	1,145	1,206	0	0
PR020	ICT Infrastructure Programme	J Nightingale	556	311	260	160	110
PR023	Admin Buildings Asset Replacement Programme	W Barfield	164	155	138	74	62
PR024	Commercial Properties Asset Replacement Programme	W Barfield	82	135	433	20	22
PR025	New Town Community Development Capital Grants Programme (S106)	T Woollams	20	49	0	0	0
PR026	Community Development Grants Programme (S106)	T Woollams	366	41	0	0	0
PR027	Replacement of Parks & Open Space Waste/Litter Bins	A Wilson	150	75	75	0	0
PR028	Litter Bin Replacement Programme	B Carter	138	125	125	0	0
PR030	Unallocated East Area Committee Developer Contribution Funds (S106)	T Wetherfield	0	520	0	0	0
PR030a	Increase Biodiversity at Stourbridge Common (S106)	G Belcher	7	8	0	0	0
PR030b	Improve Access to Abbey Paddling Pools From Coldham's Common (S106)	A Wilson	10	0	0	0	0
PR030c	Installation of Adult Gym Equipment next to Ditton Fields Play Area (S106)	I Ross	30	0	0	0	0
PR031	Unallocated North Area Committee Developer Contribution(S106)	T Wetherfield	0	220	0	0	0
PR031b	BMX track next to Brown's Field Community Centre (S106)	A Wilson	30	0	0	0	0
PR031c	Improvements to Nun's Way Skate Park (S106)	A Wilson	65	0	0	0	0
PR032	Unallocated South Area Committee Developer Contribution Funds (S106)	T Wetherfield	0	462	0	0	0
PR032a	Conversion of Hanover Court/Princess Court Laundry into Community Meeting Space (S106)	T Woollams	100	0	0	0	0

Ref.	Description	Lead Officer	Budget 2013/14 £' 000s	Budget 2014/15 £' 000s	Budget 2015/16 £' 000s	Budget 2016/17 £' 000s	Budget 2017/18 £' 000s
PR032b	Trim Trail/Outdoor Fitness Equipment at Nightingale Ave Rec (S106)	I Ross	30	0	0	0	0
PR032c	Improvements to Cherry Hinton Rec. (S106)	A Wilson	122	1	0	0	0
PR032d	Cherry Hinton Community Centre - Stage 1 (at Cherry Hinton Library) (S106)	T Woollams	9	0	0	0	0
PR033	Unallocated West Central Area Committee Developer Contribution Funds (S106)	T Wetherfield	0	600	0	0	0
PR033a	Benches in Parks & Open Spaces (S106)	A Wilson	30	0	0	0	0
PR033b	Access Improvements to Midsummer Common Community Orchard (S106)	A Wilson	15	5	0	0	0
PR033c	Public Art element of improvements to the entrances at Histon Rd Rec (S106)	A Preston	8	42	0	0	0
PR033d	Community meeting space at Centre 33 (S106)	T Woollams	12	0	0	0	0
PR033e	Great St Mary's Church Development (S106)	T Woollams	50	0	0	0	0
PR034	Strategic Developer Contribution Funds	T Wetherfield	0	156	0	0	0
PR034a	Logan's Meadow Local Nature Reserve (LNR) Extension (S106)	G Belcher	17	143	0	0	0
PR034b	Paradise Local Nature Reserve (LNR) (S106)	G Belcher	94	6	0	0	0
PR034c	Drainage of Jesus Green (S106)	A Wilson	95	0	0	0	0
PR034d	Public Art - 150th & 400th Anniversary (S106)	A Preston	6	82	0	0	0
PR034e	Play Provision Project Nth (S106)	A Wilson	0	40	0	0	0
PR034f	Play Provision Project East (S106)	A Wilson	0	35	0	0	0
PR034g	Grant for extension to St Andrew's Hall to provide a dedicated space for a community cafe (S106)	T Woollams	40	100	0	0	0
PR034h	Grant to the Cherry Trees Centre Refurbishment (S106)	T Woollams	50	0	0	0	0
PR034i	Grant to the Centre at St Paul's Development - Phase 3 (S106)	T Woollams	50	0	0	0	0
PR035	Waste & Recycling Bins - New Developments (S106)	J Robertson	65	85	0	0	0

Ref.	Description	Lead Officer	Budget 2013/14 £' 000s	Budget 2014/15 £' 000s	Budget 2015/16 £' 000s	Budget 2016/17 £' 000s	Budget 2017/18 £' 000s
PR036	Additional investment in Commercial Property Portfolio	D Prinsep	0	816	500	0	0
PR037	Local Centres Improvement Programme	A Preston	0	50	195	195	195
<b>Capital-Programmes</b>			<b>3,781</b>	<b>5,800</b>	<b>2,932</b>	<b>449</b>	<b>389</b>
<b>Total GF Capital &amp; Revenue Projects Plan</b>			<b>10,849</b>	<b>19,797</b>	<b>6,820</b>	<b>2,516</b>	<b>1,185</b>

#### Housing Capital Plan

PR001	Housing Capital Investment Programme	J Hovells	<b>29,756</b>	<b>32,839</b>	<b>20,244</b>	<b>30,691</b>	<b>21,039</b>
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\*Full details of the Housing Capital Investment Plan (5 Year Detailed Investment Plan) can be found in Appendix M of the Housing Revenue Account Budget Setting Report 2014/15

# Appendix G (e)

## Capital & Revenue Projects Plan Hold List 2014/15

Portfolio	Capital Ref	Description	Lead Officer	Approval £000	Original forecast delivery
Public Places	SC475	Nightingale Rec Pavilion Refurbishment (Developer Contributions)	I Ross	228	2012/13
Public Places	SC472	Cherry Hinton Hall Grounds Improvements (Developer Contributions)	A Preston	982	2014/15
Public Places	PR034j	Rouse Ball Pavilion Development (Developer Contributions)	A Wilson	185	2015/16
<b>Total Hold List</b>				<b>1,395</b>	

# Appendix G (f)

## Capital & Revenue Projects Funding 2013/14 to 2017/18

Description	2013/14 £' 000s	2014/15 £' 000s	2015/16 £' 000s	2016/17 £' 000s	2017/18 £' 000s
<b>External Support</b>					
Developer Contributions	(2,545)	(6,757)	0	0	0
Other Sources	(1,544)	(1,498)	(361)	0	0
Prudential Borrowing	0	(2,804)	0	0	0
<b>TOTAL - External Support</b>	<b>(4,089)</b>	<b>(11,059)</b>	<b>(361)</b>	<b>0</b>	<b>0</b>
<b>City Council</b>					
Direct Revenue Financing (DRF) - GF Services	(40)	0	0	0	0
Direct Revenue Financing (DRF) - Use of Reserves	(1,008)	(3,696)	(2,779)	(2,457)	(1,075)
Earmarked Reserve - Capital Contributions	(1,253)	(1,267)	0	0	0
Earmarked Reserve - Repair & Renewals Fund	(3,381)	(2,555)	(2,437)	(269)	(229)
Earmarked Reserves - Technology Investment Fund	(30)	(3)	0	0	0
HRA Capital Balances	(48)	0	0	0	0
Internal Borrowing - Temporary Use of Balances	(783)	(900)	(739)	(327)	(761)
Usable Capital Receipts	(217)	(563)	(548)	(25)	0
<b>Total - City Council</b>	<b>(6,760)</b>	<b>(8,984)</b>	<b>(6,503)</b>	<b>(3,078)</b>	<b>(2,065)</b>
<b>Total Available Finance</b>	<b>(10,849)</b>	<b>(20,043)</b>	<b>(6,864)</b>	<b>(3,078)</b>	<b>(2,065)</b>

Ref	Project	Climate Change Indicator	2013/14	2014/15	2015/16	2016/17	2017/18
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**General Fund**

**Environment - Environmental & Waste Services**

C3423	Waste and recycling bins for new developments	+M		85,000			
C3459	Vehicle Replacement Programme	+M		169,500	1,206,000		
C3481	Public Conveniences	Nil		233,000			

**Planning & Climate Change**

C3393	Grand Arcade car park stairwell refurbishment	Nil		50,000			
C3394	A programme of essential structural holding repairs and lift refurbishment at Queen Anne Terrace	Nil		170,000	360,000	15,000	35,000
C3477	Cambridge City 20mph Zones Project - additional funding	+H			140,000		

**Public Places**

C3332	City Centre Management Capital Grant programme	Nil	(10,000)	(20,000)			
C3404	Crematorium Data Link	Nil		7,500			
C3499	Local Centres Improvement Programme	Nil		50,000	195,000	195,000	195,000

**Strategy & Resources - Customer Services & Resources**

C3310	Review of the Corporate Document Management System Project	Nil		(148,000)			
C3485	Additional investment in Commercial Property Portfolio	Nil		816,120	500,000		

**Strategy & Resources - Strategy Services**

C3448	Capital contribution to the "Keep Cambridge Moving" Fund	Nil	111,140				
<b>Total Funding Required from Reserves : General Fund</b>			<b>101,140</b>	<b>1,413,120</b>	<b>2,401,000</b>	<b>210,000</b>	<b>230,000</b>



# Appendix G (h)

## Capital & Revenue Projects Programme

### **PR037 – Local Centres Improvement Programme**

Approved Timescale: 2014/15 to 2019/20

Lead Officer: Andy Preston

**Remit:** To undertake schemes to improve the quality of the public realm at Local Centres, aiming to lift pride in the environment for residents and traders and to encourage parallel investment in private businesses. At least three schemes will be delivered, subject to full public consultation and will deliver environmental and public realm improvements.

**Outcomes:** Successful delivery of three Local Schemes of between £200k - £340k per scheme by 2019/20.

# Appendix H

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

### Asset Repairs & Renewals

General Fund Portfolio	Balance at 1 April 2013	Contributions 2013/14	Expenditure to November 2013	Closing Balance at November 2013
Community Wellbeing	(830.3)	(305.6)	117.7	(1,018.2)
Customer Services & Resources	(4,409.6)	(865.1)	42.5	(5,232.3)
Environmental & Waste Services	(5,860.1)	(380.5)	53.7	(6,186.9)
Housing	(397.5)	(39.9)	0.6	(436.8)
Planning & Climate Change	(214.1)	(94.7)	10.5	(298.3)
Public Places	(631.3)	(328.0)	157.3	(802.0)
Strategy	(535.7)	(79.7)	13.5	(601.9)
<b>Totals *</b>	<b>(12,878.6)</b>	<b>(2,093.5)</b>	<b>395.8</b>	<b>(14,576.4)</b>

\* The Capital & Revenue Projects Plan includes project budgets totalling £3.7m to be funded from Repairs and Renewals Funds in the current financial year. These will be met from the closing balance above, subject to the actual level of expenditure during 2013/14.

### Climate Change Fund

	2013/14	2014/15	2015/16	2016/17	2017/18
(Surplus) / Deficit Balance b/f	(409.7)	(235.6)	(235.6)	(235.6)	(235.6)
Contributions	0	0	0	0	0
Total surplus available	(409.7)	(235.6)	(235.6)	(235.6)	(235.6)
Expenditure approvals	33.0	0	0	0	0
Pending Approvals	141.1	0	0	0	0
<b>(Surplus) / Deficit Balance c/f</b>	<b>(235.6)</b>	<b>(235.6)</b>	<b>(235.6)</b>	<b>(235.6)</b>	<b>(235.6)</b>

## Council Tax Earmarked for Growth

	2013/14	2014/15	2015/16	2016/17	2017/18
(Surplus) / Deficit Balance b/f	(398.1)	(260.0)	(159.7)	(282.5)	(295.2)
Contributions	138.1	(58.2)	(231.3)	(206.3)	(206.3)
Total surplus available	<b>(260.0)</b>	<b>(318.2)</b>	<b>(391.0)</b>	<b>(488.7)</b>	<b>(501.5)</b>
Expenditure approvals BSR Feb 2014	0.0	158.5	108.5	193.5	168.5
<b>(Surplus) / Deficit Balance c/f</b>	<b>(260.0)</b>	<b>(159.7)</b>	<b>(282.5)</b>	<b>(295.2)</b>	<b>(333.0)</b>

## Developer Contributions at July 2013

Category	Completed agreements		Future Forecast <sup>1</sup>		Approvals <sup>3</sup>	Projected Balance Available
	Balance at 1 April 2013	Apr-Jul 2013 (Actual)	Non Growth Sites	Growth Sites <sup>2</sup>		
Affordable Housing	(67.9)	0.0	.0	.0	.0	(67.9)
Community Facilities	(2,108.1)	(56.3)	(294.7)	(155.7)	1,768.0	(846.7)
Formal Open Spaces/Outdoor Sports Facilities	(1,088.9)	(162.7)	(43.2)	(263.2)	1,350.8	(207.2)
Informal Open Spaces	(1,788.5)	(139.8)	(164.5)	(247.7)	1,447.2	(893.3)
Childrens Play Area/Provision for Children & Teenagers	(707.5)	(18.7)	(124.7)	(277.2)	598.0	(530.1)
Indoor Sports Facilities	(219.7)	(24.2)	(137.5)	(99.7)	100.0	(381.0)
Public Art	(485.6)	(35.0)	(5.6)	(180.4)	279.0	(427.6)
Public Realm	(276.8)	0.0	(7.5)	(59.1)	288.0	(55.4)
Misc (includes Waste & Recycling & S106 Monitoring)	(122.2)	(24.0)	(86.0)	(11.3)	65.0	(178.4)
<b>Total</b>	<b>(7,068.2)</b>	<b>(482.1)</b>	<b>(983.1)</b>	<b>(1,382.3)</b>	<b>5,996.0</b>	<b>(3,919.7)</b>

<sup>1</sup> 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.

<sup>2</sup> Some contributions from CB1 and NIAB Frontage developments are available to fund projects beyond the growth sites.

<sup>3</sup> Includes capital projects that are in the Capital Plan & Hold List (2013/14 – 2017/18) to be financed from Developer Contributions.

### Development Plan Fund

	2013/14	2014/15	2015/16	2016/17	2017/18
(Surplus) / Deficit Balance b/f	(395.5)	(89.3)	(96.4)	(99.4)	(249.4)
Contributions	(317.0)	(142.0)	(42.0)	(150.0)	(150.0)
Total surplus available	(712.5)	(231.3)	(138.4)	(249.4)	(399.3)
Forecast expenditure	623.2	135.0	39.0	0.0	0.0
<b>(Surplus) / Deficit Balance c/f</b>	<b>(89.3)</b>	<b>(96.4)</b>	<b>(99.4)</b>	<b>(249.4)</b>	<b>(399.3)</b>

### Efficiency Fund

	2013/14	2014/15	2015/16	2016/17	2017/18
(Surplus) / Deficit Balance b/f	(490.5)	(279.7)	(214.7)	(214.7)	(214.7)
Contributions	0.0	0.0	0.0	0.0	0.0
Total surplus available	(490.5)	(279.7)	(214.7)	(214.7)	(214.7)
Expenditure approvals	210.8	65.0	0.0	0.0	0.0
<b>(Surplus) / Deficit Balance c/f</b>	<b>(279.7)</b>	<b>(214.7)</b>	<b>(214.7)</b>	<b>(214.7)</b>	<b>(214.7)</b>

### Fixed-Term Posts Costs

	2013/14	2014/15	2015/16	2016/17	2017/18
(Surplus) / Deficit Balance b/f	(30.0)	-	-	-	-
Contributions / Return to General Fund Reserves	30.0	-	-	-	-
Total surplus available	(0.0)	-	-	-	-
<b>(Surplus) / Deficit Balance c/f</b>	<b>0.0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## New Homes Bonus Reserve

	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
	2011/12 Allocation	(786.7)	(787)	(787)	(787)	(787)			
add	2012/13 Allocation	(735)	(735)	(735)	(735)	(735)			
less	2013/14 Provisional Allocation		(564)	(564)	(564)	(564)	(564)		
	<b>Confirmed Allocation Total</b>	<b>(1,522)</b>	<b>(2,085)</b>	<b>(2,085)</b>	<b>(2,085)</b>	<b>(1,299)</b>	<b>(564)</b>	<b>0</b>	<b>0</b>
less	Funding for Growth Posts	818	818	818	818	818	818	818	818
add	Reduction in Growth Posts	0	0	0	(33)	(33)	(33)	(33)	(33)
less	Support for Base Budget in lieu of Gov't Grant	0	0	564	564	564	564	253	0
	<b>Confirmed Allocation less Commitments</b>	<b>(703)</b>	<b>(1,267)</b>	<b>(703)</b>	<b>(736)</b>	<b>(736)</b>	<b>50</b>	<b>785</b>	<b>1,038</b>
less	Use of Available Funding - prior years	703	0	0	0	0	0	0	0
	Use of Available Funding - in Sept 2012 MTS	0	450	0	0	0	0	0	0
	Use of Available Funding - in Feb 2013 BSR	0	110	90	0	0	0	0	0
	Use of Available Funding - in Sept 2013 MFR	0	0	0	0	0	0	0	0
less	Proposed Use of Available Funding - Feb 2014 BSR	0	0	1,024	0	0	0	0	0
	Support for Capital Plan - via DRF		707	880	1,020	880	0	0	0
	<b>2013 BSR - balance unapplied</b>	<b>0</b>	<b>0</b>	<b>1,291</b>	<b>284</b>	<b>144</b>	<b>50</b>	<b>785</b>	<b>1,038</b>
add	2014/15 Projection			(1,291)	(1,291)	(1,291)	(1,291)	(1,291)	
less	Support for base budget in lieu of Govt grant				0	0	0	0	0
	<b>(Uncommitted) / Over committed NHB Funding</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(1,007)</b>	<b>(1,147)</b>	<b>(1,240)</b>	<b>(253)</b>	<b>785</b>

## Pension Fund Reserve

	2013/14	2014/15	2015/16	2016/17	2017/18
(Surplus) / Deficit Balance b/f	(492.8)	-	-	-	-
Contributions	(492.8)	-	-	-	-
Total surplus available	<b>(985.5)</b>	-	-	-	-
Expenditure approvals	985.5	-	-	-	-
<b>(Surplus) / Deficit Balance c/f</b>	<b>0.0</b>	-	-	-	-

## Project Facilitation Fund

	2013/14	2014/15	2015/16	2016/17	2017/18
(Surplus) / Deficit Balance b/f	(250.0)	(124.5)	(34.0)	(34.0)	(34.0)
Contributions	0.0	0.0	0.0	0.0	0.0
Total available	(250.0)	(124.5)	(34.0)	(34.0)	(34.0)
Expenditure approvals	125.5	90.5	0.0	0.0	0.0
<b>(Surplus) / Deficit Balance c/f</b>	<b>(124.5)</b>	<b>(34.0)</b>	<b>(34.0)</b>	<b>(34.0)</b>	<b>(34.0)</b>

## Property Strategy Fund

	2013/14	2014/15	2015/16	2016/17	2017/18
(Surplus) / Deficit Balance b/f	(86.3)	(38.6)	(74.2)	(109.8)	(145.4)
Contributions *	(34.9)	(35.6)	(35.6)	(35.6)	(35.6)
Total surplus available	(121.2)	(74.2)	(109.8)	(145.4)	(181.0)
Expenditure approvals	82.6	0.0	0.0	0.0	0.0
<b>(Surplus) / Deficit Balance c/f</b>	<b>(38.6)</b>	<b>(74.2)</b>	<b>(109.8)</b>	<b>(145.4)</b>	<b>(181.0)</b>

\* In July 2010 it was agreed that the proceeds of the sale of one of the Council's commercial premises, £385,000, would also be made available to reinvest in commercial property.

## Technology Investment Fund

Description	2013/14	2014/15	2015/16	2016/17	2017/18
(Surplus) / Deficit b/f	(84.9)	0.0	0.0	0.0	0.0
Reduction in Existing Commitments	(22.7)	0.0	0.0	0.0	0.0
New commitments	107.6	0.0	0.0	0.0	0.0
<b>(Surplus) / Deficit c/f</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

## Keep Cambridge Moving Fund

	2013/14	2014/15	2015/16	2016/17	2017/18
(Surplus) / Deficit Balance b/f	0.0	(436.1)	(1,500.0)	(1,500.0)	(1,500.0)
Contributions (including budget bids)	(436.1)	(1,063.9)	0.0	0.0	0.0
Total surplus available	(436.1)	(1,500.0)	(1,500.0)	(1,500.0)	(1,500.0)
Expenditure approvals	0.0	0.0	0.0	0.0	0.0
<b>(Surplus) / Deficit Balance c/f</b>	<b>(436.1)</b>	<b>(1,500.0)</b>	<b>(1,500.0)</b>	<b>(1,500.0)</b>	<b>(1,500.0)</b>

# Appendix I

## Equality Impact Assessment

### 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](mailto: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:**

Budget 2014/15 (General Fund)

## 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 for 2014/15 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.

An Equality Impact Assessment (EqIA) has been completed for every budget proposal that will result in service changes. This EqIA sets out the material information from these EqIAs. This approach is intended to ensure that elected Members have access to all the relevant information on the equality impact of budget proposals at the point when they are being asked to make a decision. This will enable Members to discharge their Duty under the Equality Act 2010 to consider the equality impacts of decisions.

EqIAs have been completed for the following budget proposals, which will result in a service change:

C3393 - Grand Arcade Stairwell refurbishment - This project involves the refurbishment of the Grand Arcade car park annexe stairwells to improve conditions for our customers and help project a safe car parking environment. This will involve replacing existing lights with energy efficient LEDs, replacing lighting electrics, signage, and painting using anti graffiti paint.

C3394 - Queen Anne Terrace Multi Storey Car Park holding repairs - This project involves carrying out a programme of essential structural repairs over a five year period to the Queen Anne Terrace car park to improve conditions for our customers and help protect the car park structure. The priority works in the project will focus on carrying out essential structural repairs to the concrete and steel structure, to lay a new protective membrane of the roof, to replace or strengthen vehicle impact barriers throughout the car park, and address drainage problems.

X3412 - Cultural Trust Phase 2 Implementation Costs - This project will consider alternative delivery models for aspects of the Arts & Recreation service. The two primary objectives are: a) To ensure that the Corn Exchange and the Folk Festival are financially secure and sustainable in the future and can thrive and develop, and b) to deliver an overall cost saving to the Council for a broadly similar programme of events from 2015/16 onwards. One potential delivery model would be to establish a Not For Profit Distributing Organisation (NDPO) such as a Trust, but no decision has yet been made on this. Any such entity would operate largely independently of the Council, save for any contractual, SLA and lease obligations. An initial EQIA has been completed, which focuses on the process involved in setting up such an organisation and a revised EQIA will be completed if a decision is made to pursue the option of an NDPO.

S3347 - General Fund Choice Based Lettings Saving - As part of wider changes to the Choice-Based Lettings system operational procedure, the large-scale printing and distribution of the sub-regional Home-link Magazine every two weeks has ceased and been replaced by the availability of a bespoke Personalised Property List. An EqIA was carried out for the changes to the system in October 2012 by South Cambridgeshire District Council on behalf of the Sub-regional Home-link Team.



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

S3408 - Fees and Charges for Mooring - Environment Scrutiny Committee will consider a report on proposed changes to the Moorings Policy on 14<sup>th</sup> January 2014. The report recommends that the Executive Councillor should instruct officers to review the RML pricing structure, fees and charges for 2014 and beyond, for future consultation and consideration by Environment Scrutiny Committee. The recommendation is to include a review of the discounts offered for sole occupancy and student status (but not the discounts offered for those receiving means tested benefits or pension credits). An initial EqIA carried out on 12 December has not revealed any equality impacts, but the EqIA will be updated as the review progresses.

S3287 - HR savings across a number of operational budgets - This proposal includes a mid year budget saving from the Corporate Learning & Development budget where there is a predicted underspend, and further operational savings across management development (£12,000), safeguarding (£2,000), corporate health & safety training budget (£2,000), operational budget and consultancy (£1,000). The safeguarding training will continue to be delivered but by inhouse trainers, therefore reducing the cost. The reductions in the other training budgets are based on assessed need and, as a result, the EqIA completed for this proposal has not identified any disproportionate impact on particular groups.

SR 3300 - Commercial Food Waste Service - This proposal relates to the starting up of a new food waste service, approved by members at Environment Scrutiny Committee in October and commencing from April 2014. The EqIA completed for this proposal has not identified any disproportionate impact on particular groups.

SR3302 - Increase in trade waste customers - Increasing the marketing of the service to seek large contracts within the County for general and commingled waste. The EqIA completed for this proposal has not identified any disproportionate impact on particular groups.

SR3303 - Joint waste operational centre with Souths Cambs DC - Project to consider the re-location of the current waste operational service from Mill Road to a joint waste centre with South Cambs DC in Waterbeach.

SR3229 - Cessation of Pest Control service - As part of the City Council's budget setting process to provide savings, the pest control service has been identified as a discretionary service which the Council could cease and deliver on-going savings. By ceasing the service, local residents will be able to use local companies who could provide a wider service than currently provided by the Council.

SR 3307 - Charging for a second green waste bin - Approximately 2,000 properties currently have a second green waste bin, which are currently collected at no cost by the Council. It is proposed to charge customers £30 per annum to collect second green bins.

SR3285 - Review of the Sustainable City budget - Ongoing savings to be achieved through a reduction in staff and project budgets within the service. The review will reflect the extent to which work on the team's original objectives is now mainstreamed and resourced in other services, and will build on the service review carried out in 2010/11. Remaining resources would be focussed on those activities delivering the most tangible added value to the Council's objectives. The EqIA completed for this proposal has not identified any equality

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

impacts.

SR3336 - Arms Length Tourism Model - The development of an arms length tourism model supporting Cambridge and the surrounding area and delivering an enhanced service to the tourism industry. The EqIA completed for this proposal has not identified any disproportionate impact on particular groups.

SR 3414 - Event Charges - Review of pricing for events on open spaces, to include new fees and charges for commercial events. The EqIA completed for this proposal has not identified any disproportionate impact on particular groups.

SR 3416 - Review of Tree Inspection Service - A review of the tree strategy and framework against national standards is under way which will define the future delivery of works, including the frequency and type of tree works. The EqIA completed for this proposal has not identified any disproportionate impact on particular groups.

SR3420 - Review and Rationalisation of Streets and Open Spaces Service - A comprehensive review of Streets and Open Spaces will be carried out, which will include varying measures that will offer savings over time from a number of operational budgets. The EqIA completed for this proposal has not identified any disproportionate impact on particular groups.

SR 3426 - Comprehensive review of Bereavement Services business model - The Review will determine potential savings from alternative methods of working and commercial operations through a trading arm. A final business model will be developed by officers to ensure that this saving is delivered.

SR 3290 - Scanning and Indexing: Commercial Partners/Shared Services - Contracting out the scanning and indexing of documents. The EqIA completed for this proposal has not identified any equality impacts

SR 3312 - Proposed restructure of ICT Client Services - To reduce the overall cost of the ICT Client Team by reducing one post and to rationalise reporting lines given the smaller size of the team. The EqIA completed for this proposal has not identified any equality impacts

SR3427 - Shared CCTV Service with another neighbouring local authority - The EqIA completed for this proposed restructure has not identified any equality impacts.

SR3345 - ChYpPS - Review of service delivery model - The proposal to restructure ChYpPS to deliver ongoing savings of £340k was considered by Community Services Scrutiny Committee and agreed by the Executive Councillor on 10 October 2013. The Committee report set out the key equalities impacts of this decision. The Head of Service subsequently published a Consultation Paper and a full EqIA, which contained details of the posts that would be affected by the restructure. The main impact of the restructure will be to reduce the Children and Young People's Participation Service (ChYpPS) and focus the changed service on 3 key areas of activity:

1) ChYpPS Adventures - Delivery of targeted work and commissioned work that either pays for itself or generates some income to offset costs

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

- 2) Enabling others to deliver play activities  
3) Reducing the level of open access and free play provision and focussing the remaining resource on play activities in local neighbourhoods with the highest need, and a reduced summer programme of activities, including some larger events for children and young people from across the city.

SR 3466 - Review of Community and Neighbourhood Centre Management - The proposed changes to community and neighbourhood centre management, including increased income and rationalisation of centre management arrangements, were considered by Community Services Scrutiny Committee and agreed by the Executive Councillor on 14 March 2013. The Committee report set out the key equalities impacts of this decision and a link was provided to the full EqIA on the Council's website.

**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. In particular the EqlA considers the equalities impacts of proposals submitted by Arts and Recreation, Community Development, Corporate Strategy, Customer Services, Human Resources, ICT, Refuse and Environment, Specialist Services, Strategic Housing, Streets and Open Spaces, and Tourism and City Centre Management. The budget also 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.
- 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)

C3393 (Grand Arcade Car park stairwell refurbishment) will have a positive impact. Improvements involving painting and LED lighting will make the car park feel cleaner and brighter and help improve the perception of safety, which has been found to be of particular importance to older customers who may feel more vulnerable using a public car park.

C3394 (Essential structural holding repairs and lift refurbishment at Queen Anne Terrace car park) will have a positive impact. Improvements will help to improve the perception of safety, which has been found to be of particular importance to older customers who may feel more vulnerable using a public car park. However, there may be a temporary negative impact from possible limited use of upper levels while lift repairs are being carried out.

S3347 (General Fund Choice Based Lettings Saving) will have a positive impact, because older people on the subscribers list will be sent more personalised information than before.

PPF3430 (Public Realm Enforcement Apprenticeship) will have a positive impact on young people by providing an opportunity for training and development for a young person and increasing their employment prospects in the long term.

SR3345 (ChYpPS - Review of service delivery model) will inevitably have some impact on children and young people, as ChYpPS is focused upon services for these groups. However, the impact of the proposed changes will be reduced by: focusing activities on areas with children with high needs; targeted work with small groups of children with common needs; and facilitating others to provide play activities.

SR3346 (Review of Community Centre and Neighbourhood Centre Management) - The Community Centre Management Strategy produced following the review will have some positive impacts on younger and older people. It will engage local residents in management decisions affecting the centres and give elderly residents and those representing younger people more of a say. Use of capital grants to improve facilities run by other organisations (including Cherry Trees Centre in Petersfield, run by Age UK) will benefit older and younger residents.

**(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)

C3393 (Grand Arcade Car park stairwell refurbishment) will have a positive impact. The new LED lights will produce a white light that will make the car park easier for all customers when negotiating the stairs within the annexe car park. However, there could be a temporary negative impact while the refurbishment work is being carried out if the 9 Blue Badge parking bays on Floor -1 of the annexe are unavailable whilst the stairwells are out of use. Out of hours and low peak working will be considered to limit impact on users in these areas.

C3394 (Essential structural holding repairs and lift refurbishment at Queen Anne Terrace car park) may have a temporary negative impact as a result of limited use of the Blue Badge parking bays during works to ground floor level. Alternative arrangements for Blue Badge parking on other levels of the car park and nearby on the street will be considered, alongside facilities within other city centre car parks that can accommodate Blue Badge holders.

S3347 (General Fund Choice Based Lettings Saving) will have a positive impact, because there will be more accessible on-line options for applicants with a disability (along with support workers and family) to find information and access Home-link 24 hours a day.

SR3345 (ChYpPS - Review of service delivery model) - ChYpPS will focus their work on the more vulnerable children and young people in the most deprived wards and will seek to obtain commissions or income for targeted work with children and young people with particular needs. This may include children with particular physical or mental health disabilities.

The reduction in ChYpPS open access free play activities across the city may impact on children with mobility or mental health disabilities living in more affluent areas of the city, who may not be able to travel as far as other children to access ChYpPS activities. ChYpPS will try to mitigate this impact through seeking commissions for projects targeted to children and young people with these disabilities. There are also opportunities to mitigate this impact through partnership work with schools – for example, by encouraging schools to provide active play sessions at lunchtime.

SR3346 (Review of Community Centre and Neighbourhood Centre Management) - The Community Centre Management Strategy produced following the review will have some positive impacts on people with disabilities. Our community centres are accessible and provide support to many groups who help people with disabilities of all kinds. Our capital grants are used to improve facilities run by other organisations and we pay particular attention to funding works that will improve the accessibility of the buildings. Examples include disabled toilet facilities, access ramps and loop systems.

PPF3385 (HRA Tenancy Sustainment Officer) will positively impact on those with chaotic lifestyles or mental health problems by employing dedicated staff to work to help sustain tenancies for this client group, minimising the likelihood that vulnerable households will find themselves intentionally homeless. This bid will fund two posts, one entirely HRA-funded and the other funded 75 % HRA and 25% General Fund, with the General Fund element coming from existing Homelessness Prevention Grant funding.

**(c) Gender**

C3395 (Grand Arcade Car park stairwell refurbishment) will have a positive impact. Improvements involving painting and lighting will make the annexe stairwells cleaner and brighter and help to improve the perception of safety, which has been found to be of particular importance to female customers.

C3394 (Essential structural holding repairs and lift refurbishment at Queen Anne Terrace car park) will have a positive impact, by contributing to improving community safety, by reducing the risks of damage and deterioration of the car park structure. This has been found to be of particular importance to female customers.

**(d) Pregnancy and maternity**

No disproportionate impact on pregnant women and parents with young children has been identified for any of the proposals contained in the 2014/15 Budget Setting Report.

**(e) Transgender (including gender re-assignment)**

No disproportionate impact on transgender people has been identified for any of the proposals contained in the 2014/15 Budget Setting Report.

**(f) Marriage and Civil Partnership**

No disproportionate impact on people as a result of their marital or Civil Partnership status has been identified for any of the proposals contained in the 2014/15 Budget Setting Report.

### **(g) Race or Ethnicity**

RB3283 and S3282 (One-off and on-going savings from the Corporate Policy Budget) include a saving from the corporate budget for interpreting services, which has been underspent in recent years. There will be no negative impact on customers who need an interpreter to assist in communications with Council staff, as the underspend is primarily the result of lower costs of interpreting services following the negotiation of a more favourable contract. The budget has been reduced in line with current costs and levels of demand for interpreting services.

SR3345 (ChYpPS - Review of service delivery model) - Residents from different ethnic backgrounds will broadly be affected proportionally through the reduction in ChYpPS' open access free play activities. However, some communities who are generally more disadvantaged, such as the Bangladeshi community, have higher populations in the more deprived wards, which is where ChYpPS will be focusing their open access free play activities in the future. The ability to seek and deliver commissioned work and selective targeted work will also enable ChYpPS to continue to provide activities for children and young people from BME communities with particular needs.

SR3346 (Review of Community Centre and Neighbourhood Centre Management) - The Community Centre Management Strategy produced following the review will have some positive impacts on BAME residents. BAME groups are a target group for the Strategy and our centres are used a lot by groups which support BME residents, e.g. the Bangladeshi Cultural and Welfare Association and Pakistani Cultural Association have used our centres. The Council has also provided several recent capital grants for community facilities which are used by BAME community groups.

### **(h) Religion or Belief**

SR3346 (Review of Community Centre and Neighbourhood Centre Management) - The Community Centre Management Strategy produced following the review is aimed at protecting the centres for residents into the future. Whilst the Council respects all religions and people with no religion, we do not directly support religion and try to distinguish between religion and culture. Consequently, religious groups are not a target group for the Strategy, although many use our centres for their meetings and activities. For example, the Bangladeshi Community around Darwin Drive hired our Akeman Street centre during Ramadan and Christian groups have hired the hall at the Meadows centre.

### **(i) Sexual Orientation**

No disproportionate impact on people as a result of their sexual orientation has been identified for any of the proposals contained in the 2014/15 Budget Setting Report



**(j) Other factor that may lead to inequality (please state):**

Proposal X3412 (Cultural Trust Phase 2 Implementation costs) - Services such as the Corn Exchange and the Folk Festival, which are currently run directly by the Council, are required to be responsive and promote access to all sections of the community. If the Council chooses to pursue the option of establishing a Non-Profit Distributing Organisation (NDPO) to deliver these services, any legal agreement with the new entity may need to include a requirement that programming policy should reflect the diversity of the city and that a pricing policy should operate that promotes access to services for people on lower incomes.

Proposal SR3229 (Cessation of the pest control service) could potentially impact on financially disadvantaged residents. To ensure that pest control services are available for disadvantaged residents, a budget of £10k will be available to assist these vulnerable groups.

Proposal SR3345 (ChYpPS - Review of Service Delivery Model) The re-focusing of ChYpPS' open access and free play activities in the areas with higher deprivation rates will protect the service for those children who are more vulnerable and live in lower income households. The strengthened support for ChYpPS Adventures will, over time, provide opportunities for the service to seek funding and commissions to run targeted play activities across the city for children and young people with particular needs. It will also provide opportunities for ChYpPS to enable and facilitate other people within the voluntary and educational sector to provide services.

SR3346 (Review of Community Centre and Neighbourhood Centre Management) - The Community Centre Management Strategy will have some positive impacts on residents living on low incomes. Our community centres are primarily in the north and east of the city and many of the user groups are local to the centres and support vulnerable people. The Strategy will increase the involvement of local residents in the management of our centres and improve collaboration between our staff and the staff of other centre providers. Our capital grants programme has and is supporting many other centre providers in the city which in turn provide affordable community facilities for those on low incomes.

Proposal SR 3307 (Charging for a second green waste bin) may impact on those who are financially disadvantaged as they may not be able to pay the £30 annual collection charge. The experience of other councils indicates that one third of customers will cancel their second bin collection, one third will pay the charge, and one third will use another means of disposal. Any impact on financially disadvantaged residents could be addressed by agreeing that people in receipt of Council tax and Housing Benefits are exempt from the charge.

## 8. If you have any additional comments please add them here

Proposal X3343 seeks an initial contribution towards the running costs of a new community facility in 2016/17 and 2017/18 on the NIAB1 site. A section 106 agreement has recently been signed by the developer, who will produce design proposals in due course and will ensure that the building is appropriately designed and is accessible.

Proposal C3395 (Grand Arcade Car park stairwell refurbishment) - Whilst the refurbishment work is undertaken areas of the car park may be closed in order to maintain safety on site. This will be carefully planned to ensure that the maximum number of parking spaces are kept available for public parking for the duration of the project. Clear signage will be displayed in order to direct traffic, pedestrians and use of the electronic variable messaging system showing the number of available car parking spaces will be regularly managed and monitored.

At this stage there are no anticipated negative impacts on any equalities groups from proposal SR3336 (Arms Length Tourism Model). The aim of this project is to enhance not reduce the specification of this service through the development of this new model. In fact the aspiration should be that all groups should benefit positively from the project. At this early stage, when the scope and scale has yet to be defined, it is not possible to evidence this positive impact. However, the Head of Service hopes to be in a position to evidence this once the feasibility work is complete and a firm proposal has been developed ( May /June 2014). An updated and more detailed EQIA will then be included in the report which will go to Environment Scrutiny Committee in July 2014.

The change to fees and charges for the hire of parks and open space for commercial events proposed in SR3414 (Event Charges) will not impact on the accessibility or attendance at these events. Those commercial events that make a charge will continue to set these tariffs based on market supply and demand, rather than the charge for hiring the open space. As a result, there will be no inequalities as a consequence of changes to the hire fee, although commercial event providers may wish to positively target attendance of absent audiences.

At this stage there are no anticipated disproportionate impacts on equalities groups from proposal SR3426 (Comprehensive Review of Bereavement Services Business Model). The overall objectives will be to improve customer care and to extend the flexibility of the service, offering additional choices to all groups. The profile of users of this service is broadly representative of the Cambridge population and consequently any benefits arising from this change will be reflected across all groups to a similar extent. The EqlA cannot be more specific until the precise model of service is more clearly known, so the service intends to review the assessment at a later date.

No EqlA has been completed for the Safer Homes Scheme proposal (PPF3354), as this represents an extension for a further year of the existing scheme, which provides small-scale interventions in the home to enable older and vulnerable people to remain in their homes. Similarly no EqlA has been completed for the Recycling Champions scheme proposal (PPF3292), as this bid relates to the extension of the existing Co-ordinator post for a further year.

## 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](mailto:david.kidston@cambridge.gov.uk)

## 10. Sign off

Name and job title of assessment lead officer: David Kidston, Strategy and Partnerships Manager

Names and job titles of other assessment team members and people consulted:

Chris Humphris, Principal Accountant  
Debbie Kaye, Head of Arts and Recreation  
Trevor Woollams, Head of Community Development  
Andrew Limb, Head of Corporate Strategy  
Jonathan James, Head of Customer Services  
Brian O'Sullivan, Assistant Business Manager  
Deborah Simpson, Head of Human Resources  
Jon Summerson, Organisational Development Manager  
James Nightingale, Head of ICT  
Jas Lally, Head of Refuse and Environment  
Jen Robertson, Waste Strategy Manager  
Paul Necus, Head of Specialist Services  
Helen Reed, Housing Strategy Manager  
Adrian Ash, Head of Streets and Open Spaces  
Bob Carter, Streetscene Operations Manager  
Alistair Wilson, Greenspace Manager  
Andy Preston, Environmental Projects Manager  
Emma Thornton, Head of Tourism and City Centre Management

Date of completion: 31 December 2013

Date of next review of the assessment: December 2014

## Action Plan

Equality Impact Assessment title:

Date of completion: 2 January 2014

Equality Group	Age
Details of possible disadvantage or negative impact	<p>SR3345 - Significant reduction in capacity to deliver open access free play activities for children and young people across the city.</p> <p>C3394 - More limited access to upper levels during lift repairs</p>
Action to be taken to address the disadvantage or negative impact	<p>SR3345:</p> <ol style="list-style-type: none"> <li>1. Focus activities in areas of the city which have highest levels of deprivation.</li> <li>2. Retain a summer programme that includes some larger events for children and young people including the urban sports festival.</li> <li>3. Seek opportunities to facilitate open access play activities through other providers and/or voluntary groups.</li> <li>4. Seek funding opportunities through ChYpPS Adventures to deliver targeted activities to groups of children and young people with particular needs.</li> <li>5. Use developer contributions where appropriate to fund activities in growth areas.</li> <li>6. Ensure new community facilities in growth areas are designed for flexible use which includes use for activities for children and young people and use for activities for elderly residents.</li> <li>7. Ensure capital grants (provided through developer contributions) are used to improve community facilities that are accessible for all ages.</li> </ol> <p>C3394 - Clear signage will be displayed in order to direct traffic and the electronic variable messaging system, showing the number of available car parking spaces, will be regularly updated</p>
Officer responsible for progressing the action	<p>SR3345 - 1-4 Paula Bishop, 5-7 Trevor Woollams</p> <p>C3394 - Sean Cleary</p>
Date action to be completed by	SR3345 - October 2014

<b>Equality Group</b>	<b>Disability</b>
Details of possible disadvantage or negative impact	C3393 - Possible limited access to the 9 Blue Badge parking bays during works C3394 - Possible limited access to the Blue Badge parking bays during works
Action to be taken to address the disadvantage or negative impact	C3393 - Redirect users to alternative Blue Badge parking at alternative car parks and consider out of hours/low peak working to reduce impact on Blue badge-holders wishing to park in the annexe C3394 - Redirect users to alternative Blue Badge parking at Grafton East car park
Officer responsible for progressing the action	C3393 and C3394 - Sean Cleary
Date action to be completed by	

<b>Equality Group</b>	<b>Gender</b>
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	

<b>Equality Group</b>	<b>Pregnancy and Maternity</b>
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	

<b>Equality Group</b>	<b>Transgender</b>
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	

<b>Equality Group</b>	<b>Marriage and Civil Partnership</b>
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	

<b>Equality Group</b>	<b>Race or Ethnicity</b>
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	

<b>Equality Group</b>	<b>Religion or Belief</b>
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	

<b>Equality Group</b>	<b>Sexual Orientation</b>
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	

<b>Other factors that may lead to inequality</b>	
Details of possible disadvantage or negative impact	X3412 - Reduced access to Corn Exchange and Folk Festival services for some groups due to lack of diversity in programming or inaccessible pricing policies
Action to be taken to address the disadvantage or negative impact	If the Council chooses to pursue the option of establishing an NDPO to deliver these services, explore the possibility of any legal agreement between the Council and the new entity including a) a requirement that programming policy should reflect the diversity of the city, and b) a pricing policy should operate that promotes access to services for people on lower incomes
Officer responsible for progressing the action	Debbie Kaye
Date action to be completed by	September 2014

# Appendix K

## Repairs & Renewals Fund Review

### Introduction

Cambridge City Council has for many years operated a prudent policy of providing funds for the replacement and major cyclical maintenance of its operational asset base through making annual contributions to a series of Repair and Renewal (R&R) Funds.

As at 31 March 2013 General Fund R&R Fund balances totalled some £14.3m. Of this sum, £4.7m is currently committed to finance asset replacement or maintenance schemes within the existing Capital & Revenue projects plan (2013/14 to 2015/16). Services are scheduled to make additional contributions of approximately £3.3m annually.

The services forming part of the Housing Revenue Account (HRA) also contribute to R&R funds. The overall position in respect of the HRA is considered to be appropriate overall with under provision in some areas being offset by over provision in others. HRA R&R funds at 31 March 2013 totalled £2.1m.

R & R funds are maintained for various categories of asset including, but not restricted to:

Category / Service	Sub-Category	Examples include
Property – repairs and major maintenance, but not replacement of main structures	•Administrative buildings	•The Guildhall •Mandela House •Mill Road Depot
	•Operational property	•Car Parks •Community Centres •Crematorium & Cemeteries •The Corn Exchange •Public conveniences



Category / Service	Sub-Category	Examples include
	<ul style="list-style-type: none"> <li>• Commercial Investment portfolio, dependent on lease agreement</li> </ul>	
	<ul style="list-style-type: none"> <li>• Cyclical refurbishment of property &amp; plant</li> </ul>	
Vehicles – replacement and major maintenance of,	<ul style="list-style-type: none"> <li>• Waste freighters &amp; associated lifting equipment</li> <li>• Street cleansing &amp; Building cleaning fleet</li> <li>• Grounds maintenance fleet, including mowers</li> <li>• Building maintenance fleet</li> </ul>	
Plant & Equipment	<ul style="list-style-type: none"> <li>• Corn Exchange lighting &amp; sound systems</li> <li>• Crematorium cremators &amp; equipment</li> <li>• Laundries on Housing estates</li> <li>• CCTV cameras &amp; associated monitoring equipment</li> <li>• Bus shelters</li> <li>• Car parks equipment – ticketing, barriers etc.</li> <li>• Domestic, Commercial &amp; Bring Bank waste &amp; recycling bins</li> </ul>	
ICT	<ul style="list-style-type: none"> <li>• Desktop &amp; laptop equipment</li> <li>• Servers</li> <li>• Major software systems – upgrades and/or replacement</li> <li>• Infrastructure &amp; telephony</li> </ul>	
Furniture, Fixtures & Fittings	<ul style="list-style-type: none"> <li>• Desks &amp; chairs</li> <li>• Filing cabinets &amp; specialist storage</li> </ul>	
Streets & Open Spaces	<ul style="list-style-type: none"> <li>• Waste bins &amp; benches on streets &amp; open spaces</li> <li>• Play Equipment</li> <li>• Playground safety surfaces</li> <li>• Fencing on open spaces</li> <li>• Refreshment kiosks</li> <li>• Riverbanks, drains &amp; waterways</li> <li>• Car parks &amp; pathways</li> </ul>	

Category / Service	Sub-Category	Examples include
	<ul style="list-style-type: none"> <li>• Allotments</li> </ul>	
Sports provision	<ul style="list-style-type: none"> <li>• Tennis courts</li> <li>• Bowls greens &amp; channels</li> <li>• All weather pitch</li> <li>• Swimming (client costs only)</li> <li>• Sports pavilions</li> </ul>	
Miscellaneous	<ul style="list-style-type: none"> <li>• Mayoral Regalia</li> <li>• Paintings</li> <li>• Holy Trinity War Memorial</li> <li>• Hardwired alarms in sheltered schemes</li> </ul>	

## Review Methodology

The process followed was to:

- Establish the existing asset base from departmental inventory records, service Asset Plans (where available) and existing R&R Fund records
- Calculate the balance and contributions required to fund replacements and major cyclical maintenance within the relevant life cycles
- Calculate future contributions required to fund additional assets

A twenty year asset replacement/repair programme was prepared and the value of the annual contributions to support the future expenditure was ascertained. This work also established comparable data for existing opening balances and contributions and identified where there are surpluses or deficits.

## Review Findings

The review concluded that most service areas within the authority have adequate funds to maintain their asset base, although some have significant surpluses on an on-going basis whilst other provisions are considered inadequate to maintain the current

assets and to provide for future anticipated expenditure. A number of balances and associated annual contributions were also identified which required further work to determine if they continue to be required.

In terms of opening R&R Fund balances the position identified was:

<b>Opening Balances</b>		<b>£000</b>
	Overall net deficit	266
<i>Exclude</i>	Public Conveniences	(702)
	<b>Overall net surplus</b>	<b>(436)</b>
<i>Exclude</i>	Funds potentially surplus to requirement	348
	<b>Overall net surplus</b>	<b>(88)</b>

In terms of ongoing annual R&R contributions the position identified was:

<b>Annual Contributions</b>		<b>£000 pa</b>
	Net contribution shortfall	410
<i>Exclude</i>	Play equipment replacement	(242)
<i>Exclude</i>	Car parks maintenance & refurbishment	(193)
	<b>Net Contribution surplus</b>	<b>(25)</b>
<i>Exclude</i>	Contributions to funds potentially surplus to requirement	47
	<b>Overall net contribution shortfall</b>	<b>22</b>

This led to a second phase of work to consider:

- The 3 service areas excluded above, requiring more detailed review (i.e. Public Conveniences, Car Parks and Play Equipment)
- Funds identified which may be surplus to requirement – to challenge the need for their retention

This phase of work concluded that:

- Public Convenience – The approach to meeting requirements associated with building structures has largely been to make capital bids as the need arises; as evidenced through the recent improvement programme. This raises the question as to whether this is sustainable as pressure on capital funding increases, and it is felt that the opening balance deficit identified needs to be addressed.

The further review identified that the shortfall of £702k shown did not take into account works currently funded and scheduled at Lion Yard and Silver Street. The effect of this was to reduce the opening balance shortfall to £600k.

- Play Equipment – Over the last 10 years this has been substantially funded from developer contributions, but without provision being made for the ongoing costs associated through bids for R&R funding. This will need to be addressed in future commissioning processes – particularly in light of the 18 additional sites due to be created in North West Cambridge and 31 sites in the Southern Fringe as part of the growth agenda. In addition additional annual contributions of £242k are required to effectively deal with the 68 current sites.
- Car Parks – Previous practise has been to make capital bids for costs associated with structural works to the fabric of the car parks. This has resulted in sizeable amounts being required over recent years. The appropriateness of this approach being continued is questionable, given the likelihood of increased pressure on capital funding. A move to provision from annual R&R contributions would also serve to smooth the impact of such funding needs. Further detailed work identified the additional annual contribution required to be £220k p.a. (as opposed to the original £193k).
- Funds potentially surplus to requirement – the first phase of work identified funds with balances of £348k from annual contributions of £47k which may no longer be required / justified. Further work with fundholders identified sums of £180k in opening balances and £27k of ongoing contributions which could be removed.

## Key Recommendations

The review recommends that:

1. Opening balances – the identified shortfall of £600k in respect of Public Conveniences is met by using the net surplus from other Funds (£436k) together with the £180k of fund balances which are deemed surplus to requirement. Other Fund balances can be brought to the identified levels required by transfers between Funds.
2. Annual Contributions – bids are required as part of the 2014/15 Budget process to address the shortfall in contributions for Play Equipment (£242k p.a.) and Car Parks (£220k p.a.). Of this £27k could effectively be met from the use of existing contributions which have been identified as no longer required.

3. For other funds, adjustments will be made to ensure that those funds with surpluses are used to bring those with deficits up to the required level, based on the plans as at the end of 2013/14. There will be no net impact as a result of these amendments.
4. The 20-year plans for all Funds should be regularly reviewed to ensure that whilst appropriate provision is being made to safeguard key assets funds are not being held at higher levels than can be justified, and that they are updated to reflect changes in service / requirement.
5. Funds relating to ICT equipment, and the redecoration and refurbishment of offices should be held centrally (by the ICT and Property Services functions respectively) in order to facilitate the most cost effective management and procurement of the replacement programmes.
6. Further ongoing work to review the requirements relating to administrative and operational buildings, parks pathways and roads and riverbanks, drainage and water courses through the completion of detailed condition surveys should be considered as part of the 2015/16 Budget process.

# Appendix L

## Significant Events

Topic	Indicative Value	2014/15	2015/16	2016/17	2017/18	2018/19
Building Cleaning Contract	n/a	Review of Options	Contract award			
Clay Farm Community Centre	£8.2m	Build Phase				
Clay Farm land disposal	n/a	Provisional sale agreed subject to the terms of the Collaboration agreement, following by build out of housing units and commercial property				
Elections	n/a	22 May 2014 • City • European	7 May 2015 • City • UK Parliament	5 May 2016 • City • Police & Crime	4 May 2017 • County	3 May 2018 • City
National Census	n/a	Census 2011 will help inform projected future demand for Council services				
Pension Fund Triennial Actuarial Review	+/- 1% is GF c. £220k for 2013/14	First anticipated change in employer contributions resulting from revaluation				
Spending Review	£6.1m	The last scheduled Spending Review was replaced by a two year spending round announcement. Details of the next spending review are awaited.				
Tour de France Grand Départ	n/a	7 July 2014				
VAT Partial exemption	c. £250k if breached	Potential liability if limit is breached over a seven-year moving average				

# Appendix M(a)

## Capital Prudential Indicators 2014/15 to 2016/17

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 following capital expenditure forecasts:

Capital Expenditure £000	2012/13 Actual	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate
General Fund	8,704	10,272	18,199	6,625	2,321
Housing Revenue Account (HRA)	11,529	29,756	32,839	20,244	30,691
<b>Total Capital Expenditure</b>	<b>20,233</b>	<b>40,028</b>	<b>51,038</b>	<b>26,869</b>	<b>33,012</b>
Financed by:					
Capital receipts	(920)	(3,266)	(6,406)	(1,759)	(1,937)
Other contributions	(17,561)	(36,762)	(37,360)	(25,110)	(25,614)
<b>Total Financing of Capital</b>	<b>(18,481)</b>	<b>(40,028)</b>	<b>(43,766)</b>	<b>(26,869)</b>	<b>(27,551)</b>
<b>Un-financed capital expenditure for the year</b>	<b>1,752*</b>	<b>0</b>	<b>7,272**</b>	<b>0</b>	<b>5,461**</b>

\* Clay Farm Collaboration Agreement

\*\*£2.804m Clay Farm Community Centre (during 2014/15), £4.468m (during 2014/15) & £5.461m (during 2016/17) Affordable Housing Projects

The above table includes the subsequent re-phasing of capital expenditure since the Mid-Year Financial Review as agreed by Council on 24<sup>th</sup> October 2013.

## Housing Revenue Account (HRA) - Future Plans on HRA Reform Debt

The debt associated with HRA Reform (currently £213.572m) made up of 20 loans from the PWLB of £10.679m each, are being evaluated. Options include building up cash savings in HRA reserves (due to the Council not being required to pay Housing Subsidy and keeping its housing rents), and utilising this to repay the first tranche of loans maturing on 28<sup>th</sup> March 2037 (in year 25).

Alternatively, should interest rates fall again in the future, re-structuring of debt may be beneficial, even after paying any early repayment of principal penalties.

## 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. PFI 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	2012/13 Actual	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate
<b>Capital Financing Requirement</b>					
General Fund CFR	858	858	3,662	3,550	3,438
HRA CFR	214,748	214,748	219,216	219,216	224,677
<b>Total CFR</b>	<b>215,606</b>	<b>215,606</b>	<b>222,878</b>	<b>222,766</b>	<b>228,115</b>

<b>Movement in CFR represented by:-</b>					
Net financing need for the year	1,752	-	7,272	-	5,461
Less MRP/VRP and other					



£000	2012/13 Actual	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate
financing movements	-	-	-	(112)	(112)
<b>Movement in CFR</b>	<b>1,752</b>	<b>-</b>	<b>7,272</b>	<b>(112)</b>	<b>5,349</b>

### Minimum Revenue Provision (MRP) Policy Statement 2014/15

This provision for the repayment of debt is known as the Minimum Revenue Provision (MRP). Regulations require the authority to determine annually a policy by which MRP will be determined. The Council plans to borrow £2.804m during 2014/15 for the Clay Farm Community Centre, which is a General Fund capital scheme. The Council has determined that a prudent level of MRP, for this purpose, is £112,000 per annum from 2015/16. This MRP has been calculated using Method 3 (the Asset Life Method), as prescribed within these regulations. However, if the Council decides not to externally borrow, but instead borrows internally, this MRP will not be required.

A MRP does not extend to housing assets. However, the Council anticipates borrowing £4.468m during 2014/15 and £5.461m during 2016/17 in line with the HRA 30 year Business Plan, for the HRA (the Affordable Housing Projects) and is required to charge depreciation instead (due to Housing Reform from April 2012), on its housing assets. This will have a revenue impact. Any adverse impacts will be addressed through regulations that will allow the Major Repairs Allowance (MRA) to be used as a proxy for depreciation, for the first five years of operation.

### 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 2013, with forward projections, is summarised below. The table shows the actual external debt (for treasury management operations).

£000	2012/13 Actual	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate
<b>External Gross Debt</b>					
Debt at 1 April	NIL	213,572	213,572	220,844	220,844
Expected change in Debt	213,572	-	7,272	-	5,461
Other long-term liabilities (OLTL)	-	-	-	-	-
Expected change in Other long-term liabilities (OLTL)	-	-	-	-	-
<b>Actual gross external debt at 31 March</b>	213,572	213,572	220,844	220,844	226,305
<b>The Capital Financing Requirement</b>	215,606	215,606	222,878	222,766	228,115
<b>Under/(over) Borrowing</b>	<b>2,034</b>	<b>2,034</b>	<b>2,034</b>	<b>1,922</b>	<b>1,810</b>

The under-borrowed position is as a result of the Clay Farm Collaboration Agreement of £1.752m (2012/13 to 2014/15), when an anticipated future capital receipt will be utilised against this scheme. A further sum of £282k (2010/11 and 2011/12) using internal borrowing for historical expenditure to deliver the first 7 units of new build affordable housing between 2010/11 and 2011/12. The further reduction in the CFR of £112k is as a result of applying statutory MRP from 2015/16, onwards.

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 estimated gross debt can be compared to its CFR in the preceding year plus the estimates of any additional CFR for 2013/14 and the following two financial years (shown as gross external debt 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	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate
Outstanding debt (including HRA settlement)	215,606	222,878	222,766	228,115
Other long term liabilities	-	-	-	-
<b>Total</b>	<b>215,606</b>	<b>222,878</b>	<b>222,766</b>	<b>228,115</b>

### 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. No further increase to this limit is currently deemed necessary.

The Authorised Limit follows in the table below:

Authorised limit £000	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate
Outstanding debt (including HRA settlement)	250,000	250,000	250,000	250,000
Other long term liabilities	-	-	-	-
<b>Total</b>	<b>250,000</b>	<b>250,000</b>	<b>250,000</b>	<b>250,000</b>

Separately, the Council is also limited to a maximum HRA CFR through the HRA self-financing regime. This limit is under review following the Chancellor's 2013 Autumn Statement and the figures quoted are as at December 2013:-

HRA Debt Limit £000 (as at December 2013)	2012/13 Estimate	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate
<b>Total</b>	<b>230,839</b>	<b>230,839</b>	<b>230,839</b>	<b>230,839</b>

## Prudential & Treasury Management Indicators

The following tables as shown below, consolidates the Prudential and Treasury Management Indicators for Cambridge City Council, from 2012/13 to 2016/17 inclusive.

PRUDENTIAL INDICATORS	2012/13 actual (£000)	2013/14 probable outturn (£000)	2014/15 estimate (£000)	2015/16 estimate (£000)	2016/17 estimate (£000)
<b>Capital Expenditure</b>					
General Fund	8,704	10,272	18,199	6,625	2,321
Housing Revenue Account(HRA)	11,529	29,756	32,839	20,244	30,691
<b>TOTAL</b>	<b>20,233</b>	<b>40,028</b>	<b>51,038</b>	<b>26,869</b>	<b>33,012</b>
<b>Ratio of financing costs to net revenue stream (%)</b>					
General Fund (%)	(2.85)	(2.64)	(2.44)	(4.72)	(4.69)
HRA (%)	20.04	19.50	19.45	18.27	17.77
<b>TOTAL (%)</b>	<b>17.19</b>	<b>16.86</b>	<b>17.01</b>	<b>13.55</b>	<b>13.08</b>
<b>Actual <u>Gross</u> Debt at 31 March</b>	213,572	213,572	220,844	220,844	226,305
<b>Capital Financing Requirement as at 31 March</b>					
General Fund	858	858	3,662	3,550	3,438
HRA	214,748	214,748	219,216	219,216	224,677
<b>TOTAL</b>	<b>215,606</b>	<b>215,606</b>	<b>222,878</b>	<b>222,766</b>	<b>228,115</b>
<b>Annual change in Capital Financing Requirement</b>					
General Fund	1,752	0	2,804	(112)	(112)
HRA	0	0	4,468	0	5,461
<b>TOTAL</b>	<b>1,752</b>	<b>0</b>	<b>7,272</b>	<b>(112)</b>	<b>5,349</b>
<b>Incremental impact of capital investment decisions*</b>	<b>£ p</b>	<b>£ p</b>	<b>£ p</b>	<b>£ p</b>	<b>£ p</b>
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

\* There are no net increases in council tax nor housing rents anticipated

<b>TREASURY MANAGEMENT INDICATORS</b>	<b>2012/13 actual (£000)</b>	<b>2013/14 probable outturn (£000)</b>	<b>2014/15 estimate (£000)</b>	<b>2015/16 estimate (£000s)</b>	<b>2016/17 estimate (£000s)</b>
<b>Authorised limit for external debt</b>					
Borrowing	250,000	250,000	250,000	250,000	250,000
Other long term liabilities	-	-	-	-	-
<b>TOTAL</b>	<b>250,000</b>	<b>250,000</b>	<b>250,000</b>	<b>250,000</b>	<b>250,000</b>
<b>Operational boundary for external debt</b>					
Borrowing	215,606	215,606	222,878	222,766	228,115
Other long term liabilities	-	-	-	-	-
<b>TOTAL</b>	<b>215,606</b>	<b>215,606</b>	<b>222,878</b>	<b>222,766</b>	<b>228,115</b>
<b>Upper limit for fixed interest rate exposure</b>					
Net interest re fixed rate borrowing / deposits	6,840	6,942	7,064	7,027	7,144
<b>Upper limit for variable rate exposure</b>					
Net interest re variable rate borrowing / deposits	(23)	(23)	(23)	(23)	(23)
<b>Upper limit for total principal sums invested for over 364 days</b>					
<b>TOTAL</b>	<b>5,000</b>	<b>5,000</b>	<b>5,000</b>	<b>5,000</b>	<b>5,000</b>
<b>Maturity structure of new fixed rate borrowing during 2014/15</b>	<b>Upper Limit</b>		<b>Lower limit</b>		
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 M(b)

## The Global Economies (as at 2<sup>nd</sup> December 2013)

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

### **Economic Update as provided by Capita Asset Services: Treasury Solutions (formerly Sector):-**

Economic forecasting remains difficult with so many external influences weighing on the UK. Major volatility in bond yields is likely during the remainder of 2013/14 as investor fears and confidence ebb and flow between favouring more risky assets i.e. equities, and safer bonds.

In the short-term, there is some residual risk of further Quantitative Easing (QE) - if there is a dip in strong growth or if the Monetary Policy Committee (MPC) takes action to do more QE in order to reverse the rapid increase in market rates, especially in gilt yields and interest rates up to 10 years. This could cause shorter-dated gilt yields and Public Works Loans Board rates over the next year or two to significantly undershoot the forecasts in the table below. The failure in the US, (at the time of writing), over passing a Federal budget for the new financial year starting on 1 October, and the expected tension over raising the debt ceiling in mid-October, could also see bond yields temporarily dip until any binding agreement is reached between the opposing Republican and Democrat sides. Conversely, the eventual start of tapering by the Fed could cause bond yields to rise.

The longer run trend is for gilt yields and PWLB rates to rise, due to the high volume of gilt issuance in the UK, and of bond issuance in other major western countries. Increasing investor confidence in economic recovery is also likely to compound this effect as a continuation of recovery will further encourage investors to switch back from bonds to equities.

The overall balance of risks to economic recovery in the UK is currently weighted to the upside after five months of robust good news on the economy. However, only

time will tell just how long this period of strong economic growth will last; it also remains exposed to vulnerabilities in a number of key areas.

Downside risks currently include:

- The conflict in the UK between market expectations of how quickly unemployment will fall as opposed to the Bank of England's forecasts
- Prolonged political disagreement over the US Federal Budget and raising the debt ceiling
- A return to weak economic growth in the US, UK and China causing major disappointment to investor and market expectations.
- The potential for a significant increase in negative reactions of populations in Eurozone countries against austerity programmes, especially in countries with very high unemployment rates e.g. Greece and Spain, which face huge challenges in engineering economic growth to correct their budget deficits on a sustainable basis.
- The Italian political situation is frail and unstable.
- Problems in other Eurozone heavily indebted countries (e.g. Cyprus and Portugal) which could also generate safe haven flows into UK gilts.
- Monetary policy action failing to stimulate sustainable growth in western economies, especially the Eurozone and Japan.
- Weak growth or recession in the UK's main trading partners - the EU and US, depressing economic recovery in the UK.
- Geographical and political risks e.g. Syria, Iran, North Korea, which could trigger safe haven flows back into bonds

The potential for upside risks to UK gilt yields and PWLB rates, especially for longer term PWLB rates include: -

- A sharp upturn in investor confidence that sustainable robust world economic growth is firmly expected, causing a surge in the flow of funds out of bonds into equities.
- A reversal of Sterling's safe-haven status on a sustainable improvement in financial stresses in the Eurozone.
- Further downgrading by credit rating agencies of the creditworthiness and credit rating of UK Government debt, consequent upon repeated failure to achieve fiscal correction targets and sustained recovery of economic growth which could result in the ratio of total government debt to Gross Domestic

Product to rise to levels that undermine investor confidence in the UK and UK debt.

- UK inflation being significantly higher than in the wider EU and US, causing an increase in the inflation premium inherent to gilt yields.
- In the longer term – an earlier than currently expected reversal of Quantitative Easing in the UK; this could initially be implemented by allowing gilts held by the Bank to mature without reinvesting in new purchases, followed later by outright sale of gilts currently held.

## **Public Works Loans Board (PWLB) Certainty Rate**

The Government's 2012 Budget announced that the Government will introduce in 2012-13 (with Council's applying each year thereafter), 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 1<sup>st</sup> November 2012 until 31<sup>st</sup> October 2014 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.

## **Bank of England's Forward Guidance**

The Bank of England also issued forward guidance with this Inflation Report which said that the Bank will not start to consider raising interest rates until the jobless rate has fallen to 7% or below. This would require the creation of about 750,000 jobs and was forecast to take three years. The UK unemployment rate currently stands at 2.5 million (equating to a 7.7 % unemployment rate). The Bank's guidance is subject to three provisos, mainly around inflation; breaching any of them would sever the link between interest rates and unemployment levels.



## Prospects for Interest Rates

The table below shows Capita'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 Capita's opinion on projected interest rate forecasts.

Annual Average %	Bank Rate	Money Rates		PWLB Borrowing Rates		
		3 month	1 year	5 year	25 year	50 year
Dec 2013	0.50	0.50	0.80	2.50	4.40	4.40
March 2014	0.50	0.50	0.80	2.50	4.40	4.40
June 2014	0.50	0.50	0.80	2.60	4.50	4.50
Sept 2014	0.50	0.50	0.80	2.70	4.50	4.50
Dec 2014	0.50	0.50	0.80	2.70	4.60	4.60
March 2015	0.50	0.50	0.80	2.80	4.60	4.70
June 2015	0.50	0.50	0.80	2.80	4.70	4.80
Sept 2015	0.50	0.50	1.00	2.90	4.80	4.90
Dec 2015	0.50	0.50	1.20	3.00	4.90	5.00
March 2016	0.50	0.50	1.40	3.10	5.00	5.10
June 2016	0.75	0.60	1.60	3.20	5.10	5.20
Sept 2016	1.00	0.70	1.80	3.30	5.10	5.20
Dec 2016	1.00	0.90	2.00	3.40	5.10	5.20
March 2017	1.25	1.30	2.30	3.40	5.10	5.20

### Policy on Borrowing in Advance of Need

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 an activity.

# Appendix M(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 **S**ecurity of capital;
- the **L**iquidity of its deposits; and;
- the **Y**ield or 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 2013/14 to 2016/17:-

Deposits £000	2012/13 Actual	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate
Deposits at 31 <sup>st</sup> March	68,543	76,206	72,687	76,896	80,786
<b>Total Deposits</b>	<b>68,543</b>	<b>76,206</b>	<b>72,687</b>	<b>76,896</b>	<b>80,786</b>

Revised deposit instruments and counterparty limits for use in the financial year (from 2013/14) were agreed by Council on 24<sup>th</sup> October 2013 and 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 Capita. 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 Capita's weekly credit list of worldwide potential counterparties. The Council will therefore use counterparties within the following durational bands:

### CAPITA 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 Moody's tend to be more aggressive in giving low ratings than the other two agencies. It is considered that this would therefore be unworkable and leave the Council with few banks on its approved lending list. The Capita creditworthiness service does though, use ratings from all three agencies, but by using a risk weighted scoring system, does not give undue preference 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 Capita Creditworthiness Service.

If a downgrade results in the counterparty which no longer meets the Council's minimum criteria, its use 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 Capita's creditworthiness service (see above)
Variable Rate Bank Accounts – UK Nationalised Banks (to include call accounts and notice accounts)	In accordance with Capita's creditworthiness service (see above)
Debt Management Account Deposit Facility (DMADF)	N/A
Term deposits – other UK banks and building societies	In accordance with Capita'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 Capita'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 at least AAA.
UK Government Treasury bills (shorter term Government debt)	AAA
Money Market Funds	AAAmmf
Certificates of Deposit	AAA
Fund Managers	N/A

## 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 Capita'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 Capita'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. It is proposed, however, that this level is maintained for the time being, but kept under review and amended at the next Committee cycle, should the need arise.

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.

### 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. However, this policy is currently under review following advice from Capita.

## **Counterparty List**

The current counterparty list is shown in Annex 1 to this report, which includes the current counterparty limits.

## **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**

At 30 September 2013 the Council had received distributions totalling £3,828,725 which represented 94.02 pence in the pound, of the total claim.

The above claim is being dealt with as part of the UK legal process.

### **LBI (formerly Landsbanki Islands Hf)**

At 30 September 2013 the Council had received distributions totalling £2,718,768 from the winding-up board in respect of LBI. This equates to approximately 55% of the claim.

## **Policy on the use of external service providers**

The Council uses Capita Asset Services: Treasury Solutions, as its external treasury management advisers. This is their rebranded name and they were formerly known as Sector Treasury Services Ltd. Their current contract ends on 31st July 2014.

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 role of the Section 151 (responsible) Officer in relation to the Council's Treasury Management function is shown below:-

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

### **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.



# 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 limits.

Name	Council Maximum Deposit Period	Category	Limit
All UK Local Authorities	N/A	Local Authority	£15m
All UK Passenger Transport Authorities	N/A	Passenger Transport Authority	£15m
All UK Police Authorities	N/A	Police Authority	£15m
All UK Fire Authorities	N/A	Fire Authority	£15m
All UK Nationalised Industries	N/A	Nationalised Industry	£15m
Debt Management Account Deposit Facility	N/A	DMADF	None
Barclays Bank Plc	100 days	UK Bank	£15m
HSBC Bank Plc (Council's Banker)	100 days	UK Bank	£15m
HSBC Deposit Account	N/A	UK Bank	£20m
Standard Chartered Bank	1 Year	UK Bank	£15m
Bank of Scotland Plc	1 Year	UK Nationalised Bank	£15m
Lloyds TSB Bank Plc	1 Year	UK Nationalised Bank	£15m
National Westminster Bank Plc	1 Year	UK Nationalised Bank	£15m
The Royal Bank of Scotland Plc	1 Year	UK Nationalised Bank	£15m
Ulster Bank Ltd	1 Year	UK Nationalised Bank	£15m
Nationwide Building Society	100 days	UK Building Society	£15m
Certificates of Deposit	Up to 1 year	Financial Instrument	£10m (per bank)
Money Market Funds	Rolling Liquid Balance	Financial Instrument	£10m (per fund)
Custodian of Funds - AAA	Required for Undertaking CDs	Fund Managers	£10m (per single counterparty)

For banks within the same Banking Group there is an additional Group Limit of £22.5m (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.

# Appendix M(d)

## Treasury Management – Glossary of Terms and Abbreviations

Term	Definition
Authorised Limit for External Borrowing	Represents a control on the maximum level of external borrowing
Bank Call Accounts	Bank accounts from which deposits can be withdrawn without notice
Bank Notice Accounts	Bank accounts from which deposits can be withdrawn with notice but bearing a higher rate of interest
Capital Expenditure	Expenditure capitalised in accordance with regulations i.e. material expenditure either by Government Directive or on capital assets, such as land and buildings, owned by the Council (as opposed to revenue expenditure which is on day to day items including employees' pay, premises costs and supplies and services)
Capital Financing Requirement (CFR)	A measure of the Council's underlying borrowing need i.e. it represents the total historical outstanding capital expenditure which has not been paid for from either revenue or capital resources
Certificates of Deposit	Longer term deposits with banks that bear a higher rate of interest
CIPFA	Chartered Institute of Public Finance and Accountancy
Consumer Price Index (CPI)	Measures changes in the price level of consumer goods and services purchased by households.
Counterparties	Financial Institutions with which funds may be placed
Counterparty Risk	Risk of default by either counterparty
DCLG	Department for Communities & Local Government
ECB	European Central Bank
Eurocurrency	Currency deposited by the national government or corporations in banks outside their 'home' market. This applies to any currency and to banks in any country
General Fund	A revenue reserve used to fund day to day Council expenditure which is outside of the HRA
Gross external debt	Debt (excluding deposits) taken outside of the Council with external financial institutions such as the HRA self-financing debt with the PWLB
Gross Domestic Product (GDP)	The value of all goods and services of a country <u>less</u> any value of goods or services used in their creation in a given period of time (it measures the wealth of a country per head of population)

Term	Definition
Headroom	Difference between the Authorised Limit for External Borrowing <u>minus</u> total current loans outstanding i.e. the amount available for further approved borrowing
HRA	Housing Revenue Account - a 'ring-fenced' account for local authority housing account where a council acts as landlord
HRA Self-Financing	A new funding regime for the HRA introduced in place of the previous annual subsidy system
Liquidity	A measure of how assets or investments are converted to cash quickly
London Inter-bank Bid rate (LIBID)	The average estimated interest rate leading banks in London are willing to pay for Eurocurrency deposits
London Inter-bank Offered rate (LIBOR)	The average interest rate estimated by leading banks in London would be charged if borrowing from other banks
MPC	Monetary Policy Committee - The Bank of England Committee responsible for setting the UK's bank base rate
Money Market Funds	Investment funds which provide depositors with a spread of risk over a number of financial institutions, on a short or longer term basis
MRA	Major Repairs Allowance – the HRA budget provision to pay for repairs and maintenance of dwellings
MRP	Minimum Revenue Provision - the amount set aside to repay debt in the future
Net Borrowing Requirement	External borrowing <u>less</u> deposits
Operational Boundary	Limit which external borrowing is not normally expected to exceed
PWLB	Public Works Loans Board - an Executive Government Agency of HM Treasury from which local authorities & other prescribed bodies may borrow at favourable interest rates
Quantitative Easing	Gilts (Government backed securities) purchased by the Bank of England for banks to on-lend to aid the stimulation of the British economy
Retail Price Index (RPI)	As per definition of the Consumer Price Index above, but in addition includes social housing rent increases
Security	A measure of the creditworthiness of a counterparty
Yield	Interest, or rate of return, on an investment

# Appendix N

## Section 25 Report (2014/15 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 Mid-Year Financial Review (MFR) [September 2013]
- The Revised Budgets, as part of the January 2014 cycle of meetings
- The main budget reports to the January 2014 cycle of meetings
- The Budget-Setting Report (BSR) to Strategy and Resources Scrutiny Committee on 20 January 2014, which forms the basis for the subsequent decisions by the Executive (23 January 2014), Strategy and Resources Scrutiny Committee (7 February 2014) and Council (27 February 2014).

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
MFR & Budget	5 years	Detailed budget & Council Tax setting
Longer-term projections	25+ years	Demonstrate long-term effects & thus sustainability

The new Housing Revenue Account (HRA) 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 periods of significant change, for example as a result of economic volatility or the medium and long-term consequences of the Growth agenda.

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 has been included in the MFR 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

### **Process Review and Assurance**

In December 2012 Council officers identified errors in the budget forecasts contained within the September 2012 Medium Term Strategy (MTS), which understated the Council's spending requirements. As a result, the process and key systems which underpin the budgeting and forecasting process were reviewed by both Council officers and the Council's external auditors, Ernst & Young.

The reviews provided assurance with regard to the process followed to produce revised estimates, and established an action plan to further strengthen the Council's control processes for the future. These actions have been implemented, and Internal Audit have reviewed the process adopted for the 2014/15 Budget to provide additional assurance.

### **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.

## Core Government Funding

The 2013 Spending Round announcement together with the Finance Settlement consultation document, published on 25 July 2013, gave the first indications of the likely core funding levels for 2014/15 and 2015/16 at a local authority level. However, there was no real clarity about the likely levels for future years.

## Start-Up Funding Assessment

The exemplifications included with the consultation suggested that the core grant funding which the Council will receive in respect of 2014/15 will be around £86,360 less than the level that had been forecast in the February 2013 Budget-Setting Report (BSR).

In the BSR the Council had included initial assumptions of 2.3% grant reductions in both 2015/16 and 2016/17. The exemplifications provided with the recent consultation indicate a reduction equivalent to 14.78% for 2015/16. This implied a further reduction in core grant of £1,010,700 compared with the projection included in the BSR.

When including the effects of revised projections for other aspects of the overall Settlement Funding Assessment (SFA), the effects on the projections included in the February 2013 BSR are shown in the table below:

Core Government Funding	2014/15 £	2015/16 £
Total Settlement Funding Assessment (SFA) - per Feb 2013 BSR	8,198,630	8,010,060
Total SFA – per consultation exemplification	8,112,270	6,913,000
<b>(Reduction) in funding</b>	<b>(86,360)</b>	<b>(1,097,060)</b>
<b>Additional ongoing Savings pressure implied in year</b>	<b>86,360</b>	<b>1,010,700</b>

The Provisional Local Government Settlement was announced on Wednesday 18 December 2013, marking the start of a four week consultation period which will end on 15 January 2014. The Final Settlement was announced on 4 February 2014.



The Government changed the way in which local government is funded from 2013/14 with the introduction of a business rates retention scheme. This replaced the Formula Grant system with an initial Start-Up Funding Assessment for each authority. The new arrangements 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.

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.

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

The 2013/14 Local Government Finance Settlement provided each local authority with its starting position under the new 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 2014/15 local government finance settlement provides local authorities with information on how much Revenue Support Grant they have been allocated for 2014/15 as well as provisional allocations for 2015/16.

### **Revenue Spending Power**

The Provisional Settlement again employed the Government's definition of revenue spending power in identifying the scale of year-on-year changes. For district councils, such as the City, this is defined, for 2014/15, as:

- Council Tax yield

- Government's Settlement funding assessment for 2014/15, and
- Specific grants for 2014/15 (most importantly including New Homes Bonus)

As part of the Final Settlement announcement the Government has determined the Council's spending power for 2014/15 to be as follows:

Element of revenue spending power	2013/14 Base £000s	2014/15 £000s	Adjusted 2014/15 £000s	2015/16 £000s
Council Tax income	6,394	6,442	6,442	6,490
Settlement Funding Assessment	9,341	8,115	8,115	6,901
Community Right to Challenge Grant	9	9	9	0
Community Right to Bid Grant	8	8	8	0
2014/15 Council Tax Freeze Grant (indicative)	0	70	70	70
2015/16 Council Tax Freeze Grant (indicative)	0	0	0	70
New Homes Bonus (NHB) Grant	2,085	3,376	3,376	4,667
NHB – Returned Funding	32	13	13	33
Local Council Tax Support HB Admin Subsidy	0	632	0	0
Housing Benefit Subsidy Admin	653	0	0	0
CT Support New Burdens Fund	58	77	77	0
Business Rates Cap Grant	0	40	40	40
<b>Spending Power</b>	<b>18,579</b>	<b>18,782</b>	<b>18,150</b>	<b>18,272</b>
<i>Increase from prior year</i>		<b>203</b>		<b>122</b>
		<b>1.1%</b>		<b>0.7%</b>

On the face of it, this suggests that the City Council will see an increase of 1.1% between 2013/14 and 2014/15 (this compares to the national overall reduction in spending power, announced by the Minister, of 2.9%). The Government projections are based on assumed Council Tax yields and that NHB entitlement for 2015/16 will simply be the same as in the previous year, and also assumes that Council Tax levels are frozen (hence that Freeze Grant will be payable).

However this disguises the fact that:

- The level of Settlement Funding Assessment is reduced by some 13.14% 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 2013 MFR, 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	2014/15 £	2015/16 £
<b>Provisional Settlement</b>		
Settlement Funding Assessment	8,114,164	6,901,323
<b>September 2013 MFR</b>		
Comparable provision for Core Government Funding	8,112,270	6,913,000
Difference above / (below) MFR assumption	1,894	(11,677)
	0.02%	(0.17%)

The publication of the Final Settlement on 4 February 2014 resulted in minimal changes to the levels of Government support that had been indicated in Provisional, as shown below:

Government Funding	2014/15 £	2015/16 £
<b>December 2013 Provisional Settlement</b>		
Settlement Funding Assessment	8,114,164	6,901,322
<b>February 2014 Final Settlement</b>		
Settlement Funding Assessment	8,115,278	6,901,322
<b>Change – Increase / (Decrease)</b>	<b>1,114</b>	<b>0</b>

Although the level of Government support for 2014/15 is very close to that assumed in the MFR, the level of support for 2014/15 is some £1,225,850 (13.1%) below the 2013/14 level. 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**

### **2016/17 and Future Years**

Previous Government announcements had not given any clear indications on the likely levels of core funding in 2016/17 and subsequent years, and the February 2013 BSR had assumed a cash standstill position.

In order to plan effectively over the medium and longer-term the Council needs to determine whether this remains a sound basis for projections in the context of the latest Government announcements and the overall economic position. This is particularly important given the lead times associated with the more fundamental type of changes to services and their delivery which the Council will need to employ going forward.

Although there are some early positive signs of recovery within the economy as a whole, the rebalancing exercise that the Government had committed to is still struggling to remain on track. The implications of this are that it would appear highly likely that there will be continued pressure on core funding for local authorities throughout the period of the next Parliament, with little scope for change to public spending plans relating to District Councils whatever the outcome of the next General Election.

Modelling has, therefore, been undertaken which can analyse a number of high-level scenarios. The basis that has been used for the projections in the October 2013 MFR document assumes that:

- the level of the SFA continues to reduce at a rate similar to that over the last two years until such time as all of the Revenue Support Grant (RSG) element has been removed (effectively a 13% reduction on SFA in each of the 4 years from 2016/17
- this is the limit of the ability to reduce Government support under the current funding mechanism
- There is no net increase in entitlement through locally retained share of Business Rates

It does not allow for the potential for a new funding mechanism to be introduced once local authorities reach a point where their RSG is zero, although this may be considered by Government at some point in the future.

This is illustrated in the table below:

Portfolio	2016/17 £	2017/18 £	2018/19 £	2019/20 £	2020/21 £
SFA per Feb 2013 BSR	7,825,830	7,825,830	7,825,830	7,825,830	7,825,830
Revised SFA projection	6,014,300	5,232,400	4,552,200	3,962,000	3,962,000
<b>Increase / (Reduction) in funding</b>	<b>(1,811,530)</b>	<b>(2,593,430)</b>	<b>(3,273,630)</b>	<b>(3,863,830)</b>	<b>(3,863,830)</b>
<b>Additional ongoing Savings pressure implied in year</b>	<b>714,470</b>	<b>781,900</b>	<b>680,200</b>	<b>590,200</b>	<b>0</b>

This shows that the Council would face significant increases in the Net Savings Requirement pressures over the 4 year period, before returning to the previously projected levels from 2020/21 once RSG entitlement reaches zero.

The factors outlined above 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 MFR and BSR documents, particularly once details of the new Spending Review become available.

### **Local Retention of Business Rates**

As noted above, the Settlement Funding Assessment (SFA) approach enables local authorities and fire and rescue authorities, collectively, to benefit directly from supporting local business growth. This is based on an initial calculation by Government of a 2013/14 funding level for each authority with the level of

business rates receivable above that being taken by Government as a 'tariff' – which will be used to 'top-up' local authorities who would receive less than their funding level. Government intends that this will be fixed for 7 years (i.e. until 2020).

The new scheme then effectively allows local authorities to keep 50% of the growth in business rates income. To make the rewards of growth more proportionate, where local authorities have greater business rates income than their funding level, the government will take some of their business rates growth as a 'levy'. The levy is calculated for each individual local authority and is based on their original business rates income and their funding level. It is designed so that a 1% increase in business rates income will provide no more than a 1% increase in funding, except where this would impose a levy rate of more than 50p in the pound. In these cases the levy will be set so the authority keeps at least 50p in each pound of growth in its business rate income. This means that, even after the government's 50% central share, at least 25p in each extra pound of business rates generated locally, will be retained locally. The funding available from 'levies' will be used to protect authorities that see their business rates income drop by more than 7.5%, for example, as a result of a big local business in their local area closing.

One of the challenges faced by all authorities is effectively predicting the level of movement in the business rate taxbase. This is dependent on accurately forecasting the timing and incidences of new properties, demolitions and significant refurbishments – together with the consequent effect on valuations. This is further complicated by the need to assess the level of appeals that will be lodged successfully against new / revised valuations, together with their timing (for example, around £4m of the taxbase is still the subject of appeals from the 2010 valuation list).

For the City, the level of growth in the business rates taxbase during 2013/14 has been unusually significant, and has exceeded initial expectation. This has included changes affecting:

- Microsoft Research Office, Station Road
- Botanic House, Hills Road
- Travelodge, Newmarket Road

- New Lion Yard units
- City Centre retail refurbishments

The latest Government guidance confirms that the accounting for Business Rates will move to an accruals, rather than a cash, basis from 2013/14. The effect of this is that 2013/14 will bear the impact of the large amount of outstanding appeals, whether they are settled in that year or not.

The overall position is currently projected to reflect additional net income (after the additional provision for appeals) for the Council of £130k in 2013/14, with £670k in 2015/16 and £800k from 2016/17. This has been included as a Non-Cash Limit item in the sections below.

It is important that the Council has a reasonable degree of certainty about at least the medium-term continuity of any additional income stream from retention of business rates if it is to be used to support ongoing expenditure.

It should be noted that this new scheme is still in its first year of operation, and authorities are still awaiting guidance on some of the practical aspects of the operation of the scheme and arrangements for forecasting for future years. The position should be clearer by May 2014 when returns covering the final position for 2013/14 are due to be submitted to Government.

Given the continued uncertainty about the operation of the scheme going forward, and the ability to accurately forecast any future growth, the BSR is based on known and predicted levels of growth in 2014/15 and future years. The accuracy of this process obviously diminishes for periods further into the future. This will be reviewed in the September 2014 MFR, as further information becomes 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) was launched in 2010 as a non-ringfenced payment (via a Section 31 grant) to all local authorities based on the number of new homes added each year within its area. The eligible amount is then paid for each of a period of 6 years. Between 2011/12 and 2013/14 this has resulted in payments totalling some £1.3b being made to local authorities.

The NHB scheme when originally announced was projected to run up to and including 2014/15. There had been indications of the intention of Ministers to continue NHB in some form from 2015/16, but without any details being published.

As part of the Spending Round 2013 announcement the Treasury published a document entitled 'Investing in Britain's Future' which identified that part of the NHB funding would be added to a new Single Local Growth Fund (SLGF) which Local Enterprise Partnerships (LEPs) would be able to bid for. This included the proposal that NHB would continue to be allocated from 2015/16 on its current basis, i.e. for increases in effective housing stock.

The document, and subsequent detail as part of the Government's consultation package, confirmed the intention to 'pool' £400m nationally within LEP areas to support strategic, locally-led economic growth priorities, including housing. It stated that the pooling would remain within LEP areas in order to reassure authorities that the resources would be used for local housing and growth priorities. One of the claimed benefits of this new approach was to give authorities an indirect financial stake in new housing built near but outside their own boundary – seeking to address the claim that there has been no mitigation for developments which result in pressures on neighbouring authorities.

Subsequently, as part of the 2013 Autumn Statement, Government announced that there will not be a requirement to pool to the LEPs in the formal outcome of the consultation - except for London. However, there is to be a further review / evaluation of NHB to report for Easter 2014. This will include consideration of further incentivisation measures – the stated example of areas for consideration being withholding payment of NHB where planning approvals are made on appeal.



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 allocation		(563,739)	(563,739)	(563,739)
<b>Confirmed New Homes Bonus Funding at February 2013 BSR</b>	<b>(1,521,544)</b>	<b>(2,085,283)</b>	<b>(2,085,283)</b>	<b>(2,085,283)</b>
<b>add</b>				
Provisional NHB Receipts in respect of 2014/15			(1,290,690)	(1,290,690)
<b>Potential New Homes Bonus Total</b>	<b>(1,521,544)</b>	<b>(2,085,283)</b>	<b>(3,375,976)</b>	<b>(3,375,976)</b>

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.

The approach to the use of these earmarked funds, together with specific bids, is detailed in Section 4 and Appendix H of the BSR; and reflect a continuation of the relatively prudent approach adopted by the Council since the start of the scheme.

## Council Tax Thresholds

Under the 2011 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.

Unlike previous years, the provisional settlement announcement did not contain the Council Tax referendum thresholds for 2014/15. The Autumn Statement noted that Local Government is to be exempted from the further departmental spending cuts for 2014/15 and 2015/16 directly linked to the

comment that this is "because we [the Government] expect them to freeze council tax".

On 4 February 2014 the Government published, alongside the Final Settlement, information on Council Tax referendum limits for 2014/15. This confirmed that whilst the Government expected most councils would wish to freeze Council Tax, any authority setting an increase of 2.0% or more would need to hold a referendum (set as being any increase over 2.0% in 2013/14, and 3.5% in 2012/13).

The arrangements also included levies from bodies such as transport authorities or internal drainage boards within billing authority limits for the first time. It also indicated that there may be changes to the treatment of parish precepts from 2015/16, although no change is proposed for 2014/15. These measures do not have any implications for the City Council for 2014/15.

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 either 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.

Section 52Z of the Local Government Finance Act 1992 requires the authority to consider whether the relevant basic amount of Council tax for the financial year in question is excessive, based on the principles determined by the Secretary of State.

The analysis contained in the BSR concludes that, in the context of the current financial pressures facing the Council, it is difficult to determine that the Government's Council Tax freeze scheme for 2014/15 could be supported taking the medium-term view. The BSR is, therefore, based on the Council implementing a Council Tax increase of 1.995% p.a. in 2014/15. As noted above, the referendum threshold set for 2014/15 is that an increase is excessive where it is "... 2%, or more than 2%, ...", which means that the City's proposed increase at 1.995% would not be deemed excessive.

## **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.

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.

These Reviews were initially intended to provide indications of support covering 3-year period, however Spending Review 2010 incorporated indications covering a 4-year period, and was followed by a Spending Round announcement in 2013 which only covered a 2-year period – reflecting the timing of the next general Election.

The current Spending Round period finishes at the end of 2015/16. Despite a slight easing of economic pressures nationally it is anticipated that it 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 from 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.

## **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 Cash Limit approach. 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 MFR projections (in this case in September 2013) 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 2013 MFR identified a target level of ongoing funding for PPF Bids for 2014/15 of £300k per annum (reduced from £500k p.a. in 2013/14). In reviewing this proposal as part of the BSR the level of funding was reduced from £300k per annum to £100k in both 2013/14 and future years. This was part of the response to the profile of continuing financial pressures, and associated Net Savings Requirements. Although bids recommended for approval exceeded the £100k funding target level in 2014/15, the ongoing costs were around £20k below the target level.

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 Council has for many years adopted the policy of providing revenue support for funding of the Capital and Revenue Projects Plan through base annual contributions of £1.38m. Given the context of current financial pressures faced by the Council, with significant reductions in revenue support from Government, it is recommended that the level of base contribution be reduced by £500k with effect from 2014/15. In light of the level of uncommitted funding available for the Plan, as confirmed in the September 2013 MFR, this change will not require any re-financing or reduction to existing approvals contained within the Plan. The remaining level of base funding will be reviewed as part of the 2015/16 Budget process to determine affordability.

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 2013/14 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 2013/14 by some £2.308m, which will be used as DRF in 2014/15 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 2014/15 budget process, as shown below:

	2013/14 £000	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000
<b>Funding available and unapplied (per Sept 2013 MFR)</b>	<b>(330)</b>	<b>(646)</b>	<b>(544)</b>	<b>(1,062)</b>	<b>(1,380)</b>
<i>Adjusted for:</i>					
Reduction in Direct Revenue Funding (DRF)	0	500	500	500	500
Changes in use of New Homes Bonus to support capital spending	0	0	(140)	0	0
Additional DRF – from provision for pension increases	0	(311)	(150)	(195)	(195)
<b>Sub-total</b>	<b>(330)</b>	<b>(457)</b>	<b>(334)</b>	<b>(757)</b>	<b>(1,075)</b>
Net Capital bids	101	395	335	195	195
<b>Sub-total</b>	<b>(229)</b>	<b>(62)</b>	<b>1</b>	<b>(562)</b>	<b>(880)</b>
Re-profiling of revenue funding to actual capital spend	229	(184)	(45)	0	0
<b>Net Capital Funding Availability (Surplus) / Shortfall</b>	<b>0</b>	<b>(246)</b>	<b>(44)</b>	<b>(562)</b>	<b>(880)</b>

This demonstrates that 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 an exercise to review the adequacy of the coverage and level of such provisions, and the outcome of this has been reflected in the BSR with the required changes to balances and annual contributions being included in the Budget and forward projections. Further work is to be undertaken to identify the actual spending requirements associated with the 20-year plans that have been developed for each fund, so that the overall cashflow can be reviewed in the context of funding available; and appropriate decisions made on how balances are held most appropriately held. This will be reported back as part of the September 2014 MFR.

## **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 2014 BSR), together with proposed spending against a number of the main funds. This ensures an appropriate context for wider spending decisions and prioritisation. This BSR has recommended the closure of the Fixed-Term Post Fund following review, and this is built into the financial projections.

### **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 £2.5m (approximately 15% 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 medium to longer-term.

The February 2013 BSR concluded that the implications of the new local Council Tax Support Scheme and the new government funding mechanism for local authorities effectively served to move material elements of financial risk associated with each of these areas from central to local government. As a result, the Council agreed to increase the Minimum Reserves level from £1.5m to £2.5m with effect from 1 April 2013 (when the two schemes applied). It was not felt necessary to change the Target level (set at £5m).

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 2015/16, as detailed below.



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

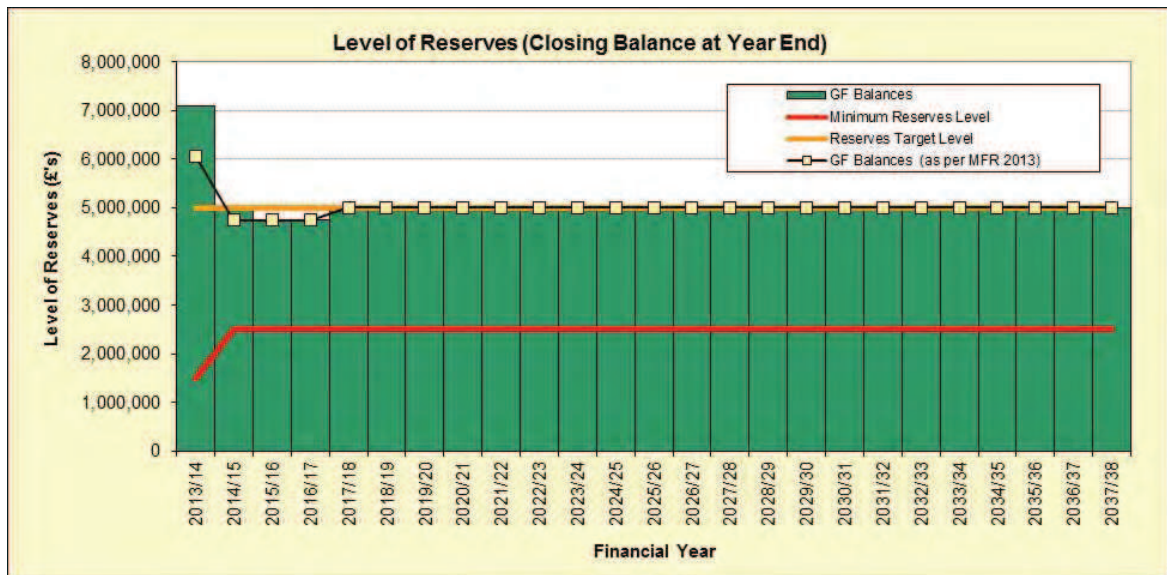
- The potential need to 'cushion' the impact of an unexpected events or emergencies (above the levels supported directly by the government, under the 'Bellwin' scheme).
- The need to deal with major incidences of uneven funding associated with schemes or initiatives. Previous examples include the initial 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 / MFR 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 2013 MFR recommended that the level of Reserves set for the end of 2015/16 and the following year be increased from the level of £3,975,160 (as set in the February 2013 BSR) to £4,742,400. Reserves would then be returned to the Target level of £5m from the end of 2017/18, and that it is maintained at that level, in line with the original BSR plan.

This BSR retains the approach to setting the level of Reserves being sought over the medium-term which was approved as part of the MFR.

The projection through to 2037/38 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:

- Retained the commitment in the September 2013 MFR to increase the planned return towards the medium-term Target level of £5m.
- Continued to deliver Reserves levels in line with Target over the medium and long-term.

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

- Minimum Level - set at £2m (approximately 3.8 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 F, 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 L of the BSR.

A further review of these areas, and the others still unresolved, will take place as part of the next (2014) MFR.

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.

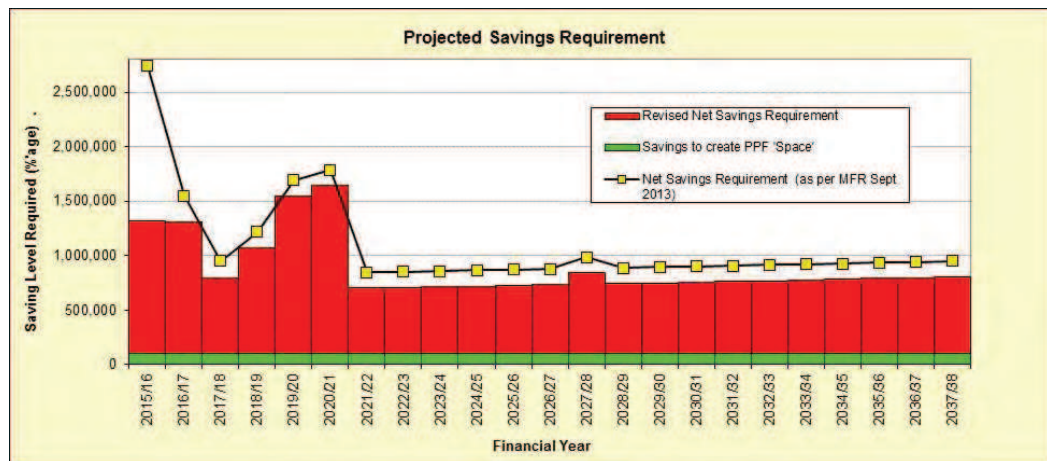
## **Period Budgeting**

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 2015/16 and future years. This includes, as necessary, additional net savings 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 £4.545m across the period from 2015/16 to 2018/19, compared with a total of £6.459m for the same period as projected in the original MFR

The net savings requirement for the next budget year (2015/16) of £1,315,070 has been significantly reduced from the level anticipated in the September 2013 MFR (£2,739,220), reflecting the aim to reduce this peak requirement.

For the longer-term, the profile of savings required is felt to provide a reasonable timescale for developing further Service Review proposals, as outlined in the Future Savings Strategy section, in a suitably 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 67% of the net savings requirement in 2014/15, rising to 1.5 times that level by 2015/16).

This serves to confirm the significant role of the Service Review process, and the robustness of the projections included in the September 2013 MFR. 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 Leader's introduction to the September 2013 MFR outlined the impact on the council that reducing resources were likely to have and how these would be tackled. This confirmed that service and budget reviews would continue during 2015-18 to identify savings for future years. Those items already identified for review which are not built into this year's budget are outlined in Section 7 of the BSR.

A key element of both the MFR 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 recent 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 2014/15 budget process has resulted in recommendations for spending and tax-setting which has met the additional challenges presented through the continued economic downturn, and net spending pressures.

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 27 February 2014.

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**Director of Resources**

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<b>John Harvey</b>	Senior Accountant	<b>01223 45 8143</b>
<b>Jackie Collinwood</b>	Service Accountant	<b>01223 45 8241</b>
<b>Karen Whyatt</b>	Service Accountant	<b>01223 45 8145</b>
<b>Linda Thompson</b>	Service Accountant	<b>01223 45 8144</b>
<b>Richard Wesbroom</b>	Service Accountant	<b>01223 45 8148</b>
<b>Barry Regan</b>	Senior Accountancy Assistant	<b>01223 45 8142</b>

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