

# Public Document Pack

## NOTICE OF COUNCIL MEETING - 25 FEBRUARY 2016

Dear Councillor,

A meeting of Cambridge City Council will be held in the Council Chamber, The Guildhall, Market Square, Cambridge, CB2 3QJ on Thursday, 25 February 2016 at 6.00 pm and I hereby summon you to attend.

Dated 17 February 2016

Yours faithfully

A handwritten signature in black ink that reads "AP Jackson". The signature is written in a cursive style with a large, looping initial "A".

Chief Executive

### Agenda

- 1 To approve as a correct record the minutes of the meeting held on 22 October & 30 November 2015**  
*(Pages 9 - 50)*
- 2 Mayors Announcements**
- 3 Public Questions Time - see at the foot of the agenda for details of the scheme**
- 4 To consider the recommendations of the Executive for Adoption**
  - 4a Annual Treasury Management Strategy Statement Report 2016/17 to 2018/19 (Executive Councillor for Finance and Resources)**  
*(Pages 51 - 72)*

- 4b 2016/17 Housing Revenue Account (HRA) Budget Setting Report (Executive Councillor for Housing)**  
*(Pages 73 - 186)*
- 5 To Consider Budget Recommendations of the Executive for Adoption**  
*(Pages 187 - 190)*
- 5a Proposed Revenue and Capital Budgets - 2015/16 (Revised), 2016/17 (Budget & Council Tax) and 2017/18 (Forecast)**  
*(Pages 191 - 306)*
- 5b Liberal Democrat Group Amendment to the Executive Budget Recommendations.**  
*(Pages 307 - 336)*
- 6 To consider the recommendations of Committees for Adoption**
- 6a 26.01.16 Licensing Committee: Annual Review of Licensing Fees**  
*(Pages 337 - 346)*
- 6b 26.01.16 Licensing Committee: Incorporation of the Criminal Justice and Police Act 2001 into the Council Constitution**  
*(Pages 347 - 352)*
- 6c 17.02.16 Civic Affairs: Pay Policy Statement 2016/17**  
*(Pages 353 - 370)*
- 6d 17/02/16 Civic Affairs: Constitutional Changes, For Council Meetings, Procedure Rules, Amending the Constitution**  
*(Pages 371 - 382)*

**6e 17.02.16 Civic Affairs: Localism Act 2011 and Standards of Conduct: Appointment of "Independent Person" and Deputy**

*(Pages 383 - 392)*

**7 To deal with Oral Questions**

**8 To consider the following Notices of Motion, notice of which has been given by:**

**8a Councillor Gillespie: Tourism Levy**

**The Motion:**

"This council is working hard to deal with the significant funding reductions being administered as part of the Government's austerity agenda which is giving rise to the current funding crisis in local government and the limits on the council's powers to control council tax and to raise revenue.

Council appreciates the contribution of tourism to our local economy and notes that major city tourism destinations such as Vancouver, New York and Venice, as well as many other cities in the United States and Europe, place a small levy on visitors.

Cambridge notes the potential of a relatively small levy of around £1-2 per night stayed to generate at least £1 - 2 million per annum - and that this scale of levy is unlikely to discourage visitors or drastically affect the hotel trade.

Council agrees in principle that Cambridge should pursue a policy that could introduce a Tourism Levy; and therefore formally agrees that a full report on the approach to introduction of a Tourism Levy should be presented to the Strategy and Resources Committee by July 2016."

## **8b Councillor Gillespie: Fair Tax**

The Motion:

"This council notes that:

\* Corporate tax evasion and avoidance are having a damaging impact on the world's poorest countries, to such a level that it is costing them far more than they receive in aid

\* This is costing the UK as much as £30bn a year

\* This practice also has a negative effect on small and medium-sized companies who pay more tax proportionately.

This council further notes that the UK Government has taken steps to tackle the issue of tax avoidance and evasion by issuing Procurement Policy Note 03/14 (PPN 03/14). This applies to all central government contracts worth more than £5m.

This council also notes the existence of voluntary schemes promoting tax compliance such as the Fair Tax Mark, which can serve as an independent means of verification. In early 2015 new regulations required public bodies, including councils, to ask procurement qualification questions of all companies for tenders over £173,000 for service contracts and £4m for works contracts.

However, these questions are not as detailed as the PPN 03/14.

This council believes that bidders for council contracts should be asked to account for their past tax records, using the standards in PPN 03/14, rather than the lower standards in the recent regulations. This council therefore calls for procurement procedures to be amended to require all companies bidding for service contracts worth more than £80,000 and for works contracts worth more than £2m to self-certify that they are fully tax-compliant in line with central government practice using the standards in 03/14, applying to contracts of the size specified above."

## **9 Written Questions**

No discussion will take place on this item. Members will be asked to note the written questions and answers document as circulated around the Chamber.

## **10 Urgent Decision**

### **10a Amendment to the Capital Plan**

*(Pages 393 - 394)*

## **Information for the Public**

**Location** The meeting is in the Guildhall on the Market Square (CB2 3QJ).

Between 9 a.m. and 5 p.m. the building is accessible via Peas Hill, Guildhall Street and the Market Square entrances.

After 5 p.m. access is via the Peas Hill entrance.

All the meeting rooms (Committee Room 1, Committee 2 and the Council Chamber) are on the first floor, and are accessible via lifts or stairs.

**Public Participation** Some meetings may have parts that will be closed to the public, but the reasons for excluding the press and public will be given.

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**COUNCIL**

22 October 2015

6.00 - 11.20 pm

**Present:** Councillors Abbott, Ashton, Austin, Avery, Baigent, Benstead, Bick, Bird, Blencowe, Cantrill, Dryden, Gawthrop, Gehring, Gillespie, Hart, Herbert, Hipkin, Holland, Holt, Johnson, McPherson, Meftah, Moore, O'Connell, O'Reilly, Owers, Perry, Pippas, Pitt, Price, Ratcliffe, Reid, Roberts, Robertson, Sanders, Sarris, Sinnott, C. Smart, M. Smart, Smith and Todd-Jones

**FOR THE INFORMATION OF THE COUNCIL**

**15/103/CNL To approve as a correct record the minutes of the meeting held on 23 July 2015**

The minutes of the meeting held on 23 July 2015 were confirmed as a correct record and signed by the Mayor.

**15/104/CNL Mayor's Announcements**

**1. Apologies**

Apologies were received from Councillor Tunnacliffe.

**2. Mayor's Day Out**

The Mayor advised the annual outing for senior citizens to Great Yarmouth on 11th August was once again a huge success and thanked those councillors who helped with stewarding.

**3. Remembrance**

The Mayor gave advance notice that Remembrance Sunday Civic Service would take place on Sunday, 8th November, at Great St. Mary's Church at 10.55 a.m. A two minute silence would be observed from the main entrance to the Guildhall on Wednesday, 11<sup>th</sup> November at 11 a.m. and that all Councillors were welcome to join in this act of remembrance.

**4. Arthur Rank Hospice Appeal**

The Mayor informed Councillors that a profile raising event for The Arthur Rank Hospice Appeal had taken place in the Guildhall the previous night and thanked those who had attended.

## 5. The Honorary Recorder

The Mayor advised that the title of Honorary Recorder would be passed to his Honour Judge David Farrell following the retirement of his Honour Judge Haskesworth.

## 6. Chevyn Service

The Mayor gave advance notice that the preaching of the Chevyn Sermon would take place at the Church of Our Lady and the English Martyrs, Hills Road on Sunday, 31st January, 2016 at 10.45 a.m.

## 7. Declarations of Interest

Item	Member	Interest
15/110/CNLb	Reid	Trustee of Cambridge Live
15/110/CNLb	Gillespie	Works for energy wholesaler
15/110/CNLc	Reid	Chair of Cambridge Retrofit
15/110/CNLe	Price	Member of Unite

## 15/105/CNL Public Questions Time

Members of the public made a number of statements, as set out below.

- 1) Mr Julius Carrington raised the following points:
  - i. Here to represent the thousands of people from Cambridge and around the world who had signed a petition objecting to the proposal to build a two-way bus road on the West Fields of Cambridge.
  - ii. The petition had reached 3,500 signatures and the intention was to continue collecting them.
  - iii. The petition would be presented to a meeting of the City Deal Executive Board but representation was being made to the City Council so that concerns could be recorded.
  - iv. Had personally spoken with various friends and neighbours, on doorsteps, at village fetes and community events; the support was passionate and broad-based.
  - v. Recognised that this was a high-level consultation process which presented outline ideas only, and not a firm plan.
  - vi. Requested the weight of public opinion against 'Option 1C' be heard.

The Executive Councillor for Strategy and Transformation responded:

- i. Welcomed the representation.
- ii. Suggested the petition be presented to the City Deal Board as they would be the decision maker on this issue.

- iii. Proposals in the Local Plan favoured a compact city which would take minimal land out of the green belt.
- iv. There was a need to resolve the issues affecting bus services and cycle ways in/out the west of the city.
- v. The Council had a duty to assist people commuting in/out of the city to satellite developments.
- vi. Views on all three of the proposed routes were welcomed.

As a supplementary point Mr Carrington said the impact on the West Fields of Cambridge would be felt by more than just those in the west of the city.

The Executive Councillor for Strategy and Transformation responded with the following:

- i. Recognised the strength of feeling in response.
- ii. The decision regarding traffic links would be one that seemed most likely to benefit Cambridge as a whole.

2) Mr Antony Carpen raised the following points:

- i. Had recently been commissioned to run a democracy workshop for the Wintercomfort community.
- ii. Had written a blog about the workshop and circulated details to Councillors and invited them to view the blog.
- iii. The Wintercomfort community felt there was a lack of joined up support services. Councillors were invited to attend a future meeting to discuss issues.
- iv. A Council Officer had been present at the workshop to encourage people to register to vote, with some success.

The Executive Councillor for Housing responded:

- i. Thanked Mr Carpen for raising the profile of homeless people and rough sleepers in the City.
- ii. Homelessness had risen since 2010. Of the three hundred and fifty six general needs lettings in City Homes last year, one hundred (28%) were to people for whom the Council had accepted a statutory duty to house as homeless. They were supported, where necessary, by Housing Officers, benefit advisers and, if their needs were high, two recently-appointed specialist support workers.
- iii. Councils had no statutory responsibility toward single homeless people who had no vulnerabilities, but provision in Cambridge extended beyond what the Council were required to do by law.

- iv. Not everyone on the street was homeless or vulnerably housed. Most had tenancies or licences in the City's hostels and move-on houses which together provided more than two hundred units of accommodation. This did not mean that there weren't people sleeping rough but it was a situation which constantly changed.
- v. One of the best indicators of those people sleeping on the streets were the weekly figures collected by the Street Outreach Team.
- vi. Mr Carpen had queried on his blog what the Council and others were doing to address their needs with flip charts, which highlighted how complex and diverse the daily lives of the group at Wintercomfort could be. But looked at a different way, this showed the range of local provision, almost all of which was supported by substantial grants from the City Council.
- vii. The City Council support included a grant to Wintercomfort, the providers of all the two hundred bed spaces including Jimmy's Cambridge, the City's assessment centre which provided twenty two direct access hostel beds to all, and it offered tailor-made support packages to move people through to more permanent accommodation within twenty eight days.
- viii. The Council also funded the Street Outreach Team who had a regular presence at Wintercomfort who operated out of the same building as the Newmarket Road Access Surgery, a health centre exclusively for the needs of people in hostels and on the street, which had recently been refurbished by the City Council at a cost of £500,000.
- ix. The single homelessness service, provided by the City Council was dedicated to providing accommodation for single people before they developed the habits associated with long-term rough-sleeping and hostel-living. Town Hall Lettings, a social lettings agency intended to make privately rented accommodation available to low-income households. Between them, since inception, had helped accommodate one hundred and sixty five single Cambridge people who might otherwise be homeless.
- x. The City Council supported a user group of street service users. This group sat on two important decision-making bodies and assisted in shaping services. An annual 'census' of service users was also carried out to enable the City Council to better understand the needs and views of service users.
- xi. Reference had been made on Mr Carpen's blog of people having to "shuttle between services". This was sometimes inevitable but services were provided together in one location whenever possible.
- xii. A "super social worker" had been created in 2011 when the City and County Councils set up the chronically-excluded adults' (CEA) service. This service cut across all the boundaries, coordinating and providing

intensive support for, and advocating on behalf of, people with the most complex support needs. The service had assisted fifty two Cambridge individuals since its inception in 2011.

- xiii. Disagreed with Mr Carpen's comment that the state had a large impact on the lives of street people but "is not delivering". The Council was part of the 'state' which was delivering public services which had a demonstrable effect on the lives of many people.
- xiv. There was only so much skilled staff could do and adult service users also had a part to play by taking up services that were offered and by making a decision to turn their lives around.

Mr Carpen made the following supplementary points:

- i. His blog listed a variety of people's views that were not necessarily his own.
- ii. Students had raised concerns regarding violence against women at the Winter Comfort workshop and said they would like to work with the Council to address these.

The Executive Councillor for Housing responded with the following:

- i. Appreciated that the blog represented the views of other people, not necessarily Mr Carpen's.
- ii. Advised that Councillor Sinnott would be happy to work with students to address concerns regarding violence against women.

3) Mr Taylor made the following points:

- i. A new tree policy for Cambridge had been approved by the Executive Councillor for City Centre and Public Places on the 8th of October 2015. The Policy had set out how decisions would be made on trees the City Council owned or managed from now on.
- ii. Highways trees in the City were managed, albeit informally, by the City Council.
- iii. Queried how the process regarding notification of any proposed tree works to the highways trees on Milton Road would occur.
- iv. Asked if the Executive Councillor would make the decisions on which, if any, trees would be felled.
- v. Had to put forward these questions as the new policy itself did not contain sufficient information to give the answers.

The Executive Councillor for City Centre and Public Places responded:

- i. Trees on Milton Road were highways trees and therefore belonged to Cambridgeshire County Council. This had always been the case and nothing had changed in terms of ownership.

- Therefore ultimate decision-making on them since the approval of the new Tree Strategy belonged to Cambridgeshire County Council.
- ii. The City Council did not decide the ultimate fate of Cambridgeshire County Council owned trees but only managed them, which excluded decisions such as felling.
  - iii. The City Council expected that any consultation undertaken by the City Deal on road widening would include a consultation on tree works. This was not a decision for the City Council but for Cambridgeshire County Council. At present no decision on the scope of consultation had been made, or who would undertake that consultation. However no final decisions would be made by Cambridge City Council as they did not belong to the Council.
  - iv. The City Council provided a service to Cambridgeshire County Council for street trees, under an established financial arrangement; including tree inspection, scheduling works, ordering works and tree advice for which the City Council was paid a fee.
  - v. The City Council would seek to clarify notification procedures for the County's trees through the negotiation of the agency agreement which was referenced in Policy WP4 of the Tree Policy document. As the City Council had developed its own comprehensive tree strategy, it could help and advise Cambridgeshire County Council on developing their own.
  - vi. With regards to the Milton Road trees, Mr Taylor would have to address his concerns to Cambridgeshire County Council, who would ultimately make decisions on them.

Mr Taylor made the following supplementary points:

- i. Enquired if the City Council's tree management power did not extend to felling, why residents were encouraged to contact the City Council through consultation regarding the notification processes.
- ii. This had been raised as an issue at a variety of committees without receiving a clear answer regarding who would make decisions on the Milton Road trees.
- iii. Requested that clearer information be published on the City Council website.

The Executive Councillor for City Centre and Public Places responded with the following:

- i. Acknowledged the Milton Road notification process could be confusing as Cambridgeshire County Council allowed the City Council to undertake the notification process on their behalf. The policy could be amended to make details clearer in future.

- ii. Currently Cambridgeshire County Council were not in a position to outline its own strategy on trees. It was hoped they would be able to do so next year after they have concluded their own review of their highways department.
  - iii. Re-iterated Cambridgeshire County Council had asked the City Council to maintain trees, not fell them.
- 4) Dr Julian Smith raised the following points:
- i. Over 200 people had signed the Fossil Free Cambridgeshire petition and there were an increasing number of events taking place in the City on this subject.
  - ii. If the Council chose to support the principle of fossil fuel divestment it would become the fourth City in England after Oxford, Bristol and Kirklees to do so.
  - iii. It was crucially important that together we frame climate action at an appropriate scale and that we frame it as a positive opportunity for local communities.
  - iv. To avoid the high emissions devastating climate change scenario the City Council and residents needed to look beyond our normal boundaries and influence more widely.
  - v. What plans did the City Council have to build on the current momentum in Cambridge and take its climate leadership forward?
  - vi. How would the City Council ensure these plans were of an appropriate scale to make the most of the opportunities which climate action presented?
  - vii. How would the City Council ensure it wasn't insular in its approach to climate change but was working to influence climate action outside Cambridge, given the importance of this to the future of the people of Cambridge?
  - viii. Climate change was expected, it would impact on people's health. The City Council needed to get its scale of response right.

The Executive Councillor for Finance and Resources responded:

- i. Appreciated the need to avoid being insular, but the City Council needed to get its 'own house' in order prior to trying to influence others.
- ii. A Climate Change Officer was being recruited who would take on a strategic role to engage with partners.
- iii. A Carbon Management Plan would come forward in 2016.
- iv. Referred to details that had been placed on Councillors seats regarding Carbon Management Plan Actions, such as working with Cambridge Retrofit to retrofit properties in Cambridge to reduce their carbon footprint.

- v. European funding was also being bid for to improve the City Council's leadership role.
- vi. The City Council was looking to better engage with the public to raise awareness of issues and implement energy efficiency.
- vii. Anti-water poverty and fuel poverty strategies had been set up that would affect public and private sector housing.
- viii. Better joined up working was desired with Cambridgeshire County Council to address issues. The City Council would only have a limited impact on its own. The Central Government withdrawal of financial support for carbon reduction measures also impacted on City Council effectiveness.

Dr Smith made the following supplementary points:

- i. Recognised that the City Council faced certain issues.
- ii. Engaging different groups would drive the climate change agenda forward.

### **15/106/CNL Re-Ordering of the Agenda**

Under paragraph 4.2.1 of the Council Procedure Rules, the Mayor used his discretion to alter the order of the agenda items. However, for ease of the reader, these minutes will follow the order of the agenda.

### **15/107/CNL To consider the recommendations of the Executive for Adoption**

#### **15/107/CNL a Housing Revenue Account (HRA) Mid-Year Financial Review (Executive Councillor for Housing)**

**Resolved (28 votes to 0) to:**

- i. Approve proposals for changes in existing housing capital budgets, as introduced in Sections 6 and 7 and detailed in Appendix F(1) of the document, with the resulting position summarised in Appendix I of the Officer's report.
- ii. Approve proposals for changes in housing capital investment resulting from the Fundamental Review of the Housing Service, as introduced in Sections 6 and 7 and detailed in Appendix F(2) of the document, with the resulting position summarised in Appendix I of the Officer's report.



## 15/107/CNLb General Fund (GF) Mid-Year Financial Review (MFR) (Executive Councillor for Finance and Resources)

**Resolved (28 votes to 0) to:**

### General Fund Revenue

- i. Agree the budget strategy, process and timetable for the 2016/17 budget cycle as outlined in Section 1 (pages 1 to 2 refer) and Appendix A of the MFR document.
- ii. Agree incorporation of the budget savings and pressures identified in Section 4 (pages 11 to 13 refer). This provides an indication of the net savings requirements, by year for the next 5 years, and revised General Fund revenue, funding and reserves projections as shown in Section 5 (page 14 refers) of the MFR document.

### Capital

- i. Note the changes to the Capital Plan as set out in Section 6 (pages 15 to 19 refer) of the MFR document and agree the new proposals:

Ref	Description	2015/16 £000	2016/17 £000	Total £000
SC605	Replacement Building Access Control System	50	50	100
PR037a	Local Centres Improvement Programme - Cherry Hinton High Street	15	185	200
S607	Fleet Maintenance and Management Service at Waterbeach	34	11	45
	<b>Total Proposals</b>	<b>99</b>	<b>246</b>	<b>345</b>

### Reserves

- i. Agree changes to General Fund Reserve levels, with the Prudent Minimum Balance being set at £5.13m and the target level at £6.16m as detailed in Section 7 (pages 20 to 21 refer).

## 15/107/CNLc Treasury Management Half Yearly Update Report 2015/16 to 2018/19 (Executive Councillor for Finance & Resources)

**Resolved (28 votes to 0) to:**

- i. Agree the treasury management half yearly update report 2015/16 to 2018/19, which includes the Council's estimated Prudential and Treasury Indicators 2015/16 to 2018/19.

**15/107/CNLd Council Appointments to the Conservators of the River Cam (Executive Councillor for City Centre and Public Places)**

**Resolved unanimously to:**

- i. Approve the nominations of the three Councillor appointments of Councillors O'Reilly, Robertson and Tunnacliffe for the Conservators of the River Cam commencing January 2016 for a three year term.
- ii. Appoint James Macnaghten, Malcolm Scholfield, Amy Alys- Tilson and Lynden Golliday.

**15/108/CNL To consider the recommendations of Committees for Adoption**

**15/108/CNLa Licensing Committee: Adoption of Gambling Policy**

**Resolved (unanimously) to:**

- i. Endorse the post-consultation draft Statement of Gambling Principles shown in Appendix A and the policy is approved for publication on 21 December 2015 for it to come in to effect on 18 January 2016.

**15/107/CNLb Planning Committee: Consultation on review of Cambridge Fringes Joint Development Control Committee terms of reference to determine City Deal Infrastructure Schemes**

**Resolved (39 Votes to 0)**

To accept the Officer recommendation to support the principle of the proposed changes to the JDCC Terms of Reference

**15/109/CNL To deal with Oral Questions**

**1) Councillor Gehring to the Leader**

**How will the results of the City Deal consultation on the Cambourne to Cambridge Bus Route be evaluated?**

The Leader responded that the consultation outcomes would be reported to the City Deal Assembly Board and a full analysis provided. The evaluation would be both quantitative and qualitative.

On the quantitative side, it would be reported numerically on the different levels of support for the options put forward and to cross reference those to other pertinent factors such as location and modes of transport used. On the qualitative side, comments would be reviewed and options assessed. Should new ideas be submitted these would undertake high level analysis and be included in the report to the Board. Generally full release of anonymised data and comments would form part of this process. The consultation itself formed a key part of the overall evaluation of options, particularly feeding into the 'delivery case' around public acceptability of options. A full and transparent process of undertaking and evaluating the consultation was a crucial part of arriving at an acceptable scheme proposal.

The Leader concluded it was the view of the City Deal Board that there was a need to address the traffic congestion issues, provide a more reliable bus service and improve cycle ways in and out of the City.

## **2) Councillor Abbott to the Executive Councillor for Finance and Resources**

**Can the Executive Councillor provide an update on the Council's current work on digital inclusion, undertaken as part of the anti-poverty strategy?**

The Executive Councillor acknowledged that whilst each digitally excluded person had their own individual set of circumstances, digital exclusion affected some of the most vulnerable and disadvantaged groups. The most excluded were:

- Those in social housing, 39.2% of tenants not online in Cambridge City
- Those on lower wages, or unemployed with 44% of people without basic digital skills on lower wages or unemployed.
- Those with disabilities, 33% of people with registered disabilities had never used the internet.
- Older people, over 53% of people who lacked basic digital skills were aged over 65.
- Young people, only 27% of young people who were offline were in fulltime employment.

To help eliminate this gap, £15,000 in funding from the Sharing Prosperity Fund had been allocated for digital inclusion work in 2015/2016. The Council's

Digital Inclusion Fund had been set up to help people get the online skills, as outlined in the City Council's Anti-Poverty Strategy and Budget Setting Report. The fund had been administered by Community Grants and the successful organisations were as follows:

- Camsight awarded £2,000 for purchase of equipment and support for 15 visually impaired Cambridge residents to receive a package of support and training in basic digital skills as outlined by go-on.co.uk
- Cambridge Online awarded £5,920 to set up and run Digital Inclusion "Clubs" in various City locations for a minimum of fifty city residents.
- Cambridge Housing Society (CHS) awarded £3,868 to contribute to costs of two pilot projects; The first would develop specialist IT skills of CHS support staff working in four community support projects in the city to enable their clients to get online and practise their digital skills. The second is to work with volunteers from Lloyds bank to support digitally excluded older people living in CHS housing (30 beneficiaries).
- City Homes awarded £3,000 to deliver comprehensive structured twelve week training courses to twenty City Homes residents. The course included aspects around financial inclusion and obtaining a computer.

As the projects were due to finish in March 2016 the full impact and numbers of beneficiaries were yet to be collated. Nevertheless approximately one hundred and fifteen residents had benefited from the funding to date.

### **3) Councillor Holt to the Leader**

**Many residents particularly students in my ward and across the city are very concerned about the county councils proposals to switch off the street lights at night. Will the Leader confirm that this will not happen if the majority of people in the city don't want it to?**

The Leader stated that he and Councillor Sinnott had been insistent for Cambridgeshire County Council to undertake a full public consultation on this issue.

The County Council had agreed to a full online public consultation, which would take place from 1 November for six weeks. However the public consultation would only be available as an online survey which did not take into account those people who did not have access to the internet. A wider more inclusive approach would be necessary. The Leader had planned to attend the City Council's Area Committee meetings to inform the public of the County Council's proposals. A meeting had taken place with County Council Officers and external agencies to express the City Council's concerns. Trying

to shift the burden of County Council costs was not the answer and the City Council would not make up the shortfall.

The view of the City Council was that residents would tolerate a certain level of dimming of the lights; that there were areas of the City Centre that should not be dimmed at all and that to switch off street lights between the hours of midnight to 6.00am was not an acceptable proposal.

**4) Councillor Sarris (Lead Councillor for Homelessness) to the Executive Councillor for Environment and Waste**

**In light of the 'Microchipping of Dogs (England) Regulations 2014' requiring all dogs over 8 weeks old to be microchipped by April 2016, can the Executive Councillor for Environment and Waste please tell the chamber what specific outreach work will be done by the council's dog warden team to assist dog-owners in the homeless community?**

The Executive Councillor confirmed that for every keeper of a dog not currently microchipped the owner had until April 6 2016, to microchip their dog and register with an approved microchip database. After this date puppies had to be microchipped and registered to an approved database by the time they were eight weeks old. Anyone who did not have their dog chipped after the law came into force would have twenty one days to comply, and failure to do so could result in a fine of up to £500.

In 2014, the Council had been given a number of microchips from the Dog's Trust and had been working since that time to provide these free of charge to dog owners within Cambridge. Over 100 dogs had been microchipped by the Dog Warden service at the summer dog roadshows across the City. Between October 2015 and April 2016 the service had been extended and Officers were running 'microchipping Wednesday's', a free service in the convenience of the owner's home. Charities and organisations who dealt with homelessness within Cambridge had extended the offer of having their own free microchipping event for visitors and residents.

Wood Green Animal Shelter had its own Outreach Team that worked with owners of animals within the community to assist with improving the standards of animal care. The dog wardens had worked in partnership with the charity for over six years, often taking and receiving referrals on cases.

Following on from the success of the summer roadshows in 2014 and 2015, the Dog Warden Service would continue to hold free dog microchipping events throughout the summer of 2016 both as pop up events and as part of the

community clean up days. The service would also continue its current work with outreach teams and Wood Green to provide microchipping free of charge to dog owners in Cambridge.

**5) Councillor Perry (Lead Councillor for Recycling) to the Executive Councillor for Environment and Waste**  
**It is important that we do all we can to encourage recycling and limit waste, can the Executive Councillor for Environment and Waste please confirm that a campaign to remove unauthorised second black bins will continue for the year ahead?**

The Executive Councillor responded that policy was one black bin per household. If a second black bin had been approved on application, the second bin would have a red lid to show that both bins should be emptied by the refuse crew. There had been a number of residents who had acquired a second bin over the years. These households had been written to advising that the second black bin would be removed and an application should be made for an additional bin. Although only midway through the campaign a total of 278 unauthorised black bins had been removed, 82 additional blue bins had been distributed and 97 second black had been authorised.

**6) Councillor O'Connell to the Executive Councillor for Communities**  
**Can the Executive Councillor for Communities tell the council what action he is taking to ensure community services are targeted at the most in need areas in the city, as identified in the recently-published indices of multiple deprivation?**

The Executive Councillor explained he would advise on the results of the 2015 indices of multiple deprivation, recently published by DCLG, and what the Council was doing to target services for those who most need them.

Of the Seventy Lower Super Output Areas (LSOA) in Cambridge, the ten that were ranked the lowest in the index of multiple deprivation 2015, were within Abbey, Kings Hedges, Arbury and East Chesterton wards. There were pockets of the City where the level of deprivation was comparable to some of the most disadvantaged areas in the country. Two LSOAs in Abbey ward appeared in the top 20% most deprived parts in the country. Previously two LSOAs in Kings Hedges were in the 20% most deprived, but these LSOAs were now ranked slightly higher.

There would be a review into community provision in Cambridge, partly as a result of demographic and population change, which would be looked at

against need in areas of the City. In assessing known need, a variety of approaches would be used. This would include public data, such as that reported via the Indices of Multiple Deprivations, an audit of current community provision, feedback from providers and the public on potential gaps and community needs. It was important to try to anticipate future areas of need that may not have yet been fully evident.

The review did not seek to pre-empt this assessment. However, as the Council already owned and managed a number of centres, it would be sensible to consider their current focus and functionality in order to consider how they were meeting local needs but also that future arrangements aligned to need identified across the City.

The Executive Councillor concluded that the aim would be to ensure the Council's resources complemented other facilities and services to ensure that those residents were targeted who faced the most wherever they lived in the City.

#### **7) Councillor Cantrill to the Executive Councillor for Environment and Waste.**

**Could the Executive Councillor for Environment and Waste explain the current approach of the city council to street cleaning and litter bin emptying in the historic core?**

The Executive Councillor explained that the regime for cleansing and clearing of litter and debris from was currently two teams of three operatives working on a four day on four day off shift pattern. The city centre team started at 6.00am from the pavilion at Christ Pieces. Each team member worked from their task 'tickets' which covered all of the City area. One of the teams were also tasked with opening & cleaning the market area before the traders arrive to set up their stalls.

The City Centre was divided into three areas with each staff member working along dedicated routes. Once the teams had finished they moved to other areas of the city centre. The three operatives were supported by mechanical sweepers working to routed task 'tickets'. A mid-size sweeper swept the footways and a large sweeper swept the carriageways.

Separate litter picking teams worked on outlying areas of the City Centre from 6.00am – 8.00am. After 8.00am the teams moved onto other activities such as ward blitzes and fly tipping.

The regime for emptying bins was currently two teams of two operatives who also worked on a four day on, four day off shift pattern. At 6.00am the teams start from Mill Road depot and work to a dedicated task route, finishing at 7.00pm. All litter/ recycling bins within the City Centre were emptied between 6.00am – 9.00am daily. The vehicle would then visit various locations throughout the city. Once this task had been completed the team re-visit the historic section of the City again and start to empty the bins. This task could be undertaken twice in the afternoon and evening, dependent on the weather conditions and how busy the area could be. The teams used their knowledge and experience to know the areas where the bins were most frequently used.

#### **8) Councillor Bick to the Executive Councillor for City Centre and Public Place**

**The Executive Councillor may not be aware that her current plan to replace the cast iron lighting columns in the Kite with modern 'heritage style' columns will omit Victoria Street.**

**The only reason that Victoria Street has no cast iron columns today is that in March last year Balfour Beatty prematurely replaced the 3 columns there with their standard design prior to consultations being completed, for which they subsequently apologised. In view of this, will she undertake discussions with Balfour Beatty to determine whether there is scope to review the placement of columns in Victoria Street within the existing approved budget allocation, £6,000 of which is currently projected to be unused, so that work can be carried out within the same timeframe as the other streets involved?**

The Executive Councillor for City Centre and Public Places responded that £82,000 had been approved in the capital plan for street lighting, with annual allocations of £42,000 and £40,000 over two years.

Cambridgeshire County Council and Belfour Beatty had agreed a maximum contribution of £65,000 for the City Centre Historic Core which included funding for New Square but excluded any other Kite Area streets. The City had a further Executive Councillor commitment of £11,000 for the ten columns in Kite Area streets, which left up to £6,000 uncommitted. The term 'uncommitted' did not mean 'projected to be unused'. Like any other capital scheme there was a requirement to recover Officer fees and cover potential risks or unseen eventualities.

The Executive Councillor stated she had understood that Councillor Bick and County Councillor Cearns had been lobbying Balfour Beatty to upgrade Victoria Street at their own, or at a discounted cost, arguing that this street was



a special case given its proximity to the city centre, an effort which was welcomed. Tearing out heritage columns across the city had been absolute vandalism and there are several streets in the Executive Councillor's own ward where if the City Council could afford it, would like to see those columns replaced, but it had not been possible.

The City Council could not afford to run its own services and pay for all of Cambridgeshire County Council's mistakes as well. By committing to fund Victoria Street when the Council had yet to see the final costs for the projects that had already been agreed, there was potential for a challenge as to why it was being treated as a special case from other streets, which had similar cast iron columns removed and replaced with standard PFI contract units (for example approximately sixteen units in Blinco Grove).

The following oral questions were also tabled, but owing to the expiry time of the period of time permitted, were not covered during the meeting.

**9) Councillor Ratcliffe to Executive Councillor for Environment and Waste**

**Please provide an update on the amount of fixed penalty notices issued for littering in the last year?**

**10) Councillor Austin to the Executive Councillor for City Centre and Public Places**

**In light of the planned consultation of the review of the river moorings policy, can your assurance be given to boat owners who have been living on the river in the city for many years that they can continue to live as part of their riverboat community?**

**11) Councillor Smith to the Executive Councillor of Finance and Resources**

**Can the Executive Councillor for Finance and Resources update us on preparations for Living Wage Week, and on how promotion of the Living Wage is proceeding?**

**12) Councillor Pitt to the Executive Councillor for Environment and Waste**

**Can the Executive Councillor give an update on arrangements and expected impact on staff affected by the move of waste services to Waterbeach?**

**13) Councillor C Smart to the Executive Councillor for Planning Policy and Transport**

Seeing that Stage 2 of the 20 mph roll-out was agreed on 8th July 2014 and the combined Stages 3 and 4 were agreed 17th March 2015, can the Executive Councillor tell us when anything will actually happen?

**14) Councillor Todd-Jones to the Executive Councillor for Communities**  
Can the Executive Councillor for Communities confirm that, contrary to opposition claims, the primary focus of the review into the Council's Community provision is in ensuring its resources are appropriately targeted and go to where it is most needed in the City?

**15) Councillor Hart to the Executive Councillor of Finance and Resources**  
Please could the Executive Councillor for Finance and Resources give us an update on the outreach Citizens Advice Bureau project at the East Barnwell Health Centre, funded by the City Council?

**16) Councillor Sinnott to the Executive Councillor for Strategy and Transformation (The Leader)**

What is the current County Council position on the proposed switch-off of Cambridge streetlights and how and when will they undertake the public consultation they promised a month ago?

**17) Councillor Baigent to the Executive Councillor for Housing**

Can the Executive Councillor for Housing explain how the Housing Bill, published on Tuesday 13th October will impact this Council's Housing Revenue Account and it's ability to continue meeting the needs of current tenants and those on the housing needs register in Cambridge?

**18) Councillor M Smart to the Executive Councillor for Environment and Waste**

Please will the Executive Councillor for Environment and Waste explain to councillors recent changes to our waste HGV's and driver training aimed at helping city cyclists?

**19) Councillor Pippas to the Executive Councillor for Environment and Waste.**

According to local residents the Council has been taking away any second dustbin with a black top from people's homes without any prior warning. Some residents claim they have "bought" the second bin from the council some years ago. They are distraught that no prior warning was given of the council's intention.

What measures the Executive Councillor for Environment and Waste will put in place to ensure that the residents are fully informed prior to confiscating these bins?

20) Councillor Gillespie to the Executive Councillor for Finance and Resources

I recommend the Wealth and Want report by the Cambridge Commons, to the council. (I will send a link by email to it [http://www.thecambridgecommons.org/tcc/reports/fairness\\_review/2015/tcc\\_fairness\\_review\\_201506.pdf](http://www.thecambridgecommons.org/tcc/reports/fairness_review/2015/tcc_fairness_review_201506.pdf) before the meeting). You may have read about it in the Cambridge News at the weekend. As well as a survey providing extensive information about gross inequality in the city, it provides a list of urgent recommendations. The Labour group says that tackling inequality is its top priority. The council is doing tremendous work on the living wage; this report recommends a Cambridge Supplement. The need for a review of investment priorities in benefits advice and advocacy is important. Will the Executive Councillor for Finance commit to publish a step by step response to the recommendations, to be published within 2015?

21) Councillor Hipkin to the Executive Councillor for Environment and Waste

Students living in Halls of Residences (e.g. Chestnut House, Histon/Huntingdon Rd, CB4) are exempt from the payment of Council Tax. Does the City Council receive any recompense for this loss of revenue and if not, who is bearing the cost of waste disposal and other council-provided services?

### Second Questions

23) Councillor Todd-Jones to the Executive Councillor for Communities  
Can the Executive Councillor for Communities update Council on the Plans for next year's Volunteer for Cambridge Community Fair at the Guildhall, building on from the success of the inaugural event in February?

22) Councillor Perry to the Executive Councillor for Finance and Resources

Can the Executive Councillor for Finance and Resources provide an update on the future of Action on Energy Cambridgeshire in light of Climate Energy Ltd going into administration?

**24) Councillor Baigent to the Executive Councillor for Housing**  
**Does the Executive Councillor for Housing consider that 'starter homes' as described in the housing bill should be included in the definition of affordable housing on S106 sites?**

**15/110/CNL To consider the following Notices of Motion, notice of which has been given by:**

**15/110/CNLa Councillor Gehring**

As the mover of the motion Councillor Gehring proposed to withdraw the motion from the agenda requested the consent of the Council without discussion in line with 27.1 of the Council's Constitution.

**Resolved unanimously** to withdraw the motion.

**15/107/CNLb Councillor Hipkin and Councillor Holland**

Councillor Hipkin proposed and Councillor Holland seconded the following motion:

Mindful of the need to engage the public as fully as possible in the democratic life of the city and at the same time acknowledging the severe financial pressures we are under, this Council calls for a comprehensive review, undertaken by the Civic Affairs Committee or a sub-group of that committee, of the ways in which the council can most effectively combine its responsibilities to promote local democracy while at the same time ensuring the prudent use of resources.

Councillor Pitt proposed and Councillor Cantrill seconded the following motion (additional text underlined):

Mindful of the need to engage the public as fully as possible in the democratic life of the city and at the same time acknowledging the severe financial pressures we are under, this Council calls for a comprehensive review, undertaken by the Civic Affairs Committee or a sub-group of that committee, of the ways in which the council can most effectively combine its responsibilities to promote local democracy while at the same time ensuring the prudent use of resources.

This council has a strong record of encouraging public involvement in decision making which should be reflected in the review, including consultation processes, devolving power to area committees and extensive public speaking rights.

On a show of hands the amendment was lost by 12 votes to 28.

**Resolved (28 votes to 0) that:**

Mindful of the need to engage the public as fully as possible in the democratic life of the city and at the same time acknowledging the severe financial pressures we are under, this Council calls for a comprehensive review, undertaken by the Civic Affairs Committee or a sub-group of that committee, of the ways in which the council can most effectively combine its responsibilities to promote local democracy while at the same time ensuring the prudent use of resources.

**15/107/CNLc Councillor Gillespie**

Councillor Gillespie proposed and Councillor Pitt seconded the following motion:

This Council wishes to assist the most vulnerable people hoping to come to Cambridge to seek refuge and sanctuary from war and persecution.

The UN refugee agency has asked EU Member States to immediately take 200,000 additional refugees to lessen the humanitarian crisis. In response, the EU has adopted a quota system which the UK Government has refused to participate in. Rather than the 25,000 that would represent its 'fair share' of migrants (spreading this across the country would mean about 50 refugees being accommodated in a city the size of Cambridge), the Prime Minister has instead announced that his Government would make provision for only 4,000 each year.

We recognise the strong support local communities, voluntary bodies; faith groups and others in Cambridge already give to those seeking refuge and sanctuary. The strength of public feeling was well expressed in the two 'Cambridge Welcomes Refugees' marches on the 5th of September and the 10th of October. Over 500 people in Cambridge have signed a petition saying "We are willing to house Syrian refugees; please rescue more of those fleeing the conflict.

This council pledges to become a City of Sanctuary, and accordingly to call on the Leader and Executive to:

- Work with the City of Sanctuary network, the Regional Strategic Migration Partnership, and also local groups like Refugees Cambridge to develop a plan that would allow refugees to be housed within the City in volunteer's homes, through schemes similar to that used in Oxford ('Host Oxford').

- Consider what support can be given to donation efforts, providing supplies to refugees in Calais.
- Ask Cambridge Live if it would hold a benefit concert, raising more money for supplies, and promoting the benefits that multiculturalism brings to our society.
- Review its own budgets, services and policies to check that these are adequately supporting refugees and present no impediment to the accommodation in private homes of refugees.
- Apply for Government funding under the Syrian Vulnerable Person Relocation (SVPR), the Gateway Protection Programme (GPP) and European Refugee Fund (ERF) schemes to help support its efforts to provide housing for refugees.
- Write to the City's Universities encouraging them to consider extending their funded studentships to include more places specifically for refugees.

Councillor Herbert proposed and Councillor Price seconded the following amendment to the motion:

This Council wishes to assist the most vulnerable people hoping to come to Cambridge to seek refuge and sanctuary from war and persecution.

The UN refugee agency has asked EU Member States to immediately take 200,000 additional refugees to lessen the humanitarian crisis. In response, the EU has adopted a quota system which the UK Government has refused to participate in. Rather than the 25,000 that would represent its 'fair share' of migrants (spreading this across the country would mean about 50 refugees being accommodated in a city the size of Cambridge), the Prime Minister has instead announced that his Government would make provision for only 4,000 each year.

We recognise the strong support local communities, voluntary bodies, faith groups and others in Cambridge already give to those seeking refuge and sanctuary. The strength of public feeling was well expressed in the two 'Cambridge Welcomes Refugees' marches on the 5th of September and the 10th of October. Over 500 people in Cambridge have signed a petition saying "We are willing to house Syrian refugees; please rescue more of those fleeing the conflict.

The Council supports the initiative it has taken in responding to the Government invitation in September to assist refugees including;

The Council's written commitment to provide housing in Cambridge for at least 50 Syrian refugees, despite the detail of the Government plan changing week by week discussions now underway with the Home Office on the early resettlement of several refugee families in Cambridge in our council housing, supported by the county council and voluntary agencies.

This council pledges to become a City of Sanctuary, and accordingly to call on the Leader and Executive to:

~~Work with the City of Sanctuary network, the Regional Strategic Migration Partnership, and also local groups like Refugees Cambridge to develop a plan that would allow refugees to be housed within the City in volunteer's homes, through schemes similar to that used in Oxford('Host Oxford').~~ provide assistance to Syrian refugees arriving in Cambridge, in Cambridge, and other refugees in the future

~~Consider what support~~ Endorse the response by the Mayor who has committed to assist a planned benefit event, including a concert, by the Cambridge Calais group so assistance can be given to donation efforts, providing supplies to refugees in Calais.

~~Ask Cambridge Live if it would hold a benefit concert, raising more money for supplies, and promoting the benefits that multiculturalism brings to our society.~~

Review its own budgets, services and policies to check that these are adequately supporting Syrian refugees under the Government programme and present no impediment to the accommodation in private council homes of refugees.

Apply for Government funding under the Syrian Vulnerable Person Relocation (SVPR), the Gateway Protection Programme (GPP) and European Refugee Fund (ERF) schemes to help support its efforts to provide housing for refugees.

Expand on the existing initiative by Councillor Peter Sarris, Lead Councillor for Homelessness, with the City's Universities encouraging them to consider extending their funded studentships and other support to include more places specifically for refugees.

On a show of hands, the amendment was carried unanimously.

**Resolved unanimously that:**

This Council wishes to assist the most vulnerable people hoping to come to Cambridge to seek refuge and sanctuary from war and persecution.

The UN refugee agency has asked EU Member States to immediately take 200,000 additional refugees to lessen the humanitarian crisis. In response, the EU has adopted a quota system which the UK Government has refused to participate in. Rather than the 25,000 that would represent its 'fair share' of migrants (spreading this across the country would mean about 50 refugees being accommodated in a city the size of Cambridge), the Prime Minister has instead announced that his Government would make provision for only 4,000 each year.

We recognise the strong support local communities, voluntary bodies, faith groups and others in Cambridge already give to those seeking refuge and sanctuary. The strength of public feeling was well expressed in the two 'Cambridge Welcomes Refugees' marches on the 5th of September and the 10th of October. Over 500 people in Cambridge have signed a petition saying "We are willing to house Syrian refugees; please rescue more of those fleeing the conflict.

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The Council's written commitment to provide housing in Cambridge for at least 50 Syrian refugees, despite the detail of the Government plan changing week by week discussions now underway with the Home Office on the early resettlement of several refugee families in Cambridge in our council housing, supported by the county council and voluntary agencies.

This council pledges to become a City of Sanctuary, and accordingly to call on the Leader and Executive to:

Work with the City of Sanctuary network, the Regional Strategic Migration Partnership, and also local groups like Refugees Cambridge to provide assistance to Syrian refugees arriving in Cambridge, in Cambridge, and other refugees in the future

Endorse the response by the Mayor who has committed to assist a planned benefit event, including a concert, by the Cambridge Calais group so assistance can be given to donation efforts, providing supplies to refugees in Calais.



Review its own budgets, services and policies to check that these are adequately supporting Syrian refugees under the Government programme and present no impediment to the accommodation in council homes of refugees.

Apply for Government funding under the Syrian Vulnerable Person Relocation (SVPR), the Gateway Protection Programme (GPP) and European Refugee Fund (ERF) schemes to help support its efforts to provide housing for refugees.

Expand on the existing initiative by Councillor Peter Sarris, Lead Councillor for Homelessness, with the City's Universities encouraging them to consider extending their funded studentships and other support to include more places specifically for refugees.

**15/107/CNLd** Councillor Owers and Councillor M Smart

Councillor Owers proposed and Councillor M Smart seconded the following motion:

Cambridge City Council notes:

- The risk to both the planet and Cambridge from Climate Change, and this council's commitment to tackle the issue, as expressed both by its Climate Change Strategy, which is currently being reviewed, and its role as a signatory to the Nottingham Declaration.
- The need to show leadership in advocating a fossil-fuel free future, both in terms of the council's own policies, including its investments, and external engagement.
- That the Law Commission reviewed the meaning of fiduciary duty as it applies to investments in 2014, concluding that "Where trustees think ethical or environmental, social or governance (ESG) issues are financially material they should take them into account."
- That there is nonetheless a risk for this Council in any non-financial considerations in investment policy, and therefore before any such change, the implications should be studied and considered carefully.
- That the University of Cambridge have this year launched a wide ranging report into its £2.2bn endowments fund.

Cambridge City Council therefore resolves:

- To ask the Head of Finance to author a report to Strategy and Resources committee outlining the options for, as well as the risks associated with, the implementation of an ethical investment policy, in relation to both

direct investments and our Treasury Management strategy, with a particular emphasis on the issues of companies that are associated with investments in fossil fuels, and fossil fuel disinvestment.

- To engage with local businesses and community groups, including Fossil Free Cambridgeshire, Cambridge Carbon Footprint and Transition Cambridge, during the forthcoming Climate Change Strategy consultation in order to explore the potential for supporting the move to a fossil fuel free future.
- To call on Cambridgeshire County Council to consider an ethical investment policy and disinvestment from fossil fuels.
- To call on the Cambridgeshire Pension Fund to consider an ethical investment policy and disinvestment from fossil fuels.
- To call on the national U.K. government to stop carrying out policies that harm the fight against climate change (such as recent changes to Feed-In Tariffs and other subsidies for green energy, changes to planning policy, and cuts to Green Deal Finance), support the principles of fossil fuel divestment and stopping subsidies to the fossil fuel industry, and advocate for all other countries to commit to this during the COP21 global climate change negotiations later this year.
- To direct the Chief Executive to write to the University group asking them to share the conclusions of their review as and when they are available, so that the Head of Finance and the Pension Fund can consider this work in their reviews.

Councillor Gehring proposed and Councillor Reid seconded the following amendment to the motion (deleted text struck through and additional text underlined).

Cambridge City Council notes:

- The risk to both the planet and Cambridge from Climate Change, and this council's commitment to tackle the issue, as expressed both by its Climate Change Strategy, which is currently being reviewed, and its role as a signatory to the Nottingham Declaration.
- The need to show leadership in advocating a fossil-fuel free future, both in terms of the council's own policies, including its investments, and external engagement.
- The growing number of commercial, educational and governmental organisations deciding to support low carbon investment, such as:
  - Bristol Council's decision to alter its investment policy to exclude companies whose core activities cover fossil fuel extraction.

- The Norwegian Government's decision to divest from fossil fuel investment in its pension fund.
- The over 150 companies, including Hewlet-Packard, BT Group & Volvo who have signed up to the "We mean business" coalition's aims.
- That the Law Commission reviewed the meaning of fiduciary duty as it applies to investments in 2014, concluding that "Where trustees think ethical or environmental, social or governance (ESG) issues are financially material they should take them into account."
- That there is nonetheless a risk for this Council in any non-financial considerations in investment policy, and therefore before any such change, the implications should be studied and considered carefully.
- That the University of Cambridge have this year launched a wide ranging report into its £2.2bn endowments fund.

Cambridge City Council therefore resolves:

- To ask the Head of Finance to author a report to Strategy and Resources committee outlining the options for, as well as the risks associated with, the implementation of an ethical investment policy, in relation to both direct investments and our Treasury Management strategy, with a particular emphasis on the issues of companies that are associated with investments in fossil fuels, and fossil fuel divestment.
- To ask the Executive Councillor:
  - a) To ensure that commercial property investments are taken with close regard to Climate Change criteria, in such a way as to preclude investment in carbon intensive buildings and favour investment in properties that are carbon neutral or positive or at least have a high EPC rating (A-C).
  - b) To study the energy and carbon status of existing City Council commercial properties and consider investment in energy efficiency upgrades or, if that is not practical, divestment from under-performing properties.
  - c) To study, jointly with the County Council or independently, positive investment into a local not-for-profit renewable energy provider, similar to Robin Hood Energy in Nottingham, to address fuel poverty and climate change as a joint social justice concern.
- To engage with local businesses and community groups, including Fossil Free Cambridgeshire, Cambridge Carbon Footprint and Transition Cambridge, during the forthcoming Climate Change Strategy

consultation in order to explore the potential for supporting the move to a fossil fuel free future.

- To call on Cambridgeshire County Council to consider an ethical investment policy and divestment from fossil fuels.
- To call on the Cambridgeshire Pension Fund to consider an ethical investment policy and divestment from fossil fuels.
- To call on the national U.K. government to stop carrying out policies that harm the fight against climate change (such as recent changes to Feed-In Tariffs and other subsidies for green energy, changes to planning policy, and cuts to Green Deal Finance), support the principles of fossil fuel divestment and stopping subsidies to the fossil fuel industry, and advocate for all other countries to commit to this during the COP21 global climate change negotiations later this year.
- To direct the Chief Executive to write to the University group asking them to share the conclusions of their review as and when they are available, so that the Head of Finance and the Pension Fund can consider this work in their reviews.
- To urge the Leader and Executive Cllr for Finance and Resources to prepare the City Council's own statement of support for climate action and publish this at the time of COP21.

On a show of hands the amendment was carried unanimously.

### **Resolved unanimously that:**

Cambridge City Council notes:

- The risk to both the planet and Cambridge from Climate Change, and this council's commitment to tackle the issue, as expressed both by its Climate Change Strategy, which is currently being reviewed, and its role as a signatory to the Nottingham Declaration.
- The need to show leadership in advocating a fossil-fuel free future, both in terms of the council's own policies, including its investments, and external engagement.
- The growing number of commercial, educational and governmental organisations deciding to support low carbon investment, such as:
  - Bristol Council's decision to alter its investment policy to exclude companies whose core activities cover fossil fuel extraction.
  - The Norwegian Government's decision to divest from fossil fuel investment in its pension fund.

- The over 150 companies, including Hewlet-Packard, BT Group & Volvo who have signed up to the “We mean business” coalition’s aims.
- That the Law Commission reviewed the meaning of fiduciary duty as it applies to investments in 2014, concluding that “Where trustees think ethical or environmental, social or governance (ESG) issues are financially material they should take them into account.”
- That there is nonetheless a risk for this Council in any non-financial considerations in investment policy, and therefore before any such change, the implications should be studied and considered carefully.
- That the University of Cambridge have this year launched a wide ranging report into its £2.2bn endowments fund.

Cambridge City Council therefore resolves:

- To ask the Head of Finance to author a report to Strategy and Resources committee outlining the options for, as well as the risks associated with, the implementation of an ethical investment policy, in relation to both direct investments and our Treasury Management strategy, with a particular emphasis on the issues of companies that are associated with investments in fossil fuels, and fossil fuel disinvestment.
- To ask the Executive Councillor:
  - d) To ensure that commercial property investments are taken with close regard to Climate Change criteria, in such a way as to preclude investment in carbon intensive buildings and favour investment in properties that are carbon neutral or positive or at least have a high EPC rating (A-C).
  - e) To study the energy and carbon status of existing City Council commercial properties and consider investment in energy efficiency upgrades or, if that is not practical, divestment from under-performing properties.
  - f) To study, jointly with the County Council or independently, positive investment into a local not-for-profit renewable energy provider, similar to Robin Hood Energy in Nottingham, to address fuel poverty and climate change as a joint social justice concern.
- To engage with local businesses and community groups, including Fossil Free Cambridgeshire, Cambridge Carbon Footprint and Transition Cambridge, during the forthcoming Climate Change Strategy consultation in order to explore the potential for supporting the move to a fossil fuel free future.
- To call on Cambridgeshire County Council to consider an ethical investment policy and disinvestment from fossil fuels.

- To call on the Cambridgeshire Pension Fund to consider an ethical investment policy and disinvestment from fossil fuels.
- To call on the national U.K. government to stop carrying out policies that harm the fight against climate change (such as recent changes to Feed-In Tariffs and other subsidies for green energy, changes to planning policy, and cuts to Green Deal Finance), support the principles of fossil fuel divestment and stopping subsidies to the fossil fuel industry, and advocate for all other countries to commit to this during the COP21 global climate change negotiations later this year.
- To direct the Chief Executive to write to the University group asking them to share the conclusions of their review as and when they are available, so that the Head of Finance and the Pension Fund can consider this work in their reviews.
- To urge the Leader and Executive Cllr for Finance and Resources to prepare the City Council's own statement of support for climate action and publish this at the time of COP21.

**15/107/CNLe** Councillor Price and Councillor Johnson

Councillor Price proposed and Councillor Johnson seconded the following amendment:

This Council:

Notes with concern the Trade Union Bill which is currently being proposed by the Government and which would affect this Council's relationship with our trade unions and our workforce as a whole.

Rejects this Bill's attack on local democracy and the attack on our right to manage our own affairs.

Is clear that facility time, negotiated and agreed by us and our trade unions to suit our own specific needs, has a valuable role to play in the creation of good quality, responsive local services. Facility time should not be determined or controlled by Government in London.

Is pleased with the arrangements we currently have in place for deducting trade union membership subscriptions through our payroll. We see this as an important part of our positive industrial relations and a cheap and easy to administer system that supports our staff. This system is an administrative matter for the Council and should not be interfered with by the UK Government.

This Council therefore resolves to:

- Support the campaign against the unnecessary, anti-democratic and bureaucratic Trade Union Bill.
- To continue its own locally agreed industrial relations strategy and will take every measure possible to maintain its autonomy with regard to facility time and the continuing use of check-off.

**Resolved (unanimously):**

To agree the motion as set out above.

**15/107/CNLF** Councillor Moore

Councillor Moore proposed and Councillor Pippas seconded the following motion:

Open Access Policy

Cambridge as a City which actively seeks to reduce discrimination against those with disability in the Built Environment.

Council notes that those with disabilities are impeded by a variety of obstacles as they move through the built environment in Cambridge, and that many of these are outside the direct control of the City Council (e.g. on public highway, in shops, on public and private land including NHS premises, and the behaviour individuals and business).

Council notes that discrimination worsens inequality by damaging the health, well-being, life chances, life expectancy, productivity and wealth of those affected. This is recognised by the World Health Organisation (WHO) and United Nations. Reducing such inequality plays an important part in the WHO Healthy Cities program and city sustainability.

Council notes that the difficulties in reducing or removing these obstacles are legion and has made a good start at tackling the issue with the Cambridge City Centre Accessibility Review Action Plan.

Council notes that only a small proportion of all those with a disability are easily recognised, and that most of our citizens over 60 will have impairments.

Council notes the breadth of issues which include:

- Obstacles on road and pavement that impede progress, confuse guide dogs, create trip and other hazards, have insufficient contrast to be recognised by some visually disabled
- Route obstacles such as traffic lights with timings too fast for a slower person to cross, lights without a tactile feedback button for deaf-blind, poor and confusing road crossings
- Support issues such as public seats without a variety of heights, available public toilets, disabled drop off and collection points
- Behaviours that create problems including narrowing a cycle path so that those cyclists with balance problems are prevented from using that route, wheelie bins on the pavement, pavement conflicts between disabled pedestrians and cyclists, construction activity which diverts disabled people onto the road or provides barriers with poor visibility causing a trip hazard them.

Council notes that there are solutions (even if partial) for all the City's Open Access issues and that a clear statement of principle, of our intention and direction, will help empower all the City's residents, organisations and businesses to become more aware and active in support of our Open Access Policy.

The Council endorses the principle of Open Access in our Built Environment: our Built Environment should not discriminate against citizens and visitors with disability of any form,

- will actively seek to reduce such discrimination in all publicly accessible areas of the City,
- recognises that, in order to reduce this discrimination, it needs to work with many organisations and agencies, public and private, and with its citizens to develop policies and practices which reduce the existing obstacles for disabled walkers and cyclists, and for those using other forms of transport,
- recognises that a means to prioritise, measure and publicly report progress, policies and the process by which they were agreed, and steer this effort is developed,
- recognises the important part that our residents, students, businesses and visitors can play and welcomes their involvement.

**Resolved (unanimously):**

To agree the motion as set out above.



## **15/111/CNL Written Questions**

Members were asked to note the written questions and answers that had been placed in the information pack circulated around the Chamber.

The meeting ended at 11.20 pm

**MAYOR**

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**COUNCIL**

30 November 2015

6.00 - 7.30 pm

**Present:** Councillors Abbott, Ashton, Austin, Avery, Baigent, Benstead, Bick, Bird, Blencowe, Cantrill, Dryden, Gawthrop, Gehring, Gillespie, Hart, Herbert, Hipkin, Holt, Johnson, McPherson, Meftah, Moore, O'Connell, O'Reilly, Owers, Perry, Pippas, Pitt, Price, Ratcliffe, Reid, Roberts, Robertson, Sarris, Sinnott, C.Smart, M. Smart, Smith, Todd-Jones and Tunnacliffe

**FOR THE INFORMATION OF THE COUNCIL****15/115/CNL Mayor's Announcements****1. Apologies**

Apologies were received from Councillors Holland and Sanders.

**2. Declarations of Interest**

<b>Name</b>	<b>Item</b>	<b>Reason</b>
Councillor Ashton	15/117/CNL	Personal: Chair of Cherry Hinton Residents Association
Councillor Dryden	15/117/CNL	Personal. Member of Cherry Hinton Residents Association

**15/116/CNL Public Questions Time**

Members of the public made a number of statements, as set out below.

- 1) Mr Michael Carpenter made the following points:
  - i. Paragraph 21 of the National Planning Policy Framework (NPPF) requires Local Plans “to identify and plan for new or emerging sectors likely to locate in the area and to plan positively for the location, promotion and expansion of clusters or networks of knowledge driven, creative or high technology industries”. To be found sound, the Local Plan must be based on up to date and robust evidence to satisfy the requirement to meet the need in specific employment sectors.

- ii. Since the Local Plans submitted in 2013 were based on an Employment Land Review, dated 2012, that was itself based on some key data from 2010, the land available for the specific sector of bio-medical healthcare and life-sciences requiring a specific location in close proximity to CBC and Addenbrooke's Hospital has reduced from 16.43 (table 5.2 of CCLP) to 3.2 hectares. With the addition of a provisional allocation in the proposed modifications of 8.91 hectares the total land available for this sector, based on current take up rates would last 3.9 years from today.
  - iii. While we welcome the attempt by the Council to identify the potential for land to meet an obvious need, should the requirement to ensure a sound plan not be supported by a more robust review of that part of the Employment Land Review dealing with the specific sector where the shortfall is most marked and immediate and should there not be greater clarity that there is a realistic prospect of delivery?"
- 2) Mr Michael Carpenter then put forward the following:
- i. Evidence showed that sites around the urban fringe of Cambridge have delivered 40% affordable housing (Trumpington Meadows, Glebe Farm, Clay Farm, Bell School and Darwin Green) in compliance with planning policy. However, the level of affordable housing provided in new settlements in South Cambridgeshire is significantly lower with percentages as low as 20% (Phase 1 Northstowe). The urban fringe sites have a track record of achieving a high level of affordable housing.
  - ii. The recently prepared Viability Update considered the 'pot' of money available for Section 106 obligations and site infrastructure at Bourn and Cambourne West and it is clear that factors such as unidentified abnormal costs may affect the results.
  - iii. Given the historic record of affordable housing delivery, together with the recently prepared viability work and the previously developed nature of the site, there was no evidence to show that Waterbeach will deliver 40% affordable dwellings.
  - iv. Given the substantial need for social housing within Cambridge and South Cambridgeshire, and the impact that the right to buy changes proposed by Central Government could have on the housing stock in the Cambridge area, why have the Councils chosen not to allocate urban fringe sites, such as Cambridge South, that had a proven track record of delivering 40% affordable housing?

The Executive Councillor for Planning Policy and Transport responded:

- i. The City Council's Affordable Housing Supplementary Planning Document (SPD) (2008) outlined the Council's objectives to deliver affordable housing in Cambridge. Housing must meet housing needs and contribute to the creation and maintenance of sustainable, inclusive and mixed communities. 40% of the buildings in new housing developments over a certain size should be classed as 'affordable'. It was important to maintain the figure of 40% for sites that had been designated for future development as demonstrated by the policies that were currently being set. An equivalent policy was also held by South Cambridgeshire District Council.
- ii. While it had been demonstrated that there are issues with Northstowe and the affordable housing quota, it was not possible to comment on any other up and coming sites as it was impossible to predict the future.
- iii. Development on phase one & and a sizeable part of phase two on land around Addenbrookes Hospital had been agreed. The City Council were currently consulting on modifications of phase three.
- iv. The Local Plan covered all development sites across the City, taking into account employment land, not just the land around Addenbrookes Hospital. It was important to look at the Local Plan overall.

Mr. Carpenter raised the following supplementary points:

- i. Sites at Waterbeach and Bourn had high infrastructure costs with monies from the City Deal already spent. All policies on affordable housing were subject to viability. It was widely agreed throughout the industry that such sites could not be relied upon to deliver 40% of affordable housing if infrastructure costs were high.
- ii. Many external organisations such as the University of Cambridge, the Medical Research Council, AstraZenca and Addenbrookes Hospital had all agreed a need for sufficient land close enough to the Hospital and the Biomedical Campus to allow a cluster effect for professionals and medical practitioners living and working in close proximity. It was not the case that other allocations in the City or beyond the City boundaries would perform the same function.

The Executive Councillor for Planning Policy and Transport responded with the following:

- i. The City Deal and others provisions would contribute with the cost of infrastructure which would assist with viability.

It was important to maintain a balance in terms of which employment sites were allocated, subject to a number of options such as sustainability.

- 3) Mr Robin Pellow of Cambridge Past Present and Future (PPF) raised the following:
- i. CambridgePPF welcomed the additional evidence that the City and South Cambridgeshire District Councils had provided in response to the comments from the Inspectors in May 2015. We believe that these independent reviews would greatly strengthen the spatial strategy proposed by the Councils in their submitted Local Plans and reinforce their arguments against the robust challenge that the developers would no doubt mount when the hearings are resumed.
  - ii. CambridgePPF signed a Statement of Common Ground with both Councils in October 2014 supporting the overall spatial strategy of keeping Cambridge a compact city with its historic setting protected by its Green Belt and with new residential development concentrated in new settlements beyond the Green Belt in South Cambridgeshire. This spatial strategy is sound only if the new settlements can be shown to be sustainable, especially with regard to their public transport services, compared with the alternative of more urban extensions. The additional evidence strengthens the case for the new settlements as sustainable developments.
  - iii. CambridgePPF particularly welcomed the review of the inner boundary of the Green Belt undertaken by LDA Design. We had been critical of the 2012 study done by the Councils on the grounds that the purposes of the Green Belt against which the importance of different sectors were assessed did not conform to the National Planning Policy Framework, and that the methodology itself was inconsistent and opaque. This new study is a more robust exercise which answers our criticisms. We believe it provides a sound basis for assessing the harm to the Cambridge Green Belt purposes that would arise if further land around the city fringe was to be released for development.
  - iv. Although we are in general agreement with the changes made by the Councils we would have expected both Councils to have produced a list of all brownfield sites in accordance with the DCLG's instructions. We believe such sites should be given priority in the development sequence and should certainly be taken before any further Green Belt land is released for development, as is still proposed at GB1 and GB2.

- v. CambridgePPF had already proposed a number of brownfield sites to the City Council, and was disappointed that these have not been placed in a register.
- vi. If a register was not available at what stage would it be available?
- vii. If the City Council intended to integrate such as register into the emerging Local Plan this should have been done before any amendments to the Plan were submitted. These sites should be a priority.

The Executive Councillor for Planning Policy and Transport responded:

- i. Planning Officers at City Council and South Cambridgeshire District Planners had looked at brownfield sites first, with 900 sites identified as part of the Strategic Housing Plan Availability Assessment.
- ii. When Central Government issued clear detail on brownfield registers the City Council would be able to respond formally and accordingly on the subject.

As a supplementary point Mr Pellew raised the following:

- i. Acknowledged the value of the Council's investigation of brownfield sites but it was four years ago at the start of the Local Plan investigations and should be readdressed.
- ii. There could be possible sites in the City which could now be brought forward for determination as brownfield sites and should be considered as priority.

The Executive Councillor for Planning Policy and Transport responded with the following:

- i. A presentation on suggested Brownfields sites for investigation had been presented at a meeting of the Full Council the previous year. These sites had been assessed and any new sites would be investigated accordingly if brought forward.

4) Mr Allan Brigham raised the following:

- i. The Cambridge Evening News had recently reported that 'hundreds of student flats being built in Cambridge were currently restricted to house students attending either at the University of Cambridge or Anglia Ruskin in the first instance. However proposed changes to the City Council's Local Plan would lift this restriction, potentially opening them up to

Cambridge's much talked about 'crammer colleges', which offer intensive and often extensive tuition to select band of colleges. Planning Officers said there was an argument to be more flexible with these arrangements and that developers of schemes approved under the old system would have a chance to appeal as and when the new rules came into place'.

- ii. Why was the City Council making changes which would weaken the emerging Local Plan when the volume of planning applications for student accommodation was already threatening the balance of local communities?
- iii. Additional student accommodation would lessen the opportunity for local residents to live in the City and the opportunity for affordable housing. Was this change in the best interests of local residents?

The Executive Councillor for Planning Policy and Transport responded:

- i. Applications would always be assessed on an individual basis
- ii. It could be argued that these modifications broadened how student providers were acknowledged and would welcome the recognition that they deserve.
- iii. The City had a strong academic tradition which should be recognised.

As a supplementary point Mr Brigham raised the following:

- i. Local residents had queried why students seemed to be offered a preference to live close to their place of work.
- ii. Local residents had to drive to their place of work as they could not afford to live in the City due to a lack of housing available and affordability.

The Executive Councillor for Planning Policy and Transport responded with the following:

- i. The policy had not yet been scrutinised by the Planning Inspectors.
- ii. There would be an opportunity for the public to make comment.

**15/117/CNL To consider the recommendations of the Executive for Adoption**

**15/117/CNL a Cambridge Local Plan: Consideration of Further Work and Consequential Modifications**



**Resolved (unanimously) to agree:**

- i. the consultation document with proposed modifications (Appendix A) as amended by the supplementary report (dated 27 November 2015) and sustainability appraisal (Appendix B), for public consultation between 2 December 2015 and 25 January 2016;
- ii. that any amendments and editing changes that need to be made to the consultation material with proposed modifications (Appendix A) and sustainability appraisal (Appendix B) be agreed by the Executive Councillor in consultation with the Chair and Spokes of Development Plan Scrutiny Sub Committee;
- iii. that the documents attached to this committee report as Appendices C to J are noted and submitted as part of the evidence base for the Local Plan;
- iv. That delegated authority be given to the Director of Environment to make any subsequent minor amendments and editing changes, in consultation with the Executive Councillor for Planning Policy and Transport.

The meeting ended at 7.30 pm

**MAYOR**

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**RECOMMENDATION TO COUNCIL**  
 (Executive Councillor for Finance & Resources)

## **Annual Treasury Management Strategy Statement 2016/17 to 2018/19**

The Council is required by regulations issued under the Local Government Act 2003, to produce an Annual Treasury Management Strategy Report.

The report complied with the CIPFA Code of Practice on Treasury Management (revised 2011). The Code required as a minimum, receipt by full council of an Annual Treasury Management Strategy Statement, including the Annual Investment Strategy and Minimum Revenue Provision Policy for the year ahead, a half-year review report and an Annual Report (stewardship report) covering activities in the previous year.

The Strategy and Resources Committee unanimously resolved to endorse the recommendations.

Accordingly, Council is recommended to:

To approve:

- i. The Annual Borrowing Statement at paragraph 4, the Council's Minimum Revenue Provision (MRP) Policy at paragraph 5 and the Council's Annual Investment Strategy as contained within paragraphs 8 & 9.
- ii. An amendment to the counterparty list to include Enhanced Cash Funds. A limit of £5m is recommended and has been updated within Appendix A as follows

Name	Recommended Limit (£)
Enhanced Cash Funds (Standard & Poor's: AAA/S1, Fitch: AAA/V1)	5m (in each fund)

- iii. Changes to the estimated Prudential & Treasury Indicators for 2015/16 to 2018/19 inclusive as set out in Appendix C.
- iv. That the following counterparty limits are required to come into effect on 1 April 2016 until further notice:-

- Reduce HSBC's counterparty limit by £5m to £20m; and
- Increase Barclays Bank plc counterparty limit by £5m to £25m.



To: The Executive Councillor for Finance & Resources:  
Councillor George Owers

Report by: Caroline Ryba – Head of Finance & S151 Officer

Relevant scrutiny committee: Strategy & Resources  
18/01/2016  
Scrutiny  
Committee

Wards affected: All Wards

## **ANNUAL TREASURY MANAGEMENT STRATEGY STATEMENT REPORT 2016/17 TO 2018/19**

### **Key Decision**

#### **1. Executive summary**

- 1.1 The Council is required by regulations issued under the Local Government Act 2003, to produce an Annual Treasury Management Strategy Report.
- 1.2 The Council has also adopted The Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Treasury Management (revised 2011).
- 1.3 The Code requires as a minimum, receipt by full Council of an Annual Treasury Management Strategy Statement – including the Annual Investment Strategy and Minimum Revenue Provision Policy – for the year ahead, a half-year review report and an Annual Report (stewardship report) covering activities in the previous year.
- 1.4 This Treasury Management Strategy Statement Report has been prepared in accordance with CIPFA's Code of Practice on Treasury Management and covers the following:-
  - The Council's capital expenditure plans (prudential indicators):-
  - A statement of the Council's borrowing strategy;
  - The Annual Borrowing and Minimum Revenue Provision Statements;
  - The Treasury Management Strategy Statement and Annual Investment Strategy for 2016/17; and;
  - An update on interest rate and economic forecasts.

1.5 In line with the Code of Practice, all treasury management reports have been presented to both Strategy & Resources Scrutiny Committee and full Council.

## 2. Recommendations

2.1 The Executive Councillor is asked to recommend to Council the Annual Borrowing Statement at paragraph 4, the Council's Minimum Revenue Provision (MRP) Policy at paragraph 5 and the Council's Annual Investment Strategy as contained within paragraphs 8 & 9.

2.2 Following a recent review, the Executive Councillor is asked to recommend to Council an amendment to the counterparty list to include Enhanced Cash Funds. A limit of £5m is recommended and has been updated within Appendix A, as follows

Name	Recommended Limit (£)
Enhanced Cash Funds (Standard & Poor's: AAAf/S1, Fitch: AAA/V1)	5m (in each fund)

2.3 The Executive Councillor is also asked to recommend to Council changes to the estimated Prudential & Treasury Indicators for 2015/16 to 2018/19, inclusive, as set out in Appendix C.

## 3. Background

### 3.1 Treasury Management Activities

The Council is required to comply with CIPFA Prudential Code (May 2013 edition) and the CIPFA Treasury Management Code of Practice (Revised November 2011). The Council is required to set prudential and treasury indicators, including an authorised limit for borrowing, for a three year period and should ensure that its capital plans are affordable, prudent and sustainable. The Council also follows DCLG Investment Guidance as issued on 11<sup>th</sup> March 2010.

3.2 The Council is currently supported in its treasury management functions by specialist advisors who are Capita Asset Services. Capita's services include the provision of advice to the Council on developments and best practice in this area and provide information on the creditworthiness of potential counterparties, deposit and borrowing interest rates and the economy.

#### **4. Borrowing Policy Statement**

- 4.1 The Council is permitted to borrow under the Prudential Framework, introduced with effect from 1<sup>st</sup> April 2004.
- 4.2 At present the only debt held by the authority relates to the twenty loans from the PWLB for self-financing the HRA taken out in 2012 totalling £213,572,000.
- 4.3 The Council does not currently anticipate any new external borrowing for the period 2016/17 to 2018/19, inclusive.
- 4.4 In the event that external borrowing is undertaken the Council is able as an eligible local authority to access funds at the PWLB Certainty Rate (a 0.20% discount on loans) until 31<sup>st</sup> October 2016.
- 4.5 The Council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates, and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds.

#### **5. Minimum Revenue Provision (MRP) Policy Statement**

- 5.1 Minimum Revenue Provision (MRP) is the revenue charge that the Council is required to make for the repayment of debt, as measured by the underlying need to borrow, rather than actual debt. The underlying debt is needed to finance capital expenditure which has not been fully financed by revenue or capital resources. As capital expenditure is generally expenditure on assets which have a life expectancy of over one year it is prudent to charge an amount for the repayment of debt over the life of the asset or some similar proxy figure.
- 5.2 The Local Authorities (Capital Finance and Accounting) regulations require local authorities to calculate for the financial year an amount of MRP which is considered to be 'prudent'.
- 5.3 There is no requirement to charge MRP where the Capital Financing Requirement (CFR) is nil or negative at the end of the preceding financial year.

- 5.4 The Housing Revenue Account share of the CFR is not subject to an MRP charge.
- 5.5 There is no requirement to make a MRP charge on an asset until the financial year after that asset becomes operational.
- 5.6 The Government has issued guidance on the calculation of MRP. The Council is required to have regard to the guidance based on the underlying principle that the provision should be linked to the life of the assets for which the borrowing is required.
- 5.7 However, the guidance is clear that differing approaches can be considered as long as the resulting provision is prudent.
- 5.8 The Council has agreed to make a loan to a company (which is classed as capital expenditure) to enable it to let intermediate rent properties. This will be financed from internal borrowing.
- 5.9 As this loan is to a wholly owned subsidiary company, is secured on assets and there is a plan and evidence that there is an ability to repay the loan at the end of the short 3 year pilot period, no MRP will be set aside. However, to ensure that this policy is prudent, the Council will review this loan annually and at the end of the pilot period if the company continues and the loan is renegotiated. Where there is evidence which suggests that the full amount of the loan may not be repaid, it will be necessary to reassess the need to commence MRP to recover the impaired amounts from revenue.
- 5.10 The Council has agreed to finance an element of the capital cost of a new community centre at Clay Farm from internal borrowing. This element will in effect be repaid over the next 15 years (with interest) from receipts of rental incomes and subsidy from the site developer and a tenant. As there are sufficient revenues to repay the capital costs no MRP will be set aside.

## **6. The Council's Capital Expenditure and Financing 2015/16 to 2018/19**

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

- Financed immediately through the application of capital or revenue resources (capital receipts, capital grants, developer contributions, revenue contributions, reserves etc.), which has no resultant impact on the Council's borrowing need; or;



- If insufficient financing is available, or a decision is taken not to apply other resources, the funding of capital expenditure will give rise to a borrowing need.

6.1 Details of capital expenditure forms one of the required prudential indicators. The table below shows the proposed capital expenditure and how it will be financed. It also includes any re-phasing of 2014-15 budgets 2015/16 and is in line with the agreed Capital Plan.

	<b>2015/16 Current Budget £'000</b>	<b>2016/17 Estimate £'000</b>	<b>2017/18 Estimate £'000</b>	<b>2018/19 Estimate £'000</b>
General Fund Capital Expenditure	41,891	4,361	1,880	1,301
HRA Capital Expenditure	36,099	36,526	18,455	8,510
<b>Total Capital Expenditure</b>	<b>77,990</b>	<b>40,887</b>	<b>20,335</b>	<b>9,811</b>
<b>Resourced by:</b>				
• Capital receipts	-7,678	-6,189	-2,349	-532
• Other contributions	-61,007	-34,698	-17,986	-9,279
<b>Total available resources for financing capital expenditure</b>	<b>-68,685</b>	<b>-40,887</b>	<b>-20,335</b>	<b>-9,811</b>
<b>Financed from cash balances</b>	<b>9,305</b>	<b>0</b>	<b>0</b>	<b>0</b>

## 7. The Council's Prudential and Treasury Management Indicators

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

<b>Capital Financing Requirement &amp; Cumulative External Borrowing</b>	<b>2015/16 Probable Outturn £'000</b>	<b>2016/17 Estimate £'000</b>	<b>2017/18 Estimate £'000</b>	<b>2018/19 Estimate £'000</b>
General Fund Capital Financing Requirement	10,569	10,569	10,569	10,569
HRA Capital Financing Requirement	214,748	214,748	214,748	214,748
<b>Total Capital Financing Requirement</b>	<b>225,317</b>	<b>225,317</b>	<b>225,317</b>	<b>225,317</b>
<b>Movement in the Capital Financing Requirement</b>	<b>9,305</b>	<b>0</b>	<b>0</b>	<b>0</b>
Estimated External Gross Debt/Borrowing (Including HRA Reform)	213,572	213,572	213,572	213,572
Authorised Limit for External Debt	250,000	250,000	250,000	250,000
Operational Boundary for External Debt	225,317	225,317	225,317	225,317

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

## **8. Annual Investment Strategy Statement**

### **8.1 Introduction**

The Council manages its deposits in-house and uses Capita as its independent Treasury Adviser. The Council recognises that responsibility for treasury management activities remains with the organisation. The Council will ensure that the terms of Capita's appointment are properly agreed and documented and regularly reviewed.

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

1. The **S**ecurity of capital;
2. The **L**iquidity of deposits; and;
3. The **Y**ield or return on its deposits.

The Council takes a cautious approach within its Treasury Management Strategy. However, in order to ensure that the Council invests its funds in the most appropriate way, the Strategy is regularly reviewed taking into account the information available from Capita and wider developments.

- 8.2 The Council added Money Market Funds to its list of approved counterparties in 2013. These funds have enabled the Council to earn better rates of interest on overnight monies than in bank deposit accounts. The Council does not currently include Enhanced Money Market Funds on its list of approved counterparties. These are pooled investment vehicles which achieve a better rate of return than a traditional money market fund, particularly for periods over 3 months. These funds are all denominated in sterling and can include a number of instruments including government gilts, corporate bonds, government guaranteed bonds, supranational bonds and covered (secured) bonds.
- 8.3 These funds offer diversification from traditional bank deposits and enhanced yields as they have a longer weighted average maturity (the average time to maturity of the underlying bonds and gilts). Liquidity of these funds is good, typically allowing investors to receive proceeds from any sale of units 2 to 3 days after the trade date.
- 8.4 The Council's existing money market funds are valued on a constant net asset value basis, so the capital value does not fluctuate. Enhanced Cash Funds are valued using Variable Net Asset Value (VNAV) – the assets are marked to market (to record a change of value in an asset to reflect its current market fair value) on a daily basis and the unit price can go up or down, although the volatility has historically been very low. The Council could choose when to sell units in a fund. As with the Council's investment in the CCLA Property Fund any units held at each financial year end would be valued and a book profit or loss recorded in surplus or deficit on available for sale assets in the Comprehensive I&E account. However, as an unrealised loss this would not be borne by the General Fund. Unlike the Property Fund there is no bid-offer spread on prices.
- 8.5 It is recommended that the most highly credit-rated, lowest volatility rated funds (as rated by the credit rating agencies) are added to the approved counterparty list with a limit of £5m for each fund. The revised detailed counterparty list with limits is shown within Appendix A.

8.6 It is expected that our deposits will diminish over this 3 year period, due to factors including our investment in our commercial property portfolio and a loan to the General Fund housing company.

## 8.7 **Creditworthiness Policy**

This Council uses the creditworthiness service provided by Capita (which is highlighted within Appendix A – Current Counterparty List) which are updated daily for the authority to use. This service uses a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies – Fitch, Moody’s and Standard & Poor’s. However, the Council does not rely solely on the current credit ratings of counterparties but also uses the following as overlays:-

- Credit watches and credit outlooks from credit rating agencies;
- Credit Default Swaps (CDS) spreads to give early warning of likely changes in credit ratings i.e. akin to an insurance policy whereby counterparties enter into a contractual agreement; and;
- Sovereign ratings to select counterparties from only the most creditworthy countries.

The Council will not place an investment contrary to Capita’s credit methodology criteria which includes a maximum duration period (except for ‘smaller’ Building Societies).

## 8.8 **Training**

The CIPFA Code requires the responsible officer to ensure that Members and Officers are adequately trained in treasury management. Training is arranged as required and is regularly reviewed.

## 9. **Ethical Investment Statement**

9.1 Subject to the Executive Councillor’s decision in respect of inclusion of an ethical investment policy in relation to an earlier agenda item at this meeting it is proposed that the following statement forms part of the Council’s Treasury Management Strategy:

“Cambridge City Council notes the risks to both the planet and Cambridge from climate change and the need to show leadership in advocating a fossil-free future, including its investments. Where consistent with our fiduciary responsibilities the Council will avoid direct investment in institutions with

material links to environmentally harmful activities including fossil fuels.

Cambridge City Council, in making investments through its treasury management function, fully supports the ethos of socially responsible investments. We will actively seek to communicate this support to those institutions we invest in as well as those we are considering investing in by:

- Encouraging those institutions to adopt and publicise policies on socially responsible investments;
- Requesting those institutions to apply those deposits in a socially responsible manner.

Counterparties will be advised of this statement.”

## **10. Interest Rates & Interest Received**

10.1 Capita Asset Services is the Council’s independent treasury advisor. In support of effective forecasting the Council needs to be aware of the potential influence of interest rates on treasury management issues for the Council. Capita’s opinion on interest rates is presented at Appendix B.

10.2 Total interest and dividends of £909,000 has been received on the Council’s deposits up to 30<sup>th</sup> November 2015 (for this financial year) at an average rate of 1.14%. This exceeds the budget to date of £799,000 by £110,000 and the average actual rate achieved in 2014/15 of 0.72%.

## **11. Implications**

### **(a) Financial Implications**

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

### **(b) Staffing Implications**

None.

### **(c) Equal & Poverty Implications**

No negative impacts identified.

### **(d) Environmental Implications**

None.

- (e) **Procurement**  
None.
- (f) **Consultation and communication**  
None required.
- (g) **Community Safety**  
No community safety implications.

## **12. Background Papers**

12.1 None were used in preparing this report.

## **13. Appendices**

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

## **14. Inspection of Papers**

14.1 If you have any queries about this report please contact:

Author’s Name:	Stephen Bevis
Author’s Phone Number:	01223 - 458153
Author’s Email:	stephen.bevis@cambridge.gov.uk

## Treasury Management Annual Investment Strategy

### Current Counterparty List

The full listing of approved counterparties is shown below, showing the category under which the counterparty has been approved, the appropriate deposit limit and current duration limits. These counterparties have also been shown under Specified and Non-Specified Investments (in line with DCLG Guidance). Recommended changes shown in bold:-

Name	Council's Current Deposit Period	Category	Limit (£)
<b>Specified Investments:-</b>			
All UK Local Authorities	N/A	Local Authority	20m
All UK Passenger Transport Authorities	N/A	Passenger Transport Authority	20m
All UK Police Authorities	N/A	Police Authority	20m
All UK Fire Authorities	N/A	Fire Authority	20m
Debt Management Account Deposit Facility	N/A	DMADF	Unlimited
Barclays Bank Plc	Using Capita's Credit Criteria	UK Bank	20m
HSBC Bank Plc	Using Capita's Credit Criteria	UK Bank	25m
Standard Chartered Bank	Using Capita's Credit Criteria	UK Bank	20m
Bank of Scotland Plc (BoS)	Using Capita's Credit Criteria	UK Bank	20m
Lloyds TSB Bank Plc	Using Capita's Credit Criteria	UK Bank	20m
National Westminster Bank Plc (NWB)	Using Capita's Credit Criteria	UK Nationalised Bank	20m
Santander UK Plc	Using Capita's Credit Criteria	UK Bank	5m
The Royal Bank of Scotland Plc (RBS)	Using Capita's Credit Criteria	UK Nationalised Bank	20m
Other UK Banks	Using Capita's Credit Criteria	UK Banks	20m

Name	Council's Current Deposit Period	Category	Limit (£)
Members of a Banking Group (BoS Group includes Lloyds, RBS Group includes NWB)	Using Capita's Credit Criteria	UK Banks and UK Nationalised Banks	30m
Deutsche Bank	Using Capita's Credit Criteria	Non-UK Bank	5m
Svenska Handelsbanken	Using Capita's Credit Criteria	Non-UK Bank	5m
<b>Enhanced Cash Funds (Standard &amp; Poor's: AAAf/S1, Fitch: AAA/V1)</b>	<b>Over 3 months and up to 1 year</b>	<b>Financial Instrument</b>	<b>5m (per single counterparty)</b>
Money Market Funds	Liquid Rolling Balance	Financial Instrument	15m (per fund)
Custodian of Funds	Requirement for Undertaking Financial Instruments	Fund Managers	Up to 15m (per single counterparty)
UK Government Treasury Bills	Up to 6 months	Financial Instrument	15m
<b>Other Specified Investments - UK Building Societies:-</b>			
Name	Council's Current Deposit Period	Society Asset Value (£'m) – as at 10 <sup>th</sup> Nov 2015	Limit (£)
Nationwide Building Society	1 month or in line with Capita's Credit Criteria, if longer	194,821	Assets greater than £100,000m - £20m
Yorkshire Building Society		41,779	
Coventry Building Society		30,890	
Skipton Building Society		15,336	Assets between £50,000m and £99,999m - £5m
Leeds Building Society		12,220	
Principality Building Society		7,108	Assets between £5,000m and £49,999m - £2m
West Bromwich Building Society		5,570	
<b>Non-Specified Investments:-</b>			
Name	Council's Current Deposit Period	Category	Limit (£)
All UK Local Authorities – longer term limit	Over 1 year and up to 5 years	Local Authority	Up to 30m (in total)



<b>Name</b>	<b>Council's Current Deposit Period</b>	<b>Category</b>	<b>Limit (£)</b>
CCLA Local Authorities' Property Fund	Minimum of 5 years	Pooled UK Property Fund	Up to 10m
Certificates of Deposit (with UK Banking Institutions)	Liquid Rolling Balance	Financial Instrument	15m (per single counterparty)
Certificates of Deposit (with UK Building Societies)	Liquid Rolling Balance	Financial Instrument	2m (per single counterparty)
Certificates of Deposit (with Foreign Banking Institutions)	Liquid Rolling Balance	Financial Instrument	2m (per single counterparty)
<b>Enhanced Cash Funds (Standard &amp; Poor's: AAAs/S1, Fitch: AA/V1)</b>	<b>Over 1 year and up to 5 years</b>	<b>Financial Instrument</b>	<b>5m (per single counterparty)</b>
Supranational Bonds – AAA	Using Capita's Credit Criteria	Multi-lateral Development Bank Bond	15m
UK Government Gilts	Over 1 year & up to 30 Years	Financial Instrument	15m

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

### Introduction

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

### Interest rates

Members of the Bank of England Monetary Policy Committee (MPC) kept the bank rate at 0.50% and Quantitative Easing (QE) at £375bn during 2015/16 (to Nov 2015). Going-forward, the Council's treasury advisor, Capita, has provided the following interest rate forecasts issued on 10<sup>th</sup> November 2015:-

	Now	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18
<b>Bank rate</b>	0.50%	0.50%	0.50%	0.75%	0.75%	1.00%	1.00%	1.25%	1.50%	1.50%	1.75%	1.75%	2.00%	2.00%
<b>3 month LIBID</b>	0.52%	0.60%	0.70%	0.80%	0.90%	1.10%	1.30%	1.40%	1.50%	1.80%	1.90%	1.90%	2.00%	2.00%
<b>6 month LIBID</b>	0.66%	0.80%	0.90%	1.00%	1.10%	1.30%	1.50%	1.60%	1.70%	2.00%	2.10%	2.10%	2.20%	2.20%
<b>12 month LIBID</b>	0.98%	1.10%	1.20%	1.30%	1.40%	1.60%	1.80%	1.90%	2.00%	2.30%	2.40%	2.40%	2.50%	2.50%
<b>5yr PWLB rate</b>	2.23%	2.30%	2.40%	2.60%	2.70%	2.80%	2.80%	2.90%	3.00%	3.20%	3.30%	3.40%	3.50%	3.50%
<b>10yr PWLB rate</b>	2.88%	2.90%	3.00%	3.10%	3.20%	3.30%	3.40%	3.50%	3.60%	3.70%	3.80%	3.90%	4.00%	4.10%
<b>25yr PWLB rate</b>	3.57%	3.60%	3.70%	3.80%	3.90%	4.00%	4.10%	4.10%	4.20%	4.30%	4.30%	4.40%	4.40%	4.40%
<b>50yr PWLB rate</b>	3.43%	3.60%	3.60%	3.70%	3.80%	3.90%	4.00%	4.00%	4.10%	4.20%	4.20%	4.30%	4.30%	4.30%

Capita's interest rate forecast is for the first increase in the bank rate to be in June 2016. With higher growth predictions and lower unemployment forecasts for the U.K, these are the main reasons for this change in interest rates overall.

## PRUDENTIAL &amp; TREASURY MANAGEMENT INDICATORS

	<b>Current 2015/16 £'000</b>	<b>Estimate 2016/17 £'000</b>	<b>Estimate 2017/18 £'000</b>	<b>Estimate 2018/19 £'000</b>
<b>PRUDENTIAL INDICATORS</b>				
<b>Capital expenditure</b>				
- General Fund	41,891	4,361	1,880	1,301
- HRA	36,099	36,526	18,455	8,510
<b>Total</b>	<b>77,990</b>	<b>40,887</b>	<b>20,335</b>	<b>9,811</b>
<b>Incremental impact of capital deposit decisions on:</b>				
Band D Council Tax (City element)	0.15	0.07	0.01	0.01
Average weekly housing rent	-1.06	0.79	0.77	-0.10
<b>Capital Financing Requirement (CFR) as at 31 March</b>				
- General Fund	10,569	10,569	10,569	10,569
- HRA	214,748	214,748	214,748	214,748
<b>Total</b>	<b>225,317</b>	<b>225,317</b>	<b>225,317</b>	<b>225,317</b>
<b>Change in the CFR</b>	9,305	0	0	0
<b>Deposits at 31 March</b>	99,400	81,600	81,400	102,200
<b>External Gross Debt</b>	213,572	213,572	213,572	213,572
<b>Ratio of financing costs to net revenue stream</b>				
-General Fund	-3.15%	-5.62%	-7.70%	-11.80%
-HRA	17.52%	17.54%	13.48%	11.10%
<b>Total</b>	<b>14.37%</b>	<b>11.92%</b>	<b>5.78%</b>	<b>-0.70%</b>

## PRUDENTIAL & TREASURY MANAGEMENT INDICATORS

	Current 2015/16 £'000	Estimate 2016/17 £'000	Estimate 2017/18 £'000	Estimate 2018/19 £'000
<b>TREASURY INDICATORS</b>				
<b>Authorised limit</b>				
for borrowing	250,000	250,000	250,000	250,000
for other long term liabilities	0	0	0	0
<b>Total</b>	<b>250,000</b>	<b>250,000</b>	<b>250,000</b>	<b>250,000</b>
HRA Debt Limit	230,839	230,839	230,839	230,839
<b>Operational boundary</b>				
for borrowing	225,317	225,317	225,317	225,317
for other long term liabilities	0	0	0	0
<b>Total</b>	<b>225,317</b>	<b>225,317</b>	<b>225,317</b>	<b>225,317</b>
<b>Upper limit for total principal sums deposited for over 364 days</b>	40,000	40,000	40,000	40,000
<b>Upper limit for fixed &amp; variable interest rate exposure</b>				
Net interest on fixed rate borrowing/deposits	6,610	6,627	6,744	6,744
Net interest on variable rate borrowing/deposits	-23	-23	-23	-23
<b>Maturity structure of new fixed rate borrowing</b>		Upper Limit	Lower Limit	
10 years and above (PWLB borrowing for HRA Reform)		100%	100%	

## Treasury Management – Glossary of Terms and Abbreviations

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

<b>Term</b>	<b>Definition</b>
HRA Self-Financing	A new funding regime for the HRA introduced in place of the previous annual subsidy system
London Interbank Offered rate (LIBOR)	A benchmark rate that some of the leading banks charge each other for short-term loans
London Interbank Bid Rate (LIBID)	The average interest rate which major banks London banks borrow Eurocurrency deposits from other banks
Liquidity	A measure of how readily available a deposit is
MPC	Monetary Policy Committee - The Bank of England Committee responsible for setting the UK's bank base rate
Non-Specified Investments	These are investments that do not meet the conditions laid down for Specified Investments and potentially carry additional risk, e.g. lending for periods beyond 1 year
Operational Boundary	Limit which external borrowing is not normally expected to exceed
PWLB	Public Works Loans Board - an Executive Government Agency of HM Treasury from which local authorities & other prescribed bodies may borrow at favourable interest rates
Security	A measure of the creditworthiness of a counter-party
Specified Investments	Those investments identified as offering high security and liquidity. They are also sterling denominated, with maturities up to a maximum of 1 year, meeting the minimum 'high' credit rating criteria where applicable
Supranational Bonds	Multi-lateral Development Bank Bond
UK Government Gilts	Longer-term Government securities with maturities over 6 months and up to 30 years
UK Government Treasury Bills	Short-term securities with a maximum maturity of 6 months issued by HM Treasury
Yield	Interest, or rate of return, on an investment

**ANNUAL TREASURY MANAGEMENT STRATEGY STATEMENT REPORT  
2016/17 TO 2018/19 – TABLED AMENDMENT**

The above Report to include an additional recommendation

**BACKGROUND:-**

The Council's Banking Contract has been awarded with effect from 1<sup>st</sup> April 2016 for 5 years with Barclays Bank plc. Our incumbent providers are HSBC.

The new banking contract was engrossed by the Head of Legal Services on 13<sup>th</sup> January 2016.

As a result an amendment to our counterparty limits is required as follows:-

**ADDITIONAL RECOMMENDATION:-**

The Executive Councillor is asked to recommend to Council that the following counterparty limits are required to come into effect on 1<sup>st</sup> April 2016 until further notice:-

- Reduce HSBC's counterparty limit by £5m to £20m; and;
- Increase Barclays Bank plc counterparty limit by £5m to £25m.

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<p style="text-align: center;"><b>RECOMMENDATION TO COUNCIL</b> (Executive Councillor for Housing)</p>
--

## **2016/17 Housing Revenue Account Budget Setting Report**

The report referred to the 2015/16 budget process, the range of assumptions upon which the Housing Revenue Account (HRA) Business Plan and Mid-Year Financial Review were based, were reviewed in light of the latest information available, culminating in the preparation of the HRA Budget Setting Report.

The Housing Scrutiny Committee considered and approved the recommendations by 6 votes to 0, with 2 abstentions.

Accordingly, Council is recommended to:

### **Treasury Management**

- i. Request that, in 2016/17, officers review the existing approach to treasury management, which required 25% of the value of the housing debt to be set-aside by the point at which the loan portfolio matures, recognising the financial constraints that have been placed upon the HRA as a result of recent change in national housing policy. A separate report will be brought back to Housing Scrutiny Committee in 2016/17 following this review.

### **Housing Capital**

- ii. Approval of capital bids, shown in Appendix D (2) of the HRA Budget Setting Report, to include meeting the capital cost of re-locating staff to a single area housing office, with the cost to be funded from existing repairs and renewals funds for the service.
- iii. Approval of amendment to the Decent Homes Programme investment, recognising the ability to make savings of £810,000 in 2015/16 in respect of boiler replacements, roof structure works, communal areas investment, garage refurbishment, asbestos removal and fire safety works, as detailed in Section 5 and Appendix E (2) of the HRA Budget Setting Report.
- iv. Approval of the need to re-profile resource of £570,000 from 2015/16 into 2016/17 in respect of roof covering works and bathroom replacements, and £102,000 from 2015/16 into later years of the programme in respect of remedial works due to

sulphate, as detailed in Section 5 and Appendix E (2) of the HRA Budget Setting Report.

- v. Approval of the latest budget, spend profile and funding mix for each of the schemes in the new build programme, as detailed in Section 5 and Appendix H of the HRA Budget Setting Report, recognising the most up to date information available as each scheme progresses through the design, planning, build contract and completion process.
- vi. Recognition of the need to incorporate into the Housing Capital Investment Plan, grants awarded by the Homes and Communities Agency in respect of Aylesborough Close, Water Lane, Ditchburn Place and Clay Farm.
- vii. Approval to earmark the required level of additional funding for new build investment between 2016/17 and 2017/18 to ensure that commitments can be met in respect of the investment of all right to buy receipts retained by the authority, up to the end of September 2015.
- viii. Approval to earmark additional resource of £3,110,000 towards the cost of the re-development of Anstey Way, in anticipation of a revised scheme being brought forward for the site, recognising the lower level of HRA resource available than anticipated when the scheme was first considered.
- ix. Approval of allocation of funds for a scheme to re-develop a mixed use HRA site in Akeman Street, subject to the approval of a separate report for the scheme, to be considered in Part 2 of this committee agenda.
- x. Approval of the revised Housing Capital Investment Plan as shown in Appendix K of the HRA Budget Setting Report.
- xi. Approve a provisional addition to the Housing Capital Allowance of £34,303,000 in respect of anticipated qualifying expenditure in 2016/17.

## **General**

- xii. Approval of delegation to the Head of Finance, as Section 151 Officer, to make the necessary detailed budgetary adjustments in the HRA, in respect of savings approved as part of the HRA Mid-Year Financial Review, following the outcome of consultation with both tenants and staff about proposed service changes and resulting final savings.



To: Executive Councillor for Housing: Councillor Kevin Price  
Report by: Liz Bisset, Director of Customer & Community Services  
Relevant scrutiny committee: Housing Scrutiny Committee 13/1/2016  
Wards affected: All Wards

## 2016/17 HOUSING REVENUE ACCOUNT BUDGET SETTING REPORT

### Key Decision

---

#### 1. Executive summary

- 1.1 As part of the 2016/17 budget process, the range of assumptions upon which the HRA Business Plan and Mid-Year Financial Review were based, were reviewed in light of the latest information available, culminating in the preparation of the HRA Budget Setting Report.
- 1.2 The HRA Budget-Setting Report provides an overview of the review of the key assumptions. It sets out the key parameters for the detailed recommendations and final budget proposals, and is the basis for the finalisation of the 2016/17 budgets.
- 1.3 The resulting recommendations refer to the strategy outlined in the HRA Budget Setting Report.
- 1.4 The HRA Budget Setting Report is presented to this meeting of the Housing Scrutiny Committee on 13<sup>th</sup> January 2016, to allow consideration and scrutiny of proposals for both the review of rents and service charges and the revenue bids and savings, which form part of the HRA budget. The Executive Councillor for Housing will approve the final HRA revenue budget, after consideration of any budget amendments for the Housing Revenue Account.
- 1.5 The Housing Scrutiny Committee will also consider and scrutinise the Housing Capital Investment Plan, including capital bids and all associated funding proposals, prior to the Executive Council for Housing making final capital recommendations for approval at Council on 25th February 2016.

## 2. Recommendations

Under Part 1 of the agenda, the Executive Councillor, is recommended, following scrutiny and debate at Housing Scrutiny Committee, to:

### Review of Rents and Charges

- a) Approve that council dwellings rents for existing tenants be reduced by 1%, in line with legislative requirements, introduced as part of the Welfare Reform and Work Bill 2015, with effect from 4th April 2016. This equates to an average rent reduction at the time of writing this report of £1.01 per week on a 52 week basis.
- b) Approve inflationary increases of 2% in garage and parking space rents for 2016/17, in line with the base rate of inflation for the year assumed in the HRA Budget Setting Report.
- c) Approve the proposed service charges for Housing Revenue Account services and facilities, as shown in Appendix B of the HRA Budget Setting Report.
- d) Approve the proposed leasehold administration charges for 2016/17 as detailed in Appendix B of the HRA Budget Setting Report.
- e) Approve that service charges for gas maintenance, door entry systems, lifts and electrical and mechanical maintenance are increased by a maximum of inflation as measured by CPI at September 2015 (-0.1%) plus 1%, if required, to continue to recover full estimated costs as detailed in Appendix B of the HRA Budget Setting Report. This will result in a cap in increases for these charges of 0.9%.
- f) Approve that caretaking, building cleaning, estate services, grounds maintenance, temporary housing premises and utilities, sheltered scheme premises and utilities, digital television aerial, flat cleaning and catering charges continue to be recovered at full cost, as detailed in Appendix B of the HRA Budget Setting Report.
- g) Approve that the charge for the full cost of the provision of the alarm service in sheltered housing and dispersed community alarm properties be identified separately, as a charge which is ineligible for housing benefit, following cessation of funding for this service by the County Council from April 2016.

## Revenue – HRA

Revised Budget 2015/16:

- h) Approve with any amendments, the Revised Budget identified in Section 4 of the HRA Budget Setting Report, which reflects a net reduction in the use of HRA reserves for 2015/16 of £19,300.
- i) Approve release, cessation of use, and appropriation, of an earmarked reserve currently standing at £121,900, held in respect of monies received for the placement of aerials on HRA flat blocks, into general HRA reserves, to allow alternative future use.

Budget 2016/17:

- j) Approve with any amendments, the Non-Cash Limit items shown in Appendix D (1) of the HRA Budget Setting Report.
- k) Approve with any amendments, the Unavoidable Revenue Pressures, Savings and Increased Income proposals, shown in Appendix D (1) of the HRA Budget Setting Report.
- l) Approve the deletion of the Priority Policy Fund (PPF) allocation of £150,000 from 2017/18, and instead approve the creation of a fund for Service Development and Transformation/ Invest to Save Initiatives, of £120,000 per annum for 5 years from 2016/17. Approve delegated authority to the Strategic Advisor, to invest this fund, in either one-off projects, or to fund ongoing activity as required.
- m) Approve the resulting Housing Revenue Account revenue budget as summarised in the Housing Revenue Account Summary Forecast 2015/16 to 2020/21 shown in Appendix J of the HRA Budget Setting Report.

Under Part 2 of the agenda, the Executive Councillor for Housing is asked to recommend to Council (following scrutiny and debate at Housing Scrutiny Committee):

## Treasury Management

- n) Request that, in 2016/17, officers review the existing approach to treasury management, which required 25% of the value of the housing debt to be set-aside by the point at which the loan portfolio matures, recognising the financial constraints that have been placed upon the HRA as a result of recent change in national housing policy. A

separate report will be brought back to Housing Scrutiny Committee in 2016/17 following this review.

## Housing Capital

- o) Approval of capital bids, shown in Appendix D (2) of the HRA Budget Setting Report, to include meeting the capital cost of re-locating staff to a single area housing office, with the cost to be funded from existing repairs and renewals funds for the service.
- p) Approval of amendment to the Decent Homes Programme investment, recognising the ability to make savings of £810,000 in 2015/16 in respect of boiler replacements, roof structure works, communal areas investment, garage refurbishment, asbestos removal and fire safety works, as detailed in Section 5 and Appendix E (2) of the HRA Budget Setting Report.
- q) Approval of the need to re-profile resource of £570,000 from 2015/16 into 2016/17 in respect of roof covering works and bathroom replacements, and £102,000 from 2015/16 into later years of the programme in respect of remedial works due to sulphate, as detailed in Section 5 and Appendix E (2) of the HRA Budget Setting Report.
- r) Approval of the latest budget, spend profile and funding mix for each of the schemes in the new build programme, as detailed in Section 5 and Appendix H of the HRA Budget Setting Report, recognising the most up to date information available as each scheme progresses through the design, planning, build contract and completion process.
- s) *Recognition of the need to incorporate into the Housing Capital Investment Plan, grants awarded by the Homes and Communities Agency in respect of Aylesborough Close, Water Lane, Ditchburn Place and Clay Farm.*
- t) Approval to earmark the required level of additional funding for new build investment between 2016/17 and 2017/18 to ensure that commitments can be met in respect of the investment of all right to buy receipts retained by the authority, up to the end of September 2015.
- u) Approval to earmark additional resource of £3,110,000 towards the cost of the re-development of Anstey Way, in anticipation of a revised scheme being brought forward for the site, recognising the lower level of HRA resource available than anticipated when the scheme was first considered.

- v) Approval of allocation of funds for a scheme to re-develop a mixed use HRA site in Akeman Street, subject to the approval of a separate report for the scheme, to be considered in Part 2 of this committee agenda.
- w) Approval of the revised Housing Capital Investment Plan as shown in Appendix K of the HRA Budget Setting Report.
- x) Approve a provisional addition to the Housing Capital Allowance of £34,303,000 in respect of anticipated qualifying expenditure in 2016/17.

## **General**

- w) Approval of delegation to the Head of Finance, as Section 151 Officer, to make the necessary detailed budgetary adjustments in the HRA, in respect of savings approved as part of the HRA Mid-Year Financial Review, following the outcome of consultation with both tenants and staff about proposed service changes and resulting final savings.

## **3. Implications**

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

### **(a) Financial Implications**

The financial implications associated with decisions are outlined in the HRA Budget Setting Report 2016/17, appended to this report, for consideration by both Housing Scrutiny Committee and Council.

### **(b) Staffing Implications**

Any direct staffing implications are outlined in the HRA Budget Setting Report 2016/17, appended to this report.

### **(c) Equality and Poverty Implications**

An Equalities Impact Assessment has been undertaken in respect of new budget proposals where any impact (positive or negative) is anticipated. The consolidated assessment is presented at Appendix L of the HRA Budget Setting Report.

#### **(d) Environmental Implications**

Where relevant, officers have considered the environmental impact of budget proposals, with any impact highlighted in the HRA Budget Setting Report 2016/17, appended to this report.

#### **(e) Procurement**

Any procurement implications arising directly from revenue or capital bids will be considered and addressed as part of each individual project.

#### **(f) Consultation and communication**

Consultation with tenant and leaseholder representatives is an integral part of the Housing Scrutiny Committee process. The views of tenants and leaseholders, in respect of investment priorities, were sought as part of the last STAR tenants and leaseholder survey, and the outcome continues to inform investment priorities, and therefore, this budget process.

#### **(g) Community Safety**

Any community safety implications are outlined in the HRA Budget Setting Report 2016/17, appended to this report.

### **4. Background papers**

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

Housing Revenue Account Budget Setting Report 2015/16

Housing Revenue Account Mid-Year Financial Review 2015/16

### **5. Appendices**

The Housing Revenue Account Budget Setting Report 2016/17 is appended to this report.

### **6. Inspection of Papers**

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

Author's Name: Julia Hovells  
Author's Phone Number: 01223 - 457822  
Author's Email: [julia.hovells@cambridge.gov.uk](mailto:julia.hovells@cambridge.gov.uk)



Version 2  
Housing Scrutiny  
Committee

# Housing Revenue Account Budget Setting Report 2016/17

# Version Control

	<b>Version</b>	<b>for :</b>	<b>Anticipated Content</b>
	1	Draft	Draft content for consultation
Current	2	Housing Scrutiny Committee 13 January 2016	Member Scrutiny Tenant and Leaseholder Representative Input Amendments to Executive proposals Opposition budget amendment proposals
	3	Council Meeting 25 February 2016	The Executive Councillor for Housing's recommended final budget proposals
	4	FINAL	Final version for publication following Council

# Housing Revenue Account Budget

## Setting Report

2016/17 to 2020/21

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# Section 1

## Introduction

### Foreward by the Executive Councillor for Housing

The proposals for this 2016/17 Budget follow on from the challenges outlined in the September 2015 reports on the Mid-Year Financial Review and the fundamental review of the Housing Revenue Account. As laid out there, national changes to social housing and welfare policy have impacted on the council in its role as owner and manager of over 7,000 homes in Cambridge as well as on our tenants, many of whom are low income, or high need, households. The full impact of some of these changes, such as Pay to Stay and the levy for compulsory sales of council stock to fund the Right to Buy scheme for Housing Associations, is still to be determined, but will be severe.

The City Council has a strong and effective relationship with other social sector partners in Cambridge, but remains by far the most significant provider of social housing with 18% of the City's residential stock. This year for the first time we also expect to see an increase in our total stock numbers, despite a loss to Right to Buy. That achievement though is now under threat with compulsory sales. With 40% of the city's wage earners on under £22,000 a year and the average wage being less than £30,000 a year, the need for social housing at social rent levels has never been greater. The government focus remains almost exclusively on home ownership but this will achieve little in Cambridge where the ratio of lower quartile earnings to house prices now stands at a staggering 17.1%. The changing rules in planning, with schemes like starter homes replacing affordable social housing on development sites, and the restrictions in our ability to manage our own stock, like changing the 2014 rent settlement and using

council stock to pay for Housing Association discounts, has turned the housing affordability crisis in the city into a housing affordability disaster.

The Housing Revenue Account took on a debt of £213,572,000 in 2012, negotiated with assumptions on revenue that the government has now changed. We are therefore exploring options under clauses in the Localism Act that were intended to protect local authorities. At the forefront of our actions is our priority to protect current and future council tenants and to ensure that social housing remains an option for all in Cambridge.

## Background

Decisions about the level of expenditure in the Housing Revenue Account continue to be made in the context of a 30-year business plan, which is fully reviewed in January / February of each year, A mid-year review of key assumptions takes place annually in September / October.

The resource available to invest in housing services is wholly dependent upon anticipated income streams for the Housing Revenue Account, with the most significant of these being the rental income for the housing stock. Following legislative changes to be introduced through the Welfare Reform and Work Bill 2015, the authority no longer has discretion to set rents at a local level, but will instead be required to comply with a national approach where rents will be reduced by 1% per year, for four years, from April 2016.

This change, alongside other national changes in housing policy, removes a lot of the flexibility over longer-term decision making, which has been available at a local level since April 2012. It is vital, with diminishing resources, that the Housing Revenue Account continually reviews its priorities for investment, considering:

- The acceptable minimum level of investment in the existing housing stock

- The need to spend on landlord services (housing management, responsive and void repairs)
- The need to support, and potential set-aside for repayment of, housing debt
- Any ability to identify resource for Investment in new affordable housing
- Any ability to invest in new initiatives or income generating activities
- The desire to spend on discretionary services if resources allow (i.e. support)

To protect the future of the Council's social housing, it is imperative that the organisation sets budgets for the medium term in the context of the longer-term impact on the financial viability of the Housing Revenue Account 30-Year Business Plan.

A key feature of the 30-Year Business Plan is the requirement to support a significant level of housing debt whilst also ensuring ongoing delivery of quality housing services. As at April 2015, the authority was supporting a housing debt of £214,748,250. To date, it has been the policy of the HRA to set-aside resource to allow the potential to repay a proportion of the housing debt should the authority so chose, although the level of resource available for this has been significantly constrained by the recent changes in national housing policy.

## Purpose, Scope and Key Dates

### **Purpose**

The HRA Mid-Year Financial Review for 2015/16, approved in part at Housing Scrutiny Committee in September 2015, with the capital aspects approved at Council in October 2015, set the financial strategy for the HRA for 2016/17.

The mid-year review considered all factors affecting the housing service both internal and external, emerging changes in both local and national housing policy and the implications of any anticipated changes in the economic forecast. In response to some of the changes proposed in national housing policy, the mid-year review also



allowed for approval of significant savings across the housing service. In addition to determining the financial strategy for the HRA, the framework for the detailed budget work to develop final proposals for the 2016/17 budget was agreed.

As part of the preparation of the HRA Budget Setting Report, the range of assumptions on which the HRA Mid-Year Financial Review was based, have been reviewed in light of the latest information available to determine whether any aspects of the strategy needed to be revised.

The outcome of the exercise, summarised in this document, provides the basis for the finalisation of the HRA budget and setting of rents and charges for 2016/17, culminating in recommendations to both Housing Scrutiny Committee on 13<sup>th</sup> January 2016, and ultimately Council on 25 February 2016.

## **Scope**

The HRA Budget Setting Report provides an overview of the financial position for the HRA. It covers both HRA revenue and housing capital spending, highlighting the inter-relationships between the two. As the authority's landlord account, all services to tenants and leaseholders are accounted for and it is the account into which the proceeds of the rent and landlord service charges are credited.

A key aspect of each review of the financial position for the HRA is consideration of risk and any potential mitigation, considering these over both the medium (5 years) and long-term (30 years).

Sensitivity analysis of key factors is also undertaken, to ensure that effective contingency plans are available to the Council and that an appropriate level of reserves can be maintained in light of changes in assumptions.

The work on the 2016/17 HRA Budget Setting Report takes as its starting point the following key medium and long-term parameters:

- A financial model that assumes revenue resource is set-aside to redeem up to 25% of the housing debt, with only 12.3% being able to be set-aside based upon the assumptions made as part of the 2015/16 HRA Mid-Year Financial Review.
- A financial model assuming use of borrowing headroom, only in order to extend the financial viability of the business plan once rental income is insufficient to meet the costs of managing and maintaining the housing stock.
- Rent reductions in line with legislation for the period from 2016/17 to 2019/20, returning to rent increases in line with previous government guidelines after this.
- Housing stock that is maintained at a level that allows the authority to comply with the decency standard and more, but no longer at a full investment standard.
- The delivery, subject to viability, of up to 320 new and re-provided homes by 2018/19, with no additional new homes included from this point on.
- A savings requirement derived from the anticipated loss of rental income which a 1% rent cut will impose, but with decisions about where this will be delivered from having been taken as part of the HRA Mid-Year Financial Review
- An adjustment in responsive repairs expenditure in line with anticipated stock changes.
- No contingency to support continual service development (known as the priority policy fund) for 2016/17, recognising that investment in any new areas will need to be funded by additional savings elsewhere in the service. A return, from 2017/18 of the £150,000 per annum for the remaining 4 years, recognising some of the key challenges facing the authority as a landlord in the medium-term.
- A minimum working balance for reserves of £2m, with a target level of £3m.

## Key Dates

The key member decision-making dates were / are as follows:

Date	Task
<b>2015</b>	
24 September	The Executive Councillor for Housing considered HRA Mid-Year Financial Review, incorporated Housing Scrutiny Committee, including Tenant and Leaseholder Representative views, and approved revenue aspects, making recommendations to Council in respect of the capital plan.
22 October	Council approved HRA Mid-Year Financial Review 2015/16
<b>2016</b>	
13 January	Executive Councillor for Housing considers Housing Scrutiny Committee views, before approving HRA revenue budgets and rent levels, and making recommendations to Council in respect of the capital aspects of the HRA Budget Setting Report
25 February	Council approves HRA Budget Setting Report

# Section 2

## Review of National and Local Policy Context and External Factors

### Review of National Policy Context

#### **National Tenancy and Rent Setting Policy**

Following announcements as part of the July 2015 budget, and subsequent legislation approved as part of the Welfare Reform and Work Bill 2015, both local authority landlords and registered providers are now required to apply a 1% reduction in rent levels across each of the next four years, beginning in April 2016.

As highlighted in the HRA Mid-Year Financial Review, this assumption replaces and assumed rent increase using CPI, the Consumer Price Index, assumed to run at 2%, plus an additional 1% each year.

It has now been confirmed however, that any local authorities with actual rents that are still below rent restructured target social rents levels, will be permitted to increase the rent to target at re-let. Target rent levels will of course also reduce by 1% each year for the next four years.

It is still not clear what will happen to rent levels after 2019/20, with the authority still making the assumption that rent increases can be re-introduced at the previous levels of CPI plus 1% per annum.

Proposed amendments to the Housing and Planning Bill, which was still being considered in the House of Commons in early January 2016, would see local authorities also being required to introduce fixed term tenancies of between 2 and 5 years, for new tenancies.

## **Market Rents for Higher Income Households**

The policy announcement that those in existing social housing with a household income in excess of £30,000 (£40,000 in London) will be charged up to market rent for living in their home, has now been subject to government consultation. The consultation, which ended on 20<sup>th</sup> November 2015, asked respondents to consider the following:

- how income thresholds might be set, for example by applying a taper that increases the rent as income rises
- whether the starting threshold should be set in line with housing benefit eligibility
- what each local authority would consider the administrative cost to them would be based upon existing systems and powers

The authority responded to the consultation, and although a view on the appropriateness and methodology for adopting a taper could be provided, it was impossible to quantify with any confidence how much the change in legislation will cost the Council until more information is available. It is clear however that there will be both upfront costs associated with putting systems in place to cater for the requirement, and significant ongoing costs associated with data collection, data validation, individual rent calculations, system amendments / updates and communication. This will be compounded by an assumed increase in collection and recovery costs, where it is anticipated that households may have committed their

income in other ways, and will not initially be in a position to meet the higher rents payments.

## **Mandatory Disposal of High Value Housing Stock**

Following announcements in advance of the June 2015 elections, which suggested local authorities should be required to sell any property that is valued in the top third for the area, on the open market at the point at which it becomes void, the draft Housing and Planning Bill 2015 provides further detail as to how this policy is intended to be implemented.

A payment to the Secretary of State, under a local authority specific determination, is anticipated in respect of a sum derived from an estimate of the high value property which may become vacant in any year. It could therefore be interpreted from this that a local authority may have some discretion over which assets it chooses to dispose of to make payment to central government, but this is not explicit. Concerns exist around the timing of the payments that may fall due under any determination, particularly if this is in advance of the sale of assets to which the determination formula relates.

There is allowance in the draft bill, for the Secretary of State to enter into an agreement with a local authority to reduce the amount that the authority is required to pay in order to provide, or facilitate the provision of, housing.

For financial planning purposes, an initial assumption that approximately 1.8% of the housing stock will need to be sold each year has been made, which is representative of just under 130 properties per annum at the outset. This assumption may need to be significantly amended as further information is made available, as it is based upon early estimates of what might constitute high value, in the absence of any detail at this stage.

## Welfare Reforms

Following the Welfare Reform Act 2012 the Council has:

- introduced a local council tax reduction scheme following the abolition of council tax benefit
- introduced the overall benefit cap for working age claimants
- implemented the changes in relation to the spare room subsidy
- managed a significant increase in Discretionary Housing Payments expenditure
- Introduced changes to Local Housing Allowance (LHA) which is Housing Benefit for private tenants

These were major changes that have been implemented well, engaging with partners, customers and other sections of the Council with joint working and clear communication with customers and partners were paramount to the success of various projects to mitigate the impact on the most vulnerable.

The Summer Budget 2015 saw further changes announced including:

April 2016 - Freeze to LHA rates

April 2016 - Four year uprating freeze of Housing Benefit and working-age benefits

April 2016 - Removal of Family Premium from Housing Benefit

April 2016 - Increased Discretionary Housing Payment

April 2016 - 4 week backdate provision within Housing Benefit

April 2016 - Tax credit earnings threshold decreases (now subject to review)

April 2016 - Tax credit taper increase (now subject to review)

April 2016 - Social sector rents reduced by 1% for four years

April 2017 - Overall Benefit Cap reduced to £20,000 (outside of London)

April 2017 - 18 to 21 year olds lose housing element of Universal Credit/Housing Benefit

April 2017 - End to child allowances for 3rd and subsequent children in Housing Benefit

April 2017 - Social sector tenants on incomes of over £30,000 to pay market rent

These announcements have the potential to impact on homelessness and rent arrears and will put increased pressure on Discretionary Housing Payments administration. The freeze on uprating will also see the amount of support reducing over the next four years in real terms. The way Housing Benefit is calculated will change for working households. The family premium is £17.45 per week and will be removed for new claims and new births from April 2016, reducing future entitlement to benefit.

The backdating provision is also changing as it is proposed to reduce this to one month maximum and it is estimated that this may reduce backdated amounts by approximately half, reducing backdates for Council Tenants based on 2014/15 subsidy claim from £25,752 to £12,876. Backdated benefit in the private rented sector could reduce from £71,358 to £35,679.

Accurate estimation of the likely impact of the reduction in overall Benefit Cap to £20,000 (£23,000 in Greater London) from £26,000 is difficult to predict and the following information is a best estimate.

The change in Benefit Cap will reduce the maximum amount of weekly benefit from £500 per week to £384.61 per week.

There are currently 19 households affected by the existing cap in Cambridge and the cap currently reduces average Housing Benefit support to £67.29 for these 19 claims. It is estimated that 156 families (including the current 19 families affected) could be affected by the Summer Budget 2015 reduction in the Benefit Cap; 74 council tenants and 82 housing association tenants.



Applying the amended cap results in all but three of these 156 claims having their Housing Benefit reduced to the minimum payment of £0.50 per week, and reduces the average Housing Benefit for the other three cases to £6.44 per week. The current average for the 156 claims is £127.

## **Universal Credit**

Universal Credit is designed to support people who are on a low income or out of work. It will replace six existing benefits, is currently being rolled out across the UK and will be claimed by people of working-age, both in and out of work (i.e. not pensioners).

Universal Credit is based on a single monthly payment, transferred directly into the claimant's bank account. Unlike Housing Benefit which is administered by local Councils, Universal Credit will be administered by the Department for Work and Pensions (DWP).

The transition to Universal Credit is being managed in stages. Cambridge City Council has been selected as one of the local authority areas in the last phase of the rollout programme (tranche 4) and the 'go-live' in Cambridge is due on 29 February 2016.

From that date new claimants who are single and unemployed, with or without housing costs, will claim Universal Credit. The reality is that this should represent a small number of claims in the first instance to allow safe and secure roll out.

Universal Credit will be expanded to couples and families at a later date, which is yet to be decided by the DWP.

Universal Credit represents a major cultural transformation. The DWP recognise that some people will need support with the transition, by helping them adjust to some new aspects of the way Universal Credit is designed and that this support needs to be delivered locally by local Councils under the banner of Universal Support Delivered Locally, working together with the local Jobcentre, DWP Universal Credit national delivery centres and other partners.

Many people may be affected by a number of welfare reforms all at once and we will need to support those affected by these changes, particularly as Housing Benefit is incorporated in to Universal Credit, which could be very confusing for residents.

Key areas where support is likely to be required consist of the following:

- Digital inclusion in terms of both access and digital skills
- Triage of claimants (assessment of needs)
- Personal budgeting support (financial inclusion)
- Single point of contact within the Council for specialist support for housing costs.

There are potentially significant impacts on HRA rental income and related rent collection performance as tenants transfer onto Universal Credit.

## **Right to Buy Sales**

Following a number of changes in the right to buy legislation in the past three years, the increase in activity experienced initially, appears to be slowing down marginally.

During 2014/15, 103 right to buy applications were received and recorded, resulting in 51 applications proceeding to completion This compares to 114 applications in the previous year, with 60 completions.

In the first 6 months of 2015/16, 22 completions have taken place, which may support the view that the authority will experience a slight slowing down in sales at some point. It is, however, impossible to predict the impact that the proposal to charge up to market rents for higher income households, will have on the level of right to buys, with an expectation that the change in legislation may cause a further peak in activity, as those with the financial resource to do so, seek to purchase their council home.

It is considered prudent to retain the assumed level of sales of 50 for 2015/16 in line with sales in 2014/15, reducing to 45 in 2016/17, 40 in 2017/18, 35 in 2018/19, 30 in 2019/20 and to 25 sales per annum from 2020/21.

The table below highlights the activity over the last 5 years, detailing the mix of houses, flats and bedsits sold through this process.

Status	Year	Right to Buy (RTB)			Total
		House	Flat	Bedsit	
Actual Sales	2010/11	12	5	0	17
	2011/12	7	5	0	12
	2012/13	26	15	0	41
	2013/14	31	28	1	60
	2014/15	26	24	1	51
Estimated Sales	2015/16	25	25	0	50
	2016/17	23	22	0	45
	2017/18	20	20	0	40
	2018/19	18	17	0	35
	2019/20	15	15	0	30

## Right to Buy Receipts

The authority remains subject to the agreement with CLG that allows the retention of right to buy receipts, subject to a set of specific conditions.

The receipts assumed in the HRA Self-Financing Settlement continue to be shared with CLG in the statutorily agreed proportions, with a proportion of the receipts from any subsequent sales kept by the authority in recognition of the debt that the authority holds in respect of the asset. The balance of capital receipts is ring-fenced for one-for one (1-4-1) investment.

Currently, 1-4-1 receipts must still be spent within a 3-year timeframe, to fund the delivery of new social housing, with a maximum of 30% of the dwelling being met via this funding stream and the balance of 70% funded from the Council's own resources or borrowing. Failure in delivery still results in the receipt having to be paid to central government, with interest at 4% above the base rate, which far outweighs the interest earned on the receipt whilst held by the authority.

It remains clear from the table at Appendix G that although a deadline has not been breached yet, which would require the authority to pay retained receipts over to CLG with the associated interest due, there is a significant amount of new build spend required in every quarter from quarter 4 2015/16 onwards, in order to avoid the penalty.

It may still be necessary to consider some strategic acquisitions in the short-term in order to meet the deadlines, or alternatively to pursue passing some receipts to a registered provider to deliver the affordable housing in the city, in place of the Council. Any decision in this regard, will need to take account of the subsequent impact on any future Council new build schemes.

At the end of each quarter, the Head of Finance, as Section 151 Officer, in consultation with the Director of Customer & Community Services and the Executive Councillor for Housing, now makes a decision as to whether right to buy receipts are retained or paid directly over to central government. The decision takes account of the authority's ability to identify the 70% top up funding to enable use of the receipt in house and failing this, the potential for the receipt to be passed to a registered provider, with both options maximising the use of the resource and creation of new homes in the locality.

Payment of the sums to central government only takes place if there is a considered risk that the resource cannot be utilised appropriately within the required timeframes, thus mitigating the impact of a need to pay receipts over to central government at a later stage, alongside the interest penalty that would be incurred.

The additional capital spending required and the resulting funding sources identified, will be built into the Housing Capital Investment Plan at the next available opportunity.

## Review of Local Policy Context

### **Council Vision and Corporate Plan**

The Corporate Plan sets out the strategic objectives for Cambridge City Council for the years 2016-19. It replaces the seven separate portfolio plans that have been used in previous years. The plan sets out the key activities the Council will undertake in order to achieve its strategic objectives and deliver its vision. Success measures and key performance indicators (KPIs) are shown, as are lead Executive Councillors and officers. The Corporate Plan provides a key component of the local policy context looking forward over the three year period it covers. The plan will be considered by Strategy & Resources Scrutiny Committee, and will be included as an appendix to the final version of the General Fund Budget Setting Report, when it is presented to Council in February 2016.

### **Housing Stock**

Cambridge City Council Housing Revenue Account owns and manages the following properties, broken down by category of housing provided:

<b>Housing Category</b>	<b>Actual Stock Numbers as at 1/4/2015</b>	<b>Estimated Stock Numbers as at 1/4/2016</b>
General Housing – Social	6,360	6,306
General Housing - Affordable	36	171
Sheltered Housing	509	509
Supported Housing	22	22
Temporary Housing (Individual Units)	52	52
Temporary Housing (HMO / EA's)	19	23
Miscellaneous Leased Dwellings	18	16
Shared Ownership Dwellings	79	79
<b>Total Dwellings</b>	<b>7,095</b>	<b>7,178</b>

Note: General Housing - Affordable are new build homes, which are let as agreed in the HRA Rent Setting Policy, at Local Housing Allowance levels of approximately 60% of market rent.

A breakdown of the housing stock by property type, excluding shared ownership, is demonstrated in the table below:

<b>Stock Category (Property Type)</b>	<b>Actual Stock Numbers as at 1/4/2015</b>	<b>Estimated Stock Numbers as at 1/4/2016</b>
Bedsits	108	108
1 Bed	1,671	1,699
2 Bed	2,365	2,415
3 Bed	2,255	2,261
4 Bed	99	98
5 Bed	7	7
6 Bed	2	2
Sheltered Housing	509	509
<b>Total Dwellings</b>	<b>7,016</b>	<b>7,099</b>

## **Leasehold Stock**

The Housing Revenue Account continues to maintain the freehold in respect of flats, sold under the right to buy process on long leases. Services continue to be provided to these properties in respect of repairs and improvements to communal areas and services for common facilities.

At 1<sup>st</sup> April 2015, the Council retained the freehold and managed the leases for 1,129 leasehold flats.

## **Housing Demand**

The mix of new housing delivered by the Housing Revenue Account continues to be influenced by a combination of the numbers on the housing register locally and the Affordable Housing Supplementary Planning Document (AHSPD).

Cambridge City Council currently has just over 2,150 households on the housing register. Around 550 to 650 applicants are being housed each year, with the majority of lettings being to applicants at band A or B.

The greatest demand for housing is for one and two bedroom properties, with one-bed applicants accounting for 55% of the register, two-bed applicants 35%, three-bed applicants 8% and 2% of applicants waiting for properties with 4 or more bedrooms.

Applicants are banded according to housing need, with band A representing the highest housing need and making up approximately 9% of the register. Band B applicants represent approximately 25%, band C 33% and band D 30%.

## **Support Service Contracts**

Cambridge City Council continues to deliver support services to older people on a city-wide basis, within a contract which expires at the end of April 2017, unless the two year extension is agreed. The service is now demand led, and includes a greater degree of

signposting to other agencies for those with lower support needs due to the expanded client based encompassed under the contract. The contract value is fixed at £180,000 per annum.

The authority is contracted to deliver support services in extra care housing, as part of the Ditchburn Place care contract, which expires in March 2016, following temporary extensions to the original contracts. This service is delivered outside of the HRA. The authority is in discussions with the County Council, to explore the potential to continue to deliver both care and support services under a partnership agreement.

However, notice has been given that the County Council no longer require us to deliver accommodation based support in our temporary housing stock across the city. Support in this accommodation will in future be partly provided under the existing floating support contract commissioned by the County Council.

Funding for the provision of alarms, and the telephone response to alarms, in sheltered housing is being terminated by the County Council from the end of March 2016. Its continued provision across our housing stock will now form the basis of a separately identified benefit ineligible service charge, which will be payable by all residents where the service is available, and not just those who are self-funders, as is the case at present.

The table below summarises the anticipated funding in 2016/17 for the provision of support services:



Contract	No. of Contract Units	Contract Status	Contracted Support Income 2016/17 (£)	Risks / Ongoing Assumptions
Older People Support Services	City-Wide	Fixed Price City-Wide Contract – Expires 30/4/2017, with an option to extend for up to 2 further years	180,000	Risks that base contract funding will be insufficient to meet demand for services.
Ditchburn Place (Extra Care)	36	Block Gross Contract (Part of Care Contract) – Expires 31/3/2016, but no notice given.	45,740 (Accounted for fully outside of the HRA)	Discussions are taking place about the County Council's plans for care at Ditchburn Place post March 2016
<b>Total County Council Support Funding</b>			<b>225,740</b>	

## Tenant and Leaseholder Consultation

### STAR Survey 2014 – Follow Up Actions Update

The STAR 2014 Survey responses were combined and then plotted, using regression-based analysis, to identify the potential triggers for areas of lower satisfaction. This, plus lower satisfaction hotspots in certain wards, lower satisfaction with value for money through rent paid and lower satisfaction amongst our younger tenants, were fed into focus groups in July 2015. This provided the focus groups with the themes of 'our image', 'how we manage expectations' and 'our customers' perception of waste' to produce an overall action plan. This plan will work towards ensuring tenants and leaseholders have a clear understanding of the key changes happening within the HRA and what this will mean for our customers.

An update on progress against the survey overall, and the focus group work, will be presented to Housing Scrutiny Committee in early 2016/17.

## **Partnership Working and Shared Services**

The organisation, and therefore the HRA, continues to expand the provision of services which are delivered as shared or partnership services with other local authorities.

From a corporate perspective, the authority has entered into shared services with South Cambridgeshire District Council and Huntingdonshire District Council for the provision of ICT and Legal Services, both of which impact the HRA.

A pilot shared Head of Finance and Housing Finance Service with South Cambridgeshire District Council has been operational since March 2015, and is now set to be expanded into a wider shared service in 2016/17.

From April 2016, the new Housing Development Agency (HDA) is anticipated to be in place, with the City Council and South Cambridgeshire District Council seconding staff into a shared service for the initial stage. The HDA will aid the delivery of new homes in the sub-region, working with multiple partner agencies, helping increase the supply of new housing in response to the investment in transport and infrastructure which the Greater Cambridge City Deal brings. There is an agreed £400,000 of pump prime funding which has been made available alongside the City Deal funding to help create the new delivery vehicle.

Following the Fundamental Review of the Housing Service, a shared Housing Management Service with South Cambridgeshire District Council will be explored in 2016/17, with the potential for a wider shared strategic housing function in the future also.

Ongoing investment in the housing stock as part of the 30-Year HRA Business Plan necessitates the authority procuring a new partner to deliver some elements of the maintenance service, including gas servicing and some of the planned maintenance programme.

## External Factors

Factors outside of the direct control of the authority continue to impact strategic decision making, with judgements having to be made about the likely direction of travel for many of these.

### **Inflation Rates**

Inflation rates, as measured by the Consumer Price Index (CPI), have shown a marked reduction over the past 5 years, with rates as recorded each month, showing an average over the past 12 months of 0.3%, with a recorded rate of -0.1% in September 2015. Rates as measured by the Retail Price Index (RPI) are recorded at an average of 1.2% over the past 12 months. This continues to be conversely true in respect of the building industry, 'all in tender price inflation' cost indices, which is still on an upward trajectory, with the forecast for the annual increase up to quarter 3, 2015, being 5.4%.

The work undertaken in 2015, culminating in approval of the HRA Mid-Year Financial Review in September / October 2015, assumed a recovery to the level of the government's long term view of CPI, with 2% incorporated into financial plans for 2016/17 and beyond.

Taking into consideration the government's long-term view for CPI, balanced with the predictions of the Office of Budgetary Responsibilities that recovery to 2% will take place over the next 5 years, future projections have been retained at 2% for prudence. The assumption that the BCIS indices rises at 3% above CPI for the medium-term has also been retained.

## **Interest Rates on Lending**

The HRA continues to benefit from the claw back of interest, from the General Fund, representing the average interest that the authority will have earned on any revenue or unapplied capital cash balances that are held at any point within the financial year.

The level of interest that the authority is able to earn remains low, with an average rate of 0.73% earned during 2014/15. Although still anticipated to be slow, some recovery in the rates available is still predicted in the longer term, with the latest interest rate assumptions detailed in Appendix A.

In light of recent changes in national housing policy, there is expected to be far less opportunity to set-aside resource for the repayment of housing debt than previously assumed.

## **Interest Rates on Borrowing**

The Housing Revenue Account continues to support an external debt portfolio of £213,572,000, consisting of 20 Public Works Loans Board (PWLB) maturity loans, with redemption dates of between 26 and 45 years from 2012 when they were taken out, at interest rates ranging between 3.46% and 3.53%.

Although the authority still has borrowing headroom, the financial impact of the recent changes in national housing policy mean that it is unlikely that the authority will opt to take out any additional borrowing in the short to medium term, as there is currently limited ability to repay the existing borrowing, and there is a risk that any new homes which additional borrowing may be used to build, will be subject to the compulsion to sell.

For financial planning purposes, although any additional borrowing that were to take place would be likely to be internally borrowed from the General Fund, the assumptions

of the rates chargeable to the HRA continue to be made in line with lending rates available externally from the PWLB for prudence.

The authority is still eligible for a certainty rate with the Public Works Loans Board, which is renewed on an annual basis, with the current agreement confirmed until 31<sup>st</sup> October 2016. This allows the authority access to a 20 basis point reduction against the standard PWLB rates in respect of any new borrowing.

The rates available for shorter-term borrowing are lower than those available for borrowing of a longer-term nature, with the standard rate for maturity loans at October 2015, ranging from 2.43% over 5 years, up to 3.76% over 30 years, reducing marginally to 3.63% over 50 years. If the certainty rate is still available at the point at which the HRA is required to borrow, all published rates would be reduced by 0.2%.

Based upon the relative stability in the rates over the past 12 months, it is proposed to maintain the long-term cost of borrowing assumption in the HRA financial forecasts at 4% for prudence, as detailed in Appendix A.

# Section 3

## Housing Revenue Account Resources

### Rent

#### Rent Arrears, Bad Debt Provision and Void Levels

Rent collection performance locally has been consistently good, with approximately 99% of the value of rent due, collected in 2015/16.

The year-end position in respect of rent debt is summarised in the table below:

Financial Year End	Value of Year End Arrears in Accounts (Current Tenants)	Current Tenant Arrears as a Percentage of Gross Debit Raised in the Year	Value of Year End Arrears in Accounts (Former Tenants)
31/3/2011	£582,400	1.88%	£746,852
31/3/2012	£655,177	1.98%	£863,677
31/3/2013	£661,246	1.86%	£862,042
31/3/2014	£619,986	1.68%	£967,755
31/3/2015	£637,735	1.67%	£763,491

Performance in the collection of current tenant debt was maintained during 2014/15, and in first half of 2015/16, has been marginally improved, when compared with the profile at this point in previous years. Although an increased number of dedicated staff continue to work proactively with tenants affected by benefit changes, the position is anticipated to become more challenging with the phased introduction of direct

payment, which begins locally in February 2016, and the additional benefit reductions proposed as part of the Welfare Reform and Work Bill 2015.

A particular focus remains on actively pursuing, or proactively writing off, former tenant debt during 2015/16. At the beginning of November 2015, former tenant debt had been reduced to £733,708, compared with the £763,491 that was evident at the end of March 2015.

The Housing Revenue Account continues to maintain a provision for bad and doubtful debt, with the value of the provision reviewed annually, taking into consideration both the age and value of outstanding debt at the time. At 31 March 2015, the provision for bad debt stood at £1,203,043 (including an element for credit balances which were written back in 2015/16), representing 85.9% of the total debt outstanding.

The value of rent not collected as a direct result of void dwellings in 2014/15 was £320,237, representing a void loss of 0.88%. Void levels remain relatively low in 2015/16 to date, with void loss up to the end of October 2015 at 1.02%. The level is anticipated to have increased slightly due to the number of new build homes being made available for letting during 2015/16.

On an ongoing basis, a base assumption of 1% voids in general housing is still considered appropriate for the longer-term. The proposed requirement to sell high value void properties in the future will impact this assumption in future iterations of the business plan.

A Voids Working Group has reviewed internal processes, with a view to reducing standard void times, in an attempt to both minimise void loss and make housing available for new tenants as quickly as possible. From May / June 2016, when a replacement choice based lettings IT system is implemented to manage the housing register and allocation process, weekly advertising will be made available in place of the current two weekly bidding cycle, which should assist in reducing void time.

## **Rent Restructuring**

Although property specific target social rents under the rent restructuring regime still apply, the requirement to reduce all rents in social housing by 1% for the next 4 years, will mean that the target rents will also reduce in line with this.

The basic formula for the calculation of target rents remains unchanged, with 30% of a property's rent based upon historic relative property values and 70% based upon historic relative local earnings, combined with a factor for the number of bedrooms in the property. The result of the calculation is then limited by an overall rent cap for each size of property.

Although the national assumption is that local authority rents have reached target levels, the local picture is quite different, with actual rents that are still well below target levels. The ability to move rents up to the new lower target levels is only available to local authorities when a property is re-let to a new tenant.

The average target rent at the start of 2015/16 across the housing stock was £105.98, with the average actual rent charged being £101.04, both recorded on a 52 week basis. The average actual rent was therefore representative of 95.3% of the average target rent. At the time of writing this report, approximately 16% of the housing stock was being charged at either target, or new affordable rent levels.

## **Rent Policy**

The local rent setting policy was amended following approval of the 2015/16 HRA MFR to reflect the decision to increase the rent for all void properties directly to target rent, and not just those with high energy efficiency ratings.

The policy will be amended to reflect the requirement to reduce rents for the next 4 years, once formal confirmation is received by the authority, following the Welfare Reform and Work Bill receiving Royal Assent.



The policy will need to be reviewed again in the coming months, when the detail around the requirement to charge up to market rent levels for higher income households, becomes clear.

## **Rent Setting**

Rent levels continue to be set in January of each year, with the Executive Councillor for Housing having authority to make this decision, following pre-scrutiny by Housing Scrutiny Committee.

From April 2016, the previous government guidance for setting rents at a local level has been replaced by a requirement, introduced through the Welfare Reform and Work Bill, to reduce rents by 1% each year for four years. The authority therefore has no option but to approve this change in rent levels, to be effective from Monday 4<sup>th</sup> April 2016.

The assumption is still being made, in respect of longer-term financial forecasts, that the authority will be able to revert to the previous policy of increasing rents by CPI (as measured at the preceding September), plus 1% each year, from April 2020.

## **Service Charges**

Service charges continue to be levied for services that are not pure landlord functions, and are provided to some tenants and not others, depending upon the type, nature and location of the property. Some of these services are eligible for housing benefit, depending upon the nature of the service.

The majority of services provided to tenants of Cambridge City Council are now separately identified, with the exception of communal electricity, grounds maintenance and estate services to non-sheltered flatted accommodation, where there is currently not considered to be any specific benefit to identifying these charges separately.

Building cleaning and window cleaning services are subject to a phased implementation of the full costs, following a competitive selection process to externalise the service from June 2015. Phase 2 of the increase will be applied from April 2016, with full cost recovery achieved from April 2017.

The approach to setting service charge levels for 2016/17 is detailed at Appendix B.

## Other Sources of Income

### Garages

The Housing Revenue Account currently owns 1,759 residential garages, and manages a further 23 on behalf of the General Fund. 58 of these garages are currently identified for demolition as part of the affordable housing development programme sites with scheme specific approval to date.

The HRA has a variable charging structure for garages and parking spaces, with charges reviewed annually as part of the budget process. The proposed garage charging structure for 2016/17 is as follows:

Category	Rent £ per rent week	VAT £ per rent week	Total Charge £ per rent week	Percentage Increase on previous year
Parking Spaces (tenants only)	7.58	0.00	7.58	2%
Tenant of City Homes (for storing a motorised vehicle)	9.74	0.00	9.74	2%
Other Resident with Garage within ½ mile of address (for storing a motorised vehicle)	9.74	1.95	11.69	2%
Other Resident (Within Cambridge City) with Garage over ½ mile of address (for storing a motorised vehicle)	11.82	2.36	14.18	2%
Public Body/Charity	16.27	3.25	19.52	2%

(for storing a motorised vehicle)				
Non Cambridge City resident or Business / Commercial / General Storage Use	18.35	3.67	22.02	2%
Tenant of City Homes (For general storage)	18.35	3.67	22.02	2%
City Homes Use	18.35	0.00	18.35	2%

Of the garages available for letting, approximately 25% are currently void, with a corresponding level of void loss to the end of October 2015. In addition to the 58 garages identified for demolition as part of the current new build programme, a number of other garage blocks are undergoing feasibility work as part of the 2015/16 garage sites identified in the 3 year rolling affordable housing programme.

## Commercial Property

Rental income from commercial property continues to fluctuate due to the timing of lease renewals for the small portfolio of shops and other business premises that are owned by the HRA. *In 2015/16 the income generated by the commercial property portfolio is anticipated to be in the region of £420,000, reducing to £398,000 from 2016/17, predominantly due to the recommendation to re-develop a mixed tenure site in Anstey Way.*

Some small businesses continue to experience difficulties in terms of financial viability for their operation, and as a direct result, the HRA is still having difficulty in letting some of its commercial portfolio. Investment in the commercial property portfolio, versus any alternative options for the future of some sites, will need to be considered during 2016/17.

## Interest / Investment Income

The Housing Revenue Account receives interest on general or ear-marked revenue balances, any funds set-aside in the major repairs reserve or the revenue debt repayment reserve and any unapplied capital balances.

The interest rates available to the Council remain low, and recovery is still anticipated to be slow.

## Other External Funding

In addition to income direct from service users, the Housing Revenue Account anticipates receiving external funding in the following forms:

- *Homes and Communities Agency (HCA) Grant – The authority received grant of £1,748,240 towards the cost of building 95 homes as part of the 2011-15 programme, and has recently been notified that a bid for grant as part of the 2015-18 programme has been successful, with £500,000 awarded for Aylesborough Close, £350,000 for Water Lane, £1,275,000 for the re-development and reconfiguration of Ditchburn Place and £388,500 for the shared ownership housing at Clay Farm.*
- Support Funding – The level of funding via the Supporting People Programme has reduced over the last 10 years, to a point where the authority now only receives £180,000 per annum for support provided to older people across the city.

## Earmarked & Specific Funds

### **Earmarked Funds – Revenue Reserves**

In addition to General Reserves, the Housing Revenue Account still maintains a number of earmarked or specific funds. Appendix C details the current level of funding in the reserves which were retained following a review of all reserves as part of the 2015/16 budget process.

#### **Repairs & Renewals**

This reserve is maintained to fund major repairs of Council-owned administrative premises and periodic replacement of assets such as vehicles, plant, equipment and

furniture. Annual contributions are based on estimated replacement costs, spread over the anticipated life of the assets. Some of the costs associated with relocating housing staff into a single housing area office will be met from this fund in 2016/17.

### **Major Repairs Reserve**

This statutory reserve receives a sum, transferred from the revenue account, equivalent to the depreciation in respect of the housing stock each year. Any resource available in the Major Repairs Reserve can then be utilised as a source of funding in the Housing Capital Investment Plan, to meet the capital cost of works to HRA assets, or alternatively to repay housing debt. From April 2017, the transitional measures that allow the authority to limit the depreciation charged in respect of dwellings to the value of the old Major Repairs Allowance will cease, after which the full depreciation value will need to be transferred into the reserve each year, irrespective on whether the asset base requires the higher level of investment.

### **Tenants Survey**

The Tenants Survey reserve allows the spread of costs for the STAR Tenants and Leaseholder Survey evenly across financial years, despite the survey only being undertaken formally every two years. This does not detract from the possibility that an element of annual activity may take place to gauge changes in opinion by small survey sampling, i.e. focus groups.

### **HRA Aerial Monies**

Mobile telephone aerials are installed on the roofs of two groups of flat blocks, with the HRA leasing the roof space to the telecoms provider for an annual lease premium / rental fee. This income has historically been appropriated into an ear-marked reserve, and partially offset by an element of expenditure specific to the area in which the mast is installed. The balance remaining has been allowed to accrue until specific projects are identified for its use. From April 2016, it is proposed that the income and expenditure are treated as standard revenue activity each year, with no appropriation of any balance remaining into the fund, and that the sum accrued as at 31<sup>st</sup> March 2016 is

appropriated back into general HRA reserves to meet future HRA expenditure pressures. The reserve will then be deleted.

### **HRA Set-Aside for Potential Debt Repayment or Future Re-Investment**

The ability to set-aside surplus revenue resource to meet 25% of the value of the self-financing debt as loans mature, has been significantly impacted by the recent changes in national housing policy. The HRA Mid-Year Financial Review in September 2015 highlighted the ability to set-aside only 12.3% of the value of the debt. This means the authority will have no alternative but to re-finance a greater proportion of the loan portfolio as each loan matures than previously planned, and reduces the flexibility to opt to reinvest the surpluses in the delivery of new homes as an alternative use of the anticipated resource.

The continued approach of using an ear-marked reserve, as opposed to making a formal voluntary revenue provision (VRP), will allow the HRA to retain flexibility over the use of the limited resource that is available for set aside in the future.

## **Earmarked Funds – Capital Receipts**

### **Right to Buy Attributable Debt Ear-Marked Capital Receipt**

The HRA retains an element from all right to buy receipts over and above those assumed in the initial self-financing settlement, in recognition of the debt which the authority holds in respect of the asset. The sums retained are held in a separate ear-marked capital balance, allowing them to be utilised to repay debt should the authority so choose, or alternatively reinvest as deemed appropriate.

### **Right to Buy Retained one-for-one Ear-Marked Capital Receipt**

The Right to Buy Receipt Retention Agreement remains in force. To ensure that these resources are separately identified for re-investment, and if necessary, repayment purposes, an ear-marked balance exists to record the balance at the end of each reporting period.

# Section 4

## Housing Revenue Account Budget

### Post-HRA MFR 2015/16 Approvals

There were no revenue decisions impacting the Housing Revenue Account taken between the publication of the HRA Mid-Year Financial Review (approved as part of the September / October committee cycle) and publication of this document. Such decisions, including any made under urgency arrangements, together with financial implications would be noted here.

There are however capital implications to take into account in reviewing the final budget proposals in relation to the authority entering into unconditional contract for existing HRA new build and re-development schemes, and including any new schemes which may be presented in the January committee cycle. The schemes where the overall financial implications will need to be materially amended / included are:

- Fulbourn Road (Garage Site)

There is also the need to recognise that the authority has been successful in securing Homes and Communities Agency Grant in respect of the following new build and re-development schemes:

- Water Lane
- Aylesborough Close
- Ditchburn Place
- Clay Farm (*Shared Ownership*)

It should be noted that there are various stages to setting the budgets for new build schemes. Initially a budget is approved based on an indicative scheme. This approval in effect, confirms that a scheme is viable and gives permission for the scheme to be developed to submit a planning application. As the design of a scheme is being developed, should the final design and planning considerations result in a change to the cost or funding proposals, the budget will be formally revised in the Mid-Year Financial Review or annual Budget Setting Report whichever is applicable. If there is a significant adverse change in the cost then Executive Councillor re-approval will be required in line with the Council's financial regulations.

## Revised Budget 2015/16

The Housing Revenue Account (HRA) revenue budgets for the current year (2015/16) was amended as part of the HRA Mid-Year Financial Review in September 2015. It is not proposed to undertake a further review of current year activity as part of the budget setting process, but instead to report the position at outturn.

The only exception to this, is the need to recognise any impact in revenue terms of the need to revisit funding requirements for the Housing Capital Investment Plan in 2015/16 following some re-phasing of new build schemes and recognition that not all of the planned investment in our housing stock will now take place in year. This will result in an impact in interest anticipated to be earned in 2015/16, with an estimated increase of £19,300, as summarised in the table below.



<b>2015/16 Revised Budget</b>	<b>Original Budget January 2015 £</b>	<b>HRA Mid- Year Review September 2015 £</b>	<b>HRA BSR Proposed Changes £</b>	<b>HRA BSR January 2016 £</b>
Net HRA Use of / (Contribution to) Reserves	990,780	10,454,680		
Savings			0	
Unavoidable Revenue Bids			0	
Non-Cash Limit Adjustments			(19,300)	
<b>Revised Net HRA Use of / (Contribution to) Reserves</b>				<b>10,435,380</b>
Variation on previously reported projection				(19,300)

The above figures include carry forward approvals from 2014/15 in the second column, with the net saving identified in the current year, as part of the January 2016 committee cycle, incorporated in the right-hand column. The net increase in income for 2015/16 will result in a lower call on the use of Housing Revenue Account reserves than anticipated.

## Overall Budget Position - 2016/17 onwards

### Overall Budget Position

The overall revenue budget position for the Housing Revenue Account is summarised in the table below, with detail on an item by item basis for the period to 2019/20 provided in Appendix D (1):

<b>Proposal Type</b>	<b>2016/17 £</b>	<b>2017/18 £</b>	<b>2018/19 £</b>	<b>2019/20 £</b>	<b>2020/21 £</b>
Target Included at Present	Year 1 Rent Loss	2%	2%	2%	2%
Reduction required to meet Current Savings Target	1,429,000	1,542,000	1,655,000	1,768,000	1,881,000
HRA MFR Approved Revenue Savings	(1,194,880)	(1,266,440)	(1,316,440)	(1,316,440)	(1,316,440)
HRA MFR Approved Capital Savings	(237,900)	(255,800)	(255,800)	(255,800)	(255,800)
HRA MFR Savings Delivered Early	(39,460)	0	0	0	0
<b>New 2016/17 Budget Items</b>					
Savings	(34,000)	(34,000)	(34,000)	(34,000)	(34,000)
Increased Income	(38,250)	(38,250)	(38,250)	(38,250)	(38,250)
Unavoidable Revenue Bids	171,090	46,700	46,700	46,700	46,700
<b>Net Savings Position above / (below) Savings Requirement</b>	<b>55,600</b>	<b>(5,790)</b>	<b>57,210</b>	<b>170,210</b>	<b>283,210</b>
Non-Cash Limit Adjustments	98,380	2,380	(26,620)	(26,620)	(26,620)
<b>Net Position for the HRA above / (below) overall assumptions</b>	<b>153,980</b>	<b>(3,410)</b>	<b>30,590</b>	<b>143,590</b>	<b>256,590</b>

## Non-Cash Limit Budgets

Non-Cash Limit items are those that do not relate directly to the cost of service provision, including for example direct revenue funding of capital expenditure (DRF), investment income and depreciation. These items are treated outside of the 2016/17 cash limit, with the implications built into the financial forecasts for the HRA as part of the budget process, informing future budget strategy, savings targets and investment priorities. Full details of these for the period to 2019/20 are given in Appendix D (1).

## Performance against Savings Target

As in previous years, a savings target for the HRA as a whole was adopted.

For 2016/17, the majority of savings required were identified as part of the outcome of the Fundamental Review of the Housing Service, and were incorporated into the HRA Mid-Year Financial Review for decision. These savings are identified separately in the table above, alongside any new proposals for 2016/17 which are included for decision as part of the HRA Budget Setting Report. A summary of these savings can be found in Appendix E (1).

*Additional savings have been identified in 2016/17, which are partially offset by the HRA reacting to unavoidable revenue pressures, particularly in 2016/17. The net position is an under-achievement against the savings target for 2016/17 of £153,980, moving to an over-achievement of £3,410 for 2017/18. Using a future savings assumption of 2% per annum, the table above demonstrates the need to identify an additional £30,590 in 2018/19, £143,590 in 2019/20 and £256,590 by 2020/21. These are also summarised in Appendix E (1).*

The savings target for the years from 2017/18 to 2020/21 has currently been incorporated into financial modelling at the previous level of approximately 2% of general management expenditure. The loss of rental income for three further years from 2017/18 onwards and the compulsion to sell high value homes, has resulted in the

deletion of all new build schemes / funding over and above the level of expenditure which is required to appropriately utilise currently retained right to buy receipts, and an inability to set balanced budget from year 15 of the business plan. The need to sustain a 30 year business plan, coupled with any desire to re-introduce investment in new build housing, or to set-aside the previously approved level of resource for debt repayment of 25%, results in the need to significantly increase the savings target included from 2017/18 onwards, as part of the 2016/17 HRA Mid-Year Financial Review.

The result of transformation activity corporately will have a financial impact on the HRA in many cases, but the detail is not always available at the outset of each project. It is difficult to fully predict the impact in monetary terms of savings to the HRA from indirect service reviews, as the detail surrounding revised recharging mechanisms is not usually completed until the after the transformation activity is complete and resulting changes have been made.

For prudence, any anticipated savings to the HRA are only included once the activity is confirmed corporately as being far enough progressed that some certainty can be given to the incidence of impact between the General Fund and the HRA.

Significant savings were incorporated into the HRA in the 2015/16 budget process, as part of the fundamental change in support service delivery models across the Council. With this piece of work not yet fully complete, there is the potential for the saving that was built into the base budget to need to be revisited once the changes have been concluded.

## **Priority Policy Fund (PPF)**

The Housing Revenue Account PPF has historically made money available for new and expanding service areas, recognising the priorities identified through the Annual Statement and the STAR Tenants and Leaseholder Survey.

The HRA Mid-Year Financial Review of September 2015 removed the funding for HRA PPF Bids in 2016/17 in an attempt to reduce the level of savings that needed to be identified, but re-introduced it at the level of £150,000 per annum for the period from 2017/18 to 2020/21.

As part of the HRA Budget Setting Report, the PPF has been completely removed, instead incorporating funding of £120,000 per annum, effective from April 2016, to allow the authority to invest in service transformation projects and invest to save initiatives, in light of the major changes in national housing policy.

The responsibility for identification and approval of funding for suitable projects for this resource to be invested in, whether one-off, or ongoing in nature, will be delegated to the new role of Strategic Advisor to the Chief Executive. This new role has specific responsibility for transformation of housing services, to ensure that the authority has a housing offer which is fit for purpose in the new national housing arena.

# Section 5

## Housing Capital Budget

### Stock Condition and Decent Homes

Stock condition data is continually updated in respect of the housing stock, improving the information held to inform future decision making.

The authority is expected to maintain decency in its housing stock, with a particular emphasis on ensuring compliance with the Housing Health and Safety Rating System (HHSRS), and the authority is monitored annually against this standard. To be decent, a home be in a reasonable state of repair, must have reasonably modern facilities and services must provide a reasonable degree of thermal comfort.

The housing service reported achievement of decency in the housing stock as at 31 March 2015 at 97.9%, with 144 properties that were considered to be non-decent (in addition to refusals). A further 419 properties were anticipated to become non-decent during 2015/16.

Cambridge City Council previously adopted a higher, 'investment standard' level of investment in its housing stock. However, the desire to maximise new build affordable housing, combined with recent changes in national housing policy, which impact the financial viability of the HRA, has resulted in a need for a significant decrease in the level of investment in our housing stock. Previous reductions in investment levels include extended asset lives for PVCU windows, kitchens, bathrooms, boilers and doors. Other discretionary areas of investment were also removed from the programme as part of the HRA Mid-Year financial Review in September 2015.

During 2016/17, work will be undertaken to quantify the minimum level of investment required to maintain the decency standard, informing future decisions about investment in our existing housing stock.

Discretionary elements of the capital programme will be reviewed in the coming year to deliver the reduction of £100,000 across this area of investment, as approved in principle in the Fundamental Review of the Housing Service.

# New Build Affordable Housing

## Current New Build Scheme Update

Work continues to deliver the programme of HRA new build housing across the city. At the time of writing this report 96 new homes have been completed since April 2012.

There have been some delays in delivery due to securing vacant possession, planning discussions and some delays during construction. This has not only resulted in the need to re-phase some expenditure between years, but also impacts receipt of the anticipated future revenue streams for each of the sites. There are contract clauses to allow for negotiation of liquidated and ascertained damages, which may indemnify the Council in respect of a proportion of this loss.

There have been some delays at handover in respect of some of the new build sites, but officers continue to work proactively with the developer in each instance, to arrive at a mutually agreeable point, that will allow handover and occupation.

The table below details the new build schemes that have reached completion since April 2012:

Scheme	Date Completed	Approved Social Housing Units	External Funding Source	Latest Funding Approved (Capital Cost net of Grant and Land Transfer and RTB Receipts)	Percentage Social Housing on Site
Jane's Court	November 2013	20	HCA Grant	878,610	59%
Anstey Way	January 2015	1	RTB Receipts	0	50%
Latimer Close	March 2015	12	HCA Grant	1,357,060	60%
Barnwell Road	July 2015	12	HCA Grant	854,960	59%
Campkin Road	Assumed December 2015	20	HCA Grant	2,363,630	63%
Stanesfield Road	March 2015	4	HCA Grant	399,650	50%
Atkins Close	June 2015	8	HCA Grant	446,650	100%
Wadloes Road	October 2015	6	RTB Receipts	450,340	100%
<b>Total</b>		<b>83</b>		<b>6,750,900</b>	

The table below provides an update on the status of the market acquisitions approved and completed in 2015/16:

Scheme	Date Completed	Approved Social Housing Units	External Funding Source	Latest Funding Approved (Capital Cost net of Grant and Land Transfer and RTB Receipts)	Percentage Social Housing on Site
Colville Road (Acquisitions)	June 2015	6	RTB Receipts	735,950	76%
Atkins Close (Acquisitions)	June 2015	4	RTB Receipts	774,480	100%
Wadloes Road (Acquisitions)	October 2015	3	RTB Receipts	515,550	100%
<b>Total</b>		<b>13</b>		<b>2,025,980</b>	

The table below summarises new build schemes currently in progress, providing details of the anticipated costs and number of units that will be delivered on each site once complete:



Scheme	Approved Social Housing Units	Approved Shared Ownership Units	External Funding Source	Latest Funding Approved (Capital Cost net of Land Transfer)	HCA Grant, RTB Receipt and Sales Receipt Funding	Net Funding (Capital Cost net of Grant, Land Transfer, Sales and RTB Receipts)
Colville Road	19	0	HCA Grant	1,493,590	(336,737)	1,156,853
Hawkins Road	9	0	RTB Receipts	1,413,720	(424,120)	989,600
Fulbourn Road	8	0	RTB Receipts	1,320,540	(396,160)	924,380
Ekin Road	6	0	RTB Receipts	1,091,740	(327,520)	764,220
Water Lane	14	0	HCA Grant	1,141,460	(350,000)	791,460
Aylesborough Close	20	0	HCA Grant	2,798,000	(500,000)	2,298,000
Clay Farm	78	26	RTB Receipts, Sales Receipts and HCA Grant	16,204,780	(6,163,809)	10,040,971
Homerton	29	10	RTB Receipts and Sales Receipts	7,007,560	(2,354,759)	4,652,801
<b>Total</b>	<b>183</b>	<b>36</b>		<b>32,471,390</b>	<b>(10,853,105)</b>	<b>21,618,285</b>

The final scheme budget cannot be confirmed until the build contract for each scheme becomes unconditional. As part of the HRA Budget Setting Report, the latest scheme appraisal costs have been incorporated into the financial models, and therefore the Housing Capital Investment Plan.

The Housing Capital Investment Plan, an updated version of which is attached at Appendix K, incorporates the funding for new build schemes as identified in the tables above. It recognises the need for gross spend on the affordable housing scheme, land values, grant and right to buy receipts to be shown separately, and arriving at the net cash cost to the Council as per the table above. For these purposes the use of retained right to buy receipt is treated as an external funding source, recognising that failure to utilise it as statutorily required, would result in the need to pay the receipt over to Central Government.

## New Build – 2015/16 Garage Sites

Resource of £3,000,030 has been included in the Housing Capital Investment Plan to allow for the development of a number of small garage and in-fill sites, which is anticipated to deliver a further 18 new affordable homes for the HRA.

Feasibility work is progressing on the sites at Cadwin Fields, Cameron Road, Wiles Close, Teddar Way, Kendal Way and Uphall Road, with anticipated delivery timescales in 2017/18.

## New Build – Anstey Way

In June / July 2015, approval was given for the re-development of Anstey Way, which was anticipated to deliver 34 new homes in place of the 28 existing dwellings. However, the proposed changes in national housing policy announced in the summer budget, have resulted in an inability to fund the scheme as originally intended.

The HRA Mid-Year Financial Review included an amended funding approval for Anstey Way of £1,280,000, to allow the land assembly for the site to continue. This includes the costs to buy back leasehold dwellings and to relocate existing tenants to alternative suitable accommodation.

Any savings in other areas of the Housing Capital Investment Plan are currently being set-aside and ear-marked for the wider re-development of the site, so that when alternative development options for the site are available, there will be an element of funding already available towards meeting the cost. To date, an additional £3,110,000 has been identified over and above the budget approved for land assembly costs.

Whilst the options for the future of the site are being explored, in the context of the current financial climate for the HRA, the building is being utilised for temporary housing purposes in an attempt to mitigate the void loss that would otherwise be incurred.

## New Build – Additional Schemes with RTB Funding

Sufficient resource to ensure that the authority could appropriately spend all right to buy receipts held up to the end of June 2015 was retained in the Housing Capital Investment Plan as part of the HRA Mid-Year Financial Review. This has been revised as part of the budget setting process, to ensure that the authority can meet its commitments for receipts retained up to the end of September 2015.

The new build expenditure that is required to meet this obligation has been re-phased as part of this Budget Setting Report, into 2016/17 in line with anticipated ability to spend the resource.

## New Build – Akeman Street

One of the additional schemes proposed in order to utilise the retained right to buy receipts, as identified in the above paragraph, is the potential re-development of a site in Akeman Street, where 10 new affordable homes are anticipated in place of the current mixed commercial and residential development, which provides only 2 social rented homes.

A separate report is presented to this cycle of the Housing Scrutiny Committee for approval to proceed with this scheme, and as such the financial implications have been incorporated into the HRA and this Budget Setting Report, transferring budget from the non-scheme specific allocation to a budget for Akeman Street.

## New Build – Other

Although the current financial projections for the HRA indicate limited resource being available for investment in new build housing, the authority continues to explore potential development opportunities, considering alternative funding models.

Options for securing additional grant funding, for working with partner organisations and for developing sites with mixed tenure are all being explored fully in an attempt to continue to deliver a new build programme, despite the financial constraints imposed by the national housing policy changes.

Updated expenditure and funding sources, on a cashflow basis, for all new build schemes are detailed at Appendix H.

## Asset Acquisitions & Disposals

At present, consideration continues to be given to the strategic acquisition or disposal of assets, in line with the HRA Acquisition and Disposal Policy. The capital receipt generated by a strategic disposal can currently be retained in full by the authority, subject to utilising it to invest in affordable housing. Receipts from individual asset disposals continue to be recognised in the HRA's reserves only at the point of receipt and after all relevant costs have been provided for. However, anticipated receipts are now taken into consideration as part of the quarterly decision as to whether the authority should retain right to buy receipts, pass them to a registered provider, or as a last resort pay them over to central government. There is a risk judgement that needs to be made as part of this quarterly decision making process.

In future, the authority expects to be compelled to sell a proportion of its vacant housing stock as part of the government plan to fund right to buy for housing associations, and the authority's Acquisition and Disposal Policy will need to be reviewed once guidance is available in this regard.

The following HRA assets have recently been, or are being, considered for market acquisition or disposal:

Acquisition / Disposal / Change of Use	Comment	Status
18A Magrath Avenue	Dwelling required significant investment. Disposed of leasehold dwelling and freehold jointly with the neighbour to achieve the benefit of a higher marriage value for the asset as a whole.	Sale Complete
Engineers House	3-bedroomed detached house in a non-estate location. Approval to dispose, with subsequent exploration of letting on a long lease for conservation / preservation of historic value purposes.	Under Investigation
2 Grafton Street	3 bedroom house in a non-estate location which requires significant investment. Approval to dispose given in March 2015.	Under Offer
20 Beche Road	4 bedroom house in a non-estate location which requires significant investment. Approval to dispose given in March 2015.	Under Offer
13 Shelly Row	2 bedroom house in a non-estate location which requires significant investment. Approval to dispose given in March 2015.	Under Offer

The Right to Buy Retention Agreement still allows the strategic acquisition of existing dwellings, as an alternative to building new dwellings. This remains a less attractive proposition than the creation of new dwellings for the city, but it is none the less a viable option to utilise the resource within the HRA, where new build is not possible within a quarterly deadline for the use of retained receipts.

## Capital Bids, Savings and Re-Phasing

There are no capital bids incorporated as part of the 2016/17 HRA Budget Setting Report. But there are a number of areas of saving identified in 2015/16 and re-phasing of new build activity into later years.

Detailed changes are presented in Appendix E (2), with the overall financial and presentational impact of the following items being incorporated into the Housing Capital Investment Plan presented at Appendix K.

- One-off capital savings of £810,000 in 2015/16, in respect of boiler replacements, roof structure works, communal areas, garages, asbestos removal and fire safety works, where investment is not anticipated to take place in year, and the resource is not expected to be required in future years.
- Re-phasing of £570,000 from 2015/16 into 2016/17 in respect of roof covering works and bathroom replacements and £102,000 into later years of the programme in respect of sulphate works, where work has been delayed due either to changes in planned maintenance contractor or the incidence of void properties to allow work to be undertaken.
- Ear-marking of the £810,000 saving identified above, and an additional £2,300,000 of available major repairs allowance in 2017/18, towards the costs of any revised scheme that may be brought forward for the Anstey Way site.
- Allocation of non-scheme specific new build funding to a scheme for re-development of a mixed use HRA site at Akeman Street, in line with the report presented as part of this committee cycle.
- Inclusion of a bid to fund the capital costs of relocating staff to a single area office, to be met from repairs and renewals funding.
- Amendments to the approved level of investment for the schemes in the new build programme, as detailed earlier in this section of the report.
- Amendments to the approved funding mix for the schemes in the new build programme, in response to both changes in HCA grant expectations and in costs, as detailed earlier in this section of the report.
- Amendments to the level of resource ear-marked for investment in the acquisition or creation of new social housing, based upon the latest projections of investment required to be in a position to continue to retain and appropriately utilise existing right to buy receipts.

# Section 6

## HRA Treasury Management

### Background

It is a statutory requirement for the Housing Revenue Account Council to set a balanced budget, including recognising the revenue implications that arise from capital financing decisions.

The Housing Capital Investment Plan provides an indication of the borrowing requirement of the HRA in any one year, ensuring that this can be incorporated in the Council's overall borrowing assumptions and Treasury Management Strategy.

### Current HRA Borrowing

As at 1 April 2015, the Housing Revenue Account was supporting external borrowing of £213,572,000 in the form of 20 maturity loans of equal value with the Public Works Loans Board (PWLB), with rates ranging between 3.46% and 3.53% depending upon the term of the loan. The loans have varying maturity dates, with the first £10,678,600 due to be repaid on 28<sup>th</sup> March 2038, and the last on 28<sup>th</sup> March 2057.

In addition to the external loans attributable to the HRA, there was the sum of £1,176,250 of internal borrowing from the General Fund, where the HRA is required to pay the General Fund the annual interest on the debt as part of the Item 8 Debit to the HRA. The interest rate payable by the HRA can be determined by the authority, but must be deemed reasonable and stand up to external scrutiny from auditors.

# Future Borrowing

The Housing Revenue Account is still subject to an overall debt cap of £230,839,000, which allows borrowing headroom of £16,090,750.

The latest financial projections, following incorporation of the impact of anticipated changes in national housing policy, indicate that additional borrowing is unlikely to be called upon in the medium term, as there is little or no ability to repay even the existing debt. The financial forecasts for the HRA suggest that the authority will be forced to utilise this borrowing power by year 15 of the business plan simply to maintain the existing property portfolio in a decent condition, unless assumptions change or savings can be identified across the HRA in the intervening period.

With this borne in mind, the 2016/17 HRA Budget Setting Report does not review the potential sources of lending, types of borrowing, lengths of loans or rates available, for taking out any additional borrowing at this stage.

## Debt Repayment / Re-Investment

### **Set-Aside for Repayment of HRA Debt**

The debt repayment strategy approved as part of the 2014/15 HRA Budget Setting Report revised the initial decision to set-aside resource to repay all of the housing debt, and instead approved that the HRA set-aside sufficient resource to redeem 25% of the HRA debt from the point at which the loan portfolio begins to mature, in 2037/38. The HRA Mid-Year Financial Review of September 2015 highlighted an inability to achieve this in light of the changes in housing policy, with only 12.3% of the debt value anticipated to be available for set-aside from revenue surpluses over the life of the business plan, and little or no resource available for re-investment in the delivery of new homes.



To retain flexibility in the debt repayment strategy, any surplus generated since April 2012, and any further resource that can be identified for future debt repayment, will not be formally set-aside, but will instead continue to be held in an ear-marked reserve to allow for either repayment of debt or future re-investment.

### **Premature Repayment of PWLB Debt**

The potential to redeem loans held with the PWLB at an earlier stage than agreed at the outset, still remains. A discount rate is used at the point of redemption to calculate whether the authority should pay a premium, or alternatively receive a discount, for repaying the principal sum early. If the discount rate applicable at the point of redemption is lower than the original loan rate, a premium is payable and if it is higher, a discount is receivable by the authority.

In the current financial climate for the HRA, with limited ability to set-aside revenue resource for the redemption of debt, it is considered unlikely that early redemption of debt will take place at this stage.

# Section 7

## Summary and Overview

# Equality Impact Assessment, Uncertainties and Risk

## **Equality Impact Assessment**

Under current legislation, local authorities continue to have legal duties to pay 'due regard' to the need to eliminate discrimination and promote equality with regard to race, disability, gender, including gender reassignment, age, sexual orientation, pregnancy / maternity, and religion or belief as well as to promote good race relations.

The law requires that this duty 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 part of this Budget Setting Report, an Equality Impact Assessment has been undertaken in respect of all new 2016/17 HRA Budget proposals, where any impact is anticipated. The assessment identifies the impact a proposal may have, any mitigation available and includes an action plan identifying how negative impact can be addressed. All Equalities Impact Assessments are available on the Council's website. The Equalities Impact Assessment for the HRA budget as a whole, is presented at Appendix L.

## **Risk Assessment**

To ensure that the authority is able to sustain a financially viable Housing Revenue Account, it is imperative that consideration is given to the level of internal and external risks that the housing service is subject to.

Update of the key risks and associated mitigating actions is presented at Appendix F.

# HRA Reserves

## **Housing Revenue Account General Reserves**

General reserves are held partly to help manage risks inherent in financial forecasting and budget-setting. These risks include changes in legislative and statutory requirements, inflation and interest rates, unanticipated service needs and, rent and other income shortfalls and emergencies, such as uninsured damage to the housing stock. In addition, reserves may be used to support the Housing Capital Investment Plan and, in the short-term, to support revenue spending, for example to spread the impact of savings requirements over more than one financial year or to invest up front in a project that is anticipated to pay back over a period of time or deliver future savings.

The HRA Budget Setting Report incorporates the requirements of the Local Government Act 2003, where the Chief Financial Officer is required to report on the adequacy of reserves and provisions and the robustness of budget estimates.

For the Housing Revenue Account the intended target level of reserves is £3m, with a minimum level of reserves of £2m. It is not proposed to make any changes to either the target or minimum levels as part of this report, recognising the need to continue to safeguard the Council against the higher levels of risk and uncertainty in the current financial and operational environment for housing.

# Financial Assumptions and Sensitivity

The current financial assumptions, reviewed and used as part of this BSR are detailed in Appendix A, and are derived from information available at the time of preparing this report, utilising both historic trend data and specialist expert advice and opinion, where required.

In making financial assumptions, it is recognised that there will always be a number of alternative values that could have been used. To mitigate the risks associated with this, modelling of key sensitivities is undertaken to provide context to the financial impact that a change in an assumption will make.

Appendix I provides details of the key sensitivities modelled in the preparation of the HRA Budget Setting Report 2016/17.

## Options and Conclusions

### **Overview**

The budget for 2016/17 has been constructed in the wider context of the national position for social housing. The authority still seeks to achieve a balance in investment against agreed priorities as follows, although this now proves significantly more challenging:

- Investment in the existing housing stock
- Investment in new affordable housing
- Investment in new initiatives and income generating activities
- Spend on landlord services (i.e. housing management, responsive and void repairs)
- Spend on discretionary services (i.e. support)
- Support for, and potential repayment of a proportion, of housing debt

Continued rent cuts for a further 3 years, and the compulsion to dispose of high value housing stock (or an equivalent proxy for) pose significant financial challenges for the HRA into the future.

As identified in the HRA Mid-Year Financial Review, work will be undertaken during 2016/17 in the following areas, with a view to delivering further significant reductions in spending from 2017/18:

- Review options for greater income generation, to include section 20 notices to ensure full cost recovery from leaseholders
- Review spending in ASB, Disabled Adaptations, etc
- Explore extension of shared services, to include; shared housing services with South Cambridgeshire District Council and shared Strategic Housing Services
- Explore alternative delivery models to protect social housing for existing and future tenants
- Explore alternative delivery models to maintain a new build housing programme

## **Summary and Conclusions**

The work undertaken as part of the 2016/17 budget process to date has resulted in the development of proposals for the base budget of the Housing Revenue Account.

During January 2016 Housing Scrutiny Committee will consider the budget proposals, prior to the Executive Councillor for Housing making decisions and further recommendation for the final HRA Budget for 2015/16 to 2020/21 to Council for consideration and approval.

The HRA Budget Setting Report recommends, in summary:

- Approval of property rents, garage rents and service charges
- Approval of the revised budget proposals
- Approval of the unavoidable revenue bid proposals

- Approval of the general savings proposals
- Approval of increased income proposals
- Approval of the non-cash limit items
- Approval of the capital savings, revised scheme costs and funding mix
- Approval of capital resource re-allocation
- Approval of capital bids

The meeting of Council on 25<sup>th</sup> February 2016 will consider the final proposed Housing Capital Budget as identified in this report for approval.

A significant proportion of the savings identified in the HRA from 2016/17 were considered and approved as part of the HRA Mid-Year Financial Review in September 2015. These have been incorporated alongside new proposals, to present the position for the HRA as a whole in this Budget Setting Report.

As part of the 2016/17 budget process, additional savings have been identified in the costs of cyclical maintenance to the housing stock and in the operational costs for the Independent Living Service. Marginally higher levels of rent and service charge income are anticipated than predicted at the mid-year point, due to reduced levels of void activity as new build homes are completed and occupied. These savings are partially offset by unavoidable revenue pressures, predominantly due to meeting existing staff costs and statutory overheads and recognising a reduction in commercial property income. A one-off revenue pressure has been incorporated to recognise a realistic delivery timescale for the closure of one of the area housing offices and to meet the costs associated with transferring staff to the remaining location. Cash limit adjustments in respect of depreciation and anticipated interest receipts also increase the net cost of the HRA for 2016/17 and beyond.

A reduction of £19,300 in revenue costs for 2015/16 has been identified as part of this report, which will be returned to reserves, and utilised to offset revenue pressures from 2016/17 onwards.

*The overall position for the HRA for 2016/17 (including non-cash limit adjustments) is under-achieved by £153,980, with the need to identify further saving in future years. This report however, presents future years with a savings target at the previous level of only 2% at present, which would only allow a balanced budget to be set for the HRA until year 15, from when an annual deficit would be evident.*

It is recognised, however, that as part of the second phase of the review of Housing Services in 2016/17, the authority will need to set a significantly higher savings target for the coming years, in order to be in a position to set a balanced budget for the life of the business plan. Decisions will need to be made as to the level of savings required, considering not only the need to sustain a 30 year business plan, but also in the context of whether additional new build housing is aspired to, and whether the authority wants to set-aside any resource for the redemption of any proportion of the housing debt. The anticipated detail surrounding some of the changes in national housing policy, will be key in confirming the magnitude of this task.

The HRA's approach to long-term financial planning incorporates the assumption that any surplus resource will be set-aside in the first instance, until up to 25% of the loan portfolio can be redeemed at maturity, with any balance to be re-invested in income generating assets, whilst also maintaining reasonable financial assumptions in ongoing investment need in the current housing stock.

The ability to set-aside resource to redeem 25% of the loan portfolio is not possible in the current financial environment, and the authority may need to consider using the Localism Act to revisit the terms of the self-financing debt settlement.

# Business Planning Assumptions

# Appendix A

## Business Planning Assumptions (Highlighting Changes)

Key Area	Assumption	Comment	Status
General Inflation (CPI)	2%	General inflation on expenditure included at 2% (Based upon government intention for CPI)	Retained
Capital Inflation	5% for 4 years, then 3% ongoing	Real increase above CPI of 3% for 4 years, then reverting to 1% above CPI from 2020/21.	Retained
Debt Repayment	Set-aside up to 25% to Repay Debt	Assumes surplus is set-aside to allow for up to 25% repayment of debt as loans reach maturity date, with any balance re-invested in income generating assets.	Retained
Capital Investment	Reduced Partial Investment Standard	Assumes a reduced partial investment standard in the housing stock, compared with a basic decent homes standard. This will be reviewed again during 2016/17.	Retained
Pay Inflation	1.9% Pay Progression plus 1% pay award from: 2016/17 to 2019/20, then 2.5% ongoing	Assume allowance for increments at 1.9%. Pay inflation for four years from 2016/17 limited to 1% reflecting recent Government guidance, and a return to 2.5% thereafter, reflecting economic recovery. Increased National Insurance contribution rates have been incorporated from April 2016.	Retained
Employee Turnover	3%	Employee budgets assume a turnover saving of 3.0% of gross pay budget for office-based staff.	Retained
Rent Increase Inflation	-1% from 2016/17 for 4 years, then 3%, then 2.5%	Rent decreases of 1% per annum in line with government guidelines from 2016/17 to 2019/20, CPI plus 1% until the end of the 10 year settlement, reverting to CPI plus 0.5% after this. Assume CPI in preceding September is as above.	Retained
Rent Convergence	Voided Only	Ability to move to new lower target rent achieved only through movement of void properties directly to target rent.	Retained
External Lending Interest Rate	1.12%, 1.37%, then 1.62% ongoing	Interest rates based on latest market achievement, including the impact of CCLA investment.	Retained



Key Area	Assumption	Comment	Status
Internal Lending Interest Rate	1.12%, 1.37%, then 1.62% ongoing	Assume the same rate as anticipated can be earned on cash balances held, so as not to detriment the General Fund over the longer term.	Retained
External Borrowing Interest Rate	4%	Assumes additional PWLB borrowing at a rate of 4%. Current rate for 30 years is 3.66%. Retain 4% for prudence.	Retained
Internal Borrowing Interest Rate	4%	Assume the same rate as external borrowing to ensure flexibility in choice of borrowing route.	Retained
HRA Minimum Balances	£2,000,000	Maintain HRA minimum balance at £2,000,000, recognising risks in a Self-Financing environment.	Retained
HRA Target Balances	£3,000,000	Maintain HRA target balance at £3,000,000.	Retained
Right to Buy Sales	50, 45, 40, 35, 30, then 25 sales ongoing	Housing Policy changes expected to sustain a higher level of activity. Assume 50 for 2015/16, reducing by 5 sales per annum, until 25 are assumed ongoing.	Retained
Right to Buy Receipts	Settlement right to buy and assumed one-for-one receipts included	Debt settlement receipts included, assuming the receipts utilised partly for general fund housing purposes. Anticipated one-for-one receipts included, but with only those received to date committed to specific new build schemes. Debt repayment proportion contributes to set-aside.	Retained
Void Rates	1%	Assumes 1% per annum from 2016/17 onwards.	Retained
Bad Debts	0.56% for 2015/16, then 1.12%	Bad debt provision increased by 100% to reflect the requirement to collect 100% of rent directly, assuming an extension of the existing payment profile across the entire housing stock when Universal Credit begins implementation in 2016.	Retained
Savings Target	£1,429,000 for 2016/17, then return to 2%	2016/17 target included assuming the need to offset loss of rental income. Similar pressure to reduce spending will exist for the next 4 year, but assumption that savings can be delivered at the higher level not yet built in.	Retained

Key Area	Assumption	Comment	Status
Responsive Repairs Expenditure	Adjusted pro rata to stock changes	An assumption is made that direct responsive repair expenditure is adjusted annually in line with any change in stock numbers.	Retained
<b>Policy Space replaced with Transformation / Spend to save Fund</b>	<b>£120,000 for 5 years from 2016/17</b>	<b>Policy space replaced with a new Housing Transformation / Spend to Save Fund to be allocated under delegation to the Strategic Advisor to Housing.</b>	<b>Amended</b>
Service Reviews	On case by case basis	Service review outcomes assumed to deliver to the HRA as indicated in the review business case.	Retained

# Service Charges

# Appendix B

Charge Description	Charges 2015/16	Charge Basis	Charges 2016/17
<b>General Stock</b>			
Caretaking Charge	£3.27 to £4.76	Per Week Over 48 Weeks	A
Building Cleaning	£0.01 to £5.31	Per Week Over 48 Weeks	D
Estate Services Champion	£0.44	Per Week Over 48 Weeks	A
Door Entry	£0.14 to £1.02	Per Week Over 48 Weeks	B
Passenger Lifts	£0.47 to £2.46	Per Week Over 48 Weeks	B
Gas Maintenance / Servicing	£2.15	Per Week Over 48 Weeks	A / B
Digital TV Aerial Charge	£0.35	Per Week Over 48 Weeks	A
Grounds Maintenance	£0.91 to £13.25	Per Week Over 48 Weeks	A
Community Alarm Charge	£4.41	Per Week Over 48 Weeks	C
<b>General Sheltered Schemes</b>			
Premises Charge	£0.50 to £24.32	Per Week Over 48 Weeks	A
Communal Heating / Lighting	£2.23 to £8.51	Per Week Over 48 Weeks	A
Individual Heating / Lighting	£4.65 to £11.04	Per Week Over 48 Weeks	A
Water	£2.33 to £3.57	Per Week Over 48 Weeks	A
Grounds Maintenance	£0.91 to £2.35	Per Week Over 48 Weeks	A
Electrical / Mechanical Maintenance	£2.77 to £5.06	Per Week Over 48 Weeks	B
Sheltered Support Charge	£9.00 to £10.46	Per Week Over 48 Weeks	C
Sheltered Alarm Charge	Approx. £3.00 (In above)	Per Week Over 48 Weeks	E
<b>Ditchburn Place</b>			
Premises Charge	£2.55 to £49.44	Per Week Over 48 Weeks	A
Flat Cleaning / Laundry Charge	£26.65	Per Week Over 48 Weeks	A
Communal Heating / Lighting	£0.63 to £6.26	Per Week Over 48 Weeks	A

Individual Heating / Lighting	£7.25 to £12.53	Per Week Over 48 Weeks	A
Water	£4.36 to £8.08	Per Week Over 48 Weeks	A
Catering	£94.90	Per Week Over 48 Weeks	A
Grounds Maintenance	£1.77	Per Week Over 48 Weeks	A
Electrical / Mechanical Maintenance	£2.61	Per Week Over 48 Weeks	B
Sheltered Support Charge	£10.46	Per Week Over 48 Weeks	C
Extra Care Support Charge	£26.47	Per Week Over 48 Weeks	C
Alarm Charge	Approx. £3.00 (In both above)	Per Week Over 48 Weeks	E
Launderette – Wash / Dry	£6.50	Per Load As Requested	A
<b>Temporary Accommodation</b>			
Premises Charge	£47.87 to £55.78	Per Week Over 48 Weeks	A
Individual Heating / Lighting	£16.37 to £27.83	Per Week Over 48 Weeks	A
Water	£7.59	Per Week Over 48 Weeks	A
Electrical / Mechanical Maintenance	£3.74 to £7.57	Per Week Over 48 Weeks	B
<b>Independent Living Services</b>			
Private Lifelines - In City	£4.65	Per Week Over 52 Weeks	£4.65
Private Lifelines - Out City	£7.53	Per Week Over 52 Weeks	£7.53
Keysafe / Keyholding Charge	£1.88	Per Quarter	£2.68
Warden Agencies	£4.04	Per Week Over 52 Weeks	£4.04
Monitoring Charge	£0.32	Per Week Over 52 Weeks	£0.38
<b>Leasehold Charges for Services</b>			
Solicitors' pre-sale enquiries	£75.00	As Requested	£110.00
Copy of lease	From £20.00	As Requested	£30.00
Re-mortgage Enquiry/Copy of Insurance schedule	£25.00	As Requested	£30.00
Notice of Assignment/Notice of Charge	£75.00	As Requested	£75.00
Deed of Variations	£150.00	As Requested	£150.00

Home Improvements –			
Administration Only	£0.00	As Requested	£30.00
Inclusive of Surveyor Visit	£0.00	AS Required	£125.00
Retrospective consent for improvements	£25.00	As Requested	Above +£25.00
Registering sub-let details	£50.00	As Requested	£50.00
Initial Administration Fee/Survey for Application to purchase Loft Space	£150.00	As Requested	£175.00

Key	
A	These charges are currently (or will be - in the case of any new charges), based on recovering the actual cost of service provision and the proposal is to continue to recover the full estimated cost of providing these services in 2016/17.
B	These charges were separated out from pooled rent in 2004/05, and therefore can be increased to recover full cost up to a maximum of inflation at -0.1% (CPI at September 2015 plus 1%) for future years.
C	Charges levied for support activities will be reviewed in line with services being provided following expansion of the support service for older people, where the County Council now commission services across the city as a whole.
D	Charges for building cleaning (communal cleaning and window cleaning are being phased up to full cost recovery in three stages. Stage one (10% increase) was implemented in August 2015, with stage two due from April 2016 (10% increase plus inflation) and the final stage from April 2017 when full costs will be recharged.
E	Charge for alarm provision to be shown as a separate benefit ineligible service charge, reflecting the cessation of funding for this aspect of the support service by the County Council.
	Charges for the optional household contents insurance scheme will continue to be determined by the insurer but notified to tenants by the Council.

# HRA Earmarked & Specific Funds

# Appendix C

(£'000)

<b>Repairs &amp; Renewals</b>	<b>Opening Balance</b>	<b>Contributions</b>	<b>Expenditure to Oct</b>	<b>Current Balance</b>
General Management	(841.5)	(77.3)	0.2	(918.6)
Special Services	(795.3)	(151.6)	38.6	(908.3)
Repairs and Maintenance	(192.3)	(56.4)	0.0	(248.7)
<b>Totals</b>	<b>(1,829.1)</b>	<b>(285.3)</b>	<b>38.8</b>	<b>(2,075.6)</b>

<b>Major Repairs Reserve</b>	<b>Opening Balance</b>	<b>Contributions</b>	<b>Expenditure to Oct</b>	<b>Current Balance</b>
MRR	(2,219.5)	0.0	0.0	(2,219.5)

<b>Tenants Survey</b>	<b>Opening Balance</b>	<b>Contributions</b>	<b>Expenditure to Oct</b>	<b>Current Balance</b>
Tenants Survey	(26.9)	(6.2)	5.7	(27.4)

<b>Aerial – Roof Space Rental *</b>	<b>Opening Balance</b>	<b>Contributions</b>	<b>Expenditure to Oct</b>	<b>Current Balance</b>
Aerial Income	(113.6)	(17.8)	0.6	(130.8)

<b>Debt Set-Aside (Revenue)</b>	<b>Opening Balance</b>	<b>Contributions / Adjustments</b>	<b>Expenditure to Oct</b>	<b>Current Balance</b>
Debt Set-Aside	(1,901.7)	0.0	0.0	(1,901.7)

\* The balance in respect of the HRA roof space rental will no longer be contributed to from April 2016 onwards. The sum remaining in the ear-marked reserve will be identified for investment in specific one-off projects as approved by the Executive Councillor for Housing, and once fully utilised, the reserve will be deleted.

## 2016/17 Budget - HRA - All Revenue Items

Page 1 of 4

Reference	Item Description	2015/16 Budget £	2016/17 Budget £	2017/18 Budget £	2018/19 Budget £	2019/20 Budget £	Contact	Climate Effect & Poverty Ratings
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## Savings

## Housing - HRA

<b>S3773</b>	<b>Net reduction in contract costs for cyclical maintenance activity across the housing stock</b>	0	(26,200)	(26,200)	(26,200)	(26,200)	John Horwood	Nil
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An exercise to tender and re-procure a number of cyclical maintenance contracts (mechanical heating, electrical inspections, lift inspections, fire safety inspections, etc) has resulted in the ability to reduce budgets in this area by a net sum of £26,200.

4.4

<b>S3775</b>	<b>Reduction in operational costs for the Independent Living Service</b>	0	(7,800)	(7,800)	(7,800)	(7,800)	Frances Swann	Nil
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A review of prior year expenditure has resulted in this proposal to reduce budgets for office running costs and operational overheads.

4.2

<b>Total Savings in Housing - HRA</b>		0	(34,000)	(34,000)	(34,000)	(34,000)		
<b>Total Savings</b>		0	(34,000)	(34,000)	(34,000)	(34,000)		

## 2016/17 Budget - HRA - All Revenue Items

Page 2 of 4

Reference	Item Description	2015/16 Budget £	2016/17 Budget £	2017/18 Budget £	2018/19 Budget £	2019/20 Budget £	Contact	Climate Effect & Poverty Ratings
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## Increased Income

## Housing - HRA

II3811	<b>Increase in service charge income for the HRA</b>	0	(34,000)	(34,000)	(34,000)	(34,000)	Julia Hovells	Nil
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*Increase in service charge income for the HRA due to an increase in Temporary Accommodation units and a reduction in void activity.* 9

II3812	<b>Increase in dwelling rent for the HRA</b>	0	(4,250)	(4,250)	(4,250)	(4,250)	Julia Hovells	Nil
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*Increase in rental income for the HRA due to a reduction in void levels.* 9

<b>Total Increased Income in Housing - HRA</b>		<b>0</b>	<b>(38,250)</b>	<b>(38,250)</b>	<b>(38,250)</b>	<b>(38,250)</b>		
<b>Total Increased Income</b>		<b>0</b>	<b>(38,250)</b>	<b>(38,250)</b>	<b>(38,250)</b>	<b>(38,250)</b>		



## 2016/17 Budget - HRA - All Revenue Items

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Reference	Item Description	2015/16 Budget £	2016/17 Budget £	2017/18 Budget £	2018/19 Budget £	2019/20 Budget £	Contact	Climate Effect & Poverty Ratings
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## Unavoidable Revenue Pressure

## Housing - HRA

URP3774	<b>Bid to meet the statutory annual subscription to the Housing Ombudsman Service</b>	0	7,000	7,000	7,000	7,000	Julia Hovells	Nil
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*Bid to meet the statutory annual subscription to the Housing Ombudsman Service, where costs for years 1 and 2 were met from underspending in other budgets.* n/a

URP3776	<b>Net increase in salary costs based upon staff currently in post</b>	0	7,300	7,300	7,300	7,300	Julia Hovells	Nil
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*HRA General, Special and Repairs unavoidable bid to meet the net increase in salary costs based upon staff currently in post.* 4.2

URP3810	<b>Unavoidable bid to meet an anticipated decrease in commercial property rental income</b>	0	32,400	32,400	32,400	32,400	Julia Hovells	Nil
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*This bid is required to meet an anticipated reduction in commercial property rental income due to a degree of difficulty in letting some void units coupled with the impact of the recommendation to re-develop a mixed tenure site in Akeman Street.* 2.1

URP3838	<b>Impact of delay in the closure of one area housing office until August 2016</b>	0	124,390	0	0	0	Robert Hollingsworth	Nil
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*It is not realistic to assume that the closure of one area housing office can be achieved by 1st April 2016, and this bid therefore recognises the reduction in saving that will be achieved in 2016/17, whilst also building in the cost to deliver the change.* 3

<b>Total Unavoidable Revenue Pressure in Housing - HRA</b>	0	171,090	46,700	46,700	46,700			
<b>Total Unavoidable Revenue Pressure</b>	0	171,090	46,700	46,700	46,700			

## 2016/17 Budget - HRA - All Revenue Items

Page 4 of 4

Reference	Item Description	2015/16 Budget £	2016/17 Budget £	2017/18 Budget £	2018/19 Budget £	2019/20 Budget £	Contact	Climate Effect & Poverty Ratings
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## Non-Cash Limit Items

## Housing - HRA

<b>NCL3824</b>	<b>Increased depreciation charge to the HRA</b>	0	(430)	(430)	(430)	(430)	Julia Hovells	Nil
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An increase in asset valuations and the impact of new build housing result in an anticipated increase in depreciation to be charged to the HRA from 2016/17. n/a

<b>NCL3839</b>	<b>Net increase in interest receivable by the HRA</b>	0	(26,190)	(26,190)	(26,190)	(26,190)	n/a	Nil
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A net increase in interest due to the HRA is anticipated in 2016/17 due to an increase in balances held as a result of delays in delivering the new build programme. 5.4

<b>NCL3849</b>	<b>Office Accommodation Strategy - revenue including set-up</b>	0	125,000	29,000	0	0	Dave Prinsep	+H
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The Office Accommodation Strategy rationalises and improves the use of property, creating revenue savings and aims to generate capital receipts. This will be combined with more flexible working practices so staff can work where they are best located. Investment in retained buildings should create a modern working environment and improve facilities for staff. Significant expenditure of circa £3.5m is anticipated. (Linked to budget proposals NCL3764 and NCL3848.)

<b>Total Non-Cash Limit Items in Housing - HRA</b>		<b>0</b>	<b>98,380</b>	<b>2,380</b>	<b>(26,620)</b>	<b>(26,620)</b>		
<b>Total Non-Cash Limit Items</b>		<b>0</b>	<b>98,380</b>	<b>2,380</b>	<b>(26,620)</b>	<b>(26,620)</b>		
<b>Report Total</b>		<b>0</b>	<b>197,220</b>	<b>(23,170)</b>	<b>(52,170)</b>	<b>(52,170)</b>		

## 2016/17 Budget - HRA - All Capital Items

Page 1 of 1

Reference	Item Description	2015/16 Budget £	2016/17 Budget £	2017/18 Budget £	2018/19 Budget £	2019/20 Budget £	Contact	Climate Effect & Poverty Ratings
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## Capital Bids

## Housing - HRA

C3840	Capital cost of relocating staff to a single area housing office	0	13,200	0	0	0	Robert Hollingsworth	+M
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*This bid will allow for the purchase of suitably sized furniture to accommodate more staff in the remaining area housing office. The cost will be met from existing HRA repairs and renewals funds.*

<b>Total Capital Bids in Housing - HRA</b>	0	13,200	0	0	0			
<b>Total Capital Bids</b>	0	13,200	0	0	0			
<b>Report Total</b>	0	13,200	0	0	0			

# HRA Budget Summary

# Appendix E (1)

Area of Income / Expenditure	Description	(Saving Proposal or Increased Income) in 2016/17 Budget (£)	(Saving Proposal or Increased Income) in 2017/18 Budget (£)	(Saving Proposal or Increased Income) in 2018/19 Budget (£)	Comment
<b>HRA 2016/17 Savings Target</b>					
HRA Savings Target - 2016/17	Savings target set to mitigate impact of the 1% rent cut required from April 2016.	1,429,000	1,429,000	1,429,000	Ongoing
HRA Savings Target - 2017/18 and 2018/19	Savings target set at the previous level of 2%	0	113,000	226,000	Ongoing
<b>Total HRA 2016/17 Savings Target</b>		<b>1,429,000</b>	<b>1,542,000</b>	<b>1,655,000</b>	
<b>HRA MFR Revenue Savings Already Approved for 2016/17</b>					
Planned Maintenance	Reduction in planned maintenance (PTR) programme	(400,000)	(400,000)	(400,000)	Ongoing
Responsive and Void Repairs	Reduction in the use of sub-contractors for responsive repair and void works	(200,000)	(200,000)	(200,000)	Ongoing
Responsive and Void Repairs	Increase income generation through in-house responsive and void repairs team, or reduction in costs if this can't be achieved	(100,000)	(150,000)	(200,000)	Increasing by 50,000 in 2017/18 and 2018/19
Responsive Repairs	Removal of response repairs pre-inspection activity	(79,510)	(79,510)	(79,510)	Ongoing
Resident Involvement	Reduction in staffing numbers from 3 to 2 in respect of resident involvement activity, coupled with a reduction of 50% in other spending in this area	(53,780)	(53,780)	(53,780)	Ongoing

City Homes and Area Office Costs	Reduction to only one area office, with resulting reduction in both premises and staffing requirements, coupled with the need to sub-let the south area office in the medium term	(200,490)	(200,490)	(200,490)	Ongoing
Under-Occupation Scheme	Reduction in funding for the Under Occupation Incentive Scheme, with residual budget held to be returned to that originally approved	(40,000)	(40,000)	(40,000)	Ongoing
City Homes	Cessation of quarterly rent statements, recognising that routine arrears activity will continue for those in rent arrears	(12,360)	(12,360)	(12,360)	Ongoing
Strategic Housing	Transfer of one Housing Head of Service to the new Housing Development Agency	(43,120)	(43,120)	(43,120)	Ongoing and delivered in full in 2016/17
IT Costs	Reduction of budget for Orchard Housing Management System, recognising that not all modules previously held are still required	(15,000)	(15,000)	(15,000)	Ongoing
HRA Overheads	Cessation of annual Housemark subscription, with the intention to benchmark ourselves with other comparable authorities	(8,000)	(8,000)	(8,000)	Ongoing
HRA General	Removal of additions to pay budgets in all office based areas	(11,730)	(11,730)	(11,730)	Ongoing
HRA General	50% cut in professional training budgets across the HRA as a whole	(6,600)	(6,600)	(6,600)	Ongoing
HRA General	Remove recruitment costs budgets	(5,950)	(5,950)	(5,950)	Ongoing
Housing Options	Reduction in staffing in the Housing Options Team	(18,720)	(18,720)	(18,720)	Ongoing
Debt Management Costs	Recognising that there will be no need to obtain external borrowing advice in the current financial climate, the provision for additional debt management costs will be removed	(21,180)	(21,180)	(21,180)	Ongoing
<b>Total HRA MFR Revenue Savings Already Approved for 2016/17</b>		<b>(1,216,440)</b>	<b>(1,266,440)</b>	<b>(1,316,440)</b>	
<b>HRA MFR Capital Savings Already Approved for 2016/17</b>					

Capitalised Staff Fees	Reduction in staffing input into the HRA capital investment programme, recognising a reduced level of activity in the future	(35,800)	(35,800)	(35,800)	Ongoing and delivered in full in 2016/17
Estate Investment	Removal of discretionary budget for demand led investment in the wider housing estate	(200,000)	(200,000)	(200,000)	Ongoing
Long Term Vacants	Removal of allocation for bringing back long-term vacant homes in the private sector into use	(20,000)	(20,000)	(20,000)	Ongoing
<b>Total HRA MFR Capital Savings Already Approved for 2016/17</b>		<b>(255,800)</b>	<b>(255,800)</b>	<b>(255,800)</b>	
<b>New Savings Proposals for 2016/17 BSR</b>					
Cyclical Maintenance	Net savings in annual inspection and maintenance contracts following re-procurement of services	(26,200)	(26,200)	(26,200)	Ongoing
Independent Living Services	Reduction in operational budgets for the Independent Living Service based upon prior year activity	(7,800)	(7,800)	(7,800)	Ongoing
<b>Total New Savings Proposals for 2016/17 BSR</b>		<b>(34,000)</b>	<b>(34,000)</b>	<b>(34,000)</b>	
<b>New Increased Income Proposals for 2016/17 BSR</b>					
Dwelling Rent	Increased rental income due to a reduction in the level of void activity	(4,250)	(4,250)	(4,250)	Ongoing
Service Charges	Increase in service charge income due to an increase in temporary accommodation supply	(34,000)	(34,000)	(34,000)	Ongoing
<b>Total New Savings Proposals for 2016/17 BSR</b>		<b>(38,250)</b>	<b>(38,250)</b>	<b>(38,250)</b>	
<b>New Unavoidable Revenue Pressure Proposals for 2016/17 BSR</b>					
HRA General, Special and Repairs	Net increase in salary costs based upon staff currently in post	7,300	7,300	7,300	Ongoing
HRA Overheads	Need to meet statutory annual subscription to the Housing Ombudsman Service, where costs for years 1 and 2 were met from underspending in other budgets	7,000	7,000	7,000	Ongoing

Commercial Property	Reduction in commercial property income due to hard to let void units and decision to re-develop Akeman Street	32,400	32,400	32,400	Ongoing
City Homes and Area Office Costs	One-off cost of the impact of the decision to close one area office not being realised until August 2016, to also include the one-off cost of change	124,390	0	0	One-Off
<b>Total Unavoidable Revenue Pressure Proposals for 2016/17 BSR</b>		<b>171,090</b>	<b>46,700</b>	<b>46,700</b>	
<b>Cash Limit Adjustments for 2016/17 BSR</b>					
Depreciation	Increase in depreciation due to revised asset values and delivery of new build housing	(430)	(430)	(430)	Ongoing
Interest Paid and Received	Increase in net interest received by the HRA	(26,190)	(26,190)	(26,190)	Ongoing
Office Accommodation Strategy	The HRA will bear a share of the revenue set up costs relating to the administrative building changes proposed as part of the Office Accommodation Strategy	125,000	29,000	0	One-Off Costs
<b>Total Cash Limit Adjustments 2016/17 BSR</b>		<b>98,380</b>	<b>2,380</b>	<b>(26,620)</b>	
<b>Total Net Position for the HRA for 2016/17</b>		<b>(1,275,020)</b>	<b>(1,545,410)</b>	<b>(1,624,410)</b>	
<b>Under /(Over) Achievement against HRA Savings Target in 2016/17 and Ongoing</b>		<b>153,980</b>	<b>(3,410)</b>	<b>30,590</b>	

#### HRA BSR Note

The table above identifies savings that have already been approved as part of the HRA MFR, and any subsequent savings, unavoidable revenue pressures and bids that have been identified by cost centre managers at this stage in the budget preparation process. Any cash limit adjustments have also been incorporated.

# Appendix E (2)

## 2016/17 Capital Budget Amendments Summary

Area of Expenditure and Change	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000
<b>Total Housing Capital Plan Expenditure pre HRA MFR</b>	<b>43,560</b>	<b>30,948</b>	<b>13,081</b>	<b>9,212</b>	<b>13,121</b>
<b>Decent Homes and Other HRA Stock Investment</b>					
Reduction in budget for central heating / boiler replacements	-300	0	0	0	0
Reduction in budget for roof structure works	-100	0	0	0	0
Reduction in budget for communal area investment	-100	0	0	0	0
Reduction in budget for garage improvements	-90	0	0	0	0
Reduction in budget for asbestos removal	-100	0	0	0	0
Reduction in budget for fire safety works	-120	0	0	0	0
Re-profiling of budget for roof covering works	-320	320	0	0	0
Re-profiling of budget for bathroom replacements	-250	250	0	0	0
Re-profiling of budget for sulphate works	-102	0	0	0	0
Change in planned maintenance contractor overheads	0	63	0	0	0
Change in budget for decent homes works to new build dwellings	-50	-97	7	6	7
<b>New Build</b>					
2011-15 Programme savings at unconditional contract stage	-78	0	0	0	0
Re-phasing of spend for Homerton	-645	645	0	0	0
Re-phasing of 2015/16 Garage Site investment	-650	650	0	0	0
Ear-marking additional resource for Anstey Way development	0	810	2,300	0	0
Transfer of unallocated new build resource to fund scheme for Akeman Street re-development	0	132	1,844	0	0
Re-phasing of, and addition of budget for, new build required to utilise retained RTB receipts	-3,781	3,423	1,605	0	0
<b>Other HRA Capital Spend</b>					
Incorporation of scheme for relocation of staff to a single area housing office	0	14	0	0	0
<b>Inflation Allowance</b>					
Adjustment in inflation allowed as spend changes	0	113	363	37	72
<b>Total Housing Capital Plan Expenditure per HRA BSR</b>	<b>36,874</b>	<b>37,271</b>	<b>19,200</b>	<b>9,255</b>	<b>13,200</b>



Risk Area & Issue arising	Controls / Mitigation Action
<b>Effects of Legislation / Regulation</b>	
<p>Implications of new legislation / regulation or changes to existing are not identified</p> <p>Funding is not identified to meet the costs associated with changes in statutory requirements</p> <p>HRA Debt Settlement could be re-opened (or not re-opened when required) by Government</p> <p>Changes in national rent policy impact the ability to support the housing debt or deliver against planned investment programmes</p>	<ul style="list-style-type: none"> <li>• Effective, regular, review processes are in place for the HRA to ensure that implications are identified and raised at an early stage</li> <li>• Additional / specific funding enhancements for new services can be identified through the financial planning and budget processes, to allow effective implementation</li> <li>• The Council has processes in place to manage the demands of local and national housing agendas, ensuring early engagement in any consultation and collective representation through national housing bodies</li> <li>• Impact of any proposed changes to national rent policy is incorporated into financial planning as early as possible.</li> <li>• Remedial action is taken at an early stage to mitigate any negative financial impact for the HRA</li> </ul>
<b>Housing Portfolio &amp; Spending Plans</b>	
<p>The Council approves plans which are not sustainable into the future, leading to increasing problems in balancing budgets</p>	<ul style="list-style-type: none"> <li>• Council has adopted medium (5 year) and long-term modelling (up to 30 years) for HRA, to ensure decisions are made in the knowledge of long-term deliverability issues / implications</li> <li>• The Business Plan includes long-term trend analysis on key cost drivers such as growth levels and demographics, and their implications</li> <li>• Target levels of reserves are set for the HRA to enable uneven pressures to be effectively dealt with, and to provide cover against unforeseen events / pressures</li> </ul>

<b>Risk Area &amp; Issue arising</b>	<b>Controls / Mitigation Action</b>
<b>Financial planning lacks appropriate levels of prudence</b>	
<p>Business Planning assumptions are wildly inaccurate</p> <p>Financial policies, in general, are not sufficiently robust</p> <p>Funding to support the approved Capital Plan is not available</p>	<p>Council has adopted key prudence principles, reflected in:</p> <ul style="list-style-type: none"> <li>• Use of external expert opinion and detailed trend data to inform assumptions</li> <li>• Ongoing revenue funding for capital is reviewed for affordability as part of the 30-year modelling process</li> <li>• Adoption of strict medium / long-term planning</li> <li>• Policy on applying general capital receipts for strategic disposals only at point of receipt</li> </ul>
<b>Use of resources is not effectively managed</b>	
<p>There is ineffective use of the resources available to the HRA</p> <p>Failure to deliver Major Housing / Development Projects, i.e. return on capital, project on time etc.</p>	<ul style="list-style-type: none"> <li>• Council employs robust business planning processes for the HRA</li> <li>• Council has adopted a standard project management framework</li> <li>• A business cases is required for all strategic acquisitions, disposals and one-off areas of significant investment</li> <li>• Performance and contractor management procedures are robust and contracts are enforceable</li> <li>• Organisational development and workforce planning activity is ongoing and reflects the needs of the HRA</li> <li>• The Council's accounts are audited on an annual basis, with assurance given that the authority is delivering economy, efficiency and effectiveness in its use of resources</li> </ul>

Risk Area & Issue arising	Controls / Mitigation Action
<b>External income / funding streams</b>	
<p>Undue reliance may be placed on external income streams, leading to approval of unsustainable expenditure</p> <p>Rent and service charge arrears increase and bad debt rises, as a direct result of the Welfare Benefit Reforms</p> <p>Rent income is under-achieved due to a major incident in the housing stock</p> <p>Changes to the right to buy rules and pooling regulations result in a continued high level of sales, with the associated commitment to deliver replacement units or pay over receipts with interest</p> <p>Volatility and competition in the property market impacts the ability to fund capital pressures from the sale of assets</p>	<ul style="list-style-type: none"> <li>• Modelling over the medium and long-term is conducted for key income sources, including sensitivity analysis of potential changes</li> <li>• Council seeks to influence national settlements and legislative changes through response to formal consultation and the provision of information to negotiation bodies such as LGA and CIH</li> <li>• Increased resources identified for income management. Performance closely monitored to allow further positive action if required.</li> <li>• Asset Management Plan in place to identify and address key issues in the housing stock to minimise likelihood of widespread incidents</li> <li>• Sensitivities modelled so potential impacts are understood</li> <li>• Retained resources are monitored to ensure delivery of required units or return of resource at earliest opportunity</li> <li>• Policy on applying general capital receipts for strategic disposals only at point of receipt</li> </ul>

# Appendix G

## Retained 1-4-1 Right to Buy Receipts

Quarter date for Receipt	Retained 1-4-1 Receipt Value (Per Quarter)	Retained 1-4-1 Receipt Value (Cumulative)	Amount of New Build Expenditure Required (Cumulative)	Deadline for Receipt to be spent on New Dwelling	Qualifying Spend by Deadline (Cumulative)	Retained 1-4-1 Receipt Spent (Cumulative)	Balance of Retained 1-4-1 Receipts to be Spent or Paid to CLG (Cumulative)	Further New Build Spend Required by Deadline (Cumulative)
30/09/2012	305,694.44	305,694.44	1,018,981.47	30/09/2015	6,015,816.06	1,804,744.82	0.00	0.00
31/12/2012	1,052,927.43	1,358,621.87	4,528,739.57	31/12/2015			0.00	0.00
31/03/2013	721,056.95	2,079,678.82	6,932,262.73	31/03/2016			274,934.00	916,446.67
30/06/2013	558,506.21	2,638,185.03	8,793,950.10	30/06/2016			833,440.21	2,778,134.04
30/09/2013	649,210.49	3,287,395.52	10,957,985.07	30/09/2016			1,482,650.70	4,942,169.01
31/12/2013	939,637.07	4,227,032.59	14,090,108.63	31/12/2016			2,422,287.77	8,074,292.57
31/03/2014	1,556,452.02	5,783,484.61	19,278,282.03	31/03/2017			3,978,739.79	13,262,465.97
30/06/2014	1,053,196.82	6,836,681.43	22,788,938.10	30/06/2017			5,031,936.61	16,773,122.04
30/09/2014	517,057.26	7,353,738.69	24,512,462.30	30/09/2017			5,548,993.87	18,496,646.24
31/12/2014	1,004,106.23	8,357,844.92	27,859,483.07	31/12/2017			6,553,100.10	21,843,667.01
31/03/2015	831,750.78	9,189,595.70	30,631,985.67	31/03/2018			7,384,850.88	24,616,169.61
30/06/2015	595,447.59	9,785,043.29	32,616,810.97	30/06/2018			7,980,298.47	26,600,994.91
30/09/2015	902,092.08	10,687,135.37	35,623,784.57	30/09/2018			8,882,390.55	29,607,968.51

# New Build Investment Cashflow

# Appendix H

New Build / Re-Development Scheme	Prior Year Actuals	2015/16 Budget	2016/17 Budget	2017/18 Budget	2018/19 Budget	2019/20 Budget	2020/21 Budget
	£'0	£'0	£'0	£'0	£'0	£'0	£'0
<b>New Build / Re-Development Cash Expenditure (Net of Developer's Cross Subsidy / Notional Land Value)</b>							
Jane's Court	1,244,619	0	0	0	0	0	0
Latimer Close	1,598,289	0	0	0	0	0	0
Barnwell Road	682,040	385,000	0	0	0	0	0
Campkin Road (Phase 1)	1,832,571	884,330	0	0	0	0	0
Colville Road (Phase 1)	572,138	921,450	0	0	0	0	0
Water Lane	413,140	728,320	0	0	0	0	0
Aylesborough Close	1,161,408	1,636,590	0	0	0	0	0
Stanfield Road	574,133	0	0	0	0	0	0
Wadloes Road	21,006	749,000	0	0	0	0	0
St Atkins Close (Garage Site)	355,145	233,000	0	0	0	0	0
Hawkins Road (Garage Site)	5,253	1,408,470	0	0	0	0	0
Fulbourn Road (Garage Site)	4,899	1,315,640	0	0	0	0	0
Ekin Road (Garage Site)	4,116	1,087,630	0	0	0	0	0
Market Housing on Re-Development Sites	1,939,500	954,750	0	0	0	0	0
Market Acquisitions	0	435,000	0	0	0	0	0
Anstey Way Prototype	68,860	0	0	0	0	0	0
Clay Farm	13,966	2,315,290	11,495,470	2,380,050	0	0	0
Homerton	0	4,260,600	2,746,960	0	0	0	0
Garage Sites 2015/16	0	100,000	2,900,030	0	0	0	0

New Build / Re-Development Scheme	Prior Year Actuals	2015/16 Budget	2016/17 Budget	2017/18 Budget	2018/19 Budget	2019/20 Budget	2020/21 Budget
	£'0	£'0	£'0	£'0	£'0	£'0	£'0
Anstey Way (Land Assembly Only)	0	426,670	853,330	0	0	0	0
Anstey Way (Ear-Marked Funds)	0	0	810,000	2,300,000	0	0	0
Akeman Street	0	0	131,430	1,844,270	0	0	0
New Build – + RTB Receipts	0	0	3,967,130	1,605,070	0	0	0
New Build – HRA Surpluses	0	0	0	0	0	0	0
<b>New Build / Re-Development Expenditure equivalent to Notional Land Value</b>							
Spend Equivalent to Land Value	7,392,839	3,193,656	0	0	0	0	0
<b>Total New Build/ Re-Development Expenditure</b>	<b>17,883,922</b>	<b>21,035,396</b>	<b>22,904,350</b>	<b>8,129,390</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>New Build / Re-Development Grant and Area Committee Funding</b>							
Dane's Court	(354,460)	0	0	0	0	0	0
Latimer Close	(212,676)	0	0	0	0	0	0
Barnwell Road	(106,340)	(106,338)	0	0	0	0	0
Campkin Road (Phase 1)	(265,845)	(88,610)	0	0	0	0	0
Colville Road (Phase 1)	(168,369)	(168,370)	0	0	0	0	0
Stanesfield Road (Incl. Area Committee Grant)	(170,892)	0	0	0	0	0	0
Atkins Close (Garage Site)	(106,338)	(35,450)	0	0	0	0	0
Water Lane	0	(175,000)	(175,000)	0	0	0	0
Aylesborough Close	0	(500,000)	0	0	0	0	0
Clay Farm	0	(194,250)	0	(194,250)	0	0	0
<b>Total New Build / Re-Development Funding</b>	<b>(1,384,920)</b>	<b>(1,268,018)</b>	<b>(175,000)</b>	<b>(194,250)</b>	<b>0</b>	<b>0</b>	<b>0</b>

New Build / Re-Development Scheme	Prior Year Actuals	2015/16 Budget	2016/17 Budget	2017/18 Budget	2018/19 Budget	2019/20 Budget	2020/21 Budget
	£'0	£'0	£'0	£'0	£'0	£'0	£'0
<b>Retained Right to Buy Funding</b>							
Wadloes Road	(54,160)	(265,630)	0	0	0	0	0
Atkins Close (Garage Site)	0	0	0	0	0	0	0
Hawkins Road (Garage Site)	(1,580)	(422,540)	0	0	0	0	0
Fulbourn Road (Garage Site)	(1,470)	(394,690)	0	0	0	0	0
Ekin Road (Garage Site)	(1,230)	(326,290)	0	0	0	0	0
Market Housing on Re-Development Sites	(581,850)	(286,500)	0	0	0	0	0
Market Acquisitions	(68,280)	(118,030)	0	0	0	0	0
Anstey Way Prototype	(20,660)	0	0	0	0	0	0
Clay Farm	(3,140)	(511,410)	(2,539,180)	(525,720)	0	0	0
Tomerton	0	(948,330)	(611,430)	0	0	0	0
Garage Sites 2015/16	0	(30,000)	(870,010)	0	0	0	0
Akeman Street	0	0	(31,540)	(442,630)	0	0	0
New Build – With RTB Receipts	0	0	(1,190,140)	(481,520)	0	0	0
<b>Total Retained Right to Buy Funding</b>	<b>(732,370)</b>	<b>(3,303,420)</b>	<b>(5,242,300)</b>	<b>(1,449,870)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total to be funded from HRA Resources (DRF &amp; MRR), Sales Receipts and Non-RTB Capital Receipts</b>	<b>15,766,632</b>	<b>16,463,958</b>	<b>17,487,050</b>	<b>6,485,270</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total HRA Borrowing</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

# Key Sensitivity Analysis

# Appendix I

Topic	Business Plan Assumption	Key Sensitivity Modelled	Financial Impact
General Inflation	General Inflation using CPI at 2% for expenditure	Volatility in the economy could lead to an increase in external costs. 1% increase in general inflation for expenditure only for the life of the plan.	Inability to set an HRA budget from 2025/26 and current plans are therefore not fully deliverable.
Rents Inflation	Reduction in real terms of 1% per annum for 4 years, then return to CPI plus 1%	Assumption that government policy only allows for a return to rent increases at CPI from 2020/21, and not CPI plus 1%.	Inability to set a balanced HRA budget from 2025/26 and current plans are therefore not fully deliverable.
Capital Investment Real Increase Inflation	Capital Investment Inflation at 3% above CPI for 4 years	A real increase of 3% is allowed for building inflation. Assume that real inflationary increase required is 5% for remaining 4 years from 2017/18 as the building industry in Cambridge is buoyant.	Inability to set a balanced HRA budget from 2019/20 and current plans are therefore not fully deliverable.
Investment Income	Interest on balances increasing to 1.62% long-term	Rates may recover more than anticipated, or long-term lending options may prove viable. Assume ongoing rate of 3% from 2017/18.	£3.6 million additional resource whilst the HRA is still a financially viable business.
Housing Rent Collection and Welfare Reforms	Costs based on historic activity, with an increase in transactional collection costs	Universal Credit results in 100% of rent being collected directly from tenants. Assume, in addition to the increase in transactional costs, an ongoing increase in bad debt of an additional 1% per annum from 2016/17.	Inability to set a balanced HRA budget from 2029/30 and current plans are therefore not fully deliverable.



# HRA Summary 2015/16 to 2020/21

# Appendix J

Description	2015/16 £0	2016/17 £0	2017/18 £0	2018/19 £0	2019/20 £0	2020/21 £0
Income						
Rental Income (Dwellings)	(37,185,810)	(36,900,310)	(36,598,970)	(35,944,760)	(34,951,650)	(35,284,730)
<i>Rental Income (Other)</i>	<i>(1,096,480)</i>	<i>(1,086,020)</i>	<i>(1,107,740)</i>	<i>(1,129,900)</i>	<i>(1,152,490)</i>	<i>(1,175,540)</i>
Service Charges	(2,447,980)	(2,573,880)	(2,643,340)	(2,691,860)	(2,741,350)	(2,791,840)
Contribution towards Expenditure	(3,210)	(3,270)	(3,340)	(3,400)	(3,470)	(3,540)
Other Income	(455,090)	(443,400)	(431,060)	(418,060)	(426,420)	(434,950)
<b>Total Income</b>	<b>(41,188,570)</b>	<b>(41,006,880)</b>	<b>(40,784,450)</b>	<b>(40,187,980)</b>	<b>(39,275,380)</b>	<b>(39,690,600)</b>
Expenditure						
Supervision & Management - General	3,370,810	3,571,980	3,749,010	3,908,420	4,163,070	4,491,560
Supervision & Management - Special	2,507,580	2,566,540	2,625,630	2,686,120	2,748,050	2,825,550
Repairs & Maintenance	6,855,150	6,287,430	6,474,600	6,665,520	6,865,290	7,112,120
Depreciation – t/f to Major Repairs Res.	11,444,060	11,626,690	12,010,710	12,364,440	12,735,790	13,126,750
Debt Management Expenditure	21,180	0	0	0	0	0
Other Expenditure	3,304,280	3,400,820	3,464,320	3,525,210	3,583,820	3,658,920
<b>Total Expenditure</b>	<b>27,503,060</b>	<b>27,453,460</b>	<b>28,324,270</b>	<b>29,149,710</b>	<b>30,096,020</b>	<b>31,214,900</b>
<b>Net Cost of HRA Services</b>	<b>(13,685,510)</b>	<b>(13,553,420)</b>	<b>(12,460,180)</b>	<b>(11,038,270)</b>	<b>(9,179,360)</b>	<b>(8,475,700)</b>
HRA Share of operating income and expenditure included in Whole Authority I&E Account						
Interest Receivable	(326,420)	(298,530)	(366,500)	(454,580)	(485,010)	(445,640)
<b>HRA (Surplus) / Deficit for the Year</b>	<b>(14,011,930)</b>	<b>(13,851,950)</b>	<b>(12,826,680)</b>	<b>(11,492,850)</b>	<b>(9,664,370)</b>	<b>(8,921,340)</b>
Items not in the HRA Income and Expenditure Account but in the movement on HRA balance						
Loan Interest	7,541,290	7,541,290	7,541,290	7,541,290	7,541,290	7,541,290
<i>Housing Set Aside</i>	<i>0</i>	<i>0</i>	<i>5,289,470</i>	<i>3,932,870</i>	<i>2,120,930</i>	<i>1,311,790</i>

Appropriation form Ear-Marked Reserve	0	(13,200)	0	0	0	0
Depreciation Adjustment	(3,285,420)	(3,177,620)	0	0	0	0
Direct Revenue Financing of Capital	20,191,440	11,238,900	32,070	0	0	0
<b>(Surplus) / Deficit for Year</b>	<b>10,435,380</b>	<b>1,737,420</b>	<b>36,150</b>	<b>(18,690)</b>	<b>(2,150)</b>	<b>(68,260)</b>
Balance b/f	(15,164,833)	(4,729,453)	(2,992,033)	(2,955,883)	(2,974,573)	(2,976,723)
<b>Total Balance c/f</b>	<b>(4,729,453)</b>	<b>(2,992,033)</b>	<b>(2,955,883)</b>	<b>(2,974,573)</b>	<b>(2,976,723)</b>	<b>(3,044,983)</b>

# Housing Capital Investment Plan

# Appendix K

Description	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
	£'000	£'000	£'000	£'000	£'000	£'000
<b>General Fund Housing Capital Spend</b>						
Disabled Facilities Grants	550	550	550	550	550	550
Private Sector Housing Grants and Loans	195	195	195	195	195	195
Choice Based Letting IT System	30	0	0	0	0	0
<b>Total General Fund Housing Capital Spend</b>	<b>775</b>	<b>745</b>	<b>745</b>	<b>745</b>	<b>745</b>	<b>745</b>
<b>HRA Capital Spend</b>						
<b>Decent Homes</b>						
Kitchens	898	236	206	190	655	640
Bathrooms	475	541	225	255	201	986
Central Heating / Boilers	1,786	1,105	1,660	544	2,586	3,536
Insulation / Energy Efficiency	100	100	100	100	100	100
External Doors	435	128	109	54	52	291
PVCU Windows	0	0	0	0	0	6
Wall Structure	220	119	142	140	134	254
Wall Finishes	349	227	202	174	383	74
Wall Insulation	100	100	100	100	100	100
External Painting	0	0	0	0	0	300
Roof Structure	700	322	300	300	300	300
Roof Covering	716	662	334	334	334	334
Chimneys	2	13	1	0	1	0
Electrical / Wiring	243	497	561	293	555	932
Smoke Detectors	109	116	116	116	116	116

Description	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
	£'000	£'000	£'000	£'000	£'000	£'000
Sulphate Attacks	0	102	102	102	102	102
Major Voids / Major Works	108	0	0	0	0	0
HHSRS Contingency	150	100	100	100	100	100
Other Health and Safety Works	150	50	50	50	50	50
Other External Works	5	0	0	0	0	0
Capitalised Officer Fees - Decent Homes	341	323	305	305	305	305
External Professional Fees	17	17	17	17	17	17
Decent Homes Backlog	0	0	0	0	0	0
Decent Homes Planned Maintenance Contractor Overheads	680	486	474	314	635	904
Decent Homes New Build Allocation	19	106	217	221	226	230
<b>Total Decent Homes</b>	<b>7,603</b>	<b>5,350</b>	<b>5,321</b>	<b>3,709</b>	<b>6,952</b>	<b>9,677</b>
<b>Other Spend on HRA Stock</b>						
Garage Improvements	698	788	100	100	100	100
Asbestos Removal	100	100	50	50	50	50
Disabled Adaptations	878	878	878	878	878	878
Tenants Incentive Scheme	21	0	0	0	0	0
Communal Areas Uplift	19	396	346	346	346	346
Fire Prevention / Fire Safety Works	310	100	100	100	100	100
Hard surfacing on HRA Land - Health and Safety Works	380	250	250	250	250	250
Hard surfacing on HRA Land - Recycling	0	142	0	0	0	0
Communal Areas Floor Coverings	100	100	100	100	100	100
Lifts and Door Entry Systems	176	13	13	13	13	13
Fencing	327	200	200	200	200	200

Description	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
	£'000	£'000	£'000	£'000	£'000	£'000
Reduction in Discretionary Investment	0	-100	-100	-100	-100	-100
Capitalised Officer Fees - Other HRA Stock Spend	114	114	114	114	114	114
Other Spend on HRA Stock Planned Maintenance Contractor Overheads	330	315	213	213	213	213
<b>Total Other Spend on HRA stock</b>	<b>3,453</b>	<b>3,296</b>	<b>2,264</b>	<b>2,264</b>	<b>2,264</b>	<b>2,264</b>
<b>HRA New Build / Re-Development / Acquisition</b>						
Roman Court	14	0	0	0	0	0
3 Year Affordable Housing Programme	9,349	0	0	0	0	0
3 Year Affordable Housing Programme (Notional Spend - Land Value)	3,194	0	0	0	0	0
Market Housing on HRA Sites	955	0	0	0	0	0
New Build - Clay Farm	2,315	11,496	2,380	0	0	0
New Build - Homerton	4,260	2,747	0	0	0	0
Re-Development - Anstey Way (Land Assembly Only)	427	853	0	0	0	0
Anstey Way - Earmarked Resource towards Re-Development	0	810	2,300	0	0	0
2015/16 Garage Sites	100	2,900	0	0	0	0
Akeman Street	0	132	1,844	0	0	0
New Build or Acquisition - Unallocated Retained RTB Receipt Investment	0	3,967	1,605	0	0	0
Right of First Refusal Buy Back	435	0	0	0	0	0
New Build - Investment of HRA Surpluses	0	0	0	0	0	0
<b>Total HRA New Build / Acquisition</b>	<b>21,049</b>	<b>22,905</b>	<b>8,129</b>	<b>0</b>	<b>0</b>	<b>0</b>

Description	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
	£'000	£'000	£'000	£'000	£'000	£'000
<b>City Homes Estate Improvement Programme</b>						
City Homes Estate Improvement Programme	250	0	0	0	0	0
<b>Total City Homes Estate Improvement Programme</b>	<b>250</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Sheltered Housing Capital Investment</b>						
Ditchburn Place	1,900	2,408	0	0	0	0
<b>Total Sheltered Housing Capital Investment</b>	<b>1,900</b>	<b>2,408</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Other HRA Capital Spend</b>						
Orchard Upgrade / Mobile Working	39	0	0	0	0	0
Cambridge Public Sector Network	29	0	0	0	0	0
Air Cooling Systems in Area Offices	11	0	0	0	0	0
Shared Ownership Repurchase	300	300	300	300	300	300
Commercial and Administrative Property	190	44	30	30	30	30
<b>Total Other HRA Capital Spend</b>	<b>569</b>	<b>344</b>	<b>330</b>	<b>330</b>	<b>330</b>	<b>330</b>
<b>Total HRA Capital Spend</b>	<b>34,824</b>	<b>34,303</b>	<b>16,044</b>	<b>6,303</b>	<b>9,546</b>	<b>12,271</b>
<b>Total Housing Capital Spend at Base Year Prices</b>	<b>35,599</b>	<b>35,048</b>	<b>16,789</b>	<b>7,048</b>	<b>10,291</b>	<b>13,016</b>
Inflation Allowance and Stock Reduction Adjustment for Future Years	1,275	2,223	2,411	2,207	2,909	3,440
<b>Total Inflated Housing Capital Spend</b>	<b>36,874</b>	<b>37,271</b>	<b>19,200</b>	<b>9,255</b>	<b>13,200</b>	<b>16,456</b>
<b>Housing Capital Resources</b>						

Description	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
	£'000	£'000	£'000	£'000	£'000	£'000
Right to Buy Receipts	(516)	(522)	(527)	(532)	(537)	(543)
Other Capital Receipts (Land and Dwellings)	0	0	0	0	0	0
Notional Land Receipts (New Build Schemes)	(3,194)	0	0	0	0	0
Major Repairs Reserve	(7,499)	(10,292)	(12,651)	(8,152)	(12,092)	(15,342)
Direct Revenue Financing of Capital	(20,191)	(11,239)	(32)	0	0	0
Other Capital Resources (Grants / Shared Ownership / R&R Funding)	(1,868)	(2,484)	(2,855)	(300)	(300)	(300)
Retained Right to Buy Receipts	(3,303)	(5,242)	(1,450)	0	0	0
Disabled Facilities Grant	(303)	(271)	(271)	(271)	(271)	(271)
Prudential Borrowing	0	0	0	0	0	0
<b>Total Housing Capital Resources</b>	<b>(36,874)</b>	<b>(30,050)</b>	<b>(17,786)</b>	<b>(9,255)</b>	<b>(13,200)</b>	<b>(16,456)</b>
Net (Surplus) / Deficit of Resources	(0)	7,221	1,414	0	0	0
<b>Capital Balances b/f</b>	<b>(8,634)</b>	<b>(8,634)</b>	<b>(1,414)</b>	<b>0</b>	<b>0</b>	<b>0</b>
Use of / (Contribution to) Balances in Year	(0)	7,221	1,414	0	0	0
<b>Capital Balances c/f</b>	<b>(8,634)</b>	<b>(1,414)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

The inflationary element of the decent homes spend for 2015/16 was held for allocation against the decent homes elements of the planned maintenance programme once task orders with the new planned maintenance contract were issued. If not required in full at year end, the resource will be set-aside with other savings in 2015/16 towards the resource required to re-develop the Anstey Way site.

Description	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Other Capital Balances (Opening Balance 1/4/2015)</b>						
Major Repairs Reserve	(2,220)					
Retained 1-4-1 Right to Buy Receipts	(8,457)					
Right to Buy Receipts for Debt Redemption	(3,999)					
<b>Total Other Capital Balances</b>	<b>(14,676)</b>					



## Cambridge City Council Equality Impact Assessment



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

Budget Setting Report 2016/17 (HRA)

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

The HRA Budget Setting Report enables the City Council to set a balanced budget for 2016/17 that reflects the Council's 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 Housing Revenue Account (HRA) element of the City Council's budget; a separate EQIA has been completed for the General Fund (GF) element of the Council's budget.

Equality Impact Assessments (EqIAs) are completed for budget proposals that will result in significant service changes. The majority of these changes were identified in the September 2015 Mid-Term Financial Review, and subsequently addressed via the HRA MFR EqIA. The 2016/17 BSR EqIA therefore focusses only on those unavoidable revenue pressures and savings identified in the Report.

### 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):

This is a composite EqIA for all 2016 -2017 HRA budget bids and it covers all Council housing revenue account services.

#### 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: This report involves cross organisation responsibility and is managed by a team from different departments in the Council – Corporate Strategy and Finance have coordinated the document, with input from City Homes, Strategic Housing and Estates and Facilities in particular.

#### 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 HRA budget and therefore covers all HRA services. In particular the EqIA considers the equalities impacts of proposals submitted by City Homes, Strategic Housing, Estates and Facilities, ICT and Legal. The budget also affects some of our partnership working, notably with South Cambridgeshire District Council and Huntingdonshire District Council, and has the ability to impact the County Council in respect of the delivery of support activity and housing plus services.

#### 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.

- No individual public consultation is proposed with service users (tenants and leaseholders) in respect of the new proposals made in the HRA Budget Setting Report, because no significant change in service delivery is anticipated. Consultation with tenant and leaseholder representatives is however undertaken through the formal committee process and through specific tenant led representative groups, such as the Housing Regulation Panel. Specific resident consultation will take place in respect of some of the changes approved in the HRA Mid-Year Financial Review, such as the closure of an area housing office.

**(a) Age** (any group of people of a particular age, including younger and older people – in particular, please consider any safeguarding issues for children and vulnerable adults)

**Reduction in operational budgets for the Independent Living Service** – has the potential to negatively impact on the vulnerable older tenants and residents who rely on the ILS service, but as the nature of saving is budget reductions in office costs, no negative impact is anticipated. The ILS Team will monitor the level of support that they provide going forward, and ensure that inadvertent exclusion does not occur following the savings.

**One-off cost for a delay to the closure of City Homes South Office** – has the potential to both positively and negatively impact older and younger service users:

**Positive impact** – the South office remains open for longer, continuing to provide a drop-in service in the south area of the city, which will positively impact older tenants living in the south of the City who will find it easier to travel to the site than the town centre or North office.

**Negative impact** – the charge for keeping the office open for longer is £102,830. Finding the required funds means other services that provide for older and younger tenants and who would benefit from the extra funding, or have to find savings to cover the charge, could be negatively affected.

**(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)

**Reduction in operational budgets for the Independent Living Service** – has the potential to negatively impact on the vulnerable disabled tenants and residents who rely on the ILS service, but as the nature of saving is budget reductions in office costs, no negative impact is anticipated. The ILS Team will monitor the level of support that they provide going forward, and ensure that inadvertent exclusion does not occur following the savings.

**One-off cost for a delay to the closure of City Homes South Office** – has the potential to both positively and negatively impact disabled service users:

**Positive impact** – the South office remains open for longer, continuing to provide a drop-in service in the south area of the city, which will positively impact tenants with a disability living in the south of the City who will find it easier to travel to the site than the town centre or North office.

**Negative impact – One-off cost for a delay to the closure of City Homes South Office** – The closure of the City Homes South Office has been EqIA'd as a separate issue due the significant impact it is likely to have on the tenants and leaseholders living in the area. Delaying the closure of the office requires extra resource that would otherwise be either reinvested into the overall service, or offered as a saving, which protects other services to vulnerable tenants from also having to make savings.

**(c) Gender**

No disproportionate has been identified for the other bid proposals contained in the 2016/17 HRA Budget Setting Report.

**(d) Pregnancy and maternity**

No disproportionate has been identified for the other bid proposals contained in the 2016/17 HRA Budget Setting Report.

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

No disproportionate has been identified for the other bid proposals contained in the 2016/17 HRA Budget Setting Report.

**(f) Marriage and Civil Partnership**

No disproportionate has been identified for the other bid proposals contained in the 2016/17 HRA Budget Setting Report.

**(g) Race or Ethnicity**

No disproportionate has been identified for the other bid proposals contained in the 2016/17 HRA Budget Setting Report.

**(h) Religion or Belief**

No disproportionate has been identified for the other bid proposals contained in the 2016/17 HRA Budget Setting Report.

**(i) Sexual Orientation**

No disproportionate has been identified for the other bid proposals contained in the 2016/17 HRA Budget Setting Report.

**(j) Other factors that may lead to inequality – in particular – please consider the impact of any changes on low income groups or those experiencing the impacts of poverty (please state):**

**Building cleaning and window cleaning services - Phase 2 of the increase** – following a retendering process, the above element of the service charge for flatted accommodation to tenants and leaseholders has increased. Although the increased costs have been staggered to minimise the impact on tenants, phase 2 of the increase will be put in place from April 2016, with full cost expected to be recovered by April 2017. Although there is the potential for significant negative impact on those who are on low or no income living in flatted accommodation as the charge for services is a mandatory payment that is not always covered by Housing Benefit, this element of the charge is. Payment of these extra charges for some, a reduction in rent of 1% for all and the rolling-out of Universal Credit in Cambridge in February 2016 will likely require the City Homes Teams to provide support to many more tenants struggling to make sense of, and pay, their bills.

**Separate benefit ineligible charge for alarm services in sheltered and dispersed community alarm accommodation** – the cessation of funding for alarms by the County Council from April 2016 means that in order to continue to provide this service all receiving residents will be required to pay for the service, irrespective of whether or not they are in receipt of housing benefit. This has the potential to negatively impact those who currently have the service paid for on their behalf by the County Council. The Independent Living Team will provide advice and support to those impacted.

**One-off cost for a delay to the closure of City Homes South Office** – The closure of the City Homes South Office has had an EqIA completed separately due the significant impact it is likely to have on the tenants and leaseholders living in the area. Delaying the closure of the office requires extra resource that would otherwise be either reinvested into the overall service, or offered as a saving; this protects other services to vulnerable tenants from also having to make savings. The impact of the decision to keep the office open for longer than anticipated will need to be monitored to ensure those other services that provide support and advice to tenants on low/no income are not adversely affected.

The mitigating fact that the office remains open for longer means that officers are physically present and available to tenants in the south of the city to provide this very support where required.

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

## 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.

## 10. Sign off

Name and job title of assessment lead officer: Catherine Buckle

Names and job titles of other assessment team members and people consulted:  
Julia Hovells – Business Manager/Principal Accountant

Date of completion: November 2015

Date of next review of the assessment: December 2016

## Action Plan

**Equality Impact Assessment title:** Budget 2016/17 (HRA) EqIA

**Date of completion:** November 2015

Equality Group	Age
Details of possible disadvantage or negative impact	<b>Reduction in operational budgets for the Independent Living Service</b> – has the potential to negatively impact on the vulnerable older tenants and residents who rely on the service for support.
Action to be taken to address the disadvantage or negative impact	Team to monitor the level of support that they provide going forward, and ensure that inadvertent exclusion does not occur following the savings.
Officer responsible for progressing the action	Frances Swann
Date action to be completed by	September 2016.

Equality Group	Age
Details of possible disadvantage or negative impact	<b>One-off cost for a delay to the closure of City Homes South Office</b> – has the potential to both positively and negatively impact older and younger service users:
Action to be taken to address the disadvantage or negative impact	The impact of the decision to keep the office open for longer than anticipated will need to be monitored to ensure other services for older or younger tenants are not adversely impacted by the subsequent need to find savings to cover the costs of the South Office.
Officer responsible for progressing the action	Robert Hollingsworth
Date action to be completed by	June 2016.

Equality Group	Disability
Details of possible disadvantage or negative impact	<b>Reduction in operational budgets for the Independent Living Service</b> – has the potential to negatively impact on disabled tenants and residents who rely on the service for support.
Action to be taken to address the disadvantage or negative impact	Team to monitor the level of support that they provide going forward, and ensure that inadvertent exclusion does not occur following the savings.
Officer responsible for progressing the action	Frances Swann
Date action to be completed by	September 2016.

Equality Group	Disability
Details of possible disadvantage or negative impact	<b>One-off cost for a delay to the closure of City Homes South Office</b> – has the potential to both positively and negatively impact disabled service users.
Action to be taken to address the disadvantage or negative impact	The impact of the decision to keep the office open for longer than anticipated needs to be monitored to ensure other services for disabled tenants are not adversely impacted by the subsequent need to find savings to cover the costs of the South Office.
Officer responsible for progressing the action	Robert Hollingsworth
Date action to be completed by	June 2016.



**Other factors that may lead to inequality – in particular – please consider the impact of any changes on low income groups or those experiencing the impacts of poverty (please state):**

<p>Details of possible disadvantage or negative impact</p>	<p><b>Building cleaning and window cleaning services - Phase 2 of the increase</b> – There is the potential for significant negative impact on those who are on low or no income living in flatted accommodation.</p> <p><b>Separate benefit ineligible charge for alarm services in sheltered and dispersed community alarm accommodation</b> – Negative financial impact for housing benefit recipients in older persons housing, of cessation of funding for alarms by the County Council</p>
<p>Action to be taken to address the disadvantage or negative impact</p>	<p>City Homes to monitor arrears in relation to rents, service charges and Universal Credit and continue to provide focussed advice and support to those struggling to pay their bills.</p> <p>Independent Living Team to advise and support affected residents, signposting to financial advice and support agencies where appropriate.</p>
<p>Officer responsible for progressing the action</p>	<p>Robert Hollingsworth</p>
<p>Date action to be completed by</p>	<p>On-going</p>

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**Council Meeting**  
**25 February 2016**  
Agenda Item 5  
**Budget Papers 2016/17**

**Agenda Item 5: TO CONSIDER BUDGET RECOMMENDATIONS OF THE EXECUTIVE FOR ADOPTION:**

**Budget-Setting Report (BSR) 2016/17:**

a) Executive Amendment and Recommendations

b) Liberal Democrat Group Amendment

Refers to Budget-Setting Report (Version 1 – Strategy & Resources) which can

be found via the Council agenda page:

<http://democracy.cambridge.gov.uk/ieListDocuments.aspx?CId=159&MIId=2874&Ver=4>

The rules of debate contained in the Council Procedure Rules shall be modified in respect of the Budget Council Meeting as follows:

- 1) The Executive shall present its budget recommendations. A period of 45 minutes is allowed for this, extendable at the discretion of the Mayor. The format and mode of the presentation is for the Executive to decide.
- 2) The Liberal Democratic Group may then present its alternative budget. A period of 45 minutes is allowed, extendable at the discretion of the Mayor. The format and mode of the presentation is for the Liberal Democratic Group to decide.
- 3) In a departure from the Rules, the Mayor will then afford Councillor Hipkin up to 5 minutes to make a budget statement.
- 4) The Liberal Democratic Group alternative budget will then be moved as an amendment to replace the Executive recommendation. It will be debated in the usual way, and will be deemed to have been moved and seconded.
- 5) At the conclusion of the debate, a vote will be taken for and against the alternative budget.
- 6) If the Liberal Democratic Group's alternative budget is voted down, the Liberal Democratic Group Leader may ask for separate votes to be taken on individual proposals within the alternative budget, but there shall be no further debate.
- 7) Where individual amendments have been submitted by councillors, these will then be debated in the usual way. However, where they are to the same effect as something in the alternative budget, they shall be considered at the same time as the alternative budget, with the proposer being able to ask for a separate vote in accordance with paragraph 6.
- 8) After consideration of amendments the Executive's budget proposals will be debated in the usual way but, subject to paragraph 9) below, no amendments may be moved.
- 9) If the Executive's budget is rejected, amendments and alternative proposals may be made as under the present rules, subject to the dispute resolution provisions set out in the Budget and Policy Framework Procedure Rules contained in Part 4C of the Constitution.

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## **Council Meeting**

**25 February 2016**

**Agenda Item 5 (a)**

**Budget Papers 2016/17**

**The Executive**

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<b>RECOMMENDATION TO COUNCIL (The Executive)</b>
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## **Budget-Setting Report (BSR) 2016/17**

Recommendations of the Executive, which met on 21 January 2016, are set out in the Budget-Setting Report (Version 1 - Strategy & Resources) which originally went to Strategy & Resources Scrutiny Committee on 18 January 2016.

Unless otherwise specified, all references in the recommendations to Appendices, pages and sections relate to this version of the Budget-Setting Report (Version 1 – Strategy & Resources). This can be found via the Council agenda page:

<http://democracy.cambridge.gov.uk/ieListDocuments.aspx?CId=159&MId=2874&Ver=4>

**Accordingly, Council is recommended to:**

**General Fund Revenue Budgets: [Section 5, page 28 refers]**

- a) Agree:
- Revenue Pressures shown in Appendix B(a) and Savings shown in Appendix B(b).
  - Bids to be funded from External or Earmarked Funds as shown in Appendix B(c).
  - Non Cash Limit items as shown in Appendix B(d).
- b) Formally confirm delegation to the Chief Financial Officer (Head of Finance) of the calculation and determination of the Council Tax taxbase (including submission of the National Non-Domestic Rates Forecast Form, NNDR1, for each financial year) as set out in Appendix A(a).
- c) Agree the level of Council Tax for 2016/17 as set out in Section 4 [page 25 refers].

*Note that the Cambridgeshire Police and Crime Panel met on 3 February 2016 to consider the precept proposed by the Police and Crime Commissioner, Cambridgeshire & Peterborough Fire Authority met on 11 February 2016 and Cambridgeshire County Council will meet on 16 February 2016 (and possibly 19 February) to consider the amounts in precepts to be issued to the City Council for the year 2016/17.*

**Other Revenue:**

- d) Agree delegation to the Head of Finance authority to finalise changes relating to any corporate and/or departmental restructuring and any reallocation of support service and central costs, in accordance with the CIPFA Service Reporting Code of Practice for Local Authorities (SeRCOP).
- e) Agree approval of the new remit for the “Invest for Income Earmarked Reserve” [page 22 refers].
- f) Approve the new remit for the “Office accommodation strategy fund” [page 25 refers].

**Capital: [Section 7, page 33 refers]**

**Capital Plan:**

- g) Agree the proposals outlined in Appendix D(a) for inclusion in the Capital Plan, or put on the Projects Under Development List, including any additional use of revenue resources required.
- h) Agree the revised Capital Plan for the General Fund as set out in Appendix D(c), the Funding as set out in Section 7, page 37 and note the Projects Under Development list set out in Appendix D(d).

**General Fund Reserves:**

- i) Note the impact of revenue and capital budget approvals and approve the resulting level of reserves to be used to support the budget proposals as set out in the table [Section 8, page 40 refers].

Version 1  
Strategy &  
Resources

# Budget Setting Report 2016/17



February  
2016

2016/17

Cambridge City Council

# Version Control

	Version No.	Revised version / updates for:	Content / Items for Consideration
Current	1	Strategy & Resources Scrutiny Committee (18 January 2016)	Initial budget overview and budget proposals
		The Executive (21 January 2016)	Proposals of The Executive
	2	Special Strategy & Resources Scrutiny Committee (8 February 2016)	Amendments to Executive proposals  Opposition budget amendment proposals
	3	Council (25 February 2016)	Final Proposals to Council Incorporating updates relating to; <ul style="list-style-type: none"> <li>- Final Local Government Finance Settlement 2016/17 and grant determinations</li> <li>- Head of Finance final Section 25 report</li> </ul>
	4	Council (Final)	Approved Budget Setting Report incorporating <ul style="list-style-type: none"> <li>- Decisions of Council</li> <li>- Appendix A(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 & Peterborough Fire Authority	Cambridgeshire County Council
3 February 2016	11 February 2016	16 February 2016

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

Last year, the incoming Labour administration undertook a fundamental review of the council's underlying resources, which resulted in over £21m of underutilised cash being freed up for investment in the revenue streams that are required to protect our long-term financial position in the face of the expectation that the Government will cut to nil the annual Revenue Support Grant by 2020. Taking action to remedy this was part of a wider three-pronged financial strategy:

- To free up underutilised cash and assets and review Treasury Management in order to use the proceeds to invest in commercial and residential property and other investment opportunities that will provide the income that is needed to protect services.
- To move towards the radically transformed methods of delivering services, in particular shared services and trusts, which allow us to continue to deliver excellent services with fewer resources.
- To review our back-office and support services in order to ensure that frontline services are protected and bureaucracy is busted, not services.

This budget represents a continuation of that strategy, a strategy that has as its core objectives the preservation of our basic services and the investment and service transformation required to ensure that this council relentlessly focusses on helping those on low incomes who really struggle to make ends meet in this city. All of this is being pursued within the context of a tough national funding settlement that was harsher than we expected.

This strategy is already seeing huge fruits in terms of the savings and income that are allowing us to preserve core services, all at a time when local authorities almost everywhere else are making painful and damaging cuts. This administration's investment has already realised income to the tune of £650k per annum. That is sustainable revenue income that means we do not have to make £650k of cuts that otherwise we would have been compelled to impose on the city.

This budget provides the means by which, by re-targeting our investment and utilising better our cash resources and property assets, a further £280k will be raised in revenue income by 2018, with that figure almost certain to rise even further in future budgets as the revenue implications of projects such as developing Park Street Car Park and Mill Road depot become clearer. This is partly due to the clear General Fund Development programme set out in this BSR, more details of which will be outlined in a separate report coming to Strategy and Resources in January. This programme will allow us to utilise the resources that last year were allocated to the Invest for Income fund. This programme will also have the effect of helping us provide more housing for rent at sub-market rents, contributing to our effort to tackle Cambridge's housing crisis.

The increased revenue income projected as part of this budget is also partly due to phase II of the Office Accommodation Strategy, which will not only make long-term revenue savings, but allow us to free up substantial capital receipts within the next 2 years, all while ensuring that the council's accommodation needs are more efficiently provided for. This, as well as additional investment to drive forward the council's business transformation programme, will involve some one-off costs, met from general fund reserves. This will bring general fund reserves down from their current very high levels. However, general fund reserves will remain well above target level, and the investment is crucial to ensuring the continued successful implementation of the savings that our transformation programme will bring in.

In terms of other elements of our financial strategy, this budget represents consolidation and sustainable progress. A huge programme of shared services and business transformation is currently being implemented, from Shared Waste to the Support Services Review. The lack of downwards adjustment to previous ambitious savings targets contained in the last budget reflects the successful realisation of these projects, and indeed we saw achievement of income at levels above target in some of these areas in the Mid-Year Financial Review.

This budget also heralds new developments in this area, such as a new corporate management review, which will save £80k per annum by reducing the senior management team in line with the fact that shared services and other transformation projects are reducing our direct responsibility for certain services. In addition, a modest new set of efficiency savings in services such as Children & Young Persons (ChYpPs) and the Sports Development service will allow us to continue to provide an excellent service, and indeed a service more tailored to the needs of lower income residents, while being more financially sustainable.



All of this allows us to take some essential steps to protect and enhance services in the city while still balancing the budget. We will step in to prevent some of the more damaging cuts being made by the County Council, working with them to prevent the streetlights switch off and saving the Shopmobility service. We will achieve this all while setting aside money to deal with the rising homelessness caused by this government's welfare cuts, and investing more funds to promote our campaign against domestic violence.

We will also be able to find the cash to continue to properly fund our Anti-Poverty Strategy, the centrepiece of this council's ambition to tackle inequality in Cambridge. This will allow us to continue to support, and indeed extend our support, for organisations such as the CAB, maintain and expand our digital accessibility strategy, increase our support for credit unions, and develop further our scheme to tackle fuel and water poverty. In addition, cash will be found to bolster the Climate Change Fund, which will allow us to continue to reduce our carbon footprint and make our contribution towards tackling the greatest global threat to all of our futures.

The future remains uncertain and difficult, and considerable challenges will remain in future years. Future New Homes Bonus payments are uncertain, and could be significantly reduced in the long-term. The continuing cuts to Revenue Support Grant will mean that we will have to extend and deepen our current strategy of investment and transformation in order to continue to minimise cuts and continue to provide high-quality services. The future of Business Rates Retention is another uncertain factor, and we will have to await the results of government consultations on this and other elements of local government finance and review our position continually in the future. We cannot be complacent, and it will not be possible to wish away difficult choices. Despite this, we can look forward with more confidence than many local authorities, and our determination to continue to adapt to the difficult national climate and protect Cambridge will remain undimmed.

Despite this context, we are determined to do everything we can to avoid cuts to frontline services, to step in to pick up some of the pieces left by County cuts where we are able to and see a clear and overwhelming case for doing so, and to deliver extra funding on our priorities, such as tackling poverty and climate change. All of this is only possible and will only continue to be possible due to our ambition, our financial prudence, and our determination to prioritise social justice. These things are not contradictory imperatives; rather, they go hand in hand in helping us to deliver One Cambridge, Fair for All.

Cllr Lewis Herbert, Leader

Cllr George Owers, Executive Councillor for Finance and Resources



# Section 1

## Introduction

### Purpose

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

On 22 October 2015 the council approved the Mid-year Financial Review (MFR). The MFR set out the financial strategy for the council in light of local and national policy priorities, external economic factors and the outlook for public sector funding. The MFR also reviewed key assumptions and risks, thereby confirming the framework for detailed budget work for 2016/17 and beyond.

The BSR reviews the impacts of developments since the MFR and sets the financial context for the consideration of detailed recommendations and budget finalisation to be made at council on 25 February 2016. The document proposes a detailed budget for the next financial year, and indicative budget projections for the following four years.

### Background

The financial planning context for the BSR is set by the MFR. This identified a total net savings requirement of £4.2m over the next 5 years, after taking into account £895k of pressures and £1,305k of savings identified at that time.

	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m	Total £m
Net savings requirement	0.589	(0.255)	0.461	1.713	1.713	4.221

These savings requirements stem from the expectation of significant reductions in government funding, unavoidable cost increases and pressures, including that arising from increases to Employers' Class 1 National Insurance Contributions as a result of the abolition of the second state pension. Whilst the council has a record of identifying and delivering savings through service reviews and value for money improvements, many such savings have already been delivered and it is becoming more difficult to identify and deliver further savings and efficiencies.

As a result, the council has embarked on a long-term programme of transformation of the way it delivers services and interacts with residents, tenants and other parties. This programme was introduced in BSR 2015, and has already delivered some cashable benefits for the authority. This BSR builds on what has been achieved, with particular emphasis on the continuing delivery of transformation projects, including shared services with neighbouring councils and the consolidation and improvement of the council's office accommodation.

## Key dates

The key member decision-making dates are as follows:

Date	Task
<b>2016</b>	
18 January	Strategy and Resources Scrutiny Committee considers BSR
21 January	The Executive recommends BSR to Council
8 February	Special Strategy and Resources Scrutiny Committee considers any budget amendment proposals
25 February	Council approves the budget and sets the Council tax for 2016/17

# Section 2

## Local and national policy context

### Local policy context

The local policy context and priorities for the council are agreed each year through the adoption by council of an Annual Statement. The Annual Statement for 2015/16 was approved in June 2015, and can be accessed on the council's web site at:

<https://www.cambridge.gov.uk/annual-statement>

The political leadership of the council changed from Liberal Democrat to Labour in May 2014. This resulted in changes to the council's budget strategy and spending plans through the MFR 2014 and the BSR in February 2015. Emphasis was given to delivering sustainable prosperity and fair shares for all, partly through the creation of the Sharing Prosperity Fund. The capital programme and reserve balances were reviewed and amounts identified to be used to generate on-going income to make the council more self-sufficient in a time of decreasing funding from government.

MFR 2015 included a foreword by the Leader of the Council and the Executive Councillor for Finance and Resources which supplemented the Annual Statement and confirms the direction of travel for the council which responds to the future financial outlook. This is reflected in the detailed framework for the budget work.

### Corporate Plan

The Corporate Plan sets out the strategic objectives for Cambridge City Council for the years 2016-19. It replaces the seven separate portfolio plans that have been used in previous years. The plan sets out the key activities the Council will undertake in order to achieve its strategic objectives and deliver its vision. Success measures and key performance indicators (KPIs) are shown, as are lead Executive Councillors and officers. The Corporate Plan provides a key component of the local policy context looking forward over the three year period it covers. This is included as Appendix H to this report (Council version only).

## 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.

Projected increases in the number of dwellings within the Greater Cambridge area could amount to 22% over the next five years. Services consider and scenario-plan for the impacts of this growth. The direct budgetary impact of increased population could be a simple proportional uplift of service costs. However in other cases, a review of the current model of service delivery may be required, factoring in not only growth in population and dwellings, but also changes in demand, changes in the nature of that demand and the available funding envelope.

## City Deal

The City Council, in partnership with Cambridgeshire County Council, South Cambridgeshire District Council, The University of Cambridge and the Greater Cambridge Greater Peterborough Enterprise Partnership, signed a City Deal with central government in June 2014. The deal promises significant additional investment in the Greater Cambridge area, up to £500m of grant funding from central government for infrastructure, to be released in three tranches subject to achieving certain outcomes (2015 – 2020 £100m; 2020 – 2025 £200m; after 2025 £200m).

The City Deal will help Greater Cambridge to maintain and grow its status as a prosperous economic area. The deal is working to:

- create an infrastructure investment fund
- accelerate the delivery of 33,000 planned homes
- enable delivery of 1,000 extra new homes on rural exception sites
- deliver over 400 new Apprenticeships for young people
- provide £1bn of local and national public sector investment, enabling an estimated £4bn of private sector investment in the Greater Cambridge area
- create 45,000 new jobs
- create a governance arrangement for joint decision making between local councils

The City Deal is governed by an executive board comprising the leaders of Cambridge City Council, Cambridgeshire County Council, South Cambridgeshire District Council, and nominated representatives from the University of Cambridge, and the Greater Cambridge Greater Peterborough Local Enterprise Partnership. The board co-ordinates the overall strategic vision and brings together expertise to assess projects and to administer the necessary funds. The board is supported by a fifteen person joint assembly comprising a mix of elected members and wider stakeholders from the business and education fields. The joint assembly acts as an advisory committee for the executive board.

The council, with the other local authority partners, have agreed to create an Investment and delivery fund from a proportion of New Homes Bonus (NHB). As a result of this, the BSR considers the application of funds from NHB, but earmarks part of future uncommitted funding in line with the expected levels of contribution to the fund. This is covered further in Section 4, below.

## **Devolution**

The government has opened a debate about devolution with a number of areas of the country. At its heart, this debate is about devolving the powers and functions that could more effectively be carried out at a more local level, rather than by national government and its agencies. In Cambridgeshire and Peterborough, the councils and other major public services have come together to identify the current barriers to economic growth, and the opportunities for further efficiency in major public services.

Cambridge City Council has been at the heart of this debate. We will work with partners to negotiate with government with the intention of securing a deal that allows for greater local decision making, greater freedom and greater control over the services and decisions that underpin sustainable growth and quality of life. Any deal is unlikely to be concluded before spring 2016.

# National policy context

## **Economic factors**

The main economic forecasts have changed little since the budget in July 2015. Gross Domestic Product (GDP) growth has remained relatively steady, with the strength of the UK and other developed economies, being balanced by weaknesses elsewhere. The Office

for Budget Responsibility (OBR) now forecasts growth to be 2.4% in 2015, 2.4% in 2016, and 2.5% in 2017.

Inflation remains subdued, with CPI moving up towards its 2% target over time. Annual CPI inflation hovered around 0% in the first half of 2015, against the Bank of England's target rate of 2%. The difference can be attributed to external factors including falls in global commodity prices and domestic factors, such as subdued wages growth and price competition in the supermarket sector. The OBR now predicts inflation to increase sharply at the end of 2015 as the impact of falls in energy prices drop out of the calculation. It is then forecast to rise slowly towards the target rate.

## Interest rates

Interest rates are set by the Bank's Monetary Policy Committee. The MPC sets an interest rate it judges will enable the inflation target to be met. On 12 February 2014, as unemployment approached 7%, the MPC issued its most recent guidance statement on the setting of monetary policy once that unemployment threshold had been reached:

"The MPC sets policy to achieve the 2% inflation target, and, subject to that, to support the Government's economic policies, including those for growth and employment. Despite the sharp fall in unemployment, there remains scope to absorb spare capacity further before raising Bank Rate. When the Bank Rate does begin to raise, the appropriate path so as to eliminate slack over the next two to three years and keep inflation close to the target is expected to be gradual. The actual path of Bank Rate over the next few years will, however, depend on economic developments. Even when the economy has returned to normal levels of capacity and inflation is close to the target, the appropriate level of Bank Rate is likely to be materially below the 5% level set on average by the Committee prior to the financial crisis. The MPC intends to maintain the stock of purchased assets at least until the first rise in Bank Rate. Monetary policy may have a role to play in mitigating risks to financial stability, but only as a last line of defense if those risks cannot be contained by the substantial range of policy actions available to the Financial Policy Committee and other regulatory authorities."

Latest projections for interest rates from the council's treasury management advisors (Capita) as at November 2015, set out below, show the first rise in base rate (an increase to 0.75%) in June 2016. There has been no change in this expectation since MFR 2015.



	2015/16			2016/17				2017/18				2018/19			
	NOW	Dec	Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec	Mar
Bank Rate	0.50	0.50	0.50	0.75	0.75	1.00	1.00	1.25	1.50	1.50	1.75	1.75	2.00	2.00	2.00
3 mnth LIBID	0.52	0.60	0.70	0.80	0.90	1.10	1.30	1.40	1.50	1.80	1.90	1.90	2.00	2.00	2.10
6 mnth LIBID	0.66	0.80	0.90	1.00	1.10	1.30	1.50	1.60	1.70	2.00	2.10	2.10	2.20	2.20	2.30
12 mnth LIBID	0.98	1.10	1.20	1.30	1.40	1.60	1.80	1.90	2.00	2.30	2.40	2.40	2.50	2.50	2.70
5 yr PWLB	2.23	2.30	2.40	2.60	2.70	2.80	2.80	2.90	3.00	3.20	3.30	3.40	3.50	3.50	3.60
10 yr PWLB	2.88	2.90	3.00	3.10	3.20	3.30	3.40	3.50	3.60	3.70	3.80	3.90	4.00	4.10	4.10
25 yr PWLB	3.57	3.60	3.70	3.80	3.90	4.00	4.10	4.10	4.20	4.30	4.30	4.40	4.40	4.40	4.50
50 yr PWLB	3.43	3.50	3.60	3.70	3.80	3.90	4.00	4.00	4.10	4.20	4.20	4.30	4.30	4.30	4.40

*Interest rates projection at November 2015(Capita)*

## The 2015 Autumn Statement and Spending Review

The Government published the Autumn Statement and Spending Review on 25 November 2015.

In the light of benign economic forecasts and improved predictions for tax receipts, the government expect to eliminate the budget deficit with a £10bn surplus by 2019/20. This has provided some flexibility allowing the Chancellor to scrap proposed changes to tax credits and improve and flatten out the trajectory for Department Expenditure Limits (DEL).

The overall cut being applied to local government DEL over the parliament is 46% in cash terms or 56% in real terms. Adding in business rates at the retention target and council tax assuming maximum permitted increases, generates a small (£0.2bn) cash increase for local government over the next four years. However, these forecasts are not without risk.

The statement contained a number of items which are relevant to consideration of the BSR:

- Revenue Support Grant (RSG) will be phased out over the period, as expected.
- 100% business rated retention will be rolled out. However, there were few details on how this will be done, or on what responsibilities will transfer to local government alongside this additional funding.
- There are proposals to reduce the funding for NHB by £800m, a cut of about two-thirds. The government will consult on proposals for the reform of NHB. Overall, changes are expected to shift funding from lower to upper tier councils.

- The government will consult on changes to the local government finance system to rebalance support including to those authorities with social care responsibilities. Again, this is likely to have a redistributive effect.
- An apprenticeship levy was announced.
- Changes to the funding for homelessness services are promised for 'investing in innovative ways of preventing and reducing homelessness'.
- The government will allow authorities to use the proceeds of asset sales to finance revenue costs of transformation.

# Section 3

## Public budget consultation

### Context and approach

The Council has carried out a budget consultation exercise annually since 2002. Last year, the council used a tool called "YouChoose", in which residents were asked to say how they would increase or decrease the budget across a range of council services, to meet the council's savings targets and set a balanced budget. In the YouChoose exercise, residents identified a number of services where they thought the biggest savings could be made. These included planning services, managing parks and public spaces, waste collection and recycling, running community centres, street cleaning, and enforcing environmental standards.

This year, the council asked a group of residents and businesses to take part in workshops to look in more detail at where savings could be made from the services picked out last year. BMG Research, an independent research agency, was commissioned to conduct deliberative workshops to explore their views. Three workshops involving a representative sample of residents and local businesses were run in August and early September 2015. Participants were asked to:

- Indicate how they perceived the council and the services it provides.
- Give their initial views on a long-list of services (23) that make-up the five key service areas.
- Talk about their experiences of using the services (23).
- Discuss how they valued the services, and whether there were opportunities for doing things in a different way.
- Vote on the importance of services where ideas for savings (8) had been put forward.
- Give their initial views on the savings ideas.
- Consider the ideas for savings in a bit more depth.

The full report<sup>1</sup> sets out the key findings from the research. The following section highlights the views of participants in the workshops, outlining similarities or differences between the views of resident and business representatives.

# Key consultation findings

## Perceptions of level of “importance” and use of services

Participants mostly believe that the council and the services it provides are both important and necessary. They felt the services offered were important to their daily lives, such as waste collection and street cleansing. Businesses were more likely to be positive about the council than residents. The services that residents and businesses felt were more important were parks maintenance and waste and recycling services. Participants felt that as a tourist destination Cambridge's parks and open spaces should be well maintained, to uphold its current image. This was particularly important to businesses that saw tourists as valued clientele.

Planning services were also seen as important to businesses and residents (even if they do not use the service) as they are aware of the growth of the city and how it can and could impact on the wider environment and communities in Cambridge. Recycling services were seen as particularly improved, with many businesses and residents saying that they believed they received a very good service and that this was much better than the service offered in other areas. However, some businesses did feel that the council's commercial waste service should widen the recycling options available to include difficult to dispose of items, like batteries.

Issues that were of broader concern to participants were:

- Ensuring walkways in housing estates are accessible for all and free of tripping hazards.
- That planning decisions increase the supply of affordable housing for local people;
- Traffic congestion is relieved (sometimes the result of construction projects), and;
- The behaviour of cyclists is improved and cycle-ways used rather than pavements.

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<sup>1</sup> <https://www.cambridge.gov.uk/budget-consultation>

It should be noted that Cambridge City is in a two-tier local authority area, which means that there are two local authorities, Cambridge City Council (operating at a district level) and Cambridgeshire County Council, each responsible for delivering a different range of services in the locality. Areas of concern, like alleviating congestion, are wider issues that require multi-agency cooperation to resolve and the council is presently working in partnerships, such as the City Deal body, to bring about change. The ability of the City council to tackle some of these issues in the short-term, and on its own, is therefore limited.

## **Views on ideas for savings**

Participants in the workshops, after a brief explanation giving some context, were then asked to respond to 8 ideas for savings and the importance of the services they fell in. The 8 ideas for savings were:

- If a bin collection round is missed because of a bank holiday, should the next collection be on the following planned round two weeks later?
- Should the city council collect green bins once a month rather than fortnightly during the winter, when green waste production is lower?
- Should the present “out of hours” service, which allows people to report noise problems and other statutory nuisance, be reduced or stopped?
- Should the council reduce the amount of time it spends negotiating improvements with developers in their submissions?
- Should the council be more reactive in its approach to conservation in the city and respond to problems as they arise rather than preventing them from happening?
- Can the number of local playgrounds in the city be reduced?
- Should the council be providing and cleaning 20 public toilets in the city?
- Could the council re-allocate some of the resources currently tied up in its community centres to deliver a more flexible, targeted form of community development and support; or to develop services and centres in currently less-well-supported parts of the city and growth sites?

The most important service for businesses was ensuring all bins were collected during the weeks bank holidays fell. Businesses felt the additional rounds on Saturdays were important to them as bank holidays created lots of excess waste. They believed this waste needed to be collected promptly to ensure local areas continue to look presentable. In addition fly-tipping was a problem for some businesses. It was felt that delayed collections for residents may encourage this.

Community centres were the most important service for residents. Most believed this service was crucial for vulnerable families, children, those with disabilities, and the elderly.

Both residents and businesses shared the same views on what they thought were the least important services. These were the "out-of-hours environmental health service" and providing public toilets. Participants did not use these at all or as frequently as other services.

The clearest consensus was reached in support of the following suggestions: "the council should collect green bins once a month rather than fortnightly during the winter", and "the out of hours environmental health service should be reduced". Participants were mostly in support of these suggestions because they felt very few households would be affected by restricting green bin collections in the winter and that if they were affected by noise nuisance the police would be their first point of contact, out of hours.

Participants were less supportive of the suggestions relating to planning including "being more reactive in protecting and promoting the historic environment", and "reducing negotiation time with developers". The main reason for this was that participants felt it is important to protect Cambridge's heritage, plan for growth and ensure Cambridge remains attractive to tourists.

Importantly, across all the ideas for savings, residents and businesses felt they needed more information to be able to say more. For example, they wanted to know the specific community centres that might be affected by any changes but appreciated that they were only considering ideas for savings and that no "in-depth" work had yet been carried out.

## **Next steps**

The findings from this budget consultation have been used by the council's executive members to help inform the way they set budgets for the services they are responsible for. Senior managers will also use the research when reviewing services. A full methodology showing the approach can be found in the research report.

A number of the suggestions favoured by residents in this consultation as potential savings will need further work to ensure that they represent viable and fair proposals, and can be carried out in a sensitive manner with specific consultation. As such, they are not ready for inclusion in this budget, but will be reviewed in the coming year for potential inclusion in

future budgets. In a number of cases, such as our provision of community centres and toilets, reviews are already underway but will report later in 2016. In the case of winter green bin collections, any changes will have to be considered within the context of the development of the shared waste service.

# Section 4

## General Fund resources

### Local government finance settlement 2016/17

The provisional finance settlement was published on 17 December 2015. It provides provisional figures for 2016/17 and indicative figures for the following three years. Considerable uncertainty remains for 2017/18 and beyond, as the government will consult on changes to NHB and business rates, and a full revaluation of business properties is to be done for April 2017.

#### Core spending power

In previous years the government has used spending power as the key measure of a council's funding. This has been redefined as core spending power, as shown in the table below:

Element of core spending power	2015/16 £000	2016/17 £000	Change
Settlement Funding Assessment (SFA):			
- Revenue Support Grant (RSG)	3,013	1,950	-35.3%
- Business rates baseline	3,877	3,910	0.9%
	<b>6,890</b>	<b>5,860</b>	<b>-14.9%</b>
New Homes Bonus (NHB) grant	4,963	6,323	27.4%
NHB – Returned funding	13	-	-
Council tax income	7,060	7,369	4.4%
<b>Core spending power</b>	<b>18,926</b>	<b>19,552</b>	<b>3.3%</b>

These figures imply an increase of 3.3% over 2015/16, including a confirmed increase of over 27% for NHB. It should be noted that the future size of the NHB income stream is under review, see below, and that government projections are based on assumptions relating to



council tax yields (a combination of increases in council tax and in the tax base). The core spending power measure, based on illustrative amounts for NHB, therefore shows a decline of 12.4% over the four years.

MFR 2015 assumed a SFA of £6,004k, giving a shortfall against projections of £144k for 2016/17.

## Future prospects

The provisional settlement provides indicative amounts for the SFA and NHB and therefore core spending power for the three years after 2016/17. However, these are indicative only. Government has offered to guarantee funding for councils for the four years on the agreement of efficiency plans, but the requirements for these plans have not yet been set out.

	PROPOSED	INDICATIVE		
SFA	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000
Provisional finance settlement	5,860	5,090	4,670	4,240
MFR 2015 projection	6,004	5,224	4,545	3,954
<b>Shortfall (-) / Excess (+)</b>	<b>-144</b>	<b>-134</b>	<b>125</b>	<b>286</b>
NHB				
Provisional finance settlement	6,323	6,367	4,000	3,838
MFR 2015 projection	6,017	6,956	8,225	9,388
<b>Shortfall (-) / Excess (+)</b>	<b>306</b>	<b>-589</b>	<b>-4,225</b>	<b>-5,550</b>

The provision of indicative funding up to and including 2019/20, has allowed update of the financial projections on which the council's future savings requirements are based. The removal of RSG by 2019/20 in line with the previous projections has now been confirmed. The assumption that the business rates baseline will continue to increase by RPI or 2%, whichever is lower remains.

Proposals to allow councils to retain 100% of business rates income locally will be consulted on in summer 2016. The mechanism of top-ups and tariffs will remain, and additional responsibilities will be transferred to local government to reflect this additional funding. No

changes have been made to the council's funding projections as the impact of these changes cannot yet be assessed.

## **Local retention of business rates**

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

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

One of the challenges faced by all authorities is effectively predicting the level of movement in the business rate tax base. This is dependent on accurately forecasting the timing and incidences of new properties, demolitions and significant refurbishments – together with the consequent effect on valuations. This is further complicated by the need to assess the level of appeals that will be lodged successfully against new / revised valuations, together with their timing.

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

Forecasting the effects and timing of new development and redevelopment on the city's tax base remains difficult. Significant development is forecast in future years, for example on the Cambridge Biomedical campus and at the station. However, there are significant uncertainties around the operation of the business rates retention scheme in the next few years. These include:

- Confirmation in the Autumn Statement that the CLG will consult on changes to the local government finance system to pave the way for the implementation of 100% business rate retention by the end of the parliament. The consultation in 2016 will

take into account the main resources currently available to councils, including council tax and business rates. This review may rebalance the distribution of business rates away from district councils towards those authorities with social care responsibilities, for example by changing the tariff and top-up payments, or the relative shares of income between the tiers of local government. The government has also indicated that 100% retention will mean the transfer of additional funding burdens to local government. The exact timing of the change or whether it will be phased in is not clear.

- A rates revaluation at 1 April 2017. At this stage both the rateable value of properties and the business rates multiplier will be revised so that the overall national business rates bill will only rise in line with inflation. Although intended to be fiscally neutral overall, it will be difficult for the impact of the revaluation to be completely neutral for every authority.

The appeals position remains difficult to forecast accurately, with appeals settled elsewhere in the country having knock-on effects nationally. For example, significant additional provision had to be made in respect of purpose built doctor's surgeries during 2015, following a change in valuation basis determined by the Valuation Tribunal.

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

In addition to the current national business rates retention scheme the government announced a pilot 100% retention scheme for Cambridgeshire in spring 2015. This scheme additionally allows the council to retain an extra 50% of any growth above the 15/16 baseline, inflated by the multiplier and 0.5% each year. The detailed regulations covering this have yet to be made, but initial estimates are that any amounts will be relatively modest in the next few years. As this money may be pooled with similar amounts from other local authority partners and allocated to joint projects, the BSR has not assumed any contribution from the pilot.

## **New Homes Bonus**

The final allocation of NHB for 2016/17 was announced by the DCLG on 18 December 2015 and forms the basis for BSR 2016/17. Illustrative amounts for the following three years were

provided within the provisional finance settlement, see above. Considerable uncertainty remains over these future amounts as:-

- A cut of approximately two-thirds of the funding available for NHB was announced in the spending review
- A technical consultation has been launched on the future of the scheme
- The level of receipts relies on future housing completions

If NHB receipts fall to the extent that all commitments cannot be funded, as illustrated in the provisional finance settlement, it will be necessary to review allocations in the light of competing priorities at the time. However, the working assumption is that allocations to the council's budgets will be protected in the first instance and contributions to the investment and delivery fund will be adjusted.

The table below shows estimates of future NHB receipts and commitments against these estimates, as presented in MFR 2015, updated for the confirmed 2016/17 allocation. No adjustment has been made to this table for the illustrative amounts in the provisional settlement due to the level of uncertainty described above. The impact of that adjustment would be:-

- The contribution to the City Deal investment and delivery fund at 50% of gross NHB receipts would not be possible from 2018/19
- The contribution towards the mitigation of the effects of A14 upgrade could not be met in full in 2019/20, but could be funded from uncommitted amounts from 2016/17 and 2017/18.
- Limited funding, at 39% and 37% of gross NHB receipts, could be made towards the investment and delivery fund in 2018/19 and 2019/20 respectively.
- Total contributions to the investment and delivery fund would reduce from £15.3m to £9.3m over the 4 years from 2016/17.

<b>New Homes Bonus</b>	<b>2015/16 £000</b>	<b>2016/17 £000</b>	<b>2017/18 £000</b>	<b>2018/19 £000</b>	<b>2019/20 £000</b>	<b>2020/21 £000</b>
<b>Confirmed NHB funding at February 2015 BSR</b>	<b>(4,963)</b>	<b>(4,963)</b>	<b>(4,176)</b>	<b>(3,441)</b>	<b>(2,878)</b>	<b>(1,587)</b>
<b>Add</b>						
Confirmed NHB receipts for 2016/17	-	(1,360)	(1,360)	(1,360)	(1,360)	(1,360)
Estimated NHB receipts for 2017/18	-	-	(1,726)	(1,726)	(1,726)	(1,726)

<b>New Homes Bonus</b>	<b>2015/16 £000</b>	<b>2016/17 £000</b>	<b>2017/18 £000</b>	<b>2018/19 £000</b>	<b>2019/20 £000</b>	<b>2020/21 £000</b>
Estimated NHB receipts for 2018/19	-	-	-	(2,004)	(2,004)	(2,004)
Estimated NHB receipts for 2019/20	-	-	-	-	(1,726)	(1,726)
Estimated NHB receipts for 2020/21	-	-	-	-	-	(1,573)
<b>Potential New Homes Bonus Total</b>	<b>(4,963)</b>	<b>(6,323)</b>	<b>(7,262)</b>	<b>(8,531)</b>	<b>(9,694)</b>	<b>(9,976)</b>
<b>Commitments against NHB</b>						
Funding for officers supporting growth e.g. within planning	785	785	785	785	785	785
Replacement of Homelessness Prevention Funding subsumed into the SFA	564	564	564	564	564	564
Public Realm Officer - Growth X3782	-	35	35	35	-	-
Direct revenue funding of capital	1,170	1,075	1,075	1,075	1,075	1,075
Contribution to City Deal Investment and Delivery Fund	1,985	3,162	3,631	4,266	4,847	4,988
Contribution to A14 mitigation Fund	-	-	-	-	1,500	-
<b>Total commitments against NHB</b>	<b>4,504</b>	<b>5,621</b>	<b>6,090</b>	<b>6,725</b>	<b>8,771</b>	<b>7,412</b>
<b>NHB uncommitted</b>	<b>(459)</b>	<b>(703)</b>	<b>(1,172)</b>	<b>(1,807)</b>	<b>(923)</b>	<b>(2,564)</b>

## Earmarked and specific funds

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

In 2014/15 these funds were reviewed and a number were closed to future bids and contributions, releasing savings and balances for investment. It was agreed that existing commitments should be honoured. A number of funds still remain with residual balances and commitments; however these will be closed as soon as the commitments are delivered. The Sharing prosperity fund and the Climate change fund, which are major policy-led funds were retained. An Invest for income fund was created. The major earmarked and specific funds are listed below.

## Existing funds

### Invest for income fund

This fund was set up at BSR 2015 with contributions of £8m over three years. The purpose of the fund is to invest to create income streams to support service delivery in future years. Since inception, work has been undertaken to identify, investigate and evaluate a number of investment proposals.

Early work focussed on the installation of solar photo voltaic (SPV) panels on the council's commercial properties and council housing stock. Extensive work was undertaken to identify suitable buildings and assess the feasibility of SPV installation. This included assessment of roof condition, orientation and potential light obstruction. Leasing arrangements, tenant consultation, right to buy complexities and maintenance schedules were considered and detailed proposals developed. The total potential investment identified was in the order of £4m, with an overall return of greater than 5%.

At the end of August 2015 the government consulted on the future of SPV, proposing reductions in feed in tariff (FIT) rates from 11.3p/kWh to 1.63p or their cessation altogether from January 2016. The reductions in FIT rates caused a rush to complete commissioned installations, increased installation costs and the risk of failing to gain registration for installations once installed. These factors raised the risk profile of the investment and a decision not to proceed with the SPV investment proposals was made in September 2015.

Work was also done on investing in renewable energy schemes by means of a green bond. Officers undertook due diligence of the schemes in operation and on offer. However, the changes to the SPV FIT and government announcements about changes in its support for wind farms had an immediate negative effect on projected returns for such schemes making them unsuitable for investment.

Investment opportunities have been identified from within the GF commercial portfolio. Sites that are producing sub-optimal revenue returns and/or have emerging issues in respect of repair and fitness for purpose have the potential to generate additional revenues. Ten schemes have been prioritised for attention, with consideration to be given to developing residential or mixed use schemes where this would be beneficial. These schemes include:

- Gwydir Enterprise Centre

- Mill Road Depot
- Park Street Car Park
- Cambridge Northern Fringe East

Initial high level estimates indicate that the 10 sites could generate additional returns of around £1m by year 10. Three schemes are considered to be deliverable almost immediately, with estimated capital cost and additional income generated as follows:

<b>Property</b>		<b>2016/17 £000</b>	<b>2017/18 £000</b>	<b>2018/19 £000</b>	<b>Return %</b>
Gwydir Enterprise Centre	Cost	200			
	Additional income		(20)	(20)	10.0
Potential development in Abbey Ward*	Cost	450	680		
	Additional income		(32)	(64)	5.7
Potential development in East Chesterton Ward*	Cost	70	1,040		
	Additional income			(58)	5.2
<b>Total</b>	<b>Cost</b>	<b>720</b>	<b>1,720</b>		
	<b>Additional income</b>		<b>(52)</b>	<b>(142)</b>	

\* Note: The cost and projected income from the Gwydir Enterprise Centre scheme are included in this BSR. The other two schemes are under development and will be brought forward for funding from the Invest for income fund as described below.

The Invest for income fund could be used to fund schemes where there is a high likelihood of achieving returns of 5% or more. Larger schemes would need to combine several sources of funding.

A formal remit for the scheme, aligned with the revised capital approval processes, is now proposed for approval:

### **Invest for income fund: Formal remit**

To provide the resources to develop and invest in significant projects that will generate revenue income streams for the council, achieving 5% or more return measured on an accounting basis. Significant projects are those where the total investment (revenue and capital) is in excess of £1,000,000, or if smaller, provide significantly greater returns within a short period of time.

In accordance with the Council's delegation and approval processes outlined in Part 3 Section 9.3 of the Council's Constitution, approval of allocations to be made from the Invest for income fund will differ depending on the amount of funding requested and whether it is capital or revenue.

#### **Capital projects**

Enabling expenditure, including feasibility studies, solution development and other work leading up to a decision, can be funded from the Invest for Income Fund, provided that the accounting rate of return for the project including this expenditure is projected to be 5% or more.

Projects may be part funded by the Invest for Income Fund provided that they meet the required rate of return, or in the case of larger, more complex projects, the portion funded by the Fund is expected to produce that rate of return after allowance for any cross-subsidies.

- Projects costing up to and including £300k in total will be considered in the first instance by the Capital Programme Board and then submitted for approval by the Executive Councillor for Finance and Resources.
- Projects with a total cost of over £300k will be considered in the first instance by the Capital Programme Board and reviewed at Strategy and Resources Committee before approval, subject to the need to make urgent decisions.

Enabling expenditure will be allocated from the fund by the Capital Programme Board on the basis of:

- Outline business case (Part A) and cost estimates



- Enabling expenditure is less than 2% of total estimated project expenditure
- An upper limit of 5% of the Fund is allocated to enabling expenditure

### **Revenue projects**

Revenue projects will follow similar approval processes as capital projects, except that the role of the Capital Programme Board will be undertaken by the Director of Transformation and Head of Finance.

### **Sharing prosperity fund**

The fund provides resources to fund fixed-term and one-off projects and proposals that support the interim and final objectives of the council's Anti-poverty strategy, namely:

- Helping people on low incomes to maximise their income and minimise their costs
- Making the move into work easier
- Helping low income families with the cost of raising a child
- Breaking the link between poor health and poverty
- Ensuring that vulnerable older people get the services that they need and reducing the social isolation they can experience
- Helping people with high housing costs and improving the condition of people's homes
- Working in partnership to tackle wider barriers to employment and engagement (e.g. transport, learning and skills)

### **Climate change fund**

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.

### **City Deal investment and delivery fund**

The Council has committed to pooling a proportion of gross NHB receipts with its local authority partners to provide funding to enable delivery of City Deal objectives which will support and address the impacts of growth. Depending on the level of future NHB receipts and subject to existing commitments, 50% of gross receipts will be placed into the fund. The governance of the fund will be aligned with the governance of the City Deal.

### **Developer contributions**

These are contributions made by developers towards the costs associated with their developments, for example community infrastructure. 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 was required to update its local plan by 2014. The draft plan is currently subject to public examination. The major investment required means that it is prudent to accrue an appropriate sum over a period of years to meet costs that fall over a short period of time.

### **Asset replacement funds**

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

## **New funds**

### **Office accommodation strategy fund**

The council has undertaken a review of its administrative buildings in light of the significant service changes required by changing demands and reducing funding. The proposed strategy works towards consolidating the council's city centre office accommodation at the Guildhall (Phase 2), and developing longer term options for building rationalisation.

Phase 2 sets targets to vacate Hobson House and Mill Road depot by March 2017 or before. Hobson House based staff will relocate to Mandela House, the Guildhall and elsewhere. The depot will be released by relocating operational services to new depot facilities elsewhere in Cambridge and to Waterbeach Shared Waste and Garage sites.

A significant amount of cultural change in how and where staff work will be required. This will include smart working, changes in how teams are managed, reductions in space per desk and desk to staff ratios. These will need to be underpinned by investment in smart working technology and further roll out of data and records management regimes.

These changes will require investment. However, this investment will release capital receipts and reduce the ongoing running costs of administrative buildings. Proposals for both revenue and capital expenditure to deliver Phase 2 of the office accommodation strategy are included in this BSR. These proposals, if approved, will be funded from GF reserves, matching one-off costs with this funding source, enables the council to deliver significant change without compromising on the funding that supports frontline services.

The individual capital projects within the strategy are yet to be defined, developed and costed. However, to expedite the funding and delivery of these projects, it is proposed to create a temporary earmarked reserve by transferring the estimated capital expenditure for Phase 2 of the strategy to the Office accommodation strategy fund from GF reserves. Projects within the strategy will be taken through the new capital approval process and put forward for funding in line with the proposed fund remit below.

#### **Office accommodation strategy fund: Formal remit**

To provide the resources to deliver the capital aspects of the Office accommodation strategy.

In accordance with the Council's delegation and approval processes outlined in Part 3 Section 9.3 of the Council's Constitution, approval of allocations to be made from the Office accommodation strategy fund will differ depending on the amount of funding requested.

- Projects costing up to and including £300k in total will be considered in the first instance by the Capital Programme Board and then submitted for approval by the Executive Councillor for Finance and Resources.
- Projects with a total cost of over £300k will be considered in the first instance by the Capital Programme Board and reviewed at Strategy and Resources Committee before approval, subject to the need to make urgent decisions.

## Tax base and Council tax

### **Tax base**

The tax base is one element in determining both the level of Council tax to be set and the amount it is estimated will be collected. This calculation is governed by regulation and the

formal setting of the tax base is delegated to the Head of Finance to enable notification to be made to the major precepting authorities during January each year.

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

The tax base for 2016/17 has been calculated as 40,932.1 and details of its calculation are given in Appendix A(a) and will form the basis of the final approved level for tax setting and precepting purposes. This reflects a 2.5% increase in the tax base compared with 2015/16.

## **Collection fund**

### **Operation of the fund**

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

### **Forecast position at 31 March 2016**

The Collection fund for Council tax is projected to have a deficit at the end of the current year of £769,821. The City council's share of this projected year-end deficit is £86,853 and this will need to be taken into account in setting the council's budget for 2016/17. The position for Business rates was described in Section 3.

## **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.

In recent years this threshold has been set at 2%.

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 2015 MFR included the assumption of an increase of approximately 2% per annum from 2016/17.

In light of the position with regard to the Council tax threshold, as described above, the BSR incorporates a Council tax increase of 1.992% p.a. in 2016/17.

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 2016/17 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 2015/16 for each property band together with the proposed levels for 2016/17:

	City Council tax		
Band	2015/16 £	2016/17 £	Difference £
A	117.83	120.18	2.35
B	137.47	140.21	2.74
C	157.11	160.24	3.13
<b>D</b>	<b>176.75</b>	<b>180.27</b>	<b>3.52</b>
E	216.03	220.33	4.30
F	255.31	260.39	5.08
G	294.58	300.45	5.87
H	353.50	360.54	7.04

# Section 5

## General Fund revenue budgets

### Revised budget 2015/16

GF revenue budgets for the current year (2015/16) were reviewed as part of the MFR. It should be noted that the revised budget includes carry forward approvals from 2014/15. No adjustment of 2015/16 revenue budgets is proposed, as budgets are monitored monthly through the review of variances and forecast outturns, and management actions taken to ensure that spending is controlled and income optimised.

### Budget proposals

The GF revenue projections for 2016/17 to 2020/21 as presented in the MFR have been reviewed and changes proposed. Proposals have arisen from policy initiatives, additional income opportunities balanced by additional staffing costs where appropriate, on-going service transformations, unavoidable increases in costs and savings opportunities. The impact of these proposals is shown below. The detailed proposals are set out in Appendices B(a), B(b) and B(d).

#### Performance against savings target

Savings Targets	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000
<b>MFR 2015 - Current Savings Target (new savings each year)</b>	<b>589</b>	<b>(255)</b>	<b>461</b>	<b>1,713</b>	<b>1,713</b>
Previous year savings not achieved / (over achieved)	-	(81)	-	-	-
<b>Revised savings target</b>	<b>589</b>	<b>(336)</b>	<b>461</b>	<b>1,713</b>	<b>1,713</b>
New pressures in year	596	417	(207)	(394)	-
<b>Revised savings target including pressures</b>	<b>1,185</b>	<b>81</b>	<b>254</b>	<b>1,319</b>	<b>1,713</b>
New deliverable savings found in year	(1,266)	26	83	29	-
<b>Savings still to be found</b>	<b>(81)</b>	<b>107</b>	<b>337</b>	<b>1,348</b>	<b>1,713</b>

This shows that the savings target for 2016/17 should be achieved in year. For the purposes of this table, it has been assumed that where there are savings still to be found they will be achieved in the year, and will not therefore roll forward to later years. It should be noted that the Council has embarked on a long-term programme of savings and income generation, which will require an on-going focus on delivery. Work is already in progress to identify more projects to contribute to savings requirements going forward.

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

- Resulted in a total level of net savings of £0.7m across the period from 2016/17 to 2020/21.
- Resulted in a net savings requirement of £107k for the next budget year (2017/18), and £337k net savings requirement for the year after that. These comparatively low levels of savings in the first two years of the budget period will provide time for the delivery of longer term, more challenging transformational projects that are now required.

## **Review of significant proposals**

### **Transformation programme savings**

A number of proposals reflect savings and costs arising from on-going and planned projects within the transformation programme. Projects include the creation of alternative delivery models, shared services and the exploitation of technology to support service delivery. Proposals are included once costs, savings and timescales can be assessed with reasonable certainty.

### **Park Street Car Park redevelopment**

Proposals include a temporary, but significant, loss of revenue from Park Street Car Park during redevelopment in 2017/18 and 2018/19. The car park is now over 50 years old and is approaching the end of its useful life. Repairs could be undertaken to extend its life by up to 15 years. However, the car park no longer meets customer expectations and repairs are not considered a cost effective option. Proposals are being developed to provide an underground car park, with commercial and residential property above ground, and will be brought forward for consideration and funding in due course. For prudence, the loss of revenue has been included as soon as it can reasonably be estimated.

### **Housing company**

The council has established a housing company on a three year pilot basis. The company will provide housing at sub-market rents to tenants who do not qualify for social housing, but cannot afford full market rent. The company will be funded by a loan from the council, with the net increase in interest received on the balance being included as additional income to the council.

### **Non-cash limit items**

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

### **Office accommodation strategy**

The Office accommodation strategy, described in Section 4, seeks to rationalise the council's office accommodation and its use. It is proposed that the one-off revenue costs of this work are funded from reserves, enabling on-going savings of building running costs to be achieved.

### **Funding for the Business transformation programme**

A bid has been made for additional resources to deliver current and future projects in this complex and cross-cutting programme of change. Work done in the current year has enabled the scale of costs and savings from the programme to be more accurately defined.

### **Contributions to the Climate change and Sharing prosperity funds**

Bids have been made for additional funding for use in delivering the policy objectives of these two funds.

### **Funding variances**

Differences in funding allocations and outturns from previous estimates are actioned as non-cash limit items, for example, differences on the local government finance settlement (SFA and NHB) and the council's share of the council tax collection fund deficit.



# Bids for external or earmarked funds

As set out in Section 4, 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 B(c) provides details of the bids against these funds, or to external funding sources, as part of the 2016/17 budget process.

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

# Section 6

## General Fund: Expenditure and funding 2015/16 to 2020/21

Description	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000
<b>Expenditure</b>						
Net service budgets	19,631	18,315	19,095	20,274	21,343	23,310
Revenue Budget Proposals - MFR including removing PPF	-	366	65	(210)	(310)	(410)
Revenue Budget Proposals - BSR	-	(670)	(227)	(351)	(716)	(716)
Capital accounting adjustments	(5,422)	(5,422)	(5,422)	(5,422)	(5,422)	(5,422)
Capital expenditure financed from revenue	10,726	1,787	1,798	1,798	1,786	1,786
Contributions to earmarked funds	11,026	9,117	6,822	6,349	7,541	6,687
Revised net savings requirement	-	81	(107)	(337)	(1,348)	(1,713)
Contribution to reserves	-	-	-	185	342	56
<b>Net spending requirement</b>	<b>35,961</b>	<b>23,574</b>	<b>22,024</b>	<b>22,285</b>	<b>23,216</b>	<b>23,578</b>
<b>Funded by:</b>	-	-	-	-	-	-
Settlement Funding Assessment (SFA)	(6,890)	(5,860)	(5,090)	(4,670)	(4,240)	(4,320)
Locally Retained Business Rates – Growth Element	(800)	(800)	(800)	(800)	(800)	(800)
Other grants from central government	-	-	-	-	-	-
New Homes Bonus (NHB)	(4,963)	(6,323)	(7,262)	(8,531)	(9,694)	(9,976)
Appropriations from earmarked funds	(14,803)	(382)	(382)	(382)	(382)	(382)
Council Tax	(7,060)	(7,369)	(7,709)	(7,902)	(8,100)	(8,100)
Contributions from reserves	(1,446)	(2,840)	(781)	-	-	-
<b>Total funding</b>	<b>(35,961)</b>	<b>(23,574)</b>	<b>(22,024)</b>	<b>(22,285)</b>	<b>(23,216)</b>	<b>(23,578)</b>

# Section 7

## Capital

### Introduction

The council's asset portfolio as at 1 April 2015 is shown below.

Category	Value £000	%
<b>Operational assets:</b>		
Council dwellings	538,100	66.5
Other land and buildings	122,855	15.2
Vehicles, plant and equipment	8,520	1.1
Infrastructure assets	3,125	0.4
Community assets	1,151	0.1
<b>Total operational assets</b>	<b>673,751</b>	<b>83.3</b>
<b>Non-operational assets</b>		
Investment properties	121,765	15.1
Surplus properties	197	0.0
Assets under construction	13,290	1.6
<b>Total non-operational assets</b>	<b>135,252</b>	<b>16.7</b>
<b>Overall total</b>	<b>809,003</b>	<b>100.0</b>

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

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

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

## Review of capital plan

The review of the capital plan and capital approval processes, first proposed in MFR 2014, is now complete. The review addressed a number of concerns, as listed below:

- Capacity to deliver projects to time, cost and quality;
- Dependency on revenue funding; and
- Inclusion of items, such as unallocated funds, projects at an early stage of development, and items more properly treated as small enhancements or maintenance spend.

Phase 1 sought to remove projects from the plan that were not fully specified and/or not deliverable. Phase 2 proposed and implemented new processes and procedures, including a Capital Programme Board to review and approve the planning and deliverability of schemes prior to funding approval. The operation of the board and the new processes will be kept under review to ensure effectiveness.

All capital proposals in this BSR have been put through the new processes. Additionally, new documentation was required for schemes already on the plan but not yet started, to ensure that they are planned and deliverable. Where satisfactory documentation has not been received, it is proposed that funding is withdrawn and the schemes are moved to the projects under development (PUD) list.

A total of £291k of funding has been rephased from 2015/6 to 2016/17, making it available for new projects coming forward for funding. This amount comprises:-

- Essential repairs to car parks (£165k) - moved to PUD list
- Adaptations – Riverside river banks (£75k) – moved to PUD list
- Miscellaneous small amounts from completed projects delivered under budget.

## Financing

Capital schemes are funded from a variety of internal and external funding sources.

Internal:

- Earmarked and specific funds (e.g. R&R)
- Capital receipts
- NHB
- Revenue resources

External:

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

<b>Capital Funding Available</b>	<b>2016/17 £000</b>	<b>2017/18 £000</b>	<b>2018/19 £000</b>	<b>2019/20 £000</b>	<b>2020/21 £000</b>
<b>Funding available and unapplied (MFR Oct 2015)</b>	<b>(839)</b>	<b>(1,548)</b>	<b>(1,548)</b>	<b>(1,786)</b>	<b>(1,786)</b>
Schemes removed from Capital Plan	(291)	-	-	-	-
Capital Bids requiring Funding	1,079	-	-	-	-
<b>Net Funding Available</b>	<b>(51)</b>	<b>(1,548)</b>	<b>(1,548)</b>	<b>(1,786)</b>	<b>(1,786)</b>

This provides the context for considering the affordability of the capital bids which have been submitted as part of the 2016/17 budget process.

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

## **Future capital receipts**

The council has a small portfolio of potential development land that could be sold to generate significant capital sums. This would provide land for commercial or housing development to meet the growth requirement within the city and funds for reinvestment. Alternatively, the council may choose to invest its resources in some of these sites, depending on the level of returns.

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
2017/18	General	Cowley Road Access Strip	This will be sold to coincide with the development of the new station
2017/18	General	Site K1, Orchard Park	Community co-housing scheme with the potential for capital receipts over several years
2017/18	General	Park Street Car Park	Potential part disposal to finance replacement car park
2018/19	General	Mill Road Depot	Potential part or whole disposal subject to outcomes of Accommodation Strategy
2019/20	General	Land at Cowley Road incl. former Park & Ride Site and Golf Driving Range	Development partner being sought with the potential for capital receipts over several years

## Capital proposals

The majority of capital bids address the on-going renewal, updating and major repairs of the council's buildings and operational assets. As such they support income generation (car parks, commercial property), and the delivery of services (vehicles, building repairs, etc). All capital proposals are shown in detail in Appendix D(a).

## Capital plan

The Council's Capital Plan shows anticipated expenditure for the next 5 years, where relevant, for each programme or scheme. Due to the flexibility in devolved decision making applicable to certain types of developer contributions (S106) and the nature of long-term programmes it is not always possible to accurately forecast future expenditure until individual projects have been identified. The current capital plan is shown in detail in Appendix D(c). The tables below summarise the capital plan and shows how it is funded.

Capital plan spending	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000
Programmes	11,966	1,185	312	300	0	0
Projects	9,679	1,638	251	36	0	0
<b>Sub-total</b>	<b>21,645</b>	<b>2,823</b>	<b>563</b>	<b>336</b>	<b>0</b>	<b>0</b>
Provisions	19,471	794	572	220	56	487
<b>Total Spend</b>	<b>41,116</b>	<b>3,616</b>	<b>1,135</b>	<b>556</b>	<b>56</b>	<b>487</b>

<b>Capital plan funding</b>	<b>2015/16 £000</b>	<b>2016/17 £000</b>	<b>2017/18 £000</b>	<b>2018/19 £000</b>	<b>2019/20 £000</b>	<b>2019/20 £000</b>
<b>External support</b>						
Developer contributions	(7,028)	(519)	(343)	(121)	-	-
Other sources	(9,047)	(104)	(50)	(50)	-	-
Prudential Borrowing	(2,804)	-	-	-	-	-
Supplementary Credit Approvals (SCA)	-	-	-	-	-	-
<b>Total - External support</b>	<b>(18,879)</b>	<b>(623)</b>	<b>(393)</b>	<b>(171)</b>	<b>-</b>	<b>-</b>
<b>City Council</b>						
Developer contributions	-	-	-	-	-	-
Direct Revenue Financing (DRF) - GF services	(22)	-	-	-	-	-
Direct Revenue Financing (DRF) - Use of reserves	(10,726)	(1,787)	(1,798)	(1,798)	(1,786)	(1,786)
Earmarked reserve - Capital contributions	(7,627)	(200)	-	-	-	-
Earmarked reserve - Repair & Renewals Fund	(2,034)	(364)	(20)	(15)	-	-
Earmarked reserve - Technology Investment Fund	(4)	-	-	-	-	-
Internal borrowing - Temporary use of balances	(1,159)	(269)	(100)	(120)	(56)	(487)
Usable capital receipts	(665)	(425)	(372)	-	-	-
<b>Total - City Council</b>	<b>(22,237)</b>	<b>(3,045)</b>	<b>(2,290)</b>	<b>(1,933)</b>	<b>(1,842)</b>	<b>(2,273)</b>
<b>Total funding</b>	<b>(41,116)</b>	<b>(3,667)</b>	<b>(2,683)</b>	<b>(2,104)</b>	<b>(1,842)</b>	<b>(2,273)</b>
<b>Net Funding Available</b>	<b>-</b>	<b>(51)</b>	<b>(1,548)</b>	<b>(1,548)</b>	<b>(1,786)</b>	<b>(1,786)</b>

## Projects under development (PUD)

The council maintains a list of projects which may come forward for funding in due course. These projects may be fully planned and ready for delivery, or require further feasibility work and outline project planning before they are ready to be included on the capital plan. When there is funding available, schemes that have been fully developed and costed will be considered for funding.

The PUD list, with an indication of the status of each project, shown in brackets [ xxx ], is included at Appendix D(d).

# Section 8

## Risks and reserves

# Risks and their mitigation

### **Risks and sensitivities**

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

- Savings plans may not deliver projected savings to expected timescales;
- Assumptions and estimates, such as inflation and interest rates, may prove incorrect;
- Funding from central government (SFA, NHB and other grants) may fall below projections;
- The actual impact and timing of local growth on the demand for some services may not reflect projections used;
- Increases in council tax and business rates receipts due to local growth may not meet expectations;
- Business rates appeals, which may be backdated to 2005, may significantly exceed the provision set aside for this purpose;
- The local and national economic climate may change, impacting some of the council's incomes streams such as car parking income, commercial rents and planning fee income;
- New legislation or changes to existing legislation may have budgetary impacts; and
- Unforeseen capital expenditure, such as major repairs to offices and commercial properties, may be required.

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

### **Equality impact assessment**

As a key element of considering the changes proposed in this BSR, an Equality impact assessment has been undertaken covering all of the Budget 2016/17 proposals. This is included in this report at Appendix F. Assessing the potential equality impact of proposed



changes to policies, procedures and practices is one of the key ways in which public authorities can show that they have treated everyone fairly and without discrimination.

## **Section 25 Report**

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

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

This includes reporting and taking into account:

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

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

The majority of the material required to meet the requirements of the Act has been built into the key reports prepared throughout the corporate budget cycle, in particular:

- MFR 2015
- The corporate plan and the budget reports to the January cycle of meetings.

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

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

The Section 25 report will be included as Section 10 in the version of the BSR to be submitted to council.

# General reserves

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

<b>GF reserves</b>	<b>£m</b>
<b>October 2015 MFR / February 2016 BSR – Recommended levels</b>	
- Target level	6.16
- Minimum level	5.13

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

<b>Description</b>	<b>2015/16 £000</b>	<b>2016/17 £000</b>	<b>2017/18 £000</b>	<b>2018/19 £000</b>	<b>2019/20 £000</b>	<b>2020/21 £000</b>
<b>Balance as at 1 April (b/fwd)</b>	<b>(11,525)</b>	<b>(10,079)</b>	<b>(7,239)</b>	<b>(6,458)</b>	<b>(6,643)</b>	<b>(6,985)</b>
Contribution (to) / from reserves	1,446	2,840	781	(185)	(342)	(56)
<b>Balance as at 31 March (c/fwd)</b>	<b>(10,079)</b>	<b>(7,239)</b>	<b>(6,458)</b>	<b>(6,643)</b>	<b>(6,985)</b>	<b>(7,041)</b>

# Section 9

## Future strategy and recommendations

### Future issues and prospects

The impact of a number of uncertainties and challenges outlined below are likely to become clearer in the early part of 2016/17. The new or developing issues and projects which are not clear at the time of agreeing this BSR include:-

- **Announcements made in the government's spending review** - how Business rates retention will work in practice and what changes will be made to New Homes Bonus are still unclear. The detail of how both schemes are implemented and how expenditure will be shared between counties and districts will be crucial in determining the impact on council finances.
- **Delivery of planned savings** – the council has delivered significant savings in previous years. As a result, current and future savings are more difficult to deliver and the council is undertaking a complex, cross-cutting programme of change, both on its own and with partners to achieve them. This represents a considerable challenge for the organisation.
- **Financial pressures on other partners** - as other agencies come under spending pressure there may be direct impacts on services which are currently funded by them or in partnership with them. The County council is facing significant cuts over coming years and the Cambridgeshire and Peterborough health economy continues to be under stress. Even where there are not direct cuts to city council funding there are likely to be indirect impacts on our community based services.
- **Devolution** - the council continues to explore the opportunities for devolution of government powers and spending with local partners. This could provide new opportunities to deliver services in different ways.

- **Welfare reform** – the government's plans to reform the country's system of welfare payments continue to have implications for the Council not least the introduction of Universal Credit. The timing of the handover of services is still unclear and the government has made clear its expectation that staff will not TUPE across to the Department for work and pensions and so the council will need to run down the service as elements transfer across.
- **Changes to housing policy** - the significant impact new government policy is having on the HRA will require significant in housing related savings funded by the HRA. It will also have a knock on impact on support services funded through the HRA and other housing related services funded by the GF.

# Future savings strategy

## Underlying themes

The themes that have underpinned our savings strategy and business transformation programme for the last two years still remain relevant:-

- protecting core services that residents need and value and ensuring fairness
- transforming how we deliver services, working with our committed staff team and other partners
- targeting scarce resources to help people who need help and to meet the needs of most vulnerable
- making best use of all our assets, reinvesting all available Council resources to maximise financial return and benefits for city residents, and make existing assets work harder too

## Delivery of savings strategy

There are a number of overarching actions that are underway or planned to deliver the savings the council needs to achieve balanced budgets in 2016/17 and future years:-

- We will continue to implement phase 2 of our programme to share services with other partners and seek to drive out further efficiencies in those shared services which have already been implemented in phase 1. We will also seek to maximise opportunities for service redesign and develop new opportunities for shared services as part of our joined-up approach with partners, including within the context of devolution.
- We will implement the first phase of our management restructure aimed at reducing management costs and developing the council's commercial focus. We will keep this structure under review as services continue to change and develop.
- We will continue to develop our digital strategy with the aim of enabling more residents to serve themselves where they are able to do so.
- We will continue to implement our targeted and planned programme to make best use of council assets and to increase our investment income using the general fund development programme to enable a range of complementary projects.
- We will continue to drive forward and develop a range of service reviews to ensure that all of our services are delivered as efficiently and justly as possible.
- We will maintain our focus on financial management, ensuring that spending is controlled and savings are achieved.

## Conclusions

This report presents an approach for finalising a balanced budget for 2016/17 and a continuing strategy of prudent management to maintain the council on a firm financial footing in the medium term. However, significant financial challenges remain, with key changes in the business rates regime and NHB expected over the term of the current parliament.

As always, the proposals are not without risk, as they rely on the successful delivery of a challenging programme of transformational projects. They are also dependent on increasing levels of income which could be adversely impacted by local or national economic factors. The council currently enjoys healthy levels of reserves which give it some protection against these risks.

One of the principles expressed in the local government finance settlement is to allow authorities to spend locally what they raise locally. Increasingly, the financial health of the council and hence its ability to deliver services to local residents and visitors to the city will be under the council's control. The key will be to balance policy-driven spending with commercialism, and prudent management with well-considered risk-taking for reward.

# **Section 10**

## Section 25 Report

**To be included for Council version only**

# Appendix A (a)

Council Tax Base 2016/17

For Council version only



# Appendix A (b)

Council Tax Setting 2016/17

For Council version only

## Preface to Appendix B

### A Local Poverty Rating Index to assist in assessing Budget Proposals 2016/17

To assist members in assessing the impacts of budget proposals on low income groups of people in the city a local poverty rating composite index ("the Index") has been developed and has been applied for the first time to this year's budget proposals for 2016/17.

The Index uses three components to arrive at an Index score. The higher the score the greater positive impact the bid will have on supporting people living on low incomes in the city.

The first component is the Joseph Rowntree Foundation's (JRF) Service Classification Weighting. The JRF Service Classification is a key part of its "Cost of Cuts"<sup>1</sup> social impact tool, which was set out in its recent research report<sup>2</sup>. Local authority services are classified according to the pattern of frequency and intensity of use by population groups with varying levels of deprivation. Using the CIPFA/SLGF service headings services are placed along a pro-poor to pro-rich spectrum. Table 1 shows the JRF service headings and their classification. The JRF Service Classification in the Index is given a weighting on the spectrum from "very pro-poor" (1) to "pro-rich" (0.5).

The second and main part of the Index is a local JRF Bid Classification, which is assigned to the bid using the criteria set out in Table 2. A score is then given on the spectrum from very pro-poor (10) to pro-rich (1). This recognises that a service that is classified by JRF as being "pro-rich", such as culture and heritage services, can successfully target work at low income communities.

The third component looks at how the bid fits with the key areas of focus in the council's Anti-Poverty Strategy and applies an assessment spectrum from "very good fit" to "neutral-minus". This spectrum is then weighted.

The Index Score<sup>3</sup> is therefore the product of:

**[JRF Classification Weighting] x [Bid JRF Classification Score] x [Bid APS Assessment Weighting]**

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<sup>1</sup> The cost of the cuts: a social impact tool for local authorities by Annette Hastings, Nick Bailey, Glen Bramley, Maria Gannon and David Watkins Universities of Glasgow & Heriot Watt, 2015

<sup>2</sup> The cost of the cuts: The impact on local government and poorer communities, JRF, 2015

<sup>3</sup> Please note that EqIAs look in more depth about the impacts of service changes on vulnerable groups of people and that this approach is complementary to the Index Score.

**Table 1: JRF Service Classification**

Source:

<http://www.gla.ac.uk/schools/socialpolitical/research/urbanstudies/projects/servingdeprivedcommunitiesinarecession/datasets/>

<b>Service</b>	<b>Pattern of use/ benefit</b>
Early years	Neutral
Primary schools	Pro-Poor
Secondary schools	Neutral-Plus
Special schools & Alternative Provision	Pro-Poor
Post-16 Provision	Pro-Rich
Other Education & Community Budget	Pro-Rich
Transport, planning, policy & strategy	Back Office
Structural maintenance	Neutral-Minus
Environmental, safety and routine maintenance	Neutral-Minus
Winter service	Neutral-Minus
Street lighting (including energy costs)	Neutral-Minus
Congestion charging	Neutral-Minus
Bus lane enforcement	Neutral-Minus
Road Safety Education & safe routes	Neutral-Minus
Other	Neutral-Minus
Parking services	Pro-Rich
Statutory concessionary fares	Neutral-Plus
Discretionary concessionary fares	Neutral-Plus
Support to operators	Pro-Poor
Coordination	Pro-Poor
Airports, harbours & toll facilities	Neutral
Sure start, children's centres & early years	Very Pro-Poor
Children Looked After	Very Pro-Poor
Other children & family services	Very Pro-Poor
Family support	Very Pro-Poor
Youth Justice	Very Pro-Poor
Safeguarding children & Young people's safety	Very Pro-Poor
Asylum seekers	Very Pro-Poor
Services for young people	Very Pro-Poor
Physical support: Adults (18-64)	Pro-Poor
Physical support: Older People (65+)	Pro-Poor
Sensory support: Adults (18-64)	Pro-Poor
Sensory support: Older People (65+)	Pro-Poor
Support with memory & cognition: Adults (18-64)	Pro-Poor
Support with memory & cognition: Older People (65+)	Pro-Poor

Service	Pattern of use/ benefit
Learning disability support: Adults (18-64)	Pro-Poor
Learning disability support: Older People (65+)	Pro-Poor
Mental Health support: Adult (18-64)	Pro-Poor
Mental Health support: Older People (65+)	Pro-Poor
Social Support: Substance misuse	Pro-Poor
Social Support: Asylum seeker	Pro-Poor
Social Support: Carer	Pro-Poor
Social Support: Social isolation	Pro-Poor
Assistive Equipment & technology	Pro-Poor
Social care activities	Pro-Poor
Info & Early intervention	Pro-Poor
Commissioning & service delivery	Pro-Poor
Sexual Health Services: STI testing & treatment	Neutral
Sexual Health Services: Contraception	Neutral
Sexual Health Services: Advice, Prevention & Promotion	Neutral
Sexual Health Services: NHS Health Check programme	Neutral
Sexual Health Services: Local Authority role in health protection	Neutral
Sexual Health Services: National Child Measurement Programme	Neutral
Sexual Health Services: Public Health advice	Neutral
Obesity: Adults	Neutral
Obesity: Children	Neutral
Physical Activity: Adults	Neutral
Physical Activity: Children	Neutral
Substance Misuse: Drug Misuse Adults	Neutral
Substance Misuse: Alcohol Misuse Adults	Neutral
Substance Misuse: Drug & Alcohol - Youth Services	Neutral
Stop smoking services & interventions	Neutral
Wider tobacco control	Neutral
Children's (15-19) Public Health Programme	Neutral
Children's (0-5) Services	Neutral
Children's (0-5) Other Services	Neutral
Other	Neutral
Housing Strategy, Advice, Advances, Enabling, Renewals & Licensing	Very Pro-Poor
Homelessness	Very Pro-Poor
Housing Benefit: Rent Allowances & Rent rebates	Very Pro-Poor
Housing Benefits: Administration	Very Pro-Poor
Other Council Property - travellers sites & Non-HRA Housing	Very Pro-Poor
Housing Welfare: Supporting People	Very Pro-Poor

<b>Service</b>	<b>Pattern of use/ benefit</b>
Other Welfare Services	Very Pro-Poor
Archives	Pro-Rich
Culture & Heritage	Pro-Rich
Recreation & Sport	Neutral-Minus
Open spaces	Neutral-Minus
Tourism	Neutral-Minus
Library Service	Neutral-Plus
Cemetery, Cremation & Mortuary Services	Neutral
Trading Standards	Neutral
Water Safety	Neutral
Food Safety	Neutral
Environmental Protection, noise & nuisance	Neutral
Housing Standards	Neutral
Health & Safety	Neutral
Port Health (excluding Levies)	Neutral
Port Health - Levies	Neutral
Pest Control	Neutral
Public Conveniences	Neutral
Public Health, Infectious Disease Control	Neutral
Alcohol, Entertainment & Taxi Licensing	Neutral
Crime Reduction	Pro-Poor
Safety Services	Pro-Poor
CCTV	Pro-Poor
Defences against flooding	Neutral
Land drainage & related work - excluding levy	Neutral
Land drainage & related work - including levy	Neutral
Coast Protection	Neutral
Agriculture & Fisheries Services	Neutral
Street Cleansing	Neutral
Waste Collection	Neutral
Waste Disposal	Neutral
Trade Waste	Neutral
Recycling	Neutral
Waste Minimisation	Neutral
Climate Change Costs	Neutral
Building Control	Pro-Rich
Development Control	Pro-Rich
Planning Policy	Pro-Rich
Environmental Initiatives	Neutral
Economic Development	Neutral
Community Development	Neutral

Service	Pattern of use/ benefit
Economic Research	Neutral
Business Support	Neutral
Police Services	Very Pro-Poor
Fire Services	Pro-Poor
Coroners' Court	Neutral
Other Court Services	Neutral
Corporate & Democratic Core	Back Office
Council Tax Collection: Discounts locally funded	Back Office
Council Tax Collection: Benefits administration	Back Office
Council Tax Collection: Other	Back Office
Emergency Planning	Back Office
Other Central Services to the Public	Back Office
Retirement benefits	Back Office
Unused Shares of IT Facilities & Other Assets	Back Office
Revenue Expenditure on Surplus Costs	Back Office
Other Services	Unclassified

**Table 2: Scoring and weighting criteria**

JRF Classification Weighting	Bid JRF Classification Score	Criteria for JRF Bid Classification	APS Bid Assessment Weighting	Criteria for APS Assessment	Poverty Rating
Very pro-poor (1)	Very pro-poor (10)	The bid is targeted at people on low incomes or disadvantaged communities that are experiencing pressing and urgent problems that will affect their ability to meet their basic needs, such as housing, food, warmth and security.	Very Good Fit (1)	The service will deliver in an area of focus in the strategy and provide tangible benefits for people and families living on low incomes in the short-term.	10
Pro-poor (.9)	Pro-poor (9)	The bid will address issues that limit the ability of people and families living on low incomes to participate in community life or invest in measures that will help alleviate their experience of poverty and build community resilience.	Good Fit (.9)	The service will deliver benefits in one or more of the objectives in the strategy over the short to medium-term.	7
Neutral-plus (.8)	Neutral-plus (8)	The bid will improve universal services that people and families living in low incomes and disadvantaged communities use and benefit from.	Poor Fit (.8)	The service will deliver improvements to people and families living on low incomes but is outside the areas of focus in the strategy.	5
Neutral (.7)	Neutral (7)	The bid will not affect the level of service the public receive.	Neutral - plus (.7)	Service benefits will only be marginally improved for all users, including people living on low incomes.	3
Neutral-minus (.6)	Neutral-minus (6)	The bid will reduce the availability of the service to all users and marginally affect people living on a low income.	Neutral (.6)	The level of service will not change.	2
Pro-rich (.5)	Pro-rich (5)	The bid is likely to increase the use of the service by better-off people.	Neutral - minus (.5)	Services that are pro-poor will be reduced or restricted.	1

## 2016/17 Budget - GF - Bids &amp; reduced income

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Reference	Item Description	2015/16 Budget £	2016/17 Budget £	2017/18 Budget £	2018/19 Budget £	2019/20 Budget £	Contact	Climate Effect & Poverty Ratings
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## Bids

## City Centre &amp; Public Places

<b>B3777</b>	<b>Bill Posting and Distribution Service Vehicle</b>	0	4,500	0	0	0	Anthony French	Nil
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This proposal seeks to secure a budget for the vehicle running costs associated with the Bill Posting and Distribution service. The service transferred from Arts and Recreation to Streets and Open Spaces in April 2015 without a budget allocation for vehicle costs, despite spending in excess of £10,000 on vehicle hire costs. The service has terminated the vehicle hire contract and now uses a Council fleet vehicle, delivering an annual revenue saving of c£6k. The service is an income generating service to the Council with potential for growth in the future based on a new business plan and capital 'invest to save' plans for new digitally enabled poster display boards. 2.5

<b>B3781</b>	<b>Review of Moorings Fees and Charges</b>	0	17,500	17,500	0	0	Alistair Wilson	Nil
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The proposal links to an approved budget proposal from 2015/16, which identified an annual increase in revenue income from the moorings service of £17.5k in 2016/17 and £35k in 2017/18. This proposal adjusts the anticipated income for these two years in light of the decision on changes to moorings fees and charges not able to be taken until mid 2016. The proposed change in timetable is to allow sufficient time for the implementation and review of the effectiveness of proposed new overstay penalty and civil 'contract law' approach (as approved for consultation by Oct 2015 Scrutiny) and then the following subsequent review and implementation of the wider moorings policy and associated fees and charges in summer 2016. 2.5

<b>Total Bids in City Centre &amp; Public Places</b>	<b>0</b>	<b>22,000</b>	<b>17,500</b>	<b>0</b>	<b>0</b>			
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## Environment &amp; Waste

<b>B3783</b>	<b>Out of Hours Stray Dog Service - Contract Retainer</b>	0	9,000	9,000	9,000	0	Don Blair	Nil
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The Council has a statutory duty to provide a location/ facility for the temporary holding of stray dogs. This service, including collection, temporary kennelling and transfer of dogs to Wood Green, was previously contracted out to a supplier, who terminated their contract with no notice in 2015. Working with Procurement, secured initial 'emergency' contract for the service and then ran an invitation to bid for new 3 year (2015-18) contract for the service. In response to invitation, only received single bid and this proposal relates to the contract retainer fee for the out of hours service from the supplier, which exceeds available budget by £9k. Policy option to help offset this unavoidable pressure by increasing fees and charges for returning collected stray dogs to their owners. 3.9

<b>B3798</b>	<b>Volunteer Recycling Champion Scheme</b>	0	14,500	14,500	14,500	0	Kylie Laws	+M
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The proposal is to continue to fund the Volunteers recycling champions scheme that is run by a part time coordinator for an additional three years. We have 183 volunteers who are sent quarterly newsletters and of which 33 are actively involved in supporting the work of the waste team. They do this by promoting waste prevention, reuse and recycling to residents through face to face contact at events, visits and door knocking. From April to July 2015 approximately 50 hours have been contributed over 15 different events, speaking to 800 people and over 500 kitchen caddies have been distributed along with information and advice on recycling and food waste services. The scheme supports sustainable waste management within Cambridge and encourages community engagement and volunteerism. 5.7

## 2016/17 Budget - GF - Bids &amp; reduced income

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## Bids

## Total Bids in Environment &amp; Waste

0	23,500	23,500	23,500	0
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## Finance &amp; Resources

B3800	Land Charges - Additional staff resource	0	30,000	30,000	0	0	Paul Boucher	Nil
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Additional staffing resource (1 FTE) for a fixed term 2 year period to support the administration of Land Charges due to increase in the volumes of requests due to buoyant market conditions. This will also help to improve turnaround times for customers. Target is 100% response within 5 days and performance for 2014/15 was 89% and current forecast outturn for 2015/16 is 75%. The post is self funding through income from Land Charges fees. (Linked to Increased Income proposal I13815.)

3.8

## Total Bids in Finance &amp; Resources

0	30,000	30,000	0	0
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## Housing - GF

B3769	Bid for an additional Housing Advisor to reduce homelessness decision times.	0	35,900	35,900	35,900	35,900	David Greening	Nil
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This bid is to employ an additional FTE housing advisor with a view to further reduce homelessness decision times and offset increases in homeless applications, which have gone from an average of 164 per annum in 2008 to 2014 inclusive to 262 in 2014-15 and 101 in the first quarter of 2015-16. In particular it is anticipated that an additional FTE would help drive homelessness decision times down. This in turn will contribute to driving emergency accommodation and bed and breakfast costs down as customers are moved through temporary accommodation more quickly. In 2014-15 the Council spent £55,150 (net) on bed and breakfast and emergency accommodation. In the first quarter of 2015-16 alone in 2015-16 these costs have increased to £81,408.

10.0

## Total Bids in Housing - GF

0	35,900	35,900	35,900	35,900
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## Planning Policy &amp; Transport

B3814	Additional staff capacity to meet increase in planning application work	0	80,000	80,000	80,000	80,000	Sharon Brown	Nil
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Planning application numbers have increased by 50% since 2011/12. Staffing numbers have stayed the same over that period. The current workload requires additional staff resources to maintain performance and quality standards. £80k additional income per annum is also predicted and this would be put toward the staffing requirement. This bid is linked to a review of pre-application and other discretionary charges.

1.8

## Total Bids in Planning Policy &amp; Transport

0	80,000	80,000	80,000	80,000
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## Strategy &amp; Transformation

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## 2016/17 Budget - GF - Bids &amp; reduced income

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**Bids**

<b>B3771</b>	<b>Public Spaces Protection Order Signage</b>	0	3,000	0	0	0	Lynda Kilkelly	Nil
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Exploration is underway into obtaining a Public Spaces Protection Order against punt touting. If this is pursued, extensive signage will be required in specific conservation areas of the city. 2.9

<b>B3772</b>	<b>Domestic Abuse – Development work, training and awareness raising</b>	0	7,000	7,000	7,000	7,000	Lynda Kilkelly	Nil
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The City Council has committed to delivering an extensive action plan to retain our White Ribbon Campaign accreditation and to develop work to help address domestic abuse in the City. The plan involves engaging the community, including business, voluntary sector and partner agencies in working together to raise awareness, improve the availability of information and increase reporting of domestic abuse incidences. In order to do this we need to run events, produce publicity material, train staff and ensure there is dynamic and effective working with a wide range of stakeholders and a successful Domestic Abuse Forum in the City. 6.5

<b>B3821</b>	<b>Bid to keep Cambridge's streetlights on in partnership with the County Council</b>	0	45,500	45,500	45,500	45,500	Lynda Kilkelly	+H
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The County Council's proposal to dim or turn off lighting in a number of areas across the County will have a significant effect on community safety in Cambridge. This bid is a compromise offer to the County, in line with the actions of various parishes across Cambridgeshire, to fund the lights between 2am and 6am in the city if the County will fund the period between midnight and 2am. The precise nature of this bid is to be subject to the results of ongoing negotiations with the County as their budget decisions become clearer. 3.2

This proposal is on the basis that, in the agreed time period:

- (i) Lights in the city centre and University areas, including immediate walk/cycle to home routes, and from other key locations, will be kept on with a maximum of 20% dimming, and will be funded by the County
- (ii) All other lights in streets currently proposed for switch off in the city, i.e. the remaining affected streets, to be kept on with a maximum dimming of 50%

<b>Total Bids in Strategy &amp; Transformation</b>	<b>0</b>	<b>55,500</b>	<b>52,500</b>	<b>52,500</b>	<b>52,500</b>
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<b>Total Bids</b>	<b>0</b>	<b>246,900</b>	<b>239,400</b>	<b>191,900</b>	<b>168,400</b>
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## 2016/17 Budget - GF - Bids &amp; reduced income

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## Reduced Income

## City Centre &amp; Public Places

RI3780	Bill Posting and Distribution Service income target	0	25,000	0	0	0	Alistair Wilson	Nil
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The service transferred to S&OS in April 2015, with an income target that had not been achieved in each of the past 3 years by a shortfall ranging from £21k-£34kpa. That said, the service has successfully delivered an actual budget surplus (i.e. Actual income minus actual expenditure, incl recharge costs) of £7k and £32k respectively in 2 of the past 3 years. This proposal aims to reduce the income target to a more realistic level in 2016/17 to enable us to complete a review of the service (as part of the wider S&OS phase 2 service review) and so determine whether or not it has a viable future; and if so, make the necessary investments/ changes; and if not, to pursue options to divest / out-source. 2.1

## Total Reduced Income in City Centre &amp; Public Places

0	25,000	0	0	0
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## Planning Policy &amp; Transport

RI3789	Loss of external funding to Shopmobility Service	0	50,770	50,770	50,770	50,770	Sean Cleary	Nil
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Loss of external funding from County Council to Shopmobility service. Additional revenue required to maintain service level. The ambition is to review the service to see if there are costs savings in the longer-term that won't compromise the service. 3.2

RI3822	Reduction in net revenue during and post Park Street car park redevelopment	0	0	560,000	400,000	30,000	Paul Necus	Nil
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Impact on net revenue of redevelopment of Park Street car park. Based on consultants' assumptions of length of project (20 months) future direct expenditure, tariff changes, and takes account of reduction in capacity, impact of displaced parking, and phased recovery of demand on reopening of the car park in year 3. There will be a permanent reduction in income related to the reduction in capacity from 390 car parking spaces to 250 car parking spaces. 2.1

## Total Reduced Income in Planning Policy &amp; Transport

0	50,770	610,770	450,770	80,770
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## Total Reduced Income

0	75,770	610,770	450,770	80,770
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## 2016/17 Budget - GF - Bids &amp; reduced income

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## Unavoidable Revenue Pressure

## Environment &amp; Waste

URP3779	<b>Contract Manager (Building Cleaning)</b>	0	50,000	0	0	0	Joel Carre	Nil
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The Contract Manager (Building Cleaning) post was appointed on an initial 12 month fixed term basis, commencing June 2015, to manage the £1m+ Churchill building cleaning contract (City Homes; Parking; Public Toilets; Council buildings). The initial budget for the post was secured from salary underspend in Streets and Open Spaces associated with vacancies in previous Operations team structure. The Churchill contract commenced June 2015 and runs for a 5 year (plus 2) period. There is an ongoing need for contract management capacity to manage this contract, though the current level of need (1 FTE) is likely to reduce over time as Churchill addresses the current performance issues and the client: contractor relationship matures. 2.9

URP3791	<b>Recycling bins for current residents</b>	0	40,000	40,000	40,000	40,000	Kylie Laws	+M
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This is a bid for the purchase of recycling bins for houses and flats around the city. It will cover all sizes of bins as necessary and ensure residents have the bins they need to participate in the recycling and composting collections. 2.9

URP3792	<b>Commercial Waste Service - Bin Purchase</b>	0	60,000	0	0	0	Greg Hutton-Squire	Nil
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Following the discontinuation of the Repairs and Renewals Fund no allocations of maintenance funding was made to cover the purchase of Commercial Waste bins. A bid is required to purchase bins, of both reconditioned second hand as well as new bins, of varying sizes and types to supply both existing and new customers. All purchases are procured from existing ESPO suppliers on a continuous, year round basis as required by the growing service. It is proposed that this bid is a one year bid only. The funding of bin purchases after that date will be subject to a review as part of the Shared Waste Service where additional income and costs will be shared between the City Council and South Cambridgeshire District Council. 2.9

URP3799	<b>Additional cost of landfilling commercial waste due to national escalator rise and increased tonnage collected.</b>	0	123,000	123,000	123,000	123,000	Greg Hutton-Squire	+M
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Central Government Landfill Tax is expected to rise in April 2016 by an extra £1.80 per tonne. This is on top of the County Council's contractor RPI increased gate fee resulting in a total waste disposal cost to the service of £100.40 per tonne. In addition there is a projected rise of waste being collected due to an increased number of customers. This is an unavoidable cost but prices will be increased to recover these charges. 2.9

<b>Total Unavoidable Revenue Pressure in Environment &amp; Waste</b>	0	273,000	163,000	163,000	163,000
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<b>Total Unavoidable Revenue Pressure</b>	0	273,000	163,000	163,000	163,000
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<b>Report Total</b>	0	595,670	1,013,170	805,470	412,170
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## 2016/17 Budget - Savings

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Reference	Item Description	2015/16 Budget £	2016/17 Budget £	2017/18 Budget £	2018/19 Budget £	2019/20 Budget £	Contact	Climate Effect & Poverty Ratings
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## Increased Income

## Environment &amp; Waste

113778	<b>Cambridge BID Contract 2015 - 2018</b>	0	(60,000)	(60,000)	0	0	Don Blair	Nil
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The increased income reflects the contract awarded to the Street Cleansing team to undertake additional deep cleans and provide a rapid response cleansing team within the Cambridge BID area. This is a three year contract which began in April 2015. 2.9

113794	<b>Increasing Business Sales by the Commercial Waste Service plus the recovery of the increase cost of disposal charges</b>	0	(273,000)	(273,000)	(273,000)	(273,000)	Greg Hutton-Squire	+L
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The recovering local and national economy is reflected by the increased number of both customers and more work from existing customers. The Commercial Waste Service is ideally placed to take full advantage of the growth visible in and around the City of Cambridge. Plus extra income from the increase in prices to recover the waste disposal charges. 2.9

## Total Increased Income in Environment &amp; Waste

0	(333,000)	(333,000)	(273,000)	(273,000)
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## Finance &amp; Resources

113762	<b>Commercial Property Additional Income</b>	0	(42,000)	(42,000)	(42,000)	(42,000)	Dave Prinsep	Nil
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Forecast additional net income reflecting expected rent reviews, lease renewals and lettings on the existing property portfolio. 2.9

113763	<b>Additional income from improvements to Gwydir Enterprise Centre</b>	0	0	(20,000)	(20,000)	(20,000)	Dave Prinsep	Nil
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To invest in subdividing Unit 2 Gwydir Enterprise Centre to create 3 offices instead of 1 large unit to generate additional income above existing income stream. It is proposed that this be funded through the Invest for Income Fund and this scheme should deliver in excess of the target rate of return for this fund of 5%. An additional proposal for a capital bid is linked to this bid - C3761. 2.9

113815	<b>Land Charges - Increased Income</b>	0	(30,000)	(30,000)	0	0	Paul Boucher	Nil
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Additional income expected over the next 2 years through a continued increase in Land Charges requests due to buoyant market conditions based on last 2 years income. This position will be reviewed on an annual basis as linked to a bid for additional fixed term resource to meet service demand over this period. (Linked to Bid proposal B3800.) 1.8

## 2016/17 Budget - Savings

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Reference	Item Description	2015/16 Budget £	2016/17 Budget £	2017/18 Budget £	2018/19 Budget £	2019/20 Budget £	Contact	Climate Effect & Poverty Ratings
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## Increased Income

113819	External Interest - Additional interest earned on loan to Housing Company	0	(47,700)	(29,400)	(29,400)	0	Charity Main	Nil
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The Council is setting up a wholly owned subsidiary to let 23 homes at 80% of market rents. The Council will loan the company the cost of purchasing these properties at a rate of interest above that which could be earned on cash balances. Additional interest is included for the 3 year pilot in the first instance. (Linked to capital bid C3847.)

n/a

## Total Increased Income in Finance &amp; Resources

0	(119,700)	(121,400)	(91,400)	(62,000)
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## Planning Policy &amp; Transport

113813	Increased planning fee income	0	(80,000)	(80,000)	(80,000)	(80,000)	Sharon Brown	Nil
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There has been a significant increase not only in the number of planning applications but also in chargeable pre-planning application advice. This additional workload will result in additional fee income which is anticipated to continue for the foreseeable future.

1.8

113817	Increased income relating to car park usage	0	(300,000)	(300,000)	(300,000)	(300,000)	Paul Necus	-L
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The last two years have seen a significant increase in the usage and income relating to the car parks for both standard car parking and season ticket sales.

2.1

## Total Increased Income in Planning Policy &amp; Transport

0	(380,000)	(380,000)	(380,000)	(380,000)
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## Total Increased Income

0	(832,700)	(834,400)	(744,400)	(715,000)
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## 2016/17 Budget - Savings

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Reference	Item Description	2015/16 Budget £	2016/17 Budget £	2017/18 Budget £	2018/19 Budget £	2019/20 Budget £	Contact	Climate Effect & Poverty Ratings
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## Savings

## City Centre &amp; Public Places

<b>S3837</b>	<b>Parks and Open Space - Event Income</b>	0	(10,000)	(10,000)	(10,000)	(10,000)	Alistair Wilson	+L
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Increased income from commercial events and activities on Parks and Open Space. Likely events include a autumn beer festival; an observation wheel attraction (subject to permissions); and a week long paid entry marquee event. 2.4

## Total Savings in City Centre &amp; Public Places

0	(10,000)	(10,000)	(10,000)	(10,000)
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## Communities

<b>S3759</b>	<b>Children &amp; Young People's Participation Service (ChYpPs) Efficiency savings</b>	0	(25,000)	(25,000)	(25,000)	(25,000)	Paula Bishop	Nil
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a) Reduction in cost to the Council of the bigger summer activities through more partnership working i.e. less funded directly by the Council 8.1

b) An increased but still realistic income target for ChYpPs Adventures/Play Pods

c) Seek increased external funding support for special projects via commissions to replace direct funding by the Council

No reduction in service or staffing is anticipated. ChYpPs will continue to support children and families who face greatest need in the City via work focussing on opportunity, engagement and inclusion

<b>S3760</b>	<b>Re-targeting of the sports development service</b>	0	(35,000)	(35,000)	(35,000)	(35,000)	Ian Ross	Nil
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The revised Sports & Physical Activity plan approved in March 2015 has created a more targeted approach to service delivery and links with the Council's Anti Poverty Agenda to focus on activities and programmes for those people and neighbourhoods on low incomes to improve their access to health and well-being opportunities, improving the service for those who may need it most. 4.9

This targeted approach can now be achieved with fewer staff through focussed rather than generic work and the proposed reduction in FTE can be delivered via vacancy management over the remainder of 2015/16.

## Total Savings in Communities

0	(60,000)	(60,000)	(60,000)	(60,000)
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## Environment &amp; Waste

<b>S3754</b>	<b>Relocation Expenses</b>	0	(8,900)	(8,900)	(8,900)	(8,900)	Yvonne O'Donnell	Nil
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The Refuse and Environment Operational support cost centre includes a relocation expenses budget for new members of staff which has not been spent for many years. It is proposed that this is offered up as a saving. Any future requirement to claim relocation expenses for any new staff member will be funded from an underspend at that time. n/a

## 2016/17 Budget - Savings

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Reference	Item Description	2015/16 Budget £	2016/17 Budget £	2017/18 Budget £	2018/19 Budget £	2019/20 Budget £	Contact	Climate Effect & Poverty Ratings
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## Savings

<b>S3795</b>	<b>Saving as a result of moving the Garage to Waterbeach</b>	0	(153,000)	(126,000)	(133,000)	(133,000)	David Cox	Nil
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Following the proposal to move the garage to Waterbeach, in order to vacate the Mill road site, the restructure of the service and the bigger workshop allows for the ability to increase income levels. The initial costs and income projections are expected to result in a increased saving to the council. 2.5

<b>S3827</b>	<b>Delete Operations Manager post in Streets and Open Spaces</b>	0	(35,000)	(35,000)	(35,000)	(35,000)	Joel Carre	Nil
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It has transpired that this post, created in the new service structure but not yet filled, is not essential to delivering the requisite level of operational service, so the decision has been taken to take it out of the structure earlier than originally anticipated. n/a

<b>Total Savings in Environment &amp; Waste</b>	<b>0</b>	<b>(196,900)</b>	<b>(169,900)</b>	<b>(176,900)</b>	<b>(176,900)</b>			
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## Finance &amp; Resources

<b>S3765</b>	<b>Property Services - savings on staff costs</b>	0	(4,700)	(4,700)	(4,700)	(4,700)	Dave Prinsep	Nil
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The salary and on cost budgets include an allowance for incremental progression. As most Property Services' employees have reached the top of their pay grade there is only a limited need to allow for this. The saving represents the surplus element. n/a

<b>S3836</b>	<b>End of Diversity Advice Service Legal Agreement</b>	0	(9,400)	(9,400)	(9,400)	(9,400)	Deborah Simpson	Nil
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Diversity advice is currently provided by South Cambridgeshire District Council through a Service Level Agreement equivalent to 3 days per month. This arrangement will end in March 2016 and advice will be provided from existing staff resources. n/a

<b>Total Savings in Finance &amp; Resources</b>	<b>0</b>	<b>(14,100)</b>	<b>(14,100)</b>	<b>(14,100)</b>	<b>(14,100)</b>			
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## Housing - GF

<b>S3767</b>	<b>Deletion of one FTE Assessment &amp; Support Officer</b>	0	(6,200)	(6,200)	(6,200)	(6,200)	David Greening	Nil
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As part of the HRA Mid-Year Financial Review, it was approved to delete one full time equivalent Assessment and Support Officer in the Housing Advice Service. 75% of this saving is delivered to the HRA, with the balance of £6,200 reducing cost to the General Fund. 3.6

## 2016/17 Budget - Savings

Reference	Item Description	2015/16 Budget £	2016/17 Budget £	2017/18 Budget £	2018/19 Budget £	2019/20 Budget £	Contact	Climate Effect & Poverty Ratings
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## Savings

<b>S3768</b>	<b>Deletion of one Housing Head of Service and transfer to the Housing Development Agency</b>	0	(43,000)	(43,000)	(43,000)	(43,000)	Liz Bisset	Nil
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As part of the HRA Mid-Year Financial Review, it was agreed to delete one Housing Head of Service post, and to transfer the post holder to work for the new Housing Development Agency. This is anticipated to deliver savings to both the HRA and the General Fund, with savings now expected to be realised from April 2016. 4.9

<b>S3770</b>	<b>Savings in salaries due to recruitment to vacancies at lower points on the pay scale</b>	0	(8,100)	(8,100)	(8,100)	(8,100)	Alan Carter	Nil
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Savings in salaries for existing posts, due to recruitment to vacancies at lower points on the pay scale for new employees, than exiting employees. n/a

<b>Total Savings in Housing - GF</b>	<b>0</b>	<b>(57,300)</b>	<b>(57,300)</b>	<b>(57,300)</b>	<b>(57,300)</b>
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## Strategy &amp; Transformation

<b>S3755</b>	<b>Miscellaneous savings in Democratic Services</b>	0	(7,000)	(7,000)	(7,000)	(7,000)	Gary Cliff	Nil
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A change to one post (grade and hours) will result in an on-going saving. A new printing contractor has resulted in savings on committee agenda costs. n/a

<b>S3801</b>	<b>Various operational savings from cost centre 01007 and 01006</b>	0	(7,500)	(7,500)	(7,500)	(7,500)	Andrew Limb	Nil
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Savings from operational efficiencies in cost centres 01007 (£2,500) and 01006 Corporate Policy (£5,000). Some of the efficiencies will be achieved as a result of reduced demand for consultancy support and from the current underspend on the interpreting budget. It is anticipated that the remaining budget will be sufficient to meet demand for these services. n/a

<b>S3835</b>	<b>Corporate Management Review</b>	0	(80,000)	(80,000)	(80,000)	(80,000)	Antoinette Jackson	Nil
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The Chief Executive has reviewed the council's senior management structures to reduce the number of senior managers, in the light of the number of new arm's length and shared services arrangements, which mean the council is managing fewer services directly. This saving is based on the deletion of one director and two head of service posts and replacing these with a shared Director of Planning, a two day a week project post and new head of service post. n/a

<b>Total Savings in Strategy &amp; Transformation</b>	<b>0</b>	<b>(94,500)</b>	<b>(94,500)</b>	<b>(94,500)</b>	<b>(94,500)</b>
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## 2016/17 Budget - Savings

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Reference	Item Description	2015/16 Budget £	2016/17 Budget £	2017/18 Budget £	2018/19 Budget £	2019/20 Budget £	Contact	Climate Effect & Poverty Ratings
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## Savings

Total Savings

0	(432,800)	(405,800)	(412,800)	(412,800)
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Report Total

0	(1,265,500)	(1,240,200)	(1,157,200)	(1,127,800)
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## 2016/17 Budget - External bids

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Reference	Item Description	2015/16 Budget £	2016/17 Budget £	2017/18 Budget £	2018/19 Budget £	2019/20 Budget £	Contact	Climate Effect & Poverty Ratings
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## External Bids

## City Centre &amp; Public Places

X3782	Public Realm Officer - Growth	0	35,000	35,000	35,000	0	Alistair Wilson	+L
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PPF funding for this post ends 31 March 2016. The post ensures that public realm assets are transferred to the Council to the required standard and with adequate financial contribution and therefore protects the Council from associated risk. The cost of the post is proposed to be met from New Homes Bonus (NHB) . 3.8

## Total External Bids in City Centre &amp; Public Places

0	35,000	35,000	35,000	0
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## Planning Policy &amp; Transport

X3825	Staffing Resources for Cambridge University Planning and Development Work	0	204,000	204,000	204,000	0	Sharon Brown	Nil
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The University has a number of projects over the next 3 to 5 years which will require the City to provide associated planning and development work. To provide the required enhanced planning work we will need to recruit 4FTE posts consisting of 1 FTE Environmental Health Officer, 0.5FTE Conservation officer 0.5FTE Urban Design Officer and 2FTE Planning Officers. The cost of providing this service will be funded by the University. n/a

## Total External Bids in Planning Policy &amp; Transport

0	204,000	204,000	204,000	0
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## Total External Bids

0	239,000	239,000	239,000	0
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## Report Total

0	239,000	239,000	239,000	0
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## 2016/17 Budget - GF - Non-Cash Limit Items

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Reference	Item Description	2015/16 Budget £	2016/17 Budget £	2017/18 Budget £	2018/19 Budget £	2019/20 Budget £	Contact	Climate Effect & Poverty Ratings
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## Non-Cash Limit Items

## Finance &amp; Resources

<b>NCL3756</b>	<b>Climate Change Fund</b>	0	120,000	0	0	0	David Kidston	+H
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Additional contribution to the Climate Change Fund to support projects identified in the new Carbon Management Plan which will reduce carbon emissions by reducing energy and fuel consumption from the Council's office accommodation and operational buildings. 5.0

<b>NCL3757</b>	<b>Sharing Prosperity Fund</b>	0	100,000	100,000	0	0	David Kidston	Nil
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This bid would supplement previous contributions to the Sharing Prosperity Fund made in July 2014 and February 2015. The funding would support the delivery of projects to support residents on low incomes identified in the Anti-Poverty Strategy (APS), or new projects building successful pilot projects identified in the APS. This could include further support for credit unions, further work to tackle fuel and water poverty, and further projects to support residents experiencing mental health issues arising from debt and financial crisis. 10.0

<b>NCL3764</b>	<b>Office Accommodation Strategy - earmarked reserve to fund capital</b>	0	1,886,000	454,000	0	0	Dave Prinsep	+H
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The Office Accommodation Strategy rationalises and improves the use of property, creating revenue savings and aims to generate capital receipts. This will be combined with more flexible working practices so staff can work where they are best located. Investment in retained buildings should create a modern working environment and improve facilities for staff. Significant expenditure of circa £3.5m is anticipated. (Linked to budget proposals NCL3848 and NCL3849.) n/a

<b>NCL3766</b>	<b>Re-profile Apprentice Scheme Budget between years, 2016/17 and 2017/18</b>	0	56,000	(56,000)	0	0	Deborah Simpson	+L
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In the 2014/15 budget provision was made for a four year apprentice programme. The Council started work on developing an apprentice scheme to recruit twenty apprentices over a four year period to support people in gaining workplace skills in Cambridge. Our experience of setting up the scheme has shown that more flexibility on wage rates is required to ensure that the scheme fulfils its objectives. Therefore we have increased the wage rates to make apprenticeships more attractive for potential apprentices. There is a need to reprofile the budget, bringing forward £56,000 from the 2017/18 budget to 2016/17 to continue to deliver the programme and to facilitate a revised programme of 15 apprentices by March 2018, paid at more appropriate rates that will allow the apprenticeship scheme to better assist those from low-income families. 6.3

<b>NCL3848</b>	<b>Office Accommodation Strategy - revenue including set-up</b>	0	1,121,000	261,000	0	0	Dave Prinsep	+H
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The Office Accommodation Strategy rationalises and improves the use of property, creating revenue savings and aims to generate capital receipts. This will be combined with more flexible working practices so staff can work where they are best located. Investment in retained buildings should create a modern working environment and improve facilities for staff. Significant expenditure of circa £3.5m is anticipated. (Linked to budget proposals NCL3764 and NCL3849.)

## 2016/17 Budget - GF - Non-Cash Limit Items

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Reference	Item Description	2015/16 Budget £	2016/17 Budget £	2017/18 Budget £	2018/19 Budget £	2019/20 Budget £	Contact	Climate Effect & Poverty Ratings
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## Non-Cash Limit Items

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

0	3,283,000	759,000	0	0
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## Non-Committee Items

NCL3843	DRF released in 2015/16 by schemes removed from Capital Plan and rephased into 2016/17	0	291,000	0	0	0	John Harvey	Nil  n/a
NCL3852	Council Tax Collection Fund Deficit	0	86,900	0	0	0	Charity Main	Nil

The Collection Fund for Council Tax is projected to have a deficit at the end of the current year of £769,821. The City Council's share of this projected year-end deficit is £86,853 and this will need to be taken into account in setting the Council's budget for 2016/17. n/a

NCL3854	New Homes Bonus (NHB) additional 2016/17 allocation	0	(306,000)	(306,000)	(306,000)	(306,000)	Caroline Ryba	Nil
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Additional New Homes Bonus for 2016/17 based on 17 December notification from the Department for Communities and Local Government (DCLG). Future NHB amounts calculated based on Annual Monitoring Report (AMR) housing projections. [Linked to NCL3855 and NCL3856].

NCL3856	New Homes Bonus (NHB) – unallocated	0	118,000	118,000	118,000	153,000	Caroline Ryba	Nil
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Net additional unallocated New Homes Bonus after allocations. This takes account of the additional New Homes Bonus for 2016/17 based on 17 December notification from the Department for Communities and Local Government (DCLG), revised allocations for City Deal infrastructure investment and any further funding allocations. [Linked to NCL3854 and NCL3855].

NCL3857	Provisional Settlement SFA	0	144,000	134,000	(125,000)	(286,000)	Caroline Ryba	Nil
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The differences from the previous assumptions implied by the provisional local government finance settlement are variable year on year, with small deficits in the first two years, and surpluses in the later years. The nature of these differences (different year on year), does not fit in well with the recurring nature of savings requirements, so the shortfall is being addressed by reducing our contributions to reserves. The final 2016/17 settlement will be laid before the House of Commons in February 2016 at which point it may be necessary to revise our contribution.

## Total Non-Cash Limit Items in Non-Committee Items

0	333,900	(54,000)	(313,000)	(439,000)
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## 2016/17 Budget - GF - Non-Cash Limit Items

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Reference	Item Description	2015/16 Budget £	2016/17 Budget £	2017/18 Budget £	2018/19 Budget £	2019/20 Budget £	Contact	Climate Effect & Poverty Ratings
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## Non-Cash Limit Items

## Strategy &amp; Transformation

NCL3845	<b>Additional funding for Business Transformation Programme</b>	408,000	77,000	(72,000)	29,000	0	Ray Ward	Nil
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The Council has previously provided funding for a complex cross-cutting programme of transformational change. At the outset it is challenging to predict accurately the costs of such a change as the scale of the savings required from it and the detail of each specific project within the programme may be difficult to accurately define. As more detail of the costs, benefits and pace of the programme become available it is clear that additional funding is required. The programme is currently managing and preparing to manage projects with a combined cost saving value of £2.4m. The bid will provide for the additional change resources required to deliver these and future projects and other staffing costs associated with the programme. The bid also reflects the need to re-profile the programme budget, based on the anticipated demand in the earlier years of the programme. n/a

NCL3855	<b>Contribution to City Deal from New Homes Bonus (NHB)</b>	0	153,000	153,000	153,000	153,000	Caroline Ryba	Nil
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Contribution from New Homes Bonus to support the City Deal programme based on a contribution of 40% in 2015/16 and 50% thereafter. This incorporates the additional New Homes Bonus for 2016/17 based on 17 December notification from the Department for Communities and Local Government (DCLG) and future NHB amounts calculated based on Annual Monitoring Report (AMR) housing projections. [Linked to NCL3854 and NCL3856].

<b>Total Non-Cash Limit Items in Strategy &amp; Transformation</b>	<b>408,000</b>	<b>230,000</b>	<b>81,000</b>	<b>182,000</b>	<b>153,000</b>			
<b>Total Non-Cash Limit Items</b>	<b>408,000</b>	<b>3,846,900</b>	<b>786,000</b>	<b>(131,000)</b>	<b>(286,000)</b>			
<b>Report Total</b>	<b>408,000</b>	<b>3,846,900</b>	<b>786,000</b>	<b>(131,000)</b>	<b>(286,000)</b>			

# Appendix C

## Sensitivity Analysis

Topic	Quantum	BSR Assumption	Commentary / Risk
Bereavement services income	c.£1.8m	Current mortality rates built into BSR assumptions	<p>Falling mortality rate [yet ageing population in Cambridge]</p> <p>A planning application has been submitted by a private sector crematorium at Great Chesterford. Subject to successful planning permission, this will impact on the current business from 2017/18 although volumes are expected to recover to existing levels within 10 years assuming sub regional growth continues. Bereavement services is currently run as a Trading Account so there will be no immediate impact on reserves.</p> <p>Success of commemoration scheme and development of other commercial activities(positive)</p>
Building control fee income	c. £1.0m	Based on break-even full cost recovery position for the Building Control Shared Service	<p>Housing development levels in the sub region are not as great as anticipated or are delayed due to developers unwillingness to build</p> <p>Increased competition from approved inspectors leading to smaller market share</p> <p>Inability to recruit appropriately trained staff due to public sector pay restraints</p>
Car parking income	c. £9.5m	Based on officer and external consultants' projections of usage	<p>Customers may revert to Park &amp; Ride usage (15% reduction in use following imposition of a £1 parking charge by Cambridgeshire CC)</p> <p>Longer than anticipated build out of Park Street car park will delay recovery of our income streams</p> <p>Improving economic situation has led to increase in disposable income in those using Cambridge as a shopping destination (positive)</p>
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
Council taxbase	c. 40,000 Band D equivalent properties @£176.75 (2015/16)	There is an underlying assumption of 0.5% property growth within the city	Any significant growth or deceleration in building will affect the number of houses on which council tax can be charged with the associated impact on the council tax income stream which in turn informs our savings requirement

Topic	Quantum	BSR Assumption	Commentary / Risk
Council tax income	£7.0m p.a.	2% increase for 2015/16 and future years are built into projections	<p>Criteria for triggering referendums for proposed excessive increases are published each year.</p> <p>The requirement for rebilling and associated costs, together with the loss of council tax income, effectively provides a strong disincentive for high increase proposals.</p> <p>Economic climate may require an increase in enforcement activity and consequent reduction of funds available in the collection fund</p>
Developer contributions	c. £5.0m	<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>Reduction in total unused receipts following the introduction of the Community Infrastructure Levy (CIL)</p>
Employer's pension contribution	£35m	BSR includes provision for employer's percentage and capital payments, now updated for one-off contributions anticipated in the next triennial revaluation	Subject to the outcome of the next triennial review with effect from 1 April 2017.
Energy costs (all)	£1.2m	Officer assessment of current conditions and trends, based on latest contracts	Volatility of world market prices. The council has contracts for electricity and gas which run from October each year and takes specialist consultant advice in determining the most advantageous terms to contract for.
Future capital receipts	Income	Occasional disposal of assets as outlined in the disposal programme. Income not taken into account until received.	The council's stock land available for sale is reducing with just two large sites unsold. It is likely that one of these sites will be used for housing.
Housing benefits	£39.3m	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>- Impact of universal credit implementation is not fully known</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>

Topic	Quantum	BSR Assumption	Commentary / Risk
Interest receipts from the housing company	< £100k	An estimate of additional income for the initial three year pilot has been included to reflect the higher rate applicable to this loan above the interest rate expected on our treasury management investments	The housing company is being run as a pilot for 3 years. As this is a new venture, there will be uncertainties in the timing and amount of loan advances from the council, and therefore in the quantum of interest receipts.
Investment income	+/- 1% is c. £600k for 2016/17 variable investments	These are based on a mid-range level provided by market analysts.	Rates fall further than anticipated or for a longer period.  A faster increase in bank base rates would result in increase in investment income. (positive)
Land charges income	c. £0.2m	Reductions based on latest experience have been incorporated	Increased proportion of personal searches and reduced number of overall searches due to market conditions.
Local retention of business rates	c. £5m estimated	BSR includes projections based on latest figures and guidance	Business rates are subject to the level of appeals against valuations lodged with the Valuation Office Agency (VOA) and the effects of redevelopment and growth in the city.
Market income	c. £0.8m	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.
Non-pay inflation	+/- 1% for GF is ~ £300k for either income or expenditure for 2016/17	General inflation is included at 2.0% from 2016/17 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	Pay award agreed (2 year award approx 2.2% w.e.f. 1 Jan 2015) and then 1% for four years to 2020 plus pay progression cost estimate.	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 2016/17 have been amended to reflect current market conditions.	Developers retain land stock rather than building out
Shared services	n/a	Shared services will deliver savings of 15% or more on previous expenditure levels	Delivery of savings and other non-cashable benefits is dependent on effective partnership working in a complex political and cultural environment. Savings may be delayed, may not be deliverable in full, or there may be unforeseen costs of implementation.



Topic	Quantum	BSR Assumption	Commentary / Risk
Spending review	c. £3m	The budget assumption, based on the 2015 autumn statement, is that Revenue support grant will cease from 2020/21	The budget is based on the 2015 Spending review and the level of Revenue support grant and locally retained business rates are budgeted accordingly.
Support costs charged to the HRA	c. £3m	Support costs ("Recharges") are charged based on various fixed and variable criteria which change from year to year.	<p>Recent budget and policy announcements from central government have given rise to the need to make significant savings in the HRA. It is likely that the size of the HRA will reduce in future years, and therefore the proportion of support service costs that are chargeable to the HRA will also reduce.</p> <p>Fixed costs such as administrative buildings, management structure, costs of democracy and long term contracts cannot be reduced immediately, if at all. There may be a perceived imbalance in the short term in the proportion of costs charged to the HRA until such time as a strategic decision is taken to allocate a lower level of costs recharged to the HRA with a corresponding increase in costs to the GF and thus the council tax payer. The onus is therefore on the council to make appropriate savings in rechargeable costs as the council reduces in size overall.</p>
VAT partial exemption	c. £250k if breached	No breach of partial exemption limit is anticipated for 2016/17	Potential liability if limit is breached over a seven-year moving average

## 2016/17 Budget - GF Capital proposals

Page 1 of 4

Reference	Item Description	2015/16 Budget £	2016/17 Budget £	2017/18 Budget £	2018/19 Budget £	2019/20 Budget £	Contact	Climate Effect & Poverty Ratings
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## Capital Bids

## City Centre &amp; Public Places

C3841	Cherry Hinton Hall grounds improvement	0	180,000	220,000	0	0	Alistair Wilson	+L
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This project relates to Phase 2 of the grounds improvements at Cherry Hinton Hall and will deliver elements of the whole park improvements envisaged in the site master plan. Works include dredging the lake, creation of wild flower meadows, landscaping the former propagation site, reintroduction of Victorian features of the park together with improved access and pathways. The Capital Programme Board has reviewed this project and considers that it is properly planned and ready for implementation, subject to budget approval. Developer contributions have been provisionally allocated to fund the scheme. 2.9

## Total Capital Bids in City Centre &amp; Public Places

0	180,000	220,000	0	0
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## Communities

C3842	Netherhall School: supplementary grant for gym and fitness suite facilities	45,000	193,000	0	0	0	Ian Ross	Nil
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This is an award of £238,000 to the Netherhall School Sports Centre to redevelop several areas within the Netherhall school buildings to create two new and different gyms. One for floor based traditional gym exercises and martial arts activities, and a separate gym for traditional fitness equipment and a purpose built studio for group based exercises. The project utilises specifically designated S106 developer contributions from the Bell School development for indoor sport and martial arts improvements at the school sports centre. A community use agreement will be in place to ensure public access with pay and play and affordable membership schemes, along with introduction of adaptive gym equipment to enable the gym to become another centre on the Councils GP Exercise Referral programme, delivering health and well-being opportunities for those who need it most. 4.9

## Total Capital Bids in Communities

45,000	193,000	0	0	0
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## Environment &amp; Waste

C3753	Purchase of electric van for use by the Pest Control service	0	21,600	0	0	0	Yvonne O'Donnell	+M
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Currently, the pest control service has 2 officers who have to drive around the City to fulfil the service objectives. One has a dedicated electric Council vehicle which is eco-conscious and health and safety compliant for the service. The other officer drives his own car which is a petrol vehicle and does not fully comply with the health and safety requirements for the task. To enable the pest service to be fully legally compliant and improve our air quality standards, permitting the acquisition of an electric van will satisfy this. 2.9

C3790	Vehicle Fleet Replacement [R & R]	0	348,500	0	0	0	David Cox	+M
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## 2016/17 Budget - GF Capital proposals

Page 2 of 4

Reference	Item Description	2015/16 Budget £	2016/17 Budget £	2017/18 Budget £	2018/19 Budget £	2019/20 Budget £	Contact	Climate Effect & Poverty Ratings
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## Capital Bids

The project is for the purchase of the Council's fleet vehicles, plant and equipment scheduled and required for replacement in the four year period commencing 2016/17, as part of a rolling programme necessary to replace out of life vehicles that would otherwise significantly increase maintenance costs. 2.9

Replacements due from 2017/18 onwards will be shown on the Projects Under Development (PUD) list.

<b>C3793</b>	<b>Updated cost for the purchase of the North West Cambridge Underground collection vehicle</b>	0	55,000	0	0	0	Michael Parsons	+M
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A budget of £210k has been previously approved for the purchase of an underground collection vehicle for use at the North West Cambridge site. A tender process has since been carried out and it has indicated that the cost will be in the region of £265k. The additional budget of £55k would be funded by £7k from reserves and the balance of £48k from the University. Collections from the site are due to start in Sept 2016. Any costs over and above those of a standard collection will be met by the University in line with the s106 agreement with them. Collections will be undertaken by the City Council for all properties on this site and a formulae has been devised to ensure that any costs incurred for collections outside the boundary will be recovered from South Cambs DC. 2.9

<b>Total Capital Bids in Environment &amp; Waste</b>	<b>0</b>	<b>425,100</b>	<b>0</b>	<b>0</b>	<b>0</b>
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## Finance & Resources

<b>C3761</b>	<b>Improvements to Gwydir Enterprise Centre</b>	0	200,000	0	0	0	Dave Prinsep	Nil
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To invest in subdividing Unit 2 Gwydir Enterprise Centre to create 3 office units instead of 1 large unit to generate an additional income stream above existing. It is proposed that this be funded through the Invest for Income Fund and this scheme should deliver in excess of the target rate of return for this fund of 5%. An additional proposal for additional income is linked to this capital bid. (Linked to Increased Income proposal 113763.) 2.9

<b>C3803</b>	<b>Commercial Property Improvement Programme 2016/17 (Dales Brewery)</b>	0	143,000	0	0	0	Will Barfield	+L
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This proposal is to seek funding for major re-roofing works and improvements to the Dales Brewery site, which is a significant property within the Council's commercial portfolio. The works have been identified from recent condition surveys and are essential in order to maintain lettings, improve income streams and ensure compliance with statutory requirements. These works would previously have been funded from the commercial property repairs and renewals fund and capital bids. This is connected to the project listed on the Projects Under Development List for these works. 2.9

<b>C3808</b>	<b>Guildhall Re-roofing Works</b>	0	183,000	0	0	0	Will Barfield	Nil
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New roof coverings and associated works to the large flat roof area (including roofing over lift shaft and tank room) above the Market Square side elevation of the Guildhall and the roof to the three-storey part of the building on the Peas Hill side. 2.9

## 2016/17 Budget - GF Capital proposals

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Reference	Item Description	2015/16 Budget £	2016/17 Budget £	2017/18 Budget £	2018/19 Budget £	2019/20 Budget £	Contact	Climate Effect & Poverty Ratings
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## Capital Bids

<b>C3847</b>	<b>General Fund Property Acquisition for Housing Company</b>	7,400,000	0	0	0	0	Alan Carter	+M
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Loan to wholly owned subsidiary company for the purchase of 23 properties at Aylesborough Close and Water Lane for rental at intermediate market rent. 8.1  
Approval given at Council in July 2015.  
(Linked to Increased Income proposal 113819.)

<b>Total Capital Bids in Finance &amp; Resources</b>	<b>7,400,000</b>	<b>526,000</b>	<b>0</b>	<b>0</b>	<b>0</b>
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## Planning Policy &amp; Transport

<b>C3787</b>	<b>Grafton East car park essential roof repair</b>	0	75,000	0	0	0	Sean Cleary	Nil
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In order to protect the car park asset and shopping centre essential roof repairs need to be conducted at the Grafton East multi storey car park 2.1

<b>C3788</b>	<b>Replacement of car parking control equipment at Grafton East, West &amp; Queen Anne Terrace multi storey car parks</b>	0	570,000	0	0	0	Sean Cleary	Nil
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To replace the current car park operating system and equipment at Grafton East, West & Queen Anne Terrace multi storey car parks. The current life cycle of modern parking equipment has been reduced to 5 years. The current management system will be 8 years old in June 16, in parking terms this is seen as old. We have seen a significant increase in service dropouts, replacement of parts, maintenance costs have increased as well as service disruption and loss of reputation and revenue to the authority. Replacement will be with the same equipment as installed at the Grand Arcade car park giving us one seamless centralised parking system across the whole parking portfolio. 2.1

<b>Total Capital Bids in Planning Policy &amp; Transport</b>	<b>0</b>	<b>645,000</b>	<b>0</b>	<b>0</b>	<b>0</b>
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## Strategy &amp; Transformation

<b>C3785</b>	<b>Investment in dedicated Wi-fi frequency for Cambridge CCTV cameras</b>	0	25,000	0	0	0	Paul Necus	Nil
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To procure a dedicated Wi-Fi frequency to operate CCTV cameras in Cambridge City Centre that will ensure uninterrupted communications between the cameras and the CCTV Control Room 4.4

## 2016/17 Budget - GF Capital proposals

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Reference	Item Description	2015/16 Budget £	2016/17 Budget £	2017/18 Budget £	2018/19 Budget £	2019/20 Budget £	Contact	Climate Effect & Poverty Ratings
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## Capital Bids

C3786	Replacement of Redeployable CCTV camera stock	0	60,000	0	0	0	Paul Necus	Nil
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To procure six new redeployable CCTV cameras for Cambridge City Centre that are fit for purpose, replacing obsolete stock 4.4

## Total Capital Bids in Strategy &amp; Transformation

0	85,000	0	0	0
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## Total Capital Bids

7,445,000	2,054,100	220,000	0	0
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## Report Total

7,445,000	2,054,100	220,000	0	0
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Ref	Project	Climate Change Indicator	Priority score	2015/16	2016/17	2017/18	2018/19	2019/20	Poverty rating	Linked to / Funding / Comments	2015/16	2016/17	2017/18	2018/19	2019/20
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General Fund

C3753	Purchase of electric van for use by the Pest Control service	+M	Y 3.0		16,000				2.9	Funding: £5,600 Government grant CPB 27 Oct: Parts A + B		21,600			
C3761	Improvements to Gwydir Enterprise Centre	Nil	N 4.3						2.9	Linked to: I13763. Funding: £200k Invest for Income Fund CPB 27 Oct: Parts A + B		200,000			
C3785	Investment in dedicated Wi-fi frequency for Cambridge CCTV cameras	Nil	Y 1.7		25,000				4.4	CPB 27 Oct: Parts A + B		25,000			
C3786	Replacement of Redeployable CCTV camera stock	Nil	Y 1.4		60,000				4.4	CPB 27 Oct: Parts A + B		60,000			
C3787	Grafton East car park essential roof repair	Nil	Y 3.0		75,000				2.1	CPB 27 Oct: Parts A + B		75,000			
C3788	Replacement of car parking control equipment at Grafton East, West & Queen Anne Terrace multi storey car parks	Nil	Y 1.9		570,000				2.1	CPB 27 Oct: Parts A + B		570,000			
C3790	Vehicle Fleet Replacement [R & R]	+M	-						2.9	Funding: R & R CPB 23 Nov: Parts A + B		348,500			
C3793	Updated cost for the purchase of the North West Cambridge Underground collection vehicle	+M	Y 1.3		7,000				2.9	Funding: £48k from the University CPB 27 Oct: Parts A + B		55,000			
C3803	Commercial Property Improvement Programme 2016/17 (Dales Brewery)	+L	Y 1.1		143,000				2.9	CPB 27 Oct: Part A CPB 23 Nov: Part B		143,000			
C3808	Guildhall Re-roofing Works	Nil	Y 1.3		183,000				2.9	CPB 27 Oct: Part A CPB 23 Nov: Part B		183,000			
C3841	Cherry Hinton Hall grounds improvement	+L	N 1.0						2.9	Funding: S106 CPB 23 Nov: Revised Part B		180,000	220,000		

Capital Projects Requiring Funding From Reserves

(2 pages)

Budget Setting Report - Appendix D(b)

2016/17 Budget

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

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

Ref	Project	Climate Change Indicator	Priority score	2015/16	2016/17	2017/18	2018/19	2019/20	Poverty rating	Linked to / Funding / Comments	2015/16	2016/17	2017/18	2018/19	2019/20
C3842	Netherhall School: supplementary grant for gym and fitness suite facilities	Nil	N 1.9						4.9	Funding: S106 CPB 23 Nov: Parts A + B	45,000	193,000			
C3847	General Fund Property Acquisition for Housing Company	+M	-						8.1	Linked to: I13819. Funding: Loan	7,400,000				
<b>Total Funding Required from Reserves : General Fund</b>					<b>1,079,000</b>						<b>7,445,000</b>	<b>2,054,100</b>	<b>220,000</b>		

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# Appendix D(c)

## Capital Plan 2015/16 to 2020/21

Ref.	Description	Lead Officer	2015/16 (£000's)	2016/17 (£000's)	2017/18 (£000's)	2018/19 (£000's)	2019/20 (£000's)	2020/21 (£000's)
<b>Capital-GF Projects</b>								
SC034o	Netherhall School: supplementary grant for gym and fitness suite facilities (S106)	I Ross	45	193	0	0	0	0
SC391	La Mimosa Punting Station	P Doggett	2	0	0	0	0	0
SC410	Mill Road Cemetery	A Wilson	21	0	0	0	0	0
SC416	UNiform e-consultee Access Module	P Boucher	7	0	0	0	0	0
SC469	Vie Public Open Space (S106)	A Wilson	32	0	0	0	0	0
SC472	Cherry Hinton Hall Grounds Improvements (S106)	A Wilson	0	180	220	0	0	0
SC476	Water Play Area Abbey Paddling Pool (S106)	I Ross	2	0	0	0	0	0
SC477	Coleridge Paddling Pool Enhancement (S106)	I Ross	2	0	0	0	0	0
SC478	Water Play Area Kings Hedges "Pulley" (S106)	I Ross	2	0	0	0	0	0
SC492	Jesus Green Play Area (S106)	A Wilson	2	0	0	0	0	0
SC540	Electronic Market Management Software	D Ritchie	4	0	0	0	0	0
SC544	Coleridge Recreation Ground Improvements (S106)	A Wilson	70	0	0	0	0	0
SC548	Southern Connections Public Art Commission (S106)	A Wilson	25	21	11	21	0	0
SC560	Guildhall & Corn Exchange Cap Schemes RO AR9	D Kaye	98	0	0	0	0	0
SC570	Essential Structural/Holding Repairs - Park Street Multi Storey car park	S Cleary	45	0	0	0	0	0
SC571	Procurement of IT System to Manage Community Infrastructure Levy	S Saunders	20	0	0	0	0	0
SC579	Office Accommodation Strategy	F Barratt	86	0	0	0	0	0
SC586	Wide Area Network	T Allen	7	0	0	0	0	0
SC588	NW Cambridge Development Underground Collection Vehicle	M Parsons	210	55	0	0	0	0
SC589	Grand Arcade Car Park Stairwell Refurbishment	S Cleary	7	0	0	0	0	0
SC590	Structural Holding Repairs & Lift Refurbishment - Queen Anne Terrace Car Park	S Cleary	499	15	20	15	0	0
SC596	Replacement Air Cooling Systems	W Barfield	167	0	0	0	0	0
SC597	Empty Homes Loan Fund	Y O'Donnell	200	0	0	0	0	0



# Appendix D(c)

## Capital Plan 2015/16 to 2020/21

Ref.	Description	Lead Officer	2015/16 (£000's)	2016/17 (£000's)	2017/18 (£000's)	2018/19 (£000's)	2019/20 (£000's)	2020/21 (£000's)
SC599	Buchan St Shopping Area Improvements	A Wilson	28	0	0	0	0	0
SC600	Far East Prisoners of War Commemorative Plaque	A Wilson	15	0	0	0	0	0
SC601	Replacement Telecommunications & Local Area Network	T Allen	400	0	0	0	0	0
SC602	Buchan Street Community Centre - new roof replacement	I Ross	60	0	0	0	0	0
SC603	Ross Street Community Centre - new boiler system	I Ross	36	0	0	0	0	0
SC604	Replacement Financial Management System	C Ryba	81	161	0	0	0	0
SC605	Replacement Building Access Control System	J Nightingale	50	50	0	0	0	0
SC606	Garret Hostel Lane Fencing project	D Prinsep	22	0	0	0	0	0
SC607	Fleet Maintenance & Management Service at Waterbeach	S Payne	34	11	0	0	0	0
SC608	Improvements to Gwydir Enterprise Centre	D Prinsep	0	200	0	0	0	0
SC609	Electric Pest Control Van	Y O'Donnell	0	22	0	0	0	0
SC611	Grafton East car park essential roof repair	S Cleary	0	75	0	0	0	0
SC612	Car parking control equipment at multi storey car parks	S Cleary	0	570	0	0	0	0
SC613	Dedicated wi-fi frequency for Cambridge CCTV cameras	P Necus	0	25	0	0	0	0
SC614	Redeployable CCTV camera stock	P Necus	0	60	0	0	0	0
SC616	General Fund Property Acquisition for Housing Company	A Carter	7,400	0	0	0	0	0
<b>Capital-GF Projects</b>			<b>9,679</b>	<b>1,638</b>	<b>251</b>	<b>36</b>	<b>0</b>	<b>0</b>
<b>Capital-Programmes</b>								
PR010a	Environmental Improvements Programme - North Area	A Wilson	132	50	50	50	0	0
PR010b	Environmental Improvements Programme - South Area	A Wilson	143	36	36	36	0	0
PR010c	Environmental Improvements Programme - West/Central Area	A Wilson	136	36	36	36	0	0
PR010d	Environmental Improvements Programme - East Area	A Wilson	144	48	48	48	0	0
PR010di	Environmental Improvements Programme - Riverside/Abbey Road Junction	A Wilson	31	0	0	0	0	0
PR017	Vehicle Replacement Programme	D Cox	1,027	349	0	0	0	0

# Appendix D(c)

## Capital Plan 2015/16 to 2020/21

Ref.	Description	Lead Officer	2015/16 (£000's)	2016/17 (£000's)	2017/18 (£000's)	2018/19 (£000's)	2019/20 (£000's)	2020/21 (£000's)
PR020	ICT Infrastructure Programme	J Nightingale	170	0	0	0	0	0
PR023	Admin Buildings Asset Replacement Programme	W Barfield	71	183	0	0	0	0
PR024	Commercial Properties Asset Replacement Programme	W Barfield	27	143	0	0	0	0
PR027	Replacement of Parks & Open Space Waste/Litter Bins	D Blair	116	0	0	0	0	0
PR028	Litter Bin Replacement Programme	D Blair	132	0	0	0	0	0
PR030d	St Thomas Square Play Area Improvements (S106)	A Wilson	50	0	0	0	0	0
PR030e	Cavendish Rd (Mill Rd end) improvements: seating & paving (S106)	A Wilson	8	0	0	0	0	0
PR030f	Bath House Play Area Improvements (S106)	A Wilson	49	0	0	0	0	0
PR030h	Romsey 'town square' public realm improvements (S106)	A Wilson	58	0	0	0	0	0
PR030k	C3: grant for kitchen facilities & portable stage lift (S106)	J Hanson	53	0	0	0	0	0
PR031b	BMX track next to Brown's Field Community Centre (S106)	A Wilson	29	0	0	0	0	0
PR031d	Chestnut Grove play area improvements (S106)	A Wilson	50	0	0	0	0	0
PR031i	Perse Way Flats Play Area (S106)	A Wilson	25	0	0	0	0	0
PR031k	St Luke's Church: grant for refurbishment of community facilities (S106)	J Hanson	30	0	0	0	0	0
PR032e	Accordia Trim Trail & Jnr Scooter Park (S106)	A Wilson	50	0	0	0	0	0
PR032f	Cherry Hinton Baptist Church Family Centre (S106)	B Keady	111	0	0	0	0	0
PR032g	Cherry Hinton Rec Ground pavilion refurb. (S106)	I Ross	99	0	0	0	0	0
PR032h	Trumpington Bowls Club Pavilion Ext. (S106)	I Ross	70	0	0	0	0	0
PR033c	Public Art element of improvements to the entrances at Histon Rd Rec (S106)	A Wilson	31	0	0	0	0	0
PR033f	Histon Rd Rec Ground Improvements (S106)	A Wilson	55	0	0	0	0	0
PR033j	St Augustine's Church: grant for church hall side extension (S106)	J Hanson	87	0	0	0	0	0
PR034c	Drainage of Jesus Green (S106)	A Wilson	6	0	0	0	0	0
PR034d	Public Art - 150th & 400th Anniversary (S106)	A Wilson	98	0	0	0	0	0

# Appendix D(c)

## Capital Plan 2015/16 to 2020/21

Ref.	Description	Lead Officer	2015/16 (£000's)	2016/17 (£000's)	2017/18 (£000's)	2018/19 (£000's)	2019/20 (£000's)	2020/21 (£000's)
PR034p	Cambridge 99 Rowing Club: grant for kitchen facilities (S106)	I Ross	5	0	0	0	0	0
PR034q	Cambridge Canoe Club: additional boat and equipment store (S106)	I Ross	10	0	0	0	0	0
PR035	Waste & Recycling Bins - New Developments (S106)	K Laws	122	125	112	100	0	0
PR036	Additional investment in Commercial Property Portfolio	D Prinsep	8,515	0	0	0	0	0
PR037	Local Centres Improvement Programme	A Wilson	44	0	0	0	0	0
PR037a	Local Centres Improvement Programme - Cherry Hinton High Street	G Richardson	15	185	0	0	0	0
PR039	Minor Highway Improvement Programme	A Wilson	30	30	30	30	0	0
PR040a	Big Draw event 2015, Chesterton (public art grant) (S106)	A Wilson	1	0	0	0	0	0
PR040b	Rock Road library community garden (public art grant) (S106)	A Wilson	7	0	0	0	0	0
PR040c	Creating my Cambridge: clicking to connectivity (public art grant)	A Wilson	15	0	0	0	0	0
PR040d	Twilight at the Museums 2016: animated light projection (public art grant) (S106)	A Wilson	14	0	0	0	0	0
PR040e	Cambridge Sculpture Trails leaflet (public art grant) (S106)	A Wilson	3	0	0	0	0	0
PR040f	Public art grant - Syd Barrett (S106)	S Tovell	10	0	0	0	0	0
PR040g	Public art grant - Chesterton mural (S106)	S Tovell	3	0	0	0	0	0
PR040i	Public art grant - History Trails (S106)	S Tovell	20	0	0	0	0	0
PR040j	Public art grant - Sounds of Steam (S106)	S Tovell	15	0	0	0	0	0
PR040l	Public art grant - Newnham Croft stained glass window (S106)	S Tovell	12	0	0	0	0	0
PR040m	Public art grant - public art at North Cambridge Academy (S106)	S Tovell	15	0	0	0	0	0
PR040o	Public art grant - 'The place where we stand' (S106)	S Tovell	15	0	0	0	0	0
PR040p	Public art grant - Life in Trumpington (S106)	S Tovell	8	0	0	0	0	0
<b>Capital-Programmes</b>			<b>11,966</b>	<b>1,185</b>	<b>312</b>	<b>300</b>	<b>0</b>	<b>0</b>
<b>Capital-GF Provisions</b>								
PV007	Cycleways	A Wilson	275	100	100	100	0	0
PV016	Public Conveniences	A Wilson	41	0	0	0	0	0

# Appendix D(c)

## Capital Plan 2015/16 to 2020/21

Ref.	Description	Lead Officer	2015/16 (£000's)	2016/17 (£000's)	2017/18 (£000's)	2018/19 (£000's)	2019/20 (£000's)	2020/21 (£000's)
PV018	Bus Shelters	A Wilson	127	0	0	0	0	0
PV033B	Street Lighting	A Wilson	82	0	0	0	0	0
PV192	Development Land on the North Side of Kings Hedges Road	P Doggett	10	10	47	0	0	0
PV221b	Lion Yard - Contribution to Works Phase 2	P Doggett	40	40	300	0	0	0
PV526	Clay Farm Community Centre - Phase 1 (\$106)	A Carter	0	0	0	0	0	0
PV529	Upgrade facilities at 125 Newmarket Road	D Greening	88	0	0	0	0	0
PV532	Cambridge City 20mph Zones Project	A Wilson	316	0	0	0	0	0
PV549	City Centre Cycle Parking	A Wilson	190	0	0	0	0	0
PV554	Development Of land at Clay Farm	A Carter	1,159	269	100	120	56	487
PV564	Clay Farm Community Centre -Phase 2 (Construction)	A Carter	9,810	0	0	0	0	0
PV583	Clay Farm Commercial Property Construction Costs	D Prinsep	100	375	25	0	0	0
PV594	Green Deal	J Dicks	5,404	0	0	0	0	0
PV595	Green Deal - Private Rental Sector	J Dicks	1,829	0	0	0	0	0
<b>Capital-GF Provisions</b>			<b>19,471</b>	<b>794</b>	<b>572</b>	<b>220</b>	<b>56</b>	<b>487</b>
<b>Total GF Capital Plan</b>			<b>41,116</b>	<b>3,616</b>	<b>1,135</b>	<b>556</b>	<b>56</b>	<b>487</b>

## Appendix D(d)

### Capital Plan [Under Development] 2015/16 to 2020/21

Ref.	Description	Lead Officer	2015/16 (£000's)	2016/17 (£000's)	2017/18 (£000's)	2018/19 (£000's)	2019/20 (£000's)	2020/21 (£000's)
<b>Capital-GF Under Development</b>								
UD016	[No documentation] Public Conveniences	A Wilson	0	437	0	0	0	0
UD017	[Part B] Vehicle Replacement Programme	D Cox	0	0	1,798	1,275	388	0
UD020	[No documentation] ICT Infrastructure Programme	J Nightingale	0	90	160	110	0	0
UD023	[No documentation] Admin Buildings Asset Replacement Programme	T Burdon	0	126	0	62	0	0
UD024	[No documentation] Commercial Properties Asset Replacement Programme	D Prinsep	0	236	20	22	0	0
UD030g	[Part A] East Barnwell Comm. Centre impr. phase 1 (S106)	D Kaye	0	255	0	0	0	0
UD030j	[Part A] Cavendish Rd (Mill Rd end) improvements: public art (S106)	A Wilson	0	30	0	0	0	0
UD030l	[Part A] Sturton Street Chapel & Hall: grant for community meeting space conversion (S106)	J Hanson	0	49	0	0	0	0
UD031g	[Part A] Milton Rd Library Community Meeting Space (S106)	D Kaye	0	100	0	0	0	0
UD033k	[Part A] King's College School: grant for visitor sports changing facilities (S106)	I Ross	0	50	0	0	0	0
UD034j	[Part A] Rouse Ball Pavilion Development	A Wilson	0	250	0	0	0	0
UD034m	[Part A] King's College School: grant for visitor sports changing facilities (S106)	I Ross	0	75	0	0	0	0
UD034n	[Part A] Cambridge Gymnastics Academy: grant for warehouse conversion into gym facility (S106)	I Ross	0	65	0	0	0	0
UD034r	[Part A] Cambridge Rugby Club: grant for new changing rooms (S106)	I Ross	0	200	0	0	0	0

## Appendix D(d)

### Capital Plan [Under Development] 2015/16 to 2020/21

Ref.	Description	Lead Officer	2015/16 (£000's)	2016/17 (£000's)	2017/18 (£000's)	2018/19 (£000's)	2019/20 (£000's)	2020/21 (£000's)
UD037	[No documentation] Local Centres Improvement Programme	G Richardson	0	0	195	195	195	0
UD037b	[No documentation] Local Centres Improvement Programme - Arbury Court	G Richardson	0	195	0	0	0	0
UD038	[No documentation] Drainage and resurfacing works at the Crematorium/Huntingdon Road Cemetery and Newmarket Road Cemetery	T Lawrence	20	208	208	400	0	0
UD040	[Part A] Public art grant - Growing spaces in King's Hedges (S106)	S Tovell	2	0	0	0	0	0
UD040	[Part A] Public art grant - Mitcham's models at Christmas (S106)	S Tovell	6	0	0	0	0	0
UD040	[Part A] Public art grant - public art at Humberstone Road (S106)	S Tovell	2	0	0	0	0	0
UD475	[Part A] Nightingale Recreation Ground Pavilion Refurbishment (S106)	I Ross	0	200	0	0	0	0
UD530	[No documentation] Street Cleaning Planning Software	D Blair	15	0	0	0	0	0
UD534	[Scrutiny report] Refurbishment of Park Street Car Park	S Cleary	0	0	0	0	0	0
UD561	[No documentation] Adaptations - Riverside River Banks	A Wilson	75	0	0	0	0	0
UD574	[No documentation] Essential Repairs to Car Parks	S Cleary	165	0	0	0	0	0
UD591	[No documentation] Crematorium Data Link	T Lawrence	8	0	0	0	0	0
UD593	[No documentation] A14 mitigation schemes (previously Keep Cambridge Moving Fund contribution)	S Payne	0	0	0	0	1,500	0
UD598	[Part A] Supply and install generator at the Crematorium	T Lawrence	50	0	0	0	0	0

## Appendix D(d)

### Capital Plan [Under Development] 2015/16 to 2020/21

Ref.	Description	Lead Officer	2015/16 (£000's)	2016/17 (£000's)	2017/18 (£000's)	2018/19 (£000's)	2019/20 (£000's)	2020/21 (£000's)
UD607	[Part A] Grand Arcade LED Lights	S Cleary	0	286	0	0	0	0
UD616	[Part A] Grant for refurbishment of Memorial Hall and church Hall (S106)	S Tovell	0	125	0	0	0	0
UD616	[Part A] Guildhall Large Hall Windows refurbishment	A Muggeridge	0	0	86	0	0	0
UD617	[Part A] Grant for gym changing rooms and new health suite at Kelsey Kerridge (S106)	I Ross	0	40	0	0	0	0
UD617	[Part A] Re-roofing of Commercial Property (Folk Museum)	A Muggeridge	0	77	0	0	0	0
UD618	[Part A] Improved access to Hodson's Folly (S106)	S Tovell	0	15	0	0	0	0
UD618	[Part A] Resurfacing of commercial properties - Gwydir Street and Ronald Rolph Court	A Muggeridge	0	120	0	0	0	0
UD619	[Part A] Mill Road cemetery access and main footpath improvements (S106)	S Tovell	0	175	0	0	0	0
UD620	[Part A] Sheep's Green watercourse improvements and habitat creation	S Tovell	0	40	0	0	0	0
UD621	[Part A] Grant for Mill Road gateway sign (S106)	S Tovell	0	42	0	0	0	0
UD622	[Part A] BMX track on Coldham's Common (S106)	A Wilson	0	85	0	0	0	0
UD623	[Part A] Ditton Fields play area improvements (S106)	A Wilson	0	25	0	0	0	0
UD624	[Part A] Dudley Road play area improvements (S106)	A Wilson	0	40	0	0	0	0
UD625	[Part A] Grant for 4 tennis courts at North Cambridge Academy (S106)	A Wilson	0	100	0	0	0	0

## Appendix D(d)

### Capital Plan [Under Development] 2015/16 to 2020/21

Ref.	Description	Lead Officer	2015/16 (£000's)	2016/17 (£000's)	2017/18 (£000's)	2018/19 (£000's)	2019/20 (£000's)	2020/21 (£000's)
UD626	[Part A] Grant for community facilities at Rowan Humberstone Centre (S106)	A Wilson	0	71	0	0	0	0
UD627	[Part A] Landscaping and play area improvements on green on Bateson Road (S106)	A Wilson	0	53	0	0	0	0
UD628	[Part A] Install play equipment at Dundee Close, Discovery Road and Scotland Road play areas (S106)	A Wilson	0	34	0	0	0	0
UD629	[Part A] Tennis court upgrade on Lammas Land (S106)	A Wilson	0	45	0	0	0	0
UD630	[Part A] Bench on Warwick Road green (S106)	A Wilson	0	2	0	0	0	0
UD631	[Part A] Bench next to Coton footpath near junction with Wilberforce Road (S106)	A Wilson	0	2	0	0	0	0
UD632	[Part A] Reinforcing grass edges along paths across Parker's Piece (S106)	A Wilson	0	75	0	0	0	0
UD633	[Part A] Shelley Row play area improvements (S106)	A Wilson	0	50	0	0	0	0
UD634	[Part A] Additional play equipment, benches and landscaping at Christ Piece's play area (S106)	A Wilson	0	15	0	0	0	0
UD 635	[Part A] Grant to Cambridge Gymnastics Academy for trampoline and foam pit in gym (S106)	I Ross	0	75	0	0	0	0
<b>Capital-GF Under Development</b>			<b>343</b>	<b>4,156</b>	<b>2,467</b>	<b>2,064</b>	<b>2,083</b>	<b>0</b>

Note that the PUD list provides a list of possible capital projects, as an indication of what the council might approve for delivery in future years. Projects on the PUD list will be in various stages of development, as indicated by the [annotation] at the beginning of the project description.

[Part A] – the project has an outline business case, approved by the Capital Programme Board

[Part B] – the project has a full business case, approved by the Capital Programme Board, and is ready to be funded

[Scrutiny report] – the project has been reported to the appropriate Scrutiny Committee and has been approved for further development. It may be partially funded. It is likely that the project originated before the current capital approval processes were implemented, and now needs updated documentation and then funding approval

[No documentation] – the project has been moved from the capital plan to the PUD list, as there were no firm plans for delivery at that time. It is likely that the project originated before the current capital approval processes were implemented, and now needs updated documentation and then funding approval

The PUD list also gives an indication of when the project might be delivered. This is based on the latest information from services and is provided as a guide for high level planning purposes only.



# Appendix E

## Earmarked and Specific Funds

Fund	Balance at 1 April 2015	Planned contributions	Planned Commitments	Uncommitted balance to end of 2020/21
	£000	£000	£000	£000
City Deal Investment and Delivery Fund	0	(22,879)	0	(22,879)
Sharing Prosperity Fund	(493)	(200)	519	(174)
Climate Change Fund	(347)	(120)	467	0
Asset Replacement Fund (previously Repairs and Renewals)	(2,220)	(6,000)	4,803	(3,417)
Bereavement Services (Trading / Asset Replacement Fund)	(456)	(1,961)	1,960	(457)
Council Tax Earmarked for Growth	(432)	(2,906)	3,224	(114)
Efficiency Fund	(217)	0	127	(90)
Development Plan Fund	(548)	(1,202)	1,586	(164)
Office accommodation strategy fund	0	(3,722)	3,722	0
Property Strategy Fund	(61)	0	61	0
Invest for Income	0	(8,000)	2,440	(5,560)
<b>Total</b>	<b>(4,774)</b>	<b>(46,990)</b>	<b>18,909</b>	<b>(32,855)</b>

# Appendix F

## 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 Suzanne Goff, Strategy Officer on 01223 457174 or email [suzanne.goff@cambridge.gov.uk](mailto:suzanne.goff@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 2016/ 2017 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 2015/16 that reflects the Council's vision and takes into account our 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 budget proposals that are likely to result in service changes. This EqIA sets out the material information from most of the 9 EqIAs attached to individual budgets bids. Some EqIAs identify very small or neutral impacts and therefore have not been included.

This approach is intended to ensure that councillors have access to 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 councillors to discharge their Duty under the [Equality Act 2010](#).

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

### **RI3789 Additional revenue required to maintain service level of Shopmobility service.**

Cambridgeshire County Council contributes money towards the Cambridge City Council Shopmobility Service. As part of their budget cuts, Cambridgeshire County Council are considering withdrawing this funding in order to make savings from April 2016 onwards. This bid proposes that the City Council covers the immediate shortfall (£50,770) to maintain the current service levels. In the longer term, there will be a review of the service to identify any cost savings or efficiencies that could be made.

### **B3772 Domestic Abuse – White Ribbon Campaign running costs**

The City Council has committed to delivering year two of an extensive action plan to retain our [White Ribbon Campaign](#) accreditation and to help address domestic abuse in the City. The plan involves engaging the community, including business, voluntary sector and partner agencies in working together to raise awareness, improve the availability of information and increase reporting of domestic abuse incidences. This bid will be used to run events, produce publicity material and ensure there is a dynamic and effective Domestic Abuse Forum in the City.

### **S3759 Children & Young People's Participation Service (ChYpPs) Efficiency savings**

ChYpPs services are free at the point of delivery, they are actively promoted in the areas of greatest need and activities encourage families to do things that they can't access elsewhere or can't afford. The proposed saving will reduce the cost to the council whilst continuing to deliver services to children and young people in the City – particularly those in greatest need – at the same level. ChYpPs will seek to replace funding through more partnership activity and raising income targets from their commercial work. While no reduction in service is anticipated, there are some risks in moving further towards commercial work as this may mean having to be influenced by where there are opportunities to develop income streams rather than providing universal services. This will require careful monitoring to ensure an appropriate balance is maintained.

### **NCL3757 Sharing Prosperity Fund**

This bid would supplement the previous contributions to the Sharing Prosperity Fund made in July 2014 and February 2015. The funding will support the delivery of projects to support residents on low incomes identified in the [Anti-Poverty Strategy](#) (APS), or new projects that build on the successful pilot projects identified in the APS.

### **C3764 Office Accommodation Strategy**

The Office Accommodation Strategy rationalises and improves the use of property, creating revenue savings and generating receipts from Mill Road Depot and Hobson House. This will be combined with more flexible working practices so staff can work where they are best located and aims to reduce travel where possible. Investment in the retained buildings should mean improved environmental performance, welfare facilities for staff, and create a more modern working environment.

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

### **B3821- Bid to keep Cambridge's streetlights on in partnership with the County Council**

The County Council's proposal to dim or turn off lighting in a number of areas across the County may have a significant effect on community safety in Cambridge. This bid (£45,550) is an offer to the County, in line with the actions of various parishes across Cambridgeshire, to fund lighting between 2am and 6am in the city, if the County will fund the period between midnight and 2am. The precise nature of this bid is to be subject to the results of ongoing negotiations with the County as their budget decisions become clearer.

This proposal is on the basis that, in the agreed time period:

- (i) Lights in the city centre and University areas, including immediate walk/cycle to home routes, and from other key locations, will be kept on with a maximum of 20% dimming, and will be funded by the County
- (ii) All other lights in streets currently proposed for switch off in the city, i.e. the remaining affected streets, to be kept on with a maximum dimming of 50%

A full EqIA will need to be undertaken in due course.

### **C341 Cherry Hinton Grounds Improvement**

This EqIA covers the further phase of improvements to Cherry Hinton Hall and grounds – the background to this work can be found [here](#) and results from the consultation work which highlights some of the equalities issues can be found [here](#) and [here](#). The improvements to the grounds of Cherry Hinton Hall envisaged by a previously approved Master plan, contains the following key objectives which have been prioritised with the funding available:

- Introduce and re-landscape the former propagation site in the centre of the park previously inaccessible to the public.
- Re-introduce/recreate Victorian features of the park including;
- Removal of vegetation to front and rear of the Hall to allow uninterrupted views of the Hall building;
- The path network to allow easy and improved accessibility for all users;
- Improvement to parks furniture within the grounds to ensure user needs are adequately met;
- To enhance ecological properties within the park by creation of wild flower meadows, tree planting other vegetation planting.
- To dredge the lake and enlarge the current island and increase biodiversity by marginal planting

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

X Residents

X Visitors

X 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)**

X New

X Revised

X Existing

**5. Responsible directorate and service**

Directorate: Finance

Service: Accounting

**6. Are other departments or partners involved in delivering this strategy, policy, plan, project, contract or major change to your service?**

No

X Yes - This is an assessment of the Council's budget and therefore covers all of our services. The budget also affects some of our partnership working, notably with Cambridgeshire County Council, and it has a potential 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.

**(a) Age** (any group of people of a particular age, including younger and older people – in particular, please consider any safeguarding issues for children and vulnerable adults)

### **B3821 Bid to keep Cambridge's streetlights on in partnership with the County Council**

If street lighting provision is reduced by the County Council, there is some concern that older and younger people might not feel safe going out in the evenings. So this bid to maintain the lighting levels in the City - keeping the street lighting on for longer - would have a potentially positive impact for these groups.

### **S359 Children & Young People's Participation Service (ChYpPs) Efficiency savings**

The proposed saving will reduce the cost to the council whilst continuing to deliver services to children and young people in the City – particularly those in greatest need – at the same level. ChYpPs will seek to replace funding through more partnership activity and raising income targets from their commercial work. There are some risks in moving further towards commercial work as this may mean having to be influenced by where there are opportunities to develop income streams rather than providing universal services. This will require careful monitoring to ensure an appropriate balance is maintained and that any potential negative impacts are avoided.

### **RI3789 Additional revenue required to maintain service level of Shopmobility service.**

At this time the service has 1332 registered users. Between September 2014 and September 2015 the service was used 8,748 times. This was split with 4,908 users taking advantage of the service at the Grand Arcade and 3,840 users at the Grafton centre. Of these users 62% were from outside the city and 38% were from inside the city. If the City Council decides to make up this shortfall, there would be a positive impact for older people with mobility difficulties – who make up the majority of customers - by continuing in the short term to provide the same level of Shopmobility service.

### **NCL3757 Sharing Prosperity Fund**

If the Sharing Prosperity Fund is used to support further work to address fuel and water poverty as part of the Council's Fuel and Water Poverty Action Plan, this could have a positive impact for some older people who are often identified as being at risk of fuel poverty and winter deaths.

### **C3841 Cherry Hinton Grounds Improvement**

The main entrance points in the hall grounds are generally very good in relation to access/egress. The additional path routes and upgrading of path surfacing will have a positive impact on the elderly who may currently find parts of the park difficult to navigate or get to by the existing formal path routing and who may also encounter uneven surfaces.

### **C3764 Office Accommodation Strategy**

Some older workers may be less likely to have the technology, skills or confidence necessary to work from home or may need support and training to do so.

**(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)

### **RI3789 Additional revenue required to maintain service level of Shopmobility service.**

If the City Council decides to make up the shortfall in funding, there could be a positive impact by continuing to provide the same level of Shopmobility service to people with disabilities.

### **NCL3757 Sharing Prosperity Fund**

The SPF could support the expansion of the existing CAB Outreach project from Barnwell Medical Centre to other GP surgeries. It helps provide a longer term solution for residents and reduces the burden on GPs whilst increasing the time available to spend with other patients. The existing money funded a part-time CAB advice worker, who holds an advice session twice a week at the Medical Centre. Between May and 22 October 2015 - 50 clients have been seen. So far, the project has supported clients to claim benefits worth a total of approximately £66,500 a year. This could have a positive impact for people with mental health issues in particular.

### **C3764 Office Accommodation Strategy**

The assessment identified there is the potential to negatively impact people with disabilities if the introduction of flexible working and re-provision of office space does not give adequate consideration to the individual needs of people with a disability.

Consideration should be given to the following:

- Design of building refurbishments, offices and lay-outs, space allocations and furniture specifications. Accessibility standards are adhered to in office and meeting room lay outs and desk design, including adaptations for furniture disability and work place assessments. Take opportunities to maximise accessibility to buildings; improving facilities for blind or partially sighted and deaf people (e.g. portable hearing loops in meeting rooms) Physical and mental health issues are considered when assessing work place assessments and individual access plans are reviewed as staff are relocated
- Re-provision of disabled parking and staff cycle parking will need to be considered within the strategy. Expanding the use of disabled toilets to a multifunctional use e.g. baby changing, unisex, disabled toilets should not adversely impact availability to disabled staff or customers. Making all future toilet provision multi-purpose e.g. to disabled toilet spec but for use by anyone could be promoted within the policy.

### **C3841 Cherry Hinton Grounds Improvement**

There could be a positive impact for wheelchair or mobility aid users as routes are increased allowing wider networks and access to areas that people would previously have been unable to get to. New paths will have compliant widths and surfacing chosen will be suitable for wheelchair use. The need for improvements is evidenced by previous comments received during consultations on the Cherry Hinton Hall Master plan. These modifications could have a positive impact.

### (c) Gender

#### **B3772 Domestic Abuse – [White Ribbon Campaign](#) running costs**

- Nearly 1 million women experience at least one incident of domestic abuse each year (*2009/10 British Crime Survey data*)
- At least 750,000 children a year witness domestic violence (*DoH, (2002) Women's Mental Health : Into the Mainstream,*
- Two women are killed each week by their partner or ex-partner (*Womens Aid (March 2011)*)
- 54 per cent of women victims of serious sexual assault were assaulted by their partner or ex-partner (*Stern, (2010) The Stern Review p.9*)
- Victims of domestic violence are more likely to experience repeat victimisation than victims of any other types of crime(*British Crime Survey Reports*)
- 76 per cent of all DV incidents are repeat (*Flatley, Kershaw, Smith, Chaplin and Moon (July 2010) BCS - Crime in England and Wales 2009/10 , Home Office, accessed at p24*)

Continuing to tackle domestic abuse could have positive impacts for women, families and children who are more likely to be affected by domestic violence.

### (d) Pregnancy and maternity

#### **C3764 Office Accommodation Strategy**

Remodelling proposals could have a temporary negative impact on pregnant women and nursing mothers if this reduces the facilities currently available to them.

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

#### **C3764 Office Accommodation Strategy**

The assessment identified that there were very few "unisex" toilets and suggests the need to identify unisex toilet which would be accessible to people in any our office accommodation. Unisex toilets should be integrated within the design of all toilet facilities where possible so as not to stigmatise transgender staff or customers.

### (f) Marriage and Civil Partnership

No disproportionate impact on people as a result of their marital or Civil Partnership status has been identified for the proposals contained in the 2016/17 Budget Setting Report



**(g) Race or Ethnicity**

No disproportionate impact on people as a result race or ethnicity status has been identified for the proposals contained in the 2016/17 Budget Setting Report

**(h) Religion or Belief**

**C3764 Office Accommodation Strategy**

The provision of prayer rooms and rooms for quiet contemplation are limited within the current office accommodation. The strategy will examine the level of provision necessary and the case for extending the provision. More data is needed to understand the level of provision needed so this may have a positive impact overall as the understanding of different groups or staff needs increases.

**(i) Sexual Orientation**

No disproportionate impact on people as a result race or ethnicity status has been identified for the proposals contained in the 2016/17 Budget Setting Report

**(j) Other factors that may lead to inequality – in particular – please consider the impact of any changes on low income groups or those experiencing the impacts of poverty (please state):**

**S3759 Children & Young People's Participation Service (ChYpPs) Efficiency savings**

CHYPPS services are free at the point of delivery, they are actively promoted in the areas of greatest need and activities encourage families to do things that they can't access elsewhere or can't afford. There are some risks in moving further towards commercial work as this may mean having to be influenced by where there are opportunities to develop income streams rather than providing universal services. Careful monitoring will be undertaken to ensure an appropriate balance is maintained.

**B3798 Volunteer Recycling Champion Scheme**

Many of the recycling campaigns of recent years have been influenced by socio demographic factors and emphasis has been put on lower income wards of the city and this is still the case. The champions have been involved in the delivery of the Love Food Hate Waste Campaign, which encourages avoidance of food waste and therefore saves money, and therefore may be of particular benefit in areas of deprivation. This could have a positive impact of for people on low incomes.

**RI3789 Additional revenue required to maintain service level of Shopmobility service.**

It is proposed that the City Council covers the immediate shortfall as the additional revenue will be required to maintain service levels. The longer term ambition is to review the service and identify any cost savings or efficiencies that could be made. In the short term, this bid would have a positive impact as the service would still be free or low cost. In the longer term, alternative ways to meet the County Councils funding gap would need to be identified and a full EqlA carried out.

**NCL3757 Sharing Prosperity Fund**

If the Sharing Prosperity Fund is used to support further work to address fuel and water poverty as part of the Council's Fuel and Water Poverty Action Plan, this would have a positive impact on residents with low incomes. More on [Fuel Poverty Statistics](#) – an extracted chart below show composition of fuel poor households usually with a lower income.

If further SPF funding was allocated to work aimed at increasing membership of credit unions, this would help support residents on low incomes by providing access to affordable financial products and reducing dependence on pay day lenders and loan sharks.

In October 2015, SPF funding was used to promote credit and increase their membership, including: establishing an Inclusion Hub in the Customer Service Centre, providing space for credit unions, but also other organisations providing advice and support to people in financial difficulty including Citizens Advice Bureau (CAB), the Foodbank and the City Council's Financial Inclusion Officer.

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

### **C3764 Office Accommodation Strategy**

There are links to Customer Access Strategy and Digital Strategy. Equalities issues related to the maintenance or change in customer service and equalities issues related to increasing digital access will be examined under each of these policies. Staff parking policy is not being altered by this strategy therefore staff with special parking needs will need to have their provision reassessed as part of the work place assessments.

Some staff may be impacted by the need to relocate to other premises (e.g. streets and open spaces and Estates and Facilities). There may be an economic disadvantage to those staff on low wages and examination of the impact on each group of staff needs to be assessed as proposals are firmed up.

A 'Travel Group' has been established with managers, staff from each section within the City and South Cambs Waste Service and the Unions. This Group has been asked to assist in developing a Travel Plan that supports employees to access the Waterbeach site or, alternatively, allow the design of the new shared service to take account of access issues for staff. The scope of this groups work will need to be extended to incorporate the needs for any group impacted by changes proposed by the changes to office accommodation.

## 9. Conclusions and Next Steps

- a. If you have not identified any negative impacts, please sign off this form.
- b. 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.
- c. 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 Suzanne Goff, Strategy Officer, who will arrange for it to be published on the City Council's website.  
Email [suzanne.goff@cambridge.gov.uk](mailto:suzanne.goff@cambridge.gov.uk)

## 10. Sign off

Name and job title of assessment lead officer: Suzanne Goff – Corporate Strategy

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

Date of completion: 30<sup>th</sup> December 2015

Date of next review of the assessment: December 2016

## Action Plan

Equality Impact Assessment title: Budget 2016/2017

Date of completion: All actions that have been identified are detailed within the individual EqlAs and copies of these are available on request by contacting the bid authors or Suzanne Goff ([Suzanne.goff@cambridge.gov.uk](mailto:Suzanne.goff@cambridge.gov.uk)) - December 2015

Equality Group	Age
Details of possible disadvantage or negative impact	
Action to be taken to address the disadvantage or negative impact	
Officer responsible for progressing the action	
Date action to be completed by	

Equality Group	Disability
Details of possible disadvantage or negative impact	
Action to be taken to address the disadvantage or negative impact	
Officer responsible for progressing the action	
Date action to be completed by	

Equality Group	Gender
Details of possible disadvantage or negative impact	
Action to be taken to address the disadvantage or negative impact	
Officer responsible for progressing the action	
Date action to be completed by	

<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	

Equality Group	Religion or Belief
Details of possible disadvantage or negative impact	
Action to be taken to address the disadvantage or negative impact	
Officer responsible for progressing the action	
Date action to be completed by	

Equality Group	Sexual Orientation
Details of possible disadvantage or negative impact	
Action to be taken to address the disadvantage or negative impact	
Officer responsible for progressing the action	
Date action to be completed by	

<b>Other factors that may lead to inequality – <u>in particular</u> – please consider the impact of any changes on low income groups or those experiencing the impacts of poverty (please state):</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	

# Appendix G

## Significant Events

Topic	Indicative Value	2016/17	2017/18	2018/19	2019/20	2020/21
Garage relocation	n/a	1 April 2016				
Housing company	n/a	Expected to start trading on 1 April 2016				
Clay Farm Community Centre	£11m	Centre opens 2016/17				
Commercial Waste shared service	£2.5m	1 April 2016				
Destination Management Organisation	£1m	DMO starts trading 1 February 2016				
Pension Fund Triennial Actuarial Review	+/- 1% is GF c. £220k for 2017/18	Position at 31 March 2016 will be reviewed in 2016/17 with any adjusted contributions being made from 1 April 2017				
Park Street Car Park	Annual income c. £1.3m		The car park will be redeveloped to provide underground car parking, commercial and residential space. The redevelopment is expected to start in April 2017 and is expected to take 2 years.			
Elections	n/a	05/05/2016 - City - Police & Crime	04/05/2017 - County	03/05/2018 - City	02/05/2019 - City -European (23 May 2019 - to be confirmed)	07/05/2020 - City - Parliamentary
Building Cleaning Contract	£1.1m			June 2018 – 3 year break clause option	1 April 2019 – Contract renewal procurement review	
		Contract to June 2020 with a 2 year extension option				
Leisure contract	£0.5m	Contract to September 2020 with a 3 years extension option				
National Census	n/a	Census 2011 informs projected future demand for Council services				
Office Accommodation Strategy	c. £4m	<ul style="list-style-type: none"> <li>Exit from Hobson House – July 2016 – March 2017</li> <li>Develop temporary depot accommodation at Cowley Road – for occupation by March 2017</li> <li>Exit from Mill Road – March 2017</li> </ul>				
Shared Services	n/a	Ongoing review of shared service provision with other local authorities including Legal Services, ICT and Building Control. Anticipated start dates from 2015/16 onwards				



# Appendix H

Corporate plan 2016/17 to 2019/20

For Council version only

# Contacts

Name	Job Title	Telephone
Caroline Ryba	Head of Finance / Section 151 Officer	45 8134
Chris Humphris	Principal Accountant (Services)	45 8141
Julia Hovells	Business Manager / Principal Accountant	01954 713071
Cherie Carless	Housing Accountant	45 7824
John Harvey	Senior Accountant	45 8143
Jackie Collinwood	Service Accountant	45 8241
Karen Whyatt	Service Accountant	45 8145
Linda Thompson	Service Accountant	45 8144
Richard Wesbroom	Service Accountant	45 8148
John Barnes	Service Accountant	45 8142
Joanna Darul	Capital Accountant	45 8131
Andrew Limb	Head of Corporate Strategy (Service Planning)	45 7004
Brian O'Sullivan	Transformation Programme Manager	45 7400
Suzanne Goff	Strategy Officer (EqIA)	45 7174
Graham Saint	Strategy Officer (Climate Change and Poverty)	45 7044
Julian Adams	Growth Projects Officer	45 7617
Tim Wetherfield	Urban Growth Project Manager (Developer/CIL)	45 7313
John Bridgwater	Procurement Officer	45 8178

**Council Meeting**

**25 February 2016**

**Agenda Item 5 (b)**

**Budget Papers 2016/17**

**Liberal Democrat Group Amendment**

RECOMMENDATION TO COUNCIL  
(Liberal Democrat Amendment)

Budget-Setting Report (BSR) 2016/17

Recommendations of the Executive, which met on 21 January 2016, are set out below (now incorporating amendments which were considered at Strategy and Resources Scrutiny Committee on 8 February 2016) and the resulting effects and financial implications have been incorporated into the Budget-Setting Report (Version 1 Strategy & Resources) with ***Lib Dem amendments in bold italics.***

Unless otherwise specified, all references in the recommendations to appendices, pages and sections relate to the updated version of the Budget-Setting Report (Version 1 Strategy & Resources). This can be found via the Council agenda page:

<http://democracy.cambridge.gov.uk/ieListDocuments.aspx?CId=159&MIId=2874&Ver=4>

Accordingly, Council is recommended to:

**General Fund Revenue Budgets: [Section 5, Page 28 refers] add:**

- ***Together with the changes in the attached Lib Dem Budget Amendment to Appendices [B a-d]***
- ***Recommend to the Licensing Committee that the Council waives private hire licence fees in respect of electrically powered vehicles (EPV) for five years for both new and licence renewals up to 31 March 2021, to cover all such new EPV licences for a period of 5 years, acknowledging that any shortfall in income so created within the Public Control account will be met from the General Fund (Budget proposal B0005 refers)***
- ***Call upon the Executive to increase parking charges by such individual sums as to achieve an increase of 2% overall in car parking income (Budget proposal I10001 refers)***

**Capital: [Section 7, page 33 refers]**

- For the existing recommendation 2 f) After “Agree any recommendations to the Executive add ***“together with the changes in the attached Lib Dem Budget Budget Amendment to Appendix [D(a)]”***, specifically to recommend that Executive Councillor for Planning Policy & Transport to include this project in the Council's capital process.
- For the existing recommendation 2 g) After “Agree the revised Capital Plan add ***“together with the changes in the attached Lib Dem Budget Amendment to Appendix [D(a)]”***, subject to the Executive Councillor for Planning Policy & Transport's decision as above Liberal Democrat Budget Amendment 2016/17 - Page 3 of 26

**Earmarked Reserves [Section 4, Page 19 and Section 5, Page 31 refers]**

- ***To amend the existing remit for the Invest for Income Fund and to add a new earmarked reserve for street lighting as detailed in Annex 1 attached***

**Equality Impact Assessment**

**Append Lib Dem Budget Amendment Appendix F Equality Impact Assessment to the existing Equality Impact Assessment**

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To: Executive Councillor for Finance & Resources:  
Councillor George Owers

Report by: Head of Finance

Relevant scrutiny committee: Strategy & Resources 8 February 2016

Wards affected: All Wards

## **LIBERAL DEMOCRAT GROUP AMENDMENT TO:**

### **Budget-Setting Report (BSR) 2016/17**

---

#### **Key Decision**

#### **Foreword to the Liberal Democrat Group Amendment**

We support the continuation of certain key strategies underpinning the BSR which were started under our own leadership of the council: specifically for the sharing of back office and transactional services with other councils, closer working across Greater Cambridge on planning and transport strategy and the review of the council's own accommodation requirements. We are pleased to see the fruits of these start to emerge.

We are also happy that over the past year, the administration has responded to our call for the provision of sub-market housing on council land, funded from the Council's general fund.

But in other respects we consider that the Labour administration's budget shows the signs of short term thinking and inattention to many of the key issues and concerns of the city. Our amendment seeks to redress some of this.

We regard it as surprising that no overall annual uplift in car parking charges is proposed for the first time in over 10 years. This is in conflict with local transport strategies to discourage private traffic within the city - especially at a time when demand for car parks is buoyant. It also sits oddly with the administration's complaints about reduction of income from government.

We support the objective of maintaining overnight street lighting in the city and of working with the county council to achieve this. But we believe that it would be a much more financially and environmentally sustainable solution to upgrade the street lighting to LED bulbs, representing a 40-50% saving in cost and energy. Such an approach could keep the lights on and avoid the open-ended revenue subsidy currently proposed.

We oppose, and aim to prevent any repeat of the recent investment of substantial city council tax payers' funds well outside the city, such as the recent purchase of a B&Q site at Haverhill. Intrinsic benefit to city residents as well as financial return should be achieved by investing within the city itself, for example through more much-needed affordable housing.

Our budget proposals not only reflect these concerns, but they strengthen the Council's overall revenue position and maintain reserves above their target level across the 5-year planning period.

They also enable the Council to address a series of other needs, clearly expressed by residents: for cleaner air, more greening of the environment, increased attention to road safety, humane measures to control street-based anti-social behaviour, volunteer involvement in helping refugees, a stronger response to developers who try to escape affordable housing obligations and those who fail to deliver on their approved plans and conditions.

**Tim Bick**

**Leader, Liberal Democrat Group**

## **1. Executive summary**

1.1 This report sets out amendments proposed by the Lib Dem Group to the overall set of budget proposals which were agreed by the Executive at its meeting on 21 January 2016, for recommendation to Council on 25 February 2016, subject to any Executive Amendment agreed by The Leader at this committee following the publication of the Final Settlement.

1.2 The Lib Dem Group budget amendment:

- Ensures direct benefit for the residents of the city is coupled with financial return when funds are invested, and that the £7m investment in Haverhill's B&Q site is not repeated;
- Maintains the transport priority of encouraging use of public transport within the city by increasing overall car parking charges by 2%;
- Reduces energy consumption and costs **and** keeps the night-time streetlights on, by offering the County Council to split the cost of upgrading streetlights in the city to LED;
- Continues and expands tree planting in the city to start to meet the recommended increase in the city's tree cover;
- Provides resources for more humane and sustainable solutions to anti-social behaviour from within the 'streetlife' community;
- Addresses road safety concerns by funding additional lightweight speed test kits for use in the city by residents' groups through the Police's Community Speedwatch scheme;
- Reinforces a warm welcome for refugees coming to the city, by establishing a co-ordination point for offers of voluntary help and a source of practical specialist advice to refugees;
- Seeks improvement in air quality by speeding up the adoption of electric vehicles as taxis in the city through the introduction of financial incentives and new Rapid Charging points;



- Safeguards the supply of affordable homes by strengthening the Council’s ability to challenge developers who claim they are unviable;
- Increases capacity to hold developers to their approved plans and conditions in new construction and to enforce corrections where necessary;
- Defers the provision for income from increased events on public open spaces, until public confidence has been restored about excessive commercialisation and physical damage.

## 2. Recommendations

2.1 Changes to recommendations are highlighted *in italics*.

Recommendations of the Executive to this Council, as agreed at their meeting on 21 January 2016, subject to any Executive Amendment agreed by The Leader at this committee following the publication of the Final Settlement are further amended as follows:

**For the existing recommendation “2: Recommendations”, add:**

**General Fund Revenue Budgets: [Section 5, Page 28 refers] add:**

- *Together with the changes in the attached Lib Dem Budget Amendment to Appendices [B a-d]*
- *Recommend to the Licensing Committee that the Council waives private hire licence fees in respect of electrically powered vehicles (EPV) for five years for both new and licence renewals up to 31 March 2021, to cover all such new EPV licences for a period of 5 years, acknowledging that any shortfall in income so created within the Public Control account will be met from the General Fund (Budget proposal B0005 refers)*
- *Call upon the Executive to increase parking charges by such individual sums as to achieve an increase of 2% overall in car parking income (Budget proposal I10001 refers)*

**Capital: [Section7, page 33 refers]**

- For the existing recommendation 2 f) After “Agree any recommendations to the Executive add *“together with the changes in the attached Lib Dem Budget Budget Amendment to Appendix [D(a)]”, specifically to recommend that Executive Councillor for Planning Policy & Transport to include this project in the Council's capital process.*
- For the existing recommendation 2 g) After “Agree the revised Capital Plan add *“together with the changes in the attached Lib Dem Budget Amendment to Appendix [D(a)]”, subject to the Executive Councillor for Planning Policy & Transport’s decision as above*

### **Earmarked Reserves [Section 4, Page 19 and Section 5, Page 31 refers]**

- ***To amend the existing remit for the Invest for Income Fund and to add a new earmarked reserve for street lighting as detailed in Annex 1 attached***

### **Equality Impact Assessment**

- ***Append Lib Dem Budget Amendment Appendix F Equality Impact Assessment to the existing Equality Impact Assessment***

## **3. Council Tax**

3.1 No changes are being proposed by the Lib Dem Group.

## **4. Capital**

The Lib Dem Group are proposing items identified ***“Lib Dem Budget Amendment to [D(a) Capital proposals]*** and also to ***“seek the recommendation of the Executive Councillor for Planning Policy & Transport for this project's inclusion into the Council's capital process i.e. preparation of an outline business case (Part A), preparation of a full business case (Part B), both reviewed by the Capital Programme Board and inclusion on either the Projects Under Development list or Capital Plan, as appropriate”***

## **5. Implications**

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

### **(a) Financial Implications**

The financial implications are outlined in the Budget Setting Report 2016/17, ***as amended by [Lib Dem Budget Amendment]***

### **(b) Staffing Implications**

See text above

(c) **Equality and Poverty Implications**

A consolidated Equality Impact Assessment is included at Appendix F in the attached Budget Setting Report 2016/17, ***as amended by [Lib Dem Budget Amendment]***

(d) **Environmental Implications**

Where relevant, officers have considered the environmental impact of budget proposals.

(e) **Procurement Implications**

Any procurement implications will be outlined in the Budget Setting Report 2016/17, ***as amended by [Lib Dem Budget Amendment]***

(f) **Consultation and Communication Implications**

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

<https://www.cambridge.gov.uk/budget-consultation>

(g) **Community Safety Implications**

Any community safety implications will be outlined in the Budget Setting Report 2016/17, ***as amended by [Lib Dem Budget Amendment]***

(h) **Section 25 Report**

These budget amendments would not require any substantive changes to the existing Section 10 – Section 25 Report.

There are three types of amendment:-

- General Fund (GF) revenue amendments – various spending proposals are matched in total or slightly exceeded by a proposed increase in parking charges.

It should be noted that changes to parking charges are subject to a decision by the Executive Councillor for Planning Policy and Transport. If this is forthcoming, the revenue spending proposals are affordable and overall the proposals have a small positive impact on general fund reserves. Total parking income may, however, be affected by general economic conditions, as noted in the BSR, Appendix C – Sensitivity Analysis.

- Spending proposal funded from New Homes Bonus (NHB) – planning enforcement officer, five year appointment.

Considerable uncertainty exists over the future of NHB funding. This is subject to consultation, but significant reductions in funding levels are expected. The assumption is that reductions will be applied first to the portion of NHB allocated to the City Deal Investment and Delivery Fund. However, there is a risk that there will be insufficient NHB funding to support this additional spending or that agreements may be made with partners which alters the spending priorities of this funding. As the annual amount is relatively small, this risk could be mitigated by funding this post from other revenue resources, thereby increasing the savings requirement by £40k.

- Creation of a Streetlighting Earmarked Reserve from the GF Reserve - £150k p.a. for five years.

This proposal is dependent on agreement with the County Council, and would release small amounts of revenue funding year on year. Whilst it reduces the level of GF reserves, this remains at or above target level over the planning period.

**I therefore consider, in relation to the budget resulting from the application of this amendment, that the estimates for the financial year 2016/17 to be sufficiently robust and the financial reserves up to 31 March 2017 to be adequate.**

**Caroline Ryba  
Head of Finance and S151 Officer**

## **6. Background papers**

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

- Budget-Setting Report 2016/17 Version 1, February 2016 (covering 2016/17 to 2020/21) **as updated at Strategy and Resources Scrutiny Committee on 18 January 2016, the Executive meeting on 21 January 2016, the Executive Amendment at this meeting and for the [Lib Dem Amendment].**
- Mid-year Financial Review (MFR) 2015
- Individual Equality Impact Assessments

## **7. Appendices**

### ***Lib Dem Budget Amendment:***

- ***Amendment to Appendix [B a-d] Revenue Budget proposals***
- ***Amendment to Appendix [D(a)] Capital Budget proposals***
- ***Appendix [F] Equality Impact Assessment (Supplement)***
- ***Annex 1 – amendment to and new remit for Earmarked Reserves***
- ***Replacement of relevant tables in the BSR***

## 8. Inspection of papers

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

Author's Name:	Caroline Ryba
Author's Phone Number:	01223 - 458134
Author's Email:	caroline.ryba@cambridge.gov.uk

# Lib Dem Budget Amendment to Appendix [B (a), (b), (c), (d)]

## 2016/17 Budget - Bids, Savings and External Bids- GF

Reference	Item Description	2016/17 Budget £	2017/18 Budget £	2018/19 Budget £	2019/20 Budget £	2020/21 Budget £	Contact / Climate rating / Poverty rating	Portfolio
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### Appendix [B(a) - Bids & reduced income]

#### Bids

B0001	Tree Planting programme [5 years]	35,000	35,000	35,000	35,000	35,000	Alistair Wilson	City Centre & Public Places
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Boosting the growth of the city's tree cover by providing funding for a five year programme for new planting. This supports the recommendations of the tree audit report commissioned by the Council in 2013, according to which an across-the-board increase on both public and private land is required to reduce air pollution, mitigate the effects of climate change and contribute to human wellbeing . The programme will promote a wider campaign seeking contributions from businesses and other city institutions. As a key element it will seek the participation of the city's primary schools in a scheme enabling a gift of a young tree to each year 4 pupil, for planting at home, a designated part of the public realm or school premises, integrated with education about the importance of trees to the environment and about techniques of planting and maintenance. This scheme will complement the Council's existing "baby tree" scheme and is estimated to have the potential to increase the city's tree stock by up to 5,000 over 5 years. Any residual resources from this scheme will be available for further Council-directed tree planting in the public realm.

+M  
**3.0**

# 2016/17 Budget - Bids, Savings and External Bids- GF

Reference	Item Description	2016/17 Budget £	2017/18 Budget £	2018/19 Budget £	2019/20 Budget £	2020/21 Budget £	Contact / Climate rating / Poverty rating	Portfolio
B0002	<p><b>Referrals to the Chronically Excluded Adult programme [4 years]</b></p> <p>Funding for an additional full-time position in the County Council's Chronically Excluded Adult Team (CEAT), ring-fenced to enable the City Council-led Task and Target group (the multi-agency group tackling street-based anti-social behaviour) to refer individuals responsible for anti-social behaviour in the street life community. This supports the existing combined City Council and Police strategy for managing street-based anti-social behaviour - in particular by strengthening its tools to rehabilitate those individuals likely to respond under the CEAT's proven methodology of developing and agreeing individualised plans through a lead worker, rather than falling back on purely punitive measures. The scheme will be measured by reductions in arrests, cautions and reports of abusive behaviour.</p>	33,000	33,000	33,000	33,000	0	Lynda Kilkelly  Nil  <b>8.0</b>	Strategy & Transformation
B0003	<p><b>Speed Test Kits</b></p> <p>Funding for two lightweight speed test kits for use by residents and community groups in the city through the Police's Community Speedwatch initiative. Residents express persistent concerns about Neighbourhood Policing consultations at area committees across the city which relate closely to the City Council's own objectives in introducing 20 mph zones in residential streets. In relation to other priorities the Police have difficulty in dedicating officers to frequent speed checks, but through Community Speed Watch they do offer to residents' groups training, the loan of equipment and follow-up warning letters to speeding motorists. The availability of equipment is an important constraint on their ability to support this, in particular with the most up-to-date, lightweight equipment.</p>	5,000	-	-	-	-	Lynda Kilkelly  +L  <b>2.5</b>	Strategy & Transformation

# 2016/17 Budget - Bids, Savings and External Bids- GF

Reference	Item Description	2016/17 Budget £	2017/18 Budget £	2018/19 Budget £	2019/20 Budget £	2020/21 Budget £	Contact / Climate rating / Poverty rating	Portfolio
B0004	<b>Support to Refugees [2 years]</b>	25,000	25,000	-	-	-	.	Communities
	<p>Commissioning a 0.5 FTE role within the not-for-profit sector to provide specialist advice to refugees (including on immigration procedures and benefits) and a co-ordinating role to receive and assign voluntary assistance from the Cambridge community. The world is experiencing a massive displacement of people through war, repression and climate change and the UK can expect to face increasing demands for sanctuary on humanitarian grounds. The City Council, together with other public agencies, is making an important contribution to the government's commitment to provide refuge for 20,000 occupants of Syrian camps in the Middle East and voluntary community help can enrich the welcome provided. Refugees also arrive in this country outside the government programme, often without the same level of support. The Council has indicated its general intention to do what it can to welcome them. Many offers of spontaneous voluntary support have been forthcoming which the Council is not well resourced to co-ordinate and this provision would establish a central point from which this could be done, where applicable working closely with council officers.</p>						Nil <b>8.0</b>	
B0005	<b>Incentivised acquisition of electrically powered Private Hire Vehicles</b>	1,000	2,000	3,000	4,000	5,000	Yvonne O'Donnell	Planning Policy & Transport
	<p>Reduce to zero the annual licence fee for Private Hire Vehicles that are electrically powered, for the first 5 years from their initial licensing where that occurs between 2016/17 and 2020/21. This budget item provides a general fund subsidy to the licensing account enabling it to balance without imposing additional fees on other licence holders. The initial assumption made (to be reviewed annually) is that 25% of renewals will be for electric vehicles. The scheme adds to the incentives available to encourage switching away from diesel and petrol vehicles, seeking to achieve lower emissions and cleaner air in the city. It complements the council's current bid for government grant to incentivise the same switchover by Hackney Cab licensees, where the investment required is currently considerably greater to provide for vehicles with disabled access. The provision proposed assumes the Licensing Committee agrees to revisit its recently approved fees for 2016/17 and conduct further consultation on this change.</p>						+M <b>2.5</b>	



# 2016/17 Budget - Bids, Savings and External Bids- GF

Reference	Item Description	2016/17 Budget £	2017/18 Budget £	2018/19 Budget £	2019/20 Budget £	2020/21 Budget £	Contact / Climate rating / Poverty rating	Portfolio
B0006	<p><b>Affordable Housing viability analyst</b></p> <p>Our Local Plan's requirement for 40% of new housing development to be provided as affordable homes is under threat from "viability" claims from developers. It is vital that the Council is fully resourced to challenge such claims. This provision is for the creation of a new position at Band 7 (equivalent to Principal Planning Officer) in order to generate the detailed local analysis that is necessary to counter claims based on a broad brush approach to the Cambridge market. Such an officer would also be able to contribute to CIL, Section 106 negotiations and elsewhere in the housing sector.</p>	52,000	52,000	52,000	52,000	52,000	Sarah Dyer  Nil  <b>5.0</b>	Planning Policy & Transport
RI0001	<p><b>Delete S3837 Parks and Open Space – Event Income</b></p> <p>After the Ice-Rink on Parkers Piece over Christmas, there is public concern about physical damage to the city's open spaces through intensity of their use for big events at inappropriate times of year, their conflict with other equally valid uses, the implications of long recovery periods, and fears that the council is permitting abuse by excessive commercialisation. A thoroughgoing review of the criteria and process for approving events on the city's open spaces must take place prior to the kind of further expansion envisaged by S3837, which may be reconsidered only in a future year when an approach which commands public confidence has been put in place. In the meantime it is inappropriate to allow a budget provision based on ideas which have been admitted to be "speculative" to drive matters.</p>	10,000	10,000	10,000	10,000	10,000	Alistair Wilson  Nil  <b>2.5</b>	City Centre & Public Places
<b>Total Bids</b>		161,000	157,000	133,000	134,000	102,000		

# 2016/17 Budget - Bids, Savings and External Bids- GF

Reference	Item Description	2016/17 Budget £	2017/18 Budget £	2018/19 Budget £	2019/20 Budget £	2020/21 Budget £	Contact / Climate rating / Poverty rating	Portfolio
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## Appendix [B(b) - Savings / increased income]

II0001	<p><b>Raise parking charges in City Council car parks to increase revenue by 2%</b></p> <p>It is consistent with established local transport strategy that car parking charges should encourage use of alternative sustainable modes of transport, in particular Park and Ride. If charges are not increased at least in line with charges for other council services, bringing private vehicles into the city centre becomes relatively more attractive versus the alternatives, introducing a contradictory incentive from which the council's income to support services, the city's air quality and environment and its congestion problems will all suffer. Current buoyancy of demand for the car parks underlines that the market can bear an annual increase this year. This provision assumes the Executive Councillor agreeing to revisit his decision not to increase charges and a new consultation taking place during March.</p>	(180,000)	(180,000)	(180,000)	(180,000)	(180,000)	Paul Necus	Planning Policy & Transport
							+L	
							<b>1.0</b>	
<b>Total Savings</b>		<b>(180,000)</b>	<b>(180,000)</b>	<b>(180,000)</b>	<b>(180,000)</b>	<b>(180,000)</b>		

# 2016/17 Budget - Bids, Savings and External Bids- GF

Reference	Item Description	2016/17 Budget £	2017/18 Budget £	2018/19 Budget £	2019/20 Budget £	2020/21 Budget £	Contact / Climate rating / Poverty rating	Portfolio
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## Appendix [B(d) Non-Cash Limit]

NCL0001	<b>Street Lighting Earmarked Reserve [5 years]</b>	150,000	150,000	150,000	150,000	150,000	Caroline Ryba	Finance & Resources
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LED lighting provides a 40-50% energy and cost saving over the bulbs chosen by the County Council at the time of undertaking its renewal of street lighting across the county. Converting street lighting in the city to LED will achieve a sustainable financial saving for the county council and remove the need for an open-ended commitment for revenue contributions from the City Council, whilst maintaining night-time lighting. It can also reduce Cambridge's carbon footprint, leading the way for others in the city who could be encouraged to follow in converting to LED. This item enables an offer to the County Council of a contribution, estimated to be 50% of the cost of converting the city's street lights to LED if undertaken over the next 5 years as part of the rolling maintenance programme for all lighting columns. An earmarked reserve for this purpose will be created, into which will be paid £150k in each of the next 5 years. The offer to the county council will be conditional on phasing out the revenue contribution to the County Council provided by B3821 over the 5 year period without detriment to agreed lighting levels, and on acceptance that the City Council's conversion contribution would be repaid in the event of any later reduction in lighting levels which had not been agreed by the City Council.

+H

**3.0**

Total Non-Cash Limit	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>
All Portfolios - Net Impact of Lib Dem Amendment	<u>131,000</u>	<u>127,000</u>	<u>103,000</u>	<u>104,000</u>	<u>72,000</u>

# 2016/17 Budget - Bids, Savings and External Bids- GF

Reference	Item Description	2016/17 Budget £	2017/18 Budget £	2018/19 Budget £	2019/20 Budget £	2020/21 Budget £	Contact / Climate rating / Poverty rating	Portfolio
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## Appendix [B(c) - External Bids]

### Environment - Planning Policy & Transport

X0001	Additional Planning Enforcement Officer [5 years]	40,000	40,000	40,000	40,000	40,000	Sarah Dyer	Planning Policy & Transport
	<p>From the planning process developers are expected to respect the terms of the plans that are approved and to discharge any conditions that are imposed. The pace of growth in Cambridge has expanded the need for follow-up and investigatory work to ensure construction matches up with permission and if necessary enforcement measures are applied. Failure to do this can impact adversely on new residents and neighbours. This proposal provides for an additional position within the planning enforcement team on a 5 year appointment to be funded from New Homes Bonus.</p>						<p>Nil</p> <p><b>2.0</b></p>	

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## Lib Dem Budget Amendment to Appendix [D(a) Capital proposals]

### 2016/17 Budget - Capital Bids - GF

Reference	Item Description	2016/17 Budget £	2017/18 Budget £	2018/19 Budget £	2019/20 Budget £	2020/21 Budget £	Contact / Climate rating / Poverty rating	Portfolio
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#### Planning Policy & Transport Portfolio

#### Capital

*[subject to the recommendation of the Executive Councillor for Planning Policy & Transport for this project's inclusion into the Council's capital process i.e. preparation of an outline business case (Part A), preparation of a full business case (Part B), both reviewed by the Capital Programme Board and inclusion on either the Projects Under Development list or Capital Plan, as appropriate]*

<b>C0001</b>	<b>Electric Vehicle Rapid Charging points</b>	50,000	100,000	0	0	0	Jo Dicks	Planning Policy & Transport
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Page 325

This project is for the delivery of 6 rapid charge points throughout the city over 2 years to encourage the use of electric cars for both residents and for the wider UK population. Partnership funding could be sought from a wide range of options; grant aid, commercial sponsorship or local businesses or public bodies such as Addenbrookes Hospital or the University of Cambridge.

Rapid chargers are high-kilowatt charging points which are capable of charging a plug-in vehicle's battery considerably quicker than standard charge points - in many cases as little as 30 minutes. They have an important role to play in increasing the uptake of plug-in vehicles in the UK by helping to overcome a number of barriers to adoption. Rapid chargers can help to facilitate longer journeys by enabling drivers to quickly and conveniently top-up their vehicle's charge without being unduly delayed. They can help with the adoption of plug-in vehicles by fleets where vehicles pause at a particular location for short periods of time throughout a duty cycle and where rapid chargers would be of benefit. For example, this could support taxi or private hire fleets, through their installation in taxi ranks, allowing taxi drivers to quickly top up their battery's charge whilst waiting for their next customer. Subject to Executive Councillor approval, this project would be presented to the Capital Programme Board in March 2016. *[Funded from uncommitted Capital Financing]*

+M  
2.5

<b>Portfolio Total</b>	50,000	100,000	0	0	0
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**2016/17 Budget - Earmarked Funds**

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

*Add:*

Fund	Balance at April 2016	Contributions	Commitment	Balance at 31 March 2021
Street Lighting Fund	0.0	(750.0)	0.0	(750.0)
<b>Revised Total</b>	<b>(4,774.0)</b>	<b>(47,740.0)</b>	<b>18,909.0</b>	<b>(33,605.0)</b>



## Cambridge City Council Equality Impact Assessment - Appendix F

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 Suzanne Goff, Strategy Officer on 01223 457174 or email [suzanne.goff@cambridge.gov.uk](mailto:suzanne.goff@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 Setting Report 2015/16 (General Fund) – Opposition Amendments

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

The General Fund Budget Setting Report enables the City Council to set a balanced budget for 2015/16 that reflects the Council's 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 budget amendments proposed by the Liberal Democrat Group in relation to the budget.

It should be noted that a fuller assessment for each of the proposed amendments should be carried out with more detailed information in due course.

This Equality Impact Assessment (EqIA) is a composite assessment of the budget proposals which are likely to have a disproportionate impact on equality groups, as defined by the [Equality Act 2010](#)

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

Here is the list of Liberal Democrat budget amendment proposals:

- Conversion of Cambridge Street Lighting to LED
- Tree Planting programme
- Referrals to the Chronically Excluded Adult programme 4 years funding
- Speed Test Kits
- Support to Refugees
- Incentivised acquisition of electrically powered Private Hire Vehicles
- Affordable Housing Viability Analyst
- Raise parking charges in City Council car parks to increase revenue by 2%
- Additional Planning Enforcement Officer
- Delete S3837 Parks and Open Space – Event Income
- Capital Bid for the PUD for 6 Rapid Charging Facilities within the city over 2 years
- An amendment to the proposed Invest for Income Fund formal remit

**Out of this list of proposals, two proposals have been identified as having directly related impacts on some equality groups. The proposals on Chronically Excluded Adults and Refugee Support are assessed in further detail later on in this EqIA.**

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

- X Residents
- X Visitors
- X Staff

**4. What type of strategy, policy, plan, project, contract or major change to your service is this? (Please tick)**

- X  New
- Revised
- Existing

**5. Responsible directorate and service?**

Directorate: Resources

Service: Accounting Services

This EqIA report involves cross organisation responsibility and is managed by a team from different departments in the Council – Corporate Strategy and Accounting Services in particular.



**6. Are other departments or partners involved in delivering this strategy, policy, plan, project, contract or major change to your service?**

No  
 X Yes (please give details):

This is an assessment of the Council's budget and therefore covers all our services. The budget also affects some of our partnership working, notably with Cambridgeshire County Council, and it may have 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.

This EqIA is a working document and as such, gives a snap shot of the potential impacts at the time of writing. EqIAs should be regularly reviewed to understand whether the assessment of the impacts anticipated is still relevant and to address any new issues that have arisen in the interim.

**1 Refugee Support Bid Background**

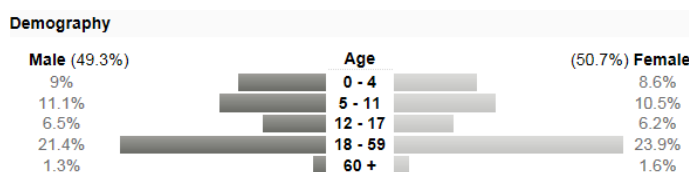
An asylum seeker is someone who has applied for asylum and is waiting for a decision as to whether or not they are a refugee. The UK received 31,300 new applications for asylum by the end of 2014 – this compares to an estimated 173,100 asylum applications, Germany was the largest recipient of new asylum claims in 2014.

In his statement to the House of Commons on Monday 7 September, David Cameron [announced](#) that Britain should resettle up to 20,000 Syrian refugees over the rest of the Parliament. These refugees will be taken from the camps in the countries neighbouring Syria using the established process. The Home Office and Department for Communities and Local Government are working with Cambridge City Council and other local authorities in the Country to make arrangements to house and support the refugees.

**Refugee Support Bid - Age, Gender, Pregnancy and Maternity:**

According to [UNCHR](#) data on Syrian Refugee demographics, the age and gender of women and men seeking refugee/ asylum status are roughly equal with relatively low number of young children or older people involved. However women are more likely to experience difficulties in their country of origin, as well as their destination country, in accessing health, support, freedom from sexual and physical violence and being consulted about decisions that effect them. This post could have a very positive effect in ensuring access and support for women and families in general.

*UNCHR Graph showing profile of Syrian Refugees by age and gender*



### **Refugee Support Bid - Other factors including poverty**

Refugees arriving in Cambridge are likely to have few resources. The majority of asylum seekers do not have the right to work in the United Kingdom and so must rely on state support. Housing is provided, but asylum seekers cannot choose where it is, and it is often in 'hard to let' properties. Cash support is available, and is currently set at £36.95 per person, per week, which makes it £5.28 a day for food, sanitation and clothing. [Source](#)

In April 2014, the way that support services were provided to asylum seekers was changed by the Government. As part of this process, there is now only a telephone service for those seeking help that covers the Eastern Region. This has meant that local community organisations have had to provide more face to face services for asylum seekers.

This bid could help ensure that people are able to access support and resources to help deal with what has happened to them in their past as well as working towards a more settled future. The reduction in face to face resources could also be partly addressed by having a dedicated post to coordinate local efforts. This could have a positive impact.

No negative impacts have currently been identified.

### **2. Referrals to the Chronically Excluded Adult programme – Background**

A [Review](#) of Street Based Anti-Social Behaviour was conducted in 2013 and it suggests that street drinkers are not a homogenous group and there is a need to have a flexible individual person centred approach.

Street drinkers do however broadly fall into three categories; those with low needs who may be able to access private rented accommodation and be supported by the single homeless service; a second group that may have higher needs related to alcohol, drug and mental health issues and who wish to be supported and find permanent accommodation; and a third small group of people who are responsible for a significant amount of anti-social behaviour and do not presently want to engage with support services. This bid relates to the second and third groups.

Some of the street drinking is clearly linked with individuals that have a street based lifestyle. Not all members of the street life community are homeless and not all members of the groups mentioned are causing disruption. More work would need to be done to analyse the equality demographics for ASB incidents in settled and non settled populations.

This bid is offering a more focused attempt to rehabilitate those with addictions and mental health issues and is likely to have a positive impact on this basis.

When looking at the potential equality impacts of this bid, generic homelessness and chronic exclusion data has been used from the last 2 years.

Comparing the two gives some ideas about the demographic of each group and therefore the potential impacts of the bid.

**Referrals to the Chronically Excluded Adult programme - Age:**

Based on our current information, this proposal would have a relatively small potential impact on the groups younger or older homeless people but would have a positive impact on people in their middle years.

**Referrals to the Chronically Excluded Adult programme - Disability:**

People who may have had difficulty staying in contact with health services or other statutory agencies or who choose not to use those services are perhaps much more likely to have chronic health issues. So a greater level of support could result in a positive impact if people were in a position to address their health needs.

**Referrals to the Chronically Excluded Adult programme - Gender:**

The proposal is likely to have a neutral impact in terms of gender.

**Referrals to the Chronically Excluded Adult programme - Pregnancy and Maternity**

This is likely to have a neutral impact.

**Referrals to the Chronically Excluded Adult programme - Transgender and Marriage , Civil Partnership, Religion or Belief, Sexual Orientation**

There is not enough recorded information to make a meaningful assessment of the impacts on people who identify as being in the characteristics groups.

**Referrals to the Chronically Excluded Adult programme - Race and Ethnicity**

White British is the most common ethnicity category recorded across both homeless groups and therefore this proposal is likely to have a neutral impact.

**Other factors including poverty** – not collected but people who are chronically excluded and homeless people are likely to experience poverty and this bid could positively impact on supporting people. The Anti Poverty Strategy identifies homeless people as a key target group. This bid is likely to result in a positive impact

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

Many of the listed bids had no disproportionate impact for the following reasons and therefore were not assessed at this stage:

- There was no or little impact on people – e.g. capital bids
- It was too early to assess the impacts
- Impact was tentative or too abstracted.
- There were no actions identified for the Action Plan

### 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 Suzanne Goff, Strategy Officer, who will arrange for it to be published on the City Council's website.

Email [suzanne.goff@cambridge.gov.uk](mailto:suzanne.goff@cambridge.gov.uk)

### Sign off

Name and job title of assessment lead officer: Suzanne Goff – Corporate Strategy

David Kidston – Strategy and Partnerships Manager

Date of completion: 30<sup>th</sup> January 2015

## Liberal Democrat budget amendment 2016/17

- i. **Proposal to revise the first paragraph of the remit for the Invest for Income Fund (*revisions in bold italics with deletions*)**

### Invest for income fund: Formal remit (paragraph 1 amendments only)

“To provide the resources to develop and invest in significant projects ***in the City of Cambridge*** that will ***combine*** ~~generate~~ revenue income streams for the council, achieving 5% or more return measured on an accounting basis ***with intrinsic benefits for city council residents***. Significant projects are those where the total investment (revenue and capital) is in excess of £1,000,000, or if smaller, provide significantly greater returns within a short period of time.”

- ii. **Proposal to create a new Earmarked Reserve for Street Lighting with a remit as detailed below**

#### **NEW EARMARKED RESERVE AND REMIT:**

##### **Street lighting improvement fund**

To provide the resources to replace existing street lighting within the City of Cambridge with Light Emitting Diode (LED) bulbs in partnership with Cambridgeshire County Council (Cambs CC). Funds will be made available to Cambs CC to facilitate a replacement programme to be combined with the established rolling maintenance programme over the forthcoming 5 years.

## Lib Dem Budget Amendment – Replacement Tables

### New Homes Bonus (BSR, page 18)

New Homes Bonus	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000
<b>Confirmed NHB funding at February 2015 BSR</b>	<b>(4,963)</b>	<b>(4,963)</b>	<b>(4,176)</b>	<b>(3,441)</b>	<b>(2,878)</b>	<b>(1,587)</b>
<i>Add</i>						
Confirmed NHB receipts for 2016/17	-	(1,360)	(1,360)	(1,360)	(1,360)	(1,360)
Estimated NHB receipts for 2017/18	-	-	(1,726)	(1,726)	(1,726)	(1,726)
Estimated NHB receipts for 2018/19	-	-	-	(2,004)	(2,004)	(2,004)
Estimated NHB receipts for 2019/20	-	-	-	-	(1,726)	(1,726)
Estimated NHB receipts for 2020/21	-	-	-	-	-	(1,573)
<b>Potential New Homes Bonus Total</b>	<b>(4,963)</b>	<b>(6,323)</b>	<b>(7,262)</b>	<b>(8,531)</b>	<b>(9,694)</b>	<b>(9,976)</b>
<b>Commitments against NHB</b>						
Funding for officers supporting growth e.g. within planning	785	785	785	785	785	785
Replacement of Homelessness Prevention Funding subsumed into the SFA	564	564	564	564	564	564
Public Realm Officer - Growth X3782	-	35	35	35	-	-
<i>Planning Enforcement Officer</i>		<b>40</b>	<b>40</b>	<b>40</b>	<b>40</b>	<b>40</b>
Direct revenue funding of capital	1,170	1,075	1,075	1,075	1,075	1,075
Contribution to City Deal Investment and Delivery Fund	1,985	3,162	3,631	4,266	4,847	4,988
Contribution to A14 mitigation Fund	-	-	-	-	1,500	-
<b>Total commitments against NHB</b>	<b>4,504</b>	<b>5,661</b>	<b>6,130</b>	<b>6,765</b>	<b>8,811</b>	<b>7,452</b>
<b>NHB uncommitted</b>	<b>(459)</b>	<b>(663)</b>	<b>(1,132)</b>	<b>(1,767)</b>	<b>(883)</b>	<b>(2,524)</b>

## General Fund Projection (BSR, page 32)

Description	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000
<b>Expenditure</b>						
Net service budgets	19,631	18,315	19,095	20,274	21,343	23,310
Revenue Budget Proposals - MFR including removing PPF	-	366	65	(210)	(310)	(410)
Revenue Budget Proposals - BSR	-	(670)	(227)	(351)	(716)	(716)
<b><i>Impact of Lib Dem Budget Budget proposals</i></b>	<b>-</b>	<b>(19)</b>	<b>(23)</b>	<b>(47)</b>	<b>(46)</b>	<b>(78)</b>
Capital accounting adjustments	(5,422)	(5,422)	(5,422)	(5,422)	(5,422)	(5,422)
Capital expenditure financed from revenue	10,726	1,787	1,798	1,798	1,786	1,786
Contributions to earmarked funds	11,026	<b>9,267</b>	<b>6,972</b>	<b>6,499</b>	<b>7,691</b>	<b>6,837</b>
Revised net savings requirement	-	81	(107)	(337)	(1,348)	(1,713)
Contribution to reserves	-	-	-	<b>82</b>	<b>238</b>	-
<b>Net spending requirement</b>	<b>35,961</b>	<b>23,705</b>	<b>22,151</b>	<b>22,285</b>	<b>23,216</b>	<b>23,594</b>
<b>Funded by:</b>	-	-	-	-	-	-
Settlement Funding Assessment (SFA)	(6,890)	(5,860)	(5,090)	(4,670)	(4,240)	(4,320)
Locally Retained Business Rates – Growth Element	(800)	(800)	(800)	(800)	(800)	(800)
Other grants from central government	-	-	-	-	-	-
New Homes Bonus (NHB)	(4,963)	(6,323)	(7,262)	(8,531)	(9,694)	(9,976)
Appropriations from earmarked funds	(14,803)	(382)	(382)	(382)	(382)	(382)
Council Tax	(7,060)	(7,369)	(7,709)	(7,902)	(8,100)	(8,100)
Contributions from reserves	(1,446)	<b>(2,971)</b>	<b>(908)</b>	-	-	<b>(16)</b>
<b>Total funding</b>	<b>(35,961)</b>	<b>(23,705)</b>	<b>(22,151)</b>	<b>(22,285)</b>	<b>(23,216)</b>	<b>(23,594)</b>

## Capital Funding Available (BSR, page 35)

Capital Funding Available	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000
Funding available and unapplied (MFR Oct 2015)	(839)	(1,548)	(1,548)	(1,786)	(1,786)
Schemes removed from Capital Plan	(291)	-	-	-	-
Capital Bids requiring Funding	1,079	-	-	-	-
<i>Lib Dem Budget Amendment: Rapid charge points for electric vehicles <sup>1</sup></i>	50	100			
<b>Net Funding Available</b>	<b>(1)</b>	<b>(1,448)</b>	<b>(1,548)</b>	<b>(1,786)</b>	<b>(1,786)</b>

## General Fund Reserves (BSR, page 40)

Description	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000
Balance as at 1 April (b/fwd)	(11,525)	(10,079)	(7,108)	(6,200)	(6,282)	(6,520)
Contribution (to) / from reserves	1,446	2,840	781	(185)	(342)	(56)
<i>Impact of Lib Dem Budget proposals</i>		(19)	(23)	(47)	(46)	(78)
<i>Street Lighting Earmarked Reserve</i>		150	150	150	150	150
<i>Net use of Reserves</i>	1,446	2,971	908	(82)	(238)	16
Balance as at 31 March (c/fwd)	(10,079)	(7,108)	(6,200)	(6,282)	(6,520)	(6,504)

<sup>1</sup> Subject to the inclusion of this project in the Council's capital process following approval by the Executive Councillor for Planning Policy & Transport



LICENSING COMMITTEE

25 January 2016  
10.00 - 10.30 am

Present: Councillors Benstead (Chair), Bird (Vice-Chair), Austin, Bick, Meftah, O'Connell, O'Reilly, Pippas, Ratcliffe, Sinnott and Abbott

<b>FOR ADOPTION BY THE COUNCIL</b>
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## **16/29/LIC LICENSING FEES**

The Committee received a report from the Environmental Health Manager which set out the fees and charges for licences and associated items which were proposed to be made with effect from 1 April 2016 and would be submitted to Full Council to note on 25 February 2016.

The Committee asked the following questions in response to the report:

- i. At what stage were proposals formulated, did the original proposals come to the Licensing Committee.
- ii. Queried the inflation figure in paragraph 3.11 of the Officer's report.

In response to the Committee's questions, the Environmental Health Manager confirmed the following:

- i. Following the Westminster case, the licensing fee proposals are delegated to Officers to draft, Officers follow a formula approach and bring the final report to Licensing Committee for approval and to Council to note, this has been the case for the past two years.
- ii. The inflation figures were provided by the Finance Department.

Resolved by 7 votes to 0 to:

- i. Approve the level of fees and charges with effect from 1 April 2016, as set out in Appendix A and request officers to communicate the charges to the businesses, taxi trade and public.

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CAMBRIDGE CITY COUNCIL

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REPORT OF: Yvonne O'Donnell  
Environmental Health Manager

TO: Licensing Committee

26 January 2016

WARDS: All

**ANNUAL REVIEW OF LICENSING FEES AND CHARGES – 2016/ 17**

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**1 INTRODUCTION**

1.1 Cambridge City Council, as the Licensing Authority, is responsible for processing and issuing licences for a wide range of activities. This report sets out the fees and charges for licences and associated items, which it is proposed should be made with effect from 1<sup>st</sup> April 2016. The approved charges will be submitted to Full Council to note on 25<sup>th</sup> February 2016.

**2. RECOMMENDATIONS**

2.1 Members are recommended:

To approve the level of fees and charges with effect from 1<sup>st</sup> April 2016, as set out in Appendix A of this report, and to request officers to communicate the charges to the businesses, taxi trade and public.

**3. BACKGROUND**

3.1 The Council is required to review the charges which it makes for licences and other associated items, from time to time. Council policy is that an annual review will be undertaken.

3.2 The Council must seek to recover the costs associated with processing applications for licences and the administration and monitoring of compliance with conditions. However, it is not permitted to make a surplus nor to subsidise licence holders. The fees charged should be capable of withstanding legal challenge, should the need arise.

- 3.3 The cost to the Council of this work is regularly checked and real time costs have replaced estimates in compiling the figures. Where it is possible to reduce costs by use of more efficient working this is reflected in the charges made.
- 3.4 The proposed charges for 2016/17, together with the fees currently being charged, are set out in Appendix A.
- 3.5 Where changes to fees are indicated, these have been made with specific reference to the costs involved in the work required, rather than on the basis of a standardised approach.
- 3.6 Fees for renewals of Private Hire Operator licences now reflect a five yearly renewal and take into account the new renewal process which was implemented following de-regulation in October 2015.
- 3.7 Fees for a replacement licence or change of details now reflect the costs of administration for this, which had not been included previously.
- 3.8 Fees for licences issued under the Licensing Act 2003 for premises and personal licences are currently fixed by the Government and are included in Appendix A for information only.
- 3.9 Permit fees under the Gambling Act 2005 are set by the Government and the Licensing Authority has no discretion. However, premises licence fees are set subject to the maxima laid down by the Department of Culture, Media and Sport and delegated to officers to determine. They are included in Appendix A for information.
- 3.10 Fees for Scrap Metal Dealers and Scrap Metal Collectors licences have been set by the Executive Councillor for Environment and Waste and are included in Appendix A.
- 3.11 Fees for Animal Businesses, Skin Piercing and Sex Establishments have increased by 2.5%, in line with the rate of inflation.
- 3.12 Officers have reviewed the control of Street Trading account and recommend that consent fees for 2016/17 are kept at current 2014/15 prices. The Local Government (Miscellaneous Provisions) Act 1982 requires the City Council to set consent fees at a level only to recover costs, after taking in account surpluses and deficits from previous years.

#### **4. OPTIONS**

4.1 The Committee may resolve to:

4.1.1 Adopt the fees as set out in Appendix A

4.1.2 Adopt fees at a different level to those set out in Appendix A, but, in doing so, should explain the reasons for departing from them, so as to enable the Council to withstand a legal challenge.

## **5. CONSULTATIONS**

5.1 Under the Local Government (Miscellaneous Provisions) Act 1976, the Council is required to consult on any changes to the fees and charges in respect of Hackney Carriage and Private Hire licensing.

5.2 A 28 day public consultation took place from 2 November 2015 to 29 November 2015. Four responses were received as detailed in Appendix B.

5.3 Of the four responses received, one focussed on budget setting within Licensing and Enforcement and was not entirely relevant to the Fees consultation. The matters raised by the individual have been considered and responded to outside of the consultation.

5.4 An additional two responses also were not entirely relevant to the Fees consultation and referred to Fares and Enforcement. These too have been considered and responded to outside of the consultation.

5.5 The final response related to emissions and vehicle running costs and has been responded to outside of the consultation.

## **6. CONCLUSIONS**

6.1 The Council needs to demonstrate that the fees it charges for licences have been set in accordance with the law and best practice, so as to recover its allowable costs in administering the various licensing regimes for which it is responsible.

6.2 Fees should be set so as to avoid either a surplus or a subsidy, where possible, and adjusted, if necessary, in succeeding years to achieve and maintain the correct balance.

6.3 Members should determine which of the options, under Section 5 above, they wish to pursue or to determine such other course of action they consider appropriate.

## 7. IMPLICATIONS

(a) **Financial Implications**

The charges are set to recover the Council's allowable costs, as at present.

(b) **Staffing Implications**

Nil.

(c) **Equal Opportunities Implications**

Nil.

(d) **Environmental Implications**

Nil.

(e) **Procurement**

Nil.

(f) **Consultation and communication**

The charges proposed under the heading Taxi Licences have been the subject of a formal 28 day consultation.

(g) **Community Safety**

Nil.

## APPENDICES

Appendix A: Table of proposed fees

Appendix B: Responses to Consultation

**BACKGROUND PAPERS:** The following are the background papers that were used in the preparation of this report:

### Calculation Spreadsheets

To inspect these documents contact Victoria Jameson on extension 7863.

The author and contact officer for queries on the report is Victoria Jameson on extension 7863.

Date originated: 03 February 2016

Date of last revision: 03 February 2016

## Environmental Health Service - Review of Fees &amp; Charges 2016-17

Charge Type and Description	Charges 2014/15	Charges 2015/16	Charges 2016/17	% Increase
<b>Animal Businesses (New and Renewal)</b>				
Pet Shop Licence	£275.00	£315.00	£323.00	2.5%
Animal Boarding Establishment	£275.00	£315.00	£323.00	2.5%
Dog Breeding Establishment	£275.00	£315.00	£323.00	2.5%
Riding Establishment	£275.00	£315.00	£323.00	2.5%
Zoo	£500.00	£530.00	£543	2.5%
Dangerous Wild Animals	£275.00	£315.00	£323.00	2.5%
Home Boarding		£80.00	£82.00	2.5%
<b>Skin Piercing</b>				
Skin Piercing – Premises	£130.00	£132.00	£135.00	2.5%
Skin Piercing - Practitioners	£45.00	£50.00	£52.00	2.5%
<b>Sex Establishments</b>				
Sexual Entertainment Venues (new & variation)	£2,700.00	£2,754.00	£2,823.00	2.5%
Sexual Entertainment Venues (renewal)	£800.00	£816.00	£836.00	2.5%
Sexual Entertainment Venues (transfer)	£800.00	£816.00	£836.00	2.5%
Sex Shop / Sex Cinema (new & variation)	£2,500.00	£2,550.00	£2,614.00	2.5%
Sex Shop / Sex Cinema (renewal)	£800.00	£816.00	£836.00	2.5%
Sex Shop / Sex Cinema (transfer)	£800.00	£816.00	£836.00	2.5%
<b>Taxi Licences</b>				
<b>Drivers</b>				
Disclosure & Barring Service Check (DBS) *	£44.00	£44.00	£44.00	0.0%
Knowledge Test	£36.00	£40.00	£40	0.0%
New Licence Fee	£145.00	£175.00	£190.00	8.5%
Annual Renewal Fee	£75.00	£75.00	£80.00	6.6%
3 Yearly Renewal Fee	£150.00	£150.00	£150.00	0.0%
Replacement Badges	£15.00	£15.00	£15.00	0.0%
DVLA Data Check *	£8.00	£8.00	£8.00	0.0%
Replacement Licence	NA	NA	£10.00	NA
Change of Details	NA	NA	£10.00	NA
<b>Vehicles</b>				
Hackney Carriage Licence (New)	£200.00	£225.00	£225.00	0.0%
Private Hire Licence (New)	£190.00	£210.00	£225.00	7.1%
Private Hire Licence Renewal	£170.00	£200.00	£200.00	0.0%
Hackney Carriage Licence Renewal	£170.00	£210.00	£210.00	0.0%
Plate Deposit	£50.00	£50.00	£50.00	0.0%
Replacement Plate	£25.00	£25.00	£25.00	0.0%
Change of Ownership	£80.00	£50.00	£55.00	10.0%
Crest - self adhesive	£6.00	£6.00	£6.00	0.0%
Crest - magnetic	£8.00	£8.00	£8.00	0.0%
Replacement Licence	NA	NA	£10.00	NA
Change of Details	NA	NA	£10.00	NA
<b>Operators Licence</b>				
Private Hire Operators Licence (New)	£140.00	£140.00	£150.00	7.1%
Private Hire Operators Licence (Renewal) - 5 Yearly Renewals from Oct 2015	NA	NA	£640.00	NA
Replacement Licence	NA	NA	£10.00	NA
Change of Details	NA	NA	£10.00	NA
<b>Transponders</b>				
Annual permit	£20.00	£20.00	£20.00	0.0%
Deposit *	£80.00	£80.00	£80.00	0.0%
Replacement *	£80.00	£80.00	£80.00	0.0%
* Externally set fees and charges				
<b>Scrap Metal Dealers</b>				
Site Licence		£410.00	£420.00	2.40%
Conversion to collector's licence		£50.00	£51.00	2.00%
Change of licensee name		£50.00	£51.00	2.00%
Addition of site		£410.00	£420.00	2.40%
Removal of site		£50.00	£51.00	2.00%
Change of Site Manager		£120.00	£123.00	2.50%
Replacement of lost or damaged licence		£45.00	£46.00	2.20%
Collector's licence		£175.00	£179.00	2.30%
Conversion to site licence		£355.00	£363.00	2.30%
Change of name (e.g. status)		£50.00	£51.00	2.00%
Replacement of lost or damaged licence		£45.00	£46.00	2.20%
<b>Street Trading</b>				
12 month food licence pitch	£2,886	£2,886	£2,886	0.0%
12 month retail licence pitch	£2,727	£2,727	£2,727	0.0%
8 month food licence pitch	£2,165	£2,165	£2,165	0.0%

## Environmental Health Service - Review of Fees &amp; Charges 2016-17

Charge Type and Description	Charges 2014/15	Charges 2015/16	Charges 2016/17	% Increase
8 month retail licence pitch	£2,045	£2,045	£2,045	0.0%
4 month food licence pitch	£722	£722	£722	0.0%
4 month retail licence pitch	£682	£682	£682	0.0%
<b>Licensing Act 2003 (For information only)</b>				
Personal Licence	£37	£37	£37	0.0%
New Premises Licence (or full variation)	£1,905	£1,905	£1,905	0.0%
Annual Fee	£70-£1050	£70-£1050	£70-£1050	0.0%
Minor Variation	£89	£89	£89	0.0%
Temporary Event Notice	£21	£21	£21	0.0%
Change of Designated Premises Supervisor	£23	£23	£23	0.0%
<b>Gambling Act 2005 (For information only)</b>				
Bingo Club (New)	DCMS Max £3,500	CCC Fee £2,625	CCC Fee £2,625	0.0%
Bingo Club (Annual Fee)	£1,000	£900	£900	0.0%
Betting Premises (New)	£3,000	£2,250	£2,250	0.0%
Betting Premises (Annual Fee)	£600	£540	£540	0.0%
Family Entertainment Centre (New)	£2,000	£1,500	£1,500	0.0%
Family Entertainment Centre (Annual Fee)	£675	£500	£500	0.0%
Adult Gaming Centre (New)	£2,000	£1,500	£1,500	0.0%
Adult Gaming Centre (Annual Fee)	£1,000	£900	£900	0.0%



**Response 1**

**From:** [REDACTED]

**Sent:** 02 November 2015 11:38

**To:** licensing

**Subject:** Taxi licensing fees

Hi dear

I would like to say that it is not really a good idea. Every day new drivers, new private hire, new company, more cars, more car prices keeps dropping off on fare. You don't do anything about it, you have to increase fare or meter, but you would like to increase your price adding every year different things. That's why I am not happy about that.

Thank you

Your sincerely, by the way my name is [REDACTED]

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**Response 2**

-----Original Message-----

**From:** [REDACTED]

**Sent:** 06 November 2015 13:16

**To:** licensing

**Subject:** Taxi Licensing Fees

Thank you for the invitation to take part in the consultation being undertaken regarding taxi licence fees.

It is difficult to form any opinion with the limited information supplied so I would ask that you forward to the following information to me as quickly as possible.

Current year Licensing budget.

Last year Licensing budget and actual expenditure.

Next year's proposed Licensing budget including all licence fees.

Licensing staff and the break down of their working hours.

I look forward to your response.

[REDACTED]

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### Response 3

**From:** [REDACTED]  
**Sent:** 23 November 2015 14:58  
**To:** licensing  
**Subject:** consultation

how can fees go up when taxi fares have stagnated ? some of us are 6 to a house .when everything is deducted we are on less we on less on less than than living wage.

why wasnt there a significant increase this year we are not even making a living.

from [REDACTED]

---

### Response 4

-----Original Message-----

**From:** [REDACTED]  
**Sent:** 27 November 2015 13:45  
**To:** licensing  
**Subject:** Changes to taxi licensing charges and Diesel engine pollution

Dear Yvonne,

You're no doubt aware of the increasing controversy concerning Diesel engine emissions.

A recent report on BBC Panorama from 23rd November stated that on polluted streets a person breathes in 30 billion particles of diesel soot per hour. This soot has serious implications for lung disease and cardio vascular disease.

Nitrogen Oxide (NOx) emissions from Diesel engines also cause serious health and smog problems. You may also be aware that the World Health Organisation has classified diesel fumes as carcinogenic.

Given these serious issues, is it not time that Diesel engined cars became more expensive to licence as taxis than petrol-electric hybrid and petrol vehicles?

This would be a positive change to the proposed taxi licensing charges.

Kind regards  
[REDACTED]

## LICENSING COMMITTEE

26 January 2015  
10.00 am - 1.30 pm

**Present:** Councillors Benstead (Chair), Smith (Vice-Chair), Austin, Gawthrope, McPherson, Meftah, O'Reilly, Owers, Pippas, Baigent and Bick

### **FOR ADOPTION BY THE COUNCIL**

#### **16/31/LIC INCORPORATION OF THE CRIMINAL JUSTICE AND POLICE ACT 2001 INTO THE COUNCIL CONSTITUTION**

The Committee received a report from the Environmental Health Manager which sought authorisation for Council officers to exercise the powers to close unlicensed premises contained within the Criminal Justice and Police Act 2001 ('the Act').

The Committee asked the following questions in response to the report:

- i. Once the power had been delegated to the Director of Customer and Community Services could that power be further delegated.
- ii. Requested that a report detailing the use of the delegated powers was brought to the Licensing Committee so that Members could be aware of when the powers had been exercised.

In response to the Committee's questions, the Environmental Health Manager confirmed the following:

- i. The Director of Customer and Community Services could delegate the power to close unlicensed premises to other Council officers.
- ii. Confirmed that an enforcement report could be brought to the Committee as a standard item every quarter or six months and could include information as to whether the power to close unlicensed premises had been exercised.

Resolved unanimously to:

- i. Recommend to Full Council that sections 19-28 of the Criminal Justice and Police Act 2001 be added to the scheme of delegations which are the responsibility of the Licensing Committee as found in Part 3 Section 5.6 of the Council's constitution.
- ii. Subject to Council approval for recommendation 2.1 (i above), that the Director of Customer and Community Services be given

delegated powers to exercise the Council's functions under section 19-28 Criminal Justice and Police Act 2001.

CAMBRIDGE CITY COUNCIL

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REPORT OF: Yvonne ODonnell  
Environmental Health Manager

TO: Licensing Committee 26<sup>th</sup> January 2016

WARDS: All

**INCORPORATION OF THE CRIMINAL JUSTICE AND POLICE ACT 2001 INTO  
THE COUNCIL CONSTITUTION**

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**1. INTRODUCTION**

- 1.1 The purpose of this report is to authorise Council officers to exercise the powers to close unlicensed premises which are contained in the Criminal Justice and Police Act 2001 (the "Act"). In particular, section 19 of the Act allows for police constables or an authorised officer of the local authority to issue a closure notices where there is evidence of the premises providing the unauthorised sale of alcohol.

**2. RECOMMENDATION**

- 2.1 The Licensing Committee is asked to recommend to Full Council that sections 19-28 of the Criminal Justice and Police Act 2001 be added to the scheme of delegations which are the responsibility of the Licensing Committee as found in Part 3 Section 5.6 of the Council's constitution.
- 2.2 Subject to Council approval for recommendation 2.1 above, that the Director of Customer and Community Services be given delegated powers to exercise the Council's functions under sections 19 - 28 Criminal Justice and Police Act 2001

**3. BACKGROUND & LEGISLATIVE PROVISIONS**

- 3.1 There have been a number of recent incidents where officers from the Licensing & Enforcement Team have encountered premises selling or potentially selling alcohol without the appropriate authority from the Licensing Authority.
- 3.2 Such situations may arise because of:
- Absence of a Premises Licence, Club Premises Certificate or Temporary Event Notice
  - Breach of a licence condition attached to a Premises Licence or Club Premises Certificate

- The premises does not have a Designated Premises Supervisor (DPS) or the DPS is absent/no longer involved in the business
  - The Premises Licence Holder is incorrect e.g. it has not been transferred to the current operator
- 3.3 The Licensing Act 2003 makes the retail sale of alcohol a licensable activity. To sell alcohol without authorisation is deemed to be an 'unauthorised licensable activity', which is a criminal offence (section 136 of the Licensing Act 2003). Upon summary conviction a person found guilty of such an offence is subject to an unlimited fine and/or a maximum six month's imprisonment.
- 3.4 The Licensing & Enforcement Team has, however, been reviewing other options to tackle the unauthorised sale of alcohol; this includes pro-active measures to limit the chance of unauthorised licensable activity taking place. The Criminal Justice and Police Act 2001 introduces the use of 'closure notices' and 'closure orders'. These powers would provide a two-step process leading to the closure of premises that continue to allow the unauthorised sale of alcohol to take place.

#### Closure notice

- 3.5 The first step in the process is the service of a 'closure notice'. Section 19 (3) of the 'Act' enables a police constable or a local authority officer to serve a closure notice where:
- Any premises are being used, or have been used within the last 24 hours, for the sale of alcohol for consumption on or in the vicinity of the premises; and
  - This activity is or was carried on without an authorisation (Premises Licence, Club Premises Certificate or Temporary Event Notice) or not in accordance with the conditions of an authorisation for the sale of alcohol.
- 3.6 The notice informs a person with control of, or responsibility for, the activities carried on at the premises (normally the licence holder or the Designated Premises Supervisor), that if unauthorised alcohol sales continue, an application may be made to a Justice of the Peace for an order to close the premises. Such an application cannot be made less than seven days or more than six months after the service of the closure notice.
- 3.7 It should be stressed that a closure notice does not require premises to physically close or cease licensable activities. Rather, the notice informs a person in control of, or responsible for, the premises that there is either no authority to sell alcohol or one or more of the conditions of an authorisation are not being met. The person in control needs to be warned that it is an offence to carry on the sale of alcohol without, or in breach of, an authorisation. However, it is at the discretion of the individual receiving the notice whether to close or to continue trading, with or without the sale of alcohol.
- 3.8 Although a closure notice has no power to close premises, a notice must be served before an application can be made under section 20 of the 'Act' for a

section 21 'closure order'. Service of a notice is evidence that the unauthorised sale of alcohol has been brought to the attention of the owner or management of the premises. This evidence can be useful at a subsequent review of the licence, or a prosecution for carrying on a licensable activity, or knowingly allowing it to be carried on, otherwise than in accordance with an authorisation.

- 3.9 A closure notice lasts until such time as it is cancelled by service of a 'notice of cancellation' (section 19 (7) of the 'Act'). Any cancellation notice served takes effect immediately.

#### Application for a closure order

- 3.11 Following service of a closure notice a police constable or a local authority officer may make a complaint to a Justice of the Peace for a closure order (section 20 (1) of the 'Act'). Such a complaint must be made no less than seven days but not more than six months after the service of the closure notice.

#### Closure order

- 3.12 If the Court is satisfied that a closure notice was served in accordance with section 19 (3) of the 'Act', and that the premises continue to be used or are likely to be used in the future for the unauthorised sale of alcohol, they may make a section 21 closure order. The court may order: the immediate closure of the premises; discontinuance of alcohol sales; or, payment of money into court, as a form of bond, until the other requirements of the order are met.

- 3.13 Breaching the requirements of a closure order is a criminal offence. Section 25 (4) of the 'Act' provides that

*A person who, without reasonable excuse, permits premises to be open in contravention of a closure order shall be guilty of an offence and shall be liable on summary conviction to imprisonment for a term not exceeding three months or to a fine not exceeding £20,000 or to both.*

- 3.14 The closure order remains in effect until it is terminated in one of two ways:

*(a) A Constable or as the case may be the Local Authority may serve a certificate on the Court that made the Order and the person against whom the Order is made notifying that they are satisfied that the need for the Order has ceased*

*(b) Any person on whom a Closure Notice is served or who has an interest in the premises concerned may make an application under Section 23 of the 'Act' for the discharge of the Closure Order.*

- 3.15 In the event a closure order was issued, it is likely that the licensing authority would apply for a review of the Premises Licence or Club Premises Certificate. The licensing authority may resolve to remove or suspend a licensable activity or suspend or revoke the licence or certificate.

- 3.16 To allow Officers of the Local Authority to exercise such powers there is the necessity to incorporate these powers into the constitution and add to the delegation and responsibility of the Licensing Committee.
- 3.17 Subject to full Council's approval of the recommendation, the Licensing committee will then be able to delegate the powers to Council Officers to exercise the Councils' functions under section 19-28 of the Criminal Justice and Police Act 2001

#### **4. CONSULTATIONS**

- 4.1 No consultations are required for the inclusion of these powers into the constitution and subsequent delegation to Officers

#### **5. CONCLUSIONS**

- 5.1 The Licensing Authority's primary aim is to protect the public, and ensure that residents, businesses and visitors have a safe experience within the City boundary. There are a number of existing enforcement tools to allow Officers to do this following the Councils corporate Enforcement policy.
- 5.2 However, to allow the Licensing Authority to use its full range of enforcement powers to deal with the unlawful sale of alcohol it is important that the Council includes these powers contained within the 'Act' into the constitution and add to the delegation and responsibility of the Licensing Committee
- 5.3 To allow Officers to exercise the Councils' functions under section 19-28 of the Criminal Justice and Police Act 2001, it is important that the Licensing Committee delegate these powers to Officers.

#### **BACKGROUND PAPERS:**

Criminal Justice and Police Act 2001  
Licensing Act 2003

The author and contact officer for queries on the report is Alex Beebe on Ext. 7723

Report file: M:\LICENSE/04 - Other Licences/Committee Reports

Date originated: 07/12/2015  
Date of last revision: 15/12/2015



**CIVIC AFFAIRS** 17 February 2016

Minute to Follow

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## CAMBRIDGE CITY COUNCIL

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REPORT OF: Head of Human Resources

TO: Civic Affairs Committee  
Council

17/2/2016  
25/2/2016

WARDS: All

### **DRAFT PAY POLICY STATEMENT 2016/17**

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#### **1 INTRODUCTION**

- 1.1 This report sets out a draft pay policy statement as required under the Localism Act. The Localism Act requires the Council to have considered, approved and published a pay policy statement for each financial year. This must be approved by Full Council and be in place by 31<sup>st</sup> March each year.
- 1.2 The pay policy statement covers posts designated 'chief officer'. For Cambridge City Council this includes the chief executive, directors and heads of service. The areas to be covered in the statement are: salary, expenses, bonuses, performance-related pay, severance payments, how election fees are paid and the pay policy on re-engagement of ex-employees. The Localism Act also requires the statement to define the lowest paid employees and the ratio to the highest earning employee.
- 1.3 The Civic Affairs Committee are asked to note that the Pay Policy Statement 2016/17 contains reference to the 2015 pay review of senior officer salaries: chief executive, director and heads of service at JNC1 and JNC 2 and the proposed introduction of a new pay grade, to be called Band 10.
- 1.4 The National Employers have recently made a pay offer to chief officers. There is no pay offer for Chief Executives.

This is a pay offer and has not been accepted, but if implemented on 1 April 2016 it would raise the pay levels of heads of service on JNC1, JNC 2 and directors at Cambridge City Council by

- One per cent on basic salary1 with effect from 1 April 2016
- One per cent on basic salary1 with effect from 1 April 2017

There will be a verbal update to the Civic Affairs Committee on any further information about this pay offer.

## 2. **RECOMMENDATIONS**

### **The Civic Affairs Committee is asked to:**

- 2.1 Consider and recommend to Council the draft Pay Policy Statement 2016/17 attached as Appendix 1.
- 2.2 Note that a review of senior officer salaries has been undertaken in 2015 and that no change to the pay levels of the Chief Executive, Directors and Heads of Service on JNC1 and JNC2 is recommended as a result of that review.
- 2.3 To recommend to Council to delegate authority to the Head of Human Resources to implement the new Band 10.
- 2.4 To note the position on the chief officer pay award and receive an update at the meeting.
- 2.5 To recommend to Council to delegate authority to the Head of Human Resources to update the Pay Policy Statement 2016/17 should a chief officer pay award be agreed.

## 3. **2015 PAY REVIEW**

- 3.1 The Council has an agreement that senior officer pay scales will be reviewed every three years. The last review was undertaken in 2012.
- 3.2 The three year pay review has been undertaken for 2015 by the Head of Human Resources, using a range of pay benchmarking data including:
  - Hay Group market comparison data
  - Local Government Association report 'Epay check data report'. Senior Pay in local Government.
  - benchmarking data for all Councils in the East of England region
  - benchmarking data for Districts and Boroughs in the East of England
  - benchmarking data for shire districts/boroughs with approximately 1000 staff

- 3.3 The current benchmarking of senior salaries suggests the pay levels for our chief executive, director and heads of service grades are broadly in line with our comparator authorities.
- 3.4 As a result of analysing the benchmarking pay comparison data there is no recommended increase or reduction in the pay ranges for these posts at a locally negotiated level. There is no recommendation to reduce or increase the number of points in the pay grades for these posts, currently four.
- 3.5 The outcome of this review is the recommendation that the pay levels for the posts of Chief Executive, Director and Heads of Service on JNC 1 and JNC 2 grades remain unchanged (please note the reference in 1.4 above to a separate potential national pay award) as follows:
- Chief Executive £108,639 to £122,503
  - Directors £83,804 to £93,729
  - Head of Service (JNC1) £65,054 to £71,668
  - Head of Service (JNC2) £56,222 to £62,837
- 3.6 The next three year review will be in 2018.

#### 4. **PROPOSED CHANGE TO PAY SCALES – INTRODUCTION OF NEW GRADE, BAND 10**

- 4.1 During 2015 the City Council entered into a number of shared service partnerships with South Cambridgeshire District Council and Huntingdonshire District Council. For Legal Services and Building Control, Cambridge City is the ‘employing authority’ and staff from other councils have transferred to Cambridge City Council. One of the early pieces of work we are undertaking in order to fully establish the new services is to review the senior management structures; at the levels of head of service, senior manager and managers reporting to the lead officer. This has highlighted the need to review Cambridge City Councils pay and grading structure in terms of how these new senior posts fit within the current City Council pay structures and how we evaluate the grade of these new posts.
- 4.2 The City Council currently has two separate pay structures, one for the majority of staff covering nine Bands (Band 1-9), on National Joint Council terms and conditions (NJC) and the senior officer pay structures for heads of service, directors and the chief executive ranging from JNC2 to Chief Executive on Joint Negotiating Committee (JNC) terms and conditions of employment.

- 4.3 Attached as Appendix 2 is a chart showing the current pay ranges.
- 4.4 Through the work we have been doing on the potential management structures of the new shared services, awareness gained during the 2015 pay review of other council's pay structures below head of service, and taking into account the Management Structure being proposed by the Chief Executive, which envisages a potentially larger role for managers in some services, not at head of service level, we have concluded that we need a new grade.
- 4.5 Posts on Band 9 are generally heads of section or specialist professionals who report to a head of service. There is one head of service post on Band 9, the Head of Internal Audit. Posts on JNC 2 are heads of service and it is currently a condition of JNC 1 and 2 grading that these posts are at head of service level.
- 4.6 There is a gap in the current the pay structure between the two sets of terms and conditions and pay scales between £47,864 and £56,222. It is proposed to introduce a new pay grade into the Council's existing pay and grading structure, to be called Band 10 with a salary range of £50,000 to £54,500.
- 4.7 There will be four pay points within Band 10; £50,000, £51,500, £53,000, and £54,500. Progress through the grade will be subject to performance in accordance with our performance review (appraisal) scheme.
- 4.8 It is proposed to extend the current NJC pay scale above £47,864 (top of Band 9) with a new grade, Band 10.  
Posts within Band 10 will be on the same terms and conditions of employment as posts within the range Band 1 to Band 9.
- 4.9 For the purposes of job evaluation the HAY job evaluation scheme will be used to determine whether a post should be within Band 10. The HAY job evaluation scheme is used to determine senior management posts on the head of service, Director or Chief Executive pay grades.
- 4.10 It is anticipated that there will be relatively few posts within Band 10 and that these will be specific management posts, mainly in shared services. At present it is anticipated there will be two such roles.
- 4.11 We will undertake a review of the largest roles currently within Band 9 to assess whether any of these, having evolved since the last grading review, should be reconsidered as potential Band 10 roles. The costs of any change will be met by the service concerned, there will be no central provision for any regrading.

## **5. CONCLUSIONS**

- 5.1 If we do not implement a new grade between Band 9 and JNC 2 we will find it increasingly difficult to recruit and retain people in new shared service management posts. It will lead to increased use of market supplements, which are temporary in nature. It is expected that posts with a temporary element to pay will be difficult to fill and this will have an impact on the senior management structure and the service.
- 5.1 Our current pay structure of Bands1-9 and heads of service on JNC2 and JNC1 has served us well since 2003/4 and was still appropriate at the time of the major review of pay, terms and conditions in 2012. However, we are now in a different environment of shared service and changed expectations of senior managers, where there are fewer heads of service, and as such need a revised pay structure.
- 5.3 We do not need to fundamentally change our pay structure but we do need an additional grade below head of service level.

## **6. CONSULTATIONS**

- 6.1 The Chief Executive, Director of Business Transformation, Head of Legal Services, Strategic Procurement Officer, Head of Finance, Support Services Manager and Democratic Services Manager have been consulted on this report and the attached draft Pay Policy Statement.
- 6.2 The outcomes of the review have been considered by the Leader of the Council, Executive Councillor for Finance and Resources, Group Leader Liberal Democrat Group and Chair of Civic Affairs. Briefings are being arranged for the Group Leader Minorities Group and Opposition Spokesperson of Civic Affairs.
- 6.3 The trade unions have been consulted on the introduction of the proposed Band 10 and the 2015 pay review.
- 6.4 The Chief Executive included reference to the outcome of the 2015 (three year review) benchmarking of senior management pay for chief executive, director and heads of service level posts in her Management Structure Consultation paper.

## **7. IMPLICATIONS**

### **(a) Financial Implications**

Any costs associated with the introduction of the proposed Band 10 posts will be met from within existing budgets. There are no other financial implications arising from this the report.

Provision for a pay award at 1% has been accounted for in the 2016/17 budget.

(b) **Staffing Implications**

This report relates to the pay, terms and conditions of staff.

(c) **Equality and Poverty Implications**

EQIA's were undertaken for the pay, terms and conditions review in 2012 and for the introduction and review of the Living Wage Policy. A separate EQIA has not been prepared for this report.

We will monitor the implementation of the proposed Band 10 role.

Equality information by grade is reported annually to the Equalities Panel and is available on the Council's website.

(d) **Environmental Implications**

The proposal has no climate change impact.

(e) **Procurement**

The Living Wage Policy as it relates to contractors is included in the Pay Policy Statement.

(f) **Consultation and communication**

This pay policy statement once approved by Full Council will be published on the Councils website.

Approval of the introduction of the new Band 10 grade will be communicated to all staff and the pay scales will be updated.

(g) **Community Safety**

This report relates to the pay, terms and conditions of staff and does not impact directly on community safety matters.



**BACKGROUND PAPERS:** The following are the background papers that were used in the preparation of this report:

- Pay Policy Statement 2015/16
- Provisions of the Localism Act relating to chief officer pay statements
- Communities and Local Government Openness and accountability in local pay: Guidance under section 40 of the Localism Act February 2012 and Supplementary Guidance February 2013.
- Local Government Association Localism Act: Pay Policy Statements Guidance (November 2011) and Supplementary Notes 1 and 2.
- City Council Pay scales
- Letter from the LGA relating to chief officer pay offer dated 13 January 2016.

To inspect these documents contact Deborah Simpson, Head of Human Resources on extension 8101.

The author and contact officer for queries on the report is Deborah Simpson, Head of Human Resources on 01223 458101.

Report file:

Date originated: 09 February 2016

Date of last revision: 09 February 2016



## Pay Policy Statement 2016/17

### Scope

This pay policy statement covers the posts of the chief executive, all directors and all heads of service within the JNC 1 and JNC 2 grades.

The Council is an accredited Living Wage Employer and this statement incorporates the Council's policy on the UK Living Wage.

The Council has a number of apprenticeship opportunities and there is a statement relating to apprenticeships.

### Salary

The current salary scales for the chief executive, directors and heads of service are shown below.

Progression through the pay band (a four point scale) is subject to a range of criteria that are currently assessed via the annual performance review.

<b>Chief Executive</b>	108639	113252	117859	122503
<b>Director</b>	83804	87114	90419	93729
<b>Head of service</b>				
<b>JNC1</b>	65054	67270	69452	71668
<b>JNC2</b>	56222	58439	60655	62837

### 2015 Review of Salary levels

The pay scales were revised in 2012 as part of the Council's review of pay, terms and conditions.

With effect from 1 January 2015 there was a nationally negotiated pay award of 2% for Directors and Heads of Service on JNC1 and JNC 2 in accordance with the Joint Negotiating Committee (JNC) for Chief Officers terms and conditions of employment. There was no national pay award affecting Cambridge City Councils Chief Executive's pay level. The pay award covered the period to 31 March 2016.

There has been a recent pay offer at the nationally negotiated pay level of 1% for April 2016 and April 2017.

The Council has an agreement that senior officer pay scales will be reviewed every three years in line with current median level pay. The last review was in 2012.

The three year pay review has been undertaken for 2015. The outcome of this review is the recommendation of no change at a locally negotiated level to the pay ranges for the posts of Chief Executive, Director and Heads of Service on JNC 1 and JNC 2 grades.

### **New Pay Grade – Band 10**

It is proposed to introduce a new pay grade into the Council's existing pay and grading structure, to be called Band 10.

It is proposed to extend the current NJC pay scale above £47,864 (top of Band 9) with a new grade, Band 10, with a salary range of £50,000 to £54,500, with four separate pay points of £50,000, £51,500, £53,000, and £54,500.

Posts within Band 10 will be on the same terms and conditions of employment as posts within the range Band 1 to Band 9.

For the purposes of job evaluation the HAY job evaluation scheme will be used to determine whether a post should be within Band 10. The HAY job evaluation scheme is used to determine senior management posts on the head of service, Director or Chief Executive pay grades.

### **Pay Awards**

Pay awards are nationally determined in accordance with the Joint Negotiating Committee (JNC) for Chief Executives and the Joint Negotiating Committee (JNC) for Chief Officers.

### **Terms and Conditions of Employment**

The terms and conditions of employment for the chief executive, directors and heads of service within the scope of this pay policy statement are determined in accordance with collective agreements, negotiated from time to time, by the JNC for Chief Executives and the JNC for Chief Officers, as set out in the Scheme of Conditions of Service. These are supplemented by local collective agreements reached with trade unions recognized by the Council and by the rules of the Council.

### **Remuneration on Recruitment**

Recruitment to the posts of chief executive and director is undertaken by a committee of councillors appointed by Council, but in the case of the chief executive, the appointment is made by Full Council, following a recommendation from the Employment (Senior Officer) Committee. The salary on recruitment will be within the current salary range for these posts at that time.

Recruitment to posts of head of service is undertaken by the chief executive or a director and is subject to notification to Executive Councillors before a job offer can be made. The salary on recruitment will be within the current salary range for these posts at that time.

There are occasions when the salary determined by the grading for a post results in an inability to successfully recruit to or retain staff in particular posts or specific occupational areas, due to fluctuations in the labour market supply. These recruitment and retention problems can affect ability to deliver services. In such cases it may be appropriate to pay a market supplement in addition to the salary where there is evidence to justify that market factors are the “material reason” for the post attracting a higher rate of pay than other posts graded similarly. Any additional market supplement will be made in accordance with the Market Pay Policy.

Rules governing the recruitment of the chief executive, directors and heads of service are set out in the councils constitution in section; Part 41, Officer Employment Procedure Rules

## **Bonuses**

There are no bonus arrangements payable to the chief executive, directors or heads of service.

## **Performance Related Pay**

Performance and progression through the pay band is assessed annually in line with the Council’s performance review schemes. For the chief executive and directors, performance is assessed by a panel of councillors, the Chief Officer Performance Review Working Party. For heads of service, performance is assessed by their director.

There is no performance related pay scheme outside of the performance review scheme, which determines the salary point of an officer, within the salary scale set out above.

## **Salaries over £100,000**

The post of chief executive is the sole post which carries a salary range of over £100,000.

## **Publication of salary data**

Salary data for the chief executive, directors and heads of service is published on the council’s website, in the Open Data, Transparency in local government, senior salaries or Senior Council Officers sections.

For the chief executive and directors this includes name, job description and actual salary, and for the chief executive, expenses and any election fees paid. For the heads of service this includes salary by post title.

This pay policy statement once approved by Full Council will be published on the Councils website.

## **Expenses**

The expenses which may be payable to the chief executive, a director or head of service include:

- car/bicycle/motorcycle allowances at HMRC rates
- re-imbursment of travel and subsistence

- one professional subscription per annum
- payments under the eye sight tests scheme
- relocation assistance in accordance with the Relocation Scheme

## **Severance Payments**

Severance payments are made in accordance with the council's employment policies and are the same for all staff.

Employees with more than two years service will be entitled to redundancy pay in line with local government guidelines and statutory provisions. Redundant employees may receive the following elements in their final pay:

- Normal pay up to the agreed leaving date
- Where applicable, payment in lieu of outstanding notice
- Severance payment (where entitled).

Under the council's redundancy scheme a weeks pay will be calculated on the basis of actual contractual pay. Additional benefits are not included. Cambridge City Council will not apply the statutory weeks pay definition.

Employees in the pension scheme and who are over age 55 are entitled to immediate onset of pension benefits based on actual reckonable service if:

- They are over 55 at the termination date
- They meet the two years vesting period in the Local Government Pension Scheme (LGPS)

Once an employee is in receipt of early payment of pension benefits, if their total pay and pension benefits together (if reemployed by another employer covered by the Local Government Modification order) exceeds their salary as at the leaving date, the difference may be claimed back from pension payments.

An employee will lose their entitlement to redundancy pay if they take up a post with another body covered by the Redundancy Payments (Local Government) (Modification) (Amendment) Orders within 4 weeks of the date of the redundancy and the offer of the new job has been made before the end of the original contract.

The chief executive, monitoring officer and chief finance officer can only be dismissed by the full council. All other directors and heads of service can only be dismissed in accordance with the Councils constitution, Part 41, Officer Employment Procedure Rules.

Any proposals with a salary or severance package with a total value over £100k will be reported by the Employment (Senior Officer) Committee to Full Council for decision.

## **Pension and Pension Enhancements**

The employees within the scope of this pay policy are entitled to and receive pension contributions from the Local Government Pension Scheme (LGPS). This is a contributory scheme and they currently contribute between 8.5% and 11.4% of their pensionable pay to the scheme.

The employer contribution rate is currently 17.4% i.e. the council contributes 17.4% of pensionable pay to the pension of a member of staff within the pension scheme. The rate of 17.4% is the same for all staff. The rate is reviewed every 3 years following a valuation of the fund by the appointed actuaries.

In addition to the employers contributions on pensionable pay Cambridge City Council like most employers in the Pension Fund is paying a 'Deficit Repayment' which is expressed in monetary terms, not percentage of payroll. This protects the Fund if Cambridge City Council's pensionable payroll flattens or drops, and ensures the Fund is receiving sufficient money to help pay the deficit. The deficit payment amount for 2014/2015 was £769,000. The contribution rates and deficit repayments for the next two years are: 2015/16 – 17.4%, £1,303,000 and for 2016/17 -17.4%, £1,881,000.

The Council's discretions on enhancement of pension are set out in the Pensions Discretion Statement 2014. This policy was approved by the Civic Affairs Committee on the 25 June 2014. The policy was reviewed in line with the requirement that Council officers review the statement every 3 years and / or in line with changes to the Local Government Pension Scheme (LGPS) as advised by the Local Government Pensions Committee (LGPC) and the Administering Authority (Cambridgeshire County Council), and any recommended changes will go before Civic Affairs for approval.

## **Pay Ratios**

### **Relationship to lowest paid and Chief Executive and median average of employees**

The lowest paid staff within the Council's pay structure are on Band 1. For this reason we have chosen staff employed on Band 1 as our definition of the 'lowest paid' for the purposes of this policy. Band 1 currently ranges from £14,075 to £16,231 per annum.

The terms and conditions of employment for Band 1 staff are in accordance with collective agreements, negotiated from time to time, by the National Joint Council for Local Government Services, as set out in the Scheme of Conditions of Service (commonly known as the Green Book). These are supplemented by local collective agreements reached with trade unions recognised by the Council and by the rules of the Council.

Pay policies which apply to Band 1 employees include:

- car/bicycle/motorcycle mileage at HMRC rates
- re-imbusement for travel and subsistence
- overtime/enhanced rates
- standby and callout arrangements
- one professional subscription per annum
- payments under the eye sight tests scheme
- Travel scheme (where applicable)

The highest paid officer of the council is the chief executive, with a current salary of £122,503. The chief executive's current salary scale runs from £108,639 to £122,503.

The ratio between the highest and lowest pay points on each scale is - 1:8.7

The ratio of the chief executive's current salary and the lowest pay point is - 1:8.7

The median average salary of all Cambridge City Council staff is £27,123.

The ratio of the chief executive's current salary to the median average salary is - 1:4.5.

The Council does not have a policy on maintaining or reaching a specific pay ratio between the lowest and highest paid staff.

## **Living Wage**

The Council has adopted a Living Wage policy for staff, agency workers and contractors engaged through the Council's Procurement processes.

The Council will pay the UK Living Wage rate for Cambridge City Council staff, by way of a supplement to pay rates.

The Council will pay the minimum of the UK Living Wage rate to agency workers after 4 weeks of their engagement with the City Council.

The Council will require contractors engaged through the Council's procurement processes to deliver services on Council premises to pay their employees/sub-contractor employees who work on the premises for 2 or more hours on any day in a week for 8 or more consecutive weeks in a year at least the UK Living Wage rate. The only contracts that will be excluded from the requirement to pay the Living Wage are:

- contracts where it would be unlawful to require the payment of the UK Living Wage
- contracts where, following evaluation, it is considered inappropriate to impose the requirement.

The UK Living Wage is £8.25 per hour (£15,916 per annum).

## **Pay Ratios and the Living Wage**

The pay ratios based on the UK Living Wage of £8.25 are as follows:

The ratio between the highest and lowest pay points is – 1:7.7

The ratio of the chief executive's current salary and the lowest pay point is - 1:7.7

The median average salary of all Cambridge City Council staff (including the living wage supplement) is £27,123.

The ratio of the chief executive's current salary to the median average salary is – 1:4.5

## **Apprentices**

The Council has engaged a number of apprentices and set a target of 20 apprenticeships by 2018. The apprentice roles have been created by services as development opportunities, to support the apprenticeship programme. These roles do not replace existing posts and are outside of the Living Wage policy.

The national apprentice rates are currently £3.30 for the first year, and for the second year they are age related: £3.87 (at age 16-17), £5.30 (at age 18-20) and £6.70 (at age 21 and over).

Cambridge City Council pay the age related national apprentice wage for the duration of the apprenticeship.

### **Pay Ratios and Apprenticeships**

The pay ratios based on the lowest pay rate for an apprentice at Cambridge City Council of £3.87 (for the first year) are as follows:

The ratio between the highest pay point and the apprenticeship rate is – 1:16.4

The ratio of the chief executive's current salary and the apprentice rate is - 1:16.4

The median average salary of all Cambridge City Council staff, including apprentices is £27,123.

The ratio of the chief executive's current salary to the median average salary, including apprentices is – 1:4.5

In the second year of an apprenticeship the salary rate increases in accordance with the persons age at that time.

### **Election Fees**

The Returning Officer is the person who has the overall responsibility for the conduct of elections. The Returning Officer is an officer of the Council who is appointed under the Representation of the People Act 1983. Although appointed by the Council the role of the Returning Officer is one of a personal nature and distinct and separate from their duties as an employee of the Council. Elections fees are paid for these additional duties and they are paid separately to salary.

The Chief Executive is the council's Returning Officer.

The fees for Parliamentary, Police Commissioner and Euro Elections are set by the Government. The fees for County Council elections are set by the County Council. The fees for Parliamentary and European Elections are pensionable.

Fees for district elections are set locally and current fees were agreed by the Civic Affairs Committee in April 2010 as £373 per contested ward and £55 per uncontested ward. Fees for district elections are pensionable.

Other officers, including senior officers within the scope of this policy, may receive additional payment for specific election duties.

### **Tax Avoidance**

The Council takes tax avoidance seriously and will seek to appoint individuals to vacant positions using the recruitment procedures on the basis of contracts of employment and



apply direct tax and National Insurance deductions from pay through the operation of PAYE.

Where consultants are recruited the Council will seek to avoid contractual arrangements which could be perceived as being primarily designed to reduce significantly the rate of tax paid by that person, such as paying the individual through a company effectively, controlled by him or her.

These principles will be embedded in contract clauses and guidance for managers when employing consultants.

### **Re-engagement of ex City Council staff within the scope of this policy**

All permanent or fixed term posts are advertised in accordance with the council's recruitment policies and appointment is made on merit.

Interim management appointments are made in accordance with the council's procurement policies and the provisions for contract for services.

The council will not engage an ex city council member of staff within the scope of this policy outside of these arrangements.

**February 2016**

**Existing Paybands as at  
01.01.15**

9	£14,075	Band 1
10	£14,338	
11	£15,207	
12	£15,523	
13	£15,941	
14	£16,231	Band 2
15	£16,572	
16	£16,969	
17	£17,372	
18	£17,714	
19	£18,376	Band 3
20	£19,048	
21	£19,742	
22	£20,253	
23	£20,849	
24	£21,530	Band 4
25	£22,112	
26	£22,937	
27	£23,698	
28	£24,472	
29	£25,440	Band 5
30	£26,293	
31	£27,123	
32	£27,924	
33	£28,746	
34	£29,558	Band 6
35	£30,178	
36	£30,978	
37	£31,846	
38	£32,778	
39	£33,857	Band 7
40	£34,746	
41	£35,662	
42	£36,571	
43	£37,483	
44	£38,405	Band 8
45	£39,267	
46	£40,217	
47	£41,140	
48	£42,053	
49	£42,957	Band 9
50	£43,869	
51	£44,836	
52	£45,822	
53	£46,832	
54	£47,864	
101	£56,222	JNC 2
102	£58,439	JNC 1
103	£60,655	
104	£62,837	DIRECTOR
105	£65,054	
106	£67,270	CEX
107	£69,452	
108	£71,668	
109	£83,804	
110	£87,114	
111	£90,419	
112	£93,729	
113	£108,639	
114	£113,252	
115	£117,859	
116	£122,503	

**Proposed new Pay Points**

9	£14,075	Band 1
10	£14,338	
11	£15,207	
12	£15,523	
13	£15,941	
14	£16,231	Band 2
15	£16,572	
16	£16,969	
17	£17,372	
18	£17,714	
19	£18,376	Band 3
20	£19,048	
21	£19,742	
22	£20,253	
23	£20,849	
24	£21,530	Band 4
25	£22,212	
26	£22,937	
27	£23,698	
28	£24,472	
29	£25,440	Band 5
30	£26,293	
31	£27,123	
32	£27,924	
33	£28,746	
34	£29,558	Band 6
35	£30,178	
36	£30,978	
37	£31,846	
38	£32,778	
39	£33,857	Band 7
40	£34,746	
41	£35,662	
42	£36,571	
43	£37,483	
44	£38,405	Band 8
45	£39,267	
46	£40,217	
47	£41,140	
48	£42,053	
49	£42,957	Band 9
50	£43,869	
51	£44,836	
52	£45,822	
53	£46,832	
54	£47,864	
55	£50,000	New Pay Band 10
56	£51,500	
57	£53,000	
58	£54,500	
101	£56,222	JNC 2
102	£58,439	JNC 1
103	£60,655	
104	£62,837	DIRECTOR
105	£65,054	
106	£67,270	CEX
107	£69,452	
108	£71,668	
109	£83,804	
110	£87,114	
111	£90,419	
112	£93,729	
113	£108,639	
114	£113,252	
115	£117,859	
116	£122,503	

**CIVIC AFFAIRS** 17 February 2016

Minute to Follow

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## CAMBRIDGE CITY COUNCIL

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REPORT OF: Head of Legal Services

TO: Civic Affairs Committee

17/2/2016

WARDS: None directly affected

### **CONSTITUTION CHANGES: FOR COUNCIL MEETINGS PROCEDURE RULES, AMENDING THE CONSTITUTION/TERMS OF REFERENCE FOR REVIEW OF LOCAL DEMOCRATIC ENGAGEMENT**

---

#### **1 INTRODUCTION**

1.1 This report seeks:

- approval for a change to Council Procedure Rules (to better manage the time spent at council meetings), following discussion between group leaders, members of Civic Affairs and the Mayor;
- agreement to the Terms of Reference for a review of local democratic engagement in line with the Motion agreed at Council on 22 October 2015
- approval for the Monitoring Officer to make routine changes to the Constitution to keep it up to date.

#### **2. RECOMMENDATIONS**

Constitution changes:

- 2.1 To recommend to Council the changes to Council Procedure Rules as set out in Appendix 1
- 2.2 That the Committee review the effect of these changes in Spring 2017.

Motion on public engagement in local democracy:

- 2.3 To agree a member working group with terms of reference, composition and delivery timetable as set out in paragraphs 4.2 to 4.3.

#### Updating the Constitution

- 2.4 To recommend to Council the changes to the Constitution as set out in Appendix 2 to allow the Monitoring Officer to keep the Constitution updated.

### 3. **CHANGES TO COUNCIL PROCEDURE RULES**

- 3.1 At its meeting on 18 March 2015, at the request of Councillor Holland, the Committee considered points made by Cllrs Holland and Hipkin regarding the length of Council meetings. Cllrs Holland and Hipkin made the following points:

- i. Council (and Area Committees) should not be open ended in duration.
- ii. Councillors should consider the equalities implications of late into the night meetings (e.g. childcare arrangements). Late meetings were not good for decision making. The Council should look to the changes made by Parliament to help those with caring responsibilities and good governance.
- iii. There was a general deterioration in behaviour and quality of debate as members became tired.
- iv. By 10.30pm, four and a half hours of debate had been had – that would be enough time to do business if members focussed their contributions. Council should consider a guillotine.
- v. There was a cost to the Council of late meetings (officer time, heating/lighting, childcare allowance).

- 3.2 In response, Civic Affairs Committee resolved to establish a working group comprising the Chair and spokes of the Committee, Group Leaders and the Mayor to consider the duration of Full Council meetings (minute 15/19/CIV).

- 3.3 The working group met in July and discussed a range of options which could reduce the duration of meetings without compromising the importance or integrity of the meeting. An agreed short list of

options was then discussed separately by the political groups on the Council with a further meeting of the working group held in November to consider the areas of consensus. The recommendations before the Committee have therefore been through a deliberative process, between and amongst, the three groups on the Council.

3.4 As a result of this process, this report proposes the following changes to Council Procedure Rules:

A. Length of speeches relating to motions

The member working group were seeking ways in which the overall duration of Council meetings could be reduced, without cutting off any member's right to speak. It was agreed to recommend a revised limit on time any member could speak from five minutes to three minutes and that movers and seconders of Motions (and amendments) should speak for ten minutes in total. It was felt that this would make a positive contribution to the overall duration of meetings.

B. Motions and amendments

The member working group agreed that amendments to a motion should be debated at the same time as the motion. This would also reduce the overall duration of meetings.

C. Wording of Motions when submitted

The member working group agreed that the Mayor should be able to encourage consensual wording where notice is given of two or more motions with similar effect.

3.5 The recommended changes to the Constitution are attached as Appendix 1 (proposed changes) with Appendix 2 showing the current wording for ease of reference.

3.6 The working group recommended that Civic Affairs Committee keep the effect of these changes under review, and revisit the issues in a year's time.

#### 4. **REVIEW OF PUBLIC ENGAGEMENT IN LOCAL DEMOCRACY**

4.1 At the Council meeting on 22 October 2015, the following Motion was agreed:

*“Mindful of the need to engage the public as fully as possible in the democratic life of the city and at the same time acknowledging the severe financial pressures we are under, this Council calls for a comprehensive review, undertaken by the Civic Affairs Committee or a sub-group of that committee, of the ways in which the council can most effectively combine its responsibilities to promote local democracy while at the same time ensuring the prudent use of resources.”*

4.2 The terms of reference of the review are proposed as follows:

- i. To identify the current means by which the public engages with councillors and with the formal decision making processes of the Council (meetings of Full Council, scrutiny committees, regulatory committees and area committees and consultations on major policies) and, as far as possible, the resources used for each of those means;
- ii. To assess the impact of the current means of public engagement in decision making;
- iii. To review the costs and perceived impacts of different approaches to public engagement in decision making of comparable councils;
- iv. To report back to Civic Affairs with recommendations in September 2016.

4.3 It is proposed that a working group be established to oversee the review. It is recommended that this comprise the Chair of Civic Affairs Committee or his nominee; the Vice Chair of Civic Affairs Committee or his nominee; the opposition spokes on Civic Affairs Committee or his nominee; the Leader of the Council or his nominated representative of the Executive; the Leader of the Minorities Group or his nominee; and one councillor who has been newly elected to the Council since May 2013 from each of the two largest groups. The working group would invite views from all city councillors. The working group would be supported by officers from Corporate Strategy service.

4.4 The Working Group would aim to report back to Civic Affairs Committee in September 2016, in time for any recommendations with a budgetary impact to be considered as part of the budget setting process.

## **5. UPDATING THE CONSTITUTION**



5.1 The Council's Constitution has the following provisions:

### **14.3 Changes to the Constitution**

14.3.1 **Approval.** *Changes to the constitution shall only be approved by the full Council after consideration of a report by the Chief Executive and Monitoring Officer to the Civic Affairs Committee.*

14.3.2 *However, the Monitoring Officer may approve drafting changes to the Constitution where these correct obvious errors or better give effect to the clear intention of the constitution.*

5.2 Whilst this is appropriate for substantive changes to the Constitution, there is a level of routine updating that is needed on a regular basis and which, in the officers' view, does not require approval by full Council and consideration by Civic Affairs. Officers have in mind specifically the following:

- Amending references to posts in the Council's Scheme of Delegation, where responsibilities and/or post titles change in the light of restructuring;
- Updating the Scheme of Delegation to reflect changes to delegations made by regulatory committees or by the Executive;
- Updating the responsibilities of members of the Executive, as determined by the Leader;
- Updating references to legislation where an Act of Parliament is replaced by another Act in substantially similar terms or reflecting changes in the law which are required by new legislation which the Council has no choice but to make.

5.3 Appendix 2 sets out proposed changes to the Constitution to allow the Monitoring Officer to keep the Constitution up to date in these areas without the need for reports to Civic Affairs and full Council.

## 5. CONSULTATIONS

5.1 Group leaders, the Chair of Civic Affairs and the Liberal Democrat Spokesperson have been consulted about the proposals in this report.

## 6. IMPLICATIONS

- (a) **Financial Implications** None
- (b) **Staffing Implications** Work to support the proposed Review can be carried out from within existing resources.
- (c) **Equality and Poverty Implications** An equality impact assessment has not been carried out in respect of the proposals in this report. The constitutional changes proposed are unlikely to have any equality or poverty implications. Equality and poverty implications will be considered in the context of any proposals made by the Review.
- (d) **Environmental Implications.** Nil
- (e) **Procurement.** Nil
- (f) **Consultation and communication** No further consultation or communication is proposed in relation to the constitutional changes. The member working group conducting the review will need to consider consultation and communication as part of the review's methodology.
- (g) **Community Safety.** Nil

**BACKGROUND PAPERS:** There are no background papers for this report:

if you have a query on the report please contact:

Author's Name: Simon Pugh  
Author's Phone Number: 01223 - 457401  
Author's Email: Simon.pugh@cambridge.gov.uk

Report file:

Date originated: 09 February 2016

## Appendix 1: Proposed changes to the Council Procedure Rules

### 21. Length of speeches

#### Generally

21.1 No speech shall, subject to the exceptions provided in 21.2 or elsewhere in the Council Procedure Rules, exceed five minutes in length without the consent of the Council given by reason of the exceptional importance of the subject and which consent shall be ascertained by the Mayor either on his/her own initiative or on a motion made which shall be put without amendment or discussion. Provided that it shall be within the discretion of the Mayor to permit up to a further five minutes beyond the time so mentioned without the necessity for any such consent.

#### Motions

21.2 Movers and seconders of motions may speak for a total of ten minutes between them, as may movers and seconders of amendments to motions. Other speeches on motions shall not exceed three minutes in length without the consent of the Council or of the Mayor given in accordance with 21.1.

### 13. Notices of Motion

#### 13.1 Notice

13.1.1 Notices of every motion, other than a motion which under Rules 4.2 or 14 may be moved without notice, shall be given in writing, bearing the names of the member or members of the Council giving the notice, and received not later than 10 am on the Tuesday preceding the usual day for issuing the summons for the next meeting of the Council, at the office of the Chief Executive by whom it shall be dated, numbered in the order in which it is received, and entered in a book which shall be open to the inspection of every member of the Council.

#### 13.2 Motion set out in agenda

13.2.1 The Chief Executive shall set out in the summons for every meeting of the Council all motions of which notice has been duly given in the order in which they have been received but will consult the Mayor on

the order prior to publication. This applies unless the member giving such a notice intimated in writing, when giving it, that s/he proposed to move it at some later meeting, or has since withdrawn it in writing. If the order is changed it will be made clear on the agenda. The original order of motions in the order received may be restored by a resolution passed on a motion (which need not be put in writing) duly moved and seconded.

13.2.2 If the Mayor considers that notice of two or more motions with similar effect have been given then, if those giving notice agree, a combined or consolidated motion may be included in the Council agenda in their place.

## RULES OF DEBATE

### 17. Motions and amendments

17.1 A motion or amendment shall not be discussed unless it has been proposed and seconded (except as provided in Rules 15 and 16), and, unless notice has already been given in accordance with Rule 13, it shall, if required by the Mayor, be put into writing and handed to the Mayor or Chief Executive before it is further discussed or put to the meeting.

17.2 An amendment of which notice has been given in accordance with Rule 13 shall be considered in debate at the same time as the motion which it seeks to amend. To this end, and without prejudice of the right of the mover and seconder to speak, such an amendment shall be deemed to have been formally moved and seconded at the commencement of debate, subject to the requirement that a seconder for the amendment is identified.

## Appendix 2: Proposed changes to updating the Constitution

### 14.3 Changes to the Constitution

14.3.1 **Approval.** Subject to 14.3.2 and 14.3.3, changes to the constitution shall only be approved by the full Council after consideration of a report by the Chief Executive and Monitoring Officer to the Civic Affairs Committee.

14.3.2 However, the Monitoring Officer may approve drafting changes to the Constitution where these correct obvious errors or better give effect to the clear intention of the constitution.

14.3.3 The Monitoring Officer may also approve drafting changes in these circumstances:

- To update the Council's scheme of delegation where responsibility for a function the subject of delegated powers is moved from one officer to another; for instance, following a departmental restructuring or to reflect changes in job titles or the management structure.
- To reflect changes to delegations to officers made by regulatory committees or by the Executive.
- To reflect changes in responsibilities of members of the Executive, as determined by the Leader.
- To update references in the Constitution to legislation where an Act of Parliament is replaced by another Act in substantially similar terms or to reflect changes which are required by new legislation which the Council has no choice but to make.

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**CIVIC AFFAIRS** 17 February 2016

Minute to Follow

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## CAMBRIDGE CITY COUNCIL

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REPORT OF: Head of Legal Services  
TO: Civic Affairs 17/02/2016  
WARDS: None directly affected

### **LOCALISM ACT 2011 AND STANDARDS OF CONDUCT: APPOINTMENT OF "INDEPENDENT PERSON" AND DEPUTY**

---

#### **1 INTRODUCTION**

- 1.1 The purpose of this report is to recommend the Council to extend the appointment of the Council's "Independent Person" and Deputy for the standards regime introduced by the Localism Act 2011

#### **2. RECOMMENDATIONS**

The Committee is asked to recommend Council:

- 2.1 To extend the appointment of Sean Brady and Robert Bennett as the Council's Independent Person and Deputy for a term of two years until the end of February 2018.

#### **3. BACKGROUND**

- 3.1 The Council appointed Sean Brady and Robert Bennett to their roles in February 2013 for a term of three years. The appointments were made on the recommendation of a member panel. Members of the public were invited to apply for the role by an advertisement in the Cambridge News and on the Council's website.
- 3.2 The Council had previously endorsed selection criteria and a role description, which are annexed to this report. The Council also agreed to an allowance of £1,000 for the principal Independent Person and of £500 for their deputy.

#### **4. THE ROLE OF INDEPENDENT PERSON**

- 4.1 The Council is required by the Localism Act 2011 to appoint one or more "Independent Persons" to play a role in connection with the

determination of complaints against councillors and to retain an independent element to the promotion and regulation of standards.

#### 4.2 These are functions of the Independent Person:

- The IP must be consulted and their views taken into account before the Council makes a decision on any allegation it has decided to investigate.
- The IP may be consulted by the Council in other circumstances related to “standards” issues; e.g. at the point at which a complaint is received, or more generally regarding ethical issues.
- The IP may be consulted by a member of the authority against whom an allegation has been made.

#### 4.3 The Independent Person and Deputy also have a wider role in relation to good governance through their attendance and contribution to debate at Civic Affairs Committee. This introduces an element of external challenge.

## 5. **BIOGRAPHICAL INFORMATION**

### 5.1 **Sean Brady.**

Before becoming the City Council’s Independent Person, Mr Brady was an external member of Uttlesford District Council’s Standards Committee since it was set up, and was its Chair for 10 years. During this time, he chaired a number of public hearings of complaints.

Mr Brady’s professional background is as a Chartered Insurer. He is a Fellow of the Chartered Insurance Institute. He has also been a Patient Representative on Advisory Groups at Addenbrookes Hospital.

### 5.2 **Robert Bennett**

Mr Bennett’s professional background is as an Auditor. He worked for the Audit Commission between 1976 and 1980, for Peterborough Development Corporation between 1980 and 1981, and as a Senior Internal Auditor at Cambridgeshire County Council between 1981 and 1985.

Mr Bennett worked for PricewaterhouseCoopers between 1985 and 2010, and was a Partner from 1990. He led the public sector audit business in the South East of England. He has extensive experience of working with NHS bodies and local authorities, including work,

before his current appointment, as Cambridge City Council's external auditor.

## 6. THE OPTIONS

6.1 The options are either to extend the current appointments for a period or to run a fresh recruitment exercise.

6.2 Points in favour of extending their period of office include:

- These have been successful appointments. In the experience of the Monitoring Officer, the appointees have performed their duties well.
- They have gained experience of the Independent Person role in the course of the previous three years and there is merit in retaining this experience.
- There is an expense to recruitment and it places demands on officer and member time.
- We may not be able to recruit candidates of a similar calibre, and there is a risk that the recruitment would fail. Our experience is that it is difficult to recruit to external panels and similar. On initial recruitment to these posts, we received only two applications.

6.3 Points in favour of recruiting new Independent Persons include:

- It is, arguably, more transparent.
- We may benefit from new recruits looking at things with a fresh perspective.

6.4 The Monitoring Officer's view is that the arguments in favour of extending the period of office are stronger but that the Council should consider open recruitment of Independent Persons on expiry of an extended five year period; i.e. in two years' time.

## 7. CONSULTATIONS

Mr Brady and Mr Bennett are willing to serve for an additional two years if the Council wishes to extend their period of appointment.

## 8. IMPLICATIONS

(a) **Financial Implications** An allowance of £1,000 is payable to the Independent Person and £500 to the Deputy. This is provided for within existing budgets.

(b) **Staffing Implications** None

(c) **Equal Opportunities and Anti-Poverty Implications**

The initial appointment was advertised on the Council's website and in the Cambridge News and was conducted in accordance with the Council's .

(d) **Environmental Implications** – Nil impact.

(e) **Procurement** – Nil.

(f) **Consultation and communication** – See section 7.

(g) **Community Safety** – Nil.

**BACKGROUND PAPERS:** The following are the background papers that were used in the preparation of this report:

Report to Civic Affairs Committee – 27 June 2012.

Report to Council – 21 February 2013

To inspect this document contact Simon Pugh, Head of Legal Services on (01223) 457401 or [simon.pugh@cambridge.gov.uk](mailto:simon.pugh@cambridge.gov.uk) or view online at <http://www.cambridge.gov.uk/democracy/documents/s12651/Appointment%20of%20Independent%20Person.pdf> and <http://democracy.cambridge.gov.uk/documents/s17381/IP%20ppointment%20Panal%20Report.pdf>

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## **Appendix: Role of Independent Person**

### **ROLE DESCRIPTION**

Responsible to: The Council

Liaison with: Monitoring Officer, members of the Civic Affairs Committee, officers and members of the City Council and key stakeholders within the community.

1. To assist the Council in promoting high standards of conduct by elected and co-opted members of Cambridge City Council and in particular to uphold the Code of Conduct adopted by the Council and the seven principles of public office, namely selflessness, honesty, integrity, objectivity, accountability, openness and leadership.
2. To be consulted by the Council through the Monitoring Officer and/or the Civic Affairs Committee before it makes a decision on an investigated allegation and to be available to attend meetings of the Hearing Panel of the Standards Committee for this purpose.
3. To be available for consultation by the Monitoring Officer and/or the Civic Affairs Committee before a decision is taken as to whether to investigate a complaint or to seek local resolution of the same.
4. To be available for consultation by any elected member who is the subject of a standards complaint.
5. To develop a sound understanding of the ethical framework as it operates within Cambridge City Council.
6. To participate in training events to develop skills, knowledge and experience and in networks developed for Independent Persons operating outside the City Council's area.
7. To attend training events organised and promoted by the Council's Civic Affairs Committee.
8. To act as advocate and ambassador for the Council in promoting ethical behaviour.
9. To advise the Council in respect of any recommendation by the Employment (Senior Officer) Committee to dismiss the Chief Finance Officer, Head Of Paid Service or Monitoring Officer on disciplinary grounds.

## SKILLS AND COMPETENCIES

The Independent Person will have:

- a keen interest in standards in public life.
- a wish to serve the local community and uphold local democracy.
- the ability to be objective, independent and impartial.
- sound decision making skills
- leadership qualities, particularly in respect of exercising sound judgement.

The Independent Person will:

- be a person in whose impartiality and integrity the public can have confidence.
- understand and comply with confidentiality requirements.
- have a demonstrable interest in local issues.
- have an awareness of the importance of ethical behaviours.
- be a good communicator.

Desirable additional criteria are:

- working knowledge/experience of local government or other public service and/or of large complex organisations and awareness of and sensitivity to the political process.
- knowledge and understanding of judicial/quasi- judicial or complaints processes.

You should demonstrate in your application how you meet the above criteria as this will assist the short-listing process.

Means of assessment will be by application form and by interview.

NOTE: You will be required to be contactable during normal working hours by telephone or by email and to be available to attend hearings which may be held in the day time and at relatively short notice.

## Eligibility for Appointment

A person cannot be appointed as an Independent Person if they are or were within a period of 5 years prior to the appointment:

- a member, co-opted member or officer of the authority, or a relative or close friend.

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## CAMBRIDGE CITY COUNCIL Record of Executive Decision

### AMENDMENT TO THE CAPITAL PLAN

**Decision of:** Councillor Owers, Executive Councillor for Finance and Resources

**Reference:** 15/URGENCY/S&R/01

**Date of decision:** 5/11/15 **Recorded on:** 5/11/15

**Decision Type:** Non-Key Decisions

**Matter for Decision:**

- To approve additional funding for a capital scheme already included on the Capital Plan .

**Why the decision had to be made (and any alternative options):** As specified under Part 4C 6.1.1 and 6.1.2 of the Councils Constitution, It was not deemed practical to convene a quorate meeting of Council to take these decisions.

**The Executive Councillor's decision(s):** **To authorise additional funding for the North West Cambridge underground collection vehicle of £55k, funded from £48k external contribution and £7k direct revenue funding.**

**Reasons for the decision:** As stated in Part 4C section 6.1 of the Councils Constitution, individual members of the Executive 'may take a decision which is contrary or not wholly in accordance with the budget approved by the full Council if the decision is a matter of urgency'.

Whilst an Extraordinary Full Council meeting is scheduled to take place on the 30 November this is solely to consider the local plan. The next available Full Council meeting is the 25 February 2016, therefore due to time critical need to purchase the vehicle it was deemed not practical to convene a quorate meeting of Council to take these decisions.

The decision on placing an order for the vehicle needs to be made as the vehicle manufacture needs 10 to 12 weeks build process in the UK for then shipping to Europe in January / February 2016 to have the crane and ancillary parts attached. This will take up to a further 12 weeks, meaning delivery will be around June 2016. Staff will then need to be trained on the operation of the vehicle to start collections in September 2016. Delay in placing the order may mean missing build slots and therefore could push delivery back so that we are unable to

collect bins in September 2016 for NWC

When the original bid was made in 2012 the figure put in the business case was a best estimate as vehicle of this type have not been manufactured before in the UK. Until a full procurement exercise was carried out this year 2015 the final figure for the vehicle was not known

**Scrutiny consideration:**

The Chair of the Strategy and Resources Scrutiny Committee agreed the decision was a matter of urgency as required under paragraph 6, Part 4C Budget and Policy Framework Procedure Rules.

**Report:**

**Conflicts of interest:**

None

**Comments:**

This urgent decision will be reported back to the next Full Council meeting on 25th February 2016.