



## Cambridge City Council Notice of Council

**Date:** Thursday, 19 October 2017

**Time:** 6.00 pm

**Venue:** Council Chamber, The Guildhall, Market Square, Cambridge, CB2 3QJ

**Contact:** democratic.services@cambridge.gov.uk, tel:01223 457013

Dear Councillor,

A meeting of Cambridge City Council will be held in the Council Chamber, The Guildhall, Market Square, Cambridge, CB2 3QJ on Thursday, 19 October 2017 at 6.00 pm and I hereby summon you to attend.

Dated 11 October 2017

Yours faithfully

Chief Executive

### Agenda

- |    |  |                   |
|----|--|-------------------|
| 1  | Minutes  | (Pages 5 - 24)    |
| 2  | Mayor's announcements  |                   |
| 3  | Public questions time  |                   |
| 4  | To consider the recommendations of the Executive for adoption  |                   |
| 4a | Executive Councillor for Housing: Housing Revenue Account (HRA) Medium Term Financial Strategy         | (Pages 25 - 100)  |
| 4b | Treasury Management Half Yearly Update Report 2017/18 (Executive Councillor for Finance and Resources) | (Pages 101 - 120) |

- 4c Medium-Term Financial Strategy (MTFS) October 2017 (Executive Councillor for Finance and Resources) (Pages 121 - 178)
- 5 To consider the recommendations of Committees for adoption
- 5a Civic Affairs: Draft Annual Governance Statement and Draft Local Code of Corporate Governance (Pages 179 - 214)
- 6 Licensing Committee: Statement of Licensing Policy (Pages 215 - 272)
- Minute to follow*
- 7 To deal with oral questions
- 8 To consider the following notices of motion, notice of which has been given by: (Pages 273 - 278)
- 8a Councillor Johnson: Universal Credit
- 8b Councillor O'Connell: Improved Councillor Scrutiny of Public Complaints
- 8c Councillor Cantrill: Mill Road Depot
- 8d Councillor Smart: Fair Pay for Public Sector Staff
- 8e Councillor Herbert: Membership of Strategy & Resources Scrutiny Committee
- 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.

## Information for the public

The public may record (e.g. film, audio, tweet, blog) meetings which are open to the public. For details go to:

[www.cambridge.gov.uk/have-your-say-at-committee-meetings](http://www.cambridge.gov.uk/have-your-say-at-committee-meetings)

For full information about committee meetings, committee reports, councillors and the democratic process:

- Website: <http://democracy.cambridge.gov.uk>
- Email: [democratic.services@cambridge.gov.uk](mailto:democratic.services@cambridge.gov.uk)
- Phone: 01223 457013

This page is intentionally left blank



**COUNCIL**13 July 2017  
6.00 - 8.25 pm

**Present:** Councillors Abbott, Adey, Ashton, Austin, Avery, Baigent, Barnett, Benstead, Bick, Bird, Blencowe, Cantrill, Dryden, Gawthrope, Gehring, Hart, Herbert, Hipkin, Holland, Holt, Johnson, McPherson, R. Moore, T. Moore, Nethsingha, O'Connell, O'Reilly, Page-Croft, Pippas, Price, Ratcliffe, Roberts, Robertson, Sargeant, Sarris, Sheil, Sinnott, Smart, Smith, Todd-Jones and Tunnacliffe

**FOR THE INFORMATION OF THE COUNCIL****17/31/CNL To approve as a correct record the minutes of the meeting held on 25 May 2017**

The minutes of the 25 May were confirmed as a correct record and signed by the Mayor.

**17/32/CNL Mayors Announcements****Mayor's Day Out**

The Mayor confirmed that the Mayor's Day Out would take place on Wednesday 16 August and the venue was once again Great Yarmouth.

**Harvest Festival Civic Service**

Members were advised the Harvest Festival Civic Service would take place on Sunday, 8 October at 9.30am at Great St. Mary's Church.

**Presentation of Resolution of Thanks to Councillor Jeremy Benstead**

On behalf of the City Council, the Mayor presented Councillor Benstead with a framed copy of the Resolution of Thanks for his service as Mayor during the 2016/17 municipal year, passed at the annual meeting of the Council on the 25 May 2017.

**Declarations of Interest**

<b>Name</b>	<b>Item</b>	<b>Interest</b>
Councillor Smith	17/37/CNL	Personal: Member of Cambridge Cycling Campaign

## 17/33/CNL Public Questions Time

The complainant (reference item 17/37/CNL) addressed the Council:

- i. Stated that he felt that both he and his wife had been the subject of intimidation and a vendetta which originated from an originally flawed decision by the Council.
- ii. The sequence of events experienced meant that he was not represented at the planning meeting on 6 April 2016 and then denied further access to a follow up planning meeting because schedule 21 (exclusion of the press and public) had been applied.
- iii. The opportunity to examine committee reports had also been denied, in addition to a lack of basic information on plans and procedure. Overall, he felt that natural justice had been denied.
- iv. The Independent Complaints Investigator report found in favour of the complainant but their recommendations had not been actioned by the Council.
- v. Believed that this issue was of public interest, he wanted to raise awareness of the amount of time and money which had been needlessly wasted.

The Chair of Planning Committee responded:

- i. Agreed that the Council had failed to properly discharge the planning matter as the Ombudsman report later confirmed.
- ii. Apologised on behalf of the Council, the Planning Committee and the planning officers involved for the anger and distress that the complainant had experienced.
- iii. Confirmed that the Council was happy to follow the Ombudsman's recommendation. Highlighted however, that there had been nothing in the report to suggest that had the mistake regarding the measurements not been made the decision would have been any different.
- iv. Commented that Cambridge had one of the busiest planning departments in the country. 95% of applications were determined by officers and the remaining 5% came before committee. On this occasion a mistake had been made which they were very apologetic for.

The complainant made the following supplementary points:

- i. Thanked the Chair of Planning Committee for his response and his apology.
- ii. Protested that his only avenue for gathering accurate information at every stage of the case was to submit Freedom of Information requests. So much information had been published incorrectly or had been overlooked more generally.

- iii. Asked what use the Local Plan was if decisions did not adhere to its guidelines.
- iv. Given the experience, he felt that he now had no choice but to move house because he could no longer tolerate living next door to the development.

**17/34/CNL To consider the recommendations of the Executive for Adoption**

**17/34/CNLa** 2016/17 Revenue and Capital Outturn, Carry Forwards and Significant Variances (All Portfolios)

**Resolved (26 votes to 0) to:**

- i. Carry forward requests totalling £914,330 revenue funding from 2016/17 to 2017/18, as detailed in Appendix C of the officer's report.
- ii. Carry forward requests of £34,384k (including £20,000k for PR038 Investment in Commercial Property Portfolio and £2,896k relating to the Housing Capital Investment Plan) of capital resources from 2016/17 to 2017/18 to fund rephased net capital spending, as detailed in Appendix D – Overview of the officer's report.

**17/34/CNLb** Annual Treasury Management (Outturn) Report 2016/17 (Executive Councillor for Finance & Resources)

**Resolved (26 votes to 0) to:**

- i. Approve the Annual Treasury Management (Outturn) Report which included the Council's actual Prudential and Treasury Indicators for 2016/17.

**17/34/CNLc** Council Office Accommodation - Approval of Capital Funding (Executive Councillor for Finance & Resources)

**Resolved (39 votes to 0) to:**

- i. Approve additional funding for the Office Accommodation Scheme of £450,000 to be met from General Fund Reserves.

**17/34/CNLd** 2016/17 Revenue and Capital Outturn, Carry Forwards and Significant Variances – Housing Revenue Account (Executive Councillor of Housing)

**Resolved (26 votes to 0) to:**

- i. Approve carry forward requests of £2,896,000 in Housing Revenue Account and General Fund Housing capital resources from 2016/17 to 2017/18 to fund rephased net capital spending, as detailed in Appendix D and the associated notes to the appendix of the Officer's report.

**17/35/CNL To consider the recommendations of Committees for Adoption**

**17/35/CNLa** Civic Affairs: Contract Procedure Rules Update

**Resolved (unanimously) to:**

- i. Agree the adoption of the new procedures as outlined in the Officer's report
- ii. Confirm the change to the Key Decision threshold.
- iii. Agree a corporate contracting strategy.
- iv. Agree a shared documentation approach
- v. Agree the new procedures would take effect as of 01/08/17.
- vi. Mandate all staff and managers responsible for procurement to attend a Contract Procedure Rules Update Briefing session.

**17/35/CNLb** Civic Affairs: Special Responsibility Allowances

Councillor Robertson proposed and Councillor Herbert seconded the following amendment to the recommendation (deleted text struck through, additional text underlined):

- i. That ~~two~~ a new Special Responsibility Allowances (SRA) be created, Executive member without portfolio, for the ~~Chair of the City Deal Board (if that be a member of the City Council)~~ the Councils representative and on the Greater Cambridge Partnership (Member of the City Deal) Board.
- ii. That the SRA for the Chair of Planning be raised in relation to the Chairs of all other committees.

- iii. That SRAs be removed from all committee members with the exception of the Planning Committee and regular attendees at Licensing Sub-Committees.
- iv. That the Chair and Vice-chair of the Planning Committee do not receive an additional SRA as a Member of that committee.
- v. That the SRA for the Minority Group Leader be removed.
- vi. That SRAs for spokespersons of both Opposition and Minority groups be retained for scrutiny committees only, with the Opposition spokes paid marginally more, and SRAs for spokes of other committees be removed.
- vii. That the number of SRAs that any Councillor may hold be limited to ~~two~~ three.
- viii. That the SRAs be set as in the Table below.

Role	Percentage of basic allowance
Leader	275%
Executive Councillor including Deputy Leader	200%
Exec Councillor without portfolio ( <u>Member Chair of City Deal Greater Cambridge Partnership Board</u> )	50%
Chair of Planning	<del>10</del> 50%
Chair of Scrutiny	40%
Chair of Licensing	<del>25</del> 20%
Chair of Civic Affairs	25%
Chair of Area Committee	20%
Lead Councillor on JDCC	50%
Group leader, main opposition party (fixed multiple regardless of size of the group)	100%
a) Opposition and b) Minority spokes (fixed multiple regardless of size of the group)	a)40% b) <del>30%</del> 35%
Vice-chair of Planning	50%
Member of Planning	15%
<u>Member of Licensing Sub-Committee where they attend at least 4 daytime hearings per year</u>	<u>7.5%</u>

- ix. To agree the recommendations of the Independent Remuneration Panel on the Allowances Scheme for SRAs, with these amendments and implement for the full 2017/18 year
- x. That the Council approves any budgetary requirement up to a maximum of £9,000 (including £2,240 for the Greater Cambridge Partnership (City Deal) from Reserves for 2017/18 and with subsequent years' funding coming from efficiencies in Democratic Services budgets.
- xi. That Council also ask the Panel to assess and report by November 2017 on appropriate and modest remuneration for other external Council representatives on
- the Combined Authority including as a Cabinet Member (1), and Council members on its Scrutiny (2) and Audit Committees (1)
  - the Greater Cambridge Partnership Assembly (3)
  - the Police and Crime Panel (1).

On a show of hands the amendment was carried by 39 votes to 0.

**It was resolved (votes 39 to 0) that:**

- i. That a new Special Responsibility Allowances (SRA) be created, Executive member without portfolio, for the Councils representative on the Greater Cambridge Partnership (City Deal) Board.
- ii. That the SRA for the Chair of Planning be raised in relation to the Chairs of all other committees.
- iii. That SRAs be removed from all committee members with the exception of the Planning Committee and regular attendees at Licensing Sub-Committees.
- iv. That the Chair and Vice-chair of the Planning Committee do not receive an additional SRA as a Member of that committee.
- v. That the SRA for the Minority Group Leader be removed.
- vi. That SRAs for spokespersons of both Opposition and Minority groups be retained for scrutiny committees only, with the Opposition spokes paid marginally more, and SRAs for spokes of other committees be removed.
- vii. That the number of SRAs that any Councillor may hold be limited to three.
- viii. That the SRAs be set as in the Table below.

Role	Percentage of basic allowance
Leader	275%
Executive Councillor including Deputy Leader	200%

Exec Councillor without portfolio ( Member of Greater Cambridge Partnership Board)	50%
Chair of Planning	100%
Chair of Scrutiny	40%
Chair of Licensing	25%
Chair of Civic Affairs	25%
Chair of Area Committee	20%
Lead Councillor on JDCC	50%
Group leader, main opposition party (fixed multiple regardless of size of the group)	100%
a) Opposition and b) Minority spokes (fixed multiple regardless of size of the group)	a)40% b)30%
Vice-chair of Planning	50%
Member of Planning	15%
Member of Licensing Sub-Committee where they attend at least 4 daytime hearings per year	7.5%

- ix. To agree the recommendations of the Independent Remuneration Panel on the Allowances Scheme for SRAs, with these amendments and implement for the full 2017/18 year
- x. That the Council approves any budgetary requirement up to a maximum of £9,000 (including £2,240 for the Greater Cambridge Partnership (City Deal) from Reserves for 2017/18 and with subsequent years' funding coming from efficiencies in Democratic Services budgets.
- xi. That Council also ask the Panel to assess and report by November 2017 on appropriate and modest remuneration for other external Council representatives on
  - the Combined Authority including as a Cabinet Member (1), and Council members on its Scrutiny (2) and Audit Committees (1)
  - the Greater Cambridge Partnership Assembly (3)
  - the Police and Crime Panel (1).

**17/35/CNLc** Planning Committee: Report Concerning Local Government Ombudsman Complaint 16 002 481

**Resolved (unanimously) to:**

- i. Note that the LGO has upheld a complaint relating to the determination of a planning application.
- ii. Note that in these circumstances the Head of Legal Services as the Council's Monitoring Officer has an obligation to report the findings to Council and that Committee is satisfied with the action that has been taken (set out in Section 4 of the Officer's report).

**17/35/CNLd** Planning Committee: Report Concerning Local Government Ombudsman Complaint 16 004 091

**Resolved (unanimously) to:**

- i. Note that the LGO has upheld a complaint relating to the determination of a planning application.
- ii. Note that in these circumstances the Head of Legal Services as the Council's Monitoring Officer has an obligation to report the findings to Council and that Committee is satisfied with the action that has been taken (set out in Section 4 of the Officer's report).

**17/36/CNL To deal with Oral Questions**

**What has been the benefit of recent changes at the City Deal, now called the Greater Cambridge Partnership (GCP)?**

The Leader responded that the GCP leadership team had taken time in the first part of this year to reflect on the partnership's progress to date, its future role and focus. This had led to consensus on a number of issues including:

- i. Reaffirming its role as the partnership body for delivering the City Deal investment to Greater Cambridge, securing future prosperity and quality of life. Ensuring Cambridge's success and opportunities further afield as it continued to grow.
- ii. A refreshed vision, branding and name to broaden and deepen awareness and understanding. Improved public engagement which included a new website in response to feedback from residents.



- iii. Proposals for adapting governance arrangements to ensure greater involvement of the expertise from the public and private sector in the Joint Assembly.
- iv. Closer working with the newly elected Mayor and Combined Authority, to ensure the opportunities of devolved funding and powers could be fully realised for the benefit of local communities.
- v. Improved evidence building with a clear plan to identify the longer-term investment solutions, starting with a study, commissioned jointly with the Mayor, on potential future transport solutions.

The Leader concluded there more work to be done but the feedback so far had been positive. He believed people could see the programme had been re-energised to deliver against its commitment to improve the lives of local people, businesses and future generations as the city continued to grow and thrive.

## **2) Councillor Cantrill to the Executive Councillor for Housing**

**The thoughts of this council and the people of Cambridge continue to be with those who tragically lost their lives and those impacted by the Grenfell Tower tragedy in London.**

**The City Council has issued a number of press statements following the disaster regarding the fire safety measures and procedures for its housing stock**

**Can the Executive Councillor provide an update to reassure residents that every step is being taken to ensure their safety?**

The Executive Councillor affirmed that the council had in place a robust programme of fire safety risk assessments for all flats and maisonettes. This ensured the communal areas and fire precautions were inspected at least once every three years by a professional fire risk consultant.

In recent years, work had been carried out to improve fire safety, including emergency lighting. But the Council were not complacent; officers were reviewing all risk assessments, and worked to make sure works were carried.

Residents were reminded of the importance of keeping doorways, stairwells and other accesses clear, and regular checks were taking place to ensure compliance.

Outbuildings were being assessed in the light of recent advice from Department for Communities and Local Government (DCLG) about cladding. The Council were watching the inquiry carefully to learn from this dreadful tragedy, and the Council would actively consider if there were any additional measures that should be considered. In addition, officers were reviewing council specification for new build council housing to ensure the installation of safety measures at the very outset.

### **3) Councillor Bick to the Executive Councillor for Planning Policy and Transport**

**In the aftermath of the Grenfell fire and national concerns over the application of building regulations, does the Executive Councillor think that the vision and objectives of our Building Control Service (supplied in response my written question) adequately reflect an overriding focus on the safety of buildings and those who use them?**

The Executive Councillor responded he believed the vision and objectives of the Council's Building Control Service adequately reflected an overriding focus on the safety of buildings and those who used them.

### **4) Councillor Ratcliffe to Executive Councillor for Streets and Open Spaces**

**What arrangements are in place to deal with the additional litter on public spaces over the summer?**

The Executive Councillor replied it was great to see that the city's open spaces were so popular with residents and visitors. This was testament to the beauty of these spaces and the outstanding facilities and events that were provided on them.

Council staff worked incredibly hard, starting early in the morning to keep the open spaces as clean as possible. From May to September the Council employed two additional staff members whose sole responsibility was to collect litter. During this period two mobile teams worked 7 days a week and were responsible for the clearing of litter. At the weekend two mobile teams were deployed to ensure that those areas under the most pressure were targeted.

Additional bins were installed over the summer months in the parks that had the popular splash pads.

The graffiti and rapid response team were also deployed to support the cleaning operation team if required, and the council also used a team of volunteers for litter picking.

There was also education and enforcement work to help ensure that litter was not being dropped and placed in the bins provided.

## **5) Councillor Sheil to the Executive Councillor for Finance & Resources**

### **What are the priorities and benefits from improving energy efficiency at the Guildhall?**

Members were reminded by the Executive Councillor that In December 2015, the Council appointed an external contractor (Bouygues Group PLC) to identify energy efficiency projects within the Council's buildings and estate. A package of proposed measures to significantly reduce energy consumption and carbon emissions from the Guildhall and deliver on-going financial savings for the council had been identified which included the following:

- i. Solar PV, Installing a 30kW solar photovoltaic (PV) array on the upper section of the roof.
- ii. Re-roofing works to the upper section of the Guildhall roof, additional insulation and replacement roof safety system.
- iii. Replacing existing light fittings with more energy efficient LED lighting.
- iv. Combined Heat and Power (CHP) unit to be installed in the plant room at the Guildhall.
- v. Implementing a number of measures to significantly increase the level of control the Facilities Team at the Guildhall had over the heating systems.
- vi. Replacing outdated, inefficient elements of the existing heating and hot water systems in the building with more up-to-date and energy efficient measures
- vii. Insulating pipework and valves in the plant rooms.
- viii. Installation of secondary glazing to those rooms that currently had single glazing.

The Executive Councillor stated that the estimated cost of the measures outlined was just over £572,000, although the precise costs would be refined when options were finalised and discussions with the Council's conservation team progressed further. It was estimated at this stage that these measures would deliver the following benefits:

- i. Saving 427,269 kWh of energy per annum, which represented a 24% reduction in the annual energy consumption at the Guildhall.

- ii. Reducing the Council's energy costs by £28,843, per annum, which represented a 33% reduction in the annual energy cost at the Guildhall.
- iii. Reducing the Council's carbon emissions 109 tCO<sub>2</sub> per annum, which represented a 40% reduction in the current annual carbon emissions from the Guildhall.

## **6) Councillor Barnett to the Executive Councillor for Housing**

### **How much affordable housing is planned at Mill Road Depot?**

The Executive Councillor replied this development was a Cambridge Investment Partnership between the Council and Hill Investment as outlined in Mill Road Development Brief document, which had been agreed in March 2017. Public consultation on this site would be made live shortly.

In planning terms the Local Plan referenced a total of 40% affordable housing on site. It was the council's ambition to increase this to 50% which would be delivered through the housing revenue account and the devolution grant.

## **7) Councillor Todd-Jones to the Executive Councillor for Housing**

### **Would the Executive Councillor for Housing please update council on how the Cambridge Street Aid programme is progressing?**

The Executive Councillor responded that residents, businesses and visitors to the city had donated more than £16,000 to Cambridge Street Aid, a charitable fund launched before Christmas 2016, and supported by Cambridge City Council, which was helping people to get off, or stay off the streets.

Every penny of the money donated to Cambridge Street Aid was allocated towards grants of up to £750 to help vulnerable people get the support, accommodation and employment they needed.

The money donated had started to change people's lives, with more than £10,000 having been paid out in 30 grants.

The Executive Councillor said he had been delighted by the generosity of local people and other donors. One resident had raised more than a £1000 for Street Aid by running the Cambridge marathon, and several others donated their winter fuel payments.

The fund was just one of the ways in which the council and other organisations provide assistance to rough sleepers, homeless people and those at risk of homelessness in the city.

Additional methods in which the council and its partners provide support for vulnerable people, included:

- i. Giving more than £700,000 a year in grants to a number of charities and services assisting homeless people and people on the street
- ii. Forging strong links with well-known local homeless charities Jimmy's Cambridge, Wintercomfort, Change Grow Live, Riverside Care and Support, Cambridge Cyrenians, the Cambridge Churches Homelessness Project, and a range of smaller providers.
- iii. Working with local organisations who provide over 500 beds, of which 300 are for single homeless people in hostels and other accommodation
- iv. Ensuring up to 40 council or housing association tenancies a year are available exclusively for former rough sleepers are ready to move on from hostel accommodation.
- v. Working with a range of enforcement agencies to initiate a series of patrols intended to deter begging and let the public know how best they can help people on the streets.

## **8) Councillor Tunnacliffe to the Executive Councillor for Streets and Open Spaces**

### **How effective are the twin bins installed on the parks and open spaces to encourage recycling**

The Executive Councillor responded that she did not have the statistics to hand to answer this supplementary question but she would have to refer to the Executive Councillor for Waste Services and City Centre who could provide an answer after the meeting.

There had always been an issue of cross contamination of the bins so education was vital to ensure the correct bins were used by the public when getting rid of their waste.

## **9) Councillor Page-Croft to the Leader**

**The emergency response of Kensington and Chelsea borough council to Grenfell fire has been widely criticised.**

**How prepared would the city council be to coordinate the response to a similar housing-focused disaster in Cambridge?**

The Leader replied that he like the rest of the county was shocked and saddened by the Grenfell tragedy but had been surprised by the response from Kensington and Chelsea Council.

The Council had an emergency plan, and business continuity plans for its individual services to ensure that critical services were kept running in an emergency and met the needs of those affected. This included the situation of fire in high rise building.

The only way to be confident of the Council's ability to respond was to regularly review the emergency plans which would link to the Council's community centres, train staff and to carry out desktop practice exercises.

As a small authority, the council would need to work really closely with neighbours and partners in the event of a major incident.

The Leader advised that a full response to this question would be sent to all Councillors.

**10) Cllr Smart to the Executive Councillor for Streets and Open Spaces****The pictorial meadows have been highly successful. What are the next steps?**

The Executive Councillor replied that the pictorial meadows planted on Chesterton Recreation Ground; Parkers Piece; Jesus Green, Nightingale Garden, Victoria Meadow, Fison Road, Ditton Recreation Ground and Kings Hedges Recreation Ground had been one of the council's most popular initiative.

It was hoped that the number of sites would increase in the future following public consultation. The Nightingale Garden volunteers were assisting the Council to trial perennial plants and flowers which would also give some plant cover during the winter.

This would also encourage the expansion of planting and improvement on those sites.

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

Executive Councillors if a written response could be provided to those questions that had not been covered.

**11) Councillor Austin to the Executive Councillor for Streets and Open Spaces**

**With insufficient bike racks in the city centre it is increasingly difficult for people to safely park their cycles without cluttering pavements. What plans are being considered for additional racks?**

**12) Councillor Roberts to the Leader**

**What were the outcomes from the recent Coercive Control event?**

**13) Councillor Sinnott to the Executive Councillor for Communities**

**What follow up is planned after the recent Council-led anti-poverty Conference?**

**17/37/CNL To consider the following Notices of Motion, notice of which has been given by:**

**17/37/CNL**a Councillor Gehring: Air Quality in Cambridge

Councillor Gehring proposed and Councillor T Moore seconded the following motion:

Council notes that in common with many towns and cities, air quality in parts of Cambridge periodically exceeds legal limits; that this has potentially serious public health consequences especially for children and the elderly from Nitrogen Dioxide and particulate matter; and that vehicle emissions, predominantly from diesel engines, are the leading contributor. It believes that tackling this problem requires both national and local government to take complementary action.

Council regards national governments over a long period of time as having failed the public by actively encouraging the use of diesel vehicles and by presiding over a regulatory regime allowing deception by manufacturers.

Council welcomes the direction set for zero emission vehicles by the current government's recent draft plan to improve air quality; however it is disappointed that while it is full of examples of what local authorities can do, the commitment for necessary central government action is largely absent.

Council in particular calls on the government to establish urgently a national scrappage scheme for diesel vehicles to enable owners to respond rapidly to new deterrents to their use without financial loss.

Meanwhile Council welcomes measures being explored or undertaken locally:

- to consider a Clean Air Zone in Cambridge, potentially with financial penalties for polluting vehicles providing fair alternatives are in place;
- to encourage bus companies to acquire and operate lower emission vehicles
- to progressively convert this Council's fleet to electric vehicles
- to encourage taxi operators to purchase electric or hybrid vehicles
- to provide charging facilities for electric vehicles

It now also requests the Executive to bring reports on the following further measures which are or could be within our control, to change the behaviour of some drivers in allowing their vehicle engines to idle while they are out of traffic, which adds to air pollution:

- a general campaign on the practice as operated by Westminster City Council, and further consideration of an application for statutory enforcement powers, as adopted by Islington Borough Council;
- an increase in the levels of enforcement of existing rules against engine idling that lie in our own conditions for taxis and the County Council's Quality Bus Partnership.

Councillor R Moore proposed and Councillor Herbert seconded the following amendment (deleted text ~~struck through~~, additional text underlined):

Council notes that in common with many towns and cities, air quality in parts of Cambridge periodically exceeds legal limits; that this has potentially serious public health consequences especially for children and the elderly from Nitrogen Dioxide and particulate matter; and that vehicle emissions, predominantly from diesel engines, are the leading contributor. It believes that tackling this problem requires both national and local government to take complementary action.

Council regards national governments over a long period of time as having failed the public by actively encouraging the use of diesel vehicles and by presiding over a regulatory regime allowing deception by manufacturers.

Council welcomes the direction set for zero emission vehicles by the current government's recent draft plan to improve air quality; however it is



disappointed that while it is full of examples of what local authorities can do, the commitment for necessary central government action is largely absent.

Council in particular calls on the government to establish urgently a national scrappage scheme for diesel vehicles to enable owners to respond rapidly to new deterrents to their use without financial loss.

Meanwhile Council welcomes measures being explored or undertaken locally:

- to consider a Clean Air Zone in Cambridge, potentially with financial penalties for polluting vehicles providing fair alternatives are in place;
- to encourage bus companies to acquire and operate lower emission vehicles
- to progressively convert this Council's fleet to electric vehicles
- to encourage taxi operators to purchase electric or hybrid vehicles
- to provide charging facilities for electric vehicles

It now also requests the Executive to bring reports on the following further measures which are or could be within our control, to change the behaviour of some drivers in allowing their vehicle engines to idle while they are out of traffic, which adds to air pollution:

- a general campaign on the practice as operated by Westminster City Council, and further consideration of an application for statutory enforcement powers, as adopted by Islington Borough Council;
- an increase in the levels of enforcement of existing rules against engine idling that lie in our own conditions for taxis and the County Council's Quality Bus Partnership.

This Council notes that anti-idling measures are currently being considered for inclusion in the new Air Quality Action Plan for 2017-2022, wherein the Council is currently undergoing a full review of all existing and new measures to reduce air pollution.

This Council notes that the Environmental Quality and Growth Team are currently preparing the new Air Quality Action Plan 2017-2022, which is scheduled to be circulated internally in September and for public consultation in October. The report, which covers the feasibility of anti-idling measures alongside other options to improve air quality, will also be brought before Environment Scrutiny Committee for further debate.

This Council resolves to hold a full briefing for members on the Air Quality Action Plan 2017-2022 ahead of the public consultation, wherein councillors

may ask detailed questions at the first available opportunity about the measures under consideration.

On a show of hands the amendment was carried by 39 votes to 0

**It was resolved (votes 39 to 0) that:**

Council notes that in common with many towns and cities, air quality in parts of Cambridge periodically exceeds legal limits; that this has potentially serious public health consequences especially for children and the elderly from Nitrogen Dioxide and particulate matter; and that vehicle emissions, predominantly from diesel engines, are the leading contributor.

It believes that tackling this problem requires both national and local government to take complementary action.

Council regards national governments over a long period of time as having failed the public by actively encouraging the use of diesel vehicles and by presiding over a regulatory regime allowing deception by manufacturers.

Council welcomes the direction set for zero emission vehicles by the current government's recent draft plan to improve air quality; however it is disappointed that while it is full of examples of what local authorities can do, the commitment for necessary central government action is largely absent.

Council in particular calls on the government to establish urgently a national scrappage scheme for diesel vehicles to enable owners to respond rapidly to new deterrents to their use without financial loss.

Meanwhile Council welcomes measures being explored or undertaken locally:

- to consider a Clean Air Zone in Cambridge, potentially with financial penalties for polluting vehicles providing fair alternatives are in place;
- to encourage bus companies to acquire and operate lower emission vehicles
- to progressively convert this Council's fleet to electric vehicles
- to encourage taxi operators to purchase electric or hybrid vehicles
- to provide charging facilities for electric vehicles

It now also requests the Executive to bring reports on the following further measures which are or could be within our control, to change the behaviour of some drivers in allowing their vehicle engines to idle while they are out of traffic, which adds to air pollution:

- a general campaign on the practice as operated by Westminster City Council, and further consideration of an application for statutory enforcement powers, as adopted by Islington Borough Council;
- an increase in the levels of enforcement of existing rules against engine idling that lie in our own conditions for taxis and the County Council's Quality Bus Partnership.

This Council notes that anti-idling measures are currently being considered for inclusion in the new Air Quality Action Plan for 2017-2022, wherein the Council is currently undergoing a full review of all existing and new measures to reduce air pollution.

This Council notes that the Environmental Quality and Growth Team are currently preparing the new Air Quality Action Plan 2017-2022, which is scheduled to be circulated internally in September and for public consultation in October. The report, which covers the feasibility of anti-idling measures alongside other options to improve air quality, will also be brought before Environment Scrutiny Committee for further debate.

This Council resolves to hold a full briefing for members on the Air Quality Action Plan 2017-2022 ahead of the public consultation, wherein councillors may ask detailed questions at the first available opportunity about the measures under consideration.

### **17/38/CNL Written Questions**

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

A copy could be viewed at the following link:

<http://democracy.cambridge.gov.uk/documents/b11003/Information%20Pack%2013th-Jul-2017%2018.00%20Council.pdf?T=9>

The meeting ended at 8.25 pm

**MAYOR**

This page is intentionally left blank

## HOUSING SCRUTINY COMMITTEE

21 September 2017  
5.30 - 7.55 pm

Present: Councillors Todd-Jones (Chair), Baigent, Cantrill, Gawthrope, Holland, Page-Croft, Sheil and Abbott

Executive Councillor for Housing: Councillor Price

<b>RECOMMENDATION TO COUNCIL</b>
----------------------------------

### **HOUSING REVENUE ACCOUNT MEDIUM TERM FINANCIAL STRATEGY**

The Housing Revenue Account Budget Setting Report, considered and approved in January / February of each year is the long-term strategic planning document for housing landlord services provided by Cambridge City Council.

The Housing Revenue Account (HRA) Medium Term Financial Strategy provides an opportunity to review the assumptions incorporated as part of the longer-term financial planning process, recommending any changes in response to new legislative requirements, variations in external economic factors and amendments to service delivery methods, allowing incorporation into budgets and financial forecasts at the earliest opportunity.

The Housing Scrutiny Committee considered and approved the recommendations by 5 votes to 0.

#### **Accordingly, Council is recommended to:**

Approve proposals for changes in existing housing capital budgets, as introduced in Sections 6 and 7 and detailed in Appendix E of the document, with the resulting position summarised in Appendix H.

This page is intentionally left blank

Item

## **HOUSING REVENUE ACCOUNT MEDIUM TERM FINANCIAL STRATEGY 2017/18**



**To:**

Councillor Kevin Price, Executive Councillor for Housing

**Report by:**

Julia Hovells, Principal Accountant

Tel: 01954 - 713071

Email: [julia.hovells@cambridge.gov.uk](mailto:julia.hovells@cambridge.gov.uk)

**Wards affected:**

Abbey, Arbury, Castle, Cherry Hinton, Coleridge, East Chesterton, King's Hedges, Market, Newnham, Petersfield, Queen Edith's, Romsey, Trumpington, West Chesterton

### **Key Decision**

#### **1. Executive Summary**

- 1.1 The Housing Revenue Account Budget Setting Report, considered and approved in January / February of each year is the long-term strategic planning document for housing landlord services provided by Cambridge City Council.
- 1.2 The Housing Revenue Account (HRA) Medium Term Financial Strategy provides an opportunity to review the assumptions incorporated as part of the longer-term financial planning process, recommending any changes in response to new legislative requirements, variations in external economic factors and amendments to service delivery methods, allowing incorporation into budgets and financial forecasts at the earliest opportunity.

## **2. Recommendations**

### **Recommendations to be considered under Part 1 of the Housing Scrutiny Committee Agenda:**

The Executive Councillor is recommended to:

- 2.1 Approve the Housing Revenue Account Medium Term Financial Strategy attached, to include all proposals for change in:
- Financial assumptions as detailed in Appendix B of the document.
  - 2017/18 revenue budgets as introduced in Section 5, resulting from changes in financial assumptions and the financial consequences of change, as introduced in Section 5, detailed in Appendix D of the document and summarised in Appendix G.
  - The revised Rent Setting Policy as detailed in Appendix L of the document.

### **Recommendations to be considered under Part 2 of the Housing Scrutiny Committee Agenda:**

The Executive Councillor is asked to recommend to Council:

- 2.2 To approve proposals for changes in existing housing capital budgets, as introduced in Sections 6 and 7 and detailed in Appendix E of the document, with the resulting position summarised in Appendix H, for decision at Council on 19th October 2017.

## **3. Background**

*Page: 2*

- 3.1. The Housing Revenue Account budget was set for 2017/18 as part of 2017/18 HRA Budget Setting Report, approving a net contribution from reserves in the year of £2,317,380.



- 3.2 This figure was later amended to reflect approvals to carry forward expenditure originally anticipated to be incurred in 2016/17 into 2017/18 as part of the closedown process for 2016/17. Following these changes, the sum of £2,861,930 was anticipated to be required as a contribution from reserves for the year.
- 3.3 The HRA Medium Term Financial Strategy revisits the assumptions made as part of the HRA Budget Setting Report, and recommends both changes in these and in some areas of budgeted expenditure and income for 2017/18 and beyond.
- 3.4 The resulting financial impact for the Housing Revenue Account is explained and summarised in the attached document and appendices.

## **4. Implications**

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

*Page: 3*

The financial implications associated with the HRA Medium Term Financial Strategy are incorporated as part of the document itself and the associated appendices.

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

There are no direct staffing implications associated with this report. Any staffing implications resulting from the Housing Transformation Programme and resulting recommendations will be addressed as part of any further reports presented to Housing Scrutiny Committee.

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

An Equalities Impact Assessment is not considered to be required as part of this report.

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

There are no adverse environmental implications anticipated as a result of changes proposed in this report.

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

There are no direct procurement implications associated with this report.

## **(f) Community Safety Implications**

There are no direct community safety implications associated with the HRA Medium Term Financial Strategy.

## **5. Consultation and communication considerations**

Tenant and Leaseholder representatives are being consulted on the proposals in the HRA Medium Term Financial Strategy as part of the Housing Committee scrutiny process.

## **6. Background papers**

Background papers used in the preparation of this report:

- (a) Housing Revenue Account Mid-Year Financial Review (October 2016)
- (b) Housing Revenue Account Budget Setting Report (February 2017)

## **7. Appendices**

Appendix A Housing Revenue Account Medium Term Financial Strategy

## **8. Inspection of papers**

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

Julia Hovells, Principal Accountant

Telephone: 01954 - 713071 or email: [julia.hovells@cambridge.gov.uk](mailto:julia.hovells@cambridge.gov.uk).

# Housing Revenue Account Medium Term Financial Strategy (HRA Business Plan Update)

# Contents

Section No.	Topic	Page No.
1	Introduction and Local Context	1
2	Housing Stock	4
3	National Policy Context and External Factors	6
4	Revenue Resources	15
5	Detailed Review of Revenue Budgets	20
6	Capital – Existing Stock	22
7	Capital & Asset Management – New Build & Re-Development	25
8	Summary and Conclusions	34

# Appendices

Reference	Topic	Page No.
A	Key Risk Analysis	39
B	Business Planning Revised Assumptions	42
C	Retained 1-4-1 Right to Buy Receipts	45
D	2017/18 HRA Mid-Year Revenue Budget Amendments	46
E	2017/18 Mid-Year Housing Capital Budget Amendments	48
F	New Build Programme Cashflow	50
G	HRA Summary Forecast 2017/18 to 2021/22	53
H	Housing Capital Investment Plan (5-Year Detailed Investment Plan)	54
I	HRA Ear-Marked & Specific Funds	58
J	Business Planning Key Sensitivity Analysis	59
K	Areas of Uncertainty	60
L	Rent Setting Policy	63

# Section 1

## Introduction and Local Context

### Foreword by the Executive Councillor

The Medium-Term Financial Strategy is an opportunity to consider the financial assumptions and projections made when putting forward the Housing Revenue Account Budget for 2018/19 and review the following years in the context of our long-term Business Plan.

The pressures on, and uncertainty for, the Housing Revenue Account arising from changes in national policy in the areas of welfare reform and housing policy have run like a thread through the HRA Budget papers over the last seven years. Some, like the 1% rent cut which resulted in an almost £15,000,000 deficit over its four years, are immediate and stark. Others, like Pay to Stay, required work to be done on the possible implications before a welcome reversal.

The Devolution Grant, used in conjunction with our Right to Buy receipts, will enable the Council to build at least 500 potentially debt free new council homes on sites across the City, and together with savings achieved through the Housing Transformation Programme, helps put the HRA Business Plan back onto a sustainable footing.

However, too many uncertainties and potential pressures remain. It is imperative that this year the Government fulfils its commitment in the Housing White Paper to develop its future rent setting policy from 2020 with both councils and housing associations, and that it removes uncertainty around supported housing in its promised review.

The tragedy at Grenfell Tower has opened up a national conversation about the value we place on social housing. Too many times since 2010 stock holding councils have borne the brunt of policy changes. As by far the largest provider of social housing in Cambridge, this council has always been clear that council housing must be an integral part of national housing policy. The Higher Value Levy remains a significant threat to our Housing Revenue Account and whilst we welcomed the November 2016 announcement confirming no levy would be required during 2017/18, a complete reversal on this damaging policy would

be the best outcome and a welcome signal of a recognition of the role of stock holding councils in meeting the national housing challenge.

*Councillor Kevin Price.*

Executive Councillor for Housing

# Background and Executive Summary

The Housing Revenue Account (HRA) Medium Term Financial Strategy is one of two updates each year of the HRA 30-Year Business Plan approved in February 2012, which update the position for the HRA operating in a self-financing environment.

The report allows the authority to review assumptions and consider material changes, which may need the authority to change financial strategy, policy or to take alternative courses of action, to ensure a financially viable Housing Revenue Account in future years. Both revenue and capital investment is considered in this report, with the impact of any proposed changes on the HRA Business Plan clearly identified. A review of the strategic risks facing the HRA is presented at **Appendix A**. The HRA Medium Term Financial Strategy re-states the budget for the current year (2017/18), highlighting only significant or exceptional in-year changes for approval, reviews and updates financial assumptions and presents updated projections for the following 4 years from 2018/19 to 2021/22, in the context of the longer-term financial position.

The inclusion of 500 new homes, funded largely by Devolution grant, coupled with the savings either already made, or anticipated in the coming budget year as part of the revised Housing Transformation Programme, deliver a sustainable position for the HRA over the longer-term. It must be noted, however, that the current forecasts have been constructed whilst there are still a number of areas of uncertainty in the housing sector, and with the assumptions that 75% of debt will be re-financed, that the sale of higher value voids levy will be further deferred and that rent increases can be re-introduced at the previously assumed levels once the remaining 2 years of rent cuts have taken place. Financial forecasts will be reviewed again as further information is made available to the authority.

## Timetable

Committee dates in the financial planning and budget preparation timetable are shown below:

Date	Task
<b>2017</b>	
21 September	Executive Councillor for Housing considers HRA Medium Term Financial Strategy incorporating Housing Scrutiny Committee views in recommendations to Council
19 October	Council considers HRA Medium Term Financial Strategy
<b>2018</b>	
17 January	Executive Councillor for Housing considers HRA Budget Setting Report, alternative budget proposals, approves rent levels and sets revenue budgets, considering Housing Scrutiny Committee views, making capital recommendations to Council
22 February	Council approves HRA Budget Setting Report

# Section 2

## Housing Stock

### Housing and Leasehold Stock

#### Housing Stock (dwelling stock owned and managed in the HRA)

Housing Category (Including Shared Ownership)	Actual Stock Numbers as at 1/4/2017	Estimated Stock Numbers as at 1/4/2018
General Housing	6,428	6,511
Sheltered Housing	511	511
Supported Housing	22	22
Temporary Housing (Individual Units)	47	48
Temporary Housing (HMO's / EA)	24	24
Miscellaneous Leased Dwellings	17	17
Shared Ownership Dwellings	87	110
<b>Total Dwellings</b>	<b>7,136</b>	<b>7,243</b>

Property Type (Excluding Shared Ownership)	Actual Stock Numbers as at 1/4/2017	Estimated Stock Numbers as at 1/4/2018
Bedsits	103	103
1 Bed	1,684	1,687
2 Bed	2,409	2,476
3 Bed	2,237	2,247
4 Bed	96	100
5 Bed	7	7
6 Bed	2	2
Sheltered Housing	511	511
<b>Total Dwellings</b>	<b>7,049</b>	<b>7,133</b>



## Leasehold Stock

At 1<sup>st</sup> April 2017, the Council retained the freehold and managed the leases for 1,157 leasehold flats.

## Housing Stock Changes

The table below compares reductions in the general housing stock in the last 10 years through right to buy sales, other sales, re-development and conversion, with increases in the number due to new build dwellings and acquisitions.

Year	Opening Stock	RTB's	Other Disposals / Demolitions	Conversions / Other Changes	Acquisitions / New Builds	Closing Stock
2016/17	7,040	(58)	(7)	(1)	75	7,049
2015/16	7,016	(42)	(4)	5	65	7,040
2014/15	7,164	(51)	(109)	(7)	19	7,016
2013/14	7,235	(60)	(45)	1	33	7,164
2012/13	7,280	(41)	0	(6)	2	7,235
2011/12	7,290	(12)	0	0	2	7,280
2010/11	7,364	(17)	(62)	0	5	7,290
2009/10	7,387	(13)	(2)	(8)	0	7,364
2008/09	7,438	(6)	(44)	(1)	0	7,387
2007/08	7,524	(43)	(42)	(1)	0	7,438
Total		(343)	(315)	(18)	201	

# Section 3

## The National Policy Context and External Factors

### External Factors

In reviewing financial assumptions as a pre-cursor to strategic decision making, it is necessary to consider external factors, outside of the control of the organisation and to update financial projections in light of any changes or trends in these areas.

A table detailing all of the revised business planning assumptions is included at **Appendix B**.

#### **Inflation Rates**

The base rate of inflation used to drive expenditure assumptions in the HRA financial forecasts is the Consumer Price Index (CPI). The last 18 months has seen a steady increase in this measure of inflation, with the rate of growth rising from 0.2% in December 2015 to 2.6% by June 2017, a level which until recently has not been seen since mid-2013. The Office for Budget Responsibility (OBR) is currently still predicting a return to the Bank of England's target level for CPI of 2% in the longer-term.

In light of the decision, and resulting negotiations, for the UK to leave the European Union, coupled with changes in government at a national level, it is difficult to accurately predict in which direction this indices will move in the short or medium term.

With this in mind, forecasts for the rate of base inflation have been amended as part of the Medium Term Financial Review, from the previously assumed level of 2.4% from 2018/19 on an ongoing basis, to a rate of 2.6% for 2018/19, 2.2% for 2019/20, 2.3% for 2020/21 and 2% then ongoing, to reflect the current view of the Bank of England. This assumption will be revisited again as part of the 2018/19 Budget Setting Report.

Expenditure in respect of building maintenance is inflated in the financial forecasts using the RICS (Royal Institution of Chartered Surveyors) Building Cost Information Service (BCIS) all in tender price

index. This index is historically volatile, with huge peaks and troughs in the rates between years, depending upon the level of activity and availability of both labour and materials for the industry. Again, a decision to leave the European Union is anticipated to have a direct impact in this industry, with current uncertainty about the price that can be secured for building materials, whether financial institutions will continue to lend on the same terms for building projects in the UK, and whether the labour market will be directly impacted.

According BCIS All in Tender Price Index, forecasts for the next 5 years are for a real reduction in prices of 0.7% for 2018/19, followed by growth of 1.4%, 5.2%, 6.6% and 5.9% in the following 4 years. These revised assumptions, with the exception of the reduction in 2018/19 where contract prices are unlikely to actually go down, have been incorporated into the financial forecasts, using an average rate of 3.7% from year 6 onwards.

## **Interest Rates**

The Housing Revenue Account is entitled to its proportion of any interest earned on cash balances invested by the authority, with a mix of investments adopted by the Council. The Housing Revenue Account proportion includes balances which are revenue or capital in nature. Interest returns currently remain relatively low; with revised interest rate assumptions are included in **Appendix B**.

In respect of HRA borrowing, the self-financing loan portfolio with the Public Works Loans Board remains, with rates of between 3.46% and 3.53%. Additional borrowing must be within the level of the current HRA borrowing cap, with headroom of approximately £16m, and there is no indication that the borrowing cap will be increased in the immediate future. Any transfer of land between the General Fund and the HRA to allow development, would impact the HRA Capital Financing Requirement, effectively utilising any borrowing headroom which may exist. Therefore any decisions in this regard will need to be taken with the borrowing cap in mind.

Although any additional borrowing in the HRA could be lent from the General Fund if funds allowed, for prudence in financial planning, the assumption that the HRA will borrow externally has been retained.

The external borrowing rates previously assumed for the HRA were 2.5% in 2017/18, rising to 2.7% from 2018/19 onwards. Having reviewed the rates currently available from the PWLB for maturity loans with a 30 year duration, and taken into consideration market projections, it is proposed to marginally

increase these rates to 2.8%, as part of the HRA Medium Term Financial Strategy, recognising that a certainty rate providing rates at 20 basis points below the standard rate is still available at present.

Although the rates available currently mean that the rates are still lower than those secured for the self-financing settlement in 2012, any attempt to re-finance the loans now to take advantage of the lower rates would incur significant early redemption penalties. Any interest saving would be far outweighed by the penalty, which would need to be paid at the point of re-financing.

## **Right to Buy Sales**

In 2016/17, 118 right to buy applications were received and recorded, compared with 114 and 141 in the two previous years respectively. Only 31 applications have been received in the first 4 months of 2017/18. This seems to indicate that the increased activity in 2015/16, deemed to be attributable to the anticipated introduction of 'Pay to Stay', the requirement for those on higher income to pay up to market rent for living in their council home, may now have returned to prior year levels, following the scheme being abolished. In 2016/17, 58 of the applications proceeded to completion of the sale of the property, compared with 42 in 2015/16. In the first 4 months of 2017/18, 19 sales have completed, supporting the view that interest has plateaued.

It is impossible to accurately predict future sales, although the recent decline in applications and the current uncertainty in the country at national level, indicates it may be prudent to marginally decrease the assumption of sales, with a reduction to 40 sales in 2018/19, then reducing by 5 sales per annum, until 25 sales per annum are assumed from 2021/22 onwards.

## **Right to Buy Receipts**

The authority is still subject to the agreement with CLG, allowing the retention of an agreed proportion of right to buy receipts, subject to a set of specific conditions, the authority still holds a significant sum for re-investment. Receipts must be spent, within 3 years, to fund the delivery of new social housing, with a maximum of 30% of any dwelling being funded via this mechanism, with the balance funded from the Council's own revenue resources or borrowing.

It has recently been confirmed that the authority is unable to directly utilise capital receipts from the sale of land and other housing assets as a form of match funding for retained right to buy receipts. Although this is a change to our previous assumptions, we are still able to utilise these housing capital receipts for any other form of capital investment in the provision of affordable housing, which allows us to utilise this resource to fund any other areas of the HRA capital programme, in effect switching the

funding previously identified for these areas to match fund the retained right to buy receipts, thus achieving the same aim.

The authority has now formally entered into the Devolution Agreement, which includes the provision for grant of £70 million over 5 years to be paid to Cambridge City Council to assist in the delivery of 500 new homes in the city, to meet the increased housing demand. This resource is expected to be combined with retained right to buy receipts (of up to 30% of the total cost).

Whilst held, the capital receipts can be invested by the authority to earn interest in the short-term, but if not spent appropriately within the 3 year time frame, have to be paid over to central government, with 'penalty' interest payable at 4% above the base rate, far exceeding the level of interest that will have been earned in the interim.

**Appendix C** summarises the latest position in respect of both receipts held and re-invested. Although a deadline has not yet been breached, there has been the need to undertake a number of strategic acquisitions during 2016/17, with more anticipated in 2017/18, to ensure that funds are re-invested locally, and not paid to central government with an interest penalty attached. The Strategic Director has delegation to draw down funds from HRA ear-marked reserves to acquire homes on the open market, and it is anticipated that up to £5,000,000 may be spent during 2017/18 to ensure that investment is made well in advance of the prescribed deadlines.

However, now that the Cambridge Investment Partnership (CIP) is operational, it is anticipated that new build delivery will accelerate over the coming months.

The option to pass retained receipts to registered providers still remains, with the registered provider delivering affordable housing to which we would receive nomination rights. The same time constraints apply in this instance, as does the need for the 70% top up funding.

Following confirmation of funding for HRA housing in Cambridge through the devolution arrangements, the authority will be in a position to retain all right to buy receipts allowed under the 1-4-1 retention agreement, on the assumption that the devolution funding will provide the 70% top up of resource required to allow re-investment. The need to invest the resource within 3 years of receipt will remain, despite the 5 year timeframe approved for the investment of the devolution funding.

# National Housing Policy

## **National Rent Setting Policy**

The legislation approved as part of the Welfare Reform and Work Bill 2015, requires local authority landlords and registered providers to continue to apply a 1% rent reduction for the next two years, from April 2018 and April 2019.

The authority is still expected to move rents in void properties from actual (transitional) rents directly to target rent levels before relet, recognising that the target rent for each property will also reduce by 1% each year for the remaining two years of this rent policy.

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 in 2020/21 at the previous levels of CPI plus 1% per annum.

In respect of affordable rents, the government requires local authorities to determine what 80% of the market rent would be for a property, and to apply the 1% reductions to this rent level, with the resulting sum being the maximum which a local authority can charge.

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

The ability, as included in the Housing and Planning Act 2016, for Central Government to impose a financial levy on stock owning authorities in respect of the assumed sale of higher value housing stock, is still subject to regulation. There is a need for secondary legislation to be passed by Government before the policy can be implemented.

The levy would be expected to vary for each financial year, with the value arrived at on a formulaic basis, after a period of consultation with local authorities. Although no regulations are available, it is anticipated that the authority would have some discretion over which assets it disposes of, in order to meet the levy, with periodic payments due throughout each financial year.

Review of the HRA Acquisition and Disposal Policy under an agreed delegation, to ensure that the authority can act to dispose of assets quickly if required, has been placed on hold until further announcements are made. A land audit is however, still being carried out by the Housing

Development Agency, in order to provide updated information on sites within our ownership, highlighting potential use for these sites.

The latest formal announcement in November 2016, by the then Housing Minister, Gavin Barwell, confirmed, that the government will not be requesting any higher value voids levy payments from councils during 2017/18.

The need for secondary legislation to be laid before parliament, coupled with a number of other challenges facing Government at present, are now bringing into question whether this legislation could now be enacted by April 2018, if it is enacted at all.

On the strength of this, it is not considered appropriate to retain the assumption that the authority will be required to dispose of assets to meet a levy with effect from April 2018, and as a result this assumption has been deferred until April 2019, with our financial modelling now assuming that we do not begin to hold any voids until October 2018. This supports the view of Government that if and when detail is announced, local authorities will be afforded appropriate lead in time to prepare.

The HRA Medium Term Financial has therefore been constructed on the assumption that the compulsion to sell will still require the equivalent of approximately 1.8% of the housing stock each year to be disposed of, representative of just under 130 properties per annum initially, but with payment simply deferred until 2019/20. Scenario modelling has been undertaken to demonstrate the impact on the HRA of an earlier implementation and no implementation of this policy at all.

## Welfare Reforms

### **Universal Credit**

Universal Credit was introduced in Cambridge on the 29<sup>th</sup> February 2016 and is currently only applicable to single, working age customers, otherwise entitled to make a claim for Jobseekers Allowance. Universal credit generally includes housing costs for this group and this is paid directly to the customer unless it can be demonstrated that there are budgeting concerns. Claims must be made online. The full digital service that will allow claims from couples and those with children will be rolled out to Cambridge Job Centre in June 2018. The current number of claims continues to be low, with most for people who do not have a rental liability such as non-dependants.

As part of the Delivery Partnership Agreement, requests for Personal Budgeting Support are being accommodated by Cambridge Citizens Advice Bureau (CAB). There have been low numbers of these, and many have not attended their appointment at CAB, which the partners (CAB, DWP and the City Council) are working to resolve.

## **Benefit Cap**

The project to manage the impact of the reduced Benefit Cap is progressing well. The Council has contacted those affected by letter, telephone or by visiting, with a number of these households having been identified as receiving incomes that exempt them from the cap or having started work or increased their hours of work which will remove them from the cap. Liaison work with social landlords remains key to supporting their tenants and City Homes officers have been working with tenants to find solutions that work for them.

A number of referrals have been made to Citizens Advice for budgeting support and some have been referred to Cambridge Housing Society to look at ways to help those affected into work. Others may need short term Discretionary Housing Payments (DHP's) to support them until they are able to improve their circumstance. DHPs are used extensively to support those affected by welfare reforms. There are 20 claims affected by the Benefit Cap currently receiving DHP.

There are currently 101 capped claims, with 55 being City Homes tenants. Three of these tenants are also currently impacted by the Removal of the Spare Room Subsidy.

## **Removal of the Spare Room Subsidy**

Numbers of customers affected by the removal of the spare room subsidy is remaining steady with 350 HRA tenants currently affected by the reform, with 299 impacted by a reduction of 14% and 51 by 25%. Of the 350 households currently affected by the removal of the spare room subsidy, 90 households are in receipt of DHP.

## **Limiting the Child Element to two children**

From 1 April 2017, new benefit claims and current benefit claims which increase the family element above two children, do not have additional child elements included in the Housing Benefit calculation.

There are some exemptions for multiple births, result of abuse and adoption, or similar.



It will not impact on current claimants with more than two children, unless they have more children, then the child allowances will not increase, subject to the above exemptions.

## **Local Housing Allowance Restriction**

Social sector rents used in the calculation of Housing Benefit and the Housing Costs element of Universal Credit will be restricted to the prevailing Local Housing Allowance rates from April 2019. Local Housing Allowance rates will be the maximum Housing Benefit payable, towards both rent and any service charges. Regulations have not yet been released, but following the guidance issued thus far it will apply to both general needs housing and supported, impacting those of working age as well as pensioners. However, the shared accommodation rate for under 35's will not apply to those in Supported Housing for Housing Benefit or the Housing element in Universal Credit.

LHA rates are set to be frozen for the remainder of this parliament but may go down if average rents decrease within the Cambridge Broad Rental Market area.

## **Supported Accommodation Review**

DWP launched a consultation considering new funding for supported housing once many of the above changes come into effect from April 2019, with findings now expected to be published in the autumn of 2017.

# Support for Vulnerable People

Cambridge City Council is still in contract with the County Council, under a partnership arrangement, for the delivery of tenure neutral support services to older people across the city as a whole, with an initial term of just under 3 years from 30<sup>th</sup> April 2014 to 31<sup>st</sup> March 2017, extended under an agreed contract extension until 31 March 2018. The contract sum is £180,000 per annum.

The County Council are currently reviewing the specification for this service and are consulting stakeholders, exploring options for the future delivery of this service, with the potential for a formal tender for the continued provision of support services being considered as an option, alongside a continued partnership arrangement.

The authority is also contracted to deliver support services in extra care housing, operating under temporary extensions arrangements whilst the County Council decide upon the most appropriate delivery vehicle for the future.

In both of these areas, there is a risk to the level of service which may be provided to residents if Cambridge City Council were no longer to deliver services, as the current contractual provision for both care and support is enhanced by the local authority. In the event of an alternative provider stepping in, the City Council would need to decide to what degree, if any, it wanted to continue to in some way support the delivery of these services. Any enhanced support provision could be met financially from the HRA, but any input into care would need to be funded from the General Fund.

# Section 4

## Revenue Resources – Rent and Other Income

### Rent Arrears and Bad Debt Provision

Rent collection performance locally remains consistently good, with over 99% of the value of rent due, collected in 2016/17.

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)
31/3/2013	£661,246	1.86%	£862,042
31/3/2014	£619,986	1.68%	£967,755
31/3/2015	£637,735	1.67%	£763,491
31/3/2016	£598,820	1.51%	£735,539
31/3/2017	£645,398	1.63%	£728,050

Performance in the collection of current tenant debt displays some challenges in 2016/17, with the ongoing impact for residents of both the social sector size criteria reduction in housing benefit and the benefit cap potentially now having a visible impact. Officers continue to work proactively with all tenants, but particularly those already, or soon to be, affected by the benefit changes, in an attempt to mitigate any further negative financial impact on the Housing Revenue Account. Following the recent restructure of the housing service, dedicated teams are now in place to ensure that income recovery is maximised, whilst the most vulnerable of our residents get all of the financial assistance to which they are entitled and still receives the support they need to remain in their homes.

The collection of former tenant arrears continues to prove challenging, although with focussed effort the level of arrears has been marginally reduced each year over the last 3 years. There is still work to do to ensure that the former tenant debt held, is only that which is realistically collectable, and to facilitate write off of any which isn't. Provision is made in the Housing Revenue Account to write off just under 91% of former tenant debt, but a decision to do this is not taken until all avenues for collection have been exhausted.

An increase in rent arrears is anticipated over the next few years, as Universal Credit is rolled out more widely, and more tenants are moved to direct payment.

The current contributions to the bad debt provision increase from 0.84% in 2017/18 to 1.12% in 2018/19. These assumptions have been retained as part of this review. The level of provision for the longer term will be reviewed once the authority has more experience of payment performance locally.

At 31 March 2017, the total provision for bad debt stood at £1,202,756, representing 88% of the total debt outstanding.

## Void Levels

The value of rent not collected as a direct result of void dwellings in 2016/17 was £511,864, representing a void loss of 1.38%, compared with £389,281 in 2015/16, representing a void loss of 1.05%.

The significant increase in void loss in 2016/17 was due to a combination of holding vacant units at Ditchburn Place pending the start of the refurbishment of the scheme, vacating flats and bungalows Anstey Way in preparation for demolition and re-build and some new build units which were unoccupied for longer than anticipated, partly due to the time it is taking to market and find suitable buyers for the new shared ownership homes at Scholar's Court. If shared ownership housing proves difficult to sell, there is an option for the HRA to explore conversion of these units to affordable rented homes, but this may require obtaining permission from planning and also, in the event of the units being in receipts of grant funding, the Homes and Communities Agency.

On an ongoing basis, an assumption of 0.84% voids in general housing is still assumed, recognising the reduction in void times anticipated as part of changes resulting from the Housing Transformation Programme. However, it is proposed to temporarily increase this assumption in the short-term to 1.25%

in 2018/19 and 1% in 2019/20, recognising the anticipated release of a considerable amount of new build affordable housing in the city, and the ongoing refurbishment of Ditchburn Place.

## 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 2018, the authority is required to apply the third year of a four year rent cut in social housing rents of 1% per annum.

In respect of affordable rented homes, the government require local authorities to determine what 80% of the market rent is for each dwelling, and ensure that the combined rent and service charges levied for a property does not exceed this level, minus the 1% reduction required each year for the four years from April 2016. As local policy limits affordable rents to the Local Housing Allowance level (approximately 60% of market rent) from the point of introduction, it is argued that the 4 year reduction has already been applied for these properties at inception. As a result, affordable rents are reviewed in line with the Local Housing Allowance each year, ensuring that they do not exceed 80% of what is deemed to be market rent, less the impact of 4 years of reducing this by 1%.

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, followed by CPI plus 0.5% from April 2024.

The authority identified savings as part of the 2016/17 and 2017/18 budget processes, to offset the financial impact of years 1 and 2 of this policy, but there are a further 2 years reductions anticipated.

The HRA Rent Setting Policy has been updated, particularly to reflect the requirement to reduce rents for a four year period, and is presented at **Appendix L** of this report.

### **Rent Restructuring**

Property specific target social rents under the rent restructuring regime still apply, but the requirement to reduce social housing rents by 1% for a further 2 years, means that the target rents will also continue to reduce in line with this.

The authority has the ability to close the gap between target social rent and the actual rent being charged for a dwelling, only when a property becomes void, and actively does this.

The average target 'rent restructured' rent at the start of 2017/18 across the general housing stock was £103.75, with the average actual rent charged being £99.37, both recorded on a 52 week basis. By April 2017, 21.1% of the social rented housing stock was being charged at target rent levels, compared with 16.7% in April of the previous year.

The gap between actual and target rent levels now equates to an annual loss of income of approximately £1,566,000 across the HRA, compared with the income assumption in the HRA Self-Financing Debt Settlement, where convergence was anticipated well before now.

There were 173 new build properties charged at the higher 'affordable rent' levels, equivalent to the Local Housing Allowance at 1<sup>st</sup> April 2017.

## Reserves

### Housing Revenue Account General Reserves

Reserves are held in part to help manage risks inherent in financial forecasting and budget-setting. Risks include changes in inflation and interest rates, unanticipated service demands, rent and other income shortfalls, and emergencies, such as uninsured damage to the housing stock. In addition, reserves may be used fund the up-front impact of investment which is anticipated to deliver savings in the longer-term. For the Housing Revenue Account the target level of reserves is £3,000,000, with a minimum level of reserves of £2,000,000. HRA reserves continue to be held at levels above target, due to a desire to be in a position to fund some re-provision of existing homes on development sites, where retained right to buy receipts and devolution funding can't be used for this purpose.

The impact on HRA reserves for 2016/17, and 2017/18 to date is shown in the table below:

<b>Budgeted or Actual Use of / (Contribution to) HRA Reserves</b>	<b>2016/17 £'000</b>	<b>2017/18 £'000</b>
Opening General HRA Reserves	<b>(9,790)</b>	<b>(10,178)</b>
<b>Changes in HRA Reserves</b>		
Original Budget (Approved in February)	1,737	2,317
Carry Forwards (Approved in June)	191	545

MTFS Mid-Year Review (Approved in October)	(190)	(367)
Budget Setting Report Revised Budget (February)	(230)	-
Estimated Closing General HRA Reserves	<b>(8,282)</b>	<b>(7,683)</b>
Actual Outturn for the Year (Reported in June)	(388)	-
Contribution from Ear-Marked Reserves	-	-
Actual Closing General HRA Reserves	<b>(10,178)</b>	-

The original budget for 2017/18 approved a net use of general reserves of £2,317,380, incorporating a revenue contribution of £925,520 to fund capital expenditure.

The financial projections incorporated into this report include the effects of changes in capital scheme approvals and resources, approved carry forwards from 2016/17, changes in anticipated interest due for 2017/18 based upon revised cash balance assumptions, changes to rent income and the bad debt provision due to re-profiled new build schemes and as a result of changes in assumptions about the sale of higher value vacant homes and the short-term removal of budget for additional rent collection costs as a result of welfare reforms.

The final general HRA reserves position reported at 31 March 2017 was £10,178,140.

The revised projection of the use of general reserves in the current year (2017/18) now indicates that there is expected to be a net use of reserves of £2,494,610, which would leave a balance of £7,683,530 at 31<sup>st</sup> March 2018.

There is now a proposed use of £4,614,210 of direct revenue financing of capital expenditure in 2017/18 and nothing in 2018/19. This is lower than previously anticipated in the longer-term due to the assumption that devolution grant is used to match retained right to buy receipts at every opportunity.

## Earmarked Funds

In addition to General Reserves, the Housing Revenue Account maintains a small number of earmarked or specific funds which are held for major expenditure of a non-recurring nature or where the income is received for a specific purpose. See **Appendix I** for detail of existing balances held.

# Section 5

## Detailed Review of Revenue Budgets

### Housing Transformation Programme

In response to the financial pressures faced, or anticipated to be faced by the HRA, the Fundamental Review of Housing delivered an initial tranche of savings from 2016/17, with the Housing Transformation Programme approving a second tranche of significant revenue savings from April 2017.

Many of the approved savings for 2017/18 have been delivered as anticipated, with service restructures completed, and processes undergoing review to ensure that other operational savings can be delivered by the end of the year.

Failure to identify a suitable sub-tenant for the south area office, for the remainder of the lease term (just over 3 years), however, means that this 2016/17 saving has not been delivered as anticipated. The negative impact of this (approximately £110,000 per annum, including rent, insurance, business rates, health and safety expenditure and utilities) has been taken account of in the financial forecasts for the HRA, recognising that the authority may need to meet these costs until December 2020.

The Housing Transformation Programme continues in 2017/18, with a number of service areas identified for consideration. With the key aim of ensuring that the authority is best placed to respond to changes in the economy and in national housing policy whilst still meeting the needs of the most vulnerable.

The work streams being considered as part of the 2017/18 programme include:

- Response Repairs Standards and Rechargeable Repairs
- Anti-Social Behaviour
- Garage Review
- Section 20 Works and Cost Recovery
- Disposal of Higher Value Voids Levy (if, and when detail is available)



The findings from the above review work streams will be presented to Housing Scrutiny Committee, with any detailed resulting budget proposals to be incorporated as part of the 2018/19 budget process and included in the 2018/19 HRA Budget Setting Report.

## 2017/18 Mid-Year Budget Changes

As part of the HRA Medium Term Financial strategy, there is no formal mid-year review of service delivery or operational budgets, but there is an opportunity to review the HRA position for the current year from a strategic perspective, allowing incorporation of any major in-year changes in income or financing arrangements as a direct result of changes in the capital programme.

For 2017/18, there is the need to recognise and approve the following changes in the HRA mid-year:

- Revised rental income assumptions as a result of delays in the delivery of the new build programme, more than offset by the assumption that holding voids in anticipation of the disposal of higher value voids levy has been deferred until mid 2018/19.
- Removal of the budget in 2017/18 identified to meet the increased rent collection costs associated with direct payment, with funding re-included from 2018/19 on a phased basis, and in full again by 2019/10.
- A marginal increase in the 2017/18 contribution to the bad debt provision, recognising the additional rental income now assumed in year.
- A marginal reduction in the amount of interest that the HRA will expect to pay on notional internal borrowing in 2017/18 due to a reduction in the HRA Capital Financing Requirement (CFR), and therefore in the level of notional internal borrowing.
- An increase in the anticipated interest received on cash balances for 2017/18, as although the interest rate assumptions are retained, the level of balances held is higher due to underspending in 2016/17, re-phased capital expenditure and increased sales receipts.
- Re-inclusion of a 3% employee turnover saving from 2018/19 onwards, for all cost centres except those with a single employee, shared service or recharged services.

These changes are detailed in **Appendix D**, and are incorporated into the HRA Summary Forecast at **Appendix G**.

# Section 6

## Capital - Existing Stock

### Stock Condition / Decent Homes

The authority holds validated stock condition data for its housing stock, which is updated on a continual basis.

The housing service reported achievement of the decent homes standard in the housing stock as at 31 March 2017 at 97%, compared with 92% achieving the desired standard at 31 March 2016. There were 215 properties that were considered to be non-decent (in addition to refusals), with another 375 anticipated to become non-decent during 2017/18.

### Stock Investment

Following the tragic events at Grenfell Tower in June 2017, the authority has reviewed the construction and cladding types on flats. The Council owns two high rise blocks (6 storeys or more) at Hanover Court and Scholar's Court. Hanover Court is constructed of brick and concrete, and has no external cladding or insulation. Scholar's Court has some external cladding, although principally to the top (sixth floor) and which is Class 0 (lowest) fire rated. The construction meets all current building requirements and the Council has confirmed with both government (DCLG) and the Fire service that there is no need for any further inspection

Fire Risk Assessments of all communal areas in HRA property are completed by external consultants on a 3 year rolling programme. Any remedial works which are identified as high priority as a result of the assessments are dealt with as quickly as possible and any other lesser work is separately collated and scheduled for action either as building repairs, or progressed by Housing Officers where the remedial action requires a leaseholder response or advice to residents generally about their use of communal spaces (storage etc). Additional resource is nevertheless, being re-directed to ensure that any backlogs of non-urgent fire risk management repairs are completed as a priority.

It is anticipated that the ongoing Inquiry into the Grenfell Tower Fire disaster will result in recommendations for improved fire management practices and possible changes to high rise building standards generally. However, it is too early to know how such changes might apply to the Council's HRA communal properties, which are of different construction and height to Grenfell Tower and cannot be readily compared. The developing investigations are nevertheless being kept under close review and any early findings or advice will be used to improve our overall fire management practices where appropriate.

Condition surveys have been undertaken on a number of HRA Commercial properties and a programme of repairs is currently being developed. It is anticipated that the cost of the surveyed repairs can be contained within the overall annual budget of £30,000 per annum. Properties include:

- Akeman Street Shops (4 units, subject to current re-development proposal)
- Anstey Way Shops (6 units)
- Barnwell Road Shops (6 units)
- Campkin Road Shops (4 units)
- Hazelwood Road Shops (1 unit)
- Walpole Road Shops (1 unit)
- Wulfstan Way Shops (2 units)

The current HRA Business Plan and resulting Housing Capital Investment Plan remain constructed on the basis that a partial investment standard is retained in the housing stock, reduced previously as part of the Fundamental Review of the Housing Service. It should be recognised that consideration needs to be given to the impact that any further reductions in investment levels over the longer-term may have, particularly quantifying the impact of a return to the basic decent homes standard, weighed up against the flexibility this may provide to respond to any increased financial pressure that the HRA faces.

Following a recent procurement exercise, Fosters have been successful in securing a contract with the Council for the majority of external planned works to the housing stock, blocks and estates. The previous contractor for these planned works, Kiers, finished in March 2017, but the new contractor will not be fully mobilised until September / October of this year. As a direct result, it will not be possible to deliver the full programme in 2017/18, and therefore some re-phasing of expenditure has been incorporated as part of this report.

**Appendix H** provides detail of the revised 5-Year Housing Capital investment Plan, and incorporates the following items in relation to existing stock:

- Expenditure as approved in the HRA Budget Setting Report in February 2017.
- Re-phasing of expenditure anticipated to take place in 2016/17, into 2017/18 and beyond, as approved in June / July 2017.
- Re-phasing of budgets for energy improvement, central heating, electrical re-wiring, roof structures, HHSRS, communal areas, communal area floor coverings, and associated overheads from 2017/18 into 2018/19 as a result of the handover between planned maintenance contractors (as detailed in **Appendix E**).
- Re-phasing of budget for remedial works associated with sulphate to the end of the current programme.
- Removal of the budget for major works to a property in Gwydir Street, as a direct result of the decision to dispose of the property on the open market (as detailed in **Appendix E**).
- Virement of £150,000 between the budget heads for communal areas and wall structures, to allow some external works to flatted blocks (as detailed in **Appendix E**).

# Section 7

## Capital & Asset Management – New Build & Re-Development

### Asset Management

Consideration continues to be given to the strategic acquisition or disposal of assets, in line with the current HRA Acquisition and Disposal Policy. The policy will be reviewed, under an approved delegation, once any formal announcements are made about the regulations that would underpin the introduction of any higher value voids levy. This legislation would require a completely new approach to the asset management of the housing stock.

Receipts from individual asset disposals are currently recognised in the HRA's reserves at the point of receipt and after all relevant costs have been provided for, but this would need to change if the new regulations are brought in, as it will be necessary to forecast the number of sales which will take place in each period, in order to plan effectively to meet any levy imposed.

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

Acquisition / Disposal	Comment	Status
188 Kendal Way	3-bedroom house currently owned by the County Council approved for acquisition (linked to 12 Mortlock Avenue)	In progress, but with delay due to County Council decision making processes
12 Mortlock Avenue	3-bedroom house currently leased to the County Council approved for disposal to the County (linked to 188 Kendal Way)	
1 Ferry House	2-bedroom house approved for disposal	Sold
23 Kingsway	1-bedroom flat in Arbury acquired using right to buy receipts for rental purposes	Completed
65b Ekin Road	2-bedroom flat in Abbey, acquired using right to buy receipts for rental purposes	Completed
2a Anstey Way	2-bedroom flat in Trumpington, acquired using right to buy receipts for rental purposes	Completed
8 Gray Raod	1-bedroom flat in Coleridge, acquired using right to buy receipts for rental purposes	Completed

Acquisition / Disposal	Comment	Status
33 Atkins Close	2-bedroom maisonette in Kings Hedges, acquired using right to buy receipts for rental purposes	Completed
82 Verulam Way	2-bedroom flat in Arbury, acquired using right to buy receipts for rental purposes	Completed
47 Bridewell Road	3-bedroom semi-detached house in Cherry Hinton, acquired for rental purposes, but with potential future development opportunities	Completed
68 Colville Road	2-bedroom flat in Cherry Hinton, acquired for rental purposes, but with potential future development opportunities.	Completed
2-bed flat in Cherry Hinton	2-bedroom flat in Cherry Hinton, with acquisition considered for rental purposes	Offer accepted and in progress
3-bed maisonette in Arbury	3-bedroom maisonette in Arbury, with acquisition considered for rental purposes	Offer accepted and in progress
3-bed house in Arbury	3-bedroom house in Arbury, with acquisition considered for rental purposes	Offer accepted and in progress
2-bed flat in East Chesterton	2-bedroom adapted flat in East Chesterton, with acquisition considered for rental purposes	Offer accepted and in progress

# New Build & Re-Development

## General Approach

All new build housing in the HRA is now commissioned by the Council, and is delivered by the Housing Development Agency (HDA), who project manage the sites. The Council has formed the Cambridge Investment Partnership (CIP), a limited liability partnership (LLP) with Hill Investment Partnerships Limited, for the development of land in the city. It is anticipated that the majority of new homes in the HRA will be delivered through the Cambridge Investment Partnership, as this will bring significant external expertise into the development process and a supply chain that is expected to aid delivery. The HRA is not, however, committed to using the Cambridge Investment Partnership in respect of an site, and could procure an alternative developer or build contractor, if it so chose.

The Cambridge Investment Partnership will design and price the delivery of new build housing to the HRA, to include build cost, fees (architects, etc) and their fee for effectively project managing both the supply chain and the delivery of new homes. The H.D.A will continue to charge a fee for its role in the detailed project management for the delivery of new homes, but the fee will be lower than

previously charged, as a proportion of the team will be funded by the Cambridge Investment Partnership, recognising their role in the wider Investment Team.

Potential new build schemes are still identified, and incorporated into the rolling affordable housing programme to allow formal feasibility investigation and consultation with stakeholders. Each scheme is subsequently considered and approved at Housing Scrutiny Committee based upon indicative costs, and then incorporated into the Housing Capital Investment Plan at the next approval opportunity. As the scheme design progresses and planning approval is sought, revised and more accurate scheme costs are available, culminating ultimately in a build contract value which forms the final budget for each scheme. Where land is leased to the CIP during the development phase of a site, the detailed design and delivery on each site will be determined by the CIP Board, with the proposed site mix and layout reported back to Housing Scrutiny Committee for information. The land will revert back to HRA ownership at the end of the development phase, by virtue of a pre-agreed break clause in each lease.

Many of the HRA re-development sites will incorporate an element of re-provision of existing homes, usually with the density of the new site being significantly increased. This iteration of the HRA Business Plan incorporates approval of an ear-marked sum of £2,000,000 per annum for 5 years from 2018/19 to allow for re-provision of existing homes alongside those built with devolution grant and retained right to buy receipts.

As part of the HRA Budget Setting Report or HRA Medium Term Financial Strategy, the latest scheme appraisal costs available at the time are incorporated into the financial models, and therefore the Housing Capital Investment Plan. These costs will not always be the finally agreed contractual sums that the authority enters into in all cases, but ensures that the most up to date data is being utilised.

## **New Build Schemes Completed**

At the time of writing this report 231 new homes had been completed since April 2012, of which 32 were shared ownership homes.

The table below details the new build schemes and acquisitions completed to date:

Scheme	Date Completed	Social Housing / SO Units	External Funding Source	Percentage Social Housing on Site
Jane's Court	November 2013	20	HCA Grant	59%
Anstey Way	January 2015	1	RTB Receipts	50%
Latimer Close	March 2015	12	HCA Grant	60%
Barnwell Road	July 2015	12	HCA Grant	59%
Campkin Road	March 2016	20	HCA Grant	63%
Stanesfield Road	March 2015	4	HCA Grant	50%
Atkins Close	June 2015	8	HCA Grant	100%
Wadloes Road	October 2015	6	RTB Receipts	100%
Colville Road (Acquisitions)	June 2015	6	RTB Receipts	76%
Atkins Close (Acquisitions)	June 2015	4	RTB Receipts	100%
Wadloes Road (Acquisitions)	October 2015	3	RTB Receipts	100%
Colville Road	June 2016	19	HCA Grant	76%
Aylesborough Close	September 2016	20	HCA Grant	59%
Homerton	December 2016	39 (10 Shared Ownership)	RTB & Sales Receipts	40%
Clay Farm (Virido) – Block 1	June 2017	57 (22 Shared Ownership)	RTB & Sales Receipts, HCA Grant	50%
<b>Total</b>		<b>231 (incl. 32 Shared Ownership)</b>		

## New Build Schemes On Site / In Progress

Following early delays in delivery due to securing vacant possession and planning, there have been further delays during construction and handover on new build sites being delivered by Keepmoat. This has not only resulted in the need to further re-phase expenditure between years, but also impacts receipt of the anticipated future revenue streams for each of the sites. The contract clause (liquidated and ascertained damages), that requires the contractor to make payment, equal to the loss of rental income has been evoked in a number of cases, with invoices of £195,000 having been raised to the



contractor, and paid to date and further sums due to be invoiced at completion of the remaining schemes.

The table below summarises new build schemes, where scheme specific budget approval is in place, which are either on site, or in progress, providing details of the anticipated costs and number of units that will be delivered on each site once complete:

Scheme	Approved (Indicative) Social Housing Units	Approved Shared Ownership Units	Latest Budget Approved (Capital Cost net of Land Transfer)	HCA Grant, RTB Receipt and Sales Receipt Funding	Devolution Grant	Net Capital Cost to the HRA
Hawkins Road	9	0	1,413,720	(424,120)	0	989,600
Fulbourn Road	8	0	1,320,540	(396,160)	0	924,380
Ekin Road	6	0	1,091,740	(327,520)	0	764,220
Water Lane	14	0	1,510,460	(719,000)	0	791,460
Clay Farm	43 (+ 35 handed over)	4 (plus 22 handed over)	16,204,780	(6,163,809)	0	10,040,971
Nun's Way / Cameron Road	7	0	2,691,000	(807,300)	(1,829,100)	54,600
Wiles Close	3	0				
Tedder Way	2	0				
Kendal Way	2	0				
Uphall Road	2	0	322,000	(96,600)	(221,900)	3,500
Queensmeadow	2	0	431,000	(129,300)	(301,700)	0
Hills Avenue	1	0	249,000	(74,700)	(174,300)	0
Wulfstan Way	6	0	819,000	(245,700)	(573,300)	0
Anstey Way	54	0	10,197,000	(1,632,410)	(2,980,950)	5,583,640
Ventress Close	19	0	4,153,000	(933,570)	(2,178,320)	1,041,110
Akeman Street	10	0	1,986,000	(462,000)	(1,078,000)	446,000
Colville Road Garages	3	0	693,000	(207,900)	(485,100)	0

Scheme	Approved (Indicative) Social Housing Units	Approved Shared Ownership Units	Latest Budget Approved (Capital Cost net of Land Transfer)	HCA Grant, RTB Receipt and Sales Receipt Funding	Devolution Grant	Net Capital Cost to the HRA
Housing on General Fund Sites (Contingency)	TBC	0	320,000	(96,000)	(224,000)	0
<b>Total Due</b>	<b>191</b>	<b>4</b>				

The Housing Capital Investment Plan, an updated version of which is attached at **Appendix H**, 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.

The table below confirms the site type and the current status of schemes which are not yet on site, with the latest assumed number of new homes which can be delivered, subject to planning approval.

Scheme	Site Type	Status	Potential New Build Units
Nuns Way / Cameron Road	Garage and In-fill	Planning approved	7
Wiles Close	Garage	Planning approved	3
Tedder Way	In-fill	Awaiting planning	2
Kendal Way	In-fill	Planning approved	2
Uphall Road	Garage	On site, in-house build	2
Queensmeadow	In-fill	Pre-planning	2
Hills Avenue	In-fill	Pre-planning	1
Wulfstan Way	In-fill	Pre-planning	6
Anstey Way	Existing Housing	Pre-planning	54

<b>Scheme</b>	<b>Site Type</b>	<b>Status</b>	<b>Potential New Build Units</b>
Ventress Close	Existing Housing	Pre-planning	19
Akeman Street	Existing Mixed Use	Design stage	10
Colville Road	Garage Site	Pre-planning	3

The budget required for the schemes in the table above may change as planning negotiations progress and the work is priced in detail.

## **Akeman Street**

Akeman Street currently comprises a mixed commercial and residential development, providing only 2 social rented homes. Housing Scrutiny Committee considered an outline scheme in January 2016, which would deliver 10 new affordable homes. Resources were ear-marked in the capital programme for the site, based upon this proposal, but recognising that a revised scheme needed to be presented which increased density on the site, and determined whether re-provision of commercial and community facility were required.

A revised scheme is expected to be presented to Housing Scrutiny Committee in the next committee cycle, at which point revised costs will be built into both the financial forecasts and the resulting HRA Business Plan.

## **Wulfstan Way**

Although originally incorporated into the Housing Capital Plan as part of the 2016/17 garage and in-fill site programme, this scheme is presented for scheme specific approval as part of this committee cycle, for an increased density site, anticipated to deliver 6 one-bedroom flats, subject to planning approval. Budget has therefore been incorporated into the capital plan as part of the HRA Medium Term Financial Strategy on this basis.

## **Colville Road Garage Site**

Also presented as part of this committee cycle, is a report to obtain scheme specific approval for a small garage site in Colville, Road, where it is anticipated that 2 three-bedroom house and 1 two-

bedroom house can be delivered, again subject to planning approval. Budget has therefore been incorporated into the capital plan as part of the HRA Medium Term Financial Strategy on this basis.

## General Fund Sites

To allow the HRA to consider acquiring the affordable housing on any General Fund sites which are taken forward for development purposes, there will be the need for the HRA to contribute to some of the early site development costs. An additional budget allocation of £320,000 to allow this, has been included in this Medium-Term Financial Strategy for approval.

## Capital Programme

**Appendix H** provides detail of the revised 5-Year Housing Capital investment Plan, and incorporates the following items in respect of new build and acquired housing:

- Expenditure as approved in the HRA Budget Setting Report in February 2017.
- Re-phasing of expenditure anticipated to take place in 2016/17 into 2017/18 and beyond, as approved in June / July 2017.
- Re-allocation of new build budget between the unallocated / generic new build budgets and individual scheme specific budgets, in line with approvals, or revised approvals to proceed with schemes at Ventress Close, Anstey Way, Queensmeadow and Hills Avenue, recognising the latest financial sums approved for investment.
- As part of this HRA Medium Term Financial Strategy, approval to re-phase budgets in respect of the 2015/16 garage sites, Hills Avenue, Queensmeadow, Wulfstan Way, Anstey Way, Akeman Street, Ventress Close and the unallocated new build devolution programme budget is being sought.
- As part of this HRA Medium Term Financial Strategy, approval for the inclusion of funding for the Colville Road garage site, an increase in the funding for the in-fill sites to allow the Wulfstan Way scheme to proceed, and for early costs of housing to be delivered on General Fund sites, is sought.
- Formal inclusion of a budget of £5,000,000 for the acquisition of existing homes during 2017/18 to utilise retained right to buy receipts in advance of the deadlines for payment of them to central government. This budget has already been drawn upon in 2017/18 to date under a delegation to the Strategic Director.

- As part of this HRA Medium Term Financial Strategy, approval to include an ear-marked sum of £2,000,000 per annum for 5 years from 2018/19 to allow re-provision of existing HRA homes alongside new homes delivered using devolution funding and retained right to buy receipts.
- Inclusion of a budget of £4,000,000 per annum from 2022/23 for the continued delivery of some new build housing once the initial devolution funding has been exhausted. The government has, however, indicated that there may also be longer-term funding available through the devolution programme which would allow the authority to continue to re-invest ongoing retained right to buy receipts locally.
- Capital financing has been updated in respect of revised assumptions in right to buy and other capital receipts, grants, revenue funding of capital expenditure and borrowing requirements.

## Devolution

Cambridge City Council is now signed up to a Cambridgeshire and Peterborough Combined Authority Devolution Agreement, alongside six other local authorities. The Devolution deal transfers resources, powers and responsibilities from Central Government, to Cambridgeshire and Peterborough. The mayor for the Combined Authority has now been duly elected.

Government funding of £100 million has been made available for housing and infrastructure costs to meet the impact of growth in the area, with an additional, £70 million ear-marked over 5 years, for specific investment in housing in Cambridge, recognising the increased housing demand, and ring-fenced for social rented housing to be spent in Cambridge City Council's HRA. An allocation of £20 million over 30 years has also been provided to meet the ongoing costs of supporting infrastructure.

£70 million of funding over 5 years is expected to allow the delivery of up to 500 homes over a five year period, assuming that this is also combined with right to buy receipts where they are available. The new homes will be let at Cambridge affordable housing rent levels, using the Local Housing Allowance as a guide for this. The resource could be invested on HRA sites, General Fund sites, or for the delivery of the affordable housing element on Section 106 sites. As any new homes on HRA sites are unlikely to carry any liability in the form of prudential borrowing, these assets will make a positive contribution to the HRA business plan from the outset, helping to offset some of the impact of homes lost through right to buy and the requirement to reduce rents by 1% for a further two years.

# Section 8

## Summary and Conclusions

### HRA Budget Strategy

#### **The Budget Process**

The HRA budget for 2018/19 will incorporate the outcome of work carried out as part of the first phases of the Housing Transformation Programme, and will include the anticipated impact of any recommendations from the final phase planned for during 2017/18. The budget process itself will remain broadly similar to that for previous years in terms of timing and detailed administration.

The work undertaken to date, and planned for 2017/18, as part of the Transformation Programme to exemplify savings allows the authority to respond to the initial impact of some of the changes in national housing policy, but also enables strategic re-direction of resource into other areas of investment, such as new build housing, if all of the financial pressures are not as originally anticipated.

Devolution alters the short-term position for the HRA, but in isolation, would not address the delivery of a sustainable HRA over the full 30 years if the higher value voids levy were to be implemented at some point, as we are still assuming. A degree of further cost reduction or additional income generation would still be required to ensure the longer-term viability of the business.

Some of the changes in assumptions made as part of this update of the HRA Business Plan, have a positive impact for the HRA, including deferral of the assumption as to when the sale of higher value voids levy will be introduced, reductions in assumptions for long-term pay progression, employee turnover savings and reduced long-term inflation rates

As these changes improve the current outlook for the HRA, this report proposes that instead of seeking the balance of transformation savings anticipated to be delivered from April 2018 (£1,099,130), that a reduced savings target of £250,000 be incorporated for 2018/19, with a commitment to review this again during 2018/19, as part of the 2018/19 HRA medium Term Financial Strategy. The retention of a

savings target, albeit at a lower level than previously assumed, will ensure that efficiencies are still sought in the service where possible. The detail in terms of individual savings proposals, and the impact of reducing budgets by these values, will be presented as part of the 2018/19 budget bids and savings process.

For 2017/18 the HRA Medium Term Financial Strategy incorporates changes in the anticipated interest earned in year from a revenue perspective, recognising that the opening balances at the start of the year were higher than anticipated and adjusts the anticipated level of rental income based upon updated knowledge of the timing of sales, assumptions about the higher value vacant homes levy and the delivery of new build homes. Also incorporated are changes in the capital programme in respect of the budget now required for specific new build schemes, adjusted as they reach the next milestone in the development process. Longer-term, budgets for non-scheme specific new build investment or strategic acquisitions are incorporated based upon the level of investment required to avoid paying any retained right to buy receipts to Central Government, instead ensuring they are re-invested in the locality. Resource for the re-provision of existing HRA homes on development sites has also been incorporated.

## **Approach to HRA Savings**

The Housing Transformation Programme incorporated a target level of savings of £1,000,000 per annum for 2017/18 and 2018/19. The savings approved for 2017/18 were marginally short of the target, resulting in deferral of £99.130 of the target into 2018/19, with the assumption therefore that £1,099,130 of savings would be sought from 2018/19 onwards. No savings target was incorporated from 2019/20 onwards, but an adjustment in respect of repairs expenditure in line with estimated stock changes was maintained.

It was recognised when the HRA Budget Setting Report was presented in January 2017, that the inclusion of 500 new homes due to the promise of Devolution Grant would alter the financial forecasts for the HRA, and a commitment was given to reviewing future targets as part of the HRA Medium Term Financial Strategy.

This report proposes that the savings target of £1,099,130 for 2018/19 be reduced to £250,000, recognising positive changes in some of the business planning assumptions, such as reductions in inflation assumptions for expenditure, re-inclusion of an employee turnover allowance and deferral of the sale of higher value voids levy, all alongside the recognition of 500 new homes without the need for borrowing. The reduced target is however mindful of extended uncertainty in some areas of

national housing policy. The continued uncertainty does not mean that some of the national changes proposed that will negatively impact the HRA won't materialise at all, but avoids the authority cutting services too severely, too soon. The authority will need to review and evaluate its position for 2019/20 onwards, once there is clarity at a national level.

Transformation funding of an additional £120,000 per annum for a 3 year period, beginning in 2016/17 is still incorporated, allowing not only the one-off costs associated with change and transformation to be met, but also any ongoing revenue spending that may be required as a result of changes in the housing sector, for example to allow the authority to meet any unmet costs of responding to changes in housing policy. If not utilised in full to fund ongoing expenditure, some of the transformation budget could be offered as a savings towards the target set.

At this stage, pending the outcome of the review of the self-financing debt as part of the transformation programme, the assumption that the authority attempts to set-aside resource for the repayment of up to 25% of the housing debt by the point at which the loan portfolio begins to reach maturity, is retained. The authority will reconsider its approach to set-aside once legislation around the sale of higher value vacant homes levy has either been passed or the scheme confirmed as having been abolished.

As part of the 2018/19 budget setting process, any areas of new revenue investment, outside of that to be met from the Transformation Programme fund, will need to be offset by the identification of additional savings or increased income generation elsewhere across the HRA.

Now that the devolution arrangements are in place, there is sufficient resource available to match fund retained right to buy receipts with the 70% of additional investment required. One of the key challenges for 2017/18 and 2018/19 will be to bring forward enough new build housing in quick enough timeframes to allow the investment of these resources. Failure to invest the retained right to buy receipts within the required 3 year timeframe will still carry the penalty of paying them to central government with interest currently at 4.5%, calculated from the quarter in which they were originally received.

The position will be reviewed again as part of the January 2018 HRA Budget Setting Report, with a view to maximising investment in new homes, maintaining service delivery in key statutory areas and protecting services for the most vulnerable, whilst also ensuring that the existing housing stock is maintained to the latest standards.



# Base Assumptions

In order to update the Housing Revenue Account Business Plan, the assumptions included in the base plan have been revisited, and confirmed or amended as appropriate in the light of any more up-to-date intelligence and information.

In all cases, the revised assumptions included are derived from the best information available at the current time, utilising both historic trend data and the expert advice and opinion of specialists where appropriate.

The base financial assumptions included in the financial model are included at **Appendix B**, with continuing uncertainties for the HRA summarised at **Appendix K**.

**Appendix G** summarises the revenue budget position for the HRA for the period between 2017/18 and 2021/22, based upon inclusion of the amended financial assumptions that form part of the update to the Self-Financing Business Plan.

**Appendix J** demonstrates the potential impact on the business plan of changes in some of the base assumptions that have been incorporated as part of this review, including the negative impact if rent increases are not returned to the level of CPI plus 1% from 2020/21, as being assumed.

## HRA MTFS Conclusions

Updating the base assumptions for the HRA has had a material impact on the future financial projections for the housing business.

Changes to assumptions in interest rates, particularly in the building cost inflation indices (BCIS) used to drive projected costs for future investment in the housing stock have had a positive impact on the financial projections, as has the assumption that the sale of higher value voids levy is deferred for a further year.

When, and in fact if, the sale of higher value voids will be implemented is completely uncertain at present, but the assumption that it is deferred has been cautiously made, in advance of any formal notification.

The assumptions made that we are able to revert to the previous national policy around the level of rent increase that may be applied after the remaining two years of imposed rent reductions is critical. If the authority is not able to increase rents from April 2020 as assumed, the financial forecasts for the HRA will be materially different, with the need to take significant action.

Another key risk, is the authorities ability to invest retained right to buy receipts within the timescales, despite now having devolution grant to provide the 70% match funding for these. The time taken for the Housing Development Agency, and then the Cambridge Investment Partnership, to form, engage specialist input, obtain the relevant approvals and take sites forward has been longer than anticipated. The Cambridge Investment Partnership has now appointed a number of key specialists, in terms of planning consultants and architects, and schemes are now moving forwards.

The previous assumption in respect of the delivery of savings was that the authority would seek savings of £1,099,130 in 2018/19, to ensure that the assumption made as part of the Housing Transformation Programme, that savings totalling £2,000,000 would be identified across 2017/18 and 2018/19 was met. This assumption has been amended in light of the positive changes in assumptions that have been made at present, to £250,000 for 2018/19, in full recognition that this may need to be reviewed and revisited when government regulations are released around some of the pending changes in national housing policy.

# Appendix A

## Key Risk Analysis

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>	<ul style="list-style-type: none"> <li>• Effective, formal, regular review processes are in place for the HRA to ensure that implications are identified, quantified and highlighted</li> </ul>
<p>Funding is not identified to meet the costs associated with changes in statutory requirements</p>	<ul style="list-style-type: none"> <li>• Additional / specific funding requirements for new services can be identified through the budget process, to allow effective prioritisation of resources. Minimum reserves are held to allow immediate investment if required.</li> </ul>
<p>HRA Debt Settlement could be re-opened by Government (or not re-opened when changes dictate that it should)</p>	<ul style="list-style-type: none"> <li>• The Council has processes in place ensuring early engagement in any consultation and collective representation through national housing bodies</li> </ul>
<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>• Impact of any proposed changes to national rent policy is incorporated into financial planning as early as possible.</li> <li>• Consideration could be given to deviating from national rent policy at a local level if statute were to allow</li> </ul>
<p>Implementation of Fixed Term Tenancies carries administrative cost and dictates the need for system change at a time when the Housing Management Information System is being re-procured</p>	<ul style="list-style-type: none"> <li>• Limited resource is incorporated into financial plans for the ongoing costs associated with housing transformation, with the opportunity to review this annually. Project Board for system replacement are aware of the potential need for changes to IT systems</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 and long-term modelling (up to 30 years) for HRA, ensuring decisions are made in context of long-term impact</li> <li>• The Business Plan includes long-term trend analysis on key cost drivers 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>

Risk Area & Issue arising	Controls / Mitigation Action
<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>• 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>	<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> </ul>
<p>Rent and service charge arrears increase and bad debt rises, as a direct result of the Welfare Benefit Reforms</p>	<ul style="list-style-type: none"> <li>• Increased resources identified for income management. Performance closely monitored to allow further positive action if required.</li> </ul>
<p>Rent income is under-achieved due to a major incident in the housing stock</p>	<ul style="list-style-type: none"> <li>• Asset Management Plan in place to identify and address key issues in the housing stock to minimise likelihood of widespread incidents</li> </ul>
<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>	<ul style="list-style-type: none"> <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> </ul>
<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>• Policy on applying general capital receipts for strategic disposals only at point of receipt</li> </ul>
<p>Volatility and uncertainty in the property market impacts the ability to dispose of assets at appropriate values and within timescales required to meet any higher value voids levy</p>	<ul style="list-style-type: none"> <li>• Reconsider appropriate level of HRA reserves to hold as a minimum once any levy vale is known</li> <li>• Retain capital receipts realised in advance of the levy in anticipation of the need for them</li> </ul>

# Appendix B

## Business Planning Assumptions (Highlighting Changes)

Key Area	Assumption	Comment	Status
General Inflation (CPI)	2.6% for 2018/19, 2.2%, 2.3%, then 2% ongoing	General inflation on expenditure included at 2.6% for 2018/19, then 2.2%, 2.3% and 2% ongoing, per Bank of England projections.	Amended
Capital Inflation	0% for 2018/19, 1.4%, 5.2%, 6.6%, 5.9%, then 3.7% ongoing	Based upon the BCIS forecast for the next 5 years, using an average over this period as the ongoing assumption	Amended
Debt Repayment	Set-aside 25% to Repay Debt	Assumes surplus is re-invested in income generating assets, with 25% of resource set-aside to repay debt as loans reach maturity dates, pending review of the set-aside policy once any impact of a sale of higher value voids levy is clear.	Retained
Capital Investment	Reduced Partial Investment Standard	Base model assumes a reduced partial investment standard in the housing stock, compared with a basic decent homes standard. This will be reviewed again during 2017/18.	Retained
Pay Inflation	1.5% Pay Progression plus: Pay Inflation for 2018/19 onwards at 2.0%	Assume allowance for increments at 1.5% and cost of living pay inflation at 2% on an ongoing basis.	Amended
Employee Turnover	3%	Employee budgets assume a 3% turnover, unless service area is a single employee, or is a shared service, externally recharged service or trading account.	Amended
Social Rent Review Inflation	-1% from 2018/19 for 2 years, then CPI plus 1% for 4 years, then CPI plus 0.5% from 2024/25	Rent decreases of 1% per annum in line with government guidelines from 2016/17 to 2019/20, then CPI plus 1% until the end of the 10 year period, reverting to inflation plus 0.5% after this. Assume CPI in preceding September is as above.	Retained
Affordable Rent Review Inflation	CPI for 2 years, then CPI plus 1% for 4 years, then CPI plus 0.5% from 2024/25	Affordable rents to be reviewed annually in line with Local Housing Allowance, ensuring that they do not exceed 80% of market rent less the 4 years of 1% rent cuts.	Retained
Rent Convergence	Void Only	Ability to move to target rent achieved only through movement of void properties directly to target rent.	Retained
External Lending Interest Rate	1.11%, 1.3%, 1.3% then 1.36%	Interest rates based on latest market projections, including the impact of additional CCLA	Retained

Key Area	Assumption	Comment	Status
	ongoing	investment.	
Internal Lending Interest Rate	1.11%, 1.3%, 1.3% then 1.36% 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
<b>External Borrowing Interest Rate</b>	<b>2.8%</b>	<b>Assumes additional borrowing using Capita predictions of PWLB rates, currently 2.8%, including assumed certainty rate.</b>	<b>Amended</b>
<b>Internal Borrowing Interest Rate</b>	<b>2.8%</b>	<b>Assume the same rate as external borrowing to ensure flexibility in choice of borrowing route.</b>	<b>Amended</b>
HRA Minimum Balances	£2,000,000	Maintain HRA minimum balance at £2,000,000, pending a review once the impact of the higher value voids levy and other housing policy changes are clear.	Retained
HRA Target Balances	£3,000,000	Maintain HRA target balance at £3,000,000, pending a review once the impact of the higher value voids levy and other housing policy changes are clear.	Retained
<b>Right to Buy Sales</b>	<b>50, 40, 35, 30, then 25 sales ongoing</b>	<b>An uncertain economy expected to result in a marginal decline in activity. Assume 50 for 2017/18, reducing to 40 in 2018/19, then by 5 sales per annum, until 25 are assumed ongoing.</b>	<b>Amended</b>
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 ear-marked for direct new build spend. Debt repayment proportion assumed to be set-aside.	Retained
<b>Void Rates</b>	<b>1.25% for 2018/19. 1% for 2019/20, then 0.84% ongoing</b>	<b>Assumes 1.25% in 2018/19, reducing to 1%, then 0.84% from 2020/21, recognising refurbishment works and improved void processes longer-term</b>	<b>Amended</b>
Bad Debts	0.84% for 2017/18 then 1.12% ongoing	Bad debt provision increased by 100% long term from base of 0.56%, reflecting the requirement to collect 100% of rent directly, assuming an extension of the existing payment profile for housing stock as direct payment is phased in	Retained
<b>Savings Target</b>	<b>£250,000 for 2018/19, then to be reviewed</b>	<b>Final year target amended to reflect assumed deferral of sale of higher value voids levy, retaining an efficiency target of £250,000 for 2018/19. Additional pressure to reduce spending may exist longer term once national policy is clear.</b>	<b>Amended</b>
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

Key Area	Assumption	Comment	Status
Transformation Fund	£120,000 for 2018/19, then nil	Housing Transformation / Spend to Save Fund for 1 further year (now 3 in total), with delegation to Director to spend.	Retained



# Appendix C

## 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	6,033,316.06	1,809,994.82	0.00	0.00
31/12/2012	1,052,927.43	1,358,621.87	4,528,739.57	31/12/2015	9,420,870.94	2,826,261.28	0.00	0.00
31/03/2013	721,056.95	2,079,678.82	6,932,262.73	31/03/2016	13,631,090.94	4,089,327.28	0.00	0.00
30/06/2013	558,506.21	2,638,185.03	8,793,950.10	30/06/2016	15,331,604.93	4,599,481.48	0.00	0.00
30/09/2013	649,210.49	3,287,395.52	10,957,985.07	30/09/2016	17,863,405.41	5,359,021.62	0.00	0.00
31/12/2013	939,637.07	4,227,032.59	14,090,108.63	31/12/2016	25,179,180.06	6,473,754.02	0.00	0.00
31/03/2014	1,556,452.02	5,783,484.61	19,278,282.03	31/03/2017	24,483,659.29	7,345,097.79	0.00	0.00
30/06/2014	1,053,196.82	6,836,681.43	22,788,938.10	30/06/2017	26,195,293.76	7,858,588.13	0.00	0.00
30/09/2014	517,057.26	7,353,738.69	24,512,462.30	30/09/2017			-	-
31/12/2014	1,004,106.23	8,357,844.92	27,859,483.07	31/12/2017			499,256.79	1,664,189.31
31/03/2015	831,750.78	9,189,595.70	30,631,985.67	31/03/2018			1,331,007.57	4,436,691.91
30/06/2015	595,447.59	9,785,043.29	32,616,810.97	30/06/2018			1,926,455.16	6,421,517.21
30/09/2015	902,092.08	10,687,135.37	35,623,784.57	30/09/2018			2,828,547.24	9,428,490.81
31/12/2015	857,169.10	11,544,304.47	38,481,101.49	30/12/2018			3,685,716.34	12,285,721.14
31/03/2016	1,591,834.76	13,136,139.23	43,787,130.77	31/03/2019			5,277,551.10	17,591,837.01
30/06/2016	2,263,872.93	15,400,012.16	51,333,373.88	30/06/2019			7,541,424.03	25,138,080.11
30/09/2016	1,874,821.59	17,274,833.75	57,582,779.18	30/09/2019			9,416,245.62	31,387,485.41
31/12/2016	1,293,367.76	18,568,201.51	61,894,005.04	31/12/2019			10,709,613.38	35,698,711.27
31/03/2017	1,313,143.16	19,881,344.67	66,271,148.90	31/03/2020			12,022,756.54	40,075,855.14
30/06/2017	2,045,445.56	21,926,790.23	73,089,300.80	30/06/2020			14,068,202.10	46,894,007.01

Page 77

# Appendix D

## 2017/18 HRA Mid-Year Revenue Budget Adjustments

Area of Income / Expenditure	Description	Budget Amendment in 2017/18 Budget (£)	Budget Amendment in 2018/19 Budget (£)	Comment
<b>Budgeted use of / (contribution to) HRA Reserves pre MTFS</b>		<b>2,861,930</b>		
<b>HRA General Management</b>				
Rent Collection Costs	Remove funding for additional costs of rent collection due to Welfare Reforms and re-phase back in by 2019/20	(106,020)	(53,010)	Budget of £106,020 retained from 2019/20
Employee Turnover	Re-inclusion of 3% employee turnover for all administrative and non0recharged cost centres.	0	(78,660)	Reduces base budget for future years
<b>Total HRA General Management</b>		<b>(106,020)</b>		
<b>HRA Summary Account</b>				
Rent Income	Increase in rent income due to deferring the assumption that higher value vacant homes levy comes in from April 2018 to April 2019.	(143,550)	Incorporated into base assumptions	Built into base for future years
Bad Debt Provision	Increase in bad debt provision linked to increase in rent income, as provision is linked to a percentage of rent.	1,150	Incorporated into base assumptions	Built into base for future years
Depreciation	Reduction in depreciation estimates based upon latest stock numbers	(92,740)	Incorporated into base assumptions	Built into base for future years
Interest paid on Borrowing	Interest paid for notional internal borrowing has been reduced as a direct result of a reduction in the HRA Capital financing Requirement.	(1,130)	Incorporated into base assumptions	Built into base for future years
Interest earned on HRA Balances	Although interest rate assumptions have been retained, the level of balances held by the HRA result in an estimated increase in the level	(25,030)	Incorporated into base assumptions	Built into base for future years

Area of Income / Expenditure	Description	Budget Amendment in 2017/18 Budget (£)	Budget Amendment in 2018/19 Budget (£)	Comment
	of interest that will be earned.			
Transfer from ear-marked reserves	Release of funds from ear-marked reserve in line with delegation to Director to acquire existing market homes using RTB receipts	(3,500,000)	0	One off
Direct Revenue Financing of Capital	Increase in revenue financing of capital to allow for acquisition of market homes using 30% RTB receipts	3,500,000	0	One off
<b>Total HRA Summary</b>		<b>(261,300)</b>		
<b>Revised use of / (contribution to) HRA Reserves post MTFS</b>		<b>2,494,610</b>		

# Appendix E

## 2017/18 Mid-Year HRA Capital Budget Amendments

Area of Expenditure And Change	2017/18 £'000	2018/19 £'000	2019/20 £'000	2021/22 £'000
<b>Total Housing Capital Plan Expenditure pre HRA MTFS</b>	<b>49,931</b>	<b>30,390</b>	<b>32,018</b>	<b>35,182</b>
<b>General Fund Housing</b>				
Increase in budget for DFG's to enable spending of increased Better Care Fund Grant	3	0	0	0
<b>Decent Homes and Other HRA Stock Investment</b>				
Re-phase budget for energy improvements	(384)	384	0	0
Re-phase budget for central heating	(1,000)	1,000	0	0
Re-phase budget for electrical re-wiring	(200)	200	0	0
Re-phase budget for roof structure works	(150)	150	0	0
Re-phase budget for HHSRS works	(50)	50	0	0
Re-phase budget for remedial works due to sulphate to end of current programme	(75)	0	0	0
Remove budget for major works at Gwydir Street, as property to be sold on the open market	(59)	0	0	0
Re-phase budget for communal areas	(330)	330	0	0
Re-phase budget for communal floor coverings	(70)	70	0	0
Vire budget for communal areas to wall structures	(150)	0	0	0
Vire budge to wall structures from communal areas	150	0	0	0
Adjust contractor overheads to reflect re-phased spend	(218)	255	9	0
Adjustment to allocation for new build decent homes work to recognise delays and additions in the programme	(38)	(181)	(122)	(128)
<b>New Build</b>				
Inclusion of latest cost estimates and re-phasing of budget for Anstey Way	(3,998)	5,962	1,703	0
Re-phasing of budget for 2015/16 Garage Sites	(2,090)	2,090	0	0
Re-phasing of budget for 2016/17 In-fill Sites	(639)	639	0	0
Inclusion of additional resource to allow the Wulfstan Way scheme to proceed	0	807	0	0
Inclusion of latest cost estimates and re-phasing of budget for Akeman Street	(1,874)	1,884	0	0
Inclusion of scheme specific budget for Ventress Close	1,023	3,130	0	0
Inclusion of budget for development of Colville Road garage site	0	693	0	0

<b>Area of Expenditure And Change</b>	<b>2017/18 £'000</b>	<b>2018/19 £'000</b>	<b>2019/20 £'000</b>	<b>2021/22 £'000</b>
Inclusion of budget for early costs of affordable housing provision on General Fund sites	320	0	0	0
Recognition of draw down under delegation for acquisition of existing market homes	5,000	0	0	0
Re-phasing of new build spend utilising devolution grant and retained RTB receipts and recognition of sums transferred to specific schemes in year	(20,000)	(400)	0	0
Inclusion of era-marked budget for re-development of existing HRA stock	0	2,000	2,000	2,000
<b>Sheltered Housing</b>				
No changes	0	0	0	0
<b>Other HRA Spend</b>				
No changes	0	0	0	0
<b>Inflation Allowance</b>				
Adjust inflation allowed to reflect new base and revised inflation assumptions	0	(294)	(478)	(456)
<b>Total Housing Capital Plan Expenditure post HRA MTFS</b>	<b>25,102</b>	<b>49,159</b>	<b>35,130</b>	<b>36,598</b>

# Appendix F

## New Build Investment Cashflow

New Build / Re-Development Scheme	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
	Budget	Budget	Budget	Budget	Budget	Budget
	£'0	£'0	£'0	£'0	£'0	£'0
<b>New Build / Acquisition / Re-Development Cash Expenditure (Net of Developer's Cross Subsidy / Notional Land Value)</b>						
Hawkins Road	61,000	0	0	0	0	0
Fulbourn Road	646,000	0	0	0	0	0
Clay Farm	4,109,000	0	0	0	0	0
Garage Sites 2015/16 (4 sites)	523,000	2,090,000	0	0	0	0
Garage Sites 2015/16 - Uphall Road	317,000	0	0	0	0	0
Hills Avenue	25,000	224,000	0	0	0	0
Queensmeadow	45,000	403,000	0	0	0	0
Wulfstan Way	0	819,000	0	0	0	0
Anstey Way	1,217,000	5,962,000	1,703,000	0	0	0
Akeman Street	99,000	1,884,000	0	0	0	0
Ventress Close	1,023,000	3,130,000	0	0	0	0
Acquisitions or New Build -Retained RTB Investment	5,000,000	0	0	0	0	4,000,000
Colville Road (Garage Site)	0	693,000	0	0	0	0
Housing on General Fund Sites	320,000	0	0	0	0	0
Re-Development Programme	0	19,600,000	20,000,000	20,000,000	20,000,000	6,030,600
Devolution and RTB New Build Programme	0	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
<b>Total New Build/ Re-Development Expenditure</b>	<b>13,385,000</b>	<b>36,805,000</b>	<b>23,703,000</b>	<b>22,000,000</b>	<b>22,000,000</b>	<b>12,030,600</b>
New Build / Re-Development HCA Grant Funding						
Clay Farm	(97,125)	0	0	0	0	0

New Build / Re-Development Scheme	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
	Budget	Budget	Budget	Budget	Budget	Budget
	£'0	£'0	£'0	£'0	£'0	£'0
New Build Devolution Grant Funding						
Garage Sites 2015/16 (4 sites)	(366,100)	(1,463,000)	0	0	0	0
Garage Sites 2015/16 - Uphall Road	(221,900)	0	0	0	0	0
Hills Avenue	(17,500)	(156,800)	0	0	0	0
Queensmeadow	(31,500)	(282,100)	0	0	0	0
Wulfstan Way	0	(573,300)	0	0	0	0
Anstey Way	(298,200)	(2,086,700)	(596,050)	0	0	0
Akeman Street	(28,560)	(1,049,440)	0	0	0	0
Ventress Close	(217,830)	(1,960,490)	0	0	0	0
Colville Road (Garage Site)	0	(485,100)	0	0	0	0
Housing on General Fund Sites	(224,000)	0	0	0	0	0
Devolution and RTB New Build Programme	0	(13,720,000)	(14,000,000)	(14,000,000)	(14,000,000)	(4,221,430)
<b>Total New Build / Re-Development Funding</b>	<b>(1,502,715)</b>	<b>(21,776,930)</b>	<b>(14,596,050)</b>	<b>(14,000,000)</b>	<b>(14,000,000)</b>	<b>(4,221,430)</b>
<b>Use of Retained Right to Buy Funding</b>						
Hawkins Road (Garage Site)	(18,300)	0	0	0	0	0
Fulbourn Road (Garage Site)	(193,800)	0	0	0	0	0
Clay Farm	(914,740)	0	0	0	0	0
Garage Sites 2015/16 (4 sites)	(156,900)	(627,000)	0	0	0	0
Garage Sites 2015/16 - Uphall Road	(95,100)	0	0	0	0	0
Hills Avenue	(7,500)	(67,200)	0	0	0	0
Queensmeadow	(13,500)	(120,900)	0	0	0	0
Wulfstan Way	0	(245,700)	0	0	0	0
Anstey Way	(127,800)	(894,300)	(255,450)	0	0	0
Akeman Street	(12,240)	(449,760)	0	0	0	0
Ventress Close	(93,360)	(840,210)	0	0	0	0
Acquisition or New Build - Retained RTB Investment	(1,500,000)	0	0	0	0	(1,100,000)

Colville Road (Garage Site)	0	(207,900)	0	0	0	0
Housing on General Fund Sites	(96,000)	0	0	0	0	0
Devolution New Build Programme	0	(5,880,000)	(6,000,000)	(3,000,000)	(1,000,000)	(1,356,900)
<b>Total Use of Retained Right to Buy Funding</b>	<b>(3,229,240)</b>	<b>(9,332,970)</b>	<b>(6,255,450)</b>	<b>(3,000,000)</b>	<b>(1,000,000)</b>	<b>(2,456,900)</b>
<b>Total to be funded from HRA Resources (DRF &amp; MRR) and Sales Receipts</b>	<b>8,653,045</b>	<b>5,695,100</b>	<b>2,851,500</b>	<b>5,000,000</b>	<b>7,000,000</b>	<b>5,352,270</b>
<b>Total HRA Borrowing</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>



# Appendix G

## HRA Summary Forecast 2017/18 to 2021/22

Description	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000
Income					
Rental Income (Dwellings)	(36,740,450)	(36,498,880)	(36,090,740)	(37,406,490)	(38,438,870)
Rental Income (Other)	(1,119,500)	(1,148,610)	(1,173,880)	(1,200,880)	(1,224,890)
Service Charges	(2,724,240)	(2,789,500)	(2,846,160)	(2,906,700)	(2,960,550)
Contribution towards Expenditure	(3,360)	(3,450)	(3,520)	(3,600)	(3,680)
Other Income	(456,960)	(455,500)	(458,710)	(462,290)	(464,420)
<b>Total Income</b>	<b>(41,044,510)</b>	<b>(40,895,940)</b>	<b>(40,573,010)</b>	<b>(41,979,960)</b>	<b>(43,092,410)</b>
Expenditure					
Supervision & Management - General	3,557,280	3,513,110	3,801,490	3,912,900	3,958,930
Supervision & Management - Special	2,454,880	2,526,630	2,594,060	2,665,030	2,732,970
Repairs & Maintenance	6,449,440	6,339,870	6,549,280	6,810,010	7,101,130
Depreciation – to Major Repairs Res.	9,765,080	10,544,350	11,165,290	11,670,680	12,165,420
Debt Management Expenditure	0	0	0	0	0
Other Expenditure	3,362,380	3,411,950	3,475,120	3,562,790	3,639,770
<b>Total Expenditure</b>	<b>25,589,060</b>	<b>26,335,910</b>	<b>27,585,240</b>	<b>28,621,410</b>	<b>29,598,220</b>
<b>Net Cost of HRA Services</b>	<b>(15,455,450)</b>	<b>(14,560,030)</b>	<b>(12,987,770)</b>	<b>(13,358,550)</b>	<b>(13,494,190)</b>
HRA Share of operating income and expenditure included in Whole Authority I&E Account					
Interest Receivable	(449,110)	(619,550)	(656,900)	(680,670)	(692,750)
<b>(Surplus) / Deficit on the HRA for the Year</b>	<b>(15,904,560)</b>	<b>(15,179,580)</b>	<b>(13,644,670)</b>	<b>(14,039,220)</b>	<b>(14,186,940)</b>
Items not in the HRA Income and Expenditure Account but included in the movement on HRA balance					
Loan Interest	7,515,220	7,515,220	7,515,220	7,515,220	7,515,220
Housing Set Aside	6,769,740	2,981,470	2,981,470	2,981,470	2,981,470
Appropriation from Ear-Marked Reserve	(500,000)	0	0	0	0
Depreciation Adjustment	0	0	0	0	0
Direct Revenue Financing of Capital	4,614,210	0	0	3,224,810	2,714,970
<b>(Surplus) / Deficit for Year</b>	<b>2,494,610</b>	<b>(4,682,890)</b>	<b>(3,147,980)</b>	<b>(317,720)</b>	<b>(975,280)</b>
Balance b/f	(10,178,140)	(7,683,530)	(12,366,420)	(15,514,400)	(15,832,120)
<b>Total Balance c/f</b>	<b>(7,683,530)</b>	<b>(12,366,420)</b>	<b>(15,514,400)</b>	<b>(15,832,120)</b>	<b>(16,807,400)</b>

# Appendix H

## Housing Capital Investment Plan (5 Year Detailed Investment Plan)

Description	2017/18	2018/19	2019/20	2020/21	2021/22
	£'000	£'000	£'000	£'000	£'000
<b>General Fund Housing Capital Spend</b>					
Disabled Facilities Grants	605	550	550	550	550
Private Sector Housing Grants and Loans	195	195	195	195	195
<b>Total General Fund Housing Capital Spend</b>	<b>800</b>	<b>745</b>	<b>745</b>	<b>745</b>	<b>745</b>
<b>HRA Capital Spend</b>					
<b>Decent Homes</b>					
Kitchens	206	274	655	640	252
Bathrooms	275	305	331	1,036	189
Central Heating / Boilers	1,210	1,583	2,586	3,536	1,463
Insulation / Energy Efficiency	112	758	583	274	758
External Doors	169	114	112	351	99
PVCU Windows	0	0	0	6	30
Wall Structure	292	140	134	254	73
External Painting	0	0	0	300	300
Roof Structure	175	450	300	300	300
Roof Covering	361	334	334	334	334
Chimneys	1	0	1	0	1
Electrical / Wiring	581	493	555	932	435
Sulphate Attacks	27	102	102	102	102
Major Voids / Major Works	0	0	0	0	0
HHSRS Contingency	50	150	100	100	100
Other Health and Safety Works	312	50	50	50	50
Other External Works	0	0	0	0	0
Capitalised Officer Fees - Decent Homes	305	305	305	305	305
Decent Homes Planned Maintenance Contractor Overheads	415	524	643	904	493
Decent Homes New Build Allocation	219	269	482	638	801

Description	2017/18	2018/19	2019/20	2020/21	2021/22
	£'000	£'000	£'000	£'000	£'000
<b>Total Decent Homes</b>	<b>4,710</b>	<b>5,851</b>	<b>7,273</b>	<b>10,062</b>	<b>6,085</b>
<b>Other Spend on HRA Stock</b>					
Garage Improvements	123	100	100	100	100
Asbestos Removal	100	50	50	50	50
Disabled Adaptations	878	878	878	878	878
Communal Areas Uplift	23	651	321	321	321
Fire Prevention / Fire Safety Works	96	50	50	50	50
Hard surfacing on HRA Land - Health and Safety Works	284	225	225	225	225
Communal Areas Floor Coverings	58	170	100	100	100
Lifts and Door Entry Systems	13	13	13	13	13
Capitalised Officer Fees - Other HRA Stock Spend	114	114	114	114	114
Other Spend on HRA Stock Planned Maintenance Contractor Overheads	173	235	191	191	191
<b>Total Other Spend on HRA stock</b>	<b>1,862</b>	<b>2,486</b>	<b>2,042</b>	<b>2,042</b>	<b>2,042</b>
<b>HRA New Build / Re-Development</b>					
3 Year Affordable Housing Programme	707	0	0	0	0
New Build - Clay Farm	4,109	0	0	0	0
New Build - Homerton	0	0	0	0	0
Anstey Way	1,217	5,962	1,703		0
2015/16 Garage & In-Fill Sites	523	2,090	0	0	0
Uphall Road	317	0	0	0	0
2016/17 In-Fill Sites	70	1,446	0	0	0
Akeman Street	99	1,884	0	0	0
Ventress Close	1,023	3,130	0	0	0
Colville Road Garage Site	0	693	0	0	0
Housing on General Fund Sites (Contingency)	320	0	0	0	0
Acquisition or New Build - Retained RTB Receipt Investment	5,000	0	0	0	0
New Build - Devolution Programme	0	19,600	20,000	20,000	20,000
Re-development of Existing HRA Stock	0	2,000	2,000	2,000	2,000
<b>Total HRA New Build</b>	<b>13,385</b>	<b>36,805</b>	<b>23,703</b>	<b>22,000</b>	<b>22,000</b>

Description	2017/18	2018/19	2019/20	2020/21	2021/22
	£'000	£'000	£'000	£'000	£'000
<b>City Homes Estate Improvement Programme</b>					
City Homes Estate Improvement Programme	21	0	0	0	0
<b>Total City Homes Estate Improvement Programme</b>	<b>21</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Sheltered Housing Capital Investment</b>					
Ditchburn Place	2,137	1,880	0	0	0
<b>Total Sheltered Housing Capital Investment</b>	<b>2,137</b>	<b>1,880</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Other HRA Capital Spend</b>					
Orchard Upgrade / Mobile Working	523	0	0	0	0
Stores Reconfiguration	130	0	0	0	0
Shared Ownership Repurchase	300	300	300	300	300
Commercial and Administrative Property	63	30	30	30	30
<b>Total Other HRA Capital Spend</b>	<b>1,016</b>	<b>330</b>	<b>330</b>	<b>330</b>	<b>330</b>
<b>Total HRA Capital Spend</b>	<b>23,131</b>	<b>47,352</b>	<b>33,348</b>	<b>34,434</b>	<b>30,457</b>
<b>Total Housing Capital Spend at Base Year Prices</b>	<b>23,931</b>	<b>48,097</b>	<b>34,093</b>	<b>35,179</b>	<b>31,202</b>
Inflation Allowance and Stock Reduction Adjustment for Future Years	1,171	1,062	1,037	1,419	1,792
<b>Total Inflated Housing Capital Spend</b>	<b>25,102</b>	<b>49,159</b>	<b>35,130</b>	<b>36,598</b>	<b>32,994</b>
<b>Housing Capital Resources</b>					
Right to Buy Receipts	(522)	(527)	(532)	(537)	(543)
Other Capital Receipts (Land and Dwellings)	0	0	0	0	0
Major Repairs Reserve	(9,305)	(14,951)	(11,176)	(13,265)	(12,165)
Direct Revenue Financing of Capital	(4,614)	0	0	(3,225)	(2,715)
Other Capital Resources (Grants / Shared Ownership / R&R Funding)	(5,803)	(22,077)	(14,896)	(14,300)	(14,300)
Retained Right to Buy Receipts	(3,229)	(9,333)	(6,255)	(3,000)	(1,000)
Disabled Facilities Grant	(605)	(271)	(271)	(271)	(271)
Prudential Borrowing	0	0	0	0	0
<b>Total Housing Capital Resources</b>	<b>(24,078)</b>	<b>(47,159)</b>	<b>(33,130)</b>	<b>(34,598)</b>	<b>(30,994)</b>

Description	2017/18	2018/19	2019/20	2020/21	2021/22
	£'000	£'000	£'000	£'000	£'000
Net (Surplus) / Deficit of Resources	1,024	2,000	2,000	2,000	2,000
<b>Capital Balances b/f</b>	<b>(9,752)</b>	<b>(8,728)</b>	<b>(6,728)</b>	<b>(4,728)</b>	<b>(2,728)</b>
Use of / (Contribution to) Balances in Year	1,024	2,000	2,000	2,000	2,000
<b>Capital Balances c/f</b>	<b>(8,728)</b>	<b>(6,728)</b>	<b>(4,728)</b>	<b>(2,728)</b>	<b>(728)</b>
<b>Other Capital Balances (Opening Balance 1/4/2017)</b>					
Major Repairs Reserve	(5,550)	Utilised in future years to fund investment in the housing stock			
Retained 1-4-1 Right to Buy Receipts	(12,536)	Utilised between 2017/18 to 2019/20 above			
Right to Buy Receipts for Debt Redemption	(6,877)	Retained for future debt repayment			
<b>Total Other Capital Balances</b>	<b>(24,963)</b>				

# Appendix I

## HRA Earmarked & Specific Revenue Funds (£'000)

### Repairs & Renewals

	Opening Balance	Contributions	Expenditure to July	Current Balance
General Management	(982.8)	(80.7)	0.5	(1,063.0)
Special Services	(963.1)	(142.3)	12.3	(1,093.1)
Repairs and Maintenance	(306.3)	(63.3)	0.0	(369.6)
<b>Total</b>	<b>(2,252.2)</b>	<b>(286.3)</b>	<b>12.8</b>	<b>(2,525.7)</b>

### Tenants Survey

	Opening Balance	Contributions	Expenditure to July	Current Balance
Tenants Survey	(28.6)	(6.3)	0.0	(34.9)

### Debt Set-Aside (Revenue)

	Opening Balance	Contributions	Expenditure to July	Current Balance
Debt Set-Aside	(1,901.7)	0.0	0.0	(1,901.7)

## HRA Earmarked & Specific Capital Funds (£'000)

### Debt Set-Aside (Capital)

	Opening Balance	Contributions	Expenditure to July	Current Balance
Debt Set-Aside	(6,876.7)	(572.9)	0.0	(7,449.6)

### Major Repairs Reserve

	Opening Balance	Contributions	Expenditure to July	Current Balance
MRR	(5,549.5)	0.0	0.0	(5,549.5)

# Appendix J

## Business Plan Key Sensitivity Analysis

Topic	Business Plan Assumption	Key Sensitivity Modelled	Financial Impact
Rents Inflation	1% reduction for 2 years, then return to CPI plus 1% for remaining 4 years of 10 year rent settlement followed by CPI plus 0.5%	There is no guarantee that there will be the ability to return to previously assumed rent increase if rents are set legislatively, so assume a rent freeze from 2020/21	Debt cap breached by year 14. Inability to set a balanced revenue budget and reserves exhausted by year 12.
Sale of Higher Value Assets	Assumed that payment is deferred until April 2019, with voids held from mid-2018/19	Assume that legislation is enacted earlier, and the policy is implemented from April 2018 as per the statement from the previous Housing Minister.	Debt cap breached by year 27
Sale of Higher Value Assets	Assumed that payment is deferred until April 2019, with voids held from mid-2018/19	Assume that legislation is never enacted and the policy is not implemented at all.	Ability exists to repay housing debt in full by the end of the business plan should the authority so choose. Alternatively significant investment in new homes would be possible.
Direct Payments (Universal Credit)	Bad Debts at 0.84%, then 1.12%	Evidence from the pilot authorities for direct payment indicated that collection rates may fall from 99% to 95%. Assume bad debts at 5% from 2019/20.	Debt cap breached in year 19.

Note: Key sensitivities are modelled independently to demonstrate the financial impact. Combined they would have a cumulative effect.

# Appendix K

## Areas of Uncertainty

### Housing Revenue Account – Revenue Uncertainties

#### Self-Financing for the HRA

Future uncertainty exists about the ability to manage the cashflow and service / re-pay the debt for the HRA in a self-financing environment, particularly in light of rent legislation that now imposes rent levels for the HRA. The debt cap, over which the HRA is not allowed to borrow, currently remains, although additional borrowing represents additional risk if the authority is not in control of its revenue streams. The authority has explored a variety of avenues to persuade government that re-opening the debt may be required.

#### Right to Buy Sales

The number of sales has increased significantly since pre April 2012, and a slight decline in interest was temporarily offset by the threat Pay to Stay. Current uncertainty in the economy and the removal of Pay to Stay from the agenda is predicted to result in a marginal decline in sales in the coming years, although this is impossible to predict accurately. The implications of higher levels of sales from a revenue perspective are significant, with the potential loss of rental income being the major factor.

#### Right to Buy Retention Agreement

The resource currently retained in respect of 1-4-1 receipts can only be appropriately re-invested in the HRA due to the £70 million fund announced for the HRA as part of the Cambridgeshire & Peterborough Devolution Deal. Any inability to combine these resources would put the authority at risk of having to return funds, as would any delay in delivery of new homes. At present, sufficient investment is incorporated into the HRA financial model to avoid penalty, but specific sites for all of the investment of the resource have not been identified and approved to proceed. The potential interest that will be payable if the receipts are not utilised within the agreed 3-year period has not been incorporated into the HRA revenue projections.

#### Ditchburn Place Extra Care

The current care and support contract is operating under temporary arrangements pending decisions by the County Council about the future of this contract at Ditchburn Place. Although technically not an HRA function care is delivered alongside HRA services, and the inextricable links to the provision of landlord services mean that any changes to the delivery of care and support services will impact HRA services also.

#### HRA Commercial Property

Stock condition surveys and investment profiles are still required in respect of the HRA's commercial property portfolio, to ensure that sufficient resource is identified in the Housing Capital Plan to maintain the properties in a lettable condition. Any introduction of the disposal of higher value assets levy will accelerate the need for this information.

#### Welfare Reforms

The negative impact that the introduction of Universal Credit may have on the level of rent arrears and bad debts within the HRA is still unquantifiable, although indications from earlier adopters are that it will be significant.



## Housing Revenue Account – Revenue Uncertainties

### HRA New Build

Further delays in the delivery of the new build programme have the potential to impact negatively upon rental income. If any individual development scheme does not proceed, the initial outlay needs to be treated as revenue expenditure, but without the anticipated payback that the capital investment would have resulted in. Until schemes are approved, in contract, and have appropriate planning permission, there are still uncertainties over final costs and dwelling numbers, which could impact the HRA in terms of borrowing costs and anticipated rental streams.

### HRA Area Office Closure

Although vacated, the lease for the south area office does not expire until January 2020. The option to sub-let the premises in the short term has not yet identified a suitable tenant, although marketing is still ongoing. With the current uncertainty in the economy, and many companies still holding off on investment decisions, it may prove difficult to find a sub-lessee at the values required to offset the costs of the lease payments still being made.

### National Rent Policy

The change in national rent policy, with what was previously rent guidance, now being legislation, requires rent reductions of 1% per annum from April 2016 for four years. There is no guarantee that rent increases will be re-introduced at CPI plus 1% after this period, although our financial plans are constructed on this basis.

### Compulsion to Sell Higher Value Homes Levy

The Housing and Planning Act allowed the introduction of an annual levy, representative of the proportion of high value homes which may become vacant in any one year. Until secondary legislation is laid, and the regulations surrounding the legislation are released, significant uncertainty exists about the value of the levy and the timing within which payments may be due. In addition to the loss of rental income, the process to dispose of a large number of assets in any one year will be costly and administratively burdensome. It is possible that the implementation of the policy may be deferred further, as is currently being assumed or not progressed at all.

## Housing Revenue Account - Capital Uncertainties

### Ditchburn Place

Funding has been ear-marked for the re-development of the extra care housing at Ditchburn Place, and work is underway for phase I. The scheme has been considered using indicative costs, but although tendered, the finalised costs will not be available until all works have been packaged and sub-contracted. The decision to phase the works also poses additional uncertainty in terms of both the costs and the length of the build. Uncertainty exists with regard the future of care provision at Ditchburn Place, which could necessitate a review of the later phases of the investment decision altogether.

### Sulphate Attack

Sulphate attack was identified a number of years ago in a few council dwellings, resulting in the potential need to invest £1.87m to eradicate the problem. Following a risk assessment, the approach taken has been to address the defect when the property is void. Currently 12 of the 110 properties potentially affected have been rectified. Reduced funding of approximately £0.9m is included in the Housing Capital Programme over the next 9 years to continue to fund this risk-based approach. This will not meet the remedial costs of all sites where sulphate has been identified and there is the potential for similar sulphate attacks in the structures of other council dwellings constructed at a similar time, resulting in the need for additional investment.

### Disabled Facilities Grants and Private Sector Housing Grants and Loans

Although DFG's are currently fully funded by the Better Care Fund, any future investment by the authority in Private Sector Housing Grants and Loans or increased DFG's is wholly dependent upon the generally available element of right to buy receipts in any year, with funding dependent upon 25% of the first 10 to 17 right to buy sale receipts per annum, as assumed to be available for general use in the self-financing settlement. This could put at significant risk the desired level of investment in this area, particularly if funding via the Better Care Fund were to reduce.

### Right to Buy Sales and Retained Right to Buy Receipts

Interest in right to buy saw another peak, with the threat of 'Pay to Stay', but has begun to decline marginally now that the policy has been abolished. Under the terms of the agreement signed with CLG, the authority is committed to invest the receipts in new homes within 3 years of the date of the retained 1-4-1 receipt, with this funding meeting no more than 30% of the cost of the dwelling. For the next 5 years, the resource is expected to be topped up with Devolution Grant, which has alleviated the immediate financial pressure. However, receipts may need to be paid over to central government at the end of each quarter, if delays in the delivery of new homes mean that deadlines are breached.

### Fire Safety Works in Flatted Accommodation

Following the tragic events at Grenfell Tower, the authority awaits information on the potential for changes to fire safety regulations, which may impact the investment need in flatted accommodation. The cost of any works required under revised regulations will need to be met from reserves in the short-term, with a wider review of stock investment budgets to follow.

# Appendix L

## Housing Revenue Account

### Rent Setting Policy

#### 1 Introduction

The purpose of this policy is to explain how Cambridge City Council will set rent levels for its properties.

#### 2 Policy Statement

Cambridge City Council's Rent Setting Policy focuses around the following statements of principle:

The Council will set rents following consideration of any national rent legislation, and the Government's 'Guidance on Rents for Social Housing', and any subsequent publications, in the context of both local housing demand and Cambridge's pressured housing market.

Rents are set at a level that ensures that the Council can meet its landlord obligations to tenants and maintain its housing stock to a minimum of the Decent Homes Standard, whilst also delivering a financially viable Housing Revenue Account over the longer term, facilitating investment in the delivery of new Affordable Housing.

#### 3 Policy Objectives

The objectives of the rent setting policy are:

- To consider, and respond locally, to Government legislation and guidance on setting rents for Affordable Housing (social housing, affordable housing and intermediate housing)
- To identify how Cambridge City Council will set rents for general stock properties
- To identify how Cambridge City Council will set rents for shared ownership properties
- To identify how Cambridge City Council will set rents for new build properties

- To identify how Cambridge City Council will set rents for garages and parking spaces
- To identify the process for providing statutory notice to tenants of proposed changes in rent levels

## 4 Background

For social rented properties, rent restructuring was introduced in April 2002, with the aim of achieving consistency in the calculation of rents for both local authorities and other Registered Providers (RP's), ensuring that social rents were more affordable, fairer and less confusing for all tenants.

The Government rent restructuring policy requires rents to be set based upon a formula driven by a combination of relative county earnings and relative property values, weighted for the number of bedrooms that a property has.

The Government 'Guidance on Rents for Social Housing' document of May 2014 set out the anticipated approach to setting rents in the social sector for a ten year period. This guidance was then over-ridden in some areas by the Welfare Reform and Work Act 2016 and subsequent amending regulations, which amongst other things imposed a 1% rent cut for four years from April 2016.

## 5 Detailed Implementation

In line with the rent restructuring policy, Cambridge City Council calculates a 'target' rent for all existing, and any new socially rented properties, based on the Government's 'target' rent formula as set out below:

- 70% based on the average county-level manual earnings compared with the national average manual earnings;
- 30% based on the January 1999 property valuation of an individual property, compared with the national average value of a social housing property;
- An additional 'weighting' based on the number bedrooms in the property.
- A weekly rent cap for properties based upon the number of bedrooms in the property.

Actual rents currently charged below target rents will move towards target rents only when an existing property becomes void, in line with government legislation.

## **6 Annual Rent Review**

In line with the Council's tenancy conditions and tenancy law, tenants will be given 4 weeks written notice of any change in rent, which will usually be effective from the annual date for rent changes, currently being the first Monday in April of each calendar year.

Rent levels will be reviewed annually, in line with current rent legislation and government guidelines, with a 1% rent cut for socially rented properties to be applied from April 2018 and April 2019. From April 2020, rent levels will be reviewed in line with previous government guidelines, 'Guidance on Rents for Social Housing', resulting in an adjustment to reflect the change in prices between one year and the next, with inflation plus 1.0% applied across all properties (based on the consumer price index (CPI) inflation rate for the preceding September).

Where the rent charged for a property is below the target rent for the dwelling, no additional increase will be applied to move towards rent convergence whilst the property is occupied by the existing tenant.

The approach from April 2020 would be superseded by any rent legislation or government guidelines issued between now and then, which would result in a review of this Rent Setting Policy.

Rent will be due on each Monday during the rent year 52 (or 53) weeks, but will be raised on rent accounts across 48 (or 49) chargeable weeks for collection purposes.

## **7 General Needs, Sheltered and Supported Housing**

Cambridge City Council does not currently apply the 5% flexibility in formula rents (10% for sheltered / supported housing), but will review this practice on an annual basis, with any change proposed only after consultation.

Rents in respect of void properties will be set at target rent levels before the property is re-let. This will not apply in the case of mutual exchanges, where there is no formal void period and therefore rents will remain as they do in respect of existing tenants.

Rents for properties which have undergone a material change, full refurbishment or rebuild, (i.e.; sheltered scheme refurbishment, property extension or conversion) will be set immediately at target social rents, reflecting the increased investment and condition of the property.

## **8 Shared Ownership Housing**

Rents for shared ownership properties will be reviewed annually in line with the requirements of the leases in force.

For pre-2012 shared ownership properties, target rents will be reduced by 20%, in line with the terms of the shared ownership lease, to reflect the tenant's liability for repairs to the property.

Rents will be increased (or decreased) in line with government guidelines for rent restructuring as far as possible within the terms of the lease, with a maximum increase of inflation (CPI at the preceding September) plus 1.0%

Rents in respect of void properties will be set at target rent levels before the property is re-let.

For post-2012 shared ownership properties, rents will be set at a maximum of 2.75% of market value of the share of the property which the Council retains.

Rents will be reviewed annually as at 31<sup>st</sup> March each year, and increased from 1<sup>st</sup> April by the change in the Retail Price Index (RPI) for the 12 months up to January of each year plus 0.5% or 0.5%, whichever is the greater, in line with the terms of the HCA model shared ownership lease.

## **9 New Build Housing**

In respect of new build housing, consideration will be given to rent levels in the context of the financial viability of the initial investment, with affordable rents considered at up to 80% of market rent levels.

There is a local commitment to deliver a Cambridge Rent Programme, with rent levels no higher than the Local Housing Allowance, currently considered to be between 60% and 65% of market rent levels in the city.

Where Local Housing Allowance is used as the measure for rents to be set, the level at the preceding April will be used for all properties completed during each financial year. Rent levels

will be assessed against the latest available market data at that time as a check how they compare with the 60% target level, bearing in mind that market rents can vary significantly over time.

This policy allows for new build homes to be delivered with rents of between an estimated 60% and 80% of market rent levels, dependent upon scheme mix and scheme viability, thus allowing for rents to be set at as low as approximately 60% where viable, but at up to 80%, in line with government guideline, should the investment dictate this.

Although there is also a requirement to reduce affordable by 1% per annum for 4 years from April 2016 as with social rents, the local decision to introduce new homes at the Local Housing Allowance level of approximately 60% of market rent, is argued to have more than pre-applied the 4 years of 1% rent cuts, allowing the authority to review affordable rents annually in line with Local Housing Allowance levels, as long as these don't exceed 76% of market rent, as measured at the outset.

## **10 Garages and Parking Spaces**

Rent levels for garages and parking spaces will be reviewed annually as part of the budget process, set according to demand.

A variable charging structure will apply, which recognises both tenure type and proposed use of the garage. The variable charging structure will be subject to periodic review, with the next review anticipated to be in January 2018.

VAT will be applied to all private garages and parking spaces, ie; garages or parking spaces let to those who are either not housing tenants of Cambridge City Council or are tenants where the garage is not in the immediate proximity of the tenanted dwelling.

## **11 Monitoring**

The setting of all rents will be monitored and reviewed annually by Housing Scrutiny Committee, with decisions in respect of rent setting being made by the Executive Councillor for Housing.

## 12 Review of the Rent Setting Policy

The Rent Setting Policy will be reviewed by officers at a minimum of every 3 years, with any changes being presented to Housing Scrutiny Committee for debate, and then approval by the Executive Councillor for Housing.

Reviewed Policy Date September 2017

Next Review Date September 2020



**STRATEGY & RESOURCES COMMITTEE**

**9 October 2017  
5.00 – 9.00pm**

Present: Barnett (Chair), Baigent, Bick, Cantrill, Sinnott and Sarris

<p style="text-align: center;"><b>RECOMMENDATION TO COUNCIL (EXECUTIVE COUNCILLOR FOR FINANCE AND RESOURCES COUNCILLOR ROBERTSON )</b></p>
--

## **TREASURY MANAGEMENT HALF YEARLY UPDATE REPORT 2017/18**

The Council had adopted The Chartered Institute of Public Finance and Accountancy (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 which includes 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 half-year report had been prepared in accordance with CIPFA's Code of Practice on Treasury Management and covers the following:-

- The Council's capital expenditure (prudential indicators);
- A review of compliance with Treasury and Prudential Limits for 2017/18;
- A review of the Council's borrowing strategy for 2017/18;
- A review of the Treasury Management Strategy Statement and Annual Investment Strategy;
- A review of the Council's investment portfolio for 2017/18; and;
- An update on interest rate forecasts following economic news in the first half of the 2017/18 financial year.

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

The Strategy and Resources Committee considered and approved the recommendations by 4 votes to 0.

### **Accordingly, Council is recommended to:**

- i. Agree this report which includes the Council's estimated Prudential and Treasury Indicators 2017/18 to 2020/21.

This page is intentionally left blank



To: The Executive Councillor for Finance & Resources:  
Councillor Richard Robertson

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

Relevant scrutiny committee: Strategy & Resources  
09/10/2017  
Scrutiny  
Committee

Wards affected: All Wards

## **TREASURY MANAGEMENT HALF YEARLY UPDATE REPORT 2017/18**

### **Key Decision**

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

- 1.1 The Council has adopted The Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Treasury Management (Revised 2011).
- 1.2 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.
- 1.3 This half-year report has been prepared in accordance with CIPFA's Code of Practice on Treasury Management and covers the following:-
  - The Council's capital expenditure (Prudential Indicators);
  - A review of compliance with Treasury and Prudential Limits for 2017/18;
  - A review of the Council's borrowing strategy for 2017/18;
  - A review of the Treasury Management Strategy Statement and Annual Investment Strategy;
  - A review of the Council's investment portfolio for 2017/18; and;
  - An update on interest rate forecasts following economic news in the first half of the 2017/18 financial year.
- 1.4 In line with the Code of Practice, all treasury management reports have been presented to both Strategy & Resources Scrutiny Committee and to full Council.

## **2. Recommendations**

- 2.1 The Executive Councillor is asked to recommend this report to Council, which includes the Council's estimated Prudential and Treasury Indicators 2017/18 to 2020/21.

## **3. Background**

- 3.1 The Council is required to comply with the 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.
- 3.2 The Prudential and Treasury Codes of Practice are currently being reviewed by CIPFA, with the results expected by the end of this year, with implementation for 2018/19. Members will be kept updated with any proposed revisions as they become known.
- 3.3 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, deposits, borrowing, interest rates and the economy.

## **4. The Council's Capital Expenditure and Financing 2017/18 to 2020/21**

- 4.1 The Council undertakes capital expenditure on long-term assets. These activities may either be:
- Financed immediately through the application of capital or revenue resources (capital receipts, capital grants, developer contributions, revenue contributions, reserves etc.), which has no resultant impact on the Council's borrowing need; or;
  - If insufficient financing is available, or a decision is taken not to apply other resources, the funding of capital expenditure will give rise to a borrowing need.
- 4.2 Details of capital expenditure forms one of the required prudential indicators. The table below shows the proposed capital expenditure and how it will be financed. It also includes any re-phasing during 2017/18 and is in line with the agreed Capital Plan.

	<b>2017/18 Estimate £'000</b>	<b>2018/19 Estimate £'000</b>	<b>2019/20 Estimate £'000</b>	<b>2020/21 Estimate £'000</b>
General Fund Capital Expenditure	39,415	3,351	2,778	3,372
HRA Capital Expenditure	24,302	48,414	34,385	35,853
<b>Total Capital Expenditure</b>	<b>63,717</b>	<b>51,765</b>	<b>37,163</b>	<b>39,225</b>
Resourced by:				
• Capital receipts	-4,907	-11,860	-8,787	-5,598
• Other contributions	-44,810	-33,905	-28,376	-33,627
<b>Total resources available for financing capital expenditure</b>	<b>-49,717</b>	<b>-45,765</b>	<b>-37,163</b>	<b>-39,225</b>
<b>Financed from cash balances</b>	<b>14,000</b>	<b>6,000</b>	<b>0</b>	<b>0</b>

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

5.1 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>2017/18 Estimate £'000</b>	<b>2018/19 Estimate £'000</b>	<b>2019/20 Estimate £'000</b>	<b>2020/21 Estimate £'000</b>
General Fund Capital Financing Requirement	24,697	30,697	30,697	30,697
HRA Capital Financing Requirement	214,321	214,321	214,321	214,321
<b>Total Capital Financing Requirement</b>	<b>239,018</b>	<b>245,018</b>	<b>245,018</b>	<b>245,018</b>
<b>Movement in the Capital Financing Requirement</b>	<b>14,000</b>	<b>6,000</b>	<b>0</b>	<b>0</b>
Estimated External Gross Debt/Borrowing				

<b>Capital Financing Requirement &amp; Cumulative External Borrowing</b>	<b>2017/18 Estimate £'000</b>	<b>2018/19 Estimate £'000</b>	<b>2019/20 Estimate £'000</b>	<b>2020/21 Estimate £'000</b>
(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	239,018	245,018	245,018	245,018

- 5.2 A further prudential indicator controls the overall level of borrowing. This is the Authorised Limit which represents the limit beyond which borrowing is prohibited, and needs to be set and revised by Members.
- 5.3 The table below shows the Council's current outstanding debt and headroom (the amount of additional borrowing that is possible without breaching the Authorised Borrowing Limit):-

	<b>Principal (£'000)</b>
Authorised Borrowing Limit (A) – Agreed by Council on 20 <sup>th</sup> October 2011	250,000
HRA Debt Limit (B)	230,839
2011/12 Borrowing (for HRA Self-Financing, C)	213,572
General Fund Headroom (A minus B)	19,161
HRA Headroom (B minus C)	17,267
2012/13 Borrowing	NIL
2013/14 Borrowing	NIL
2014/15 Borrowing	NIL
2015/16 Borrowing	NIL
2016/17 Borrowing	NIL
2017/18 Borrowing up to 31 <sup>st</sup> August 2017	NIL
<b>Total Current Headroom (A minus C)</b>	<b>36,428</b>

- 5.4 During this financial year the Council has operated 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 A.

## **6. Borrowing**

- 6.1 The Council is permitted to borrow under the Prudential Framework, introduced with effect from 1<sup>st</sup> April 2004.
- 6.2 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.
- 6.3 The Council's current capital plan does not require any new external borrowing for the period 2017/18 to 2020/21, inclusive. However, this will be kept under review as part of the development of the capital plan.
- 6.4 The provision for the repayment of debt is known as the Minimum Revenue Provision (MRP). Regulations require the authority to determine annually a policy by which MRP will be determined. This policy was agreed by Council in February 2017.
- 6.5 The Medium Term Financial Strategy now includes proposals for capital expenditure of up to £14.0 million in 2017/18 & up to £6.0 million in 2018/19, to be funded from internal borrowing.
- 6.6 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 October 2018, at least (with the date agreed annually).

## **7. Investment Portfolio**

- 7.1 The Council takes a cautious approach within its Treasury Management Strategy, and the detailed counterparty list with limits is shown within Appendix B. These limits have not been breached to date in 2017/18.
- 7.2 No changes to the counterparty list or limits are proposed as part of this half-year review.
- 7.3 The average rate of return for all deposits to 31<sup>st</sup> August 2017 is 1.11%, compared to an actual of 1.09% for 2016/17. The current quoted return on the CCLA Local Authorities Property Fund is an annual return of 4.46%. The Council has achieved its interest receipts budget of £581,600 to the end of August 2017. There is uncertainty of rates and levels of receipts for the second half of this year.

7.4 The table below shows the Council's predicted cash balances apportioned between short term (up to 3 months), medium term (up to 1 year) and long term (core cash, up to 5 years) deposits.

<b>SUMMARY DEPOSIT ANALYSIS</b>	<b>2017/18 £'000</b>	<b>2018/19 £'000</b>	<b>2019/20 £'000</b>	<b>2020/21 £'000</b>
Short Term	43,900	43,700	45,100	50,500
Medium Term	25,100	25,000	25,800	28,900
Long Term	35,600	35,400	36,500	40,900
<b>TOTAL PREDICTED CASH DEPOSITS:-</b>	<b>104,600</b>	<b>104,100</b>	<b>107,400</b>	<b>120,300</b>

**\*Based on current estimated net cash inflow trends**

7.5 The Council's balances show a broadly upward trend.

7.6 An analysis of the sources of the Council's deposits is prepared from the audited balance sheet at the end of each financial year. The analysis for 31 March 2017 is shown at Appendix C.

## **8. Brexit Update**

8.1 The referendum result has generated some uncertainty in the investment markets. Realistically, given the number of complexities of the situation, these uncertainties will take some time to clear.

8.2 Rates have dropped following Brexit. Article 50 has now been triggered and it is still not clear exactly what will happen. There are then two years to complete negotiations for leaving the EU, so the uncertainty is expected to continue in the medium term.

## **9. Financial Market Reforms Update**

### **9.1 Basel III**

9.2 Flowing from the banking crisis in 2008, this banking reform introduces new capital and liquidity standards to strengthen the regulation, supervision, stress testing and risk management of the whole of the banking and finance sector. It is a voluntary reform with a phased programme of implementation up to 2019.

9.3 The global capital framework and new capital buffers require financial institutions to hold more capital and higher quality of capital. The new leverage ratio introduces a non-risk based measure to supplement the risk based minimum capital requirements. The new liquidity ratios



ensure that adequate funding is maintained in case there are other severe banking crises.

#### **9.4 Markets in Financial Instruments Directive II (MIFID II)**

9.5 MiFID II and the accompanying Regulation on Markets in Financial Instruments and Amending Regulation (MiFIR) are both pieces of legislation that seek to provide a European-wide legislative framework for regulating the operation of financial markets in the European Union. These revised Regulations have an implementation date of 3<sup>rd</sup> January 2018. An increase in paper work will be inevitable but the onus will be on the counterparty to ascertain all of the criteria and to collect the required evidence.

9.6 Members have given the authority to invest in financial instruments in line with our current counterparty list as shown at Appendix B. However, these new regulations may restrict the use of some of the more regulated financial products that the Council currently uses. The Council will need to register with the various Financial Institutions, in order to carry on with these investments. Members will be updated when our registrations are complete.

#### **9.7 Money Market Fund (MMF) Reforms**

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

9.9 The above Regulation provides investors with a new way of categorising a MMF depending on the level of risk, which could cause fluctuations in their capital values.

9.10 No changes are required to the Council's current Treasury Strategy for 2017/18 but some changes will be required to the Council's Treasury Strategy for 2018/19, due to these reforms. Members will be updated when further developments are known and in time from when the Council sets its next Treasury Strategy (during February 2018).

### **10. Interest Rates**

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 D.

## **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) **Equality & 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 – Prudential and Treasury Management Indicators

Appendix B – The Council's current Counterparty list

Appendix C – Sources of the Council's Deposits

Appendix D – Capita's opinion on UK Forecast Interest Rates

Appendix E – 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](mailto:stephen.bevis@cambridge.gov.uk)

## PRUDENTIAL &amp; TREASURY MANAGEMENT INDICATORS

	Estimate 2017/18 £'000	Estimate 2018/19 £'000	Estimate 2019/20 £'000	Estimate 2020/21 £'000
<b>PRUDENTIAL INDICATORS</b>				
<b>Capital expenditure</b>				
- General Fund	39,415	3,351	2,778	3,372
- HRA	24,302	48,414	34,385	35,853
<b>Total</b>	<b>63,717</b>	<b>51,765</b>	<b>37,163</b>	<b>39,225</b>
<b>Incremental impact of capital decisions on:</b>				
Band D Council Tax (City element) – Shown in £'s	£0.72	£0.06	£0.05	£0.06
Average weekly housing rent – Shown in £'s	£-3.11	£3.25	£0.45	£0.66
<b>Capital Financing Requirement (CFR) as at 31 March</b>				
- General Fund	24,697	30,697	30,697	30,697
- HRA	214,321	214,321	214,321	214,321
<b>Total</b>	<b>239,018</b>	<b>245,018</b>	<b>245,018</b>	<b>245,018</b>
<b>Change in the CFR</b>	14,000	6,000	0	0
<b>Deposits at 31 March</b>	104,632	104,079	107,415	120,310
<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	-744	-735	-716	-866
-HRA	6,301	6,139	6,121	5,947
<b>Total</b>	<b>5,557</b>	<b>5,404</b>	<b>5,405</b>	<b>5,081</b>
<b>% of net revenue expenditure</b>				
-General Fund	-3.38%	-3.79%	-4.06%	-4.69%
-HRA	15.35%	15.01%	15.09%	14.17%
<b>Total (%)</b>	<b>11.97%</b>	<b>11.22%</b>	<b>11.03%</b>	<b>9.48%</b>

## PRUDENTIAL & TREASURY MANAGEMENT INDICATORS

	Estimate 2017/18 £'000	Estimate 2018/19 £'000	Estimate 2019/20 £'000	Estimate 2020/21 £'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				
<b>Operational boundary</b>				
for borrowing	239,018	245,018	245,018	245,018
for other long term liabilities	0	0	0	0
<b>Total</b>	<b>239,018</b>	<b>245,018</b>	<b>245,018</b>	<b>245,018</b>
<b>Upper limit for total principal sums deposited for over 364 days &amp; up to 5 years</b>	50,000	50,000	50,000	50,000
<b>Upper limit for fixed &amp; variable interest rate exposure</b>				
Net interest on fixed rate borrowing/deposits	6,748	6,757	6,776	6,626
Net interest on variable rate borrowing/deposits	-18	-15	-15	-15
<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 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:-

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	25m
HSBC Bank Plc	Using Capita's Credit Criteria	UK Bank	20m
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
Members of a Banking Group (RBS Group includes NWB)	Using Capita's Credit Criteria	UK Banks and UK Nationalised Banks	30m
Svenska Handelsbanken	Using Capita's Credit Criteria	Non-UK Bank	5m

Name	Council's Current Deposit Period	Category	Limit (£)
Enhanced Cash Funds (Standard & Poor's: AAAf/S1, Fitch: AAA/S1)	Over 3 months and up to 1 year	Financial Instrument	10m (per single counterparty)
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	Asset Value (£'m) – as at 10 <sup>th</sup> August 2017	Limit (£)
Nationwide Building Society	1 month or in line with Capita's Credit Criteria, if longer	220,013	Assets greater than £100,000m - £20m
Yorkshire Building Society		45,162	
Coventry Building Society		37,632	Assets between £50,000m and £99,999m - £5m
Skipton Building Society		17,827	
Leeds Building Society		16,485	
Principality Building Society		8,124	Assets between £5,000m and £49,999m - £2m
West Bromwich Building Society		5,839	
<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 35m (in total)
Cambridge City Council Housing Working Capital Loan Facility	Up to 1 year	Loan	200,000
CCLA Local Authorities' Property Fund	Minimum of 5 years	Pooled UK Property Fund	Up to 15m
Certificates of Deposit (with UK Banking Institutions)	Liquid Rolling Balance	Financial Instrument	15m (per single counterparty)
Certificates of Deposit (with UK Building Societies)	Liquid Rolling Balance	Financial Instrument	2m (per single counterparty)

<b>Name</b>	<b>Council's Current Deposit Period</b>	<b>Category</b>	<b>Limit (£)</b>
Certificates of Deposit (with Foreign Banking Institutions)	Liquid Rolling Balance	Financial Instrument	2m (per single counterparty)
Enhanced Cash Funds (Standard & Poor's: AAAf/S1, Fitch: AAA/S1)	Over 1 year and up to 5 years	Financial Instrument	10m (per single counterparty)
Commercial Property Investments funded from cash balances	Over 1 year	Commercial Property	20m (in total)
Municipal Bonds Agency	N/A	Pooled Financial Instrument Facility	50,000
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

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

### Sources of the Council's Deposits

Local authorities are free to deposit surplus funds not immediately required in order to meet the costs of providing its services. The Council deposits amounts set aside in its general reserves and earmarked reserves.

The interest earned on these deposits is credited to the General Fund and Housing Revenue Account respectively and helps to fund the cost of providing services. This currently amounts to around £1.4m each year based on current deposit and interest rate levels.

At 1<sup>st</sup> April 2017, the Council had deposits of £110.708m. The table below provides a sources breakdown of the funds deposited at that date:-

<b>Funds Deposited as at 1 April 2017</b>	<b>£'000</b>	<b>£'000</b>
Working Capital		26,279
General Fund:		
General Reserve	15,413	
Asset Renewal Reserves	3,615	
Other Earmarked Reserves	20,355	39,383
Housing Revenue Account (HRA):-		
General Reserve	10,178	
Asset Renewal Reserves	2,252	
Major Repairs Reserve	5,549	
Other Earmarked Reserves	1,991	
Capital Financing Requirement (Including HRA Reform)	-225,017	
PWLB Borrowing for HRA Reform	213,572	8,525
Capital:		
Capital Contributions Unapplied	4,229	
Usable Capital Receipts	32,292	36,521
<b>Total Deposited</b>		<b>110,708</b>

The HRA accounts for around 43% of reserves deposited.



## 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) reduced the bank rate to 0.25% (previously 0.50%) and increased Quantitative Easing (QE) by £60bn to £435bn, on 4<sup>th</sup> August 2016. Going forward, the Council's treasury advisor, Capita, has provided the following interest rate forecasts, issued on 9<sup>th</sup> August 2017:-

	Now	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20
<b>Bank rate</b>	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.50%	0.50%	0.75%	0.75%
<b>3 month LIBID</b>	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.40%	0.50%	0.60%	0.70%	0.80%	0.90%
<b>6 month LIBID</b>	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.50%	0.60%	0.70%	0.80%	0.90%	1.00%
<b>12 month LIBID</b>	0.60%	0.60%	0.70%	0.70%	0.80%	0.80%	0.90%	1.00%	1.10%	1.20%	1.30%	1.40%
<b>5yr PWLB rate</b>	1.30%	1.40%	1.50%	1.60%	1.70%	1.70%	1.80%	1.80%	1.90%	1.90%	2.00%	2.00%
<b>10yr PWLB rate</b>	1.90%	2.10%	2.20%	2.30%	2.30%	2.40%	2.40%	2.50%	2.50%	2.60%	2.60%	2.70%
<b>25yr PWLB rate</b>	2.60%	2.80%	2.30%	2.90%	3.00%	3.00%	3.10%	3.10%	3.20%	3.20%	3.30%	3.30%
<b>50yr PWLB rate</b>	2.40%	2.60%	2.10%	2.70%	2.80%	2.80%	2.90%	2.90%	3.00%	3.00%	3.10%	3.10%

This is the first bank rate change since 2009. The actual vote on 4<sup>th</sup> August 2016 was unanimous at 9-0 in favour. The actual vote on 14<sup>th</sup> September 2017 was 7-2 for no change.

**Treasury Management – Glossary of Terms and Abbreviations**

<b>Term</b>	<b>Definition</b>
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
HRA Self-Financing	A new funding regime for the HRA introduced in place of the previous annual subsidy system
London Interbank Offered Rate (LIBOR)	A benchmark rate that some of the leading banks charge each other for short-term loans
London Interbank Bid Rate (LIBID)	The average interest rate which major London banks borrow Eurocurrency deposits from other banks
Liquidity	A measure of how readily available a deposit is
MPC	Monetary Policy Committee - The Bank of England Committee responsible for setting the UK's bank base rate
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

<b>Term</b>	<b>Definition</b>
Operational Boundary	Limit which external borrowing is not normally expected to exceed
PWLB	Public Works Loans Board - an Executive Government Agency of HM Treasury from which local authorities & other prescribed bodies may borrow at favourable interest rates
Quantitative Easing (QE)	A financial mechanism whereby the Central Bank creates money to buy bonds from financial institutions, which reduces interest rates, leaving businesses and individuals to borrow more. This is intended to lead to an increase in spending, creating more jobs and boosting the economy
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

This page is intentionally left blank

## STRATEGY & RESOURCES COMMITTEE

**9 October 2017**  
**5.00 – 9.00pm**

Present: Barnett (Chair), Baigent, Bick, Cantrill, Sinnott and Sarris

<p style="text-align: center;"><b>RECOMMENDATION TO COUNCIL</b> <b>(EXECUTIVE COUNCILLOR FOR FINANCE AND RESOURCES</b> <b>COUNCILLOR ROBERTSON )</b></p>
--

### **GENERAL FUND MEDIUM TERM FINANCIAL STRATEGY (MTFS) OCTOBER 2017**

This report presented and recommended the budget strategy for the 2018/19 budget cycle and specific implications, as outlined in the Medium-Term Financial Strategy (MTFS) October 2017 document, which was attached and to be agreed.

This report also recommended the approval of new capital items and funding proposals for the Council's Capital Plan, the results of which were shown in the MTFS.

At this stage in the 2018/19 budget process showed the range of assumptions on which the Budget-Setting Report (BSR) published in February 2017 was based need to be reviewed, in light of the latest information available, to determine whether any aspects of the strategy need to be revised. This then provides the basis for updating budgets for 2018/19 to 2022/23. All references in the recommendations to Appendices, pages and sections relate to the MTFS Version 1.

The recommended budget strategy was based on the outcome of the review undertaken together with financial modelling and projections of the Council's expenditure and resources, in the light of local policies and priorities, national policy and economic context. Service managers had identified financial and budget issues and pressures and this information had been used to inform the MTFS.

The Strategy and Resources Committee considered and approved the recommendations 4 votes to 0.

Accordingly, Council is recommended to:

## General Fund Revenue

- i. To agree the budget strategy and timetable as outlined in Section 1 [pages 1 to 2 refer] of the MTFS document.
- ii. To agree incorporation of the budget savings and pressures identified in Section 4 [pages 13 to 16 refer] including an additional £100k contribution to Sharing Prosperity Fund. 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 17 refers] of the MTFS document.

## Capital

- i. To note the changes to the Capital Plan as set out in Section 6 [pages 18 to 23 refer] and Appendix A [pages 32 to 40 refer] of the MTFS document and agree the new proposals:

Ref.	Description	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	Total £000
	<b>Proposals</b>							-
SC648	Local Centres Improvements Programme - Arbury Court	59	141	-	-	-	-	200
SC653	Replacement heating system at the <a href="#">Waterbeach</a> garage	39	-	-	-	-	-	39
SC652	Modification to in-ground lift in <a href="#">Waterbeach</a> <sup>1</sup>	18	-	-	-	-	-	18
SC645	Electric vehicle charge points – use of additional funding received	205	145	151	25	-	-	526
	<b>Sub-total</b>	<b>321</b>	<b>286</b>	<b>151</b>	<b>25</b>	-	-	<b>783</b>
<a href="#">Misc.</a>	Section 106 miscellaneous	833	14	-	-	-	-	847
	<b>Total Proposals</b>	<b>1,154</b>	<b>300</b>	<b>151</b>	<b>25</b>	-	-	<b>1,630</b>

<sup>1</sup> - £8k requested for funding, £10k funded from service revenue resources.

## Reserves

- i. To agree changes to General Fund Reserve levels, with the Prudent Minimum Balance being set at £5.35m and the target level at £6.42m as detailed in Section 7 [pages 24 to 27 refer] and Appendix B [pages 41 to 42 refer].



This page is intentionally left blank



## Item

# Medium-Term Financial Strategy (MTFS) October 2017

**To:**

Councillor Richard Robertson, Executive Councillor for Finance & Resources

**Report by:**

Caroline Ryba, Head of Finance

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

**Wards affected:**

All

## Key Decision

### 1. Executive Summary

- 1.1 This report presents and recommends the budget strategy for the 2018/19 budget cycle and specific implications, as outlined in the Medium-Term Financial Strategy (MTFS) October 2017 document, which is attached and to be agreed.
- 1.2 This report also recommends the approval of new capital items and funding proposals for the Council's Capital Plan, the results of which are shown in the MTFS.
- 1.3 At this stage in the 2018/19 budget process the range of assumptions on which the Budget-Setting Report (BSR) published in February 2017 was based need to be reviewed, in light of the latest information available, to determine whether any aspects of the strategy need to be revised. This then provides the basis for updating budgets for 2018/19 to 2022/23. All references in the recommendations to Appendices, pages and sections relate to the MTFS Version 1.

- 1.4 The recommended budget strategy is based on the outcome of the review undertaken together with financial modelling and projections of the Council's expenditure and resources, in the light of local policies and priorities, national policy and economic context. Service managers have identified financial and budget issues and pressures and this information has been used to inform the MTFS.

## **2. Recommendations**

The Executive Councillor is asked to recommend to Council:

### **General Fund Revenue**

- 2.1 To agree the budget strategy and timetable as outlined in Section 1 [pages 1 to 2 refer] of the MTFS document.
- 2.2 To agree incorporation of the budget savings and pressures identified in Section 4 [pages 13 to 16 refer] including an additional £100k contribution to Sharing Prosperity Fund. 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 17 refers] of the MTFS document.

### **Capital**

- 2.3 To note the changes to the Capital Plan as set out in Section 6 [pages 18 to 23 refer] and Appendix A [pages 32 to 40 refer] of the MTFS document and agree the new proposals:

Ref.	Description	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	Total £000
	<b>Proposals</b>							-
SC648	Local Centres Improvements Programme - Arbury Court	59	141	-	-	-	-	200
SC653	Replacement heating system at the <a href="#">Waterbeach garage</a>	39	-	-	-	-	-	39
SC652	Modification to in-ground lift in <a href="#">Waterbeach</a> <sup>1</sup>	18	-	-	-	-	-	18
SC645	Electric vehicle charge points – use of additional funding received	205	145	151	25	-	-	526
	<b>Sub-total</b>	<b>321</b>	<b>286</b>	<b>151</b>	<b>25</b>	<b>-</b>	<b>-</b>	<b>783</b>
<a href="#">Misc.</a>	Section 106 miscellaneous	833	14	-	-	-	-	847
	<b>Total Proposals</b>	<b>1,154</b>	<b>300</b>	<b>151</b>	<b>25</b>	<b>-</b>	<b>-</b>	<b>1,630</b>

<sup>1</sup> - £8k requested for funding, £10k funded from service revenue resources.

## Reserves

- 2.4 To agree changes to General Fund Reserve levels, with the Prudent Minimum Balance being set at £5.35m and the target level at £6.42m as detailed in Section 7 [pages 24 to 27 refer] and Appendix B [pages 41 to 42 refer].

## 3. Background

### Medium-Term Financial Strategy

- 3.1 The purpose of this report is to outline the overall financial position of the Council and to consider the prospects for the 2018/19 budget process within the context of projections over the medium-term. The detailed analysis undertaken to fulfil this is presented in the MTFS October 2017 document appended to this report.
- 3.2 The document considers the General Fund revenue position and the Council's overall Capital Plan.
- 3.3 Revenue forecasts are presented for the 5-year projection period through to the year 2022/23, demonstrating the sustainability of the Council's financial planning with reference to the level of reserves held throughout this period.

- 3.4 The report considers the effects of external factors affecting budget preparation, including the overall economic climate, and external funding levels which can reasonably be expected; as well as the existing commitments of the Council.
- 3.5 Recommendations for approval of specific revenue and capital costs, as identified, are included.
- 3.6 The analysis undertaken leads to a recommended integrated financial strategy for the 2018/19 detailed budget-setting process.

## **4. Implications**

- 4.1 These are incorporated in the document and will be taken account of in the subsequent budget reports to all Executive Councillors / Scrutiny Committees.

## **5. Consultation and communication considerations**

Budget Consultation is outlined in the MTFS document [pages 1 to 2 refer].

## **6. Background papers**

Background papers used in the preparation of this report:

MTFS Working Papers on the 2017/18 and 2018/19 files

## **7. Appendices**

MTFS October 2017: 2017/18 to 2022/23 Document

## **8. Inspection of papers**

To inspect the background papers or if you have a query on the report please contact John Harvey, Senior Accountant, tel: 01223 - 458143, email: [john.harvey@cambridge.gov.uk](mailto:john.harvey@cambridge.gov.uk).

Version 2  
Council

# General Fund Medium-Term Financial Strategy

October  
2017

2017/18 to 2022/23

Cambridge City Council



# Contents

Section No.	Topic	Page No.
	Foreword by the Leader of the Council and the Executive Councillor for Finance and Resources	
1	Introduction	1
2	Policy context, priorities and external factors	3
3	Review of key assumptions	11
4	Review of budgets and savings targets	13
5	General Fund - Expenditure and funding	17
6	Capital plan	18
7	Risks and reserves	24
8	Budget strategy	28

# Appendices

Reference	Topic	Page No.
A	Capital plan spend and funding	32
B	Calculation of GF reserve levels	41
C	Principal earmarked and specific funds	43

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

The annual Medium Term Financial Strategy sets out to predict the finances of Cambridge City Council for the next five years. Assumptions and forecasts are thoroughly reviewed and applied to the years ahead so that we can create and share a good guide to the Council's future finances. This provides a context within which we can then take appropriate decisions to manage our finances to provide high quality services, make the most of our assets for residents, and support our city priorities including tackling inequality and delivering additional affordable housing.

## **Financial uncertainty**

In planning our finances for the next five years, we continue to be hindered by uncertainty over large parts of our income controlled by the Government. We do know that Revenue Support grant will end entirely for the Council in April 2019 and New Homes Bonus income has also been cut, and could be liable to further reduction by the Government, which would be unfair given the extra costs created by growth. We use New Homes Bonus mainly to provide much needed additional resources for planning that growth, sustainably, creating successful new communities, homelessness prevention, and carrying out capital projects that increase the benefit and value of our properties.

The Government has consulted on allowing councils as a whole to retain 100% of business rates rather than paying 50% over to the Treasury, as we do at present. Decisions are awaited on that, including on the potential role of the new Cambridgeshire and Peterborough Combined Authority. It is quite possible that the government would want local authorities to take on significant additional responsibilities in return for great devolution of business rates. We would not support such a change if those obligations are more expensive to provide than the additional income would pay for.

## **Our Response**

With the year on year reductions in Government grants, and pressures to provide quality services to more people and businesses, it has been essential to develop strategy so that it is possible to set balanced budgets each year. We have had no choice but to develop ways of operating and running our finances which make us less reliant on Government funding, while still providing, and where possible enhancing, the hundreds of services we provide across the city.

Much of our focus involves reviewing and transforming the services we provide and how we deliver them. This includes a new priority of developing our digital strategy given the benefits from better use of technology and online access to our residents. It has also involved working in close collaboration with neighbouring councils and other partners to share services, with our partnership with South Cambridgeshire being at the heart. A further strategy has been continued releasing of funds found since 2014 to be unnecessarily locked away in reserves, and instead put them to use to produce income to make the city's real estate deliver more. We also have a major capital programme underway until 2020 and beyond.

The City Council has a very long history of investing in its own property and in new property and working those assets hard to provide income to support the cost of providing services. To develop further that income stream, since 2014 we have invested £25,000,000 in commercial property, producing an overall return of 6.5%. After technical adjustments £1,275,000 in new income has been contributed each year to the budget. A further £15,000,000 has been invested in a local authority property investment fund and this is currently producing a further £670,000 (4.46%). If that money had continued to be left earning bank interest, as happened previously, the income would have been well under 1% per year.

The Cambridge Investment Partnership has been established with our chosen partners Hill Investment Partnership to help us deliver major capital projects. This will include the 500 additional council homes in Cambridge we persuaded Government to fund over the next five years as part of the devolution agreement. This will provide additional council houses and flats to be managed by City Homes. This partnership will also enable the council to invest in providing housing at market and sub-market rents, thus providing a wider range of much needed new homes for rent in the city and further income to the Council to benefit residents into the future.



## **Austerity and Hardship**

The country has now suffered for over seven years from the imposition of the austerity policy of successive governments. Public services for many in Cambridge have been cut, while at the same time letting market forces dictate rising costs. Failing to regulate markets, such as in energy and private rented housing, has brought great hardship to many, including by forcing public sector workers to accept far lower wages, especially when coupled with cuts in welfare benefits.

National evidence suggests this has hit lower income households far more than those on higher incomes, and the gap in wealth between rich and poor has widened significantly. A recent Centre for Cities report identified Cambridge as having the greatest inequality of any city in the UK in 2017, based on their chosen data indices on wages, pensions and other income. Parts of our city include people of great wealth while nearby there are pockets of people in poverty and severe deprivation, which continue to be a core council delivery target. The poorest in our city need direct assistance and support via community organisations we grant-fund and our extra housing investment. Everyone in Cambridge deserves the opportunity to share in the city's growing prosperity.

Central government limits the powers of local district councils to alleviate the resultant hardship, and a whole range of challenges requires a change in national policy, which is currently blind to the challenges of people on low incomes in high housing costs areas like Cambridge. As a district council we have limited powers to alleviate the resultant hardship and we need changes of national policy across a range of public services to address the challenges of people on low incomes in high housing costs areas like Cambridge. We have reviewed and reformed the way the council works so that we can maintain and even develop services and housing provision rather than cut them, by focusing our efficiencies on how we deliver, not what we deliver. And we have specifically chosen to allocate resources to support our Anti-Poverty Strategy, and to target our annual £900,000 in community grants to those helping people in greatest need.

Soon after the Labour administration was elected to take over running the city in 2014, the Anti-Poverty Strategy was launched to improve the standard of living and daily lives of Cambridge residents experiencing poverty. As well as applying its objectives across the delivery of key frontline council services, the Strategy is resourced with its own fund (the Sharing Prosperity Fund) which has so far invested over £1,300,000 extra in new, additional projects which have already helped a significant number of our low income residents, and made a real difference to their lives.

## **Conclusion**

This Medium Term Financial Strategy continues the vital work of the Anti-Poverty Strategy, while maintaining and developing the wide range of services we provide. It also embraces the core financial objectives of this Council: sound and prudent financial management, the minimisation of the need for cuts to services, investment in more affordable housing, and a fairer and more equal city, a city we are so proud to serve.

**Cllr Lewis Herbert - Leader of the Council**

**Cllr Richard Robertson – Executive Councillor for Finance and Resources**

# Section 1

## Introduction

### Background

The Medium-Term Financial Strategy (MTFS) for the General Fund (GF) is part of the forecasting and budget setting process which leads to the Budget Setting Report (BSR) being presented to Council in February each year when the Council Tax level for the following financial year is set.

The MTFS sets out the council's financial strategy over the medium-term based on a range of assumptions and forecasts. This document takes the council's existing financial strategy and, if necessary, amends the key assumptions on which it is based. The previous year's 'direction of travel', as set out in the BSR, is revised in the light of factors such as national and local policy changes, current and forecast economic indicators and new legislation.

The GF MTFS incorporates a review of the current year's budget position and updated projections for the 5 years from 2018/19 to 2022/23. These demonstrate the effects of any changes in assumptions made and their impact in terms of savings requirements. A key part of the MTFS process is the identification of:

- Items which require immediate action or approval
- Items which provide context for decisions on the strategy or budget process:
  - The level of spending reductions required, if any
  - Resources to be made available for funding the capital plan
  - The level of GF general reserves

### Budget consultation

Cambridge City Council last carried out a residents' survey in 2016 including questions on priorities for the council's budget in 2017/18, alongside questions on:

- satisfaction with the council and the services it provides;
- how the council should communicate with residents and businesses; and
- how residents and businesses would prefer to engage with the council.

A similar exercise is planned for September 2017 which will inform the 2018/19 budget process and service priorities.

Some of the satisfaction 2016 questions were drawn from a standard set of questions developed by the Local Government Association to allow benchmarking against other local authorities, while other questions were similar to previous residents surveys carried out by the council, to allow comparison with results from previous years.

Findings from focus groups have been explored in more depth through two supplementary workshops. The first workshop focused on residents on low incomes, who tend to be under-represented within City Council consultations, and explored whether their views are similar or different to those expressed by respondents to the postal survey. The second workshop focused on local businesses, and explored which services they think should be prioritised in the council's budget for 2017/18, and whether their preferences for communication and engagement methods are similar to those expressed in the postal survey.

The findings from the consultation will inform the decisions that councillors make about the about the council's budget for 2018/19, as well as the Council's approach to communications and its developing digital strategy.

## Timetable

Key dates and decision points are set out below:

Date	Task
<b>2017</b>	
9 October	Strategy & Resources Scrutiny Committee consider the GF MTFS for recommendation to Council by the Leader
19 October	Council considers both GF and HRA MTFS reports
<b>2018</b>	
4 January	Budget Setting Report (BSR) published
22 January	BSR considered by Strategy & Resources Scrutiny Committee
25 January	The Executive consider and recommend the BSR and Council Tax level to Council
12 February	Special Strategy & Resources Scrutiny Committee to consider any budget amendment proposals
22 February	Council approves Budget Setting Report and sets the level of Council Tax for 2018/19

# Section 2

## Policy context, priorities and external factors

### Local policy context and priorities

#### Corporate Plan

The council's Corporate Plan was approved in February 2017 at the same time as the Budget for 2017/18. It sets out the aims and objectives of the council and how these will be achieved.

The Leader's Foreword to this MTFS supplements the Corporate Plan by setting a direction of travel for the council which responds to the future financial outlook.

#### Partnership working

The council works in partnership with a range of other bodies to bring additional benefits to the people who live, work and study in our area, especially through pooling of resources and skills to achieve a common aim.

#### The Greater Cambridge Partnership

The City Council is working with Cambridgeshire County Council, South Cambridgeshire District Council, the University of Cambridge and the Greater Cambridge Greater Peterborough Local Enterprise Partnership to deliver infrastructure, housing and skills targets as agreed with Government in the Greater Cambridge City Deal. The deal consists of a grant of up to £500m, to be released over a 15 to 20 year period, expected to be matched by up to another £500m from local sources, including through the proceeds of growth.

The City Deal will help Greater Cambridge to maintain and grow its status as a prosperous economic area. The Partnership is working to:

- Accelerate the delivery of 33,500 planned homes
- Enable delivery of 1,000 extra affordable new homes on rural exception sites
- Deliver over 420 new Apprenticeships for young people

- Provide £1bn of local and national public sector investment, enabling an estimated
- £4bn of private sector investment in the Greater Cambridge area
- Create 44,000 new jobs
- Provide a governance arrangement for joint decision making between local councils

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

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

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

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

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

## **Cambridgeshire and Peterborough Combined Authority**

In November 2016, eight organisations<sup>1</sup> in Cambridgeshire, including Cambridge City Council, agreed a devolution deal with the government to form the Cambridgeshire and Peterborough Combined Authority (CA). The deal gives delegated powers to the

---

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

Combined Authority and a new elected Mayor and brings funding to the region. Following elections on 5 May 2017, James Palmer was elected as Mayor for the Combined Authority. Councillor Lewis Herbert represents the council on the CA.

The CA will receive funding and powers from Central Government in a number of areas including:

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

The key ambitions for the CA include:

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

It has been agreed that the Combined Authority costs will be funded from the gain share grant and therefore there will be no charge to the City Council for this. The Mayor has the power to raise a precept (i.e. a separate additional element of council tax to fund the running costs of the Mayoral office). The earliest this could take effect is from 2018/19.

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

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

## **Shared services**

The council shares some services with neighbouring councils and is working to develop other shared services. Benefits include improvements in service delivery, efficiencies and greater resilience. The following services are delivered in two or three way partnerships:

Building Control (3)

Legal (3)

ICT (3)

Housing Development Agency (2)

Home Improvement Agency (2)

CCTV (2)

Internal Audit (2)

Waste & Recycling (2)

Payroll (2)

# External factors

## **Brexit negotiations and the General Election**

Following the referendum on 2016, the government have entered into formal negotiations with the EU to agree our exit terms. The current impact is a rise on inflation caused initially by the weakness of sterling however there are signs that this is now improving.

The June 2017 general election has seen the election of a Conservative led minority government supported when necessary by the Democratic Unionist Party. The true impact on council funding is unlikely to be seen until the Chancellor's Budget in the autumn – the first to follow the new budget timetable. From winter 2017, Finance Bills will be introduced following the Budget. The aim will be to reach Royal Assent in the spring, before the start of the following tax year. This change in timetable will help Parliament to scrutinise tax changes before the tax year where most take effect.

Although economic commentators had previously agreed that the UK would see lower growth there is a now record level of employment. The prospects for UK growth remain sound in the medium term although until Brexit negotiations have progressed further, it is difficult to make longer term predictions. There is the possibility that uncertainty triggered by the forthcoming Brexit will cause changes in the structure and operation of the European Union in future years which may further impact the economic prospects and the UK and Europe.

## **Inflation rates**

The base rate of inflation used to drive expenditure assumptions in the GF financial forecasts is the Consumer Price Index (CPI). Previously the base level of inflation included within forecasts was 2% reflecting the Government target for CPI. However, the Bank of England's August 2017 forecast, which reflects the inflationary impact of the decline in the sterling exchange rate, shows higher expected levels of CPI inflation of around 2.6% for 2018/19 reducing thereafter to just above the target rate of 2%. We have therefore revised our assumptions to align with the Bank of England's forecasts, see Section 3. Rates used will be reviewed again for the BSR in February 2018.



## **Interest rates on deposits**

The council lends its cash balances externally on a short-term basis, with a view to generating a return that can be spent on delivering council services whilst managing both security and liquidity of the cash. Members of the Bank of England Monetary Policy Committee (MPC) unanimously reduced the bank rate to 0.25% (previously 0.50%) on 4th August 2016, the first bank rate change since 2009. At its meeting on 2 August 2017, the Committee voted by a majority of 6-2 to maintain Bank Rate at 0.25%.

Rates available to investors continue to be exceptionally low. However, through the use of a variety of investments as permitted by our investment strategy, we are maintaining our rates of return marginally above 1%. As a result, our assumption relating to the rates at which we can lend out our cash balances have been maintained, as noted in Section 3.

## **Interest rates on external borrowing**

The Council has no GF borrowing or existing plans to borrow.

# National policy context

## **Government spending announcements**

The Chancellor has maintained the government's pledge to eliminate the budget deficit by 2025. Alongside tax revenues, which are largely determined by the pace of economic growth, this pledge will have considerable impact on the medium term outlook for local government funding. The Chancellor's next budget statement, due late in the autumn, is expected to set out how the government wants to shape its fiscal policy and may give some indication of the future trajectory of funding for local government.

The Financial Times recently reported that funding to local government has fallen by 77% since 2010. Various commentators have noted that cuts in funding for local government now appear to be having unacceptable effects on some public services. Going forward, there are some indications that this might change, possibly by increasing the share of public spending allocated to the local government sector.

## Local government finance

### 2018/19 and future years

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

The final local government finance settlement announced in February 2017 provides firm funding figures for 2017/18 and indicative figures for the following two years. However, only certain elements are subject to the funding guarantee. These elements are Revenue Support Grant (RSG), Transitional Grant and Rural Services Delivery Grant. Only RSG is relevant for the City Council and the settlement effectively phases this grant out over the 4-year timeframe. In addition, business rates tariffs and top-ups in 2018/19 and 2019/20 will not be altered for reasons related to the relative needs of local authorities, and in the final year may be subject to the implementation of 100% business rates retention.

Uncertainty remains for 2018/19 and beyond, principally due to delays in the development of the 100% business rates retention scheme arising from the 2017 general election. This work includes identifying further responsibilities to devolve to councils to match higher levels of business rates retention and a review of needs and distribution.

This MTFs therefore assumes that the level of Settlement Funding Assessment (SFA) will be as indicated in the 2017/18 settlement, included in the February 2017 BSR and as shown below. There is considerable uncertainty relating to SFA for 2020/21, 2021/22 and 2022/23, as this is beyond the current parliamentary term and after the implementation of 100% business rates retention. The overall SFA has therefore been assumed to remain at 2019/20 levels.

	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000
Revenue Support Grant (RSG)	1,104	571	-	-	-
Business rates baseline	3,986	4,104	4,259	4,387	4,518
Business rate tariff adjustment / negative RSG	-	-	(24)	(152)	(283)
<b>Total SFA - per 2017/18 finance settlement</b>	<b>5,090</b>	<b>4,675</b>	<b>4,235</b>	<b>4,235</b>	<b>4,235</b>

## New Homes Bonus

The New Homes Bonus (NHB) was launched in 2010 as a non-ringfenced payment to all local authorities based on the number of new homes added each year within its area. The eligible amount was then paid for each of a period of 6 years. A cut of approximately two-thirds of the funding available for NHB was announced in the 2015 Spending Review, followed by a technical consultation on the future of the scheme.

The outcome of the technical consultation was published alongside the provisional settlement in December 2016. This confirmed the expected direction of travel, 'sharpening the incentive' for councils to deliver new housing. Specifically:-

- The length of NHB payments was cut from six to five years in 2017/18, and further reduced to four years from 2018/19 onwards.
- A national baseline, or 'deadweight', of 0.4% was introduced, below which NHB will not be paid. The government has retained the option of adjusting this baseline, effectively providing a mechanism to control the total NHB payable to councils. The City Council receives 80% of NHB payable on increases in housing stock above the 0.4% deadweight, with the County Council receiving the remaining 20%.
- From 2018/19 the government will consider withholding NHB payments from councils without a local plan, and for houses built following planning appeals. Work continues to complete the processes for adopting the Local Plan but the specifics including timing are also dependent on the Planning Inspection process.

The government has included ways of implementing reductions in NHB for houses built following planning appeals in its technical consultation of the local government finance settlement. At present no reductions have been included in the council's forecasts.

The table below includes estimates of future NHB payments based on expected housing completions and the years of payment and deadweight indicated in the government's consultation response. Any changes in these factors could materially impact these estimates. NHB is currently used to fund both revenue and capital spending related principally to growth and place. Along with partners, the Council has committed 40% of NHB funding each year to a City Deal Investment and Delivery Fund, with remaining amounts reserved for schemes to mitigate the impacts of the A14 upgrade. However, the council's revenue expenditure and A14 mitigation take priority over the contribution to the City Deal Investment and Delivery Fund. If NHB reduces, it is the contribution to this Fund that would be impacted first. Greater reductions may require savings in revenue or capital

spending, with the spending listed above being considered against other spending priorities.

NHB receipt estimates, based on projections of future housing completions and empty homes brought back into use, are shown below, along with current commitments.

Description	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000
<b>Confirmed NHB funding at February 2016 BSR</b>	<b>(4,801)</b>	<b>(2,947)</b>	<b>(1,360)</b>	-	-
<b>Add</b>					
Confirmed NHB receipts for 2017/18	(1,161)	(1,161)	(1,161)	(1,161)	-
Estimated NHB receipts for 2018/19	-	(1,302)	(1,302)	(1,302)	(1,302)
Estimated NHB receipts for 2019/20	-	-	(1,274)	(1,274)	(1,274)
Estimated NHB receipts for 2020/21	-	-	-	(610)	(610)
Estimated NHB receipts for 2021/22	-	-	-	-	(952)
<b>Potential New Homes Bonus Total</b>	<b>(5,962)</b>	<b>(5,410)</b>	<b>(5,098)</b>	<b>(4,348)</b>	<b>(4,139)</b>
<b>Commitments against NHB</b>					
Funding for officers supporting growth e.g. within planning	785	785	785	785	785
Replacement of Homelessness Prevention Funding subsumed into the SFA	564	564	564	564	564
Public Realm Officer - Growth X3782	35	35	-	-	-
Direct revenue funding of capital	1,075	1,075	1,075	1,075	1,075
Contribution to A14 mitigation	-	-	1,500	-	-
Further approvals	400	-	-	-	-
A14 mitigation contribution funded from reserved amounts	-	-	(1,505)	-	-
Contribution to City Deal Investment and Delivery Fund	2,385	2,164	2,039	1,739	1,656
<b>Total commitments against NHB</b>	<b>5,244</b>	<b>4,623</b>	<b>4,458</b>	<b>4,163</b>	<b>4,080</b>
<b>NHB reserved for A14 mitigation</b>	<b>718</b>	<b>787</b>	-	-	-
<b>Cumulative amounts reserved for A14 mitigation</b>	<b>(718)</b>	<b>(1,505)</b>	-	-	-
<b>NHB uncommitted</b>	<b>0</b>	<b>0</b>	<b>639</b>	<b>185</b>	<b>59</b>

# Section 3

## Review of key assumptions

Budget forecasts presented in the February 2017 Budget Setting Report were based on a number of key assumptions, for example levels of general and pay inflation, interest rates, future funding requirements and Council Tax levels.

These key assumptions have been reviewed taking account of changes in external factors, government announcements, latest forecasts and circumstances. The table below sets out where assumptions have been retained and where changes have been made (**shown in bold**) for the purposes of forecasts presented in this document.

Forecast assumptions for future government grant funding and the prudent minimum balance and target level of the GF Reserve are included in more detail in sections 2 and 7 of this report respectively.

Key area	Assumption	Comment / Sensitivity
Pay Inflation	Pay progression cost estimate plus: <b>2018/19 - 2.0%</b> <b>2019/20 - 2.0%</b> and 2.0% thereafter (no change)	Reflects the potential change from the current Government guidance of 1% cap previously built in for 2018/19 and 2019/20.
Employee turnover	3%	In general, employee budgets assume an employee turnover saving of 3.0% of gross pay budget. Specific vacancy factors are applied where experience indicates that a different vacancy factor is more applicable.
General inflation (CPI)	<b>2018/19 - 2.6%</b> <b>2019/20 - 2.2%</b> <b>2020/21 - 2.3%</b> <b>thereafter 2.0%</b> (previously 2.4% all years)	Updated central provisions have been made as appropriate for fuel, electricity and gas based on current knowledge of these markets or revised contractual commitments.  The same inflation factors are applied to Central and Support Services as for direct services.

<b>Key area</b>	<b>Assumption</b>	<b>Comment / Sensitivity</b>
Major contracts	Inflation per contract	Major contracts and agreements, in term, are rolled forward based on the specified indices in the contract or agreement
Income and charges increases	2.0%	Income and charges – general assumption of 2.0% ongoing, but specific reviews of all charges required by committees. Property rental income based on detailed projections and rent reviews.
Investment interest rate assumption	1.0%	
Capital funding contributions	£1.8m	Capital funding contributions at base level of £1.8m per annum with feasibility budget of ~£80,000.
Council Tax increase	2018/19 onwards 2.0%	Council Tax for a Band D property in 2018/19 of 2%. Option remains to increase yield to £5 (2.7%) per property yielding ~ £60,000.
Government grant (SFA)	Indicative levels of grant as notified through the final local government finance settlement in early 2017.	

# Section 4

## Review of budgets and savings targets

### 2016/17 outturn

A favourable variance of £1,116k (*2015/16: £2,479k*) after approved carry forward requests of £914k (*2015/16: £485k*) was recorded on net service spending in the GF for 2016/17. After variances on government funding, statutory capital accounting adjustments, contributions to/ from earmarked reserves and the application of direct revenue funding for capital have been taken into account, the overall net effect was an increase in the GF reserve of £1,848k (*2015/16: £2,893k*)

The variance on net service spending was spread widely across the council and various categories of income and expenditure. There was an overachievement of income targets as in previous years, although this year at £585k was less than in previous years. The largest single variance was for staff and agency workers underspent by more than £0.9m (3% of budget). Other variances were generally small, full details are shown in the outturn overview report to Strategy & Resources scrutiny committee.

### 2017/18 budgets

Departmental budgets are regularly monitored to ensure that the service spends only what is necessary to deliver its aims and objectives. Where variances are identified, either positive or negative, appropriate measures are undertaken.

A summary of these impacts and other identified pressures and savings are given in the table below and they have been included in the revised projections for the GF and saving requirements given in Section 5.

Description	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000
<b>Changes to base assumptions (see section 3)</b>						
Inflation	-	41	1	(20)	(105)	(105)
Pay award	-	253	522	542	565	565
Incremental progression	-	(102)	(210)	(326)	(451)	(576)
Staff turnover	-	(400)	(400)	(400)	(400)	(400)
<b>Total changes to base assumptions (see memo)</b>	-	<b>(208)</b>	<b>(87)</b>	<b>(204)</b>	<b>(391)</b>	<b>(516)</b>
<b>Proposal:</b>						
Accommodation costs at Waterbeach -2017/18 from reserves (see narrative below)	-	144	144	144	144	144
<b>New proposals and re-phasing:</b>						
Capital expenditure met from GF Reserves (Office Accommodation Mandela House)	450	-	-	-	-	-
Pre-planning development costs for Silver Street toilets	48					
Additional contribution to Sharing Prosperity Fund	100	-	-	-	-	-
Accommodation costs at Waterbeach (see narrative below)	144	-	-	-	-	-
<b>Total new proposal and re- phasing – financed from GF reserves</b>	<b>742</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Use of reserves to attain target levels (see memo):</b>						
Adjustment to savings to attain target level of reserves at the end of 5 years and smooth savings over the final 4 year period	-	174	366	565	693	883
<b>Total use of General Fund reserves</b>	<b>742</b>	<b>174</b>	<b>366</b>	<b>565</b>	<b>693</b>	<b>883</b>
<b>Memo – impact on savings targets:</b>						
<i>Year on year change to base assumptions</i>	-	(208)	121	(117)	(187)	(125)
<i>Year on year change for Waterbeach</i>	-	144	-	-	-	-
<i>Year on year to attain target levels</i>	-	(174)	(192)	(199)	(128)	(190)
<b>Year on year total</b>		<b>(238)</b>	<b>(71)</b>	<b>(316)</b>	<b>(315)</b>	<b>(315)</b>



## New revenue proposals

A revenue budget bid of £48k in 2017/18 is presented to support the further development of a scheme to improve the public conveniences on Silver Street. This will allow design alternatives to be developed, further stakeholder and public consultation to be held and planning permission to be obtained. This is in addition to £30k of feasibility funding already spent on consultation and the development of proposals. This further work is expected to result in a future capital bid of approximately £530k to implement the improvements.

The Sharing Prosperity Fund (SPF) has approximately £52k funding currently uncommitted. £100k will be allocated to the fund to support projects which will help deliver the objectives of the Council's revised Anti-Poverty Strategy. Officers have identified a number of potential projects that would address key areas of need highlighted in the strategy and they will be developing more detailed project proposals for consideration and approval by the Executive Councillor in due course. These potential projects include:

- additional capacity to provide advice and support to residents in poverty on measures to reduce their energy and water bills, continuing and extending existing projects
- engagement work with low income residents living in poor quality accommodation in the private rented sector
- additional work to support residents on low incomes to access the internet and develop their digital skills
- trialling of the new Culture Card for young people from low income households

The additional funding will also provide an opportunity to develop new projects in other areas, such as adult skills or employability for instance, in line with the objectives of the revised Anti-Poverty Strategy.

£144k relates to costs of setting up and running the depot at Waterbeach which were anticipated during the planning of the shared service but not included fully in the budget. The overall savings from the shared service remain unaffected.

Applying these changes to budget assumptions gives an indication of the net savings requirements by year for the next 5 years, assuming that savings are delivered in the year that the requirement is identified. The requirement for net savings is then adjusted using GF reserves to create a consistent profile across the period.

Following these changes, the net savings requirements in the remaining 4 years of the period total around £1.0m.

Description	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000
<b>BSR 2016 - Current Savings Target (new savings each year)</b>	238	316	561	560	560
Previous year savings not achieved / (over achieved)	0	-	-	-	-
Changes to base assumptions	(208)	121	(117)	(187)	(125)
Net pressures	144	-	-	-	-
<b>Savings still to be found</b>	<b>174</b>	<b>437</b>	<b>444</b>	<b>373</b>	<b>435</b>
Use of reserves to smooth savings through adjustment to base expenditure	(174)	(192)	(199)	(128)	(190)
<b>Savings still to be found</b>	<b>-</b>	<b>245</b>	<b>245</b>	<b>245</b>	<b>245</b>

The level of net savings requirement identified by this MTFs provides a baseline for detailed budget setting work. Experience has shown that this work will identify spending pressures, many of which are unavoidable. Whilst not unavoidable, additional expenditure may also be proposed to protect or enhance service levels. Any additional spending agreed will increase savings requirements accordingly. In previous years this process has increased savings requirements by up to £1m per year.

# Section 5

## General Fund – Expenditure and funding

The following projection of GF expenditure and funding results from applying the recommendations included in this report:-

Description	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000
<b>Expenditure</b>						
Net service budgets	21,380	20,302	18,947	20,721	21,271	21,093
Capital accounting adjustments	(6,155)	(6,155)	(6,155)	(6,155)	(6,155)	(6,155)
Capital expenditure financed from revenue	4,793	1,458	1,786	1,786	1,786	1,786
Contributions to earmarked funds	5,868	3,951	3,679	2,924	2,715	2,715
Revised net savings requirement	0	0	(245)	(245)	(245)	(245)
<b>Net spending requirement</b>	<b>25,886</b>	<b>19,556</b>	<b>18,012</b>	<b>19,031</b>	<b>19,372</b>	<b>19,194</b>
<b>Funded by:</b>						
Settlement Funding Assessment (SFA)	(5,093)	(4,689)	(4,240)	(4,240)	(4,240)	(4,240)
Locally Retained Business Rates – Growth Element	(800)	(800)	(800)	(800)	(800)	(800)
Other grants from central government	0	0	0	0	0	0
New Homes Bonus (NHB)	(5,962)	(5,410)	(5,098)	(4,348)	(4,139)	(4,139)
Appropriations from earmarked funds	0	0	0	0	0	0
Council Tax	(7,807)	(8,178)	(8,450)	(8,776)	(9,132)	(9,132)
Contributions (from) / to reserves	(6,224)	(479)	576	(867)	(1,061)	(883)
<b>Total funding</b>	<b>(25,886)</b>	<b>(19,556)</b>	<b>(18,012)</b>	<b>(19,031)</b>	<b>(19,372)</b>	<b>(19,194)</b>

\* Net service budgets include savings and pressures identified in Section 4.

# Section 6

## Capital plan

### Approved plan

The capital plan was approved by council in February 2017. Since then the plan has been updated for projects carried forward or rephased from 2016/17 of £30,400k and for further approval of £450k.

Approved since BSR	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	Total £000
<b>Approved at BSR Feb 2017:</b>							
Programmes	3,573	300	-	-	-	-	3,873
Projects	3,036	61	25	25	-	-	3,147
<b>Sub-total</b>	<b>6,609</b>	<b>361</b>	<b>25</b>	<b>25</b>	<b>-</b>	<b>-</b>	<b>7,020</b>
Provisions	1,145	220	56	487	-	-	1,908
<b>Total</b>	<b>7,754</b>	<b>581</b>	<b>81</b>	<b>512</b>	<b>-</b>	<b>-</b>	<b>8,928</b>

<b>Changes approved and adjustments made in year:</b>							
Programmes	20,316	922	-	-	-	-	21,238
Projects	4,585	-	-	-	-	-	4,585
<b>Sub-total</b>	<b>24,901</b>	<b>922</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>25,823</b>
Provisions	4,555	42	40	329	61	-	5,027
<b>Total</b>	<b>29,456</b>	<b>964</b>	<b>40</b>	<b>329</b>	<b>61</b>	<b>-</b>	<b>30,850</b>

<b>Current approved plan:</b>							-
Programmes	23,889	1,222	-	-	-	-	25,111
Projects	7,621	61	25	25	-	-	7,732
<b>Sub-total</b>	<b>31,510</b>	<b>1,283</b>	<b>25</b>	<b>25</b>	<b>-</b>	<b>-</b>	<b>32,843</b>
Provisions	5,700	262	96	816	61	-	6,935
<b>Total</b>	<b>37,210</b>	<b>1,545</b>	<b>121</b>	<b>841</b>	<b>61</b>	<b>-</b>	<b>39,778</b>

# Mid-year capital spending proposals

In addition to projects already approved (and included in the above Current Plan), the tables below list proposals that have been endorsed by the Capital Programme Board and are now proposed for funding, All items have assigned existing funding sources with four impacting on Capital Funding Available (as indicated).

Ref.	Description	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	Total £000
	<b>Approved since BSR Feb 2017:</b>							
PR050 b	Office Accommodation Mandela House – funded from GF reserves	450	-	-	-	-	-	450
	<b>Total Approved since BSR Feb 2017</b>	<b>450</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>450</b>

Ref.	Description	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	Total £000
	<b>Proposals</b>							-
SC648	Local Centres Improvements Programme - Arbury Court	59	141	-	-	-	-	200
SC653	Replacement heating system at the Waterbeach garage	39	-	-	-	-	-	39
SC652	Modification to in-ground lift in Waterbeach <sup>1</sup>	18	-	-	-	-	-	18
SC645	Electric vehicle charge points – use of additional funding received	205	145	151	25	-	-	526
	<b>Sub-total</b>	<b>321</b>	<b>286</b>	<b>151</b>	<b>25</b>	<b>-</b>	<b>-</b>	<b>783</b>
Misc	Section 106 miscellaneous	833	14	-	-	-	-	847
	<b>Total Proposals</b>	<b>1,154</b>	<b>300</b>	<b>151</b>	<b>25</b>	<b>-</b>	<b>-</b>	<b>1,630</b>

<sup>1</sup> - £8k requested for funding, £10k funded from service revenue resources.

The prioritisation scores for the proposed schemes that required allocation of funding are set out below:

Prioritisation category	SC648 - Local Centres Improvement Programme - Arbury Court	SC653 - Replacement boilers at the Waterbeach garage CPB to approve)	SC652 - Modification to in-ground lift in Waterbeach
Statutory requirement or business critical	No	Yes	No
<b>Alignment with council objectives (averaged over 7 objectives)</b>	<b>1.4 out of 5</b>	<b>0.6 out of 5</b>	<b>0.7 out of 5</b>
- delivering sustainable prosperity for Cambridge and fair shares for all	1	0	0
- tackling the housing crisis	1	0	0
- Making Cambridge safer and more equal	1	0	0
- Investing in improving transport	1	0	0
- Protecting our city's unique quality of life	4	0	0
- Tackling climate change and making Cambridge cleaner and greener	1	4	0
- Protecting essential services and transforming delivery	1	0	5
Financial impact	0 (revenue cost neutral)	0 (revenue cost neutral)	1 (increased income)
Delivery risk – project planning	Low	Medium	Low
Delivery risk – project complexity	Medium	Low	Low
<b>Key – scoring of alignment with council objectives</b>	0 Scheme does not support this objective in any way 1 Scheme provides minimal support for this objective 2 Scheme provides some support and/or indirect support for this objective 3 Scheme aligned to this objective, either directly or provides necessary facilitation (e.g. a computer system) 4 Scheme directly aligned to this objective, with some additional benefits for the council 5 Scheme will deliver this objective in a value added / innovative way with additional benefits for the council		

If all the above proposals are accepted, the effect of these schemes, along with schemes already approved in year on the level of unapplied capital funding available is shown in the following table.

Approved since BSR including proposals	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	Total £000
<b>BSR Feb 2017:</b>							
Spend	7,754	581	81	512	-	-	8,928
Funding	(7,754)	(1,870)	(1,842)	(2,273)	(1,786)	(1,786)	(17,311)
<b>Funding available and unapplied</b>	-	<b>(1,289)</b>	<b>(1,761)</b>	<b>(1,761)</b>	<b>(1,786)</b>	<b>(1,786)</b>	<b>(8,383)</b>
<b>Changes approved and adjustments made in year:</b>							
Spend	29,456	964	40	329	61	-	30,850
Funding	(29,456)	(964)	(40)	(329)	(61)	-	(30,850)
<b>Funding available and unapplied</b>	-	-	-	-	-	-	-
<b>Proposals:</b>							
<b>Spend:</b>							
S106	833	14	-	-	-	-	847
Other	321	286	151	25	-	-	783
<b>Funding:</b>							
S106	(833)	(14)	-	-	-	-	(847)
Other	(215)	(145)	(151)	(25)	-	-	(536)
Rephase DRF / funding available from 2018/19	(106)	106	-	-	-	-	-
<b>Funding available and unapplied</b>	-	<b>247</b>	-	-	-	-	<b>247</b>
<b>Revised capital funding availability</b>	-	<b>(1,042)</b>	<b>(1,761)</b>	<b>(1,761)</b>	<b>(1,786)</b>	<b>(1,786)</b>	<b>(8,136)</b>
<b>Memo: 5% top-slice of 'BSR 2015 funding available' for feasibility budget (revenue)</b>	<b>82</b>	<b>82</b>	<b>94</b>	<b>94</b>	<b>94</b>	<b>94</b>	<b>540</b>

It should be noted that, in the absence of available capital funding in 2017/18, £450k has been taken directly from GF reserves to fund works at Mandela House, as approved through urgency procedures. The three schemes proposed in this MTFS put a further demand on capital funding, totalling £247k. In the absence of available capital funds, these schemes could be funded from one or a mixture of the sources listed below:

- Directly from GF reserves, reducing the headroom above the prudent minimum balance and increasing savings requirements
- Capital funding brought forward from 2018/19, reducing the available balance to £1,042k if all 3 schemes are funded, and thereby restricting the value of capital schemes that can be funded through the budget setting process for 2018/19.
- Funding made available by deleting or stopping schemes currently on the capital plan and reassigning funding to the proposed schemes.
- Future expected capital receipts, addressing the timing difference through internal borrowing. This approach would limit the opportunity to reinvest in commercial property, or to assign the capital receipts to fund forthcoming major projects.

It is recommended that the schemes are funded from the 2018/19 allocation of capital funding, with the requirement to review and challenge the levels of capital expenditure in the budget setting process for that year.

## Revised plan

If the above proposals are approved, the revised capital plan will be as follows:

MTFS Proposals	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	Total £000
<b>Current approved plan total (as above):</b>	37,210	1,545	121	841	61	-	39,778
<b>Changes proposed:</b>							
Programmes	833	14	-	-	-	-	847
Projects	321	286	151	25	-	-	783
<b>Sub-total</b>	<b>1,154</b>	<b>300</b>	<b>151</b>	<b>25</b>	<b>-</b>	<b>-</b>	<b>1,630</b>
Provisions	-	-	-	-	-	-	-
<b>Total</b>	<b>1,154</b>	<b>300</b>	<b>151</b>	<b>25</b>	<b>-</b>	<b>-</b>	<b>1,630</b>
<b>Proposed plan:</b>							
Programmes	23,904	1,222	-	-	-	-	25,126
Projects	8,760	361	176	50	-	-	9,347



MTFS Proposals	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	Total £000
<b>Sub-total</b>	<b>32,664</b>	<b>1,583</b>	<b>176</b>	<b>50</b>	<b>-</b>	<b>-</b>	<b>34,473</b>
Provisions	5,700	262	96	816	61	-	6,935
<b>Total</b>	<b>38,364</b>	<b>1,845</b>	<b>272</b>	<b>866</b>	<b>61</b>	<b>-</b>	<b>41,408</b>

Work continues to develop a number of larger schemes to be brought forward for funding approval through the Budget Setting Report in February 2018 and beyond. These schemes will draw on capital funding available and reported above, expected capital receipts and potentially internal and external borrowing as appropriate for the scheme. These larger schemes are likely to include the redevelopment of Mill Road Depot and development at Cambridge Fringe North East.

# Section 7

## Risks and reserves

### Risks

The council is exposed to a number of risks and uncertainties which could affect its financial position:-

- Savings plans may not deliver projected savings to expected timescales;
- Assumptions and estimates, such as inflation and interest rates, may prove incorrect;
- The actual impact and timing of local growth on the demand for some services may not reflect projections used;
- The economic impact of the United Kingdom leaving the European Union may impact some of the council's income streams such as car parking income, commercial rents and planning fee income;
- Funding from central government (Settlement Funding Assessment, New Homes Bonus and other grants) may fall below projections;
- Increases in council tax and business rates receipts due to local growth may not meet expectations;
- Business rates appeals, which may be backdated to 2010, may significantly exceed the provision put aside for this purpose;
- The business rates revaluation, which came into effect in April 2017 may reduce business rates receipts;
- The impact of 100% business rates retention, coupled with any additional responsibilities handed down to the council at that time, may create a net pressure on resources;
- New legislation or changes to existing legislation may have budgetary impacts;
- Unforeseen capital expenditure, such as major repairs to offices and commercial properties, may be required;

- The implementation of proposals to tackle congestion in Cambridge may adversely impact car parking income and the delivery of services that rely on officers travelling around the city. The council may also become subject to a work place parking levy;
- The council may have to contribute to costs associated with the implementation and administration of devolution proposals; and
- The council may not be able to replace time-limited funding for commitments to maintain open spaces associated with growth sites, or implement alternative arrangements for their maintenance.

# Reserves

## General Fund reserve

The GF reserve is held as a buffer against crystallising risks and to deal with timing issues and uneven cashflows. As such, the level of the reserve required is dependent on the financial risks facing the council which will vary over time. Therefore, the prudent minimum balance (PMB) and target level of the GF reserve has been reviewed in the light of current risks. Detailed calculations of these amounts are provided in Appendix B.

As a result, the following changes are recommended and have been included in the calculations of net savings requirements in this report.

General Fund reserves	£m
February 2017 BSR	
- Target level	6.37
- Minimum level	5.31
September 2017 MTFS – Recommended levels	
- Target level	6.42
- PMB	5.35

The table below shows current and projected levels of the GF reserve.

Description	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000
Balance as at 1 April (b/fwd)	(15,412)	(9,188)	(8,709)	(9,285)	(8,418)	(7,357)
Total Contribution (to) / from reserves	6,224	479	(576)	867	1,061	883
Balance as at 31 March (c/fwd)	(9,188)	(8,709)	(9,285)	(8,418)	(7,357)	(6,474)

## Earmarked and specific funds

In addition to the GF reserve, the GF maintains a number of earmarked or specific funds which are held for major expenditure of a non-recurring nature or where the income is received for a specific purpose, see Appendix C.

A review of the purpose and use of these funds was undertaken during 2014/15. A number of the funds were discontinued and balances released. These funds are now subject to annual review as part of the MTFs to ensure that principles agreed at the time are applied:-

- Major policy-led funds, such as the Sharing Prosperity Fund (SPF) and the Climate Change Fund, will be retained.
- Selected Repairs and Renewals (R&R) Funds – for vehicles and Bereavement Services – will be retained.
- Any other reserves will only be held as required for statutory or accounting purposes, or to record balances held by the council for other organisations or partnerships.
- Uncommitted balances will be moved to the GF reserve, and funds closed when all committed balances are spent.

Type of earmarked or specific fund	Balance at 31 March 2017 £000	Balance at 31 March 2016 £000
Major policy-led funds	10,796	7,472
R&R funds	2,753	2,143
Statutory and accounting reserves	3,844	4,717
Shared / partnership funds	5,330	2,212

Type of earmarked or specific fund	Balance at 31 March 2017 £000	Balance at 31 March 2016 £000
Other – to be closed once committed balances are spent	1,063	1,243
<b>Total</b>	<b>23,786</b>	<b>17,787</b>

# Section 8

## Budget strategy

### General Fund savings requirements

The February 2017 BSR identified the need to find £238k of ongoing net savings in the GF in 2018/19. Current financial projections, taking account of revised assumptions and incorporating all changes proposed as part of this GF MTFS show that work remains to be done to balance the budgets over the period 2018/19 and beyond, with additional net savings of around £1.0m to be found in the next five years.

Description	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000
Net savings requirement (BSR Feb 2017)	238	316	561	560	560
Contribution to savings target (Section 4)	(238)	(71)	(316)	(315)	(315)
<b>Revised (MTFS) net savings requirement</b>	<b>0</b>	<b>245</b>	<b>245</b>	<b>245</b>	<b>245</b>

### General Fund budget strategy

#### The budget process

The GF budget process for 2018/19 will remain broadly similar to that for previous years, working within an overall cash limit designed to meet known financial pressures. The base model used to prepare this report has driven the recommendations in respect of the 2018/19 budget process and provided indications of the level of savings required to meet both current and anticipated spending needs.

The GF MTFS has highlighted:

- Further economic uncertainty following the General Election result and with Brexit negotiations showing no early progress;
- A lack of clarity in the future direction of local government funding, following the abandonment of the Local Government Finance Bill post-election; and
- Pressure on payroll costs, partially balanced by an opportunity to increase the vacancy factor applied to these costs, ensuring consistency across council services.

## Identification of further savings

The council has a record of identifying and delivering savings, through both service reviews and improvements in value for money obtained over all categories of spending. However, it is expected that the value of new savings found will decrease over time as services become leaner and more cost effective. Therefore, the council has embarked on a long term programme of transformation which will make fundamental changes to the way the council delivers services and interacts with residents, tenants and other parties. This approach was set out in the efficiency plan in Section 8 of the MTF5 2016.

## Efficiency plan 2016 to 2020

MTFS 2016 presented the council's efficiency plan in line with government requirements. As a result a guarantee covering certain funding streams from government was received covering the four year period commencing in 2016/17. Two years of this guarantee remain.

The efficiency plan took the seven aims or objectives which form the basis of the Corporate Plan and identified a three pronged approach to service review and savings delivery: the transformation programme, the extension of collaborative working with local partners, and investment to provide regular income streams.

The efficiency plan continues to guide the work of the council and provides the structure and mechanisms to deliver on our savings requirements. As such, BSR 2018 will present budget proposals for savings and increased income, and bids for implementation costs arising from efficiency plan initiatives.

# Achieving financial sustainability and resilience

As demonstrated in this document, the council's finances remain healthy despite continuing pressures and uncertainties. However, there is no foreseeable end to austerity for local authorities and economic conditions remain challenging. It is important, therefore, to ensure that the council is prepared to manage financial challenges as they arise.

To ensure financial resilience the council must:-

- Maintain healthy levels of reserves
- Maintain a five year financial planning horizon
- Plan and deliver savings in a controlled and sustainable way
- Ensure savings and income plans are firm and robust and that gaps / savings still to be found are minimised, particularly in the next two or three financial years
- Minimise unplanned overspends and/or carrying forward undelivered savings into the following year.

The council maintains a sound system of financial management and control. However, it continues to enhance its planning and monitoring with a view to ensuring that circumstances that might lead to financial stress are identified and acted upon in a timely manner. To this end, all Heads of Service now review financial and performance monitoring reports council-wide, ensuring greater challenge, visibility and ownership. Further on-going enhancements include:-

- Implementing a new financial system:-
  - Providing better tools for budget holders to monitor their income and expenditure.
  - Reinforcing the financial management responsibilities of budget holders and their support teams through training on the new system
  - Enforcing financial procedures and limits through automated workflow processes



- Improving project management processes and skills, including:-
  - Revising the council's project management toolkit
  - Providing project management training for project managers and sponsors
  - Increasing programme and project monitoring through three key boards; the Transformation Programme Board, the Capital Programme Board and the ICT Programme Board.
- Enabling greater financial input and challenge to projects and new ventures, particularly at the business case stage, through increasing the resource and skills in the finance team.
- Undertaking more detailed cash flow and funding projections for large and complex projects to support decision-making at the project, programme and whole council levels.

# Appendix A (a)

## Capital Plan 2017/18 to 2022/23

Ref.	Description	Lead Officer	2017/18 (£000's)	2018/19 (£000's)	2019/20 (£000's)	2020/21 (£000's)	2021/22 (£000's)	2022/23 (£000's)
<b>Capital-GF Projects</b>								
PR030e	Cavendish Rd (Mill Rd end) improvements: seating & paving (S106)	J Richards	16	0	0	0	0	0
PR030f	Bath House Play Area Improvements (S106)	D O'Halloran	0	0	0	0	0	0
PR030j	The Mill Road Railway Legacy (S106)	A Wilson	60	0	0	0	0	0
PR030l	Ditton Fields play area improvements (S106)	A Wilson	26	0	0	0	0	0
PR030r	Brothers' Place landscaping and natural play improvements (S106)	I Ross	8	0	0	0	0	0
PR031n	Grant for 4 tennis courts at North Cambridge Academy (S106)	I Ross	125	0	0	0	0	0
PR031q	Bramblefields nature reserve: improve biodiversity and access (S106)	A Wilson	12	0	0	0	0	0
PR032g	Cherry Hinton Rec Ground pavilion refurb. (S106)	I Ross	5	0	0	0	0	0
PR032l	Grant to improve community facilities at Lutheran Church on Shaftesbury Road (S106)	J Hanson	10	0	0	0	0	0
PR032p	Reilly Way play area improvements (S106)	A Wilson	5	0	0	0	0	0
PR032r	Install junior fit kit at Accordia development (S106)	A Wilson	14	0	0	0	0	0
PR032t	Fulbourn Road open space improvements (S106)	A Wilson	10	0	0	0	0	0
PR032w	Accordia open space improvements (S106)	A Wilson	10	0	0	0	0	0
PR033j	Lammas Land tennis court upgrade (S106)	I Ross	45	0	0	0	0	0
PR033m	Benches on Carisbrooke Road green and next to Coton footpath near Wilberforce Road (S106)	A Wilson	3	0	0	0	0	0
PR033q	Additional play equipment, benches and landscaping at Christ Piece's play area (S106)	A Wilson	13	0	0	0	0	0
PR033q	Improvements to Histon Road Rec Ground football area (S106)	I Ross	31	0	0	0	0	0
PR033t	St Clement's churchyard open space on Bridge Street (S106)	A Wilson	10	0	0	0	0	0
PR034d	Public Art - 150th and 400th Anniversary (Cambridge Rules) (S106)	N Black	36	0	0	0	0	0
PR034n	Cambridge Gymnastics Academy: grant for warehouse conversion into gym facility (S106)	I Ross	65	0	0	0	0	0
PR034p	Cambridge 99 Rowing Club: grant for kitchen facilities (S106)	I Ross	5	0	0	0	0	0

# Appendix A (a)

## Capital Plan 2017/18 to 2022/23

Ref.	Description	Lead Officer	2017/18 (£000's)	2018/19 (£000's)	2019/20 (£000's)	2020/21 (£000's)	2021/22 (£000's)	2022/23 (£000's)
PR034r	Cambridge Rugby Club: grant for new changing rooms (S106)	I Ross	200	0	0	0	0	0
PR040g	Public art grant - Chesterton mural (S106)	S Tovell	1	0	0	0	0	0
PR040i	Public art grant - History Trails (S106)	S Tovell	5	0	0	0	0	0
PR040k	Public art grant - Mitcham's models and Mitcham's models at Christmas (S106)	A Wilson	0	0	0	0	0	0
PR040l	Public art grant - Newnham Croft stained glass window (S106)	S Tovell	5	0	0	0	0	0
PR040n	Public art grant - public art at Humberstone Road (S106)	S Tovell	1	0	0	0	0	0
PR040o	Public art grant - 'The place where we stand' (S106)	S Tovell	3	0	0	0	0	0
PR040r	Public art grant for Cambridge Junction Radio Local (S106)	N Black	15	0	0	0	0	0
PR040s	Public art grant for Kettle's Yard - Antony Gormley Performance Programme (S106)	N Black	15	0	0	0	0	0
PR040u	Public art grant for University of Cambridge Primary School - Eddington Flag Parade (S106)	N Black	16	10	0	0	0	0
PR040v	Public art grant for Pink Festival Group - showcase of queer arts (S106)	N Black	5	0	0	0	0	0
PR040w	Public art grant for Menagerie Theatre Company - Trumpington Voices (S106)	N Black	17	4	0	0	0	0
PR040x	Public art grant for Oblique Arts - Mitchams Moving (S106)	N Black	13	0	0	0	0	0
PR040y	Public art grant for Historyworks - Rhyme, Rhythm and Railways (S106)	N Black	15	0	0	0	0	0
PR040z	Public art grant for Historyworks - Michael Rosen Walking Trails 2 (S106)	N Black	15	0	0	0	0	0
PR041a	Grant for refurbishment of community facilities in Memorial Hall and Church Hall, Cherry Hinton Rd (S106)	J Hanson	150	0	0	0	0	0
PR041b	Grant to Cambridge Gymnastics Academy for trampoline and foam pit in gym (S106)	I Ross	75	0	0	0	0	0
PR041c	Sheep's Green watercourse improvements and habitat creation (S106)	G Belcher	45	0	0	0	0	0
PR041d	Grant to Camrowers and CRA Boathouse (S106)	I Ross	9	0	0	0	0	0
PR050a	Relocation of services to 130 Cowley Road (OAS)	W Barfield	479	0	0	0	0	0
PR050b	Mandela House refurbishment (OAS)	W Barfield	1,757	0	0	0	0	0

# Appendix A (a)

## Capital Plan 2017/18 to 2022/23

Ref.	Description	Lead Officer	2017/18 (£000's)	2018/19 (£000's)	2019/20 (£000's)	2020/21 (£000's)	2021/22 (£000's)	2022/23 (£000's)
PR050c	Refurnishing Guildhall 4th floor (OAS)	F Barratt	42	0	0	0	0	0
PR050d	Mobile working (OAS Phase II)	F Barratt	99	0	0	0	0	0
PR050e	Cowley Road Compound ex-Park and Ride site (OAS)	W Barfield	566	0	0	0	0	0
SC548	Southern Connections Public Art Commission (\$106)	A Wilson	13	21	0	0	0	0
SC570	Essential Structural/Holding Repairs - Park Street Multi Storey car park	S Cleary	12	0	0	0	0	0
SC571	Procurement of IT System to Manage Community Infrastructure Levy	S Saunders	20	0	0	0	0	0
SC588	NW Cambridge Development Underground Collection Vehicle	T Nicoll	0	0	0	0	0	0
SC590	Structural Holding Repairs & Lift Refurbishment - Queen Anne Terrace Car Park	S Cleary	268	15	0	0	0	0
SC597	Empty Homes Loan Fund	Y O'Donnell	200	0	0	0	0	0
SC601	Replacement Telecommunications & Local Area Network	T Allen	187	0	0	0	0	0
SC604	Replacement Financial Management System	C Ryba	160	0	0	0	0	0
SC605	Replacement Building Access Control System	W Barfield	48	0	0	0	0	0
SC608	Improvements to Gwydir Street Enterprise Centre	D Prinsep	196	0	0	0	0	0
SC611	Grafton East car park essential roof repair	S Cleary	200	0	0	0	0	0
SC612	Car parking control equipment at multi storey car parks	S Cleary	570	0	0	0	0	0
SC614	Redeployable CCTV camera stock	L Kilkelly	60	0	0	0	0	0
SC615	Cherry Hinton Grounds Improvements Phase 2 (\$106)	A Wilson	239	0	0	0	0	0
SC621	20 Newmarket Road - commercial property	D Prinsep	73	0	0	0	0	0
SC622	Grafton East car park LED lights	S Cleary	0	0	0	0	0	0
SC623	Environment and cycling improvements in Water Street and Fen Road	A Wilson	35	0	0	0	0	0
SC629	Abbey Pools air plant upgrade	I Ross	0	0	0	0	0	0

# Appendix A (a)

## Capital Plan 2017/18 to 2022/23

Ref.	Description	Lead Officer	2017/18 (£000's)	2018/19 (£000's)	2019/20 (£000's)	2020/21 (£000's)	2021/22 (£000's)	2022/23 (£000's)
SC630	Abbey Pools solar thermal upgrade	I Ross	33	0	0	0	0	0
SC631	Grand Arcade car park LED lights	S Cleary	0	0	0	0	0	0
SC634	Grand Arcade and Queen Anne Terrace car parks sprinkler systems	S Cleary	399	0	0	0	0	0
SC635	Grand Arcade car park deck coating and drainage repairs and replacements	S Cleary	1,000	0	0	0	0	0
SC636	Management of waste compound - vehicle	D Blair	165	0	0	0	0	0
SC639	Re-roofing the Guildhall	A Muggeridge	164	0	0	0	0	0
SC644	Acquisition of land adjacent to Huntingdon Road Crematorium	G Theobald	315	0	0	0	0	0
SC645	Electric vehicle charging points	J Dicks	230	170	176	50	0	0
SC648	Local Centres Improvement Programme - Arbury Court	J Richards	59	141	0	0	0	0
SC652	Modification to in-ground lift in Waterbeach	D Cox	18	0	0	0	0	0
SC653	Replacement heating system at the Waterbeach garage	D Cox	39	0	0	0	0	0
<b>Capital-GF Projects</b>			<b>8,760</b>	<b>361</b>	<b>176</b>	<b>50</b>	<b>0</b>	<b>0</b>
<b>Capital-Programmes</b>								
PR010a	Environmental Improvements Programme - North Area	J Richards	127	50	0	0	0	0
PR010b	Environmental Improvements Programme - South Area	J Richards	126	36	0	0	0	0
PR010c	Environmental Improvements Programme - West/Central Area	J Richards	123	36	0	0	0	0
PR010d	Environmental Improvements Programme - East Area	J Richards	148	48	0	0	0	0
PR017	Vehicle Replacement Programme	D Cox	2,546	0	0	0	0	0
PR035	Waste & Recycling Bins - New Developments (S106)	T Nicoll	231	100	0	0	0	0
PR037	Local Centres Improvement Programme	J Richards	8	0	0	0	0	0
PR038	Investment in commercial property portfolio	D Prinsep	20,000	0	0	0	0	0
PR039	Minor Highway Improvement Programme	J Richards	75	30	0	0	0	0

# Appendix A (a)

## Capital Plan 2017/18 to 2022/23

Ref.	Description	Lead Officer	2017/18 (£000's)	2018/19 (£000's)	2019/20 (£000's)	2020/21 (£000's)	2021/22 (£000's)	2022/23 (£000's)
PR050	Office Accommodation Strategy Phase 2 (OAS)	F Barratt	40	922	0	0	0	0
PR051	Building works at the Guildhall to reduce carbon emissions and improve energy efficiency	W Barfield	450	0	0	0	0	0
<b>Capital-Programmes</b>			<b>23,874</b>	<b>1,222</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Capital-GF Provisions</b>								
PV007	Cycleways	J Richards	362	50	0	0	0	0
PV016	Public Conveniences	A French	0	0	0	0	0	0
PV018	Bus Shelters	J Richards	5	0	0	0	0	0
PV033B	Street Lighting	J Richards	5	0	0	0	0	0
PV192	Development Land on the North Side of Kings Hedges Road	P Doggett	2	0	0	0	61	0
PV526	Clay Farm Community Centre - Phase 1 (S106)	C Conlan	0	0	0	0	0	0
PV532	Cambridge City 20mph Zones Project	J Richards	0	0	0	0	0	0
PV549	City Centre Cycle Parking	J Richards	25	0	0	0	0	0
PV554	Development Of land at Clay Farm	D Prinsep	471	212	96	816	0	0
PV564	Clay Farm Community Centre -Phase 2 (Construction)	C Conlan	2,895	0	0	0	0	0
PV583	Clay Farm Commercial Property Construction Costs	D Prinsep	130	0	0	0	0	0
PV594	Green Deal	J Dicks	547	0	0	0	0	0
PV595	Green Deal - Private Rental Sector	J Dicks	1,258	0	0	0	0	0
<b>Capital-GF Provisions</b>			<b>5,700</b>	<b>262</b>	<b>96</b>	<b>816</b>	<b>61</b>	<b>0</b>
<b>Total GF Capital Plan</b>			<b>38,334</b>	<b>1,845</b>	<b>272</b>	<b>866</b>	<b>61</b>	<b>0</b>

# Appendix A (b)

## Capital Plan Funding

Description	2017/18 (£000's)	2018/19 (£000's)	2019/20 (£000's)	2020/21 (£000's)	2021/22 (£000's)	2022/23 (£000's)
<b>External Support</b>						
Developer Contributions	(4,477)	(135)	0	0	0	0
Other Sources	(1,969)	(25)	(25)	(25)	0	0
Prudential Borrowing	0	0	0	0	0	0
Specified Capital Grants (SCG)	(180)	(120)	(126)	0	0	0
Supplementary Credit Approvals (SCA)	0	0	0	0	0	0
<b>Total - External Support</b>	<b>(6,626)</b>	<b>(280)</b>	<b>(151)</b>	<b>(25)</b>	<b>0</b>	<b>0</b>

<b>City Council</b>						
Developer Contributions	0	0	0	0	0	0
Direct Revenue Financing (DRF) - GF Services	(1,160)	0	0	0	0	0
Direct Revenue Financing (DRF) - Use of Reserves	(4,778)	(1,458)	(1,786)	(1,786)	(1,786)	(1,786)
Earmarked Reserve - Capital Contributions	(1,784)	(922)	0	0	0	0
Earmarked Reserve - Climate Change Fund	(392)	0	0	0	0	0
Earmarked Reserve - Repair & Renewals Fund	(2,991)	(15)	0	0	0	0
HRA Capital Balances	0	0	0	0	0	0
Internal Borrowing - Temporary Use of Balances	(20,471)	(212)	(96)	(816)	0	0
Other Sources	0	0	0	0	0	0
Prudential Borrowing	0	0	0	0	0	0
Usable Capital Receipts	(132)	0	0	0	(61)	0
<b>Total - City Council</b>	<b>(31,708)</b>	<b>(2,607)</b>	<b>(1,882)</b>	<b>(2,602)</b>	<b>(1,847)</b>	<b>(1,786)</b>

<b>Total Available Finance</b>	<b>(38,334)</b>	<b>(2,887)</b>	<b>(2,033)</b>	<b>(2,627)</b>	<b>(1,847)</b>	<b>(1,786)</b>
--------------------------------	-----------------	----------------	----------------	----------------	----------------	----------------

# Appendix A (c)

## Capital Plan [Under Development] 2017/18 to 2022/23

Ref.	Description	Lead Officer	2017/18 (£000's)	2018/19 (£000's)	2019/20 (£000's)	2020/21 (£000's)	2021/22 (£000's)	2022/23 (£000's)
<b>Capital-GF Under Development</b>								
UD030g	[Part A] East Barnwell Comm. Centre impr. phase 1 (S106)	J Hanson	255	0	0	0	0	0
UD030h	[Part A] Romsey 'town square' public realm improvements (S106)	J Richards	56	0	0	0	0	0
UD030o	[Part A] Coldham's Lane play area improvements for older children (S106)	A Wilson	80	0	0	0	0	0
UD030o	[Part A] Improve Coleridge Rec Ground pavilion (S106)	A Wilson	70	0	0	0	0	0
UD030p	[Part A] Lichfield Road play area improvements (S106)	A Wilson	45	0	0	0	0	0
UD030p	[Part A] Outdoor fitness equipment near astroturf pitch by Abbey Pool (S106)	I Ross	42	0	0	0	0	0
UD030q	[Part A] St Matthew's Piece play area improvements (S106)	A Wilson	35	0	0	0	0	0
UD031g	[Part A] Milton Rd Library Community Meeting Space (S106)	J Hanson	100	0	0	0	0	0
UD031p	[Part A] Alexandra Gardens play area: more equipment and landscaping (S106)	A Wilson	35	0	0	0	0	0
UD031r	[Part A] Chesterton Rec Ground: new skate and scooter park (S106)	A Wilson	50	0	0	0	0	0
UD031s	[Part A] Nun's Way Rec Ground: mini climbing dome (S106)	A Wilson	20	0	0	0	0	0
UD032q	[Part A] Upgrade Nightingale Avenue play area (S106)	A Wilson	60	0	0	0	0	0
UD032s	[Part A] Footbridge across Hobson's Brook at Accordia development (S106)	A Wilson	35	0	0	0	0	0
UD032u	[Part A] Tenby Close play area improvements (S106)	A Wilson	50	0	0	0	0	0
UD032v	[Part A] Gunhild Close play area improvements (S106)	A Wilson	50	0	0	0	0	0
UD032x	[Part A] Trumpington Rec Ground trim trail (S106)	A Wilson	20	0	0	0	0	0
UD032y	[Part A] Trumpington Rec skate park (S106)	A Wilson	80	0	0	0	0	0
UD032z	[Part A] Trumpington Rec Ground climbing frame (S106)	A Wilson	50	0	0	0	0	0
UD033s	[Part A] Histon Road Rec play area: paths, surfacing and landscaping (S106)	A Wilson	40	0	0	0	0	0
UD034j	[Part A] Pavilion facilities at Jesus Green (S106)	I Ross	250	0	0	0	0	0
UD034o	[Part A] Netherhall School: supplementary grant for gym and fitness suite facilities (S106)	I Ross	0	199	0	0	0	0
UD037	[No documentation] Local Centres Improvement Programme	J Richards	0	195	195	0	0	0
UD040t	[Part A] Public art grant for Cambridge Live - Colours in our Community (S106)	N Black	17	0	0	0	0	0
UD041e	[Part A] Equipping new community centre at Darwin Green (S106)	S Roden	25	0	0	0	0	0



## Appendix A (c)

### Capital Plan [Under Development] 2017/18 to 2022/23

Ref.	Description	Lead Officer	2017/18 (£000's)	2018/19 (£000's)	2019/20 (£000's)	2020/21 (£000's)	2021/22 (£000's)	2022/23 (£000's)
UD042b	[Part A] Mill Road cemetery access and main footpath improvements (S106)	A Wilson	175	0	0	0	0	0
UD042e	[Part A] Public realm improvements on Cherry Hinton Road (towards Hills Road end) (S106)	A Wilson	75	0	0	0	0	0
UD042f	[Part A] Public realm improvements on Sidney Street (S106)	A Wilson	43	0	0	0	0	0
UD475	[Part A] Nightingale Recreation Ground Pavilion Refurbishment (S106)	I Ross	403	0	0	0	0	0
UD593	[No documentation] A14 mitigation schemes (previously Keep Cambridge Moving Fund contribution)	S Payne	0	0	1,500	0	0	0
UD617	[Part A] Re-roofing of Folk Museum	A Muggeridge	77	0	0	0	0	0
UD618	[Part A] Resurfacing of commercial properties - Gwydir Street and Ronald Rolph Court	A Muggeridge	120	0	0	0	0	0
UD622	[Part A] BMX track on Coldham's Common (S106)	A Wilson	85	0	0	0	0	0
UD626	[Part A] River Cam public art programme (S106)	A Wilson	400	0	0	0	0	0
UD626	[Part A] Improvements to Netherhall School sports hall (S106)	I Ross	169	0	0	0	0	0
UD627	[Part A] Guildhall Large Hall Windows refurbishment	A Muggeridge	101	0	0	0	0	0
UD628	[Part A] Mill Lane Boathouse (Granta Place)	P Doggett	0	0	0	550	0	0
UD631	[Part A] Improvements to community facilities at The Junction (S106)	J Wilson	98	0	0	0	0	0
UD632	[Part A] Audio-visual equipment	F Barratt	15	0	0	0	0	0
UD633	[Part A] Reinforcing grass edges along paths across Parker's Piece (S106)	D Peebles	75	0	0	0	0	0
UD637	[Part A] Chesterton Pavilion and Grounds improvements (S106)	I Ross	173	0	0	0	0	0
UD646	[Part A] Redevelopment of Cambridge Junction	J Wilson	0	17,000	0	0	0	0
UD647	[Part A] Lion Yard investment	D Prinsep	0	1,000	1,000	1,000	0	0
UD649	[Part A] Corn Exchange external work	A Muggeridge	0	382	0	0	0	0
UD650	[Part A] Cherry Hinton Library (S106)	J Hanson	0	250	0	0	0	0
<b>Capital-GF Under Development</b>			<b>3,474</b>	<b>19,026</b>	<b>2,695</b>	<b>1,550</b>	<b>0</b>	<b>0</b>

## Appendix A (c)

### Capital Plan [Under Development] 2017/18 to 2022/23

Ref.	Description	Lead Officer	2017/18 (£000's)	2018/19 (£000's)	2019/20 (£000's)	2020/21 (£000's)	2021/22 (£000's)	2022/23 (£000's)
------	-------------	--------------	---------------------	---------------------	---------------------	---------------------	---------------------	---------------------

*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 B

## General fund reserves – calculation of Prudent Minimum Balance (PMB) and target level

Description	Level of risk	Amount at risk	Risk
		£	£
Employee costs	Low	30,032,870	60,066
Premises costs	Low	6,800,330	13,601
Transport costs	Low	637,470	2,550
Supplies and services	Low	17,630,670	8,815
Grants and transfers	Low	38,641,300	38,641
Grant income	Low	45,050,120	45,050
Other income	Medium	53,135,280	797,029
Miscellaneous	Low	655,380	983
Total one year operational risk			966,735
<b>Allowing three years cover on operational risk</b>			<b>2,900,000</b>
General and specific risks	Amount (£)	Probability (%)	
Unforeseen events	2,000,000	25%	500,000
Legal action - counsel's fees	100,000	50%	50,000
Data Protection breach	300,000	50%	150,000
Capital project overruns	1,000,000	50%	500,000
Project failure / delays to savings realisation	2,000,000	50%	1,000,000
Cover for lower level of earmarked and specific reserves	1,000,000	25%	250,000
<b>General risks</b>			<b>2,450,000</b>
<b>Prudent Minimum Balance (PMB)</b>			<b>5,350,000</b>
<b>Target (PMB + 20%)</b>			<b>6,420,000</b>

Operational cost risk profiles					
			Low	Medium	High
<b>Employee costs</b>	30,032,870	overspend	1.00%	3.00%	5.00%
		probability	20.0%	15.0%	10.0%
	<b>amount at risk</b>		<b>60,066</b>	<b>135,148</b>	<b>150,164</b>
<b>Premises costs</b>	6,800,330	overspend	1.00%	3.00%	5.00%
		probability	20.0%	15.0%	10.0%
	<b>amount at risk</b>		<b>13,601</b>	<b>30,601</b>	<b>34,002</b>
<b>Transport costs</b>	637,470	overspend	2.00%	4.00%	6.00%
		probability	20.0%	15.0%	10.0%
	<b>amount at risk</b>		<b>2,550</b>	<b>3,825</b>	<b>3,825</b>
<b>Supplies and services</b>	17,630,670	overspend	1.00%	3.00%	5.00%
		probability	5.0%	10.0%	15.0%
	<b>amount at risk</b>		<b>8,815</b>	<b>52,892</b>	<b>132,230</b>
<b>Grants and transfers</b>	38,641,300	overspend	1.00%	2.00%	3.00%
		probability	10.0%	7.5%	5.0%
	<b>amount at risk</b>		<b>38,641</b>	<b>57,962</b>	<b>57,962</b>
<b>Grant income</b>	45,050,120	overspend	1.00%	2.00%	3.00%
		probability	10.0%	7.5%	5.0%
	<b>amount at risk</b>		<b>45,050</b>	<b>67,575</b>	<b>67,575</b>
<b>Other income</b>	53,135,280	overspend	5.00%	10.00%	15.00%
		probability	10.0%	15.0%	20.0%
	<b>amount at risk</b>		<b>265,676</b>	<b>797,029</b>	<b>1,594,058</b>
<b>Other</b>	655,380	overspend	1.00%	2.00%	3.00%
		probability	15.0%	10.0%	5.0%
	<b>amount at risk</b>		<b>983</b>	<b>1,311</b>	<b>983</b>

# Appendix C

## Principal earmarked and specific funds

Fund	Balance at 1 April 2017 £000	Anticipated contributions £000	Forecast expenditure £000	Forecast balance 31 March 2023 £000
City Deal Investment and Delivery Fund	(5,151)	(11,639)	16,790	0
Sharing Prosperity Fund	(576)	(300)	876	0
Climate Change Fund	(137)	(250)	387	0
Asset Replacement Fund <sup>1</sup>	(2,753)	(6,000)	8,200	(553)
Bereavement Services Trading Account	(863)	(1,000)	1,575	(288)
Development Plan Fund <sup>2</sup>	(145)	(1,002)	1,100	(47)
Office accommodation strategy fund	(2,582)	(1,204)	3,786	0
Invest for Income	(7,500)	(500)	8,000	0
A14 Mitigation Fund	0	(1,505)	1,505	0
<b>Total</b>	<b>(19,707)</b>	<b>(23,400)</b>	<b>42,219</b>	<b>(888)</b>

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

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

<sup>2</sup> The Development Plan Fund will be a joint fund with SCDC from 1 February 2018 and the basis of cost allocation is unknown at the time as no formal Memorandum has been put in place

This page is intentionally left blank

## CIVIC AFFAIRS COMMITTEE

28 June 2017  
6.00 - 7.30 pm

### Present:

**Committee Members:** Councillors McPherson (Chair), Benstead (Vice-Chair), Gawthrope, Holt, O'Connell and Robertson

<b>RECOMMENDATION TO COUNCIL</b>
----------------------------------

### **Assurance Framework, Draft Annual Governance Statement and Draft Code of Corporate Governance 2016/17**

The committee received a report from the Head of Legal Practice and Head of Internal Audit regarding the Assurance Framework, Draft Annual Governance Statement and the Draft Code of Corporate Governance 2016/17.

### **Resolved** (unanimously):

- i. Recommend to Council to approve the Code of Corporate Governance (Appendix 3) on 13 July 2017.

This page is intentionally left blank



# CAMBRIDGE CITY COUNCIL

---

REPORT OF: Strategic Director (Interim)

TO: Civic Affairs Committee

28 June 2017

WARDS: All

---

## DRAFT ANNUAL GOVERNANCE STATEMENT AND DRAFT LOCAL CODE OF CORPORATE GOVERNANCE

---

### 1 INTRODUCTION

- 1.1 The purpose of this report is to update Civic Affairs Committee on the progress made to reduce the risk of issues for the Council to address, which were identified as areas to improve internal controls within the Annual Governance Statement (AGS) for 2015 / 2016.
- 1.2 It also sets out to identify new risks which, at this stage, are considered appropriate for potential inclusion in the AGS for the financial year 2016 / 2017. Also included is a revised Draft Local Code of Corporate Governance.
- 1.3 The format of the AGS has changed for this financial year due to an update in the overall Governance Framework (recommended by the Chartered Institute of Public Finance and Accountancy and the Society of Local Authority Chief Executives) which now sets out the seven key principles of good governance.
- 1.4 **Appendix 1** details the issues reported in the 2015 / 2016 AGS and the actions taken since to mitigate these risks.
- 1.5 **Appendix 2** details those new issues that were considered for inclusion in the future AGS, prior to its production and signing by the Chief Executive and Leader of the Council. The Council has an opportunity to address some of these issued before the final production of the Statement.
- 1.6 **Appendix 3** details the new Code of Local Governance to be adopted by the Council reflecting the new Governance Framework.
- 1.7 **Appendix 4** details the draft AGS which reflects the seven key principles of the Annual Governance Framework and reflects the issues identified in Appendix 2.

## **2 RECOMMENDATIONS**

2.1 Members of Civic Affairs Committee are required to note prior to the consideration of the draft Statement of Accounts:

- Note the arrangements for compiling, reporting on and signing the AGS;
- The progress made by the Council on issues reported in the 2015 / 2016 AGS;
- The issues emerging during 2016 / 2017 considered for inclusion in the AGS;
- The new Local Code of Corporate Governance to support the introduction of the new Governance Framework; and
- The draft AGS for the financial year 2016 / 2017.

## **3 BACKGROUND TO THE AGS**

### *Scope of the AGS*

3.1 Internal control and risk management are recognised as important elements of good corporate governance. The scope of governance, as covered in the AGS, spans the whole range of the Council's activities and includes those designed to ensure that:

- The Council's policies are implemented in practice;
- High quality services are delivered efficiently and effectively;
- The Council's values and ethical standards are met;
- Laws and regulations are complied with;
- Required processes are adhered to;
- Its financial statements and other published information are accurate and reliable; and
- Human, financial and other resources are managed efficiently and effectively.

### *Arrangements for Compiling the AGS*

3.2 CIPFA, in conjunction with SOLACE, have produced a framework for delivering good governance in local government. This framework is used as a guide in compiling the AGS for the City Council.

3.3 Arrangements for compiling the AGS have been undertaken by the Head of Legal Services (the Council's Monitoring Officer) in conjunction with the Head of Corporate Strategy, Head of Finance (the Council's s151 Officer), coordinated through Internal Audit.

3.4 Assurances from the work of the Internal Audit team relating to 2016 / 2017 have been reviewed and have been used to inform the AGS and its associated action plan.

- 3.5 One of the key messages coming out of the CIPFA / SOLACE guidance is that good governance relates to the organisation as a whole and there should be corporate ownership of the AGS and governance arrangements.

*Arrangements for reporting on and signing off the AGS*

- 3.6 The draft AGS and Action Plan is being presented to the Members of this Committee for them to review and advise the Leader and Chief Executive upon, prior to it being signed off by the Leader and the Chief Executive.
- 3.7 Members are asked to consider the Head of Internal Audit's Annual Opinion, which is presented earlier on this agenda, in their review of the AGS.

**4. 2015 / 2016 AGS ACTION PLAN: PROGRESS**

- 4.1 Nine actions were identified for resolution and progress or completion has been made on each one. The current status for each is as follows:

1...**New Service Delivery Arrangements.** Internal Audit review has been commissioned and is in final stage of drafting. Ongoing.

2...**Financial Management System.** The 3 Council system remains under development and the timetable for implementation has slipped. Internal Audit has put significant resources in as part of the project group to ensure issues / risks are minimised. Ongoing.

3...**Budget Management.** Internal Audit review has been deferred as resources have focussed on 2 above which is closely linked. Ongoing.

4...**Capital Variance Reporting Arrangements.** As a result of the review of project governance arrangement council-wide, the Capital Programme Board will take a key role in monitoring capital project delivery, including the review of capital variances. Terms of reference are under development. Capital expenditure monitoring reports and processes have been further developed during the year to provide more accurate and relevant information. Work is on-going to enable direct reporting from the new FMS.

5...**Information Security.** Improved arrangements have been implemented with better monitoring.

6...**Constitution / Financial Regulations.** Regular reviews are in place to ensure remain current / relevant.

7...**Cambridge Live.** Internal Audit review of the arrangements is ongoing and will report on subsequently.

8...**HSE Investigation.** New arrangements have been adopted.

9...**Loss of Key Staff.** Regular monitoring is in place to identify any gaps in resources so that action can be taken to address.

## 5. 2016 / 2017 AGS: NEW ISSUES FOR CONSIDERATION

- 5.1 **Appendix 2** to this report details the action plan to address significant governance issues during 2017 / 2018.

## 6. LOCAL CODE OF CORPORATE GOVERNANCE AND AGS

- 6.1 The preparation of the AGS is undertaken in accordance with the “Delivering Good Governance in Local Government Framework 2016” guide, published by CIPFA. The main principles underpinning the guidance from CIPFA continues to be that local government is developing and shaping its own approach to corporate governance, taking into account the environment in which it operates. The framework is intended to assist authorities in ensuring their own governance arrangements are suitably resourced, there is sound and inclusive decision making and there is clear accountability for the use of resources to achieve the desired outcomes for stakeholders. The framework defines the principles that should underpin the governance structures of the organisation, and provides an opportunity to test existing governance structures and principles against those set out in the framework by:

- Reviewing existing governance arrangements
- Developing and maintaining a Local Code of Corporate Governance; and
- Reporting publically on our compliance with our Local Code

- 6.2 Guidance suggests each local authority should develop and maintain a Code of Corporate Governance based on seven *new* core principles, supported by sub-principles, that should underpin the governance structure for the whole Council. The seven new core principles of good governance are as follows:

1. Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law.
2. Ensuring openness and comprehensive stakeholder engagement.
3. Defining outcomes in terms of sustainable economic, social and environmental benefits.
4. Determining the interventions necessary to optimise the achievement of the intended outcomes.
5. Developing the entity’s capacity, including the capability of its leadership and the individuals within it.
6. Managing risks and performance through robust internal control and strong public financial management.
7. Implementing good practice in transparency, reporting and audit to deliver effective accountability.

- 6.3 The Council first adopted a Code of Corporate Governance on 25 April 2002 and it has been reviewed annually since then. The Code stands as the overall statement of the Councils corporate governance principles and commitments. As a result of the changes, The Code has been fully reworked to place a greater emphasis on its outcomes / outputs in line with the new 7 Principles. A copy of the draft Code is given in **Appendix 3**.

6.4 Finally, the draft AGS (**Appendix 4**) has been developed alongside the associated Action Plan.

## **7. CONSULTATIONS**

7.1 Key officers have been consulted in compiling the 2016 / 2017 AGS and Action Plan. The draft AGS and Action Plan have been shared with the Council's External Auditors.

## **8. CONCLUSION**

8.1 The draft AGS and draft Code of Corporate Governance set out the governance framework for the City Council as at 31 March 2017 and identify a number of issues where action is planned to improve the level of governance.

## **9. IMPLICATIONS**

(a) **Financial Implications**

None

(b) **Staffing Implications**

None

(c) **Equality and Poverty Implications**

None

(d) **Environmental Implications**

None

(e) **Procurement**

None

(f) **Consultation and communication**

None

(g) **Community Safety Implications**

None

**BACKGROUND PAPERS:** The following background papers were used in the preparation of this report:

- Delivering Good Governance in Local Government (CIPFA 2016)
- Accounts and Audit (England) Regulations 2015

To inspect these documents contact Steve Crabtree on extension 8181.

The authors and contact officers for queries on the report are:

- Tom Lewis, Head of Legal Services
- Steve Crabtree, Head of Internal Audit

This page is intentionally left blank

## Annual Governance Statement

---

### Scope of Responsibility

Cambridge City Council (the Council) is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and provides value for money. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. That duty has grown in importance with the reduction in resources being made available for Local Authorities as part of the Government's on-going austerity programme.

In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, which include the arrangements for the management of risk, whilst facilitating the effective exercise of its functions.

The Council has established governance arrangements which are consistent with the seven principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) and Society of Local Authority Chief Executives (SOLACE) Framework – Delivering Good Governance in Local Government. It has adopted a Local Code of Corporate Governance which is publicised on the Council website. The Annual Governance Statement sets out how the Council has complied with the Code and also meets with regulation 4(2) of the Accounts and Audit Regulations 2015.

The Council meets the requirements of Regulation 6(1)b of the Accounts and Audit (England) Regulations 2015 in relation to the publication of a statement of internal control. It is subject to review by the Civic Affairs Committee when they consider both the draft and final Statement of Account and is approved by Civic Affairs Committee in advance of them agreeing the Statement of Accounts.

The Councils financial management arrangements are consistent with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010). The principles being that the Chief Financial Officer (Head of Finance):

- Is actively involved and is able to bring influence on the Councils financial strategy;
- Leads the Council in the delivery of good financial management;
- Directs a fit for purpose finance function; and
- Is professionally qualified and suitably experienced.

In addition, the Head of Finance (designated Section 151 Officer) attends the Senior Leadership Team for any item they feel requires Section 151 Officer input. All statutory officers have regular 1:1 sessions with the Chief Executive.

The issues identified as a significant governance issue and the progress made by management throughout the future financial year 2017 / 2018 to address these

issues will be reported regularly to Civic Affairs Committee with an assessment made in reducing the risk as part of their governance role within the Council.

## **The Purpose of the Governance Framework**

The governance framework comprises the systems and processes, culture and values by which the Council is directed and controlled and its activities through which it accounts to, engages with and leads its communities. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money. It also enables the Council to demonstrate to the public that it has effective stewardship of the public funds it is entrusted to spend.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level consistent with the risk appetite of the Council. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at the Council for the year ended 31 March 2017 and up to the date of approval of the statement of accounts.

## **The Governance Framework**

The key elements of the systems and processes that comprise the authority's governance arrangements include:

- The Council's Objectives, which focus the Council's efforts in achieving the vision for Cambridge.
- The Annual Statement, which reiterates the vision and sets out a range of activities the Council will undertake in the year ahead to achieve the vision, and its core underpinning values.
- The Annual Report, which contains information on financial performance and achievement of business objectives as articulated in the portfolio plans.
- The annual budget and service planning process which translates the Council's Objectives into actions at portfolio<sup>1</sup> and operational level.
- The Council's Medium Term Financial Strategy, which identifies how the Council will resource its aspirations and plans for any financial risks.
- The Budget Setting Report, which sets out the Council's overall spending plans for both revenue and capital expenditure.
- The Treasury Management Strategy and an Annual Treasury Report which reviews treasury management activities during the year and complies with the requirements of the CIPFA Code of Practice on Treasury Management and the CIPFA Prudential Code for Capital Finance in Local Authorities.
- The arrangements for regular budget monitoring and reporting of significant variances to senior management.

---

<sup>1</sup> Portfolio Plans replaced by single Corporate Plan for 2016/17 onwards



- An independent Internal Audit function with a risk-based audit plan.
- An annual opinion of the Head of Internal Audit on the authority's internal control environment and risk management framework.
- The Council's Constitution, which sets out the decision-making process, the terms of reference for each committee and the roles and responsibilities of Members and officers.
- The Member / Officer protocol, which aids effective communication between officers and Members and clarifies their respective roles and responsibilities.
- Codes of Conduct for Members and officers, which have been formally approved and are reviewed regularly and available to all Members and staff.
- The Council's Civic Affairs Committee, which promotes and maintains high standards of conduct by Members and which has overall responsibility for the Council's compliance with laws and regulations.
- The role of the Council's Civic Affairs Committee, which fulfils the core functions of an Audit Committee as identified in CIPFA's 'Audit Committees – Practical Guidance for Local Authorities'.
- The Council's Prevention of Fraud and Corruption Policy which is in place and reviewed regularly by the Council's Civic Affairs Committee.
- A Register of Interests, which is maintained and reviewed regularly.
- Financial Regulations and Financial Procedure Rules which provide a framework for managing the Council's financial affairs and set out the financial accountabilities and responsibilities for Members and officers.
- A corporate Risk Management Framework, which includes a Risk Management Strategy approved by Members and a comprehensive risk register identifying the key controls and actions required to manage the Council's principal risks.
- The Procurement Policy and Strategy and the Council's Contract Procedure Rules, which set out how the Council will promote effective procurement across the Council.
- The Chief Executive is the Council's Head of Paid Service and the Head of Legal Services is the Council's Monitoring Officer. Their roles and responsibilities are set out in the Council's Articles of the Constitution.
- A 'Whistleblowing' Policy, which is in place and available on the Council's intranet.
- The Council's Complaints Procedure, which is available on the Council's website and the Independent Complaints Investigator who can investigate how the Council has dealt with its complaints.
- The annual complaints report to Civic Affairs Committee, which analyses trends in complaints against the Council and what has been done to address them.
- Member Induction training and a guide for new Members, together with ongoing training for Members on key skills and more in-depth explanations of issues concerning the Council.
- The Council's Performance Review process which is undertaken annually across the Council for all staff.
- The Council's Competency Framework, which is in place for all staff and managers.
- The Media Protocol, which sets out the processes for drafting and clearing news releases and engaging with the media.

- The Programme Office, which commissions and monitors projects to implement change and transformation.
- The Council's consultations and surveys, including the budget consultation, which are undertaken periodically to gauge the public's perception of Council services, our spending priorities, communication with us and feelings of safety.
- The Code of Corporate Governance, which sets out the ways in which the Council ensures that its business is conducted in accordance with law and proper standards and that public money is safeguarded and properly accounted for.
- A framework to guide the Council's engagement with external partnerships that will ensure the Council's partnerships are accountable and effective.
- Governance arrangements for shared services are documented in shared service collaboration agreements.
- The corporate website, residents' magazine and social media channels, which along with other publications and communications provide for informing and engaging residents and other stakeholders in service delivery and policy formulation.
- A Code of Best Practice on Consultation and Community Engagement, adopted by the Council which sets out the Council's approach to consultation.
- Internal quarterly performance reporting against key performance indicators for each service prepared for and presented to the strategic leadership team to consider necessary remedial action.

## **Review of Effectiveness**

The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the Directors and Heads of Service within Cambridge City Council who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual opinion, and also by comments made by the external auditors and other review agencies and inspectorates.

The Council's Constitution details Directors' responsibilities for the maintenance of controls within their departments. The system of internal control is subject to regular review by Internal Audit. The work of the service is informed by the Council's risk register, with the allocation of audit resources controlled through an annual risk-based operational plan, which is agreed, annually, by the Council's Civic Affairs Committee.

Individual Internal Audit reports are issued directly to the Chief Executive, the relevant Strategic Director, the Council's Monitoring Officer, the Head of Finance (s151 Officer), the Leader of the Council and the relevant Executive Councillor. Each audit report contains an independent assurance opinion on the adequacy and effectiveness of the internal controls in place to mitigate risks. Management actions agreed in Internal Audit reports are entered into the Council's Risk Register and progress on their implementation is reported to and monitored by the Chief Executive

and the Strategic Leadership Team. Implementation rates of agreed actions are also reported to Civic Affairs.

In addition to these arrangements the Council receives and responds to reports from other review and assurance mechanisms.

The Head of Finance is the Authority's Chief Financial Officer and is therefore responsible for the proper administration of the authority's financial affairs. The Head of Finance is line managed by the Director of Business Transformation but reports directly to the Chief Executive on financial matters and is a full member of the Strategic Leadership Team.

The Council's Civic Affairs Committee is responsible for advising on and monitoring the Members Code of Conduct and for advising the Council on the ethical aspects of the corporate governance framework. This arrangement replaces the previous responsibilities of the Council's Standards Committee, which was disbanded in July 2012.

We have been advised on the implications of the result of the review of the effectiveness of the governance framework by Civic Affairs Committee and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework. The areas already addressed and those specifically addressed with new actions planned are outlined below.

## Action Plan to Address: Significant Governance Issues

Please note that the actions included in this action plan are to address both significant governance issues that have arisen during 2016 / 2017, but also forward looking matters identified for 2017 / 2018.

	Issue	Action	Target Date	Officer Responsible
1	<p><b>Project Delivery Arrangements</b></p> <p>The Council is undertaking a wide range of complex and diverse projects across the authority both within individual service areas and as part of the Business Transformation Programme including the redevelopment of Park Street Car Park, the Digital Transformation Strategy and the Council House Building Programme.</p> <p>There are a number of key risks associated with the delivery of any major project and it is important that the Council has sound governance arrangements in place to ensure that all projects are delivered successfully to time and budget.</p>	<p>Robust project management will be employed across all programmes with regular monitoring and reported through to each Board.</p> <p>Close control will be in place for finance to ensure there is no project creep.</p>	Ongoing	Chief Executive working with the Senior Leadership Team

	<b>Issue</b>	<b>Action</b>	<b>Target Date</b>	<b>Officer Responsible</b>
2	<p><b>Financial Management System</b></p> <p>The Council is in the process of implementing its new Financial Management System (FMS), Tech 1, which is due to be fully implemented by 1 October 2017.</p> <p>The Financial Management System is a key corporate system that underpins the whole of the Council's financial control arrangements and it is therefore imperative that there is a robust process for implementing the new system. Internal Audit have been heavily involved in reviewing the arrangements for implementing the new FMS, including project management arrangements, ensuring that appropriate controls are built into new processes and advising the project board on any concerns arising. This work will continue into 2017/18 to help ensure the successful implementation of the new system.</p>	<p>Internal Audit to continue their involvement in the implementation of the new FMS to ensure:</p> <ul style="list-style-type: none"> <li>• the robustness of the data migration process;</li> <li>• that interfaces with other key systems are thoroughly tested; and</li> <li>• that system and user acceptance testing is robust.</li> </ul> <p>Further time has been allocated in this year's audit plan for this purpose.</p>	1 October 2017	Head of Internal Audit

	<b>Issue</b>	<b>Action</b>	<b>Target Date</b>	<b>Officer Responsible</b>
3	<p><b>Procurement</b></p> <p>Internal Audit involvement in a number of procurement exercises during 2016-17 has highlighted a lack of awareness and understanding of the new Public Contract Regulations (2015). Weaknesses were also identified in a recent audit of tender evaluation processes in some areas of the Council.</p> <p>The need to raise awareness of the above has been recognised and is being addressed through a series of training sessions to accompany the introduction of a new e-tendering system/contracts register.</p>	<p>Complete the programme of training sessions on the new e-tendering package and extend the programme if required.</p> <p>Review tender evaluation reporting procedures to ensure they are fit for purpose.</p>	31 December 2017	<p>Head of Commercial Services</p> <p>Head of Commercial Services in conjunction with the Head of Internal Audit</p>
4	<p><b>Shared Services</b></p> <p>Continuing changes to service delivery arrangements needs to be backed up by appropriate and robust governance arrangements. Ongoing reviews are required as to the effectiveness and delivery of each service area.</p>	<p>Ongoing reports on finance, performance and delivery of outcomes will continue to be reported to the various Boards. Annual reports and Business Plans are submitted to various Scrutiny Committees</p>	Ongoing	Programme Office

	<b>Issue</b>	<b>Action</b>	<b>Target Date</b>	<b>Officer Responsible</b>
5	<p><b>Cyber Security</b></p> <p>It is important that the Council continues to keep data security high on the agenda to ensure that it is effectively managed, particularly with the introduction of new service delivery arrangements for ICT and information management.</p> <p>The risk of a cyber-attack is very real one and all organisations, including those in the public sector, should consider cyber security as an organisational risk. To mitigate against this risk, it is essential to raise awareness and commit to implementing a cyber-security, risk adverse culture.</p>	<p>Regular system monitoring and reports to all Councils on threats and actions to mitigate.</p>	Ongoing	3C ICT
6	<p><b>Fraud, Corruption and Serious Organised Crime</b></p> <p>Pilot studies have been undertaken in a number of regions which has resulted in a best practice check list being established to ensure that local authorities have sound and robust procedures to reduce the threat of SOC impacting on Council activities</p>	<p>Internal Audit to liaise with Police and other Councils to ensure that appropriate arrangements have been developed.</p> <p>Internal Audit has incorporated a number of reviews within its Audit Plan to follow the best practice checklists to look to provide assurance to the Council.</p>	31 March 2018	Head of Internal Audit

	<b>Issue</b>	<b>Action</b>	<b>Target Date</b>	<b>Officer Responsible</b>
7	<p><b>Combined Authority</b></p> <p>The Council needs to develop effective partnership relationships with the new authority.</p>	<p>Leader of Council is member of the Combined Authority. Strategy and Resources Scrutiny Committee will scrutinise Leaders work with the Combined Authority.</p> <p>Council officers to contribute to appropriate Combined Authority projects and working groups.</p>	Ongoing	Chief Executive (and working group representatives)
8	<p><b>Loss of Key Staff</b></p> <p>The Council has difficulty recruiting in some areas and, as services undergo change, may be more at risk of losing key personnel.</p>	<p>The Council will publish its organisational development strategy and continue to review its recruitment and retention policies.</p>	31 March 2018	<p>Strategic Leadership Team</p> <p>Head of Human Resources</p>



## Cambridge City Council - Code of Corporate Governance 2016-17

Review Date: July 2017

A Council's Code of Corporate Governance is:

**“The system by which local authorities direct and control their functions and relate to their communities”**

Guidance from CIPFA and SOLACE suggests each local authority should develop and maintain a Code of Corporate Governance based on seven *new* core principles, supported by sub-principles, that should underpin the governance structure for the whole Council. The seven new core principles of good governance are as follows:

1. Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law.
2. Ensuring openness and comprehensive stakeholder engagement.
3. Defining outcomes in terms of sustainable economic, social and environmental benefits.
4. Determining the interventions necessary to optimise the achievement of the intended outcomes.
5. Developing the entity's capacity, including the capability of its leadership and the individuals within it.
6. Managing risks and performance through robust internal control and strong public financial management.
7. Implementing good practice in transparency, reporting and audit to deliver effective accountability.

The Council first adopted a Code of Corporate Governance in 2002. It has been reviewed annually since then. This is the 2017 review which has been evaluated against the seven new principles above. The Council's Civic Affairs Committee will be asked to consider the revised Code and to recommend it to full Council for adoption.

This Code takes each of the principles of good governance in turn and sets out the systems, processes and principles the Council has put in place to ensure good corporate governance.

The Code will be reviewed annually through the Annual Governance Statement process, which will identify the actions to be taken to enhance the code or address any limitations with in it.

**Tom Lewis**  
**Head of Legal Practice and Monitoring Officer**

**July 2017**

<b>Principle A – Behaving with Integrity, demonstrating strong commitment to ethical values, and respecting the rule of law</b>		
<b>Sub-Principles</b>	<b>How does the City Council achieve this?</b>	<b>Supporting Evidence</b>
<ul style="list-style-type: none"> <li>• Behaving with Integrity</li> <li>• Demonstrating Strong Commitment to Ethical Values</li> <li>• Respecting the rule of Law</li> </ul>	<p>The Council expects the authority's leadership – both Members and Officers - to create a climate of openness, support and respect and to uphold the Council's values.</p> <p>The standards of conduct and personal behaviour expected of Members and staff is set out in the Employee Code of Conduct, the Member Code of Conduct and in the Member/ Officer protocol. An up-to-date register of Member and Officer Senior Officer Interests is maintained.</p> <p>The Council has put in place procedures for considering complaints so that members of the public can express dissatisfaction with Council services and their concerns can be monitored and addressed.</p> <p>The Council has appointed two “independent persons” to support this, in accordance with the requirements of the Localism Act, 2011.</p> <p>It publishes an Annual Complaints report analysing trends in complaints against the Council and what has been done to address them.</p> <p>The Council's Civic Affairs Committee fulfils the core functions of an Audit Committee. The Committee is responsible for constitutional issues and ensures that the constitution is monitored and updated when required.</p> <p>The terms of reference of the Civic Affairs committee include responsibility for advising on the Council's ethical framework and the promotion of openness, accountability and probity to ensure the highest standards of conduct.</p>	<p>Constitution</p> <p>Employee Code of Conduct Member Code of Conduct Member/Officer Protocol Register of Interests</p> <p>Complaints Procedure</p> <p>Annual Complaints Report</p> <p>Terms of Reference for Civic Affairs Committee</p>

	<p>The Council maintains a Whistleblowing policy to enable confidential reporting of suspected breaches of the Employee Code of Conduct or unethical behaviour. It also maintains a Prevention of Fraud and Corruption Policy. Both policies are reviewed regularly by the Civic Affairs Committee.</p> <p>The Council’s standing orders and financial regulations put in place processes designed to ensure that Members and employees of the authority are not influenced by prejudice, bias or conflicts of interest in dealing with different stakeholders.</p> <p>The Council operates within the legal framework for local councils complying with its statutory duties and making the most of its powers to meet the needs of the City and its residents.</p> <p>The Head of Legal Practice is the Council’s Monitoring Officer, responsible to the authority for ensuring that agreed procedures are followed and that all applicable statutes and regulations are complied with.</p> <p>The Council ensures that Statutory Officers have the skills, resources and support necessary to perform effectively in their roles and that these roles are properly understood throughout the Council.</p> <p>The Council has a clear Procurement Strategy designed to meet the Council’s wider objectives and Contract Procedures Rules designed to deliver robust and fair procurement processes.</p>	<p>Whistleblowing Policy</p> <p>Prevention of Fraud &amp; Corruption Policy</p> <p>Annual Report on the Prevention of Fraud and Corruption</p> <p>Constitution</p> <p>Financial Regulations</p> <p>Job Description for the Monitoring Officer</p> <p>Professional Qualifications and training</p> <p>Procurement Strategy</p>
--	---	---

<b>Principle B - Ensuring openness and comprehensive stakeholder engagement</b>		
<b>Sub-Principles</b>	<b>How does the City Council achieve this?</b>	<b>Supporting Evidence</b>
<ul style="list-style-type: none"> <li>• Openness</li> <li>• Engaging comprehensively with Institutional stakeholders</li> <li>• Engaging stakeholders effectively, including citizens and service users</li> </ul>	<p>The Council holds its meetings, and those of its committees and working groups in public unless there are good reasons for confidentiality. The public are allowed to ask questions at all Council and committee meetings.</p> <p>The Council records the deliberation of scrutiny committees and the reasons for Executive and Regulatory decisions and makes agenda papers and minutes available on the Council’s website. The Council also records and publishes on the website written questions asked at Council meetings and their answers, and oral questions and answers where these are available.</p> <p>Officers use standard report templates for committee and executive reports to help ensure that readers are provided with information that is accurate, complete and unbiased. Reports make clear the options available so that the implications of all decisions and strategic risks can be assessed before those decisions are made.</p> <p>The Council has a network of Area Committees to ensure neighbourhood issues are considered in the Council’s decision-making processes.</p> <p>The Council has a Joint Development Control Committee with the County Council and South Cambridgeshire District Council for decisions affecting growth sites bordering the City and South Cambridgeshire.</p>	<p>Committee Agendas Constitution Committee Forward Plan</p> <p>Agendas and Minutes of Committees Council Website</p> <p>Standard Committee Report Templates</p> <p>Area Committee Terms of Reference</p> <p>Terms of Reference of Joint Development Control Committee</p>

	<p>The Council seeks to encourage engagement in its work through a variety of means including through area committees, public representatives on the Equalities Panel, Tenant Representatives on the Housing Scrutiny Committee and involvement of appointed “Independent Persons” in the work of the Civic Affairs Committee.</p> <p>It also puts resources into outreach work through its community development services and support to tenant and leaseholder representatives.</p> <p>The Council seeks to ensure all partnerships with which it is engaged have a set of values or criteria against which decision-making and actions can be judged. It works with those partnerships to promote open and accountable decision making and to ensure they have clear governance structures in place.</p> <p>It also ensures that there is clarity about the legal status of each partnership and that all representatives in the partnership have clarity about their powers to bind their own organisation to partnership decisions.</p> <p>The Council operates in accordance with principles of partnership working agreed with our key partner organisations.</p> <p>The Council ensures that the authority as a whole is open and accessible to the community, service users and its staff.</p> <p>It promotes the role of Councillors and makes the public know who the Councillors are, what roles they have on the Council and how to contact them.</p> <p>It treats everyone fairly and strives to treat all as rational people able to make up their own minds.</p> <p>It also strives to provide services on the basis of need rather than</p>	<p>Membership and Terms of Reference of these bodies</p> <p>Public Questions and petitions</p> <p>Partnership Terms of Reference Principles of Partnership Working</p> <p>Survey results Public Question time and petition procedures</p> <p>Council Website</p> <p>Cambridge Matters Annual Statement</p>
--	--	--

	<p>ability to pay.</p> <p>The Council makes clear through its website and other Council publications the services that it is responsible for, how people can contact the Council and the service standards they can expect.</p> <p>The Council undertakes surveys of residents to ensure that it has up to date information about their priorities and levels of satisfaction with the Council and its services.</p> <p>The Council’s consultation programme ensures that the Council proactively seeks the views of a wide range of people and engages with all sections of the community effectively.</p> <p>This is achieved through a mix of corporate consultation initiatives with more targeted consultation on service specific issues led by relevant departments.</p> <p>The Council seeks to ensure all views are actively considered when making decisions, recognising that it is not always possible to reconcile conflicting viewpoints.</p> <p>The Council ensures it makes feedback available to consultees on the outcomes of consultation, what has changed as a result and explaining why it has made the decisions it has.</p> <p>The Council undertakes Equality Impact Assessments of all major Council decisions and takes action to implement changes required, to ensure that council services and policies consider the diverse needs of its service users and citizens.</p>	<p>Charging Policies</p> <p>Council Website Council Tax Leaflet Annual Report Open Door Magazine</p> <p>Budget Consultation Citizens Survey</p> <p>Consultation reports Statement of Community Involvement Code of Best Practice on Consultation and Community Engagement</p> <p>Consultation pages on website Council Publications</p> <p>Code of Best Practice on Consultation and Community Engagement</p> <p>Examples of Equality Impact Assessments</p>
--	---	--

	<p>It has a Single Equalities Scheme covering race, disability, gender age, sexual orientation and religion or belief and an Action Plan will be reviewed annually.</p> <p>It also uses research data, or other relevant data, to inform decisions about relative deprivation in the City.</p> <p>The Council’s Equalities Panel (which has staff, member and public representatives) helps the Council evaluate its success in promoting diversity and meeting a broad range of needs.</p> <p>The Council enters into compacts with Tenants and the Voluntary Sector agreeing ways of working with these two stakeholder groups. The Compacts are reviewed on a regular basis.</p> <p>The Council sets out in its collective agreements, employment policies and procedures, and terms of reference for forums and meetings involving trade unions, and how it consults with staff and Trade Unions.</p> <p>Members meet with the Trade Unions in a Joint Staff/ Employer Forum. Each Strategic Director has staff forums and there are Joint Trade Unions Group meetings.</p>	<p>Single Equality Scheme, including action plan and annual reports</p> <p>Terms of Reference and Agendas for these Meetings</p> <p>Compact documents</p> <p>Collective Agreements</p> <p>Employment policies and procedures</p> <p>Joint Staff/Employer Forum</p> <p>Terms of Reference and Agendas/Joint Trade Unions Group Agendas and Minutes</p> <p>Trade Union Facilities Agreement</p>
--	---	---



<b>Principle C - Defining outcomes in terms of sustainable economic, social, and environmental benefits</b>		
<b>Sub-Principles</b>	<b>How does the City Council achieve this?</b>	<b>Supporting Evidence</b>
<ul style="list-style-type: none"> <li>• Defining Outcomes</li> <li>• Sustainable economic, social and environmental benefits</li> </ul>	<p>The Council has a clear vision for the City and sets objectives to guide the Council's activities.</p> <p>It reviews those objectives each year, through the Annual Statement agreed at the Annual Council meeting and the Corporate Plan.</p> <p>The Council actively considers the environmental impact of the Council's decisions before those decisions are made.</p> <p>The Council agrees with partners a plan for the Local Enterprise Partnership, and contributes to the agreement of priorities for the Health &amp; Wellbeing Board and other relevant countywide partnerships including the Combined Authority for Cambridgeshire and Peterborough.</p>	<p>Vision</p> <p>Annual Statement</p> <p>Environmental Assessment Tool for Council Policies Plans and Projects</p> <p>Environmental Policy Statement</p> <p>Committee reports</p> <p>Budget Setting Report</p> <p>Local Enterprise Partnership Strategic Economic Plan</p> <p>Health and Wellbeing Strategy</p>

<b>Principle D - Determining the interventions necessary to optimise the achievement of the intended outcomes</b>		
<b>Sub-Principles</b>	<b>How does the City Council achieve this?</b>	<b>Supporting Evidence</b>
<ul style="list-style-type: none"> <li>• Determining Interventions</li> <li>• Planning Interventions</li> <li>• Optimising achievement of intended outcomes</li> </ul>	<p>The Council has a Medium Term Financial Strategy to resource the Council's aspirations and to assess and plan for any financial risks. The strategy is reviewed annually.</p> <p>The Council puts service to the public first. The annual business planning process is used to agree the priorities for the Council. The Corporate Plan expresses the strategic objectives for the Council over the financial year 2017/18 and beyond.</p> <p>Alongside each of the objectives are detailed the particular outcomes to be achieved and performance measures that provide evidence that the outcomes have been achieved.</p> <p>This information enables members and the services contributing to the delivery of the plan to be clear about the priorities for the Council and assists in decisions about where resources should be focussed.</p> <p>Heads of individual service areas prepare operational plans indicating how they will meet objectives set in the corporate plan and setting out their priorities and work programmes for the year ahead.</p> <p>The Council's overall spending plans are set out in an annual Budget-Setting report for both revenue and capital expenditure.</p> <p>There are arrangements in place for regular budget monitoring and the reporting of significant variances to senior management.</p> <p>The Council works to maximise its resources by delivering services as efficiently as possible, working in partnership with others and using other providers where these are the best options.</p>	<p>Medium Term Financial Strategy</p> <p>Corporate Plan Agendas for Strategy and Resources Committee – January 2016/17 Cycle</p> <p>Operational Plans</p> <p>Budget Setting Report</p> <p>Budget Variance Reports</p>

## APPENDIX 3

	<p>The Council seeks expertise from outside the authority when it does not have the necessary skills in-house, making use of peer reviews and other mechanisms for ensuring challenge of Council services. The Council has LGA membership.</p> <p>Performance against key Performance Indicators for each service are prepared for and presented to the Strategic Leadership Team to consider necessary remedial action.</p>	<p>Quarterly Performance Monitoring Reports</p>
--	--	---

<b>Principle E - Developing the Council's capacity, including the capability of its leadership and the individuals within it</b>		
<b>Sub-Principles</b>	<b>How does the City Council achieve this?</b>	<b>Supporting Evidence</b>
<ul style="list-style-type: none"> <li>• Developing the Council's capacity</li> <li>• Developing the capability of the entity's leadership and other individuals</li> </ul>	<p>The Council sets out a clear statement of the roles and responsibilities of Executive Members, other Members and Council Officers in its Constitution.</p> <p>The scheme of delegation within the Constitution makes clear what matters are reserved for collective decision-making by full Council.</p> <p>A Member/Officer protocol is used to aid effective communication between Officers and Members and to clarify their respective roles and appropriate ways of working.</p> <p>The Council's Chief Executive is its Head of Paid Service responsible and accountable to the authority for its operational management.</p> <p>When working in partnerships the Council ensures that Members are clear about their roles and responsibilities, both individually and collectively, in relation to the partnerships and to the Council.</p> <p>The behaviour expected of staff and managers is set out in the Council's competency framework and this is used as the basis for staff performance appraisal.</p> <p>The Council seeks to maintain its Investors in People accreditation.</p> <p>Staff joining the Council are offered an induction programme and their training and development needs are reviewed regularly through</p>	<p>Constitution</p> <p>Member/Officer Protocol</p> <p>Constitution</p> <p>Partnership Terms of References Principles of Partnership Working</p> <p>Competency Framework Grievance and Disciplinary Procedures</p> <p>IIP Accreditation</p> <p>Council Induction Programme Performance Review Process</p>



<b>Principle F - Managing risks and performance through robust internal control and strong public financial management</b>		
<b>Sub-Principles</b>	<b>How does the City Council achieve this?</b>	<b>Supporting Evidence</b>
<ul style="list-style-type: none"> <li>• Managing Risk</li> <li>• Managing Performance</li> <li>• Robust Internal Control</li> <li>• Managing data</li> <li>• Strong public financial management</li> </ul>	<p>The Council has a Risk Management Strategy, supplemented by procedures and guidance.</p> <p>It undertakes systematic risk assessments in all areas of Council activity, including those covered by Health and Safety legislation.</p> <p>It maintains a corporate risk register detailing the Council’s strategic and service risks and reviews this regularly.</p> <p>The Council ensures that risk management is embedded into the culture of the authority, with managers at all levels recognising that risk management is part of their job.</p> <p>Risk assessment is incorporated into the Council’s decision making and Members are advised of the Council’s risk profile at key stages.</p> <p>The Council respects the personal data of its citizens, employees, suppliers and others the Council may communicate with in line with the principles of the Data Protection legislation and makes this clear in its own Data Protection Policy. The Council respects the privacy of members of the public when carrying out investigations and ensures that privacy is only interfered with when the law permits and there is clear public interest justification.</p> <p>The Head of Finance is the Council’s Chief Financial Officer and S151 Officer, responsible to the authority for ensuring that appropriate advice is given on all financial matters, for keeping proper financial records and accounts, and for maintaining an effective system of internal financial control.</p>	<p>Risk Management Strategy Risk Management Procedures and guidance on the Intranet</p> <p>Risk Assessments</p> <p>Risk Register</p> <p>Risk Management Strategy and Guidance</p> <p>Data Protection Policy</p> <p>Regulation of Investigatory Powers Act 200 – Guidance</p> <p>Job Description for the Head of Finance</p>

### APPENDIX 3

	<p>The Council develops and maintains an effective Scrutiny process to encourage constructive challenge and enhance the Council's performance.</p> <p>It also has clear protocols about Members' access to information and officer advice to enable them to perform their roles.</p>	<p>Terms of Reference of Scrutiny Committees</p> <p>Protocol</p>
--	--	--

<b>Principle G - Implementing good practices in transparency, reporting, and audit to deliver effective accountability</b>		
<b>Sub-Principles</b>	<b>How does the City Council achieve this?</b>	<b>Supporting Evidence</b>
<ul style="list-style-type: none"> <li>• Implementing good practice in transparency</li> <li>• Implementing good practices in reporting</li> <li>• Assurance and effective accountability</li> </ul>	<p>The Council makes sure members of the public have access to information about the workings of the Council. It makes clear what information is routinely published through its Freedom of Information Publication scheme and responds promptly to requests for information. The Council publishes on its website all responses to Freedom of Information requests.</p> <p>Each year the Council publishes an Annual Report and Statement of Accounts giving information on the authority's vision, strategy, performance, future plans and financial statements.</p> <p>Shared services arrangements with other local authorities or partners document their governance arrangements, which are clear, open and accountable.</p> <p>The Council maintains an independent Internal Audit function, with a risk-based annual audit plan, designed to test regularly that the Council's policies and processes operate in practice and that the Council complies with legislation and good practice.</p> <p>The Head of Internal Audit produces an annual opinion on the Council's internal control environment and the risk management framework to meet the requirements of the Public Sector Internal Audit Standards.</p> <p>The Head of Internal Audit Opinion is used to inform an Annual Governance Statement and this is signed off by the Chief Executive and Leader of the Council.</p>	<p>Publication Scheme Freedom of Information Requests Monitoring Reports on Council Website – Open Data</p> <p>Annual Report and Statement of Accounts</p> <p>Shared Services Collaboration Agreements</p> <p>Annual Audit Plan</p> <p>Head of Internal Audit Annual Opinion</p> <p>Annual Governance Statement</p>



## APPENDIX 3

	<p>The Council also agrees an annual work plan with its External Auditors to test the Council’s response to major legislation and the soundness of its financial and governance processes. Recommendations arising from internal and external audit and inspection processes are used to inform future decision-making.</p> <p>The Council uses an Independent Remuneration Panel to give advice on payments for Members and considers their advice when setting the Members’ Allowance Scheme.</p> <p>The Panel operates in an open and transparent manner, making their agendas, reports and minutes available to the public.</p> <p>The Members’ Allowance Scheme is also made available to the public and on the Council’s website and the scheme is reviewed annually.</p>	<p>Terms of Reference of Civic Affairs Committee Risk Register Annual Audit Letter</p> <p>Independent Remuneration Panel Terms of Reference</p> <p>Independent Remuneration Panel agendas, reports and minutes Members’ Allowance Scheme Pay Policy Statement</p>
--	---	---

This page is intentionally left blank



Item

## Review of Statement of Licensing Policy

**To:**

Licensing Committee

**Report by:**

Karen O'Connor, Team Manager (Commercial & Licensing)

Tel: 01223 457083 Email: Karen.oconnor@cambridge.gov.uk

**Wards affected:**

All

---

### 1. Executive Summary

- 1.1 The Licensing Act 2003 requires a licensing authority to prepare and publish a statement of its licensing policy at least every five years. The current Policy expires on 24 October 2017, and without a revised statement of Licensing Policy, Cambridge City Council will not be able to process any applications covered by the Licensing Act 2003.
- 1.2 Following a twelve week formal consultation five responses were received. These included comments relating to the cumulative impact areas, public health, littering and protection of licensed persons working in the industry.
- 1.3 With the revised crime statistics Cambridgeshire Constabulary have suggested that the current Special Policy on Cumulative Effect (the Cumulative Impact Policy) be amended so that the Romsey area of Mill Road (from Railway Bridge to Brookfields) may be removed from the current Cumulative Impact Area.

- 1.4 All responses were considered and proposed amendments to Statement of Licensing Policy made.
- 1.5 In order to update the Cumulative Impact Policy, a further formal twelve week consultation is required, in order to give interested parties an opportunity to respond to these further proposals.
- 1.6 Additionally, forthcoming changes to legislation mean that the Cumulative Impact Policy will soon have a statutory footing and will introduce a requirement on licensing authorities to review the evidence on which Cumulative Impact Policies are based at least every three years.
- 1.7 This will mean that the requirement to review the Statement of Licensing Policy will remain at five years, whilst the requirement to review Cumulative Impact Policy will become every three years.
- 1.8 It is proposed to separate these two Policies as they will have differing statutory review periods; five years for the Statement of Licensing Policy and three for the Cumulative Impact Policy.

## **2. Recommendations**

- 2.1 Members are recommended to:
  - 2.1.1 Consider the results of the public consultation exercise as summarised in Appendix D of this report;
  - 2.1.2 Approve that the amended Statement of Licensing Policy attached to this report as Appendix F is to be adopted by full Council on 19 October 2019;
  - 2.1.3 Agree for the proposed changes to the Cumulative Impact Policy to be the subject of a further twelve week public consultation;
  - 2.1.4 Request officers to return to Licensing Committee with the outcome of the consultation; and
  - 2.1.5 Note the forthcoming changes in relation to the review periods for the Statement of Licensing Policy and Cumulative Impact Policy, and agree in principle to separating these two documents.

## **3. Background**

- 3.1 Section 5 of the Licensing Act 2003 requires a licensing authority to prepare and publish a statement of its licensing policy at least every five years. During the five-year period, the policy must be kept under review and the licensing authority may make any revisions to it as it considers appropriate.

- 3.2 The existing Statement of Licensing Policy for Cambridge City Council became effective on 25 October 2012 (Appendix A). As such, the current Statement of Licensing Policy expires on 24 October 2017.
- 3.3 Should a new Statement of Licensing Policy not be in place by this date, then under the legislation, Cambridge City Council will not be able to process any applications covered by the Licensing Act 2003 until the policy is in place.
- 3.4 The process towards publishing a revised Statement of Licensing Policy commenced in April 2017 with an officer review of the existing Statement, taking into account the current Statutory Guidance, and updated alcohol related crime statistics provided by Cambridgeshire Constabulary.
- 3.5 Subsequently, the revised Statement was subject to a twelve week public consultation between 15<sup>th</sup> May 2017 and 6<sup>th</sup> August 2017. This was undertaken by directly contacting the relevant responsible authorities and residents associations, and publishing the consultation on our website and in the Cambridge News on Monday 15 May 2017 (see Appendix B for a full list). Additionally all those holding a premises licence or club premises certificate were directly consulted.
- 3.6 A total of 5 responses were received to the consultation (Appendix C). Responses were from Cambridgeshire Constabulary, Cambridgeshire County Council, ALMR (Association of Licensed Multiple Retailers, and two individuals. Notable comments were made in relation to cumulative impact areas, public health, littering and protection of licensed persons working in the industry.
- 3.7 All responses were considered by officers and responses sent to consultees addressing the matters they raised. Appendix D details the specific considerations and actions taken in relation to the consultation responses.
- 3.8 The current Statement of Licensing Policy contains details of a Special Policy on Cumulative Effect (the Cumulative Impact Policy). This is detailed within paragraphs 5.8 to 5.15 inclusive, and relevant maps showing the primary areas are included within Appendices 1 and 2 of the original Policy.
- 3.9 Since the last revision of the Statement of Licensing Policy, the Statutory Guidance, issued under Section 182 of the Licensing Act 2003 has been amended, and now provides further guidance on Cumulative Impact areas.
- 3.10 The term 'Cumulative impact' is defined in paragraph 14.20 of the Guidance issued under Section 182 of the Licensing Act 2003 as "the potential impact on the promotion of the licensing objectives of a significant number of licensed premises concentrated in one area". The cumulative impact of licensed premises on the promotion of the

licensing objectives is therefore a proper matter for the licensing authority to consider in developing its licensing policy statement.

- 3.11 The guidance further states that where, after considering the available evidence and consulting prescribed individuals, the licensing authority is satisfied that it is appropriate and necessary to include an approach to cumulative impact within the licensing policy statement, it can indicate that it will be adopting a special cumulative impact policy for a designated area. The effect of adopting a special policy of this kind is to create a rebuttable presumption that applications for new premises licence or club premises certificates or variations that are likely to add to the existing cumulative impact will normally be refused, following relevant representation, unless the applicant can demonstrate in their operating schedule that there will be no negative cumulative impact on one or more of the licensing objectives.
- 3.12 In considering whether to adopt a special policy, the authority needs to take the following steps:
- Identification of concern about crime and disorder; public safety; public nuisance; or protection of children from harm.
  - Consideration of whether it can be demonstrated that crime and disorder or nuisance are occurring, or whether there are activities which pose a threat to public safety or the protection of children from harm.
  - If such problems are occurring, identifying whether these problems are being caused by customers of licensed premises, or that the risk of cumulative impact is imminent.
  - Identifying the boundaries of the area where problems are occurring.
  - Consultation with those specified in the legislation as part of the general consultation required in respect of the whole statement of licensing policy.
  - Subject to the consultation, include and publish details of the special policy in the licensing policy statement.
- 3.13 Based on the revised pattern of violent crime observed, Cambridgeshire Constabulary have questioned whether the current Cumulative Impact Areas are proportionate for all currently included areas. Specifically, the Romsey area of Mill Road (from Railway Bridge to Brookfields) has seen a reduction in relevant crime levels, and it is suggested that this may be removed from the current Cumulative Impact Area.
- 3.14 Where appropriate the draft Statement of Licensing Policy was amended accordingly. However, the suggested amendments do not at this stage include the proposed amendments to the Cumulative impact areas, as this would be subject to a separate twelve week formal consultation period.

- 3.15 Appendix E highlights all proposed amendments to the existing Statement of Licensing Policy, and Appendix F provides the final proposed Statement of Licensing Policy.
- 3.16 As the evidence provided by Cambridgeshire Constabulary regarding alcohol related violent crimes no longer supports the existing Cumulative Impact areas, a separate consultation exercise will need to be undertaken in order to review the appropriateness of removing the Romsey area of Mill Road from the existing Cumulative Impact Area.
- 3.17 In addition, amendments to the method by which Cumulative Impact Policies are overseen will be introduced by Section 141 of the Policing and Crime Act 2017 which will amend the Licensing Act 2003. It will put Cumulative Impact Policies on a statutory footing and will additionally introduce a requirement on licensing authorities to review the evidence on which Cumulative Impact Policies are based at least every three years.
- 3.18 This will mean that the requirement to review the Statement of Licensing Policy will remain at five years, whilst the requirement to review Cumulative Impact Policy will become every three years.
- 3.19 Whilst not in place yet, Members will have the opportunity to either separate these two policies that will have differing review periods, or keep with one policy that covers both items but would require a full review every three years.
- 3.20 It is proposed that by separating the two policies, the documents may be independently reviewed in a more focussed and streamlined manner. Furthermore Cambridgeshire Constabulary have confirmed their support for this approach.
- 3.21 Although no date has yet been given to when this will take effect, should Members support the separation of these policies, it would mean that the Cumulative Impact Policy will be a standalone policy rather than included as part of the Statement of Licensing Policy.
- 3.22 The result will be that the Statement of Licensing Policy and Cumulative Impact Policy will have differing statutory review periods; five years for the former and three for the latter.

## **4. Implications**

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

Provision has been made in the Council's budget to review the statement of licensing policy and the council will meet the cost of consultation.

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

There are no additional staffing implications. Budget provision has been made for the review of the policy.

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

An Equality Impact Assessment (EqIA) has been completed alongside the review of this policy (Appendix G).

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

The Act requires the Licensing Authority to carry out its function with a view to promoting the four licensing objectives, one of which is the prevention of public nuisance, to protect the local environment and community.

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

Nil

### **(f) Community Safety Implications**

Cambridge City Council must fulfil its obligations under section 17 of the Crime and Disorder Act 1998 to do all that it reasonably can to prevent crime and disorder in Cambridge. The policy promotes that fact and states that any decision by the Licensing Authority will be with a view to promoting the licensing objectives.

## **5. Consultation and communication considerations**

- 5.1 In accordance with Government Code of Practice on consultation, the draft Statement of Licensing Policy was submitted for public consultation over a twelve week period between 15 May 2017 and 6 August 2017. Legislation requires that we undertake consultation with bodies prescribed in the Act for the review of the Cumulative Impact Policy.
- 5.2 Consultation was undertaken as widely as possible, with approximately 600 letters and emails being sent out, including the Chief Officer of Police and all other parties as required by legislation, including persons/bodies representing holders of premises licences and club premises certificates, businesses and residents associations. The consultation was also available to view on Cambridge City Council website and appeared in the Cambridge News on Monday 15 May 2017.
- 5.3 All comments received are listed in the attached Appendix C, which relates to specific written comments received in response to the draft policy. Consideration to all comments has been given in drawing up the Policy. Additionally, Appendix D shows the nature of the comment, the evaluation of the comment and the action taken.



## **6. Background papers**

Background papers used in the preparation of this report:

- (a) Licensing Act 2003
- (b) Guidance published under section 182 of the Licensing Act 2003
- (c) Policing and Crime Act 2017
- (d) Cambridge City Council's Existing Statement of Licensing Policy

## **7. Appendices**

Appendix A – Current Statement of Licensing Policy

<http://democracy.cambridge.gov.uk/ieListDocuments.aspx?CId=180&MId=3335&Ver=4>

Appendix B – List of Consultees

Appendix C – Comments and Responses from Consultation

Appendix D – Evaluation and Response to Consultee Feedback

Appendix E – Draft Statement of Licensing Policy with changes made in red

Appendix F – Proposed Statement of Licensing Policy

<http://democracy.cambridge.gov.uk/ieListDocuments.aspx?CId=180&MId=3335&Ver=4>

Appendix G - Equality Impact Assessment

## **8. Inspection of papers**

To inspect the background papers or if you have a query on the report please contact Luke Catchpole, Technical Officer, tel: 01223 457818, email: [luke.catchpole@cambridge.gov.uk](mailto:luke.catchpole@cambridge.gov.uk).

This page is intentionally left blank

## **Appendix B – List of Consultees during the review of the Statement of Licensing Policy**

The following groups were all consulted during the 12 week consultation for the review of the Statement of Licensing Policy:

- Responsible Authorities that include:
  - Cambridge Constabulary,
  - Cambridgeshire Fire Authority
  - Cambridge City Council's Environmental Health Department
  - Cambridge City Council's Planning Department
  - Cambridgeshire County Council's Child Protection
  - Cambridgeshire County Council's Trading Standards department
  - Cambridgeshire County Council's Public Health Directorate
- All councillors of Cambridge City Council.
- CAMBAC – Cambridge Business Against Crime
- 31 Resident Associations
- All premises that held a premises licence or club premises certificate on 15<sup>th</sup> May 2017.

In addition to the above the consultation was published on Cambridge City Council's website and an advert appeared in Cambridge News on 15 May 2017.

This page is intentionally left blank

**Luke Catchpole**

---

**From:** [REDACTED]  
**Sent:** 16 May 2017 10:49  
**To:** [REDACTED]  
**Subject:** Draft Statement of Licencing Policy

Sir,

A sensible and balanced policy.

My comment is that outside commercial premises selling alcohol, there can be a problem with littering and general mess from discarded cans, food etc. Can a requirement be placed on licence holders to clear up the mess resulting from their business? Events in public areas, eg.

Jesus Green, should be managed by operators that are required to clear up after events rather than relying on the Council to clear up mess.

Regards

--

[REDACTED]

[REDACTED]  
**Subject:** Re: REMINDER: Customer Awareness: Safeguarding, Equality and Protection training - Friday 7th July

Hi [REDACTED]

The course was useful in a number of respects.

It occurs to me, however, that the Council has a large number of licensees and personnel for whose protection (e.g. against theft ('running'), assault etc.) it appears to take no responsibility. Instead, it shrugs this off as a police matter.

This may be so but it could help if a Council Policy were drafted to the effect that the Council will not tolerate theft, assault, abuse etc. against personnel/ licensees and such document were made public.

I understand that Officers are unwilling and perhaps unable to deal with such matters but a statement of Council's position in the Press and broadcast in repeat mode every so often may, in a simple way, act as a deterrent, raise licensee morale and help reduce the nonsense which traders have, on a regular basis, to endure,

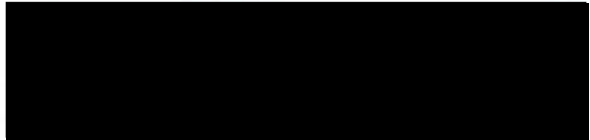
Best wishes,

[REDACTED]

[REDACTED]



Please reply to:



26 May 2017

Licensing Team  
Environmental Services  
PO Box 700  
Cambridge  
CB1 0JH

Dear Sir or Madam

RE: **Licensing Policy consultation response**

I write in my capacity as Area Commander of Cambridge Police.

I have read the Cambridge City Council Draft Statement of Licensing Policy and am pleased that this makes suitable consideration around the key objectives of Prevention and Detection of Crime and Disorder, Public Safety, Prevention of Public Nuisance and Preventing Children from Harm.

In terms of my specific focus, my feedback surrounds Section 5 of the Draft: The Cumulative Impact of a Concentration of Licensed Premises.

I am pleased that you have used the Police analytical document that shows levels of crime related to Licensed Premises (Appendix 3 in the Draft). It is my view that the Cumulative Impact Policy is both necessary and proportionate to prevent crime, disorder and nuisance, promote public safety and prevent children from harm. Unfortunately, violent crime and alcohol related anti-social behaviour remains a significant issue for both the Police and Local Partners to address. We continue to spend considerable time, effort and resource tackling this. The Special Policy on Concentration of Premises is seen as a vital tool in preventing further escalation of crime and disorder levels.

The only question I would raise is whether it is proportionate to maintain the Zone for the whole length of Mill Road? Whilst our data shows levels of alcohol related crime and disorder incidents of over one a week in Romsey, this is noticeably fewer than the lower end of Mill Road. Whilst there is certainly an issue with alcohol related disorder incidents in the section of Mill Road South of the Railway Line, it is not at the levels seen in other parts of the Zone.

My conclusion is that it is my view that the Special Policy works and should continue to form part of the City Council's Statement of Licensing Policy.

Yours faithfully

Superintendent Jon Hutchinson  
Local Area Commander  
Cambridge City



## ALMR response to Cambridge consultation on licensing policy

The ALMR welcomes the opportunity to respond to the draft licensing policy.

### Who we are

The Association of Licensed Multiple Retailers (ALMR) is the leading organisation representing the eating and drinking out sector across the UK. Our membership includes pubs, restaurants, bars, nightclubs and coffee shops. The ALMR represents over 90% of all managed pubs in the UK as well as leading casual dining chains and world-renowned nightclubs.

Two-thirds of our members are small independent companies operating 50 outlets of fewer under their own branding, but our membership also includes some of the largest high street operators including: JD Wetherspoon, Casual Dining Group and Carluccio's, with well-known branded outlets such as: All Bar One, Slug & Lettuce, TGI Fridays, Wahaca, Wagamama and Harvester.

### The eating and drinking out sector across the UK

Operators in the sector generate £63bn in turnover (an increase of 37% since 2010) and contribute £32bn GVA (+63% since 2010), pays a third of turnover in taxes and invest £4.4bn pa in our high streets and local communities.

The sector supports 1.6m jobs (+18% since 2010), creates 1 in 7 of all new jobs and has grown at 6.5% pa since 2010 (9.3% pa for restaurants).

### Overall approach to licensing

The ALMR believes the Licensing Act works at its best when industry and local authorities work closely together. In addition to the regulatory powers that local authorities have, individual premises, and groups of premises, can contribute to a safer, more enjoyable licensed sector. Dialogue between LAs and licensed premises should therefore be the mechanism to tackle any issues related to alcohol misuse.

This is supplemented in many areas by partnership schemes, where local businesses collaborate to create a more positive environment in local communities. Schemes such as Best Bar None, local pubwatches, Purple Flag schemes, Community Alcohol Partnerships and Business Improvement Districts (BIDs) all demonstrate a proactive approach from business to improving the local area and preventing alcohol misuse.

The Licensing Act allows for the application of conditions, adapted to individual premises. We understand that these have a role to play where there are specific issues but it is important that blanket conditions are not applied. It is also critical that conditions that add extra costs to businesses are carefully considered before they are applied. Conditions should only be used as a last resort, where they are specifically required for an individual property and must be proportionate.

Overall the local authority should recognise the economic and social value that licensed premises can offer and ensure that the licensing policy does not reduce the benefit that the local area gains from this sector. In fact, the local authority should be actively considering how to further the economic interests of local businesses.

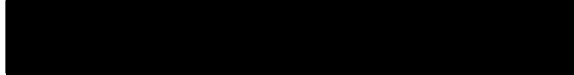


Specific points about the Cambridge licensing policy

Looking at the revised Cambridge licensing policy the ALMR is broadly positive about the approach that the local authority has taken and has some additional points below.

- The cumulative effect policy identified from paragraph 5.8 onwards appears detrimental to the areas affected, deterring investment. We would recommend that this is removed or amended to emphasise a presumption of the granting of new licences unless there are specific reasons not to do so. This will promote a diverse landscape of licensed premises.
- The promotion of the use of conditions only when appropriate to an individual premise is very welcome, as is the recognition that conditions do inevitably impose additional costs (8.1 to 8.4). However, we would caution against the specific identification of CCTV as a condition.
- The focus on integrating strategies, particularly around tourism and the licensed sector, is very important. The appreciation of the night-time economy as a whole, and the cultural diversity that this can deliver, is another positive sign (section 9).
- The decrease in incidents reported in Appendix 3 does not appear to tally with the expected results of a cumulative impact policy which would take a much longer time to deliver results. We would suggest that other factors are more important here and that this should not be used to justify the continuation of the cumulative impact policy.
- The reduction in alcohol-related crime is very welcome and should be celebrated.

Date: 6<sup>th</sup> August 2017





My ref:  
Your ref:

Date: 7<sup>th</sup> August 2017

Contact:  
Telephone:  
E Mail:



Public Health Directorate  
Box no: SCO2213  
Scott House  
5 George Street  
Huntingdon  
Cambridgeshire  
PE29 3AD

## Re: Statement of Licensing Draft Policy (Cambridge City)

Thank you for inviting Cambridgeshire County Council to respond to the consultation on the statement of licensing Policy for Cambridge City Council. As you will be aware, since April 2013 Directors of Public Health (DPH) have been included as Responsible Authorities under the Licensing Act 2003. The role of the DPH is to help promote the health and wellbeing of the local populations they serve. Promotion of the licencing objectives, which collectively seek to protect the quality of life for those who live and work in the vicinity of licensed premises and those who socialise in licensed premises is an important contribution to this.

Please find below our comments on the draft policy for your consideration. These comments have been formulated in part, from Public Health England guidance and examples of good practice from elsewhere.

### Section 5 – The cumulative impact of a concentration of licensed premises (pg5)

Public Health welcome the City Council's adoption of the Cumulative Impact policy and view this as an effective measure of addressing the potential impact on the health related harms associated with harmful use which can be evidenced in areas that have a high concentration of licensed premises. I

Could consideration be given for inclusion of a statement on all the responsible authorities and perhaps a specific reference to Health becoming a responsible authority. Wording may state, for example:

'County Council Directors of Public Health (DPH) are now responsible authorities with all of the powers and responsibilities this brings. This Licensing Authority acknowledges that the DPH will be useful in providing evidence of alcohol- related health harms when there is a revision of policy particularly in relation to cumulative impact policies or early morning restriction orders. This Licensing Authority envisages that DPH's will also be useful in providing evidence such as alcohol-related A & E admissions or ambulance service data that might be directly relevant to an application under the Act.'

We would welcome further discussion with the licensing team as to how public health could support the use of the cumulative impact policy within Cambridge City Council. We have



recently had some success with representations made against licensing applications within Fenland District Council's Cumulative Impact Zone. This has supported the aims of the policy in regards to reducing the number of licensed premises in a specific geographical area and the potential impact of increased crime, disorder and the negative health impacts associated with these high density areas.

### **Section 7 – Children & Licensed Premises**

Please consider the following additions to Section 7.5

- Where there is a known association with the provision of illicit tobacco and alcohol
- Where the supply of alcohol is in close proximity to services where young vulnerable people may frequent.

Please consider inclusion of further examples of control measures that impact on health and wellbeing that could be included in this section e.g.

- Avoid promotions that target the sales of alcohol at very young people e.g. alcopops

### **Section 9 – Integrating Strategies and the avoidance of duplication (pg. 11)**

The statement of licensing policies will have links to the Health & Wellbeing Board Cambridgeshire Health & Wellbeing Strategy 2012-17 (currently being refreshed) but please consider reference to how health and wellbeing strategies can directly impact and support the council's licensing policy.

### **Section 15 - Responsible Authorities (pg .16)**

Public Health:

The Director of Public Health, C/O Head of Public Health Programmes, Cambridgeshire County Council, Scott House, Box No SCO 2213,5 George Street, Huntingdon. PE29 3AD



Child Protection:

Child Protection Services, Licensing Applications, OCYPS, PO Box 144, St Ives, Cambs, PE27 9AU

Tel: 0345 045 5203

[Referralcentre2.children@cambridgeshire.gov.uk](mailto:Referralcentre2.children@cambridgeshire.gov.uk)

Thank you for taking the time to consider these comments, we look forward to receiving the final document.

Yours sincerely



Head of Public Health Business Programmes

This page is intentionally left blank

## APPENDIX D – Summary of Responses to Licensing Policy

Area of Policy	Para	Respondent	Summary of Comments	Consideration/appraisal	Response
Section 8	8.1 & 8.2	Individual Respondent	Issue with littering and asks for a requirement to be placed on licence holders to clear up the mess resulting from their business. Also events that take place on land owned by the Council, such as Jesus Green, should see organisers clear up rather than the Council.	Comment considered.	8.2 of Licensing Policy states that “Blanket standard conditions will not be imposed without regard to the merits of the individual case”. However if Litter at a certain premises is deemed to be an issue or a potential issue, then a condition can be placed on the Premises Licence to address this. In terms of events of Council land, Streets and Open Spaces enter into contracts with organisers and the issue of who will clear up after the event will be covered within the contract.
General	N/A	Individual Respondent	Policy should state that the Council will not tolerate theft, assault, abuse etc. against personnel/licenses.	Comment considered.	Licensing Policy is not the correct policy to deal with this. Cambridge City Council wants a safe environment for all people using licenced premises – staff and customers. Conditions on a Premises Licence such as CCTV and the use of door supervisors can help provide this. Also schemes such as CAMBAC exist that allow businesses to work together and learn about troublesome customers.
Section 5	5.8	Cambridge Constabulary	Police are in support of the Cumulative Impact and the Special Policy on Cumulative Effect. The Police believe that it is both necessary and proportionate to have this in place to help meet the four licensing objectives. However, the Police do not believe the evidence and statistical analysis support the Romsey area of Mill Road remaining within the Cumulative Impact Area.	Comment considered.	A Cumulative Impact Area can only be in place if there is evidence that a significant number of licensed premises concentrated in one area is causing a cumulative impact on one or more of the licensing objectives. However, removing the Romsey part of Mill Road from the Cumulative Impact Area will have an impact on businesses and residents within that area. Therefore we suggest that the Cumulative Impact Area remains as it is currently but a 12 week public consultation takes place in regards to the area being removed.
Section 5	5.8 onwards	The Association of Licensed Multiple Retailers (The ALMR)	The cumulative effect policy identified from paragraph 5.8 onwards appears detrimental to the areas affected, deterring investment. We recommend that this is removed or amended to emphasise a presumption of the granting of new licences unless there are	Comment considered.	The areas within the cumulative impact area do not appear to be lacking in investment. Removing the Cumulative Impact Area is not something that we will look to do. Emphasising a presumption to grant a licence in this area would have the same impact as removing the cumulative impact area and

## APPENDIX D – Summary of Responses to Licensing Policy

			specific reasons not to do so. This will promote a diverse landscape of licensed premises.		again is not something we would look to do.
Section 8	8.1 to 8.4	The ALMR	The promotion of the use of conditions only when appropriate to an individual premise is very welcome, as is the recognition that conditions do inevitably impose additional costs. However, we would caution against the specific identification of CCTV as a condition.	Comments considered	CCTV is used as an example of a condition that could reflect local crime prevention strategies. It is not meant to be used as a specific condition. Will remove “e.g. the use of closed circuit television cameras in certain premises” from 8.3 of the Licensing Policy.
Section 9	Section 9	The ALMR	The focus on integrating strategies, particularly around tourism and the licensed sector is very important. The appreciation of the night time economy as a whole, and the cultural diversity that this can deliver, is another positive sign,	Comments considered	Agreed.
Appendix 3		The ALMR	The decrease in incidents reported in Appendix 3 does not appear to tally with the expected results of a cumulative impact policy which would take a much longer time to deliver results. We would suggest that other factors are more important here and that this should not be used to justify the continuation of the cumulative impact policy.	Comments considered	The cumulative impact policy is not the only tool used to address issues of Alcohol Related Crime and Incidents but will play a part in the reduction in these figures provided in Appendix 3. We believe that the Cumulative Impact Policy should remain in place and the figures provided in Appendix 3 can be used to support this decision.
General		The ALMR	The reduction in alcohol-related crime is very welcome and should be celebrated.	Comments considered	Agreed.
Section 5	Section 5	Public Health, Cambridgeshire County Council	Could consideration be given for inclusion of a statement on all the responsible authorities and perhaps a specific reference to Health becoming a responsible authority. Wording may state for example; “County Council Directors of Public Health (DPH) are now responsible authorities with all of the powers and responsibilities this brings. This Licensing Authority acknowledges that the DPH will be useful in providing evidence of alcohol-related health harms when there is a revision of policy particularly in relation to	Comments considered.	A statement on responsible authorities can be included in the Licensing Policy but will appear at 2.5 rather than in Section 5. It will also be a general statement about all responsible authorities rather than going into detail on individuals. 2.5 has been added to the policy and reads as follows: “All responsible authorities (listed in Section 15) will have the chance to comment on all applications and provide evidence from their own areas of expertise if they believe an application would impact on one of the licensing objectives. All evidence provided will be taken into account by the Licensing Authority at any

APPENDIX D – Summary of Responses to Licensing Policy

			cumulative impact policies or early morning restriction orders. This Licensing Authority envisages that DPH's will also be useful in providing evidence such as alcohol-related A&E admissions or ambulance service data that might be directly relevant to an application under the Act"		subsequent hearing".
Section 7	7.5	Public Health, Cambridgeshire County Council	<p>Please consider the following additions to Section 7.5:</p> <ul style="list-style-type: none"> <li>- Where there is a known association with the provision of illicit tobacco and alcohol</li> <li>- Where the supply of alcohol is in close proximity to services where young vulnerable people may frequent</li> </ul> <p>Please consider inclusion of further examples of control measures that impact on health and wellbeing that could be included in this section e.g.</p> <ul style="list-style-type: none"> <li>- Avoid promotions that target the sales of alcohol at very young people e.g. alcopops</li> </ul>	Comments considered	<p>Agree to add first two additions to 7.5 of the Licensing Policy.</p> <p>Promotions and advertising is covered by other legislation. If there are concerns over an individual premises and the promotions that it is carrying out, conditions could be placed on that Premises Licence to address the issue. Will not be added to Licensing Policy.</p>
Section 9	Section 9	Public Health, Cambridgeshire County Council	The statement of licensing policies will have links to the Health & Wellbeing Board Cambridgeshire Health & Wellbeing Strategy 2012-17 (currently being refreshed) but please consider reference to how health and wellbeing strategies can directly impact and support the council's licensing policy.	Comments considered	Agree and the Health and Wellbeing Strategy will be added to 9.1 in the Licensing Policy.

This page is intentionally left blank





**CAMBRIDGE CITY COUNCIL  
STATEMENT OF LICENSING - DRAFT POLICY**

	<b>Page</b>
<b>The City of Cambridge</b>	<b>2</b>
<b>Introduction</b>	<b>3</b>
<b>Objectives</b>	<b>3</b>
<b>Consultation</b>	<b>4</b>
<b>Fundamental Principles</b>	<b>5</b>
<b>The cumulative impact of a concentration of licensed premises</b>	<b>5</b>
<b>Licensing Hours</b>	<b>8</b>
<b>Children and Licensed Premises</b>	<b>9</b>
<b>Licence Conditions</b>	<b>11</b>
<b>Integrating strategies and the avoidance of duplication</b>	<b>12</b>
<b>Licence Reviews</b>	<b>13</b>
<b>Enforcement</b>	<b>14</b>
<b>Administration, exercise and delegation of functions</b>	<b>14</b>
<b>Effective date and review</b>	<b>15</b>
<b>Contact details, advice and guidance</b>	<b>15</b>
<b>Responsible Authorities</b>	<b>16</b>
<b>Appendices – Cumulative Impact</b>	<b>18</b>

**DRAFT**



## CAMBRIDGE CITY COUNCIL STATEMENT OF LICENSING POLICY

Cambridge is a unique blend of market town, sub-regional centre, national and international tourist attraction and centre of excellence for education and research. It is a city of great beauty and is renowned for the qualities of its streets, spaces and buildings.

Cambridge City Council (the Licensing Authority), in association with local partnerships, wants Cambridge to be vibrant, socially mixed, safe, convenient and enjoyable, where all residents feel integrated into the life of the City and a part of its success.

Cambridge City Council has a clear vision for the future of the City, a vision shared with Cambridge citizens and partner organisations. Our vision includes:

- An international city which celebrates its diversity and actively tackles discrimination on gender, race, nationality, ethnic background, religion, age, disability, gender identity, and sexual orientation.
- A city in which all citizens feel that they are listened to and have the opportunity to influence public decision making, and which values, supports and responds to individual and community initiatives.
- A city where all citizens and organisations appreciate their duties as well as their rights, where people are free to enjoy themselves but also show consideration for others, and where the community works together to reduce harm and nuisance including by education and, where needed, robust enforcement of the law.

The overarching objectives of Cambridge City Council in licensing premises are to:

- Promote the Authority's visions and values
- Protect the rights and health and safety of the general public, workers, residents, businesses, minority and vulnerable groups
- Ensure the principles of consistency, transparency, accountability and the promotion of good standards in licensing
- Demonstrate compliance with statutory responsibilities in relation to procedures and enforcement
- Ensure consistent and transparent decision making

It is recognised that licensed entertainment provides a valuable contribution towards the economy of Cambridge and we seek to balance the needs of local business holders and licensees, whilst protecting those of local residents.

## 1. Introduction

- 1.1 This Licensing Policy Statement has been produced in accordance with the requirements of the Licensing Act 2003 ('the Act') and is in line with guidance issued under Section 182 of the Act.
- 1.2 The policy relates to all those licensing activities identified as falling within the provisions of the Act, namely: -
  - Retail sale of alcohol
  - Supply of alcohol by or on behalf of a club, or to the order to a member of the club
  - The provision of regulated entertainment
  - The provision of late night refreshment
- 1.3 The policy relates to all types of premises covered by the Act.
- 1.4 The Licensing Authority will take the policy into account where its discretion is engaged (i.e. at a hearing following representations).
- 1.5 Nothing in this policy will undermine the right of any individual to apply under the terms of the Act for a variety of permissions and to have any such application considered on its individual merits.
- 1.6 The Licensing Authority may depart from this policy if the individual circumstances of any case merit such a decision in the interest of the promotion of the licensing objectives. Full reasons will be given for departing from the policy.

## 2. Objectives

- 2.1 The Licensing Authority has a duty under the Act to carry out its licensing functions by promoting the licensing objectives, which are: -
  - The prevention of crime and disorder
  - Public safety
  - The prevention of public nuisance, and
  - The protection of children from harm.

Each objective has equal importance.

- 2.2 In carrying out its licensing functions, the Licensing Authority must also have regard to the licensing objectives, its Policy Statement and any statutory guidance under the Act and is bound by The Human Rights Act 1998. The Council must also fulfill its obligations under section 17 of the Crime and Disorder Act 1998 to do all that it reasonably can to prevent crime and disorder in Cambridge. **The Statement of Licensing Policy recognises the**

Equality Act 2010 places a legal obligation on public authorities to have due regard to the need to eliminate unlawful discrimination, harassment and victimization; to advance equality of opportunity; and to foster good relations, between persons with different protected characteristics.

- 2.3 It is recognised that the licensing function is only one means of securing the delivery of the above objectives and should not be seen as a means for solving all problems within the community. However, the licensing function is an important means of achieving the objectives. The Licensing Authority will continue to work in partnership with its neighbouring authorities, the police, other agencies, local liaison groups, businesses and individuals towards the achievement of the licensing objectives through good practice.
- 2.4 The Licensing Authority will expect individual applicants to address the licensing objectives in their operating schedule having regard to the type of premises, the licensable activities to be provided, the operational procedures, the nature of the location and the needs of the local community. Applicants should include in their operating schedule the steps, which they consider necessary to promote the licensing objectives. If the steps are insufficient, or if the information given in the operating schedule does not enable a responsible authority or any other person to assess whether the steps proposed are satisfactory, it is more likely that relevant representations will be received, usually leading to a hearing.
- 2.5 All responsible authorities (listed in section 15) will have the chance to comment on all applications received and will provide evidence from their own areas of expertise if they believe an application would impact on one or more of the licensing objectives. All evidence provided will be taken into account by the Licensing Authority at any subsequent hearing.

### 3. Consultation

- 3.1 In preparing this policy statement the Licensing Authority has consulted with the following:
- the Chief Officer of Police for Cambridgeshire
  - the Chief Officer of the Cambridgeshire Fire and Rescue Service
  - persons/bodies representative of the Local Authority with the function of public health
  - persons/bodies representative of local holders of premises licences
  - persons/bodies representative of local holders of club premises certificates
  - persons/bodies representative of local holders of personal licences
  - persons/bodies representative of businesses and residents in the City of Cambridge
  - persons/bodies representative of Child Protection Services at Cambridgeshire County Council

- other organisations as appear to the Licensing Authority to be affected by licensing matters, including local community, cultural, educational and entertainment organisations.

3.2 We have considered the views of all those consulted prior to determining this policy.

## 4. Fundamental Principles

4.1 Licensing is about regulating licensable activities on premises, such as qualifying clubs, pubs and temporary events which fall within the terms of the Act. Any conditions imposed will focus on matters that individual licensees and others in possession of relevant authorisations are able to control.

4.2 In addressing these matters, the Licensing Authority will primarily focus on the direct impact the activities taking place at the licensed premises will have on those living, working or engaged in normal activity in the area concerned.

4.3 Licensing law is not the primary mechanism for the general control of nuisance and anti-social behaviour by individuals once they are away from the licensed premises and, therefore, beyond the direct control of the individual, club or business holding the licence, certificate or permission concerned. Nonetheless, it is a key aspect of such control and licensing law will always be part of a holistic approach to the management of the evening and night-time economy in Cambridge.

## 5. The cumulative impact of a concentration of licensed premises

5.1 Cumulative impact is the potential impact on the promotion of the licensing objectives of a significant number of licensed premises concentrated in one area e.g. the potential impact on crime and disorder or public nuisance.

5.2 The cumulative impact of licensed premises on the promotion of the licensing objectives is a matter that the Licensing Authority can take into account. This should not, however, be confused with 'need' which concerns the commercial demand for a particular type of premises e.g., a pub, restaurant or hotel. The issue of 'need' is therefore primarily a matter for the market to decide and does not form part of this licensing policy statement.

5.3 The Licensing Authority can only adopt a special policy on cumulative impact if there is evidence that a significant number of licensed premises concentrated in one area is causing a cumulative impact on one or more of the licensing objectives. The Licensing Authority will keep the situation as to whether an area is nearing this point under review.

- 5.4 The absence of a special policy does not prevent any responsible authority or other person making representations on a new application for the grant or variation of a licence on the grounds that the premises will give rise to a detrimental cumulative impact on one or more of the licensing objectives in a particular area.
- 5.5 Following previous consultations and representations received by Cambridge Constabulary, the Licensing Authority has adopted a special policy on cumulative effect that remains in place.
- 5.6 In response to these representations the Licensing Authority has undertaken the following steps in considering whether to adopt a special policy on cumulative effect within this statement of licensing policy:
- Identified concern about crime and disorder or public nuisance
  - Considered whether there is good evidence that crime and disorder are happening and are caused by customers of licensed premises and that the risk of cumulative impact is imminent
  - Identified the boundaries of the areas where problems are occurring
  - Consulted with those specified in section 5(3) of the Licensing Act 2003, on the proposal for a special policy in relation to new applications and variations to existing premises licences and club premises certificates and considered the outcome of the consultation
- 5.7 Having considered the available evidence and undertaken consultation, the Licensing Authority considers that it is appropriate and necessary to control cumulative impact. The Licensing Authority has adopted a special policy relating to cumulative impact to the areas set out in paragraph 5.8 below.

### **Special Policy on Cumulative Effect**

- 5.8 The Licensing Authority has adopted a special policy relating to cumulative impact in relation to the areas of the City:
- Within the city centre marked on the map at Appendix 1
  - At the Cambridge Leisure Park marked on the map at Appendix 2. This area also includes the section of Cherry Hinton Road opposite the leisure park running from Hills Road to Clifton Road (both sides of the road).
  - The entire length of Mill Road Cambridge (excluding Brookfields)
  - The section of Hills Road running from the city to Purbeck Road (both sides of the road).
- 5.9 The evidence for this special policy has been supplied by Cambridge Constabulary on the grounds of Crime and Disorder and is set out in Appendix 3.
- 5.10 This special policy creates a rebuttable presumption that applications within the areas set out in paragraph 5.8 for new premises licences or club premises certificates or variations that are likely to add to the existing cumulative impact will normally be refused, if relevant representations are



received about the cumulative impact on the licensing objectives, unless the applicant can demonstrate why the operation of the premises involved will not add to the cumulative impact already being experienced.

- 5.11 Applicants will need to address the special policy issues in their operating schedules in order to rebut such a presumption.
- 5.12 Despite the presumption against grant, responsible authorities and/or other persons will still need to make a relevant representation before the Licensing Authority may lawfully consider giving effect to its special policy i.e. if no representation is received, the application must be granted (subject to such conditions as are consistent with the operating schedule and any mandatory conditions required by the Licensing Act 2003). Responsible authorities and other persons can make a written representation referring to information, which had been before the Licensing Authority when it developed its statement of licensing policy.
- 5.13 The Licensing Authority recognises that a special policy should never be absolute. The circumstances of each application will be considered properly and applications for licences and certificates that are unlikely to add to the cumulative impact on the licensing objectives may be granted. After receiving representations in relation to a new application or for a variation of a licence or certificate, the licensing authority will consider whether it would be justified in departing from its special policy in the light of the individual circumstances of the case. The impact can be expected to be different for premises with different styles and characteristics. If the Licensing Authority decides that an application should be refused, it will still need to show that the grant of the application would undermine the promotion of the licensing objectives and that necessary conditions would be ineffective in preventing the problems involved.
- 5.14 This special policy will not be used:
- as a ground for revoking an existing licence or certificate when representations are received about problems with those premises
  - to justify rejecting applications to vary an existing licence or certificate except where those modifications are directly relevant to the policy (as would be the case with an application to vary a licence with a view to increasing the capacity limits of the premises) and are strictly necessary for the promotion of the licensing objectives
  - to include any provisions for a terminal hour in any particular area which might impose a fixed closing time akin to that under the 'permitted hours' provisions of the Licensing Act 1964
  - to impose quotas - based on either the number of premises or the capacity of those premises - that restrict the consideration of any application on its individual merits or which seek to impose limitations on trading hours in particular areas. Quotas have no regard to individual characteristics of the premises concerned. Proper regard will be given to those differences and the differing impact they will have on the promotion of the licensing objectives

5.15 This special policy will be reviewed regularly to assess whether it is still needed or should be expanded

### **Other mechanisms for controlling cumulative impact**

5.16 Once away from the licensed premises, a minority of consumers will behave badly and unlawfully. However, there are other mechanisms, both within and outside the licensing regime, that are available for addressing such issues. For example:

- planning controls
- positive measures to create a safe and clean environment in partnership with local businesses, transport operators and others
- the provision of CCTV, ample taxi ranks, Cambridge BID and CAMBAC (Cambridge Business Against Crime).
- powers to designate parts of the city as places where alcohol may not be consumed publicly. **There are currently 3 Public Spaces Protection Order's in place. These are Donkey Common, Mill Road Cemetery and Ditchburn Place.**
- confiscation of alcohol from adults and children in designated areas
- police enforcement of the law with regard to disorder and anti-social behaviour, including the issuing of fixed penalty notices
- police powers to close some premises for up to 24 hours on the grounds of disorder, the likelihood of disorder or excessive noise
- the power of police, local businesses or residents to seek a review of the licence or certificate
- enforcement action against those selling alcohol to people who are drunk.

5.17 The above can be supplemented by other local initiatives that similarly address these problems, for example, through the Cambridge Community Safety Partnership in line with the strategic objectives for crime and disorder reduction within the City.

## **6. Licensing Hours**

6.1 Flexible licensing hours for the sale of alcohol can help to ensure that concentrations of customers leaving premises simultaneously are avoided. This can help to reduce the potential for disorder and disturbance. Licensing hours should not inhibit the development of a thriving and safe evening and night-time economy. This is important for investment, local employment, tourism and local services associated with the night-time economy. Providing customers with greater choice and flexibility is an important consideration, but should always be balanced carefully against the duty to promote the four licensing objectives and the rights of local residents to peace and quiet.

6.2 Subject to the policies regarding cumulative impact in the areas of the City



specified in paragraph 5.8, shops, stores and supermarkets will generally be permitted to provide sales of alcohol for consumption off the premises at any times when the retail outlet is open for shopping, unless representations raise good reasons based on the licensing objectives, for restricting those hours, for example, a limitation may be appropriate following police representations in the case of shops known to be a focus of disorder and disturbance.

- 6.3 The Licensing Authority will deal with the issue of licensing hours on the individual merits of each application. When issuing a licence, following receipt of relevant representations, stricter conditions on noise control are likely to be imposed in the case of premises that are situated in predominantly residential areas. However, this should not limit opening hours without regard to the individual merits of any application.

## 7. Children and Licensed Premises

7.1 Cambridge City Council will consider its Safeguarding for Children and Vulnerable Adults Policy when determining licensing applications. We are committed to safeguarding and promoting the welfare of children, young people and vulnerable adults.

7.2 It is an offence under the 2003 Licensing Act to:

- Permit children under the age of 16 who are not accompanied by an adult to be present on premises being used exclusively or primarily for supply of alcohol for consumption on those premises under the authorisation of a premises licence, club premises certificate or where that activity is carried on under the authority of a TEN; and
- To permit the presence of children under 16 who are not accompanied by an adult between midnight and 5am at other premises supplying alcohol for consumption on the premises under the authority of any premises licence, club premises certificate or TEN.

7.3 There are a great variety of premises for which licences may be sought including theatres, cinemas, restaurants, pubs, nightclubs, cafes, take away, community halls and schools. Access by children to any premises will not be limited unless it is considered necessary for the prevention of physical, moral or psychological harm to them.

7.4 Conditions requiring the admission of children to any premises cannot be attached to licences or certificates. Where no licensing restriction is necessary, this should remain a matter for the discretion of the individual licensee or club or person who has been given a temporary event notice.

7.5 When deciding whether to limit access to children, the Licensing Authority will consider each application on its merits. Particular areas that will give rise to

concern in respect of children, would include premises –

- where entertainment or services of an adult or sexual nature are commonly provided
- where there is a strong element of gambling on the premises
- with a known association with drug taking or dealing
- where there have been convictions of members of the current staff at the premises for serving alcohol to minors or with a reputation for underage drinking
- where the supply of alcohol for consumption on the premises is the exclusive or primary purpose of the services provided at the premises.
- where there is a known association with the provision of illicit tobacco and alcohol
- where the supply of alcohol is in close proximity to services where young vulnerable people may frequent

7.6 The range of alternatives which may be considered for limiting access to children where that is necessary for the prevention of harm to children are:

- limitations on the hours when children may be present
- age limitations (below 18)
- limitations on the exclusion of the presence of children under certain ages when particular specified activities are taking place
- requirements for accompanying adults
- full exclusion of those people under 18 from the premises when any licensable activities are taking place
- limitations on the parts of premises to which children might be given access.

7.7 In the case of premises which are used for film exhibitions Cambridge City Council will expect licence holders or clubs to include in their operating schedules arrangements for restricting children from viewing age-restricted films classified according to the recommendations of the British Board of Film Classification or, in specific cases, a certificate given to the film by the Council itself.

7.8 The Licensing Authority recognises the Child Protection Services of Cambridgeshire County Council as being competent to advise on matters relating to the protection of children from harm.

7.9 The Licensing Authority commends the Portman Group Code of Practice on the Naming, Packaging and Promotion of Alcoholic Drinks. The Code seeks to ensure that drinks are packaged and promoted in a socially responsible manner and only to those who are 18 years old or older.

## 8. Licence Conditions

- 8.1 A key concept of the Act is for conditions to be attached to licences and certificates, which are tailored to the individual style and characteristics of the premises and events concerned. This is essential to avoid the imposition of disproportionate and overly burdensome conditions on premises where there is no need for such conditions.
- 8.2 The Licensing Authority cannot attach conditions to premises licences and club premises certificates unless they are considered appropriate for the promotion of the licensing objectives. The Licensing Authority may only attach conditions (except for statutory mandatory conditions and conditions drawn from the operating schedule) if relevant representations have been received. Conditions will generally be considered unnecessary if they are already adequately covered by other legislation. Blanket standard conditions will not be imposed without regard to the merits of the individual case.
- 8.3 Conditions attached to premises licences and club premises certificates under prevention of crime and disorder will, so far as possible, reflect local crime prevention strategies
- 8.4 In deciding what conditions should be attached to licences and certificates to promote the licensing objectives, the Licensing Authority will be aware of the need to avoid measures which might deter live music, dancing or theatre by imposing indirect costs of a substantial nature. Only appropriate conditions will be imposed on such events. Where there is any indication that such events are being deterred by licensing requirements, the policy will be revisited with a view to investigating how the situation might be reversed.
- 8.5 Applicants should consider the measures which they propose to control noise nuisance from the premises or from departing customers. Depending on the individual circumstances, this may include:
- Sound limitation devices
  - Acoustic lobbies
  - Acoustic double glazing
  - Noise insulation
  - Specifying non amplified or acoustic music only
  - Notices requesting customers to leave quietly
  - A dedicated taxi service
  - Use of door supervisors at exit points
  - A winding down period during which music is turned down and lights up, alcohol service ceases and sales of food and hot and cold soft drinks continues and requests are made for customers to leave quietly.

## 9. Integrating Strategies and the avoidance of duplication

- 9.1 By consultation and liaison, the Licensing Authority will secure the proper integration of this licensing policy with local crime prevention, **Cambridgeshire Health & Wellbeing Strategy**, planning, transport, tourism, equality schemes, cultural strategies and any other plans introduced for the management of the city and the night-time economy. Many of these strategies directly impact upon the four licensing objectives.
- 9.2 Where any protocols to be agreed with the police identify a particular need to disperse people from the city swiftly and safely to avoid concentrations which could lead to disorder and disturbance, the Licensing Authority will aim to inform those responsible for providing local transportation so that arrangements can be made to reduce the potential for problems to occur.
- 9.3 The Council's Licensing Committee will receive, when appropriate, reports on:
- the needs of the local tourist economy for the area to ensure that these are reflected in their considerations
  - the employment situation in the area and the need for new investment and employment where appropriate.
- 9.4 Planning, building control and the licensing regimes will be separated to avoid duplication and inefficiency. Licensing applications will not be a re-run of the planning application and will not cut across decisions taken by the planning committee or following appeals against decisions taken by that committee. When a terminal hour has been set as a condition of planning permission that is different from the licensing hours, the applicant must observe the earlier of the two closing times.
- 9.5 So far as is possible, the policy is not intended to duplicate existing legislation and regulatory regimes that already place obligations on employers and operators.
- 9.6 The Licensing Authority will monitor the impact of licensing on the provision of regulated entertainment, and particularly live music and dancing. As part of implementing cultural strategies, proper account will be taken of the need to encourage and promote a broad range of entertainment, particularly live music, dancing, circus activity, street art and theatre, including the performance of a wide range of traditional and historic plays for the wider cultural benefit of the community which also balances the evening economy. The Licensing Authority will balance the prevention of disturbance in neighbourhoods with these wider cultural benefits, particularly cultural benefits for children. Only appropriate conditions will be imposed on such events.
- 9.7 The absence of cultural provision in any area can lead to young people

being diverted into anti-social activities that damage local communities and the young people involved themselves.

9.8 Cambridge City Council has an important role in coordinating events in the City and to ensure that cultural diversity thrives. The Council currently has five licensed open spaces. These are: Parkers Piece; Jesus Green; Midsummer Common; Coldhams Common and the grounds of Cherry Hinton Hall.

9.9 **The Equality Act 2010 places a legal obligation on public authorities to have due regard to the need to eliminate unlawful discrimination, harassment and victimization; to advance equality of opportunity; and to foster good relations, between persons with different protected characteristics.**

9.10 Applicants will be encouraged to make themselves aware of any relevant planning and transportation policies, tourism and cultural strategies or local crime prevention strategies and to have taken these into account, where appropriate, when formulating their operating schedule.

9.11 The Licensing Authority will have regard to equality and will expect an applicant to meet their statutory obligations in this area and not unlawfully discriminate or refuse service on grounds of race, gender, transgender, religion, sexual orientation, disability or age, or display discriminatory signs

## 10. Licence Reviews

10.1 The process set out in the Licensing Act 2003 for reviewing premises licences represents a key protection for the community where problems associated with the licensing objectives are occurring after the grant or variation of a premises licence.

10.2 Responsible authorities (including the Licensing Authority) and other parties can apply for the review of a licence.

10.3 The Licensing Authority will work in partnership with other responsible authorities to achieve the promotion of the licensing objectives and will give Licence or Certificate holders early warning of any concerns identified at a premises. The Licensing Authority will also encourage other responsible authorities to do the same.

10.4 When a review has been requested the role of the Licensing Authority will be to administer the process and determine its outcome at a hearing. Where the Licensing Authority has applied to review an authorisation, there will be a clear separation of responsibilities to ensure procedural fairness and eliminate conflicts of interest. (See paragraph 12.3).

- 10.5 The Licensing Authority may decide that no action is necessary if it finds that the review does not require it to take any appropriate steps to promote the licensing objectives. In appropriate cases the Authority may issue an informal warning to the licence holder and/or recommend improvement within a particular period of time. Any warnings or recommendations will be issued in writing.
- 10.6 Where the Licensing Authority considers that action under its statutory powers is appropriate it may take any of the following steps:
- to modify the conditions of the premises licence (which includes adding new conditions or any alteration or omission of an existing condition);
  - to exclude a licensable activity from the scope of the licence;
  - to remove the designated premises supervisor;
  - to suspend the licence for a period not exceeding three months;
  - to revoke the licence.
- 10.7 In cases where the crime prevention objective is being undermined the Licensing Authority will give serious consideration to revoking the licence even in the first instance.

## 11. Enforcement

- 11.1 The Licensing Authority intends to establish protocols with the police and any other relevant enforcement body on enforcement issues. These protocols will provide for the targeting of agreed problem and high-risk premises, which require greater attention, while providing a lighter touch approach in respect of low risk premises which are well run.
- 11.2 In general, action will only be taken in accordance with the Council's enforcement policy, as adopted at the time, which reflects the Council's obligations relating to enforcement and is consistent with the Regulators Compliance Code. To this end, the key principles of consistency, openness, proportionality, clear standards and practices, courtesy and helpfulness and training will be maintained.
- Cambridge City Council's enforcement policy is available on our website [www.cambridge.gov.uk/content/enforcement-policy](http://www.cambridge.gov.uk/content/enforcement-policy)

## 12. Administration, exercise and delegation of functions

- 12.1 The functions of the Licensing Authority under the Act may be carried out by the Licensing Committee, by a Sub-Committee or by one or more officers acting under delegated authority.
- 12.2 Many of the decisions and functions will be largely administrative in nature. In the interests of speed, efficiency and cost-effectiveness these



will, for the most part, be delegated to officers as set out in the Cambridge City Council Constitution

- 12.3 In determining applications where the Licensing Authority has acted as a responsible authority, there will be a clear separation of responsibilities to ensure procedural fairness and eliminate conflicts of interest. This will be achieved by allocating distinct functions to different Officers within the authority, so the Officer presenting the report to the Sub-Committee and advising the Members will be a different individual to the Officer who is acting as the responsible authority. The Officer acting as the responsible authority will not be involved in the decision making process.

### 13. Effective Date and Review

- 13.1 This policy statement will take effect from October 2017.
- 13.2 The policy statement will be kept under review and will remain in existence for a period of up to 5 years. It will be subject to review and further consultation before October 2022, or as required by law.

### 14. Contact details, advice and guidance

- 14.1 Applicants can obtain further details about the licensing and application processes, including application forms and fees from:

website: [www.cambridge.gov.uk](http://www.cambridge.gov.uk)

e-mail: [licensing@cambridge.gov.uk](mailto:licensing@cambridge.gov.uk)

telephone: 01223 457879

fax: 01223 457909

post: Licensing, Environmental Services, Cambridge City Council, PO Box 700, Cambridge, CB1 0JH

in person: Customer Service Centre, Mandela House, 4, Regent Street, Cambridge, CB2 1BY (Monday to Friday 09:00- 17:15)

- 14.2 The Licensing Authority has also published further documents to accompany this policy containing additional details about each type of application and the review process. These can be viewed at <https://www.cambridge.gov.uk/guidance-for-applicants>

- 14.3 This policy can be made available in large print on request and similarly translations can be made available in a variety of languages. Please

contact us for further help or assistance.

- 14.4 The Council, Police and Fire Authorities will be willing to give advice and guidance to applicants.
- 14.5 Informal discussion is encouraged prior to the application process in order to resolve any potential problems and avoid unnecessary hearings and appeals.

15. **Responsible Authorities are:**

**The Licensing Authority**

Licensing, Environmental Services, Cambridge City Council, PO Box 700, Cambridge, CB1 0JH  
Tel: 01223 457879 Fax: 01223 457909 e-mail: [licensing@cambridge.gov.uk](mailto:licensing@cambridge.gov.uk)

**The Chief Officer of Police**

The Chief Officer, Cambridgeshire Constabulary, Southern Division, Police Station, Parkside, Cambridge, CB1 1JG  
Telephone: 01223 823397 Fax: 01223 823232

**The Fire Authority**

Fire Protection, Cambridge Fire Station, Parkside, Cambridge, CB1 1JF  
Email: [danny.hans@cambsfire.gov.uk](mailto:danny.hans@cambsfire.gov.uk)

**Planning**

Environment & Planning, Cambridge City Council, The Guildhall, Cambridge, CB2 3QJ  
Telephone: 01223 457100  
e-mail: [planning@cambridge.gov.uk](mailto:planning@cambridge.gov.uk)

**Environmental Health**

The Environmental Health Manager, Environmental Services, Cambridge City Council, PO Box 700, Cambridge, CB1 0JH  
Telephone: 01223 457890 Fax: 01223 457909 e-mail: [env.services@cambridge.gov.uk](mailto:env.services@cambridge.gov.uk)

**Child Protection**

Child Protection Services, Licensing Applications, OCYPS, PO Box 144, St Ives, Cambs, PE27 9AU  
Telephone: 03450455203  
[Referralcentre2.children@cambridgeshire.gov.uk](mailto:Referralcentre2.children@cambridgeshire.gov.uk)



**Trading Standards**

Cambridgeshire County Council, PO Box 450, Great Cambourne,  
Cambridge, CB23 6ZR  
e-mail: [trading.standards@cambridgeshire.gov.uk](mailto:trading.standards@cambridgeshire.gov.uk)

**Public Health**

The Director of Public Health, C/O Head of Public Health Programmes, Cambridgeshire County Council, Scott House Box No, SC0 2213, 5 George Street, Huntingdon, PE29 3AD

**Home Office – Immigration Enforcement**

Alcohol Licensing Team, Lunar House, 40 Wellesley Road, Croydon, CR9 2BY

In addition, for vessels:

**Environment Agency**

The Team Leader, Great Ouse & Stour Waterways, The Environment Agency, Kingfisher House, Goldhay Way, Orton Goldhay, Peterborough, PE2 5ZR.  
Telephone: 01733 464072  
e-mail: [enquiries@environment-agency.gov.uk](mailto:enquiries@environment-agency.gov.uk), quoting Great Ouse & Stour Waterways

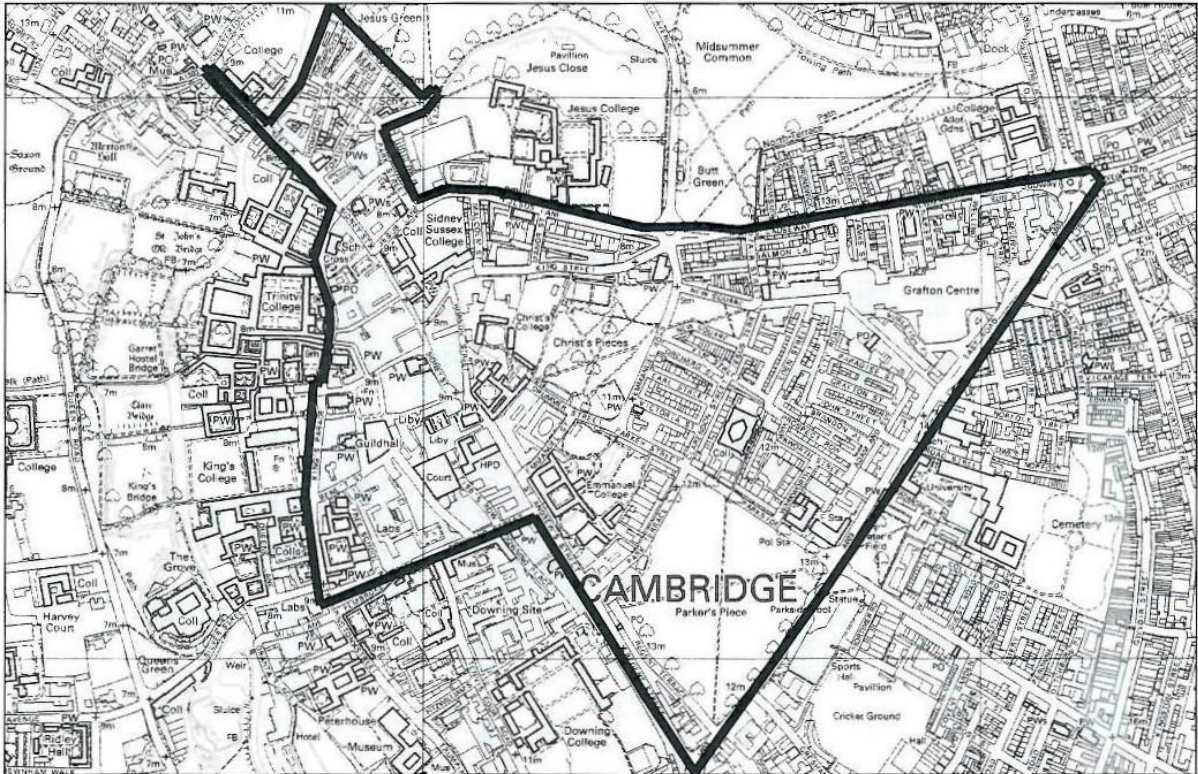
**Conservators of the River Cam**

The River Manager  
Conservators of the River Cam  
Baits Bite Lock, Fen Road, Milton, Cambridge, CB24 6AF  
Telephone/Fax 01223 863785  
e-mail [river.manager@camconservators.org.uk](mailto:river.manager@camconservators.org.uk)

**Maritime & Coastguard Agency**

Surveyor in Charge, Harwich Marine Office, Maritime & Coastguard Agency, East Terrace, Walton-on-Naze, Essex, CO14 8PY

## Appendix 1 – Cumulative Impact Area City Centre



DRAFT

<b>Streets in Cumulative Impact Area Market Ward</b>			
Adam and Eve Street	Eden Street	Malcolm Street	Quayside
All Saints Passage	Elm Street	Manor Street	Regent Street
Beaufort Place	Emmanuel Street	Market Hill	Regent Terrace
Belmont Place	Fair Street	Market Passage	Round Church Street
Benet Street	Fitzroy Lane	Market Street	Salmon Lane
Brandon Place	Fitzroy Street	Melbourne Place	Severn Place
Burleigh Place	Free School Lane	Napier Street	Short Street
Burleigh Street	Gonville Place	New Park Street	Sidney Street
Clarendon Street	Grafton Street	New Square	St Andrews Street
Camden Court	Green Street	Newmarket Road	St Johns Road
Causeway Passage	Guildhall Place	Orchard Street	St Marys Street
Christ Church Street	Hobson Street	Paradise Street	St Tibbs Row
Christs Lane	Hobsons Passage	Park Parade	Sun Street
City Road	James Street	Park Street	Sussex Street
Corn Exchange Street	Jesus Lane	Park Terrace	Thompson's Lane
Crispin Place	John Street	Parkside	Trinity Street
Dover Street	King Street	Parsons Court	Warkworth Street
Downing Street	Kings Parade	Peas Hill	Warkworth Terrace
Drummer Street	Lower Park Street	Petty Cury	Wellington Street
Earl Street	Magdalene Street	Portugal Place	Willow Place
East Road	Maids Causeway	Prospect Row	Willow Walk





**APPENDIX 3 - CAMBRIDGE CITY CUMULATIVE IMPACT POLICY REVIEW 2017**

Three years data has been analysed, though it should be noted that we are dependent upon crimes and incidents having an alcohol marker which is not reliably the case.

From the information that is recorded, it can be seen that there is a correlation between the number of licenced premises and the number of alcohol related crime and incidents per ward in Cambridge City.

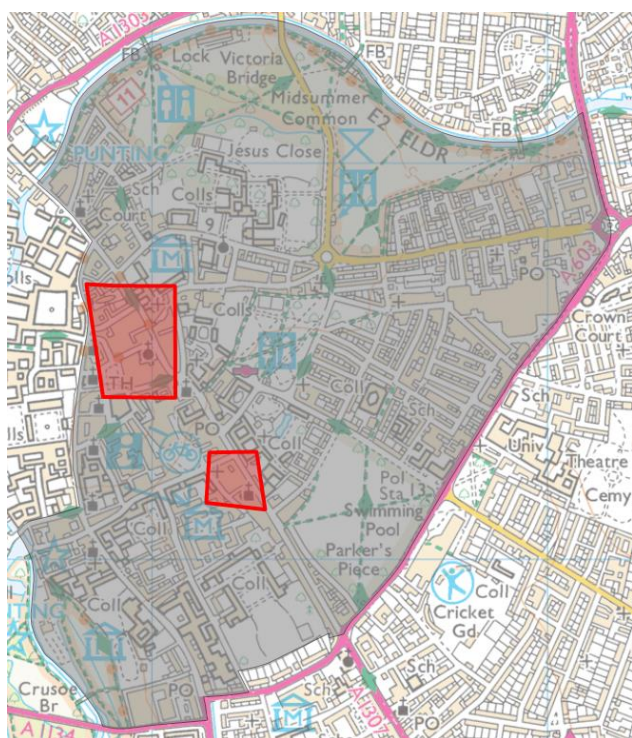
Ward	Licenced Premises	Alcohol Related Crime and Incidents				
		Ward	2014/15	2015/16	2016/17	TOTAL
MA	206	MA	984	625	570	2179
PE	72	PE	349	223	138	710
TR	48	AB	365	120	98	583
CO	37	KH	369	106	85	560
NE	35	AR	350	106	94	550
CA	32	TR	337	88	99	524
AR	26	CO	281	80	62	423
AB	23	EC	263	62	65	390
RO	22	WC	213	88	87	388
KH	21	CH	244	52	52	348
WC	20	RO	184	72	61	317
CH	18	QE	168	52	32	252
EC	14	CA	94	31	36	161
QE	12	NE	67	34	26	127
<b>TOTAL</b>	<b>586</b>	<b>TOTAL</b>	<b>4268</b>	<b>1739</b>	<b>1505</b>	<b>7512</b>

There has been a decrease in the number of alcohol related crimes and incidents recorded when compared year on year, the most significant of which occurred in 2015/2016. This reduction in alcohol related crime and incidents has not been seen in other Districts suggesting that work undertaken in Cambridge City has been effective.

## MARKET WARD

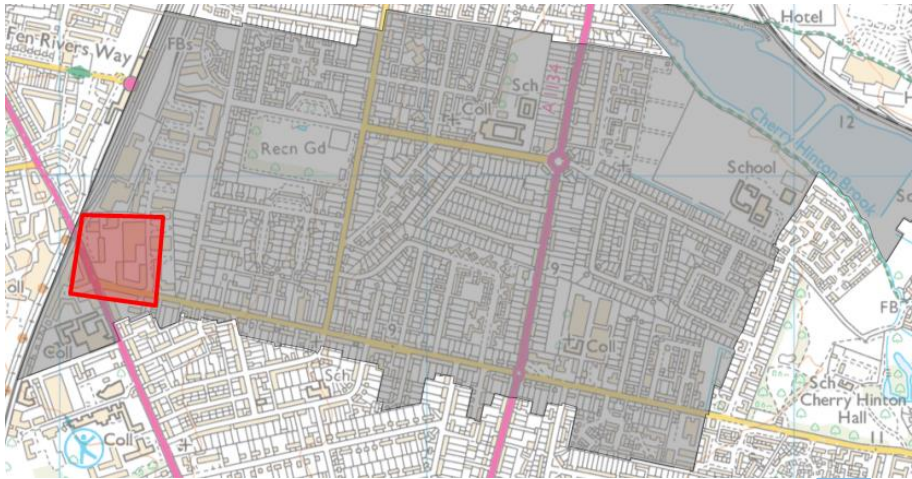
There are two main hot spots for crime and incidents in Market Ward, both situated within the current Cumulative Impact Area:

- St Andrew's Street features heavily in crime and incident data, 12% of all alcohol related crime and incidents in Market Ward occur on St Andrews Street; and
- Sidney Street where there is a mixture of violent crime occurring in the vicinity of night clubs. During the daytime, crime and incidents relate to street drinking and aggressive begging. 26% of all alcohol related crime and ASB in Market Ward occurs within this hotspot.



## COLERIDGE

There continues to be a Hotspot for alcohol related crime and incidents around the Cambridge Leisure Park with the predominant theme being violent crime and theft from person. 30% of all alcohol related violent crime and violent related ASB recorded in Coleridge happens at the Cambridge Leisure Park.

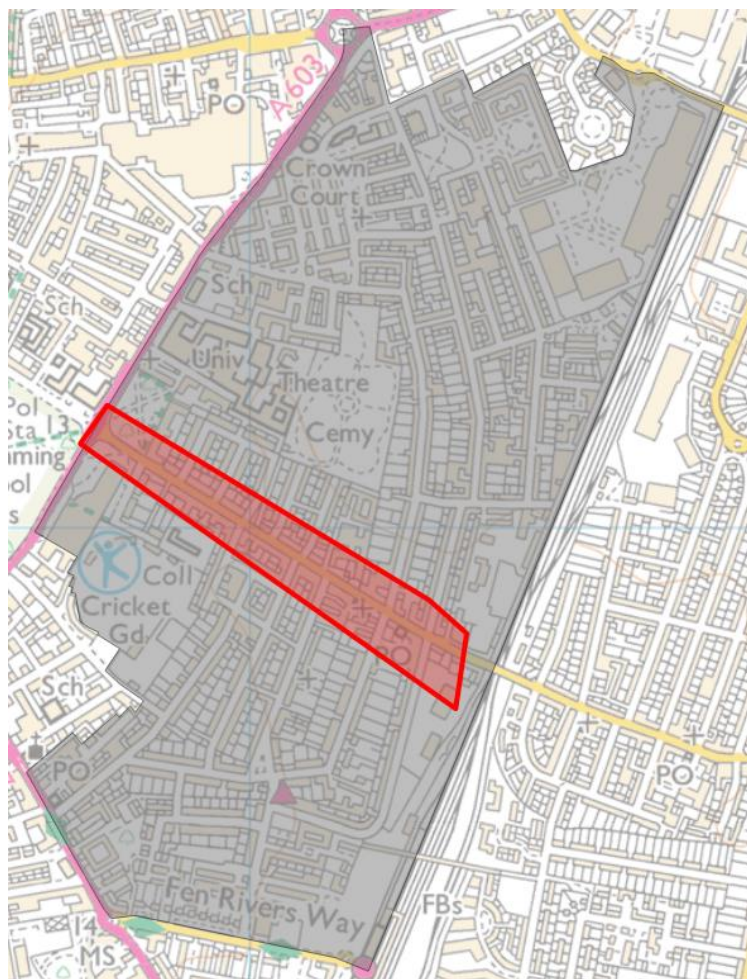


## PETERSFIELD

There are two hotspots in Petersfield.

### Mill Road:

- Crime relates to aggressive drunks stealing alcohol from shops, being evicted from pubs and around the vicinity of fast food shops.
- 42% of all recorded violent alcohol related crime and alcohol related ASB in Petersfield occurs on Mill Road.
- 42% of all licensed premises in Petersfield are on Mill Road.
- Mill Road has a total of 30 licensed premises, these comprise of two public houses, six convenience stores, 15 restaurants/café/take-away and a Wine Merchant.



## PETERSFIELD AND TRUMPINGTON

### Hills Road:

- Crime relates to aggressive drunks attempting to steal alcohol from shops on Hills Road, staff who attempt to intervene have been assaulted;
- High level of reporting from convenience stores who are met with violent reactions when they refuse to sell alcohol to those who are heavily intoxicated. In addition, aggressive beggars congregate outside convenience stores that have cash machines immediately outside the store, begging so that they can then purchase alcohol;
- Several schools have reported that people are sleeping rough within their grounds, when approached, they have become aggressive and there have been incidents of indecent exposure; and
- There has been a high level of reports regarding members of the street life community being drunk and vocally aggressive in Hills Road.





## Conclusion

It is evident from the decrease in crime and incidents that current initiatives are effective and are having a positive impact. However, the previously identified hotspots for alcohol related crime and incidents continue to be hotspots in Cambridge City and therefore it is recommended that the current Community Impact Areas remain in place.

This page is intentionally left blank

## Cambridge City Council Equality Impact Assessment (EqIA)



Please fill this out on the computer as a Word document or complete the form on SurveyMonkey – find the link on the Intranet.

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

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

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

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

Statement of Licensing Policy

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

<https://www.cambridge.gov.uk/content/licensing-overview>

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

To enable the council to exercise its functions under Section 5 of the Licensing Act 2003. The Council is required to produce, adopt and publish a Statement of Licensing Policy. The statement must be reviewed every 5 years.

The Licensing Policy Statement has been produced in accordance with the requirements of the Licensing Act 2003 ('the Act') and is in line with guidance issued under Section 182 of the Act. The policy relates to all those licensing activities identified as falling within the provisions of the Act, namely: -

- Retail sale of alcohol
- Supply of alcohol by or on behalf of a club, or to the order to a member of the club
- The provision of regulated entertainment
- The provision of late night refreshment

**4. Responsible Service**

Environmental Services

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

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

Please state any specific client group or groups (e.g. City Council tenants, tourists, people

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

who work in the city but do not live here):

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

- New
- Major change
- ✓  Minor change

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

- No
- ✓  Yes (Please provide details):  
Responsible authorities play a part in delivering the policy, these include the Police, Environmental Health, Planning, Child Protection Services and Trading Standards.
- The review of the policy has been sent to responsible authorities, those directly affected by the policy and has been open to a public consultation. All responses received have been considered when reviewing the policy.

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

Is going to Licensing Committee on 16<sup>th</sup> October 2017

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

The policy has been subject to a 12 week public consultation. The consultation was advertised on the Cambridge City Council website and an advert appeared in Cambridge News. People could respond via email or in writing. A total of 5 responses were received, none of the responses commented on equality.

In preparing this policy statement the Licensing Authority has consulted with the following:

- the Chief Officer of Police for Cambridgeshire
- the Chief Officer of the Cambridgeshire Fire and Rescue Service
- persons/bodies representative of the Local Authority with the function of public health
- persons/bodies representative of local holders of premises licences
- persons/bodies representative of local holders of club premises certificates
- persons/bodies representative of local holders of personal licences
- persons/bodies representative of businesses and residents in the City of Cambridge
- the child protection agency
- other organisations as appear to the Licensing Authority to be affected by licensing matters, including local community, cultural, educational and entertainment organisations.

The Licensing Authority will continue to work in partnership with its neighbouring authorities, the police, other agencies, local liaison groups, businesses and individuals towards the achievement of the licensing objectives through good practice.

The policy recognises the Equality Act 2010 which places a legal obligation on public authorities to have due regard to the need to eliminate unlawful discrimination, harassment and victimisation; to advance equality of opportunity; and to foster good relations, between persons with different protected characteristics.

**10. Potential impacts**

For each category below, please explain if the strategy, policy, plan, project, contract or major change to your service could have a positive/ negative impact or no impact. Where an impact has been identified, please explain what it is. Consider impacts on service users, visitors and staff members separately.

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

One of the licensing objectives is the protection of children from harm (see pages 7 to 9 of the Statement of Licensing Policy for more information on Licenced Premises and Children). The policy helps support this objective and a section of the policy deals with children and licensed premises. The Child Protection Services of Cambridgeshire County Council is a responsible authority and is recognised as being competent to advise on matters relating to the protection of children from harm.

During the review of the policy, they were consulted as a responsible authority and no response was received.

The safeguarding for children and vulnerable adults policy of Cambridge City Council will also be considered when determining licensing applications.

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

We do not believe that the policy will impact negatively on this target group. The policy has been open to a public consultation and no responses have been received in regards to the policy impacting on those with a disability.

The Licensing Authority will have regard to equality and will expect an applicant to meet their statutory obligations in this area and not unlawfully discriminate or refuse service on grounds of disability.

**(c) Sex – A man or a woman.**

In 2015 we undertook needs assessments with women, low-income men, disabled people and Black, Asian Minority Ethnic People on experiences of these social groups of living in Cambridge City. The Encompass Network did similar needs assessment of LGBT+ people in South Cambridgeshire and Cambridge City in 2014. Women overwhelmingly made comments related to safety as being a concern at night about the worst element of living in Cambridge. When they expanded on this, one main issue they shared was feeling unsafe around people drinking. Therefore, as the licencing policy's objectives include the prevention of crime and disorder, ensuring public safety and the prevention of public nuisance related to alcohol consumption, women will benefit from the policy as a social group highly concerned with this.

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

We do not believe that the policy will have an impact on this target group. The policy has been open to a public consultation and no responses have been received in regards to the policy impacting on transgender people.

The Licensing Authority will have regard to equality and will expect an applicant to meet their statutory obligations in this area and not unlawfully discriminate or refuse service on grounds of gender.

**(e) Pregnancy and maternity**

We do not believe that the policy will impact negatively on this target group. The policy has been open to a public consultation and no responses have been received in regards to the policy impacting on pregnancy or maternity.

**(f) Marriage and civil partnership**

We do not believe that the policy will impact negatively on this target group. The policy has been open to a public consultation and no responses have been received in regards to the policy impacting on marriage or civil partnership.



**(g) Race - The protected characteristic 'race' refers to a group of people defined by their race, colour, and nationality (including citizenship) ethnic or national origins.**

We do not believe that the policy will impact negatively on this target group. The policy has been open to a public consultation and no responses have been received in regards to the policy impacting on race.

The Licensing Authority will have regard to equality and will expect an applicant to meet their statutory obligations in this area and not unlawfully discriminate or refuse service on grounds of race

**(h) Religion or belief**

We do not believe that the policy will impact negatively on this target group. The policy has been open to a public consultation and no responses have been received in regards to the policy impacting on religion.

The Licensing Authority will have regard to equality and will expect an applicant to meet their statutory obligations in this area and not unlawfully discriminate or refuse service on grounds of religion.

**(i) Sexual orientation**

We do not believe that the policy will impact negatively on this target group. The policy has been open to a public consultation and no responses have been received in regards to the policy impacting on sexual orientation.

The Licensing Authority will have regard to equality and will expect an applicant to meet their statutory obligations in this area and not unlawfully discriminate or refuse service on grounds of sexual orientation.

**(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**

The policy will have no impact on any other factors that may lead to inequality.

**11. Action plan – New equality impacts will be identified in different stages throughout the planning and implementation stages of changes to your strategy, policy, plan, project, contract or major change to your service. How will you monitor these going forward? Also, how will you ensure that any potential negative impacts of the changes will be mitigated? (Please include dates where possible for when you will update this EqlA accordingly.)**

The policy statement will be kept under review and will remain in existence for a period of up to 5 years. It will be subject to review and further consultation before October 2022 or as required by changes in law or other policies.

**12. Do you have any additional comments?**

The licensing objectives also include the prevention of crime and disorder, ensuring public safety and the prevention of public nuisance. In meeting these objectives the policy is intended to have a positive impact on all social groups, including in helping to reduce incidences of hate crime.

**13. Sign off**

Name and job title of lead officer for this equality impact assessment:

Luke Catchpole, Technical Officer

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

Karen O'Connor, Team Manager (Commercial & Licensing)

Date of EqlA sign off: 14<sup>th</sup> September 2017

Date of next review of the equalities impact assessment: October 2022

Sent to Helen Crowther, Equality and Anti-Poverty Officer?

Yes

No

Date to be published on Cambridge City Council website (if known): 20<sup>th</sup> October 2017

This page is intentionally left blank

# Agenda Item 8

<b>Motion No:</b>	<b>Proposed by:</b>	<b>Title</b>
<b>1</b>	<b>Councillor Johnson</b>	<b>Universal Credit</b>

That Universal Credit (UC), a single monthly payment to replace a number of working-age benefits, is due to be fully rolled out in Cambridge by June 2018;

The way UC is administered, with recipients in some cases having to wait longer than six weeks for claims to be processed, is leading to real hardship. Across the 105 councils where the housing costs element of UC has already been introduced, the number of council tenants who have rent arrears has risen from less than 10% to 50%;

The cuts to work allowances in UC, and the decision to limit tax credit and UC payments to the first two children in a family, will likely increase child poverty;

That the pace and change brought about by UC has been condemned by organisations such as the Citizens Advice Bureau and Trussell Trust who believe that, without revision, it will do more harm than good for the most vulnerable.

This Council recognises:

The work it has conducted in recent years with JobCentre Plus, the CAB, credit unions, housing associations and the voluntary sector to prepare for UC and to best assist the most vulnerable in Cambridge in the transition to this new benefit and other changes to the welfare system;

The importance of its dedicated teams within City Homes, who are working with tenants at risk of falling into arrears, due to UC and changes to the eligibility criteria for the housing component of UC, thereby helping to support these tenants stay in their homes and prevent homelessness.

This Council resolves to:

Write to the Secretary of State for Work and Pensions, requesting him to halt the roll out of UC until further notice, as has been demanded by hundreds of charities and organisations working with the worst off in Britain. We call on the Secretary of State to redesign its administration, as well as reversing planned real-terms cuts to working families and ending payment delay, and for local authorities to pay the housing costs component from UC direct to landlords as is the case with Housing Benefit;

Continue working closely with council tenants, and those at risk of being adversely affected by the Government's welfare reforms, through its City Homes and Revenue and Benefit teams and partnership work with other agencies as funded by the Council's Housing Revenue Account, General Fund and Sharing Prosperity Fund;

Inform the city's two MPs of this motion and to call for their support in lobbying the Government to achieve our objectives on this issue.

<b>2</b>	<b>Councillor O'Connell</b>	<b>Improved Councillor Scrutiny of Public Complaints</b>
<p>Council notes the recent year-on-year rises in complaints to the council and their importance as a resource for improving services to the public. On the most significant issues raised, it believes there should be an opportunity for more of a public closure and plan for the future with the involvement of elected representatives, than is allowed for by the current minimal section of the Annual Complaints Report.</p> <p>It therefore resolves to provide an automatic public review by councillors of the three service areas with most complaints across the council each year, based on detailed reports to the relevant scrutiny committees in the autumn meeting cycle, together with recommended improvement plans.</p> <p>It calls on the Chief Executive, in consultation with group leaders, to define a fair and workable procedure for implementation.</p>		

The housing market in Cambridge is broken. The majority of residents cannot afford to rent or buy a property in the city. This is particularly the case for people on low salaries doing critical jobs such as care workers, nurses and teachers. Private rents have increased by 20% since 2014 (median private rent). In addition, affordable rents in Cambridge are not affordable for very many people. The Housing needs register has over 2,500 households seeking accommodation, with over 1,500 single households making up the register.

In the medium to long term, this issue can only be addressed by a fundamental review of the level of supply of housing of all kinds in and around Cambridge. However, in the short term, key stakeholders in the city should act to relieve this unacceptable pressure for residents.

The City Council, as a key stakeholder in the city, has a unique opportunity at this time to use its financial and social capital to help to address this important problem.

The Mill Road Depot site provides one of a small number of large strategic sites in the centre of the city that the council can use to address these critical housing issues. This is particularly the case as the Council is the owner of the majority of the site and is in receipt of £70m of devolved funds to build 500 social homes.

This council therefore calls on the Leader and the Executive Councillors for Housing and Finance to bring forward plans for the Mill Road Depot that:

- reflect the feedback from the public consultations undertaken - in particular the provision of community facilities
- have a level of affordable housing on the site of at least 80% (with the majority being social housing – rented on a Local Authority rental basis – as defined by Cambridgeshire Insight)
- provide an element of properties on the site that are rented on a ‘Local Living Rent’ basis to key workers (ie based on one third of an individual’s net income – rather than with reference to a discount to market rents) - this would be one of the first schemes of this nature outside London
- ensure that the development of the site is undertaken on the highest level of sustainability – including limiting the use of car usage on the site to a minimum and encouraging sustainable transport

Cambridge City Council notes that

- For most local government workers, pay and conditions are determined nationally by the National Joint Council (NJC) and, on average, NJC basic pay has fallen by 21% in real terms since 2010.
- NJC workers had a three-year pay freeze from 2010 to 2012 and have received capped 1% pay increases annually since then.
- While bottom-loaded NJC pay settlements are welcome, these have squeezed pay grade differentials between lower paid staff.
- The majority of NJC workers are women and the gender pay gap has widened in the public sector since the pay cap was introduced.

The Council

- Supports the GMB campaign to end the public sector Pay Pinch and end continuous cuts to public sector real pay, while being committed to protecting quality service delivery and council jobs, and will contact the Local Government Association and all East Region employer representatives on the NJC to that effect in relation to the 2018 local government pay negotiations.
- Welcomes the joint review of the NJC pay spine to remedy the effects of bottom-loaded pay settlements.
- In addition to already paying at least the Living Wage to all its staff, shares the GMB objective for a Living Wage of at least £10 an hour for all public sector workers, and the Council will investigate increasing minimum pay to City Council staff to £10 per hour from 2018.
- Will write to the Prime Minister and Secretary of State for Communities and Local Government, copied to GMB supporting the Pay Pinch campaign and the end to real public sector pay cuts, and to call on Government to provide vital extra funding to the public sector to achieve fair pay settlements without cutting services or jobs.



<b>5</b>	<b>Councillor Herbert</b>	<b>Membership of Strategy &amp; Resources Scrutiny Committee</b>
<p>This Council is asked to agree to change the size of the Strategy and Resources Scrutiny Committee from 6 members to 8 members for the remainder of the Municipal Year and to note that the two seats will be taken by the Independent and Green Group and the Labour Group.</p> <p>Council notes that this change does not affect the proportionality overall of seats on committees in any other way.</p>		

This page is intentionally left blank